

Hero MotoCorp

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USD\$b)	517.2 / 6.3
52-Week Range (INR)	2939 / 2148
1, 6, 12 Rel. Per (%)	-6/-2/-5
12M Avg Val (INR M)	1886

Financials & Valuations (INR b)

Y/E March	2022	2023E	2024E
Sales	292.5	340.7	374.7
EBITDA	33.7	39.6	50.2
Adj. PAT	24.7	27.6	36.1
Adj. EPS (INR)	123.8	138.1	180.1
EPS Gr. (%)	-16.6	11.5	30.5
BV/Sh. (INR)	789.9	816.4	871.6
Ratios			
RoE (%)	16.0	17.2	21.3
RoCE (%)	15.7	16.9	21.0
Payout (%)	76.8	79.7	69.4
Valuations			
P/E (x)	22.3	18.8	14.4
P/BV (x)	3.5	3.2	3.0
Div. Yield (%)	3.4	4.2	4.8
FCF Yield (%)	2.7	5.8	7.4

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	34.8	34.8	34.8
DII	26.9	25.6	22.0
FII	27.8	28.8	32.3
Others	10.5	10.8	11.0

FII Includes depository receipts

CMP: INR2,588 TP: INR3,000 (+16%) Buy

Festive spirits to drive demand recovery

Festive retails were just 5% lower than pre-Covid; inventory at a 5-year low

- HMCL's 2QFY22 performance was broadly in-line, as QoQ volume recovery and commodity costs benefits supported margin recovery. The company has recorded a 20% retail sales growth over the 32-day festive season and the demand momentum is expected to continue, led by the season.
- We lower our FY23/FY24 EPS estimates by 3%/2% as we tweak our volumes, realization, and margin estimates. We reiterate our Buy rating with a TP of INR3,000 (15x Sep'24E EPS + INR175 for Hero FinCorp after the 20% holding company discount).

Price hikes and lower commodity cost drive margins

- Revenue/EBITDA/PAT grew 7%/-3%/-10% YoY to INR90.75b/INR10.4b/INR7.2b, respectively, in 2QFY23. The same grew 25%/25%/16% in 1HFY23.
- Net realizations grew 8% YoY to INR63.5k (v/s est. INR61.6k), driven by price hikes and better mix. Volumes were flat YoY (+3% QoQ).
- Gross margins expanded 30bp YoY (+80bp QoQ) to 28% (v/s est. 29.2%), driven by lower commodity costs (QoQ), price hikes, and better mix.
- However, higher other expenses (up 150bp YoY/up 100bp QoQ) due to increase in marketing spend ahead of the festive season diluted the benefit of gross margin expansion, leading to EBITDA margins improving by just 20bp QoQ (-120bp YoY) to 11.4% (v/s est. 11.6%).
- Further, lower-than-estimated other income (due to MTM loss of INR440m on investment in Gogoro) and higher tax led to PAT declining 10% YoY to INR7.2b (v/s est. INR7.25b) in 2QFY23.
- CFO for 1HFY23 was at INR4.5b (v/s negative INR148.5m), led by strong operating performance. Capex for 1HFY23 was INR2.3b (v/s INR2.6b in 1HFY22). FCF was at INR2.2b during the period (v/s negative INR2.7b in 1HFY22).

Highlights from the management commentary

- The company registered a retail sales growth of 20% over the 32-day festive season, driven by good demand for premium variants, customer offers, exchange program, and financing schemes.
- Festive retails were just 5% below pre-Covid levels. Inventory, post the festive season is at four weeks, the lowest in five years.
- All markets, except AP and Telangana, did well. While urban markets saw good growth from Navratras onwards, the rural market caught up during Diwali.
- RM costs have reduced in 2Q, contributing 30-40bp to gross margins. While the full benefit of soft metals prices will start to reflect in 2HFY23, unfavorable foreign exchange rates will dilute the benefit.

Valuation and view

- We are seeing signs of demand recovery in the domestic 2W industry. This, coupled with stable commodity prices, can drive earnings over the next two-to-three years.
- HMCL is largely a pure play domestic 2W industry, with its stronghold being the 100cc motorcycle segment. It has low vulnerability to EVs, as it garners just 8% volumes from Scooters and its core 100cc Motorcycle is less prone to EVs. The stock currently trades ~18.8x/14.4x FY23E/FY24E EPS. We reiterate our Buy rating with a TP of INR3,000.

Quarterly Performance (S/A)

Y/E March	FY22				FY23E				(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
Total Volumes ('000 nos)	1,024	1,439	1,292	1,189	1,390	1,428	1,306	1,358	4,944	5,482
Growth YoY (%)	81.4	-20.7	-30.0	-24.1	35.7	-0.7	1.1	14.2	-14.6	10.9
Net Realization	53,559	58,760	61,010	62,425	60,370	63,545	62,274	62,343	59,152	62,140
Growth YoY (%)	1.8	13.8	15.2	12.6	12.7	8.1	2.1	-0.1	11.2	5.1
Net Op Revenues	54,871	84,534	78,833	74,217	83,925	90,754	81,320	84,655	2,92,455	3,40,654
Growth YoY (%)	84.7	-9.8	-19.4	-14.6	53.0	7.4	3.2	14.1	-5.0	16.5
Gross Op Revenues	54,871	84,534	78,833	71,044	83,925	90,754	81,320	78,693	2,92,455	3,40,654
Change (%)	84.7	-9.8	-19.4	-14.6	53.0	7.4	3.2	14.1	-5.0	16.5
RM Cost (% sales)	72.5	72.3	71.0	69.3	72.8	72.0	71.0	71.0	71.2	71.7
Staff Cost (% sales)	7.9	6.0	6.6	6.4	6.4	6.0	6.6	6.4	6.6	6.2
Other Exp (% sales)	10.2	9.1	10.3	13.1	9.6	10.6	10.5	10.5	10.6	11.5
EBITDA	5,148	10,664	9,600	8,276	9,408	10,383	9,664	10,187	33,688	39,642
EBITDA Margins (%)	9.4	12.6	12.2	11.2	11.2	11.4	11.9	12.0	11.5	11.6
Other Income	1,386	1,569	1,216	1,398	530	921	1,250	1,250	5,569	3,950
Interest	61	65	65	67	70	33	60	62	258	225
Depreciation	1,630	1,639	1,644	1,585	1,630	1,634	1,650	1,701	6,498	6,615
PBT before EO Exp/(Inc)	4,844	10,529	9,107	8,022	8,238	9,637	9,204	9,674	32,501	36,753
Effective Tax Rate (%)	24.6	24.5	24.7	21.8	24.2	25.7	24.8	24.4	23.9	24.8
Adj. PAT	3,654	7,944	6,861	6,271	6,245	7,161	6,922	7,312	24,730	27,639
Growth (%)	496.1	-16.7	-36.7	-27.5	70.9	-9.9	0.9	16.6	-16.6	11.8

Key Performance Indicators

Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY22	FY23E	2QE
Volumes ('000 units)	1,024	1,439	1,292	1,189	1,390	1,428	1,306	1,358	4,944	5,482	1,428
Growth (%)	81.4	-20.7	-30.0	-24.1	35.7	-0.7	1.1	14.2	-14.6	1.2	-0.7
Dom. 2W Mkt Sh (%)	39.1	33.2	34.3	33.0	35.7	29.7			34.5		
Net Realization	53,559	58,760	61,010	62,425	60,370	63,545	62,274	62,343	59,152	62,140	61,577
Growth YoY (%)	1.8	13.8	15.2	12.6	12.7	8.1	2.1	-0.1	11.2	5.1	4.8
Cost Break-up											
RM Cost (% of sales)	72.5	72.3	71.0	69.3	72.8	72.0	71.0	71.0	71.2	71.7	70.8
Staff Cost (% of sales)	7.9	6.0	6.6	6.4	6.4	6.0	6.6	6.4	6.6	6.4	6.2
Other Cost (% of sales)	10.2	9.1	10.3	13.1	9.6	10.6	10.5	10.5	10.6	10.3	11.5
Gross Margins (%)	27.5	27.7	29.0	30.7	27.2	28.0	29.0	29.0	28.8	28.3	29.3
EBITDA Margins (%)	9.4	12.6	12.2	11.2	11.2	11.4	11.9	12.0	11.5	11.6	11.6
EBIT Margins (%)	6.4	10.7	10.1	9.0	9.3	9.6	9.9	10.0	9.3	9.7	9.7

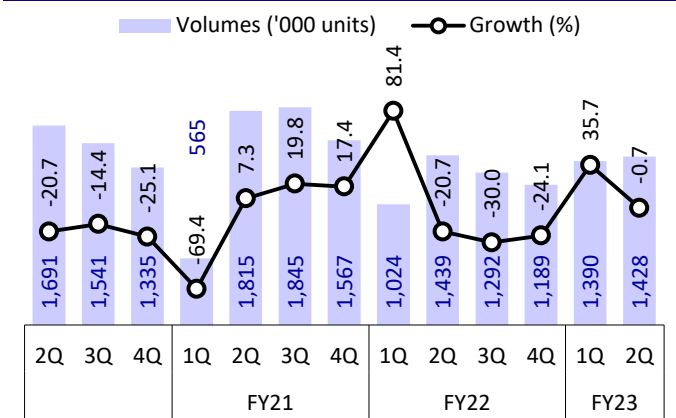
E:MOFSL Estimates



Key takeaways from the management commentary

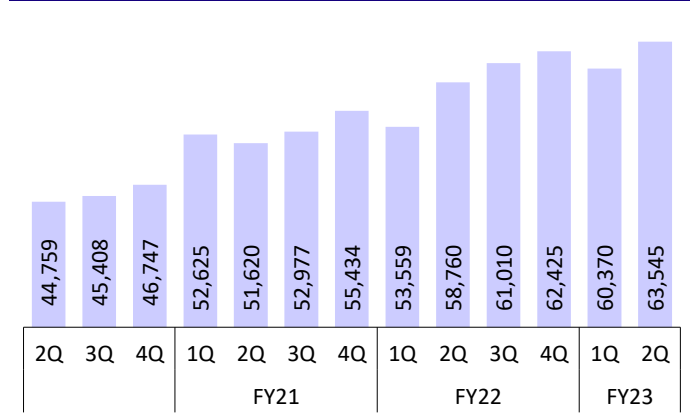
- The company registered a retail sales growth of 20% over the 32-day festive season, driven by good demand for premium variants, customer offers, exchange program, and financing schemes.
- Festive retails were just 5% below pre-Covid levels. Inventory, post the festive season, is at four weeks, the lowest in five years.
- All markets, except AP and Telangana, did well. While urban markets saw good growth from Navratras onwards, the rural market caught up during Diwali.
- Premiumization trend is strong and HMCL is driving through XTec variants across models in 100-125cc in motorcycles and scooters. Xtec variants in Passion and Glamor have done very well. XTec variants comprised 20% of overall retail sales during the 32-day festive season. The company plans to launch several models in the premium motorcycle segment over the next two years.
- The 125cc segment is seeing growth from upgraders (from 100cc) and downgrades (from the premium segment). Super Splendor has done very well during the festive season. Glamor XTec is also doing very well, with strong double-digit growth in 2Q.
- The company’s focus is on maintaining market share in the 100-110cc segment, while recovering demand in the 125cc segment, and improving the premium segment with a few new launches.
- Finance penetration is at over 60%, with the share of HFCL (associate company) stable at ~35%.
- RM costs have reduced in 2Q, contributing 30-40bp to gross margins. While the full benefit of soft metals prices will start to reflect from 2HFY23, unfavorable foreign exchange rates will dilute the benefit.
- HMCLs stake in Ather Energy is down to 37% on a fully diluted basis (down 2%), post the recent fund raise from GIC, valuing Ather at INR60b (~INR110/share of HMCL).

Exhibit 1: Trend in volumes



Source: SIAM

Exhibit 2: Trend in blended realizations



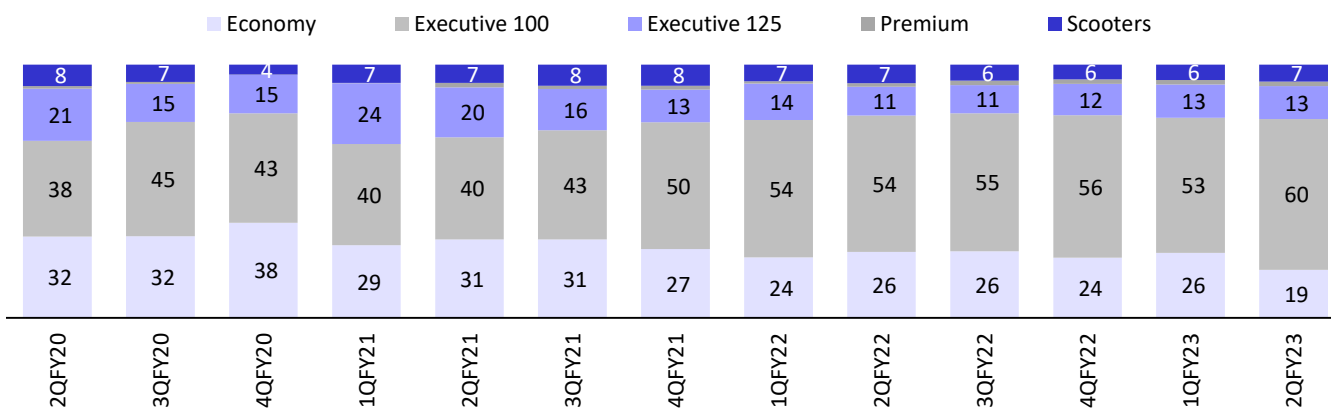
Source: Company, MOFSL

Exhibit 3: Trend in segmental mix ('000 units)

	2QFY23	2QFY22	YoY %	1QFY23	QoQ %	FY23E	FY22	YoY %
Total Motorcycles	1,332	1,334	-0.1	1,306	2.0	4,972	4,627	7.5
% of total	93.3	92.7		94.0		93.8	93.5	
Scooters	96	104	-8.3	84	14.2	331	321	3.2
% of total	6.7	7.3		6.0		6.2	6.5	
Total 2Ws	1,428	1,438	-0.7	1,390	2.7	5,304	4,948	7.2
Of which exports	39	73	(46.4)	62	-37.0	245	301	(18.5)
% of total	2.7	5.1		4.5		4.6	6.1	

Source: SIAM

Exhibit 4: Segment-wise contribution in product mix



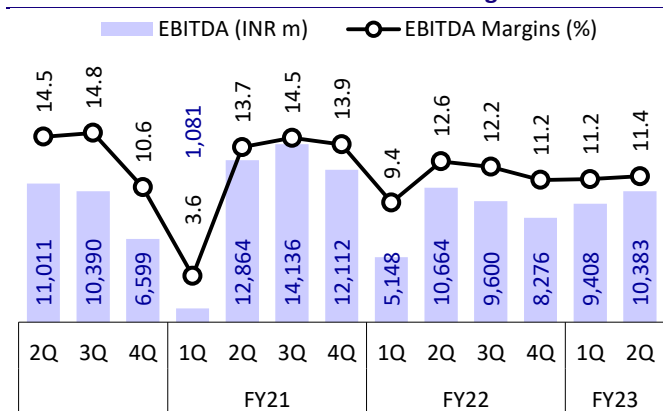
Source: SIAM

Exhibit 5: Segment-wise market share

Segment	2QFY23	2QFY22	Chg YoY (BP)	1QFY23	Chg QoQ (BP)
Economy	43.5	49.2	-570	65.6	-2,210
Executive - 100	92.8	92.3	60	93.6	-80
Executive - 125	22.2	23.7	-150	25.1	-290
Premium	5.1	6.2	-110	9.2	-410
Dom. Motorcycles	43.2	48.4	-530	51.8	-870
Dom. Scooters	6.0	7.6	-150	6.7	-70
Total 2W (Domestic M.S.)	29.7	33.2	-350	35.7	-590

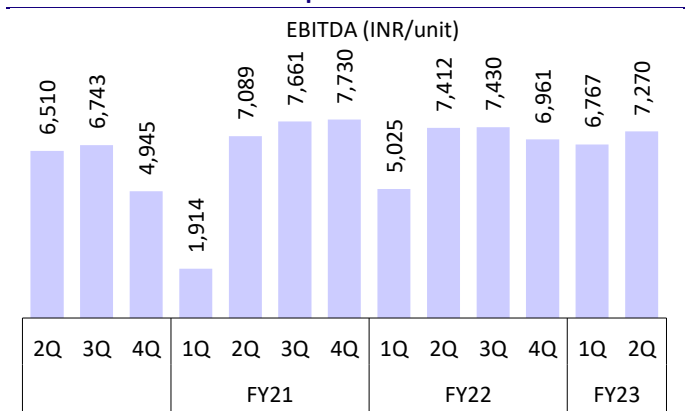
Source: SIAM

Exhibit 6: Trend in EBITDA and EBITDA margin



Source: Company, MOFSL

Exhibit 7: Trend in EBITDA per unit



Source: Company, MOFSL

Valuation and view

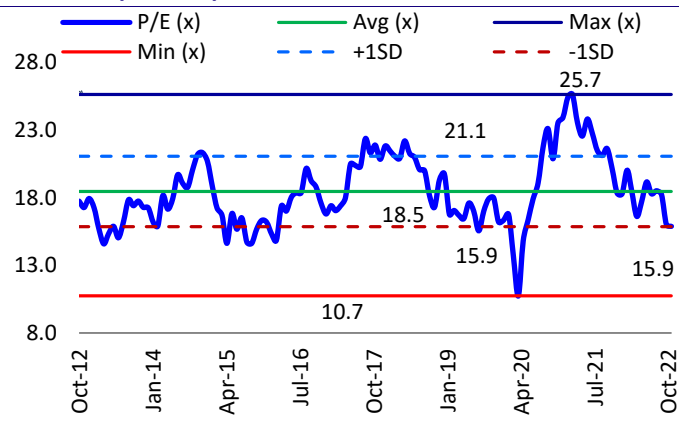
- **Foreword on the industry:** We estimate 2W industry volumes at 8-10% CAGR (on a low base of FY22) over the next five years, driven by increasing penetration in rural markets and replacement demand in urban markets. Within Motorcycles, we expect the Premium segment (over 150cc)/Entry/Executive segment to deliver 10-12%/6-8%/5-6% CAGR, respectively. We expect HMCL to deliver 7-8% volume CAGR over the next five years, driven by its increased competitiveness in the Economy and Executive segment after the transition to BS-VI emission norms, growth of the Premium segment, faster growth in Scooters, and ramp-up in exports. The company will benefit from a rural recovery, with a strong brand equity in the Economy and Executive segments. It is expanding its presence in the fast-growing Scooters and Premium Motorcycles segments, which will further drive volume growth.
- **HMCL to benefit from a strong Economy and Executive portfolio:** It is poised for a faster recovery over other 2W peers due to its rural-focused portfolio and market leadership in the Entry and Executive segments. We are seeing more traction in its core Executive segment (Splendor and Passion) due to a decrease in percentage-wise price differential between the Entry and Executive model. Any improvement in its competitive positioning in Scooters, Premium Motorcycles or EVs will further act as re-rating triggers.
- **EVs pose a challenge and an opportunity:** EVs pose a threat to incumbents in the Scooter segment (HMSI and TVSL) and an opportunity for OEMs that are ready with a compelling e-scooter package. With its alliance with Gogoro, HMCL now has a three-pronged strategy for EVs: a) stake in Ather, b) own development (led by a German R&D center) on a fixed battery system, and c) JV with Gogoro for a battery swapping system. Its first EV product under V1 Vida brand is a premium offering and the response needs to be seen with deliveries commencing from Dec'22. The management plans to launch products under the Gogoro JV in FY23 and a few other mass market offerings over the next two years.
- **Export market to offer huge headroom for growth, but scale-up will be a challenge and back-ended:** HMCL plans to double its target export market to 40 countries over the next few years from its current 20. While Motorcycle exports to emerging markets presents a huge opportunity (~2x that of the Indian market), HMCL, being one of the last entrants, may find it difficult to compete with incumbents (especially BJAUT) due to the limited scope to differently position its product. It has been working on its distribution over the last few years and is concentrating on market-specific products. Recovery in some of these markets, after the recent currency turmoil, works in HMCL's favor.
- **Valuations fair; reiterate Buy:** We lower our FY23E/FY24E EPS estimates by 3%/2% as we tweak our volumes, realization and margin estimates. HMCL is a good proxy on a rural market recovery, with its stronghold being the 100cc Motorcycle segment. It has low vulnerability to EVs, as it garners 8% volumes from Scooters and its core 100cc Motorcycle is less prone to EVs. Unlike the last five years, we expect ~17% EPS CAGR over FY22-25E. The stock currently trades ~18.8x/14.4x FY23E/FY24E EPS.. We reiterate our Buy rating with a TP of INR3,000 (15x Sep'24E EPS + INR175 for Hero FinCorp after the 20% holding company discount).

Exhibit 8: Revisions to our estimates

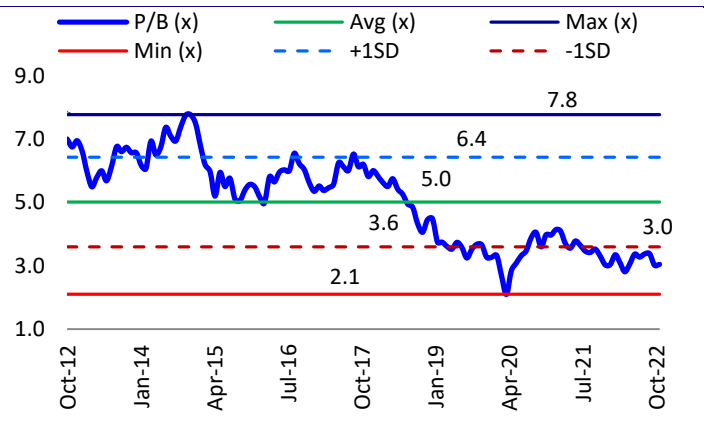
(INR B)	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	5,482	5,544	-1.1	5,953	6,025	-1.2
Net Sales	340.7	340	0.3	374.7	374	0.2
EBITDA	39.6	41	-2.2	50.2	51	-0.6
EBITDA Margins (%)	11.6	11.9	-30	13.4	13.5	-10
Net Profit	27.6	29	-3.1	36.1	37	-2.1
EPS (Rs)	138.1	142.4	-3.1	180.1	184.0	-2.1

Source: MOFSL

Exhibit 9: P/E and P/B band



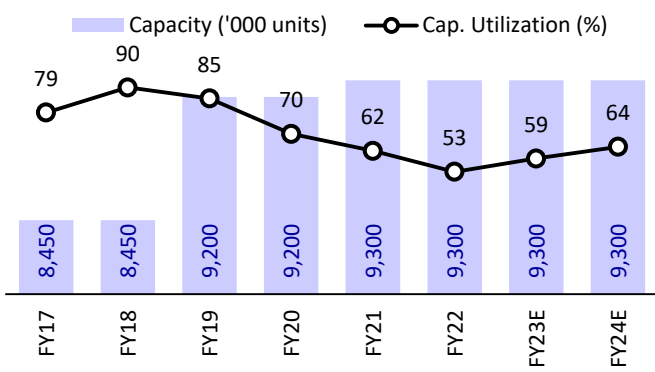
Source: MOFSL



Source: MOFSL

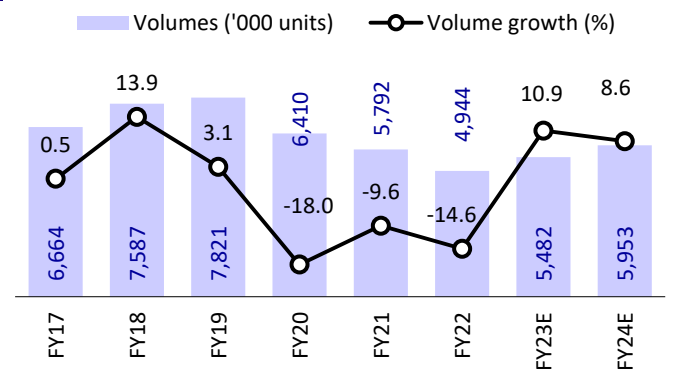
Story in charts

Exhibit 10: Adding capacity ahead of growth



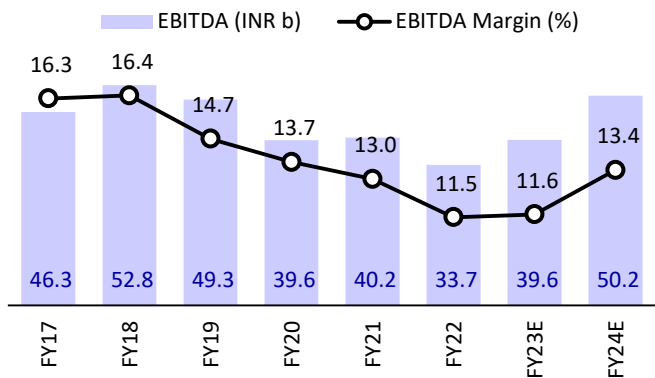
Source: Company, MOFSL

Exhibit 11: Volume sustainability led by rural recovery



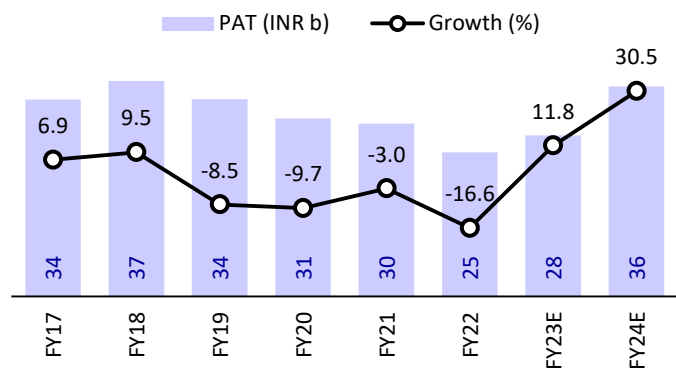
Source: Company, MOFSL

Exhibit 12: EBITDA margin trajectory



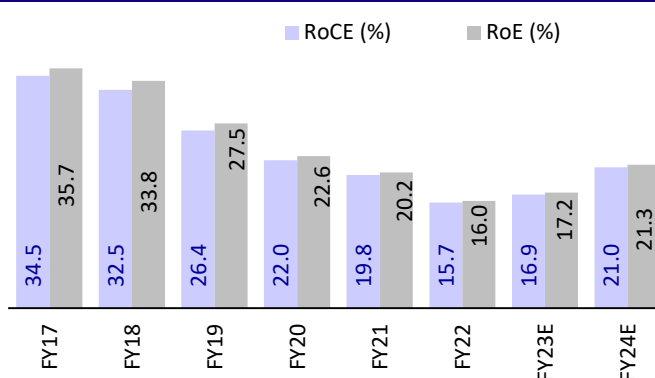
Source: Company, MOFSL

Exhibit 13: PAT growth to be muted



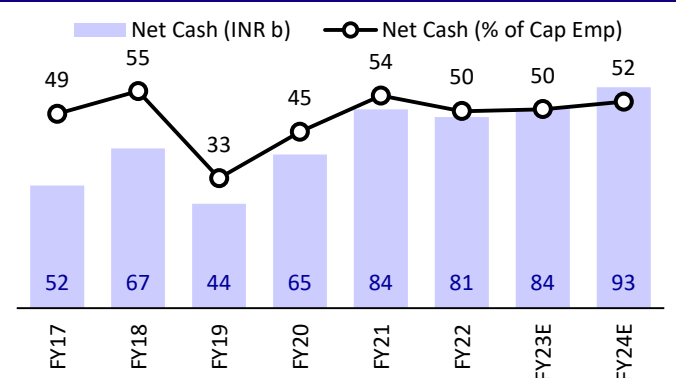
Source: Company, MOFSL

Exhibit 14: Trend in return ratios



Source: Company, MOFSL

Exhibit 15: Trend in cash levels



Source: Company, MOFSL

Exhibit 16: Snapshot of the revenue model

000 units	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total M/Cycles	6,677	7,081	5,990	5,333	4,628	5,134	5,577	6,001
Growth (%)	14.4	6.0	-15.4	-11.0	-13.2	10.9	8.6	7.6
% of total volumes	88.0	90.5	93.5	92.1	93.6	93.7	93.7	93.7
Total Scooters	910	740	419	458	316	348	376	406
Growth (%)	9.7	-18.7	-43.3	9.2	-30.9	10.0	8.0	8.0
% of total volumes	12.0	9.5	6.5	7.9	6.4	6.3	6.3	6.3
Total volumes	7,587	7,821	6,410	5,792	4,944	5,482	5,953	6,407
Growth (%)	13.9	3.1	-18.0	-9.6	-14.6	10.9	8.6	7.6
- of which Exports	178	187	162	172	290	363	471	589
% of total volumes	2.6	2.6	2.8	3.3	6.5	7.3	8.7	10.1
Net Realizations (INR/unit)	42,480	43,027	44,988	53,182	59,152	62,140	62,941	63,673
Growth (%)	-1.6	0.6	4.3	18.8	10.7	5.7	1.0	1.2
Net Revenues (INR b)	322	337	288	308	292	341	375	408
Growth (%)	13.1	4.4	-14.3	6.8	-5.0	16.5	10.0	8.9

SIAM, Company, MOFSL

Financials and valuations

Income Statement							(INR M)		
Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Volumes ('000)	6,664	7,587	7,821	6,410	5,792	4,944	5,482	5,953	6,407
Volume Growth (%)	0.5	13.9	3.1	-18.0	-9.6	-14.6	10.9	8.6	7.6
Net Revenues	285,005	322,305	336,505	288,360	308,006	292,455	3,40,654	3,74,672	4,07,951
Change (%)	0.2	13.1	4.4	-14.3	6.8	-5.0	16.5	10.0	8.9
EBITDA	46,348	52,802	49,301	39,579	40,192	33,688	39,642	50,241	55,045
EBITDA Margin (%)	16.3	16.4	14.7	13.7	13.0	11.5	11.6	13.4	13.5
Depreciation	4,927	5,556	6,020	8,180	6,769	6,498	6,615	6,813	7,074
EBIT	41,421	47,246	43,281	31,400	33,424	27,190	33,028	43,428	47,971
Interest cost	61	63	86	220	218	258	225	225	225
Other Income	5,224	5,258	6,913	7,283	5,799	5,569	3,950	4,805	5,405
Non-recurring Expense	0	0	0	-7,274	0	0	0	0	0
PBT	46,585	52,442	50,107	45,736	39,004	32,501	36,753	48,008	53,151
Tax	12,813	15,468	16,259	9,404	9,362	7,771	9,113	11,944	13,221
Effective Tax Rate (%)	27.5	29.5	32.4	20.6	24.0	23.9	24.8	24.9	24.9
Adj. PAT	33,771	36,974	33,849	30,554	29,642	24,730	27,639	36,064	39,930
Change (%)	6.9	9.5	-8.5	-9.7	-3.0	-16.6	11.8	30.5	10.7
Balance Sheet							(INR M)		
Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sources of Funds									
Share Capital	399	399	400	400	400	400	400	400	400
Reserves	100,714	117,289	128,172	140,965	151,585	157,430	1,63,047	1,74,086	1,85,988
Net Worth	101,113	117,689	128,571	141,364	151,984	157,829	1,63,447	1,74,486	1,86,388
Deferred Tax	4,143	5,117	5,365	3,928	4,041	3,833	3,833	3,833	3,833
Loans	0	0	0	0	0	0	0	0	0
Capital Employed	105,256	122,805	133,936	145,292	156,025	161,662	1,67,280	1,78,319	1,90,221
Application of Funds									
Gross Fixed Assets	103,772	111,344	116,282	138,161	142,362	147,040	1,53,622	1,59,622	1,65,622
Less: Depreciation	59,816	64,799	70,097	76,991	82,478	88,975	95,590	1,02,403	1,09,477
Net Fixed Assets	43,956	46,545	46,186	61,171	59,884	58,065	58,032	57,219	56,145
Capital WIP	4,651	3,184	5,419	3,413	4,366	4,582	3,500	3,500	3,500
Investments	58,899	75,252	59,686	82,227	104,997	106,523	1,06,523	1,06,523	1,06,523
Curr.Assets, L & Adv.	39,438	42,407	65,121	40,683	52,364	47,970	61,397	79,421	98,585
Inventory	6,563	8,236	10,724	10,920	14,696	11,227	15,396	16,893	18,393
Sundry Debtors	15,619	15,202	28,216	16,031	24,268	23,043	22,642	24,843	27,049
Cash & Bank Balances	1,367	1,413	1,365	2,419	2,572	1,751	9,355	22,321	36,413
Loans & Advances	725	732	850	896	892	402	472	517	563
Others	15,163	16,823	23,968	10,417	9,938	11,547	13,532	14,847	16,166
Current Liab. & Prov.	41,686	44,583	42,476	42,201	65,585	55,478	62,172	68,345	74,532
Sundry Creditors	32,473	33,188	33,553	30,305	52,046	42,603	49,812	54,654	59,508
Other Liabilities	8,071	9,647	7,161	9,207	10,211	9,490	9,057	9,937	10,820
Provisions	1,143	1,747	1,762	2,689	3,328	3,385	3,303	3,754	4,204
Net Current Assets	-2,249	-2,176	22,646	-1,518	-13,222	-7,508	-775	11,076	24,053
Application of Funds	105,256	122,805	133,936	145,292	156,025	161,662	1,67,280	1,78,319	1,90,221

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Basic (INR)									
EPS	169.1	185.1	169.5	153.0	148.4	123.8	138.1	180.1	199.5
EPS Growth (%)	6.9	9.5	-8.5	-9.7	-3.0	-16.6	11.5	30.5	10.7
Cash EPS	193.8	213.0	199.6	222.8	182.2	156.3	171.1	214.2	234.8
Book Value per Share	506.3	589.3	643.7	707.7	760.7	789.9	816.4	871.6	931.0
DPS	85.0	95.0	87.0	90.0	105.0	95.0	110.0	125.0	140.0
Payout (Incl. Div. Tax) %	60.6	61.8	62.9	71.8	70.8	76.8	79.7	69.4	70.2
Valuation (x)									
P/E	16.3	14.9	16.3	18.0	18.6	22.3	18.8	14.4	13.0
EV/EBITDA	10.6	9.0	9.9	11.8	11.0	13.2	10.2	7.8	6.8
EV/Sales	1.7	1.5	1.5	1.6	1.4	1.5	1.2	1.0	0.9
Price to Book Value	5.5	4.7	4.3	3.9	3.6	3.5	3.2	3.0	2.8
Dividend Yield (%)	3.1	3.4	3.2	3.3	3.8	3.4	4.2	4.8	5.4
Profitability Ratios (%)									
RoE	35.7	33.8	27.5	22.6	20.2	16.0	17.2	21.3	22.1
RoCE	34.5	32.5	26.4	22.0	19.8	15.7	16.9	21.0	21.8
RoIC	77.3	80.0	53.0	40.0	50.1	44.5	51.4	69.5	80.3
Turnover Ratios									
Debtors (Days)	21	18	32	21	30	30	26	26	26
Inventory (Days)	9	10	12	15	18	15	17	17	17
Creditors (Days)	42	38	36	38	62	53	53	53	53
Working Capital (Days)	-3	-2	25	-2	-16	-9	-1	11	22
Asset Turnover (x)	2.7	2.6	2.5	2.0	2.0	1.8	2.0	2.1	2.1
Fixed Asset Turnover	2.9	3.0	3.0	2.3	2.2	2.0	2.3	2.4	2.5

Cash Flow Statement

Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
(INR M)									
Profit before Tax	46,585	52,442	50,107	45,736	39,004	32,501	36,753	48,008	53,151
Depreciation & Amort.	4,927	5,556	6,020	8,180	6,769	6,498	6,615	6,813	7,074
Direct Taxes Paid	-11,865	-14,943	-20,515	-5,443	-9,759	-7,688	-9,113	-11,944	-13,221
(Inc)/Dec in Working Capital	4,208	-2,682	-19,189	12,027	10,700	-6,825	871	1,114	1,116
Other Items	-1,606	1,723	-6,634	-6,399	-4,987	-4,283	225	225	225
CF from Oper. Activity	40,280	39,809	9,791	54,101	41,727	20,203	35,350	44,216	48,345
Extra-ordinary Items	0	0	0	0	0	0	0	0	0
CF after EO Items	40,280	39,809	9,791	54,101	41,727	20,203	35,350	44,216	48,345
(Inc)/Dec in FA+CWIP	-11,491	-7,992	-9,179	-13,586	-5,101	-5,240	-5,500	-6,000	-6,000
Free Cash Flow	28,790	31,816	611	40,515	36,626	14,963	29,850	38,216	42,345
(Pur)/Sale of Invest.	-7,949	-11,160	22,392	-15,245	-16,998	3,721	0	0	0
CF from Inv. Activity	-19,439	-19,152	13,212	-28,831	-22,099	-1,519	-5,500	-6,000	-6,000
Interest Paid	-61	-63	-86	-874	-515	-458	-225	-225	-225
Dividends Paid	-20,896	-20,404	-22,854	-23,323	-18,900	-18,931	-22,022	-25,025	-28,028
CF from Fin. Activity	-20,956	-20,467	-22,940	-24,198	-19,415	-19,389	-22,247	-25,250	-28,253
Inc/(Dec) in Cash	-116	190	63	1,072	213	-705	7,603	12,966	14,092
Add: Beginning Balance	270	154	344	407	1,479	1,692	987	8,590	21,556
Closing Balance	154	344	407	1,479	1,692	987	8,590	21,556	35,648

E: MOFSL Estimates

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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