

# Bajaj Auto Ltd.

## Superior operational performance; Uncertain near term

The operational performance in Q4FY20 was commendable due to better product mix and forex benefits. We believe it is not sustainable due to lower scale in FY21 and Bajaj would need to absorb some of the BS6 cost to pull customers towards showrooms. Lower commodity price benefits would continue in the coming quarters. The domestic & exports outlook looks subdued to us due to uncertainty, suppressed purchasing power & weak oil prices. A possible risk for Bajaj's market share is due to downtrading, where its competitor has a strong hold. While 2<sup>nd</sup> half looks better and any improvement in the economic situation in export markets would yield in better volumes. However, we believe that near term uncertainties and positivity of a pick-up in the 2<sup>nd</sup> half is almost factored into the current levels of Bajaj Auto and hence, we see a limited upside.

### Domestic outlook is grim, while pick-up expected in the 2<sup>nd</sup> half

- Suppressed income, low purchasing power & dented confidence will keep consumers away. While, people are yet to get adjusted with higher priced BS6 models.
- On downtrading, we believe there would a shift towards lower CC segment, but it won't be a wholesale shift. Some consumer will look for a value buy within that segment.
- On the positive side, 1) social distancing related issues around the use of public transport will impact positively on owning a two-wheeler. 2) rural looks better due to good harvest.
- Hence, we expect domestic volumes to decline by 16% YoY to 20.5L units (higher decline expected in motorcycles). The outlook on 3W is also cloudy.

### Sharp negative impact on exports; new geographies would offset some fall

- Nigeria, the single largest market for Bajaj Auto, has been facing dual issues of weak oil prices and demand disruption due to Covid-19.
- History indicates a strong correlation between weak oil & impact on its exports (FY16 & FY17). We think this will repeat in FY21e as well & expect ~27% YoY degrowth in exports.
- However, new geographies like Indonesia, Philippines, Thailand, etc will reduce dependency of Bajaj on Oil led nations, but benefits will be visible in the medium term.

### Margin improved; but won't sustain due to lower scale & BS6 cost

- Superior margin improvement in Q4FY20 led by a better product mix & forex benefit. However, we understand that this won't be sustainable in FY21e.
- Weak sentiments would force Bajaj to absorb some of the BS6 cost and there would be a lower scale. On the other side, the commodity price benefit is yet to accrue in the coming quarters. Hence, the net effect would be ~100bps decline in the FY21e margin to 16.0%.

### Valuations

- We have factored in some of the uncertainties of Covid-19 and built a gradual recovery in FY22e. However, we believe most of the positives are factored into the valuation. Hence, **we have 'Accumulate' rating with a target price of Rs 2,747** (15x FY22e EPS of Rs 176 plus the value of KTM at Rs 109/share).

Y/E Mar (Rs mn)	Q4 FY20	Q4 FY19	YoY (%)	Q3 FY19	QoQ (%)	Q4 FY20E	Var. (%)
<b>Net Sales</b>	<b>68,159</b>	<b>74,205</b>	<b>-8.1</b>	<b>76,397</b>	<b>(10.8)</b>	<b>62,204</b>	<b>9.6</b>
Op. cost	55,631	61,936	-10.2	62,725	-11.3	53,318	4.3
<b>EBITDA</b>	<b>12,528</b>	<b>12,270</b>	<b>2.1</b>	<b>13,672</b>	<b>-8.4</b>	<b>8,886</b>	<b>41.0</b>
EBITDA margin (%)	18.4	16.5	185 bps	17.9	48 bps	14.3	409 bps
Depreciation	633	608	4.0	617	2.6	730	-13.4
Interest	9	3	213.8	5	93.6	(22)	-141.1
Other Income	5,327	3,680	44.7	3,662	45.4	4,794	11.1
Exceptional item	-	3,420	-	-	-	-	-
<b>PBT</b>	<b>17,212</b>	<b>18,759</b>	<b>-8.2</b>	<b>16,713</b>	<b>3.0</b>	<b>12,972</b>	<b>32.7</b>
Taxes paid	4,109	5,703	-27.9	4,097	0.3	2,851	44.2
-effective tax rate	24	30	(653) bps	25	(64) bps	22	190 bps
<b>Reported PAT</b>	<b>13,103</b>	<b>13,056</b>	<b>0.4</b>	<b>12,616</b>	<b>3.9</b>	<b>10,121</b>	<b>29.5</b>
<b>Adjusted PAT</b>	<b>13,103</b>	<b>10,676</b>	<b>22.7</b>	<b>14,024</b>	<b>-6.6</b>	<b>10,121</b>	<b>29.5</b>
Adj PAT margin (%)	19.2	14.4	484 bps	18.4	87 bps	16.3	295 bps

Source: Company, EISEC Research

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY18	2,52,189	15.9	48,374	19.2	40,906	6.9	141	22.6	21.9	21.3	14.5
FY19	3,03,576	20.4	51,925	17.1	44,366	8.5	153	21.7	21.0	16.7	10.6
FY20	2,99,186	(1.4)	50,962	17.0	51,000	15.0	176	24.5	23.7	14.5	11.1
FY21e	2,60,731	(12.9)	41,782	16.0	42,825	(16.0)	148	21.7	21.1	17.3	13.7
FY22e	3,08,616	18.4	52,004	16.9	50,873	18.8	176	25.7	25.0	14.6	10.9

Source: Company, EISEC Research Estimates



East India Securities Ltd  
Excellent | Investment | Solutions

Rating: Accumulate Upside/(Downside): 7.4%

Current Price: 2,558 Target Price: 2,747

### | Market data

Bloomberg:	BJAU IN
52-week H/L (Rs):	3,315/1,793
Mcap (Rs bn/USD bn):	740/9.8
Shares outstanding (mn):	289
Free float:	47.0%
Daily vol. (3M Avg.):	0.8mn
Face Value (Rs):	10
Group:	Nifty 50

Source: Bloomberg, EISEC Research

### | Shareholding pattern (%)

	Mar-20	Dec-19	Sep-19	Jun-19
Promoter	53.7%	53.5%	53.5%	53.5%
FIIs	13.9%	13.9%	14.1%	14.6%
DIIIs	8.8%	10.1%	9.8%	8.6%
Public/others	23.6%	22.5%	22.6%	23.3%

Source: BSE

### | Price performance (%)\*

YE Mar (R)	1M	3M	12M	36M
Nifty 50	-4.1	-26.8	-24.9	-5.8
BJAU	5.5	-18.8	-17.5	-15.6

\*as on 20<sup>th</sup> May 2020; Source: AceEquity, EISEC Research

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## Q4FY20 Analysts Call Highlights

### Exports outlook

- ✓ Nigeria, the single largest market for Bajaj Auto, has been facing dual issues of weak oil prices and demand disruption due to Covid-19. The demand would continue to get negatively impacted in the near term as almost every country has been impacted.
- ✓ Bajaj has a strong hold and market share in African countries (average of about 38% share) and star brand is 'Boxer', which is driving the sales.
- ✓ African countries are behind India like countries and owning a motorcycle is still some distance away over there. Hence, people would continue to prefer bike as a taxi for transportation.
- ✓ The ban of bike taxis is only in Lagos city of Nigeria, where 2W industry sales is about in the range of 10-14% of Nigeria country sales.
- ✓ The company has been expanding into new countries like ASEAN, Indonesia, Philippines, Thailand, etc to reduce the dependency on African countries. The benefits will be visible in the medium term.

### Domestic outlook

- ✓ More than 50% of the dealers are in the green zone, but walkins, enquires level are subdued at about 25% of normal levels.
- ✓ On the positive side, 1) social distancing related issues around the use of public transport will impact positively on owning a two-wheeler. 2) rural looks better at this point in time due to good harvest.
- ✓ On the negative side, suppressed income levels, low purchasing power & confidence has been dented. In addition, people need to get adjusted with higher priced BS6 models.
- ✓ All the plants are ready to produce 50-75% of capacity but demand is nowhere near to that as retail sales are running at 25% of normal levels, which is expected to be at 50% of normal levels in June.
- ✓ The retail sales are largely just the completion of initial serious enquires done by the customers in the month of March. The enquiries are at all time low, but the conversion rate is higher as only serious buyers will step out to buy a vehicle.
- ✓ Overall, 2nd half to be surprisingly positive, but domestic volumes will decline higher than exports in FY21e.
- ✓ On downtrading, the management believes that people will look for a value buy within the segment and there won't be a wholesale shift towards lower CC bikes. There won't be a structural shift towards economy/executive segment from higher end. This has been observed during ABS/CBS, when the price increased, there was no sudden shift towards lower end of motorcycles.

### **Margin**

- ✓ There were about three things which contributed to the improvement in the margins. 1) the mix was more tilted towards CV and Exports in Q4FY20, 2) motorcycles sales were more towards higher CC segment, and 3) forex benefits. While, commodity benefits were muted.
- ✓ The management clearly indicated that Q4 levels of margin won't sustain and the future margin depends upon how the mix pans out, which nobody knows at the current juncture.

### **Three-wheeler**

- ✓ Three-wheeler business is severely impacted as people are not venturing out. The financiers will too stringent their norms and expect a very serious increase in NPAs. This is because 3W business itself has not yet resumed operations.
- ✓ The management expects 3W business will shift towards smaller sized 3Ws where Bajaj has a monopolistic market share. There would also be transition from diesel to CNG 3Ws. Possibly, will also see a lot of demand for cargo 3W segment due to increase in intra-city deliveries.

### **Other highlights**

- ✓ Not facing any major inventory issues & it will be back to normal in June itself.
- ✓ First time buyers in FY20 were in the range of 56-59% depending on the segment.

## Valuation and Recommendations

The operational performance in Q4FY20 was commendable due to better product mix and forex benefits. We believe it is not sustainable due to lower scale and Bajaj would need to absorb some of the BS6 cost to pull customers towards showrooms. This will get offset by commodity price benefits in the coming quarters.

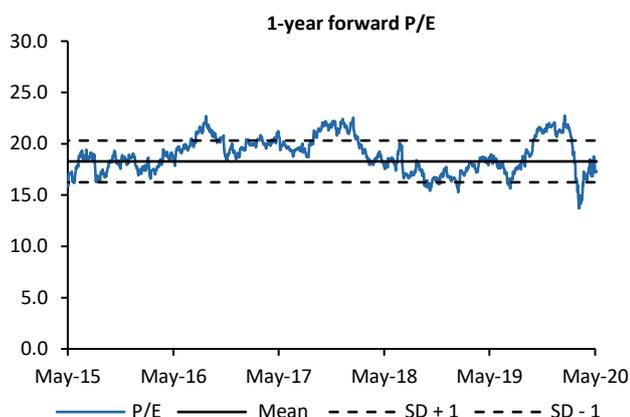
The domestic & export outlook looks subdued to us due to uncertainty, suppressed purchasing power & weak oil prices. A more likely risk is possible to Bajaj's market share due to downtrading, where its competitor has a strong hold.

While 2nd half looks better and any improvement in the economic situation in exports would yield in better volumes. But we think near term uncertainties and positivity of a pick-up in the 2nd half is almost factored in the price and see a limited upside.

We have factored in some of the uncertainties of Covid-19 and built a gradual recovery in FY22e. However, we believe most of the positives are factored into the valuation. Hence, **we have an 'Accumulate' rating with a target price of Rs 2,747** (15x FY22e EPS of Rs 176 and the value of KTM at Rs 109 per share).

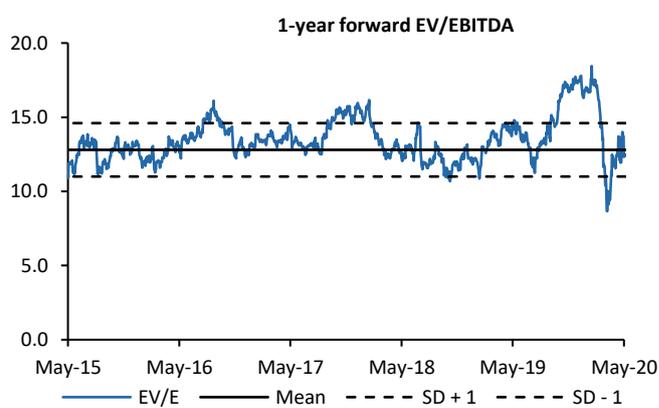
The company's average 1-year forward PE in the past six years is 18.3x, but due to near term uncertainty and rising competition, we have assigned a lower multiple of 15x (~18% discount).

**Fig 1: 1-year forward P/E**



Source: AceEquity, EISEC Research

**Fig 2: 1-year forward EV/EBITDA**



Source: AceEquity, EISEC Research

## Quarterly financials, operating metrics and key performance indicators

**Fig 3: Quarterly Financials**

Y/E March (Rs mn)	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
<b>Net Sales</b>	<b>74,193</b>	<b>80,363</b>	<b>74,094</b>	<b>74,205</b>	<b>77,558</b>	<b>77,073</b>	<b>76,397</b>	<b>68,159</b>
Raw Materials	(52,993)	(57,838)	(53,972)	(53,313)	(55,638)	(54,370)	(53,422)	(46,653)
Employee Costs	(3,140)	(3,119)	(3,169)	(3,126)	(3,605)	(3,384)	(3,482)	(3,421)
Other Expenditure	(5,246)	(5,265)	(5,393)	(5,498)	(6,333)	(6,539)	(5,820)	(5,557)
<b>EBITDA</b>	<b>12,814</b>	<b>14,141</b>	<b>11,561</b>	<b>12,270</b>	<b>11,982</b>	<b>12,781</b>	<b>13,672</b>	<b>12,528</b>
Depreciation	(700)	(715)	(634)	(608)	(601)	(613)	(617)	(633)
Interest	(3)	(3)	(36)	(3)	(5)	(12)	(5)	(9)
Other Income	4,044	3,104	4,700	3,680	4,413	3,934	3,662	5,327
Exceptional Items	-	-	-	3,420	-	-	-	-
<b>PBT</b>	<b>16,156</b>	<b>16,527</b>	<b>15,591</b>	<b>18,759</b>	<b>15,788</b>	<b>16,089</b>	<b>16,713</b>	<b>17,212</b>
Tax	(5,003)	(5,002)	(4,572)	(5,703)	(4,531)	(2,065)	(4,097)	(4,109)
Tax rate (%)	31.0	30.3	29.3	30.4	28.7	12.8	24.5	23.9
<b>Reported PAT</b>	<b>11,152</b>	<b>11,525</b>	<b>11,019</b>	<b>13,056</b>	<b>11,257</b>	<b>14,024</b>	<b>12,616</b>	<b>13,103</b>
<b>YoY Growth (%)</b>								
Revenue	36.3	22.1	16.0	9.6	4.5	(4.1)	3.1	(8.1)
EBITDA	36.6	8.9	(7.5)	(6.8)	(6.5)	(9.6)	18.3	2.1
PAT	20.7	3.7	15.7	20.8	0.9	21.7	14.5	0.4
<b>QoQ Growth (%)</b>								
Revenue	9.5	8.3	(7.8)	0.2	4.5	(0.6)	(0.9)	(10.8)
EBITDA	(2.6)	10.4	(18.2)	6.1	(2.3)	6.7	7.0	(8.4)
Adj. PAT	3.2	3.3	(4.4)	18.5	(13.8)	24.6	(10.0)	3.9
<b>Margin (%)</b>								
EBITDA	17.3	17.6	15.6	16.5	15.4	16.6	17.9	18.4
PAT	15.0	14.3	14.9	17.6	14.5	18.2	16.5	19.2

Source: Company, EISEC Research

**Fig 4: Key Assumptions**

Key assumptions	FY17	FY18	FY19	FY20	FY21e	FY22e
<b>Domestic Sales Volume</b>						
Three-wheelers (Passenger carrier)	2,39,985	3,46,846	3,68,825	3,35,656	2,94,120	3,26,473
Three-wheelers (Goods carrier)	13,162	22,791	30,628	30,103	26,791	29,202
Motorcycles	20,01,391	19,74,577	25,41,320	20,78,136	17,30,882	19,55,896
Quadricycles	-	-	627	513	427	470
Scooters	-	-	-	212	2,625	3,150
<b>Total Domestic Sales</b>	<b>22,54,538</b>	<b>23,44,214</b>	<b>29,41,400</b>	<b>24,44,620</b>	<b>20,54,844</b>	<b>23,15,191</b>
YoY Growth (%)	4.7	4.0	25.5	(16.9)	(15.9)	12.7
<b>Exports Volume</b>						
Three-wheelers (Passenger carrier)	1,90,950	2,65,752	3,81,046	2,99,137	2,26,614	2,60,606
Three-wheelers (Goods carrier)	286	463	2,131	2,747	2,160	2,484
Motorcycles	12,18,541	13,94,757	16,95,553	18,69,220	14,82,968	17,35,072
Quadricycles	1,556	1,605	4,400	5,185	3,764	4,329
Scooters	-	-	-	-	-	-
<b>Total Exports</b>	<b>14,11,333</b>	<b>16,62,577</b>	<b>20,83,130</b>	<b>21,76,290</b>	<b>17,15,506</b>	<b>20,02,491</b>
YoY Growth (%)	(18.9)	17.8	25.3	4.5	(21.2)	16.7
<b>Total Sales Volume</b>						
Three-wheelers (Passenger carrier)	4,30,935	6,12,598	7,49,871	6,34,793	5,20,733	5,87,078
Three-wheelers (Goods carrier)	13,448	23,254	32,759	32,850	28,951	31,686
Motorcycles	32,19,932	33,69,334	42,36,873	39,47,356	32,13,849	36,90,969
Quadricycles	1,556	1,605	5,027	5,698	4,191	4,799
Scooters	-	-	-	212	2,625	3,150
<b>Total Sales</b>	<b>36,65,871</b>	<b>40,06,791</b>	<b>50,24,530</b>	<b>46,20,910</b>	<b>37,70,350</b>	<b>43,17,682</b>
YoY Growth (%)	(5.8)	9.3	25.4	(8.0)	(18.4)	14.5
Revenues from sale of products (Rs mn)	2,26,949	2,50,986	2,95,673	2,91,115	2,54,021	3,01,032
<b>Core realization per unit (Rs)</b>	<b>61,909</b>	<b>62,640</b>	<b>58,846</b>	<b>63,000</b>	<b>67,373</b>	<b>69,721</b>
YoY Growth (%)	2.8	1.2	(6.1)	7.1	6.9	3.5

Source: Company, EISEC Research Estimates

## Financial Statements

Income Statement					
YE March (Rs mn)	FY18	FY19	FY20	FY21e	FY22e
<b>Revenues</b>	<b>2,52,189</b>	<b>3,03,576</b>	<b>2,99,186</b>	<b>2,60,731</b>	<b>3,08,616</b>
% Growth	15.9	20.4	-1.4	-12.9	18.4
Materials cost	1,74,101	2,17,977	2,10,083	1,82,065	2,17,045
% of revenues	69.0	71.8	70.2	69.8	70.3
Employee cost	10,691	12,554	13,892	14,448	15,170
% of revenues	4.2	4.1	4.6	5.5	4.9
Others	19,023	21,120	24,249	22,436	24,396
% of revenues	7.5	7.0	8.1	8.6	7.9
<b>EBITDA</b>	<b>48,374</b>	<b>51,925</b>	<b>50,962</b>	<b>41,782</b>	<b>52,004</b>
EBITDA margin (%)	19.2	17.1	17.0	16.0	16.9
Depreciation & Amortisation	3,148	2,657	2,464	2,352	2,246
<b>EBIT</b>	<b>45,226</b>	<b>49,268</b>	<b>48,498</b>	<b>39,430</b>	<b>49,758</b>
Interest expenses	13	45	32	0	0
<b>PBT from operations</b>	<b>45,213</b>	<b>49,223</b>	<b>48,466</b>	<b>39,430</b>	<b>49,757</b>
Other income	12,933	14,389	17,336	17,800	18,227
Exceptional items	(320)	3,420	-	-	-
<b>PBT</b>	<b>57,826</b>	<b>67,032</b>	<b>65,802</b>	<b>57,229</b>	<b>67,984</b>
Taxes	17,145	20,280	14,802	14,405	17,112
Effective tax rate (%)	29.6	30.3	22.5	25.2	25.2
<b>PAT</b>	<b>40,681</b>	<b>46,752</b>	<b>51,000</b>	<b>42,825</b>	<b>50,873</b>
Extraordinary Items	-	-	-	-	-
<b>Reported PAT</b>	<b>40,681</b>	<b>46,752</b>	<b>51,000</b>	<b>42,825</b>	<b>50,873</b>
<b>Adjusted PAT</b>	<b>40,906</b>	<b>44,366</b>	<b>51,000</b>	<b>42,825</b>	<b>50,873</b>

Source: Company, EISEC Research Estimates

Key Ratios					
YE March	FY18	FY19	FY20	FY21e	FY22e
<b>Growth Ratio (%)</b>					
Revenue	15.9	20.4	(1.4)	(12.9)	18.4
EBITDA	9.4	7.3	(1.9)	(18.0)	24.5
Adjusted PAT	6.9	8.5	15.0	(16.0)	18.8
<b>Margin Ratios (%)</b>					
EBITDA margin	19.2	17.1	17.0	16.0	16.9
EBIT margin	17.9	16.2	16.2	15.1	16.1
PBT margin	17.9	16.2	16.2	15.1	16.1
Adjusted PAT margin	16.2	14.6	17.0	16.4	16.5
<b>Return Ratios (%)</b>					
ROE	22.6	21.7	24.5	21.7	25.7
ROCE	21.9	21.0	23.7	21.1	25.0
ROIC	100.0	110.6	109.2	92.0	119.7
<b>Turnover Ratios (days)</b>					
Gross block turnover (x)	5.4	6.7	6.9	6.3	7.8
Inventory	16	16	18	18	18
Debtors	22	31	21	21	21
Creditors	68	63	56	56	56
Cash conversion cycle	(31)	(17)	(16)	(16)	(16)
<b>Solvency Ratio (x)</b>					
Debt-equity	-	-	-	-	-
Net debt-equity	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Gross debt/EBITDA	-	-	-	-	-
Current Ratio	2.2	1.4	1.6	2.1	2.5
Interest coverage ratio	-	-	-	-	-
<b>Dividend</b>					
DPS (Rs)	60.0	60.0	120.0	120.0	120.0
Dividend yield (%)	1.8	2.3	7.0	4.7	4.7
Dividend payout (%)	51.4	44.7	82.0	97.7	82.2
<b>Per share (Rs)</b>					
Adjusted EPS	141.4	153.3	176.2	148.0	175.8
CEPS	152.2	162.5	184.8	156.1	183.6
BVPS	660.2	752.7	688.6	676.4	691.9
<b>Valuation (x)</b>					
P/E (adjusted)	21.3	16.7	14.5	17.3	14.6
P/BV	4.6	3.4	3.7	3.8	3.7
EV/EBITDA	14.5	10.6	11.1	13.7	10.9
EV/Sales	2.8	1.8	1.9	2.2	1.8

Source: Company, EISEC Research Estimates

Balance Sheet					
YE March (Rs mn)	FY18	FY19	FY20	FY21e	FY22e
<b>Source of funds</b>					
Capital	2,894	2,894	2,894	2,894	2,894
Reserves & Surplus	1,88,145	2,14,905	1,96,361	1,92,823	1,97,334
<b>Shareholders' Fund</b>	<b>1,91,039</b>	<b>2,17,799</b>	<b>1,99,255</b>	<b>1,95,717</b>	<b>2,00,227</b>
Total loan funds	-	-	-	-	-
Deferred tax liabilities (Net)	3,234	5,427	3,464	3,464	3,464
Other Liabilities	2,809	1,842	2,482	2,379	2,508
<b>Total Liabilities</b>	<b>1,97,082</b>	<b>2,25,067</b>	<b>2,05,201</b>	<b>2,01,560</b>	<b>2,06,199</b>
<b>Application of funds</b>					
Gross Block	46,527	44,296	42,412	40,200	38,650
Less: Accumulated depreciation	(27,744)	(26,656)	(25,569)	(24,547)	(23,588)
Net Block	18,783	17,639	16,844	15,653	15,062
Capital WIP	565	480	602	602	602
<b>Net Assets</b>	<b>19,348</b>	<b>18,120</b>	<b>17,445</b>	<b>16,255</b>	<b>15,664</b>
<b>Investments</b>	<b>1,18,229</b>	<b>1,75,829</b>	<b>1,54,162</b>	<b>1,35,188</b>	<b>1,12,730</b>
<b>Other Non-Current Assets</b>	<b>8,262</b>	<b>9,229</b>	<b>10,009</b>	<b>9,646</b>	<b>10,098</b>
Inventory	7,426	9,615	10,635	9,217	10,987
Sundry debtors	14,919	25,597	17,251	15,034	17,795
Cash & bank balances	7,780	9,228	3,229	8,593	24,717
Loans & Advances	63	63	61	53	63
Short term Investments	57,654	15,765	27,798	38,284	50,696
Other Current Assets	4,515	10,358	7,142	6,224	7,367
<b>Total Current Asset</b>	<b>92,356</b>	<b>70,627</b>	<b>66,116</b>	<b>77,405</b>	<b>1,11,625</b>
Sundry creditors	32,443	37,867	31,997	27,730	33,057
Other current liabilities	7,414	9,463	8,955	7,828	9,232
Provisions	1,256	1,406	1,580	1,377	1,629
<b>Total current liabilities</b>	<b>41,113</b>	<b>48,737</b>	<b>42,532</b>	<b>36,934</b>	<b>43,919</b>
<b>Net Current Assets</b>	<b>51,243</b>	<b>21,890</b>	<b>23,584</b>	<b>40,471</b>	<b>67,707</b>
<b>Total Assets</b>	<b>1,97,082</b>	<b>2,25,067</b>	<b>2,05,201</b>	<b>2,01,560</b>	<b>2,06,199</b>

Source: Company, EISEC Research Estimates

Cash Flow					
YE March (Rs mn)	FY18	FY19	FY20e	FY21e	FY22e
Operating profit before WC changes	49,008	51,569	50,962	41,782	52,004
Net chg in working capital	10,451	(7,030)	2,237	(776)	976
Income tax paid	(16,825)	(19,543)	(14,802)	(14,405)	(17,112)
<b>Cash flow from operating activities (a)</b>	<b>42,608</b>	<b>24,895</b>	<b>38,397</b>	<b>26,602</b>	<b>35,868</b>
Capital expenditure	(1,826)	(1,635)	(1,806)	(1,178)	(1,671)
Free Cash Flow	<b>40,782</b>	<b>23,260</b>	<b>36,591</b>	<b>25,423</b>	<b>34,197</b>
<b>Cash flow from investing activities (b)</b>	<b>(19,180)</b>	<b>(2,441)</b>	<b>25,044</b>	<b>25,125</b>	<b>26,619</b>
<b>Cash flow from financing activities (c)</b>	<b>(18,853)</b>	<b>(20,744)</b>	<b>(69,575)</b>	<b>(46,363)</b>	<b>(46,363)</b>
<b>Net chg in cash (a+b+c)</b>	<b>4,811</b>	<b>1,441</b>	<b>(6,134)</b>	<b>5,364</b>	<b>16,124</b>

Source: Company, EISEC Research Estimates

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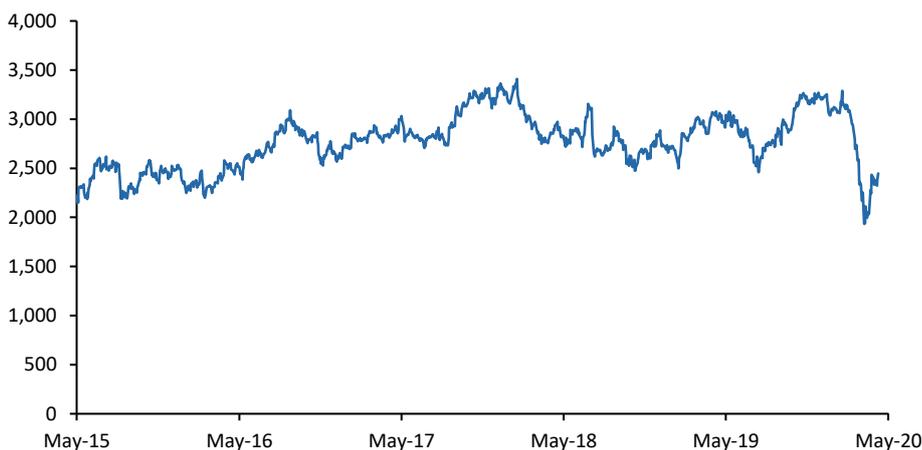
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Source: ACEEquity, EISEC Research

Analyst holding in stock: **NO**

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