

Hero MotoCorp Ltd

Conservatively projected, still found reasonable value!

Q3 performance was slightly higher than our estimates lifted up majorly by a substantial increase in other income. EBITDA margin was slightly on a lower side due to 70bps impact on EV spends. We have conservatively projected financials on the lower side vis-à-vis peers, but still found value in the stock, maintain ACCUMULATE rating for a fair value of Rs 2,913 apiece. **Positive triggers ahead are 1) signs of rural uptick as per our checks. 2) higher sales of Xtec range, premiumization & the aim to launch one new product in a year will not only take care of volume/market share growth, but also improve margins. 3) input costs softness to add further in uplifting margins, and 4) not leaving any stone unturned for EVs.**

Q3FY23 performance – Revenue in-line, PAT higher than our estimates

- Revenue at Rs80.3bn (+2% YoY, -12% QoQ) near in-line our estimates. EBITDA margin 11.5% (-67bps YoY, +7bps QoQ) vs estimates of 12.0%. PAT Rs7.1bn (+4% YoY, -0.7% QoQ) higher than estimates of Rs6.6bn.
- Realization increase (+6% YoY) is led by an improvement in pricing, Xtec range of products is preferred by customers, offset by an increase in discounts due to festivals & to clear year-end inventory.
- Benefits of commodities & mix is visible in gross margins (30.6%, +155bps YoY & +254bps QoQ). Employee & Other costs YoY increased, while QoQ as a % is higher due to operating deleverage.
- EBITDA Margin although lower than our estimates, but a gradual improvement is visible since last three quarters. 70bps impact on EBITDA margin was due to EV spends. ICE margin was 12.2% in Q3.
- Much higher other income to Rs1.8bn (+51% YoY, +99% QoQ) & lower than expected effective tax rate lifted up the bottom line better than our estimates. Other income in Q3 is at normalized level.

Demand – Rural bottomed out, new model launches to support demand

- We can see some green shoots in Hero's premium portfolio looking at popularity of Xpulse 200cc, and increasing acceptance of Xtec range of products. A launch from JV with Harley could possibly support in gaining traction further.
- Additionally, rural started picking up, and further momentum should built-up based on our checks, should benefit. Retail sales for the industry in Jan '23 was good. This, along with new model launches in ICE and focus on EVs should bring in the required momentum.
- Exports although have not shown much traction, but remain a key lever for growth in the mid-to-long term. The mid-to-long term target is 10% of revenues from exports, Hero will scale this up.
- Overall, we have built-in lower volume growth as compared to its peers as the lower segment of the population is yet to see a revival.
- Expect 5.26mn volumes in FY23e, and projected 6-7% growth in the coming two years will take its volumes to 5.97mn by FY25e.

Y/E Mar (Rs Mn)	Q3 FY23	Q3 FY22	YoY (%)	Q2 FY23	QoQ (%)	Q3 FY23e	Var. (%)
Volumes (No)	1,239,693	1,292,136	(4.1)	1,428,168	(13.2)	1,239,693	-
Blended realization (Rs)	64,782	61,010	6.2	63,545	1.9	64,045	1.2
EBITDA/unit (Rs)	7,455	7,430	0.3	7,270	2.5	7,695	(3.1)
Revenues	80,310	78,833	1.9	90,754	(11.5)	79,397	1.2
Gross margin (%)	30.6	29.0	155 bps	28.0	254 bps	-	-
EBITDA	9,241	9,600	(3.7)	10,383	(11.0)	9,540	(3.1)
EBITDA margin (%)	11.5	12.2	(67) bps	11.4	7 bps	12.0	(51) bps
Other income	1,832	1,216	50.6	921	99.0	-	-
PBT	9,404	9,107	3.3	9,637	(2.4)	-	-
Taxes paid	2,294	2,246	2.1	2,476	(7.4)	-	-
Effective tax rate (%)	24.4	24.7	(27) bps	25.7	(130) bps	-	-
Reported PAT	7,111	6,861	3.6	7,161	(0.7)	6,562	8.4
PAT margin (%)	8.9	8.7	15 bps	7.9	96 bps	8.3	59 bps

Source: Company, SMIFS Research

Y/E Mar (Rs Mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY21	308,006	6.8	40,192	13.0	29,642	(5.2)	148	20.2	20.1	19.4	11.7
FY22	292,455	(5.0)	33,688	11.5	24,730	(16.6)	124	16.0	15.9	22.0	13.0
FY23e	333,306	14.0	38,223	11.5	26,706	8.0	134	16.5	16.5	19.8	10.7
FY24e	367,624	10.3	44,061	12.0	31,993	19.8	160	18.8	18.9	16.6	9.1
FY25e	405,692	10.4	50,737	12.5	38,054	18.9	190	20.8	20.9	13.9	7.6

Source: Company, SMIFS Research Estimates



Rating: Accumulate Upside: 9.8%

Current Price: 2,654 Target Price: 2,913

Earlier recommendation

Previous Rating:	Buy
Previous Target Price:	3,021

Market data

Bloomberg:	HMCL IN
52-week H/L (Rs):	2,939/2,148
Mcap (Rs bn/USD bn):	531/6.4
Shares outstanding (mn):	200
Free float:	65.0%
Daily vol. (3M Avg):	0.39mn
Face Value (Rs):	2

Source: Bloomberg, SMIFS Research

Shareholding pattern (%)

	Dec-22	Sep-22	Jun-22	Mar-22
Promoter	34.8	34.8	34.8	34.8
FII's	27.5	27.8	28.8	29.2
DII's	27.3	26.9	25.6	24.2
Public/others	10.4	10.5	10.8	11.8

Source: BSE

Promoters pledging (%)

Promoters pledged shares	-	-	-	-
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Source: BSE

Price performance (%) *

	1M	3M	12M	36M
Nifty 50	-0.8	-2.6	3.0	46.5
Nifty 500	-2.4	-4.6	0.2	49.0
HMCL	-3.1	1.5	0.4	8.9

* As on 8th Feb '23; Source: AceEquity, SMIFS Research

Amit Hiranandani

Sector Lead - Automobile
9619848422
amit.hiranandani@smifs.co.in

Awanish Chandra

Executive Director
8693822293
awanish.chandra@smifs.com

Electric vehicles - Special emphasis on EVs, to make products for mass segment

- We have no question on Hero's ability in making premium electric vehicles, and more launches are on cards at lower price covering different segments.
- Hero's EV deal with Zero Motorcycles, USA will add a new wing. The company has been doing collaborations and investments with EV companies (Ather, Gogoro, in-house, collaborations on critical components, etc.), which we believe will be supportive to stay ahead of the competition and produce techno-rich products for Indian markets.

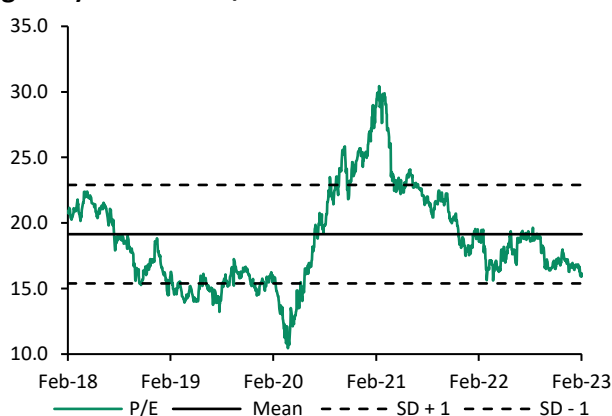
Margins are on an upward trajectory, traction should continue

- Metals are cooling-off, selling more Xtec range in lower segment (7-10% higher priced) and operating leverage should improve margins further in Q4FY23. Anticipate 11.7% in Q4FY23 & 11.5% in FY23.
- Guided range is 14-16% in the mid-term, however we have conservatively projected 12.0% in FY24e, and 12.5% in FY25e.
- The company in its golden year clocked 16.4% level EBITDA margin, but this time commodity prices are at record highs. Additionally, EVs & investments will keep margins under check.

Valuation & recommendations, worth taking a bet!

- Conservatively projected, and believe there is a value in the stock. All negatives look to be factored in and suggest it's worth taking a stake, looking at 360-degree efforts across building a portfolio, premiumization efforts, export opportunities, along with not leaving any stone unturned for EVs.
- Assigned 15x to FY25e EPS of Rs 190, valued Hero FinCorp at Rs 57/share, to arrive at a **fair value of Rs 2,913 per share.**
- Maintained 15x multiple & rollover from Sep '24e to FY25e. Curtailed down FY23/FY24/FY25 EPS by ~11%/12%/12% respectively as margins were lower than our estimates & real demand uptick was lower than expectation.

Fig 1. 1-year forward P/E



Source: AceEquity, SMIFS Research

Fig 2. 1-year forward EV/EBITDA



Source: AceEquity, SMIFS Research

Fig 3. Change in Estimates

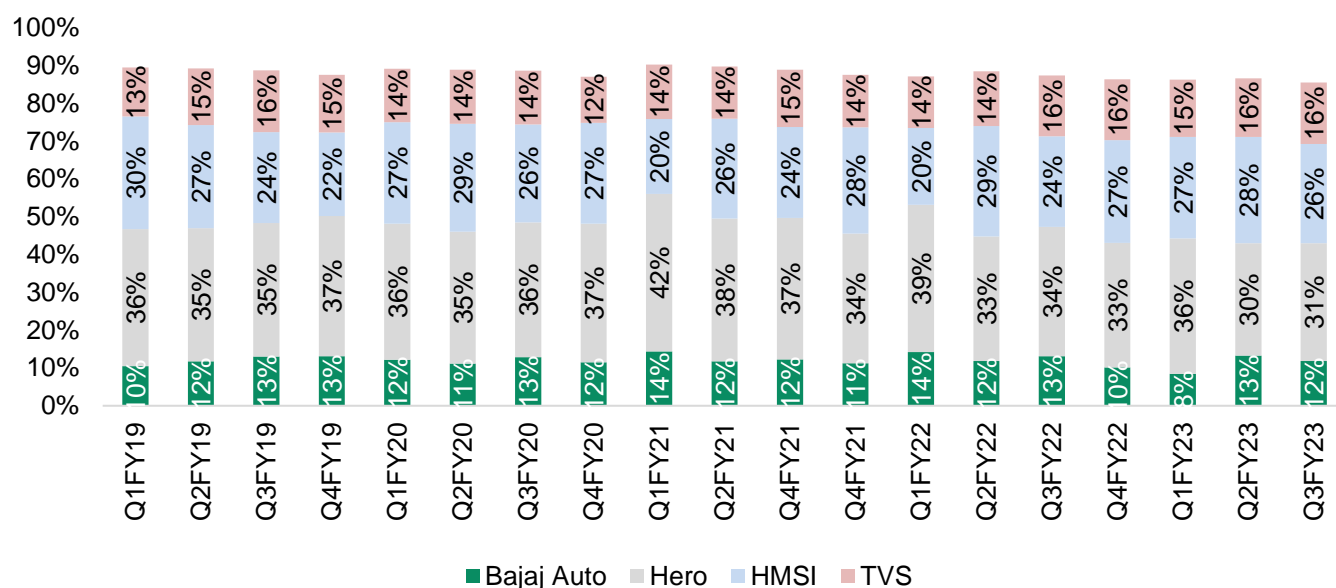
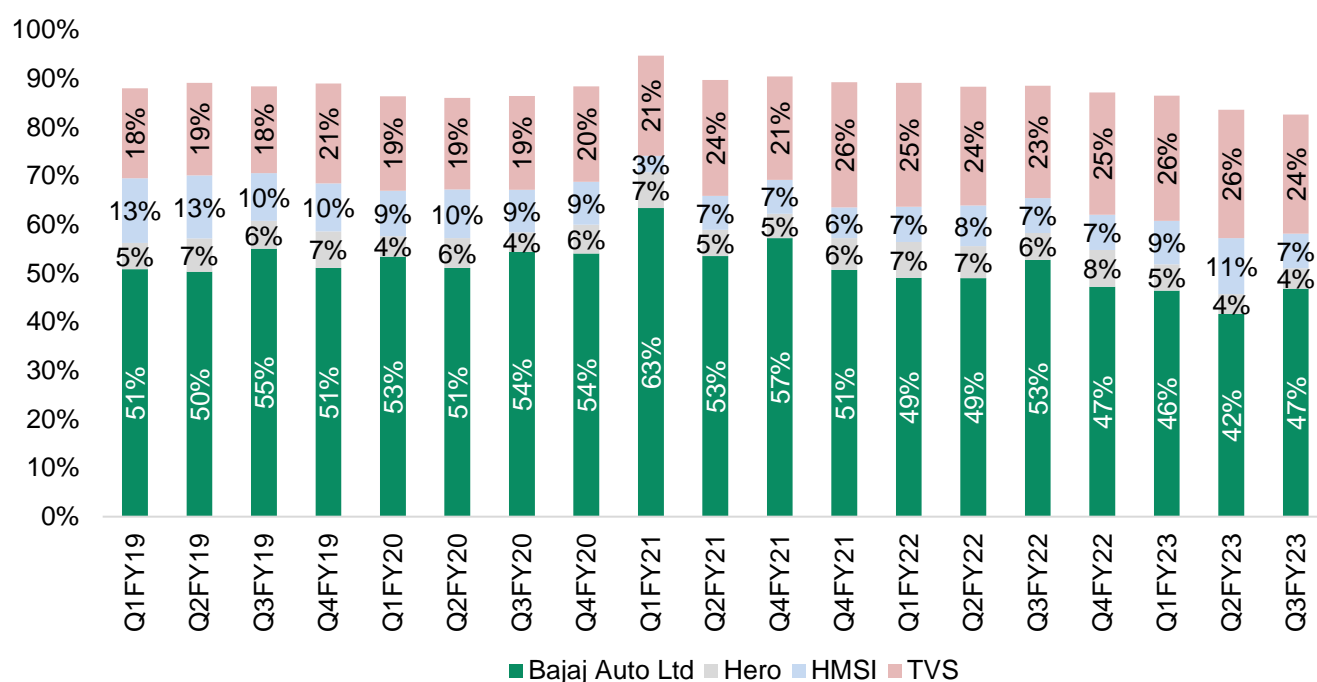
Rs mn	New estimates			Old estimates			Change (%)		
	FY23e	FY24e	FY25e	FY23e	FY24e	FY25e	FY23e	FY24e	FY25e
Total Volumes (No)	5,264,789	5,634,603	5,976,113	5,651,036	6,048,330	6,356,847	-6.8%	-6.8%	-6.0%
Revenue	333,306	367,624	405,692	366,899	404,712	443,084	-9.2%	-9.2%	-8.4%
Gross profit	97,325	109,184	122,519	102,732	115,343	128,494	-5.3%	-5.3%	-4.7%
Gross margin (%)	29.2	29.7	30.2	28.0	28.5	29.0	120 bps	120 bps	120 bps
EBITDA	38,223	44,061	50,737	43,497	50,475	58,016	-12.1%	-12.7%	-12.5%
EBITDA margin (%)	11.5	12.0	12.5	11.9	12.5	13.1	(39) bps	(49) bps	(59) bps
PAT	26,706	31,993	38,054	30,006	36,169	42,921	-11.0%	-11.5%	-11.3%
EPS (Rs)	134	160	190	150	181	215	-10.9%	-11.6%	-11.5%

Source: Company, SMIFS research estimates

Fig 4. Quarterly volume analysis

Volume analysis (No)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	9MFY23	9MFY22	YoY (%)	FY23e	FY22	YoY (%)
Scooters	107,091	78,756	36.0	93,645	14.4	282,075	241,346	16.9	333,422	305,892	9.0
Motorcycles	1,096,844	1,152,370	(4.8)	1,295,469	(15.3)	3,639,140	3,296,294	10.4	4,771,303	4,337,548	10.0
Total Domestic Sales	1,203,935	1,231,126	(2.2)	1,389,114	(13.3)	3,921,215	3,537,640	10.8	5,104,725	4,643,440	9.9
% of total volumes	97.1	95.3	184 bps	97.3	(14) bps	96.6	94.2	243 bps	97.0	93.9	304 bps
Scooters	3,359	1,375	144.3	2,199	52.8	8,118	8,173	(0.7)	6,295	10,491	(40.0)
Motorcycles	32,305	59,634	(45.8)	36,855	(12.3)	128,626	209,451	(38.6)	153,769	290,131	(47.0)
Total Export Sales	35,664	61,009	(41.5)	39,054	(8.7)	136,744	217,624	(37.2)	160,064	300,622	(46.8)
% of total volumes	2.9	4.7	(184) bps	2.7	14 bps	3.4	5.8	(243) bps	3.0	6.1	(304) bps
Scooters	110,450	80,131	37.8	95,844	15.2	290,193	249,519	16.3	339,717	316,383	7.4
Motorcycles	1,129,149	1,212,004	(6.8)	1,332,324	(15.2)	3,767,766	3,505,745	7.5	4,925,072	4,627,679	6.4
Total Volumes	1,239,599	1,292,135	(4.1)	1,428,168	(13.2)	4,057,959	3,755,264	8.1	5,264,789	4,944,062	6.5
Net Revenues (Rs mn)	80,310	78,833	1.9	90,754	(11.5)	254,989	218,237	16.8	333,306	292,455	14.0
Blended realization (Rs)	64,787	61,010	6.2	63,545	2.0	62,837	58,115	8.1	63,308	59,153	7.0

Source: SIAM, SMIFS research estimates

Fig 5. Quarterly Domestic market share trend (%)

Fig 6. Quarterly Export market share trend (%)


Source: SIAM, SMIFS Research

Q3FY23 – Key takeaways from the management call

Demand

- Global headwinds is expected to continue, while some countries are coming out of the woods. The aim is 10% of the revenue from international markets in the mid-to-long term.
- India market is better placed, the Union budget is prosperous. The ongoing marriage season and visible green shoots in rural is positive.
- 125cc+ segment contribution dropped from 13-15% earlier to 9%, this is on account of inventory adjustments.
- The management is very optimistic on 125cc+ segment, Glamour Xtec made good progress, further strengthening 125cc portfolio, to launch Super Splendor 125cc in Xtec.
- Launched Xoom scooter recently with premium features targeting a young audience.
- Strengthening overall portfolio, and to launch more products in FY24. Expect product launch in every quarter with focus on premium, 125cc and scooters that will drive market share.
- Expect industry revenue to grow in double digit in FY24e, and Hero will grow ahead of the industry.
- Overall, the focus is 1) to recover market share in 125cc, 2) multiple launch in the premium portfolio in 3-5 years, 3) mid-to-long term target is 10% revenue from global markets, and 4) EV – geographic expansion, followed by portfolio expansion.

Margin

- EBITDA margin at 11.5% in Q3FY23 is after absorbing spends on EVs, about 70bps impact was present. While the ICE EBITDA margin is 12.2% for the quarter.
- The gross margin in EV is lower (without contributing PLI benefits). As scale comes, the margins will also improve. The GM on EVs is expected to improve over the next two years for the industry, driven by scale.
- Other expenses was higher in Q3 due to EV & festive spends, CSR, etc. ICE margin expected to improve moving forward.
- Gross margins will expand as commodity and cost inflation stabilized now. EBITDA margin to also improve led by an improvement in gross margin, and operating leverage.
- Taken price increase of Rs 300 in August, Rs 500 in September and Rs 930 in December. The LEAP savings is 80bps over nine months.

Electric vehicles

- Commenced Vida delivery, present in three cities & will expand in more cities. Setup a few charging stations in Bangalore, Delhi & Jaipur. The focus is on Vida at the moment.
- The company is reinvesting ICE margin in building EV category.

Other key highlights

- Sales from spare parts is Rs12.59bn in Q3FY23 vs. Rs12.42bn in Q2FY23 vs. Rs11.86bn in Q3FY22. The focus is to increase revenue from non-products.
- Have seven weeks of inventory. Hero is comfortable with this level as demand is improving.
- Other income is normalized in Q3. In earlier quarters, the company absorbed MTM loss.
- Roughly 45% volumes comes from rural zone.
- Hero started manufacturing some of the models with OBD Phase 2, and will start manufacturing all models from 1st April. Expect price increases in the range of Rs 500-800 per vehicle.

Quarterly financials, operating metrics & key performance indicators

Fig 7. Quarterly Financials

Y/E March (Rs Mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Net Sales	86,860	54,871	84,534	78,833	74,217	83,925	90,754	80,310
Raw Materials	61,173	39,796	61,104	55,943	51,424	61,074	65,301	55,743
Employee Costs	4,884	4,357	5,054	5,180	4,763	5,382	5,490	5,456
Other Expenditure	8,691	5,570	7,712	8,109	9,754	8,062	9,579	9,869
EBITDA	12,112	5,148	10,664	9,600	8,276	9,408	10,383	9,241
Depreciation	1,631	1,630	1,639	1,644	1,585	1,630	1,634	1,620
Interest	63	61	65	65	67	70	33	49
Other Income	874	1,386	1,569	1,216	1,398	530	921	1,832
Exceptional Items	-	-	-	-	-	-	-	-
PBT	11,291	4,844	10,529	9,107	8,022	8,238	9,637	9,404
Tax	2,642	1,189	2,585	2,246	1,752	1,993	2,476	2,294
Tax rate (%)	23.4	24.6	24.5	24.7	21.8	24.2	25.7	24.4
Reported PAT	8,650	3,654	7,944	6,861	6,271	6,245	7,161	7,111
Adjusted PAT	8,650	3,654	7,944	6,861	6,271	6,245	7,161	7,111
YoY Growth (%)								
Revenue	39.2	84.7	(9.8)	(19.4)	(14.6)	53.0	7.4	1.9
EBITDA	83.5	376.5	(17.1)	(32.1)	(31.7)	82.7	(2.6)	(3.7)
PAT	39.4	496.1	(16.7)	(36.7)	(27.5)	70.9	(9.9)	3.6
QoQ Growth (%)								
Revenue	(11.1)	(36.8)	54.1	(6.7)	(5.9)	13.1	8.1	(11.5)
EBITDA	(14.3)	(57.5)	107.1	(10.0)	(13.8)	13.7	10.4	(11.0)
PAT	(20.2)	(57.8)	117.4	(13.6)	(8.6)	(0.4)	14.7	(0.7)
Margin (%)								
RMC/revenue (%)	70.4	72.5	72.3	71.0	69.3	72.8	72.0	69.4
Gross margin (%)	29.6	27.5	27.7	29.0	30.7	27.2	28.0	30.6
Employee cost/revenue (%)	5.6	7.9	6.0	6.6	6.4	6.4	6.0	6.8
Other expenses/revenue (%)	10.0	10.2	9.1	10.3	13.1	9.6	10.6	12.3
EBITDA margin (%)	13.9	9.4	12.6	12.2	11.2	11.2	11.4	11.5
PAT margin (%)	10.0	6.7	9.4	8.7	8.4	7.4	7.9	8.9
Per Unit (Rs.)								
EBITDA	7,723	5,025	7,413	7,430	6,961	6,767	7,270	7,455
Blended Realization	55,387	53,559	58,763	61,010	62,426	60,370	63,545	64,782

Source: Company, SMIFS Research

Fig 8. Key Assumptions

Operating Details	FY20	FY21	FY22	FY23e	FY24e	FY25e
Domestic Sales Volume						
Scooters	402,676	443,458	305,892	333,422	353,428	371,099
Motorcycles	5,820,782	5,161,582	4,337,548	4,771,303	5,105,294	5,411,612
Total Domestic Sales	6,223,458	5,605,040	4,643,440	5,104,725	5,458,722	5,782,711
<i>Growth (%)</i>	<i>(18.2)</i>	<i>(9.9)</i>	<i>(17.2)</i>	<i>9.9</i>	<i>6.9</i>	<i>5.9</i>
Exports Volume						
Scooters	16,694	14,552	10,491	6,295	6,735	7,341
Motorcycles	157,848	180,589	290,131	153,769	169,146	186,061
Total Exports	174,542	195,141	300,622	160,064	175,882	193,402
<i>Growth (%)</i>	<i>(16.1)</i>	<i>11.8</i>	<i>54.1</i>	<i>(46.8)</i>	<i>9.9</i>	<i>10.0</i>
Total Sales Volume						
Scooters	419,370	458,010	316,383	339,717	360,163	378,440
Motorcycles	5,978,630	5,342,171	4,627,679	4,925,072	5,274,440	5,597,673
Total Sales	6,398,000	5,800,181	4,944,062	5,264,789	5,634,603	5,976,113
<i>Growth (%)</i>	<i>(18.2)</i>	<i>(9.3)</i>	<i>(14.8)</i>	<i>6.5</i>	<i>7.0</i>	<i>6.1</i>
Net Revenues (Rs mn)	288,361	308,006	292,455	333,306	367,624	405,692
Blended Realization (Rs)	45,070	53,103	59,153	63,308	65,244	67,886
<i>Growth (%)</i>	<i>4.7</i>	<i>17.8</i>	<i>11.4</i>	<i>7.0</i>	<i>3.1</i>	<i>4.0</i>
EBITDA /unit (Rs)	6,186	6,930	6,814	7,260	7,820	8,490
<i>Growth (%)</i>	<i>(1.9)</i>	<i>12.0</i>	<i>(1.7)</i>	<i>6.5</i>	<i>7.7</i>	<i>8.6</i>

Source: Company, SMIFS Research Estimates

Financial Statements

Income Statement					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25e
Revenues	308,006	292,455	333,306	367,624	405,692
Materials cost	217,623	208,267	235,980	258,440	283,173
% of revenues	70.7	71.2	70.8	70.3	69.8
Employee cost	18,987	19,354	21,774	23,951	26,346
% of revenues	6.2	6.6	6.5	6.5	6.5
Others	31,203	31,145	37,329	41,172	45,436
% of revenues	10.1	10.6	11.2	11.2	11.2
EBITDA	40,192	33,688	38,223	44,061	50,737
Other income	5,799	5,569	4,089	5,797	7,761
Depreciation & Amortisation	6,769	6,498	6,514	6,931	7,399
EBIT	39,222	32,759	35,797	42,927	51,099
Interest expenses	218	258	189	269	360
Core PBT	33,205	26,932	31,519	36,861	42,978
Exceptional items	-	-	-	-	-
PBT	39,004	32,501	35,608	42,658	50,739
Taxes	9,362	7,771	8,902	10,664	12,685
Effective tax rate (%)	24.0	23.9	25.0	25.0	25.0
Reported PAT	29,642	24,730	26,706	31,993	38,054
Minority Interest	-	-	-	-	-
Adjusted PAT	29,642	24,730	26,706	31,993	38,054

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY21	FY22	FY23e	FY24e	FY25e
Growth Ratios (%)					
Revenue	6.8	(5.0)	14.0	10.3	10.4
EBITDA	1.5	(16.2)	13.5	15.3	15.2
Net Profit	(5.2)	(16.6)	8.0	19.8	18.9
Margin Ratios (%)					
Gross Margin	29.3	28.8	29.2	29.7	30.2
EBITDA margin	13.0	11.5	11.5	12.0	12.5
EBIT margin	12.7	11.2	10.7	11.7	12.6
Core PBT margin	10.8	9.2	9.5	10.0	10.6
Adjusted PAT margin	9.6	8.5	8.0	8.7	9.4
Return Ratios (%)					
ROE	20.2	16.0	16.5	18.8	20.8
ROCE	20.1	15.9	16.5	18.9	20.9
Turnover Ratios (days)					
Gross block turnover (x)	2.3	2.1	2.3	2.4	2.5
Adjusted OCF/PAT (in %)	140.0	80.6	138.1	111.5	107.3
Inventory	21	23	23	23	23
Debtors	24	30	30	30	30
Creditors	69	83	83	83	83
Cash conversion cycle	(24)	(31)	(31)	(31)	(31)
Solvency Ratio (x)					
Debt-equity	0.0	0.0	-	-	-
Net debt-equity	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)
Gross debt/EBITDA	0.0	0.0	-	-	-
Current Ratio	1.8	2.0	1.9	1.8	1.8
Interest coverage ratio	180	127	189	160	142
Dividend					
DPS (Rs)	105	95	110	115	120
Dividend yield (%)	3.7	3.5	4.1	4.4	4.5
Dividend payout (%)	71	77	82	72	63
Per share (Rs.)					
Basic EPS (reported)	148	124	134	160	190
Adjusted EPS	148	124	134	160	190
CEPS	182	156	166	195	227
BV	761	790	828	879	954
Valuation (x)					
P/E	19.4	22.0	19.8	16.6	13.9
P/BV	3.5	3.4	3.2	3.0	2.8
EV/EBITDA	11.7	13.0	10.7	9.1	7.6
EV/Sales	1.5	1.5	1.2	1.1	1.0
Adj Mcap/Core PBT	14.1	16.3	13.1	10.9	9.0
Adj Mcap/Adj OCF	11.3	22.0	11.2	11.2	9.5

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25e
Source of funds					
Capital	400	400	400	400	400
Reserves & Surplus	151,585	157,430	165,163	175,257	190,276
Shareholders' fund	151,984	157,829	165,562	175,657	190,676
Total loan funds	1,495	1,681	-	-	-
Other non-current liabilities	7,226	7,164	7,413	7,622	7,853
Total Liabilities	160,705	166,674	172,975	183,279	198,529
Application of funds					
Gross Block	138,314	141,342	147,944	155,460	163,804
Net Block	55,837	53,929	55,403	57,504	60,104
Capital WIP	4,366	4,582	4,582	4,582	4,582
Investments	104,997	106,523	117,295	129,176	142,287
Other non-current assets	8,798	9,333	4,973	5,134	5,312
Inventory	14,696	11,227	14,686	16,083	17,623
Sundry Debtors	24,268	23,043	26,959	29,735	32,814
Cash & bank balances	2,572	1,751	3,964	1,185	1,693
Other current assets	6,078	6,753	7,696	8,488	9,367
Total current assets	47,613	42,773	53,305	55,492	61,497
Sundry Creditors	52,046	42,603	53,622	58,725	64,346
Other current liabilities	8,859	7,863	8,961	9,884	10,907
Total current liabilities	60,905	50,466	62,583	68,609	75,253
Net current assets	(13,292)	(7,693)	(9,278)	(13,118)	(13,756)
Total Assets	160,705	166,674	172,975	183,279	198,529

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25e
Operating profit before WC changes	40,786	34,716	39,245	45,510	52,677
Net chg in working capital	10,700	(6,825)	6,726	1,108	1,200
Income taxes paid	(9,759)	(7,688)	(8,902)	(10,664)	(12,685)
Cash flow from operating activities (a)	41,727	20,203	37,069	35,954	41,192
Adjusted OCF	41,509	19,945	36,880	35,685	40,832
Capital expenditure	(5,146)	(5,347)	(7,989)	(9,032)	(9,999)
Adjusted FCF	36,363	14,598	28,891	26,653	30,834
Cash flow from investing activities (b)	(22,099)	(1,519)	(15,694)	(16,565)	(17,289)
Debt Issuance/(repayment)	-	-	-	-	-
Dividend Paid	(18,978)	(18,981)	(18,973)	(21,899)	(23,035)
Interest and Lease Expenses	(515)	(458)	(189)	(269)	(360)
Cash flow from financing activities (c)	(19,415)	(19,389)	(19,162)	(22,167)	(23,395)
Net chg in cash (a+b+c)	213	(705)	2,213	(2,779)	507

Source: Company, SMIFS Research Estimates

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Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Sudipto Datta,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: smifs.institutional@smifs.com
