



India

ADD (no change)

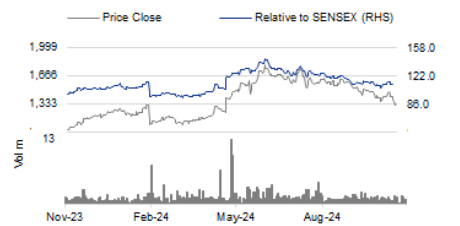
Consensus ratings*: Buy 15 Hold 3 Sell 10

Current price:	Rs1,329
Target price:	Rs1,622
Previous target:	Rs1,831
Up/downside:	22.0%
InCred Research / Consensus:	3.3%
Reuters:	BFRG.NS
Bloomberg:	BHFC IN
Market cap:	US\$7,330m
	Rs618,651m
Average daily turnover:	US\$23.9m
	Rs2019.1m
Current shares o/s:	465.7m
Free float:	54.8%

*Source: Bloomberg

Key changes in this note

- Consol. sales cut by 3% for FY25F-27F.
- Consol. PAT cut by 1-5% for FY25F-27F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(10.8)	(15.2)	28.9
Relative (%)	(6.0)	(13.5)	9.1

Major shareholders	% held
Kalyani Family	45.3
Kotak Mutual Fund	5.6
Dsp Midcap Fund	2.1

Research Analyst(s)



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Bharat Forge

Sales momentum slowdown prolongs

- 2Q sales slowdown (flat yoy, -4% qoq) was overcome by soft steel costs and strong product mix benefit on the EBITDA margin. Normalized EPS flat yoy.
- Weakness in India CV and European operations lead to our consolidated EPS cut of 1-3% for FY25F-27F. New order wins provide visibility for FY26F-27F.
- Retain ADD rating on the stock with a lower TP of Rs1,622 for cyclical sales slowdown. Resilient profit margin business model & easing valuation comfort.

Standalone 2QFY25 performance in line with expectations

Bharat Forge's standalone 2QFY25 EBITDA rose by 3% yoy to Rs6.3bn, in line with our estimate but 6% below the Bloomberg or BB consensus estimate. Gross margin expansion (100bp qoq) helped overcome export sales weakness (-9% yoy) and cost inflation to meet our estimate. Normalized PAT was flat yoy and down 16% qoq at Rs3.5, 6% below our estimate, due to higher tax provision. The consol. entity recorded an 13% yoy growth but a 39% qoq dip in normalized PAT to Rs2.4bn, due to seasonally weak European operations.

Management conference-call highlights

Management attributed the sales weakness yoy to European commercial vehicle or CV parts exports and qoq weakness to Indian CV part supplies. Defence sales eased 7% qoq due to the execution of export orders. However, with Rs6.4bn order inflow in 2Q, management seems confident about sustaining the strong yoy momentum. The EBITDA loss reduced in India EV parts division (27% qoq) and US aluminium forgings (8% qoq). Total order wins across verticals, including defence, for the quarter stood at Rs12bn. Equity investment of Rs11.2bn in subsidiaries planned for the next six quarters to ease debt in European operations, US capacity expansion and EV parts business.

Slow sales traction leads to FY25F-27F consolidated EPS cut of 1-5%

Building in a gradual recovery in India truck demand, prolonged Europe demand slowdown and delay in India defence segment orders, we cut FY25F-27F consolidated sales by 3%. Soft steel costs and a better product mix help to retain our EBITDA margin estimate. We limit consol. FY25F-27F PAT cut to 1-5% as subsidiaries' turnaround is progressing well.

Local acquisition & resilient profitability provide comfort; retain ADD

The company's recent announcement to acquire American Axle India's operations should help it to expand its content per truck and help in defence equipment supplies. The recent stock price correction has eased P/E and P/BV valuations to the 10-year mean levels. With diversified operations helping it in resilient profitability, we reiterate our ADD rating on the stock with a lower DCF-based target price of Rs1,622 (Rs1,831) to reflect the cyclical slowdown. Key downside risks: Global trade wars impacting the viability of its operations in the short term.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	129,103	156,821	177,034	204,472	235,781
Operating EBITDA (Rsm)	17,675	25,579	30,981	33,942	39,611
Net Profit (Rsm)	4,037	9,101	12,071	16,078	19,823
Core EPS (Rs)	10.5	19.7	28.1	34.5	42.6
Core EPS Growth	(53.4%)	87.0%	42.3%	23.1%	23.3%
FD Core P/E (x)	153.28	67.98	51.26	38.48	31.21
DPS (Rs)	8.0	10.0	11.0	11.0	11.0
Dividend Yield	0.60%	0.75%	0.83%	0.83%	0.83%
EV/EBITDA (x)	36.86	25.74	20.70	18.69	15.79
P/FCFE (x)	71.74	53.70	899.43	(111.26)	116.99
Net Gearing	86.2%	81.4%	49.7%	44.5%	37.1%
P/BV (x)	9.23	8.63	6.02	5.11	4.34
ROE	7.4%	13.2%	15.0%	14.4%	15.0%
% Change In Core EPS Estimates			(2.54%)	(4.57%)	(1.01%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Sales momentum slowdown prolongs

Management conference-call highlights ►

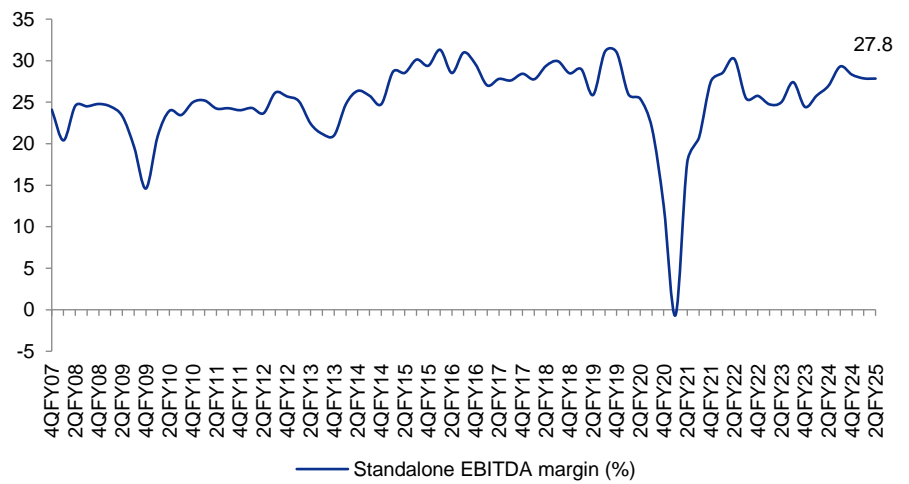
- **Outlook:** The demand environment remains challenging in Europe, which is likely to sustain. In India, management is hoping that stability in the government should led to growth in domestic commercial vehicle, agri and passenger car industries. However, the demand in America remains strong, which is likely to sustain the momentum next year as well. Revenue in India from next year to grow at a faster rate than the revenue from exports due to a smaller base and eventually, the domestic market will account for 30%-40% of the overall business.
- **Financial performance:** Consolidated revenue for the quarter declined 2.3% yoy driven by weakness in the European automotive market. For the quarter, the EBITDA margin expanded by 140bp to 28.8% on the back of a favourable product mix.
- **Order book:** The group secured new orders worth Rs12.07bn in 2Q across defence, castings (ferrous & aluminium) and the core forgings business. The order wins in 1HFY25 stood at Rs22.16bn, with two-thirds of them coming from the defence segment & one-third from the component segment.
- **Defence business:** Reported a revenue of Rs5.09bn, up 67% yoy, and management endeavours to sustain the growth momentum in the range of 40-50% yoy. Won orders worth Rs6.42bn in 2Q, the executable end of which stands at Rs59bn.
- **JS Auto:** Revenue growth was 32% yoy at Rs1.65bn, with EBITDA growth at 60% yoy. In 1HFY25, it won orders worth Rs1.73bn, with the segment benefitting from the shift of manufacturing supply chain to India.
- **Other businesses:** In 1HFY25, aerospace revenue was in the range of Rs1bn. The marine business accounts for 10-15% of the overall revenue. Naval gun and unmanned segments are likely to witness faster growth.
- **Advanced towed artillery gun (ATAC):** The ATAC order is expected to be received by the end of this financial year; India's current order size for ATAC is around Rs70bn and Bharat Forge is eligible for ~60% of the order, which will contribute to its revenue from 1QFY26F.
- **International business:** The sluggish economic conditions in Europe and its impact on the automotive industry is delaying the recovery in the overseas business. Going ahead, in 2HFY25F, management expects the performance to be stable as it continues to focus on revenue growth & profitability improvement at its subsidiaries (Indian & overseas).
- **Capex:** A major portion of the capex for FY25F has been incurred in 1H. Hence, 2HFY25F capex should be significantly lower. In America, US\$8-10m of capex is pending. By next year, US aluminium capacity will be doubled.

Figure 1: Standalone results comparison

Y/E Mar (Rs m)	2QFY25	2QFY24	yoy % chg	1QFY25	qoq % chg	1HFY25	1HFY24	yoy % chg	Comments for the quarter
Revenue	22,467	22,494	(0.1)	23,381	(3.9)	45,848	43,767	4.8	2% below our estimate.
Raw material costs	9,167	9,744	(5.9)	9,777	(6.2)	18,945	19,164	(1.1)	
RM costs as a % of revenue	40.8	43.3	(251)	41.8	(101.3)	41.3	43.8	(246)	
EBITDA	6,254	6,068	3.1	6,515	(4.0)	12,769	11,555	10.5	1% above our estimate.
<i>EBITDA margin %</i>	<i>27.8</i>	<i>27.0</i>	<i>86</i>	<i>27.9</i>	<i>(3)</i>	<i>27.9</i>	<i>26.4</i>	<i>145</i>	<i>84bp above our estimate.</i>
Depreciation & amortization	1,083	1,128	(4.0)	1,094	(1.0)	2,178	2,217	(1.8)	8% below our estimate.
EBIT	5,171	4,940	4.7	5,420	(4.6)	10,591	9,337	13.4	
Interest expenses	635	726	(12.6)	702	(9.5)	1,337	1,431	(6.6)	6% above our estimate.
Other income	348	424	(17.9)	446	(21.9)	794	896	(11.4)	27% below our estimate.
Pre-tax profit	4,884	4,637	5.3	5,164	(5.4)	10,048	8,802	14.2	
Tax	1,407	1,156	21.7	1,014	38.9	2,421	2,206	9.7	
Tax rate (%)	28.8	24.9	389	20	919	24	25	(97)	482bp above our estimate.
Normalized net profit	3,476	3,481	(0.1)	4,151	(16.3)	7,627	6,596	15.6	6% below our estimate
Extraordinary income/expenses	135	(21)	nm	(1,457)	nm	(1,321)	(21)	nm	
Reported net profit	3,612	3,460	4.4	2,694	34.1	6,306	6,575	(4.1)	
Normalized EPS (Rs)	7.5	7.5	(0.1)	8.9	(16.3)	16.4	14.2	15.6	

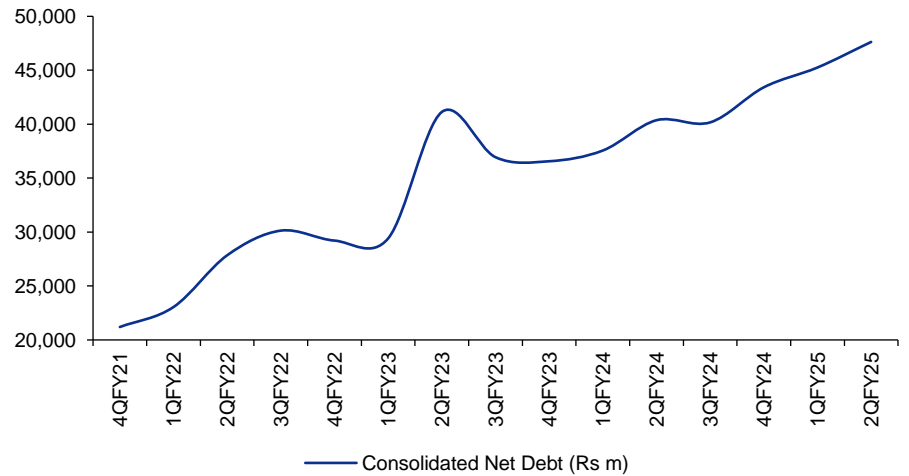
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Standalone EBITDA margin is stable



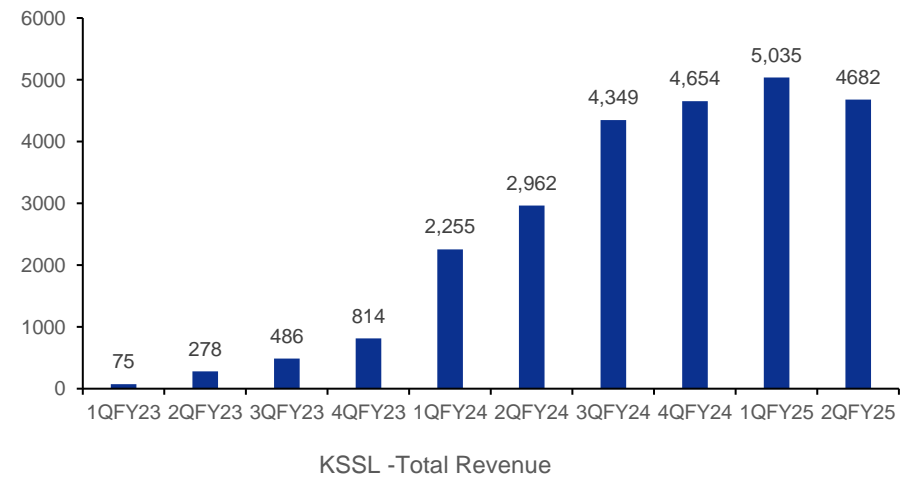
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Net debt on the rise is a cause of concern



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Defence subsidiary KSSL's revenue continues to rise (Rs m)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Passenger car component exports ease due to Europe slowdown

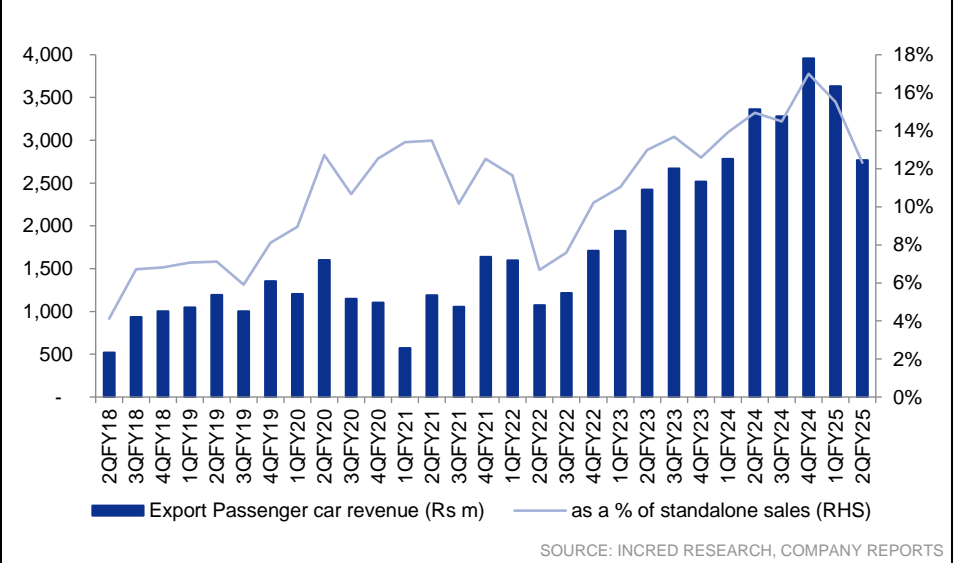


Figure 6: North America's revenue correlation to Class-8 trucks' volume growth

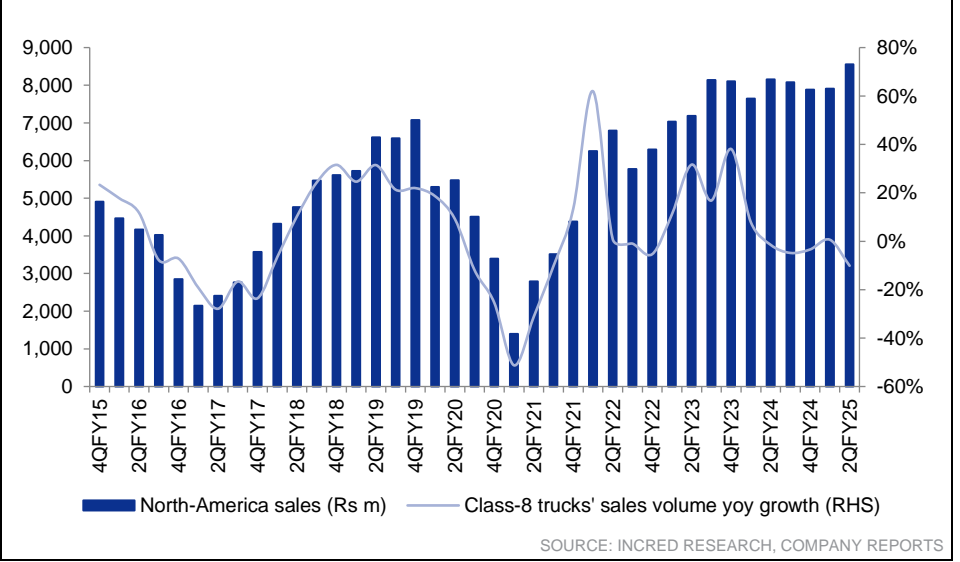


Figure 7: North America Class-8 truck net orders recover during the quarter, but inventory build-up is an area of concern

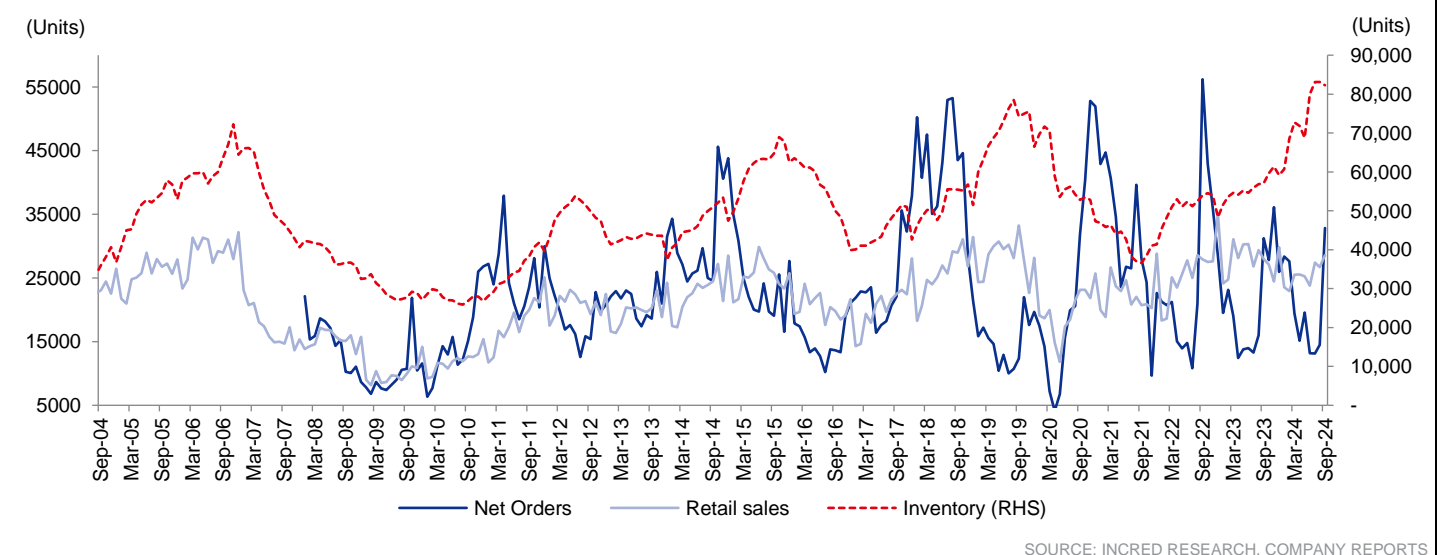
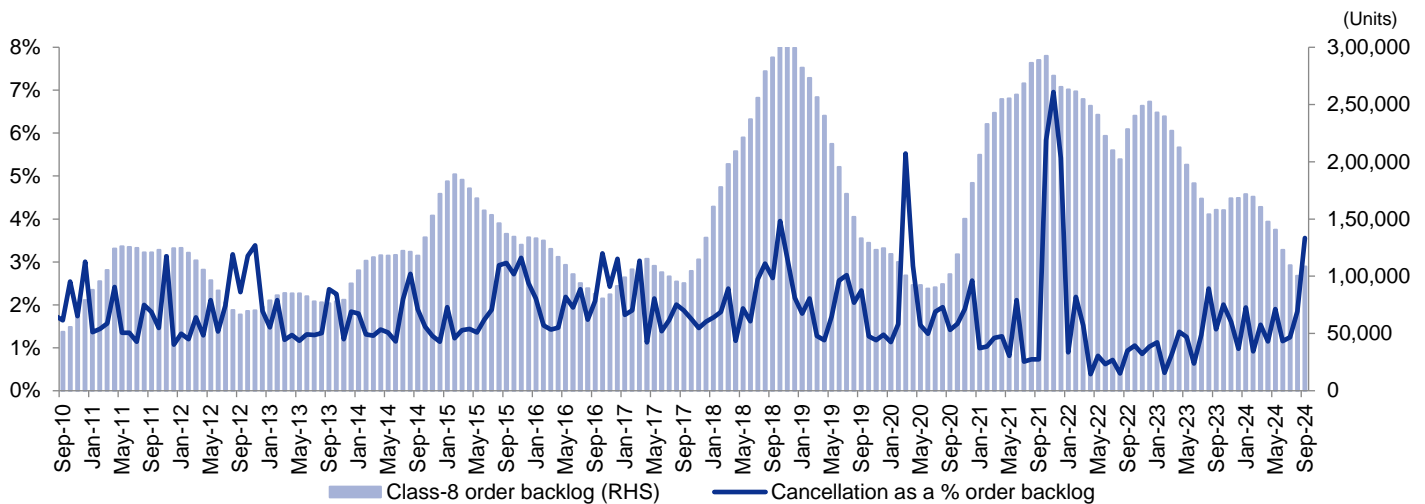
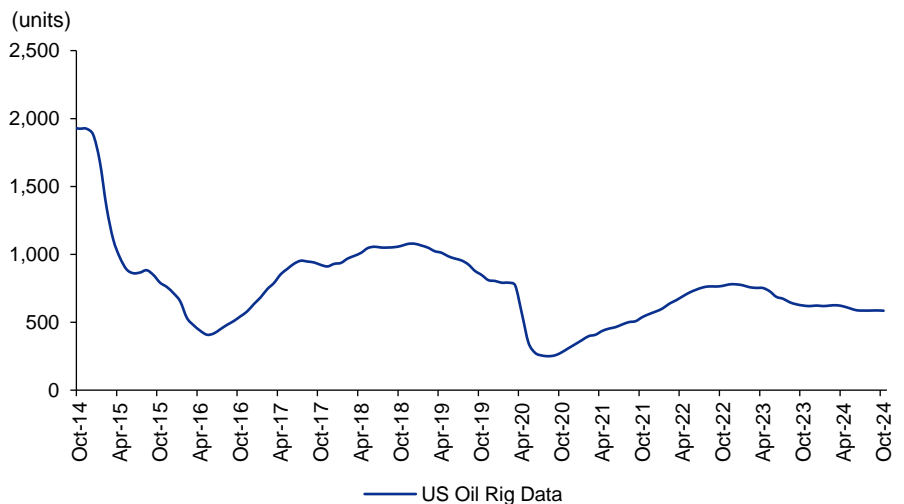


Figure 8: North America Class-8 truck order backlog is healthy, but cancellations spike



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: US oil rig count flattens



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 10: Revenue by segment (Rs m)

	2QFY25	2QFY24	% yoy	1QFY25	% qoq	1HFY25	1HFY24	%yoy
India Revenue	10,719	9,623	11.4%	11,679	-8.2%	22,398	19,107	17.2%
Commercial vehicle	2,199	2,603	-15.5%	2,489	-11.7%	4,688	5,337	-12.2%
Industrial	7,600	6,203	22.5%	8,374	-9.2%	15,974	12,329	29.6%
Passenger car	920	817	12.6%	816	12.7%	1,736	1,441	20.5%
International Revenue	11,748	12,871	-8.7%	11,701	0.4%	23,449	24,659	-4.9%
Commercial vehicle	5,198	5,474	-5.0%	5,318	-2.3%	10,516	10,625	-1.0%
Industrial	3,780	4,033	-6.3%	2,752	37.4%	6,532	7,888	-17.2%
Passenger car	2,770	3,364	-17.7%	3,631	-23.7%	6,401	6,146	4.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Revenue and business mix by location (Rs m)

(Rs m)	2QFY25	2QFY24	% yoy	1QFY25	% qoq	1HFY25	1HFY24	%yoy
India	10,719	9,623	11.4%	11,679	-8.2%	22,398	19,107	17.2%
USA	8,555	8,151	5.0%	7,912	8.1%	16,467	15,796	4.2%
Europe	2,651	3,327	-20.3%	3,175	-16.5%	5,826	6,731	-13.4%
Asia	543	1,393	-61.0%	615	-11.7%	1,158	2,133	-45.7%
Total	22,468	22,494	-0.1%	23,381	-3.9%	45,849	43,767	4.8%
Sales Mix								
India	48%	43%	493	50%	(224)	49%	44%	520
USA	38%	36%	184	34%	424	36%	36%	(18)
Europe	12%	15%	(299)	14%	(178)	13%	15%	(267)
Asia	2%	6%	(378)	3%	(21)	3%	5%	(235)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Wholly-owned subsidiaries witnessed muted performance in 2Q

(Rs m)	2QFY25	2QFY24	% yoy	1QFY25	% qoq	1HFY25	1HFY24	% yoy
Total Income	11,447	12,053	-5.0%	13,200	-13.3%	24,647	25,389	-2.9%
EBITDA	160	90	77.8%	370	-56.8%	530	248	113.7%
margin %	1.4%	0.7%	65	2.8%	-141	2.2%	1.0%	117
PBT	-1,136	-1,156	na	-529	na	-1,665	-2,086	na
margin %	-9.9%	-9.6%	na	-4.0%	na	-6.8%	-8.2%	na

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Key assumptions

Rs m	FY22A	FY23A	FY24A	FY25F	FY26F	FY27F
International sales	78,768	97,982	1,16,417	1,28,550	1,46,776	1,67,123
Change (%)	69.4%	24.4%	18.8%	10.4%	14.2%	13.9%
India domestic sales	25,843	31,121	40,403	48,484	57,696	68,658
Change (%)	53.2%	20.4%	29.8%	20.0%	19.0%	19.0%
Net sales	1,04,611	1,29,103	1,56,821	1,77,034	2,04,472	2,35,781
Net raw material costs	42,160	59,614	73,413	77,010	92,626	1,05,159
as % of net sales	40.3%	46.2%	46.8%	43.5%	45.3%	44.6%
Personnel costs	14,647	15,631	18,600	21,775	26,581	31,123
as % of net sales	14.0%	12.1%	11.9%	12.3%	13.0%	13.2%
Mfg. expenses	11,507	21,947	21,955	28,325	30,262	35,367
as % of net sales	11.0%	17.0%	14.0%	16.0%	14.8%	15.0%
Other expenses	16,138	14,235	17,274	18,943	21,061	24,521
as % of net sales	15.4%	11.0%	11.0%	10.7%	10.3%	10.4%
Total expenditure	84,451	1,11,427	1,31,242	1,46,053	1,70,530	1,96,170
EBITDA	20,159	17,675	25,579	30,981	33,942	39,611
EBITDA margin(%)	19.3	13.7	16.3	17.5	16.6	16.8

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Consolidated entity's earnings revision summary

	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
Net sales (Rs m)	1,83,114	1,77,034	2,11,083	2,04,472	2,43,041	2,35,781
Change (%)		-3.3%		-3.1%		-3.0%
EBITDA (Rs m)	32,045	30,981	35,040	33,942	39,859	39,611
Change (%)		-3.3%		-3.1%		-0.6%
Normalized PAT (Rs m)	13,960	13,589	16,847	16,078	20,024	19,823
Change (%)		-2.7%		-4.6%		-1.0%
Normalized EPS(Rs)	30.0	29.2	36.2	34.5	43.0	42.6
Change (%)		-2.7%		-4.6%		-1.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: Standalone entity's EPS revision summary

	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
Net sales (Rs m)	1,01,443	98,260	1,16,060	1,12,449	1,32,989	1,28,887
Change (%)		-3.1%		-3.1%		-3.1%
EBITDA (Rs m)	27,795	27,120	31,452	30,474	36,040	34,928
Change (%)		-2.4%		-3.1%		-3.1%
Normalized PAT (Rs m)	17,164	16,721	20,178	19,377	23,886	22,991
Change (%)		-2.6%		-4.0%		-3.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Discounted cash flow or DCF-based valuation

Economic Profit Valuation			Discounted Cash Flow Valuation		
	Rs m	%		Rs m	%
Adjusted Opening Invested Capital	1,28,511	16.2	Value of Phase 1: Explicit (2025 to 2027)	15,577	2.0
NPV of Economic Profit During Explicit Period	15,441	1.9	Value of Phase 2: Value Driver (2028 to 2038)	3,79,747	47.8
NPV of Econ Profit of Remaining Business (1, 2)	29,356	3.7	Value of Phase 3: Fade (2039 to 2049)	3,29,876	41.5
NPV of Econ Profit of Net Inv (Grth Business) (1, 3)	6,21,770	78.2	Terminal Value	69,864	8.8
Enterprise Value	7,95,078	100.0	Enterprise Value	7,95,063	100.0
Plus: Other Assets	0	0.0	FCF Grth Rate at end of Phs 1 implied by DCF Valuat	0	9.9
Less: Minorities	36	0.0	FCF Grth Rate at end of Phs 1 implied by Current Pric	0	9.6
Less: Net Debt (as at 14 Nov 2024)	39,832	5.0			
Equity Value	7,55,210	95.0			
No. Shares (millions)	466				
Per Share Equity Value	Rs. 1,622				

Sensitivity Table

WACC		No of Years in Fade Period				
		6	9	11	13	16
	9.1%	1644	1907	2086	2269	2547
	10.1%	1469	1689	1837	1986	2210
	11.1%	1315	1499	1622	1744	1924
	12.1%	1179	1334	1435	1535	1681
	13.1%	1059	1189	1273	1355	1473

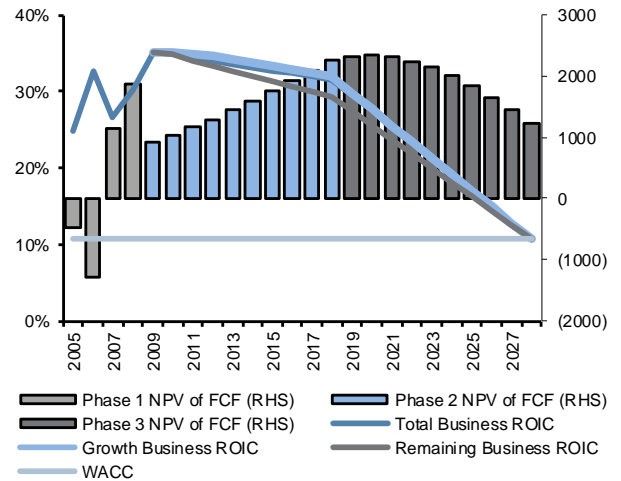
Performance Summary

	Phase 2 Avg			
	2025	2026	2027	(2028 - 2038)
Invested Capital Growth (%)	15.2	10.7	9.9	10.0
Operating Margin (%)	13.9	13.5	13.9	12.5
Capital Turnover (x)	1.6	1.6	1.7	1.5

Note:

- In periods following the Explicit Period i.e. Phase 2 and Phase 3
- Remaining Business is defined as Capital as at the end of Phase 1 and capex = depreciation thereafter
- Net Investment is defined as capex over and above depreciation after Phase 1

Returns, WACC and NPV of Free Cash Flow



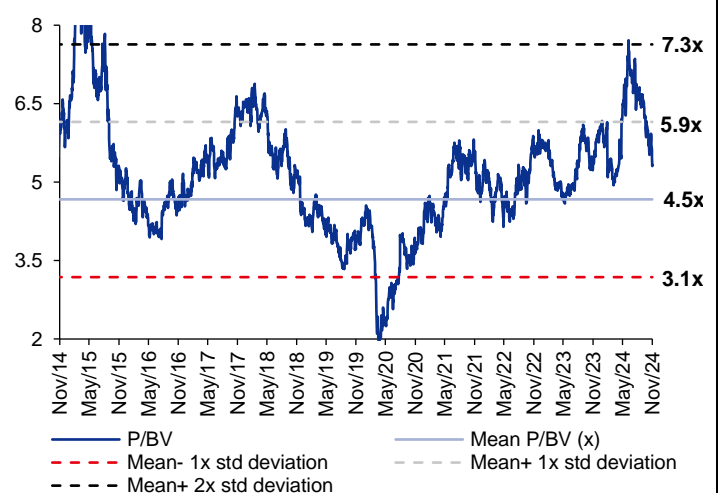
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Forward P/E valuation near the 10-year forward mean level



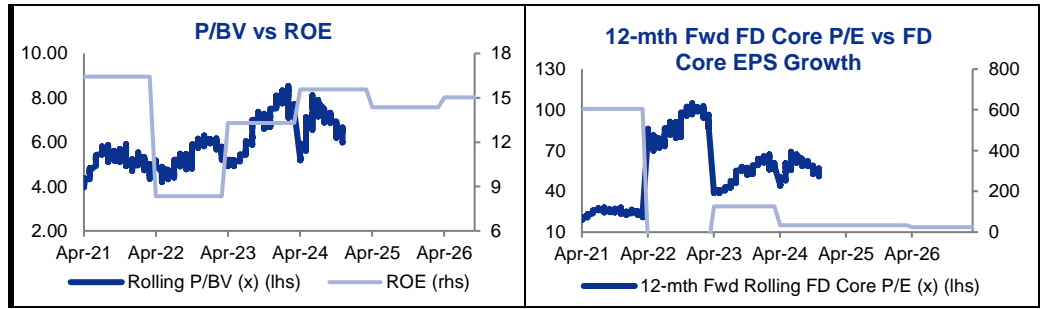
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 18: Forward P/BV valuation below the +1x SD level



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	129,103	156,821	177,034	204,472	235,781
Gross Profit	31,911	42,853	49,924	55,003	64,133
Operating EBITDA	17,675	25,579	30,981	33,942	39,611
Depreciation And Amortisation	(7,356)	(8,482)	(8,922)	(9,124)	(9,448)
Operating EBIT	10,319	17,097	22,059	24,819	30,163
Financial Income/(Expense)	(2,986)	(4,912)	(4,606)	(3,090)	(2,611)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,729	2,274	2,517	2,860	2,709
Profit Before Tax (pre-EI)	9,062	14,460	19,969	24,588	30,261
Exceptional Items	(1,505)	(123)	(1,518)		
Pre-tax Profit	7,557	14,336	18,452	24,588	30,261
Taxation	(3,186)	(5,288)	(6,390)	(8,360)	(10,289)
Exceptional Income - post-tax					
Profit After Tax	4,371	9,048	12,061	16,228	19,973
Minority Interests	(334)	53	10	(150)	(150)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	4,037	9,101	12,071	16,078	19,823
Recurring Net Profit	4,907	9,179	13,064	16,078	19,823
Fully Diluted Recurring Net Profit	4,907	9,179	13,064	16,078	19,823

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	17,675	25,579	30,981	33,942	39,611
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(8,210)	(572)	(9,618)	(5,092)	(6,640)
(Incr)/Decr in Total Provisions	8,833	(6,052)	708	800	700
Other Non-Cash (Income)/Expense	(1,060)	(619)	3,210	2,424	1,245
Other Operating Cashflow	(1,505)	(123)	(1,518)		
Net Interest (Paid)/Received	(1,258)	(2,637)	(2,090)	(231)	98
Tax Paid	(3,952)	(5,691)	(4,992)	(4,918)	(6,052)
Cashflow From Operations	10,523	9,884	16,682	26,926	28,962
Capex	(13,581)	(12,862)	(17,000)	(18,600)	(17,600)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(296)	7,803	12,731	(6,137)	(5,324)
Cash Flow From Investing	(13,877)	(5,060)	(4,269)	(24,737)	(22,924)
Debt Raised/(repaid)	11,978	6,697	(11,725)	(7,750)	(750)
Proceeds From Issue Of Shares	(534)	(356)			
Shares Repurchased					
Dividends Paid	(3,725)	(4,656)	(5,122)	(5,122)	(5,122)
Preferred Dividends					
Other Financing Cashflow		(5)			
Cash Flow From Financing	7,718	1,680	(16,847)	(12,872)	(5,872)
Total Cash Generated	4,365	6,504	(4,434)	(10,683)	167
Free Cashflow To Equity	8,625	11,522	688	(5,561)	5,289
Free Cashflow To Firm	(367)	9,736	17,020	5,280	8,650

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	10,395	16,899	12,465	1,782	1,949
Total Debtors	30,988	31,769	39,772	44,816	50,386
Inventories	31,263	32,161	37,832	44,816	51,678
Total Other Current Assets	15,392	19,514	20,000	21,500	23,000
Total Current Assets	88,038	100,344	110,069	112,914	127,013
Fixed Assets	65,666	70,046	78,124	87,600	95,753
Total Investments	25,688	18,490	28,490	38,490	46,490
Intangible Assets	2,955	2,960	2,960	2,960	2,960
Total Other Non-Current Assets					
Total Non-current Assets	94,309	91,496	109,574	129,050	145,202
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	21,513	22,621	26,676	33,612	39,405
Other Current Liabilities	21,923	18,999	20,000	22,000	24,000
Total Current Liabilities	43,436	41,620	46,676	55,612	63,405
Total Long-term Debt	68,523	75,221	63,496	55,746	54,996
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	68,523	75,221	63,496	55,746	54,996
Total Provisions	2,971	3,346	6,749	9,474	10,919
Total Liabilities	114,931	120,186	116,921	120,831	129,319
Shareholders Equity	67,055	71,702	102,780	121,042	142,655
Minority Interests	361	(49)	(59)	91	241
Total Equity	67,416	71,653	102,722	121,133	142,897

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	23.4%	21.5%	12.9%	15.5%	15.3%
Operating EBITDA Growth	(12.3%)	44.7%	21.1%	9.6%	16.7%
Operating EBITDA Margin	13.7%	16.3%	17.5%	16.6%	16.8%
Net Cash Per Share (Rs)	(124.83)	(125.25)	(109.59)	(115.89)	(113.92)
BVPS (Rs)	144.00	153.98	220.72	259.94	306.36
Gross Interest Cover	3.46	3.48	4.79	8.03	11.55
Effective Tax Rate	42.2%	36.9%	34.6%	34.0%	34.0%
Net Dividend Payout Ratio	67.2%	50.5%	37.7%	31.9%	25.8%
Accounts Receivables Days	74.53	73.03	73.75	75.50	73.69
Inventory Days	109.60	101.56	100.49	100.91	102.59
Accounts Payables Days	71.03	70.67	70.78	73.61	77.63
ROIC (%)	7.3%	11.1%	12.9%	12.6%	13.8%
ROCE (%)	7.9%	12.1%	13.9%	14.1%	15.6%
Return On Average Assets	4.7%	6.7%	8.1%	7.9%	8.4%

Key Drivers

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
ASP (% chg, main prod./serv.)	10.5%	7.1%	9.4%	(3.0%)	14.6%
Unit sales grth (%, main prod./serv.)	9.5%	10.6%	0.1%	17.9%	N/A

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** 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.

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Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.