

India

ADD (no change)

Consensus ratings*: Buy 11 Hold 7 Sell 9

Current price: Rs1,166
 Target price: ▼ Rs1,363
 Previous target: Rs1,407
 Up/downside: 16.9%
 InCred Research / Consensus: 19.2%

Reuters: BFRG.NS
 Bloomberg: BHFC IN
 Market cap: US\$6,527m
 Rs557,260m
 Average daily turnover: US\$17.7m
 Rs1510.5m
 Current shares o/s: 478.1m
 Free float: 54.8%

*Source: Bloomberg

Key changes in this note

- FY26F-27F sales cut by 6-7%.
- FY26F-27F EBITDA cut by 9-10%.
- FY26F-27F EPS cut by 11-13%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	20.2	2.3	(17.5)
Relative (%)	13.7	(1.9)	(24.5)

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

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Bharat Forge

Short-term sales challenges persist

- 4Q EBITDA remained flat on qoq basis, while the 7% decline yoy missed our estimates by 11% due to successive quarters of yoy sales decline.
- Muted outlook on exports and tariff challenges to impact exports of car parts. EPS cut by 11-13% for FY26F-27F. The order book remains robust at Rs95bn.
- With a strong balance sheet and attractive valuation below the 10-year mean level, we retain ADD rating with a lower DCF-based target price of Rs1,363.

Weak standalone performance, but strong consolidated results

Bharat Forge's 4QFY25 standalone EBITDA fell 6% yoy & remained flat qoq at Rs6.2bn, sharply below our estimate (11%) and Bloomberg or BB consensus estimate (7%). Weakness in the domestic industrial division's sales (-30% yoy & -13% qoq) due to lumpy gun dispatches led to the disappointment. Seasonal export recovery was driven by Europe & Asia. Normalized PAT dipped 9% yoy to Rs3.7bn, 21% below our estimate, due to lower other income & higher tax. The consolidated entity posted strong PAT growth of 35% qoq & 23% yoy at Rs2.9bn (just 6% below our estimate) driven by 11% yoy sales growth.

Management announces expansion into electronics business

Management indicated strong order wins worth Rs34bn from the defence sector during the quarter, leading to total order book of Rs95bn, where supplies to the Indian Army will start in the Mar 2026F quarter. Management gave muted outlook on exports, as the delay in US emission rules to impact commercial vehicle or CV component exports and tariff challenges to hit car component exports. Considering the large emerging opportunity in electronics manufacturing, management announced the company's entry into the segment with the commencement of computer server assembly in India.

Sales estimates cut sharply because of global tariff uncertainty

Building in a tariff-led demand destruction impact on Bharat Forge's sales, we have cut consolidated sales by a sharp 6-7%. The EBITDA margin pressure from expansion into electronics manufacturing leads to a 9-10% EBITDA cut for FY26-27F. Following a rise in the tax rate, we have cut FY26-27F EPS by 11-13%.

Profit margin resilience overlooked by correction in valuations

The recent stock price correction has eased forward P/E and P/BV valuations to below the 10-year mean levels. With diversified operations helping in resilient profitability, we reiterate our ADD rating on the stock with a lower discounted cash flow or DCF-based target price of Rs1,363 (Rs1,407 earlier). With a sharp reduction in net debt (Fig. 3), management is eager to do M&A and reassess the global manufacturing footprint. Downside risks: Global trade wars impacting the viability of the company's operations in the short term.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	156,821	151,228	164,370	186,729	212,311
Operating EBITDA (Rsm)	25,579	26,939	29,587	33,985	39,278
Net Profit (Rsm)	9,101	9,133	13,220	16,462	19,978
Core EPS (Rs)	19.2	21.2	27.6	34.4	41.8
Core EPS Growth	87.0%	10.2%	30.6%	24.5%	21.4%
FD Core P/E (x)	61.24	61.02	42.16	33.85	27.90
DPS (Rs)	10.0	11.0	11.0	11.0	11.0
Dividend Yield	0.84%	0.94%	0.94%	0.94%	0.94%
EV/EBITDA (x)	23.34	21.76	18.79	16.25	13.93
P/FCFE (x)	48.37	452.05	32.63	1,952.58	(166.26)
Net Gearing	81.4%	54.2%	22.8%	23.1%	22.0%
P/BV (x)	7.77	6.02	4.33	3.83	3.37
ROE	13.2%	12.3%	12.0%	12.0%	12.9%
% Change In Core EPS Estimates			(13.46%)	(14.91%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Short-term sales challenges persist

Management conference-call highlights ➤

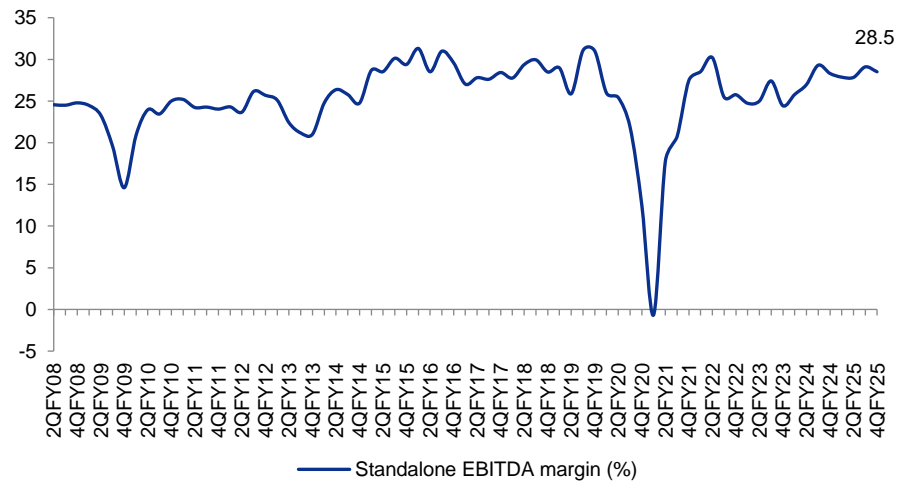
- **Operational highlights:** Incurred capex worth Rs7.5bn in Indian operations. Completed overseas greenfield projects in the US for aluminium forgings, with minimal investments planned next year. For FY26F, management gave capex guidance of Rs5bn for the standalone entity and consolidated operations.
- **Outlook:** Management aims to focus on reducing losses in the E-mobility vertical, evaluating options for the steel forgings business in Europe, improving operational performance in the aluminum business, and leveraging its manufacturing footprint in North America to garner new business.
- **Overseas operations:** Europe aluminium forgings plant has stabilized operations with 60-65% capacity utilization. The US operations turned around with Rs40m EBITDA in 4Q, narrowing the FY25 EBITDA loss to Rs470m. The US business has a strong order book and capacity ramp-up, with current utilization at 60-65%, which is expected to double with Phase-2 completion.
- **Defence segment:** Reported Rs15.5bn in consolidated sales in FY25, with a strong order book worth Rs95bn. Management expects 15-20% growth in FY26F, driven by new orders, including the ATAGS (Advanced Towed Artillery Gun System) order worth Rs34.17bn for 307 guns – which will commence supply in the Mar 2026F quarter - after taking two years for completion.
- **Aerospace segment:** Grew 4x over the past five years and now constitutes 15% of the industrial division. A new dedicated forgings and machining facility is being established, backed by customer commitments.
- **E-mobility segment:** Products reaching maturity stage, with revenue progression expected in FY26F and profitability targeted by 2HFY26F.
- **Order book:** During the quarter, the company secured new orders worth Rs 43.43bn. The Bharat Forge group secured new orders worth Rs69.59bn in FY25, with the defence segment accounting for 70% of those. Also, received multi-year orders from several customers to the tune of Rs70bn, of which Rs50bn are for the defence segment and Rs20bn for the component business.
- **M&A:** Received the Competition Commission of India or CCI approval for the American Axles India Assets transaction, which is expected to close by Jun 2025F, and will help in enhancing market penetration and the overall product mix.
- **Tariff situation:** Management stated that the US tariffs are currently applicable to the passenger car segment's exports. Ongoing discussions with customers suggest a minimal exposure, with potential pass-through agreements. However, uncertainty persists for commercial vehicles and other segments.
- **Offset mechanism:** US OEMs have offered a two-year tariff offset plan (15% refund in year-1, 10% in year-2), subject to review in year-3.
- **Electronics and servers:** Venturing into electronics manufacturing by setting up electronics SMT (Surface Mount Technology) lines and KTPL (Kalyani TechPark Pvt Ltd) investments. This business is expected to contribute to revenue in 2HFY26F, aligning with India's push for domestic electronics production.

Figure 1: Standalone results comparison

Y/E Mar 24 (Rs m)	4QFY25	4QFY24	yoy % chg	3QFY25	qoq % chg	FY25	FY24	yoy % chg	Comments for the quarter
Revenue	21,630	23,286	(7.1)	20,959	3.2	88,437	89,686	(1.4)	11% below with our estimate.
Raw Material Costs	8,576	9,647	(11.1)	8,401	2.1	35,922	38,301	(6.2)	
RM Costs as a % of Revenue	39.6	41.4	(178)	40.1	(43.3)	40.6	42.7	(209)	
EBITDA	6,167	6,592	(6.4)	6,098	1.1	25,034	24,778	1.0	11% below our estimate.
EBITDA margin %	28.5	28.3	20	29.1	(59)	28.3	27.6	68	5bp above our estimate.
Depreciation & amortization	1,122	1,079	4.0	1,104	1.7	4,404	4,420	(0.4)	16% below our estimate.
EBIT	5,045	5,512	(8.5)	4,995	1.0	20,630	20,357	1.3	
Interest Expenses	588	634	(7.2)	573	2.6	2,498	2,695	(7.3)	1% below our estimate.
Other Income	481	382	25.9	314	53.2	1,589	1,623	(2.1)	37% below our estimate.
Pre-tax Profit	4,937	5,261	(6.1)	4,735	4.3	19,721	19,286	2.3	
Tax	1,278	1,231	3.9	1,266	1.0	4,965	4,703	5.6	
Tax Rate (%)	25.9	23.4	250	27	(84)	25	24	79	609bp above our estimate.
Normalized Net Profit	3,659	4,030	(9.2)	3,470	5.5	14,756	14,583	1.2	21% below our estimate.
Extraordinary Income/Expenses	(203)	(133)	nm	(9)	nm	(1,533)	(333)	nm	
Reported Net Profit	3,456	3,897	(11.3)	3,460	(0.1)	13,223	14,250	(7.2)	
Normalized EPS (Rs)	7.9	8.7	(9.2)	7.5	5.5	31.7	31.3	1.2	

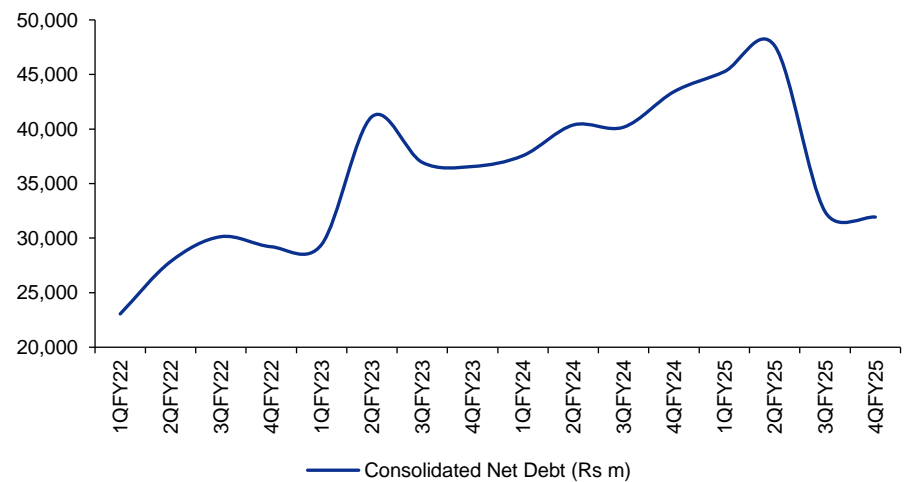
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Standalone EBITDA witnesses a sequential decline



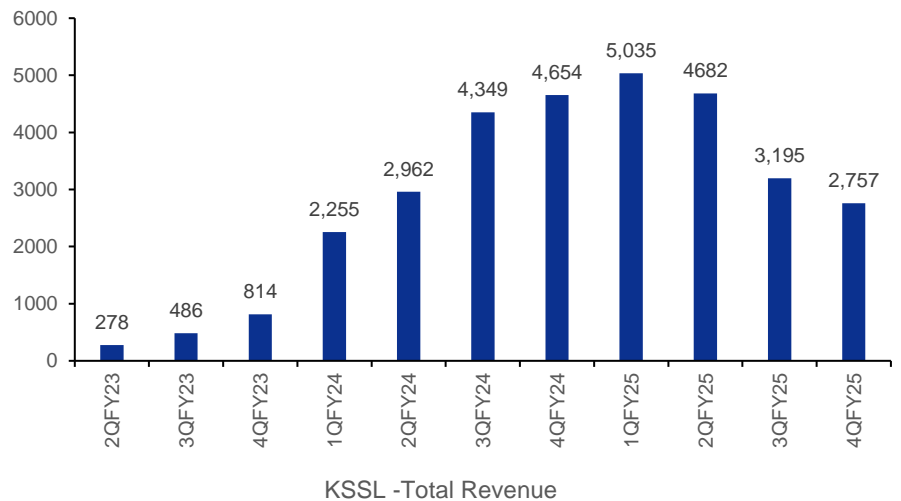
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Sharp net debt reduction post raising of funds via QIP route



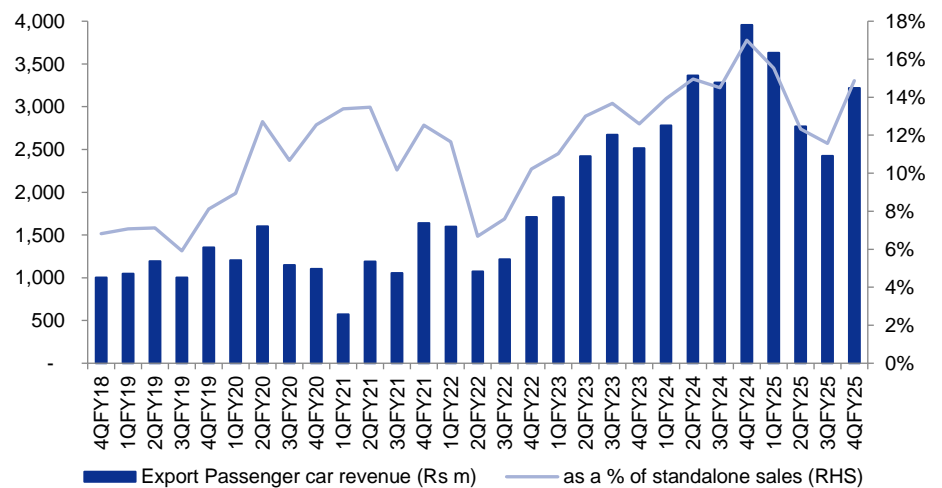
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Defence subsidiary KSSL's revenue declines on lumpy execution (Rs m)



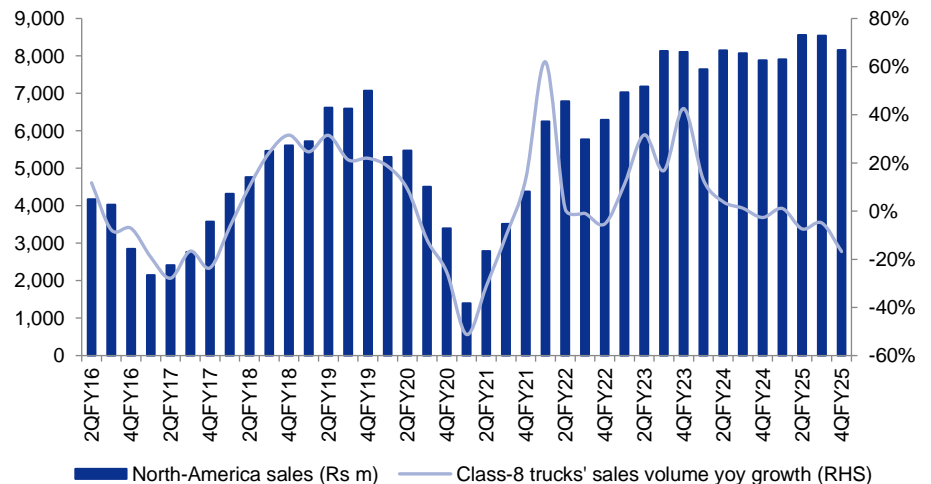
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Passenger car component exports recover



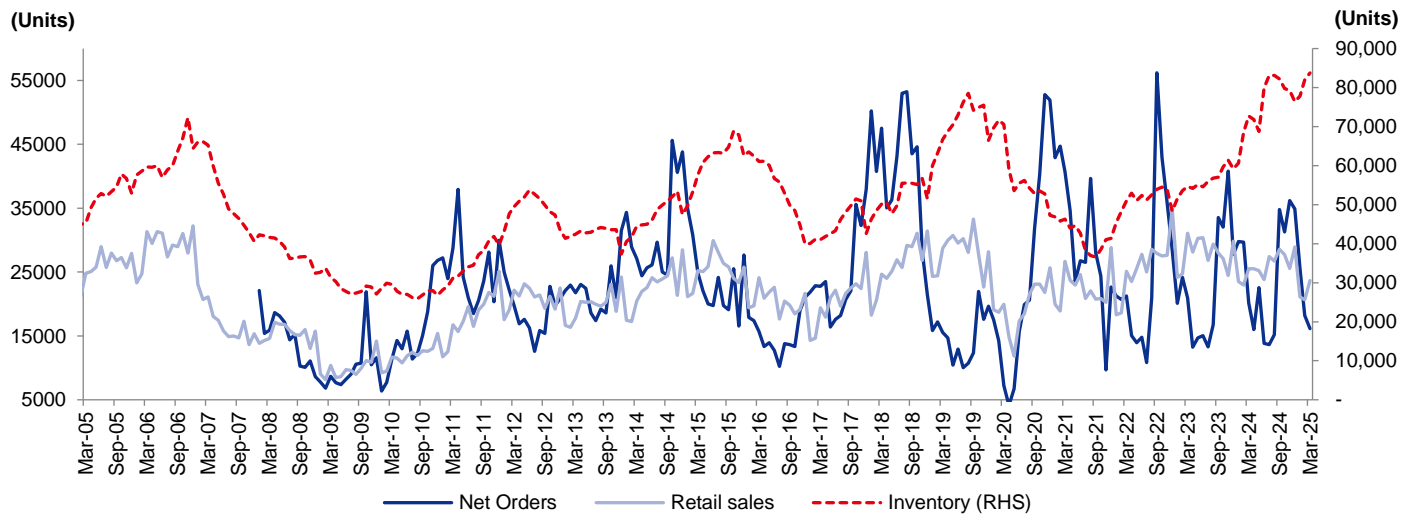
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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



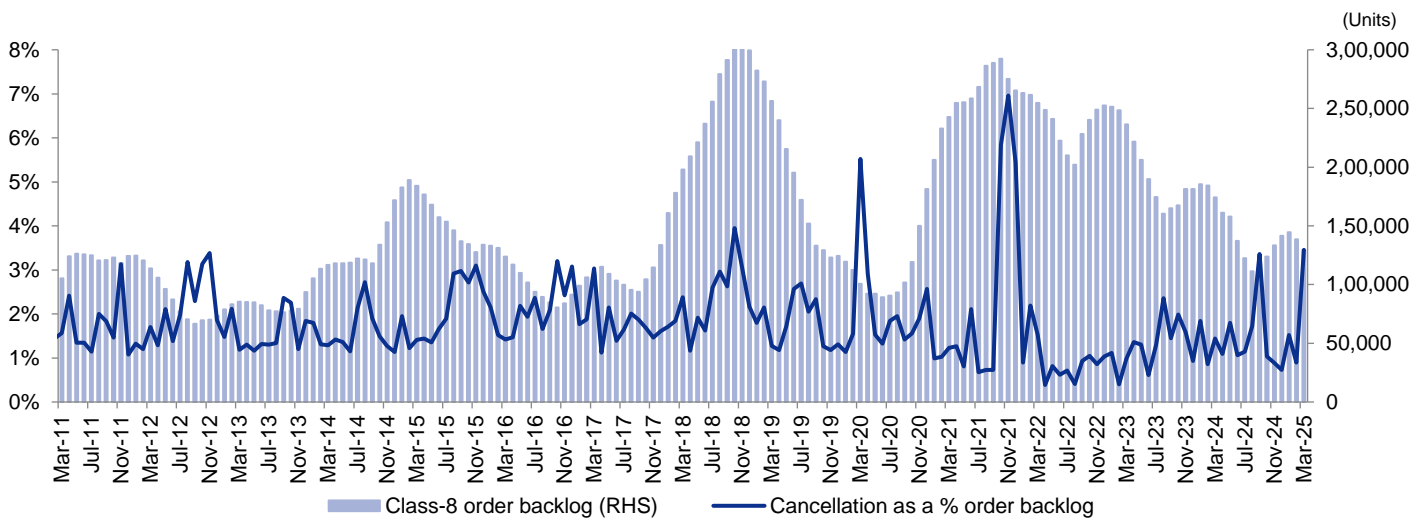
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: North America Class-8 truck net orders decline during the quarter, leading to build-up of inventory



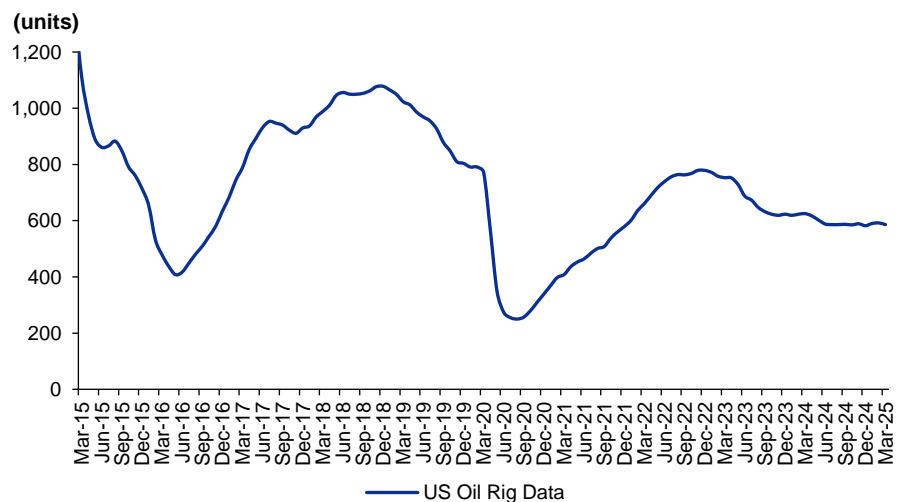
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: North America Class-8 truck order backlog situation improves due to cancellation



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: US oil rig count flattens



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Revenue by segment (Rs m) – growth took place only in domestic car and industrial exports

	4QFY25	4QFY24	% yoy	3QFY25	% qoq	FY25	FY24	%yoy
India Revenue	9,309	10,798	-13.8%	9,449	-1.5%	41,156	40,403	1.9%
Commercial Vehicle	2,659	2,421	9.8%	2,279	16.7%	9,627	10,341	-6.9%
Industrial	5,749	7,591	-24.3%	6,185	-7.1%	27,907	27,065	3.1%
Passenger Car	901	786	14.6%	985	-8.5%	3,622	2,997	20.9%
International Revenue	13,122	12,488	5.1%	11,490	14.2%	47,281	49,283	-4.1%
Commercial Vehicle	4,641	5,264	-11.8%	4,985	-6.9%	20,152	21,134	-4.6%
Industrial	5,264	3,266	61.2%	4,081	29.0%	15,962	15,454	3.3%
Passenger Car	3,217	3,958	-18.7%	2,424	32.7%	11,167	12,694	-12.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Revenue and business mix by location

(Rs m)	4QFY25	4QFY24	% yoy	3QFY25	% qoq	FY25	FY24	%yoy
India	9,309	10,798	-13.8%	9,449	-1.5%	41,156	40,403	1.9%
USA	8,161	7,883	3.5%	8,540	-4.4%	33,168	31,755	4.4%
Europe	3,204	3,734	-14.2%	2,333	37.3%	11,363	13,286	-14.5%
Asia	956	871	9.8%	637	50.1%	2,750	4,242	-35.2%
Total	21,630	23,286	-7.1%	20,959	3.2%	88,437	89,686	-1.4%
Sales Mix								
India	43%	46%	(333)	45%	(205)	47%	45%	149
USA	38%	34%	388	41%	(302)	38%	35%	210
Europe	15%	16%	(122)	11%	368	13%	15%	(197)
Asia	4%	4%	68	3%	138	3%	5%	(162)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Wholly-owned subsidiaries post a muted performance in 4QFY25

(Rs m)	4QFY25	4QFY24	% yoy	3QFY25	% qoq
Total Income	12,243	13,672	-10.5%	10,979	11.5%
EBITDA	111	332	-66.6%	38	192.1%
Margin %	0.9%	2.4%	-152	0.3%	56
PBT	-711	-539	na	-1,344	na
Margin %	-5.8%	-3.9%	na	-12.2%	na

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Key assumptions

Rs m	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F
International Sales	97,982	1,16,417	1,10,072	1,19,509	1,35,588	1,52,988
Change (%)	24.4%	18.8%	-5.5%	8.6%	13.5%	12.8%
India Domestic Sales	31,121	40,403	41,156	44,860	51,141	59,323
Change (%)	20.4%	29.8%	1.9%	9.0%	14.0%	16.0%
Net Sales	1,29,103	1,56,821	1,51,228	1,64,370	1,86,729	2,12,311
Net Raw Material Costs	59,614	73,413	65,943	72,323	81,787	92,355
as a % of Net Sales	46.2%	46.8%	43.6%	44.0%	43.8%	43.5%
Personnel Costs	15,631	18,600	18,699	20,875	23,528	26,751
as a % of Net Sales	12.1%	11.9%	12.4%	12.7%	12.6%	12.6%
Mfg. Expenses	21,947	21,955	22,684	24,327	28,009	31,847
As a % of Net Sales	17.0%	14.0%	15.0%	14.8%	15.0%	15.0%
Other Expenses	14,235	17,274	16,962	17,259	19,420	22,080
As a % of Net Sales	11.0%	11.0%	11.2%	10.5%	10.4%	10.4%
Total Expenditure	1,11,427	1,31,242	1,24,289	1,34,783	1,52,744	1,73,033
EBITDA	17,675	25,579	26,939	29,587	33,985	39,278
EBITDA Margin (%)	13.7	16.3	17.8	18.0	18.2	18.5

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Consolidated entity's earnings revision summary

	Old	FY26F New	Old	FY27F New
Net Sales (Rs m)	1,74,960	1,64,370	2,01,053	1,86,729
Change (%)		-6.1%		-7.1%
EBITDA (Rs m)	32,368	29,587	37,798	33,985
Change (%)		-8.6%		-10.1%
Normalized PAT (Rs m)	14,877	13,220	18,841	16,462
Change (%)		-11.1%		-12.6%
Normalized EPS(Rs)	31.9	28.4	40.5	35.4
Change (%)		-11.0%		-12.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: Standalone entity's EPS revision summary

	FY26F		FY27F	
	Old	New	Old	New
Net Sales (Rs m)	1,00,633	93,087	1,14,180	1,03,708
Change (%)		-7.5%		-9.2%
EBITDA (Rs m)	27,976	26,623	31,285	29,453
Change (%)		-4.8%		-5.9%
Normalised PAT (Rs m)	17,539	16,372	20,281	18,706
Change (%)		-6.7%		-7.8%

SOURCES: 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	1,39,456	20.2	Value of Phase 1: Explicit (2025 to 2027)	12,070	1.7
NPV of Economic Profit During Explicit Period	12,169	1.8	Value of Phase 2: Value Driver (2028 to 2038)	3,14,844	45.5
NPV of Econ Profit of Remaining Business (1, 2)	12,701	1.8	Value of Phase 3: Fade (2039 to 2049)	2,88,807	41.8
NPV of Econ Profit of Net Inv (Grth Business) (1, 3)	5,27,360	76.2	Terminal Value	75,945	11.0
Enterprise Value	6,91,686	100.0	Enterprise Value	6,91,666	100.0
Plus: Other Assets	0	0.0	FCF Grth Rate at end of Phs 1 implied by DCF Valuation	0	10.0
Less: Minorities	36	0.0	FCF Grth Rate at end of Phs 1 implied by Current Price	0	9.8
Less: Net Debt (as at 09 May 2025)	39,832	5.8			
Equity Value	6,51,819	94.2			
No. Shares (millions)	478				
Per Share Equity Value	Rs. 1,363				

Sensitivity Table		No of Years in Fade Period				
		6	9	11	13	16
WACC	9.1%	1386	1602	1749	1899	2128
	10.1%	1240	1421	1542	1665	1849
	11.1%	1111	1263	1363	1463	1612
	12.1%	998	1124	1208	1290	1409
	13.1%	897	1003	1072	1139	1236

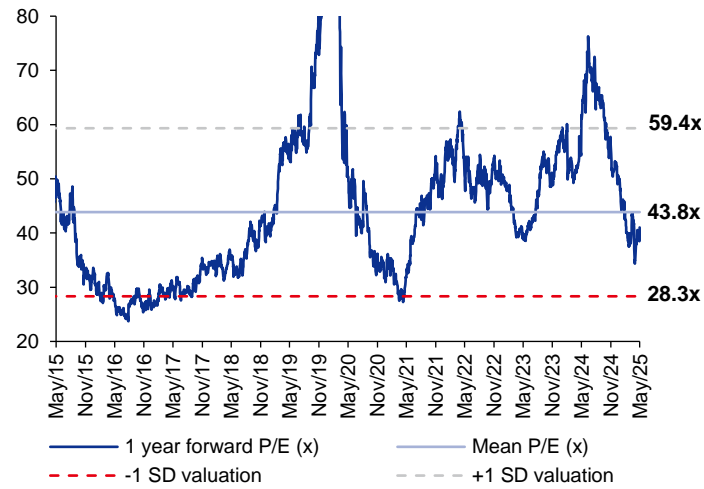
Performance Summary		Phase 2 Avg			
		2025	2026	2027	(2028 - 2038)
Invested Capital Growth (%)		7.0	10.8	11.0	10.0
Operating Margin (%)		14.0	14.6	15.2	12.5
Capital Turnover (x)		1.3	1.4	1.5	1.3

Note:

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

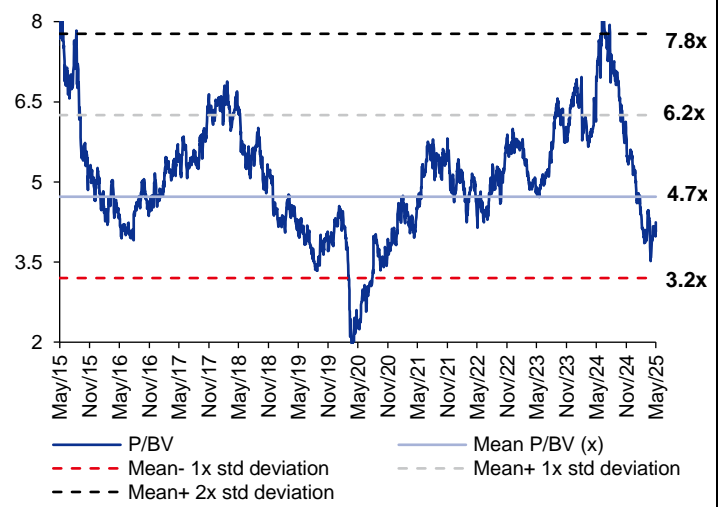
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Forward P/E valuation eases below the 10-year mean level



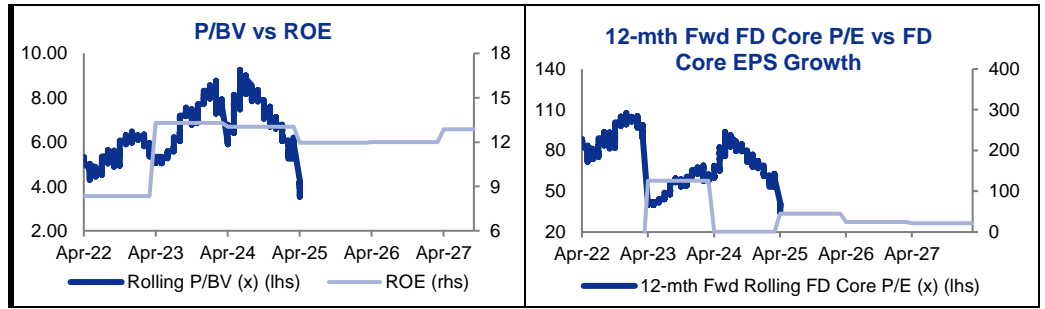
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 18: Forward P/BV valuation eases below the 10-year mean level



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	156,821	151,228	164,370	186,729	212,311
Gross Profit	42,853	43,901	46,845	53,405	61,358
Operating EBITDA	25,579	26,939	29,587	33,985	39,278
Depreciation And Amortisation	(8,482)	(8,736)	(9,002)	(9,434)	(9,828)
Operating EBIT	17,097	18,203	20,584	24,551	29,449
Financial Income/(Expense)	(4,912)	(4,175)	(3,074)	(2,399)	(2,249)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,274	2,138	2,445	2,642	2,842
Profit Before Tax (pre-EI)	14,460	16,166	19,955	24,795	30,042
Exceptional Items	(123)	(1,571)			
Pre-tax Profit	14,336	14,595	19,955	24,795	30,042
Taxation	(5,288)	(5,426)	(6,585)	(8,182)	(9,914)
Exceptional Income - post-tax					
Profit After Tax	9,048	9,170	13,370	16,612	20,128
Minority Interests	53	(37)	(150)	(150)	(150)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	9,101	9,133	13,220	16,462	19,978
Recurring Net Profit	9,179	10,120	13,220	16,462	19,978
Fully Diluted Recurring Net Profit	9,179	10,120	13,220	16,462	19,978

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	25,579	26,939	29,587	33,985	39,278
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(572)	(165)	(4,009)	(3,118)	(7,240)
(Incr)/Decr in Total Provisions	(6,052)	(479)	5,387	(1,300)	(400)
Other Non-Cash (Income)/Expense	(619)	1,159	2,893	1,121	1,249
Other Operating Cashflow	(123)	(1,571)			
Net Interest (Paid)/Received	(2,637)	(2,037)	(629)	244	593
Tax Paid	(5,691)	(5,849)	(3,991)	(4,959)	(6,008)
Cashflow From Operations	9,884	17,999	29,238	25,973	27,471
Capex	(12,862)	(19,648)	(18,970)	(19,200)	(18,250)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	7,803	15,219	15,627	(5,738)	(6,823)
Cash Flow From Investing	(5,060)	(4,429)	(3,342)	(24,938)	(25,073)
Debt Raised/(repaid)	6,697	(12,337)	(8,817)	(750)	(5,750)
Proceeds From Issue Of Shares	(356)	(291)			
Shares Repurchased					
Dividends Paid	(4,656)	(5,259)	(5,259)	(5,259)	(5,259)
Preferred Dividends					
Other Financing Cashflow	(5)				
Cash Flow From Financing	1,680	(17,887)	(14,077)	(6,009)	(11,009)
Total Cash Generated	6,504	(4,317)	11,819	(4,974)	(8,612)
Free Cashflow To Equity	11,522	1,233	17,078	285	(3,352)
Free Cashflow To Firm	9,736	17,745	28,969	3,434	4,647

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	16,899	12,914	24,733	19,759	11,147
Total Debtors	31,769	29,132	33,775	37,346	41,299
Inventories	32,161	35,784	37,828	41,950	46,534
Total Other Current Assets	19,514	18,840	18,500	21,000	22,500
Total Current Assets	100,344	96,670	114,835	120,055	121,480
Fixed Assets	70,046	80,959	90,926	100,692	109,114
Total Investments	18,490	20,627	30,627	38,627	46,627
Intangible Assets	2,960	2,628	2,628	2,628	2,628
Total Other Non-Current Assets					
Total Non-current Assets	91,496	104,213	124,181	141,947	158,369
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	22,621	23,442	26,119	30,695	31,992
Other Current Liabilities	18,999	17,015	22,000	23,000	24,000
Total Current Liabilities	41,620	40,457	48,119	53,695	55,992
Total Long-term Debt	75,221	62,884	54,067	53,317	47,567
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	75,221	62,884	54,067	53,317	47,567
Total Provisions	3,346	5,336	8,292	9,613	10,962
Total Liabilities	120,186	108,677	110,477	116,625	114,521
Shareholders Equity	71,702	92,533	128,716	145,404	165,205
Minority Interests	(49)	(328)	(178)	(28)	122
Total Equity	71,653	92,206	128,538	145,377	165,328

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	21.5%	(3.6%)	8.7%	13.6%	13.7%
Operating EBITDA Growth	44.7%	5.3%	9.8%	14.9%	15.6%
Operating EBITDA Margin	16.3%	17.8%	18.0%	18.2%	18.5%
Net Cash Per Share (Rs)	(121.98)	(104.51)	(61.35)	(70.19)	(76.17)
BVPS (Rs)	149.96	193.53	269.20	304.11	345.52
Gross Interest Cover	3.48	4.36	6.70	10.23	13.09
Effective Tax Rate	36.9%	37.2%	33.0%	33.0%	33.0%
Net Dividend Payout Ratio	50.5%	49.1%	39.8%	31.9%	26.3%
Accounts Receivables Days	73.03	73.49	69.84	69.51	67.60
Inventory Days	101.56	115.54	114.31	109.20	106.98
Accounts Payables Days	70.67	78.33	76.96	77.77	75.79
ROIC (%)	11.1%	10.6%	10.9%	12.1%	13.2%
ROCE (%)	12.1%	12.0%	12.0%	12.6%	13.9%
Return On Average Assets	6.7%	6.9%	7.0%	7.3%	8.0%

Key Drivers

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
ASP (% chg, main prod./serv.)	7.1%	(1.5%)	(10.8%)	11.4%	13.5%
Unit sales grth (% , main prod./serv.)	10.6%	0.1%	17.9%	N/A	N/A

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- 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.

Sector Ratings

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.