



# Steel Strips Wheels Ltd

**New businesses & expanded alloy capacity to boost financials!**

Quarterly numbers met our estimates, Revenue/EBITDA/PAT reported QoQ growth of 9%/10%/10% respectively. SSWL increased borrowings to fund alloy wheels expansion (preponed to meet high demand) & other projects. This increased finance cost & reduced other income, hence YoY PAT was lower by ~4% to Rs 524mn. High margin exports and CV business is in best phase, while increased capacity in alloy wheels starting Q4FY24 to push margins ahead. We have incorporated AMW and Knuckle casting business starting FY25, as these are new projects, hence utilization & margins could be lower in the 1<sup>st</sup> year. Roll-over from FY25e to Sept 2025, trimmed estimates looking at increased borrowings in FY24 & raised revenues for FY25 considering support from new businesses. Increased multiple from 7x to 9x Sept 2025 estimated EBITDA, and came out with a revised fair value of Rs 364 per share, strongly recommend BUY as SSWL's major growth capex is likely to get over in FY24, and fruits from the same will likely to yield in the subsequent years.

## Q2FY24 result analysis – QoQ improvement is clearly visible

- The numbers met our estimates in Q2FY24. The reason for the decline in gross margin to 34.1% (-130bps QoQ) was largely due to mix impact, where low margin 2Ws business inched-up, while high margin business Tractors declined QoQ.
- Despite EBITDA Margin improved by 16bps QoQ to 11.0% in Q2FY24 owing to strict control on employee & other expenses.
- Other income declined by 30% QoQ to Rs 30mn, Finance cost inched-up by 10% QoQ to Rs 260mn, and borrowings increased by 31% to Rs 8.63bn as on 30<sup>th</sup> Sept vs. Rs 6.38bn as on 31<sup>st</sup> Mar.
- OCF was positive Rs 462mn in H1FY24 vs. negative Rs 157mn in H1FY23. But, FCF was negative Rs 1.43bn in H1FY24 vs. negative Rs 529mn in H1FY23 due to higher capital expenditure of Rs 1.89bn in the 1<sup>st</sup> half of this fiscal.
- This was largely due to preponement of capex on Alloy wheels expansion, which will increase capacity to ~5mn units by Dec 2023 (from ~3.2mn units).
- Overall, despite lower other income & higher finance cost, the bottom line increased by 10% QoQ to Rs 524mn in Q2FY24.

Y/E Mar (Rs mn)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	Q2 FY24e	Var. (%)
<b>Revenue</b>	<b>11,337</b>	<b>10,811</b>	<b>4.9</b>	<b>10,444</b>	<b>8.6</b>	<b>11,028</b>	<b>2.8</b>
Gross margin (%)	34.1	32.0	212 bps	35.4	(130) bps	-	-
<b>EBITDA</b>	<b>1,244</b>	<b>1,172</b>	<b>6.2</b>	<b>1,130</b>	<b>10.1</b>	<b>1,208</b>	<b>3.0</b>
EBITDA margin (%)	11.0	10.8	14 bps	10.8	16 bps	11.0	2 bps
Other income	30	36	(18.6)	42	(29.7)	-	-
<b>PBT</b>	<b>789</b>	<b>800</b>	<b>(1.4)</b>	<b>712</b>	<b>10.8</b>	<b>-</b>	<b>-</b>
Taxes paid	265	254	4.4	236	12.2	-	-
Effective tax rate (%)	33.6	31.7	184 bps	33.2	41 bps	-	-
<b>Reported PAT</b>	<b>524</b>	<b>546</b>	<b>(4.0)</b>	<b>476</b>	<b>10.1</b>	<b>520</b>	<b>0.7</b>
PAT margin (%)	4.6	5.1	(43) bps	4.6	7 bps	4.7	(9) 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)
FY22	35,600	103.5	4,528	12.7	2,055	317.2	13.2	24.2	15.2	10.6	6.4
FY23	40,405	13.5	4,428	11.0	1,938	-5.7	12.4	18.6	14.1	12.9	7.0
FY24e	45,504	12.6	5,007	11.0	2,222	14.7	14.2	17.9	13.1	18.4	9.6
FY25e	53,687	18.0	6,029	11.2	3,301	48.6	21.1	22.1	16.5	12.4	7.4
FY26e	62,451	16.3	7,225	11.6	4,296	30.1	27.4	23.3	18.4	9.5	5.9

Source: Company, SMIFS research estimates, incorporated AMW & Knuckle casting from FY25 onwards in financials

Rating: **BUY** Upside/(Downside): **39.3%**  
 Current Price: **261** Target Price: **364**

### Earlier recommendation

Previous Rating: Buy  
 Previous Target Price: 262

### Market data

Bloomberg: SSW: IN  
 52-week H/L (Rs): 299/126  
 Mcap (Rs bn/USD mn): 40.9/0.5  
 Shares outstanding (mn): 156.5  
 Free float: 20.0%  
 Avg. daily vol. 3mth: 0.6mn  
 Face Value (Rs): 1.0

Source: Bloomberg, SMIFS research

### Shareholding pattern (%)

	Sep-23	Jun-23	Mar-23	Dec-22
Promoter	62.3	62.7	62.7	62.6
FIs	6.1	5.6	5.6	5.6
DIs	2.2	1.2	0.8	0.6
Public/others	29.4	30.5	30.9	31.1

Source: BSE

### Promoters Pledging (%)

	Sep-23	Jun-23	Mar-23	Dec-22
Promoters pledged shares	4.9	13.9	13.9	13.9

Source: BSE

### Price performance (%)\*

	1M	3M	12M	36M
Nifty 50	-2.5	-2.6	7.6	64.4
Nifty 500	-2.7	-0.7	10.4	75.6
SSWL	-6.0	3.3	62.9	451.6

\*as on 30<sup>th</sup> Oct, 2023; Source: AceEquity, SMIFS research

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### Incorporated new businesses starting FY25 to boost financials in the coming years

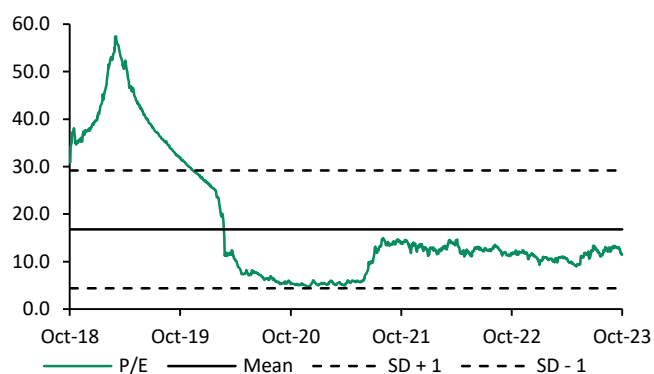
- SSWL will get revenue from AMW Autocomponent's plant at the start of FY25. The plant has ~7mn units per annum steel wheels capacity, and the plan is to gradually start a few production lines.
- SSWL is facing production constraints in the CV steel wheels, and in Chennai plant's PV steel wheels. We believe AMW has come in at the right time to resolve any blockage in the capacity.
- AMW's capacity will also get used for exports aftermarket, where the company was serving earlier when it was operational. AMW has different customers in overseas.
- We anticipate to scale up AMW's revenue from Rs 2.5bn in FY25 to 5.9bn in FY27 with low double-digit EBITDA Margin. SSWL will take a debt of Rs 1bn to fund AMW acquisition, incorporated interest cost accordingly. We have projected AMW's PAT will scale up from break-even in FY25 to Rs 333mn in FY27.
- On the Kunckle casting project, SSWL received 1mn units order from one of the large OEM, and is a mid-teen margin business. This order will start getting executed from July 2024, however major execution to happen in FY25. We anticipate revenue of ~Rs 400mn and it will scale up to ~Rs 2.1bn in FY27. Additionally, in talks with two export OEMs and a few domestic OEMs.
- Overall, both these new businesses will generate combined PAT of Rs 448mn in FY27 on a conservative basis, and will add to the bottom line of SSWL.

### Demand outlook on core business remains healthy, margin expansion on the cards

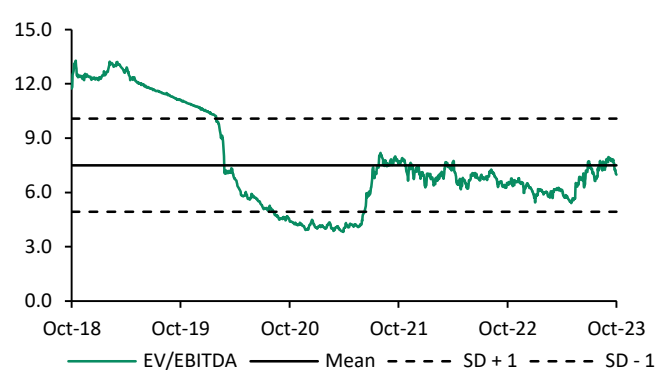
- Export traction is extremely healthy, anticipate ~Rs 6bn+ revenue in FY24 easily achievable and ~13.5% consistent growth is doable as alloys exports is fast catching up.
- PV alloy wheels capacity expansion will get over by Dec 2023, strong numbers expected post expansion starting Q4FY24 with improvement in margins. Rs 12.5bn is doable in FY24, touching Rs 20.5bn in FY27, ~14% CAGR FY23-FY27e.
- EBITDA Margin improvement is likely led by the combination of high margin businesses Exports + Alloys + CV.
- SSWL will move to the new tax regime starting FY25 will further support higher bottom line growth.

### Growth drivers intact, valuation inexpensive

- SSWL is trading very attractively at 6.6x Sept 2025 estimated EBITDA of Rs 6.63bn & PE 10.8x Sept 2025 estimated EPS Rs 24. The company is a clear re-rating candidate due to aggressive growth plans ahead, mix is trending towards high margin businesses and a superior return profile.
- We have valued the company by assigning EV/EBITDA multiple of 9.0x (increased from 7.0x) to Sept 2025 EBITDA of Rs 6.63bn to arrive at a fair value of Rs 364 per share, seeking an upside of ~39% from the CMP.
- Upraised multiple as increased capacity in high margin alloys to start contributing from Q4FY24, new businesses to start contributing from FY25, and higher margin businesses viz. CV + Export continue to support.
- We have maintained topline estimates in FY24, but reduced EPS by 15% in FY24e largely due to increase in the finance cost as the company increased borrowings to fund alloy expansion and new projects. Reduced FY25 EPS marginally by ~5% as new businesses viz. AMW & Knuckle casting will take some time to ramp-up.

**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 (%)	
	FY24e	FY25e	FY24e	FY25e	FY24e	FY25e
Revenue	45,504	53,687	45,296	50,373	0.5%	6.6%
Gross profit	16,109	19,059	16,103	17,958	0.0%	6.1%
Gross margin (%)	35.4	35.5	35.6	35.7	(15) bps	(15) bps
EBITDA	5,007	6,029	5,097	5,820	-1.8%	3.6%
EBITDA margin (%)	11.0	11.2	11.3	11.6	(25) bps	(32) bps
PAT	2,222	3,301	2,617	3,498	-15.1%	-5.6%
EPS (Rs)	14	21	17	22	-15.0%	-5.4%

Source: Company, SMIFS research estimates

## Q2FY24 – Key takeaways from the management call

### Demand

- FY24 export target revenue will be Rs 6bn. Existing customers gradually shifting away from China. Alloy wheels started contributing.
- Competitiveness inched-up in exports, hence sacrificed some margins.
- Rs 5.5-6.0bn topline expected from exports in FY24, 10-15% YoY growth in FY25 as Rs 1bn contribution will add from alloys. In addition, one new customer will likely get added in FY25.
- CV cycle momentum should continue.
- Total standalone revenue will be Rs 45-47bn in FY24, and Rs 50-51bn in FY25.

### Capital expenditure

- FY24: Rs 3.2bn on standalone plus Rs 1.38bn AMW acquisition. Total capex Rs 4.58bn in FY24. The capex will get spend on alloy wheels expansion, Knuckle casting, renewable energy, automation, maintenance, etc.
- FY25 capex will be on the lower side. Expect to spend Rs 1.5bn on Knuckle casting, and Rs 250-300mn on maintenance.

### AMW Autocomponent

- AMW will become commercially operational from Q1FY25. As AMW is carrying some past losses, hence will need to access tax advantage on a consolidated basis.
- SSWL will take Rs 1bn debt to fund AMW's acquisition. As FY24 is a capex heavy year, hence need to take this debt.
- Will take 4-6 months for ramp-up & setup. Expect to start production from Q1FY25 with truck wheels (domestic & exports). Anticipate Rs 1.0-1.5bn topline in FY25, and large number will come-in from FY26.

### Knuckle casting

- To spend Rs 2bn for 1mn units capacity (Rs 500mn will spend in FY24), expected topline is Rs 2.5bn in the 1<sup>st</sup> phase. Mass production will start from July 2024.
- Expected revenue in FY25 will be Rs 350-400mn, balance in FY26. Margins will be more or less similar as in PV alloy wheels (15-17%).
- At present, nobody is currently producing Knuckle casting, it's an import substitution play. The business has a good growth opportunity over five years as the penetration level will jump-up just as seen in the PV alloy wheels.
- The project is only for PVs with a 1<sup>st</sup> focus on the domestic market.

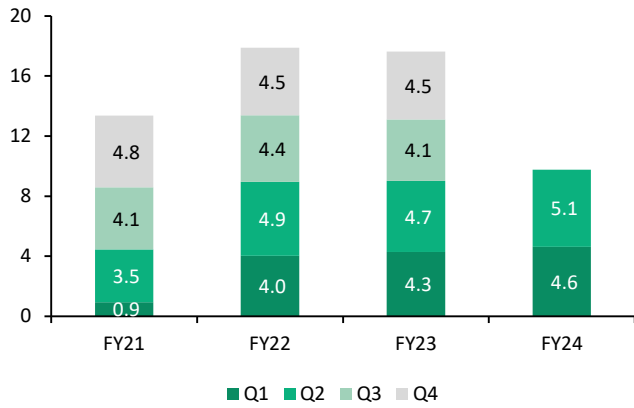
### Margin

- Employee costs increased YoY due to increase in volumes, additional recruitment done on the R&D side, extending capacity in Mehsana (team is already under training), increments & minimum wages.
- Blended steel and alloy margin is 8-9% and 15-17% respectively in PVs.
- Margin expansion expected in FY25 due to operating leverage.

### Other key highlights

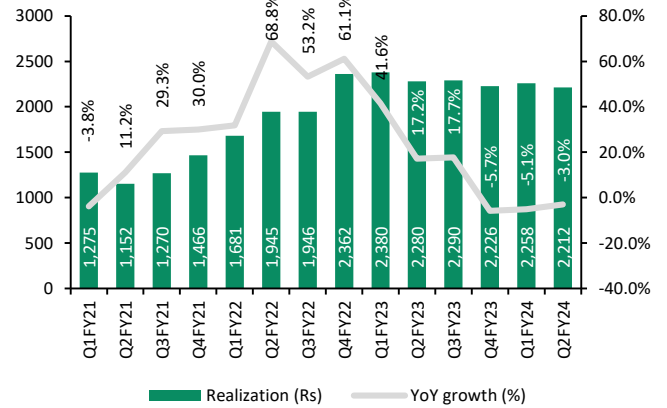
- Effective tax rate: will move to the new tax regime from FY25.
- Trade receivables increased in H1FY24 is due to higher exports.
- Expected asset turn once all capex will get over is 3-4x.
- On the EV controllers business, the discussions are on-hold due to conditions in Israel.

**Fig 4: Quarterly Volumes (in mn units)**



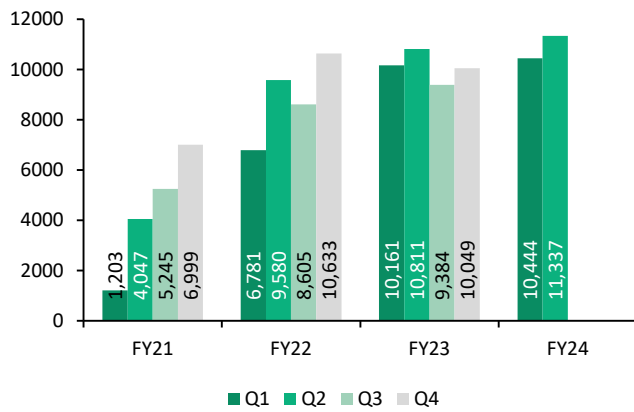
Source: Company, SMIFS research estimates

**Fig 5: Quarterly realization & growth**



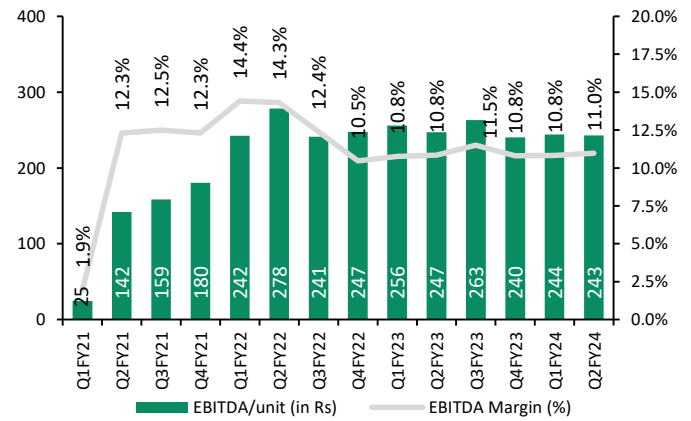
Source: Company, SMIFS research estimates

**Fig 6: Quarterly revenue (in Rs mn)**



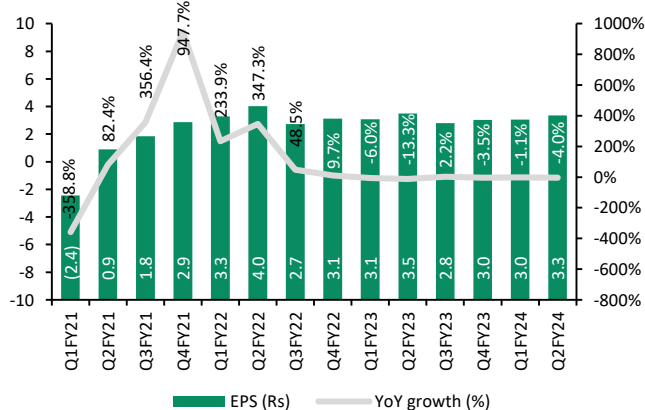
Source: Company, SMIFS research estimates

**Fig 7: Quarterly EBITDA/unit & margin**



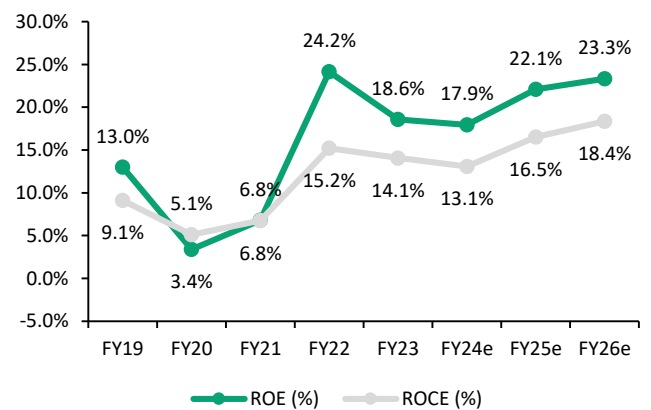
Source: Company, SMIFS research estimates

**Fig 8: Quarterly EPS & growth**



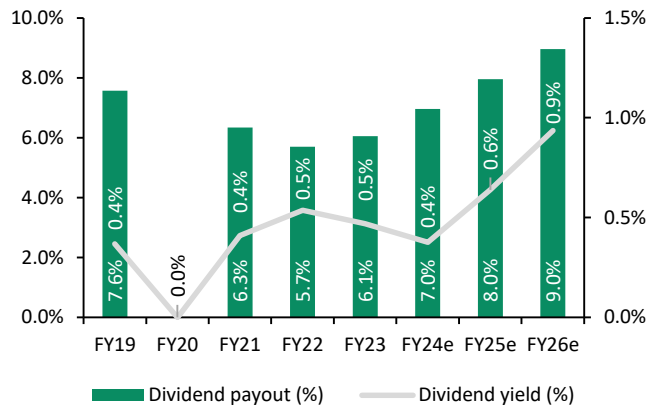
Source: Company, SMIFS research estimates

**Fig 9: RoE & RoCE trend (%)**



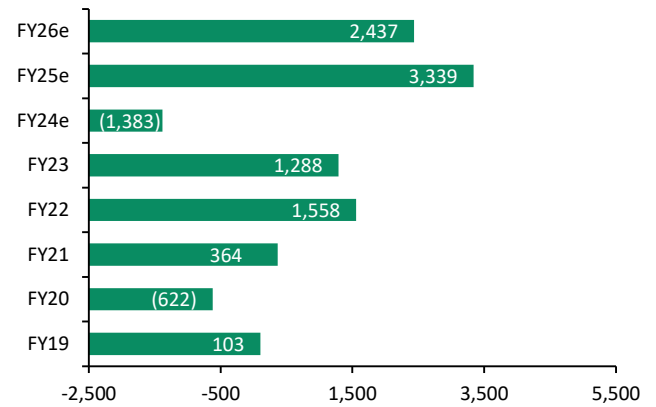
Source: Company, SMIFS research estimates

**Fig 10: Dividend payout & yield (%)**



Source: Company, SMIFS research estimates

**Fig 11: FCF generation (Rs mn)**



Source: Company, SMIFS research estimates

## Quarterly financials, operating metrics & key performance indicators

**Fig 12: Quarterly Financials**

Y/E March (Rs Mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
<b>Net Sales</b>	<b>8,605</b>	<b>10,633</b>	<b>10,161</b>	<b>10,811</b>	<b>9,384</b>	<b>10,049</b>	<b>10,444</b>	<b>11,337</b>
Raw Materials	5,096	6,749	6,794	7,354	5,901	6,587	6,748	7,472
Employee Costs	555	637	652	661	739	785	883	896
Other Expenditure	1,888	2,133	1,621	1,624	1,666	1,592	1,683	1,725
<b>EBITDA</b>	<b>1,066</b>	<b>1,114</b>	<b>1,093</b>	<b>1,172</b>	<b>1,079</b>	<b>1,085</b>	<b>1,130</b>	<b>1,244</b>
Depreciation	202	189	201	202	202	200	224	225
Interest	225	195	182	206	220	227	236	260
Other Income	17	55	0.3	36	20	67	42	30
<b>PBT</b>	<b>656</b>	<b>784</b>	<b>710</b>	<b>800</b>	<b>677</b>	<b>725</b>	<b>712</b>	<b>789</b>
Tax	229	295	229	254	239	252	236	265
Tax rate (%)	34.9	37.7	32.2	31.7	35.3	34.8	33.2	33.6
<b>Reported PAT</b>	<b>427</b>	<b>489</b>	<b>481</b>	<b>546</b>	<b>438</b>	<b>473</b>	<b>476</b>	<b>524</b>
Extraordinary Items	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-
<b>Adjusted PAT</b>	<b>427</b>	<b>489</b>	<b>481</b>	<b>546</b>	<b>438</b>	<b>473</b>	<b>476</b>	<b>524</b>
<b>YoY Growth (%)</b>								
Revenue	64.1	51.9	49.8	12.8	9.1	(5.5)	2.8	4.9
EBITDA	62.7	29.4	11.8	(14.5)	1.2	(2.6)	3.4	6.2
PAT	48.5	9.7	(5.8)	(13.0)	2.5	(3.2)	(1.1)	(4.0)
<b>QoQ Growth (%)</b>								
Revenue	(10.2)	23.6	(4.4)	6.4	(13.2)	7.1	3.9	8.6
EBITDA	(22.2)	4.4	(1.8)	7.2	(7.9)	0.5	4.2	10.1
PAT	(32.0)	14.5	(1.5)	13.5	(19.9)	8.1	0.6	10.1
<b>Margin (%)</b>								
RMC/revenue (%)	59.2	63.5	66.9	68.0	62.9	65.5	64.6	65.9
Gross margin (%)	40.8	36.5	33.1	32.0	37.1	34.5	35.4	34.1
Employee cost/revenue (%)	6.4	6.0	6.4	6.1	7.9	7.8	8.5	7.9
Other expenses/revenue (%)	21.9	20.1	16.0	15.0	17.8	15.8	16.1	15.2
EBITDA margin (%)	12.4	10.5	10.8	10.8	11.5	10.8	10.8	11.0
PAT margin (%)	5.0	4.6	4.7	5.1	4.7	4.7	4.6	4.6

Source: Company, SMIFS research

**Fig 13: Key Assumptions**

Operating Details	FY21	FY22	FY23	FY24e	FY25e	FY26e
<b>Volumes (Mn units)</b>	<b>13.4</b>	<b>17.9</b>	<b>17.6</b>	<b>19.7</b>	<b>21.3</b>	<b>22.9</b>
<i>Growth (%)</i>	-4.4	33.9	-1.5	12.0	7.6	7.8
<b>Blended realization/unit (Rs)</b>	<b>1,310</b>	<b>1,991</b>	<b>2,293</b>	<b>2,305</b>	<b>2,389</b>	<b>2,478</b>
<i>Growth (%)</i>	17.1	52.0	15.2	0.5	3.7	3.7

Source: Company, SMIFS research Estimates

## FINANCIAL STATEMENTS

Income Statement					
YE March (Rs mn)	FY22	FY23	FY24e	FY25e	FY26e
<b>Revenues</b>	<b>35,600</b>	<b>40,405</b>	<b>45,504</b>	<b>53,687</b>	<b>62,451</b>
Raw Materials	21,871	26,636	29,396	34,628	40,218
% of sales	61.4	65.9	64.6	64.5	64.4
Personnel	2,358	2,837	3,822	4,456	5,121
% of sales	6.6	7.0	8.4	8.3	8.2
Manufacturing & Other Expenses	6,842	6,504	7,279	8,574	9,887
% of sales	19.2	16.1	16.0	16.0	15.8
<b>EBITDA</b>	<b>4,528</b>	<b>4,428</b>	<b>5,007</b>	<b>6,029</b>	<b>7,225</b>
Other Income	130	124	273	275	344
Depreciation & Amortization	769	804	975	1,045	1,116
<b>EBIT</b>	<b>3,889</b>	<b>3,748</b>	<b>4,305</b>	<b>5,259</b>	<b>6,453</b>
Finance cost	854	835	966	847	712
<b>Core PBT</b>	<b>2,905</b>	<b>2,788</b>	<b>3,066</b>	<b>4,137</b>	<b>5,397</b>
Exceptional Items	-	-	-	-	-
<b>PBT</b>	<b>3,035</b>	<b>2,912</b>	<b>3,339</b>	<b>4,412</b>	<b>5,741</b>
Tax	981	974	1,117	1,110	1,445
Tax Rate (%)	32.3	33.5	33.5	25.2	25.2
<b>Reported PAT</b>	<b>2,055</b>	<b>1,938</b>	<b>2,222</b>	<b>3,301</b>	<b>4,296</b>
<b>Adjusted PAT</b>	<b>2,055</b>	<b>1,938</b>	<b>2,222</b>	<b>3,301</b>	<b>4,296</b>

Source: Company, SMIFS research estimates, incorporated AMW & Knuckle casting from FY25 onwards in financials

Key Ratios					
YE March	FY22	FY23	FY24e	FY25e	FY26e
<b>Growth Ratio (%)</b>					
Revenue	103.5	13.5	12.6	18.0	16.3
EBITDA	122.2	-2.2	13.1	20.4	19.8
PAT	317.2	-5.7	14.7	48.6	30.1
<b>Margin Ratios (%)</b>					
Gross Margin	38.6	34.1	35.4	35.5	35.6
EBITDA Margin	12.7	11.0	11.0	11.2	11.6
EBIT Margin	10.9	9.3	9.5	9.8	10.3
Core PBT margin	8.2	6.9	6.7	7.7	8.6
Adjusted PAT Margin	5.8	4.8	4.9	6.1	6.9
<b>Return Ratios (%)</b>					
ROE	24.2	18.6	17.9	22.1	23.3
ROCE	15.2	14.1	13.1	16.5	18.4
<b>Turnover Ratios (days)</b>					
Gross block turnover ratio (x)	1.8	1.9	1.9	2.0	2.1
Adjusted OCF/PAT (in %)	156	137	144	159	101
Debtors	95	95	95	95	95
Inventory	33	33	33	33	33
Creditors	89	93	93	93	93
Cash conversion cycle	39	35	35	35	35
<b>Solvency Ratio (x)</b>					
Debt-equity	0.8	0.6	0.6	0.4	0.3
Net debt-equity	0.8	0.5	0.5	0.2	0.1
Gross debt/EBITDA	1.7	1.4	1.7	1.2	0.8
Current Ratio	1.0	1.0	1.0	1.2	1.4
Interest coverage ratio	4.6	4.5	4.5	6.2	9.1
<b>Dividend</b>					
DPS	0.8	0.8	1.0	1.7	2.5
Dividend yield %	0.5	0.5	0.4	0.6	0.9
Dividend payout %	5.7	6.1	7.0	8.0	9.0
<b>Per share Ratios (Rs)</b>					
Basic EPS (reported)	13	12	14	21	27
Adjusted EPS	13	12	14	21	27
CEPS	18	18	20	28	35
BV	61	72	86	105	130
<b>Valuation (x)</b>					
P/E	10.6	12.9	18.4	12.4	9.5
P/BV	2.3	2.2	3.0	2.5	2.0
EV/EBITDA	6.4	7.0	9.6	7.4	5.9
EV/Sales	0.8	0.8	1.1	0.8	0.7
Adj Mcap/Core PBT	7.3	8.8	12.9	9.0	6.7
Adj Mcap/Adj OCF	6.6	9.3	12.4	7.1	8.4

Source: Company, SMIFS research estimates

Balance Sheet					
YE March (Rs mn)	FY22	FY23	FY24e	FY25e	FY26e
<b>Sources of funds</b>					
Capital	156	157	157	157	157
Reserves & Surplus	9,362	11,191	13,258	16,297	20,208
<b>Shareholder's Funds</b>	<b>9,518</b>	<b>11,347</b>	<b>13,415</b>	<b>16,453</b>	<b>20,365</b>
<b>Total Loan Funds</b>	<b>7,779</b>	<b>6,383</b>	<b>8,483</b>	<b>7,358</b>	<b>5,951</b>
Other non-current liabilities	2,691	2,704	3,047	3,603	4,206
<b>Total Liabilities</b>	<b>19,989</b>	<b>20,434</b>	<b>24,944</b>	<b>27,414</b>	<b>30,521</b>
<b>Application of funds</b>					
Gross Block	20,988	21,662	26,242	28,142	30,042
Net Block	13,596	13,486	17,091	17,946	18,730
Capital WIP	969	1,634	1,708	359	936
<b>Investments</b>	<b>2</b>	<b>42</b>	<b>44</b>	<b>46</b>	<b>48</b>
<b>Other Non-Current Assets</b>					
Inventories	6,470	7,339	7,620	8,976	10,425
Sundry Debtors	3,923	3,487	4,173	4,923	5,727
Cash and Bank balances	579	440	1,275	3,501	4,491
Other current Assets	1,073	516	516	516	516
<b>Total Current Assets</b>	<b>12,046</b>	<b>11,783</b>	<b>13,584</b>	<b>17,917</b>	<b>21,160</b>
<b>Sundry Creditors</b>	<b>6,591</b>	<b>6,948</b>	<b>7,471</b>	<b>8,801</b>	<b>10,222</b>
Other Current Liabilities	436	432	438	500	602
<b>Total Current Liabilities</b>	<b>7,027</b>	<b>7,380</b>	<b>7,909</b>	<b>9,301</b>	<b>10,823</b>
<b>Net Current Assets</b>	<b>5,019</b>	<b>4,403</b>	<b>5,674</b>	<b>8,616</b>	<b>10,336</b>
<b>Total Assets</b>	<b>19,989</b>	<b>20,434</b>	<b>24,944</b>	<b>27,414</b>	<b>30,521</b>

Source: Company, SMIFS research estimates

Cash Flow					
YE March (Rs mn)	FY22	FY23	FY24e	FY25e	FY26e
<b>Operating profit before WC changes</b>	<b>4,518</b>	<b>4,434</b>	<b>5,007</b>	<b>6,029</b>	<b>7,225</b>
Net chg in working capital	5	(476)	273	1,167	(731)
Income tax paid	(462)	(476)	(1,117)	(1,110)	(1,445)
<b>Cash flow from operating activities (a)</b>	<b>4,061</b>	<b>3,481</b>	<b>4,163</b>	<b>6,086</b>	<b>5,049</b>
<b>Adjusted OCF</b>	<b>3,207</b>	<b>2,646</b>	<b>3,197</b>	<b>5,239</b>	<b>4,337</b>
Capital expenditure	(1,649)	(1,358)	(4,580)	(1,900)	(1,900)
Adjusted free cash flow	1,558	1,288	(1,383)	3,339	2,437
<b>Cash flow from investing activities (b)</b>	<b>(1,535)</b>	<b>(1,279)</b>	<b>(4,307)</b>	<b>(1,625)</b>	<b>(1,556)</b>
Debt issuance (repayment)	(1,593)	(1,396)	2,100	(1,125)	(1,406)
Interest and lease expenses	(854)	(835)	(966)	(847)	(712)
Dividend paid	(31)	(117)	(155)	(263)	(385)
<b>Cash flow from financing activities (c)</b>	<b>(2,479)</b>	<b>(2,341)</b>	<b>979</b>	<b>(2,235)</b>	<b>(2,503)</b>
<b>Net chg in cash (a+b+c)</b>	<b>47</b>	<b>(139)</b>	<b>835</b>	<b>2,226</b>	<b>990</b>

Source: Company, SMIFS research estimates



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