

Eicher Motors | BUY

Back on the growth trajectory

The core of our SELL thesis on Eicher Motors Ltd (EIM) was pertaining to its ability to expand its customer base ([Our report: RE - Bumpy ride to growth](#)). Also, multiple external headwinds including steep vehicle price inflation, supply chain constraints and weak customer sentiment limited volume growth visibility. This led to CAGR 13% volume contraction during FY19-22. Most of these challenges are now starting to recede with correction in commodity prices, strong pickup in export sales, improving customer sentiment in urban and rural markets and the launch of new products. The company has rebooted its focus on volume growth and indicated of multiple new product introductions during the recent investor meet. Our interaction with 15+ RE dealers reflects strong customer response for the Hunter 350. Footfall and enquiries were up by 15-20% during Aug'22, with c.50% of enquiries from new (young) customers. Dealers expect demand momentum to rise further during the upcoming festive season. With the improvement in underlying demand sentiment and product interventions, we believe the company is back on the growth trajectory (FY22-25E volume CAGR: 21%). Softening commodity prices and positive operating leverage is expected to provide margin support (+540bps over FY22-25). We reinstate PE multiple for RE to 25x (from 18x) and upgrade our rating to BUY with the revised TP of INR 3,900.

- **Sharp rise in initial acquisition price led to sub-par sales:** During the Covid period, different segment of the auto industry behaved differently. Rise in the initial cost of acquisition (due to emission and safety related regulations) ([Exhibit 2 & 3](#)) coupled with sales slowdown affected the two-wheeler segment (Motorcycle CAGR: -13% for FY19-22). During the same period, RE took 13 product actions, including both new models and variants. However, the 350cc+ segment still contracted in-line with the overall motorcycle segment (CAGR: -13%). While Himalayan and Meteor launches improved monthly sales by 4,000 units for the relevant product families but they were unable to offset the volume contraction in the mainstream Bullet/Classic ([Exhibit 5](#)). Additionally, supply constraints restricted RE's ability and led to sub-optimal c.50-60% capacity utilization.
- **New launches (including affordable products) to address growth concerns:** To address the growth challenge and to increase customer accessibility for the RE brand, the company recently introduced Hunter 350, its most affordable product to date to recapture the price point of INR 150,000 ([Exhibit 6 & 7](#)). During the recent investor meet, the company shared its vision to enhance growth and to 'ReBalance' growth and profitability. Moreover, RE is expected to launch multiple new products going forward positioned at aspirational, first-time RE buyers to drive volumes going ahead.
- **Strong response to Hunter 350:** Over the past few days, we interacted with c.15+ RE dealers at a pan-India level to gauge the customer response towards the recently launched Hunter 350 ([Exhibit 1](#)). Both, dealer and customer feedback, for the new product has been positive. Most dealer healthy double-digit growth during Aug'22 led by strong enquiries and demand for the product, despite likely cannibalization of c.20% in Classic 350 volumes owing to attractive price point. Waiting period for Hunter 350 stands between 4-6 weeks. Dealers indicated increase in walk-in by new set of younger customers and expect demand momentum to continue on the back of strong enquiries.



Vivek Kumar
vivek.kumar@jmfl.com | Tel: (91 22) 66303019

Ronak Mehta
ronak.mehta@jmfl.com | Tel: (91 22) 66303125

(We acknowledge the support services of **Vedant Vedak** in preparation of this report)

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	SELL
Current Price Target (12M)	3,900
Upside/(Downside)	15.3%
Previous Price Target	2,520
Change	54.8%

Key Data – EIM IN

Current Market Price	INR3,384
Market cap (bn)	INR925.3/US\$11.6
Free Float	48%
Shares in issue (mn)	271.0
Diluted share (mn)	273.3
3-mon avg daily val (mn)	INR2,813.9/US\$35.2
52-week range	3,514/2,110
Sensex/Nifty	59,029/17,624
INR/US\$	79.9

Price Performance

%	1M	6M	12M
Absolute	9.5	49.7	19.9
Relative*	9.2	35.5	18.3

* To the BSE Sensex

Financial Summary

Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E
Net Sales	86,190	1,01,229	1,37,378	1,58,288	1,78,156
Sales Growth (%)	-5.1	17.4	35.7	15.2	12.6
EBITDA	17,865	21,136	33,819	40,396	46,787
EBITDA Margin (%)	20.7	20.9	24.6	25.5	26.3
Adjusted Net Profit	13,297	15,862	27,670	34,776	40,667
Diluted EPS (INR)	48.7	58.0	101.2	127.2	148.8
Diluted EPS Growth (%)	-30.2	19.3	74.4	25.7	16.9
ROIC (%)	58.8	62.3	100.3	111.0	114.2
ROE (%)	14.8	15.5	23.3	24.1	23.1
P/E (x)	69.6	58.3	33.4	26.6	22.7
P/B (x)	9.5	8.6	7.1	5.8	4.8
EV/EBITDA (x)	47.0	39.4	24.0	19.5	16.1
Dividend Yield (%)	0.5	0.6	0.6	0.6	0.6

Source: Company data, JM Financial. Note: Valuations as of 07/Sep/2022

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key takeaways from Channel Checks

- **Strong retail sales spurred by Hunter 350 launch:** Dealers indicated of strong double-digit retail growth in Aug'22 led by positive customer response to Hunter 350. Footfalls and enquiries increased by 15-20% across dealerships. ~50% of the enquiries are from new (young) customers as the new motorcycle is more agile, lightweight and sportier. Dealers indicated that many young customers were earlier evaluating other brands, but are now considering and booking Hunter 350 because of its torque, accessibility and competitive pricing.
- **Supply constraints recede; waiting period largely limited to Hunter 350:** Dealers we spoke with indicated of improved supplies from the company. Waiting period for Hunter 350 ranged between 2-6 weeks. Other models are available for delivery with no wait times, barring for select variants/color options.
- **Some cannibalization in other 350cc models:** Dealers indicated c.20-25% of customers who enquired for Classic 350 are ending up booking Hunter 350 because of the better value proposition. Despite this cannibalisation, dealers witnessed double-digit growth in Aug'22 due to pick-up in demand.
- **Dealer margin lower on Hunter 350; dealer positive on demand momentum continuing:** Dealer margin on Hunter 350 is lower by INR 1,500 vs. Classic 350. However, they sounded optimistic given higher volume off-take due to increased demand visibility during the upcoming festive season. They expect demand momentum to continue given rising customer enquiries.

Exhibit 1. Royal Enfield pan India dealer checks

State	Sentiment	Comments
Kerala	↔	<ul style="list-style-type: none"> • Hunter 350 has received good customer response mainly due to its lightweight design, better fuel efficiency. • Not much cannibalization, demand for Classic 350 remains healthy. New young customer preferring Hunter 350. • Supply chain has normalized. Waiting period is 2-3 weeks for Hunter 350 and under a week for rest of the models. • Expect strong demand in the upcoming festive season.
Kerala	↑	<ul style="list-style-type: none"> • Footfall and enquiries have increased since hunter 350 has been launched. • Waiting period is 2-3 weeks. • Not much cannibalization witnessed. Classic 350 has a different following. • Hunter 350 more popular among new customers. Witnessed customers who were planning to buy other brands placing order for Hunter 350 due to competitive price point.
Tamil Nadu	↑	<ul style="list-style-type: none"> • Footfall in stores has increased post Hunter 350 launch. • No cancellations or shift from existing bookings of 350 cc engine models to hunter 350. • Different client base for Hunter 350 compared to other models. • Bikes are available in the stockyard, no more shortages, since supply has normalized. • Waiting period of 2-3 weeks across all models.
Tamil Nadu	↑	<ul style="list-style-type: none"> • Strong response and acceptability from the customers for the new Hunter 350. • Sales have increased by 15-20% in Aug'22. • Waiting period of 2-4 weeks. • Not much cancellations or shift from existing bookings of 350 cc engine models to hunter 350. • Bikes are available in the stockyard, no more shortages, since supply has normalized.
Maharashtra	↑	<ul style="list-style-type: none"> • Footfall and enquiries have increased post Hunter 350 launch. Good initial response. • Cannibalization rate around 10-15% over Classic 350 due to price differential. • Dealer margin for Hunter 350 is lower by INR 1,500 vs. on Classic 350 • Hunter 350 has a waiting period of 4-6 weeks; other models have a waiting period of 2-3 weeks. • Expect demand to further improve during upcoming festive season. Enquiries and footfalls remain healthy and have order book of over 1 month.
Maharashtra	↑	<ul style="list-style-type: none"> • Overall 10-15% increase in sales post Hunter launch. Strong response to Hunter 350. • ~25% of customers shifted from Classic 350 to Hunter 350. • Waiting period for Hunter 350 is 4-6 weeks. Other models are largely available (select variants would have 1-2 week waiting period). • Customer base for Hunter 350 is young. Many new customers shifted from other brands (TVS, Bajaj Auto) to RE Hunter 350 due to very competitive pricing. • Expect Hunter 350's performance to sustain on the back of strong enquiries.
NCR	↑	<ul style="list-style-type: none"> • 20% increase in footfall and enquiries in August. • Few customers are cancelling 350 cc other models of RE to Hunter 350.

		<ul style="list-style-type: none"> Customers are opting for Hunter 350 due to affordable pricing , better fuel efficiency compared to other RE models. Wait period for Hunter 350 is 2-3 weeks.
NCR	↑	<ul style="list-style-type: none"> Sales increased by ~15% MoM in August. Supply has been normalized from company's end. New customer base created with launch of the Hunter 350. It has younger customer base. Customers prefer the hunter 350 due to lightweight design and sportier look. Wait period for Hunter 350 is 2-3 weeks. Other models are available on shelf.
Punjab	↑	<ul style="list-style-type: none"> Sales have increased by 20% MoM in August Waiting period is 2-3 weeks across models. New clientele for Hunter 350, not much impact seen on sales of the other 350 cc models Supply chain has normalized.
Punjab	↔	<ul style="list-style-type: none"> Very few customers cancelling their existing Classic 350 bookings and shifting to Hunter 350. Overall strong traction for Classic and Bullet 350 models. RE is known for these bikes and brand following for both these bikes remains strong amongst customers. Supply chain has normalized. 2-3 weeks waiting period. Overall sales for August are higher by 10% MoM due to healthy traction for Hunter 350.
Rajasthan	↑	<ul style="list-style-type: none"> Sales for Aug'22 are higher MoM by 20%. New customer base created with launch of the hunter 350. Young customers from other brands getting added. Competitive pricing has been the key. 2-3 weeks waiting period across all models Hunter 350 order book for September is robust.
Madhya Pradesh	↔	<ul style="list-style-type: none"> August sales are higher by 10% MoM due to overall improvement in demand. Response for Hunter 350 has been good but customers with strong following for Classic and Bullet prefer it over Hunter. New customer base is formed for Hunter 350. However, traction for Classic 350 and Bullet 350 remains strong. 4-6 weeks waiting period for Hunter. Overall supply situation has normalized.
Madhya Pradesh	↑	<ul style="list-style-type: none"> Post Hunter launch, enquiries and footfalls have increased by ~25%. New customer base for Hunter 350. Not much impact on the sales of the other 350 cc models New customers opting for hunter due to relatively attractive price point. Customers who were looking to buy products of competing brand have placed orders for Hunter 350. There is a waiting period of 3-5 weeks for the Hunter 350 and 1-2 weeks for the other models
Karnataka	↑	<ul style="list-style-type: none"> Post Hunter 350 launch, cancellation rate for Classic and Meteor is ~5% as the customers shifted to Hunter 350 Waiting period is 4-6 weeks Hunter 350. Other models are available in stockyard. Avg monthly sales of 80 units. Retailed 100 units in Aug'22 due to strong response for Hunter 350. Expect robust demand in the upcoming festive season.
Karnataka	↑	<ul style="list-style-type: none"> Footfall and enquiries have increased by 20-25% post launch of Hunter 350. Waiting period is 4-6 weeks Hunter 350. Other models are having 2-3 weeks waiting period for select variants/colors. Not much cannibalization amongst the existing 350 cc models. Expects strong demand going ahead based on the excitement for Hunter especially from new customers.

Source: JM Financial, Legend ↑ : Positive ↔ : Flat ↓ : Negative

Vehicle price inflation and impact of RE portfolio

Exhibit 2. Upfront acquisition cost of RE motorcycles increased by INR48-53k (c.32-34%) over the last 5 years

Model (INR '000s)	2017	2019	2022	Increase (2017-22)	% Increase
RE Classic 350	164	184	217	53	32%
RE Bullet 350	140	152	188	48	34%

Source: Company, JM Financial; **Prices are sourced from Autocar India for base electric start variant; Calculation is based on on-road Delhi price.

Exhibit 3. Likely break-up of price increase

Increase in cost due to	% Increase
Mandatory long term third party insurance	3%-5%
ABS/CBS	3%-6%
BSIV-BSVI change	6%-12%
Model refresh + price hikes prior to FY22, road tax and insurance hikes)	4%-5%
Commodity inflation in FY22	6%-8%
Total cost increase over 2017-2022	22%-35%

Source: Company, Industry news, JM Financial, Note: Model refresh also includes model change; Commodity inflation in FY22 is the average price hikes announced by the company in FY22.

Exhibit 4. New models / variants launched in last 3 years

Launch	Date	New Model / New Variant
Pegasus	1QFY19	Variant of Classic 500
Signals	2QFY19	Variant of Classic 350
Interceptor 650	3QFY19	New model
Continental GT	3QFY19	New model
Bullet Trails	4QFY19	Variants of Bullet 350/500
Bullet ES/KS	2QFY20	Variants of Bullet 350
Classic 350 S	2QFY20	Variant of Classic 350
Meteor 350	3QFY21	New model
Himalayan	4QFY21	Variant of Himalayan
Interceptor 650	4QFY21	Variant of Interceptor 650
Continental GT	4QFY21	Variant of Continental GT650
New Classic 350	4QFY22	Full model change
Scram	4QFY22	New model
Hunter 350	2QFY22	New model

Source: Company, JM Financial

Exhibit 5. Avg. monthly volumes contracted during the same period owing to multiple challenges

Domestic volume (Units'000s)	FY17-19		FY23 (1Q)		Change ('000 units)
	Monthly Avg.	% contribution	Monthly Avg.	% contribution	
Classic 350	42	66%	29	56%	(12)
Bullet 350	10	15%	7	13%	(3)
Bullet Electra	3	5%	4	8%	1
Thunderbird 350	4	7%	-	0%	(4)
Meteor 350	-	0%	7	14%	7
Himalayan	1	1%	4	7%	3
650cc models	0	0%	2	3%	1
Others	3	4%	-	0%	(3)
Domestic volume	63	100%	53	100%	(10)

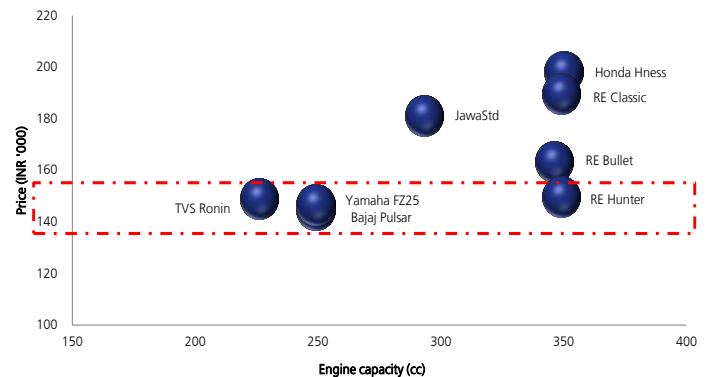
Source: Company, JM Financial

Exhibit 6. Recently launched - RE Hunter 350



Source: Company, JM Financial

Exhibit 7. Hunter 350 is the most affordable offering from RE's current product portfolio



Source: Company, JM Financial

Model-wise volume projection

Exhibit 8. Model-wise sales estimates

Model-wise sales	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Classic 350	5,26,442	3,98,093	3,61,140	2,67,611	3,10,074	3,12,000	3,30,000
Bullet 350 Twinspark	1,37,946	1,30,820	98,008	77,376	86,394	90,000	96,000
Thunderbird 350	71,327	40,185	-	-	-	-	-
Bullet Electra Twinspark	28,297	45,528	50,579	36,025	47,903	48,000	54,000
Classic 500	19,282	4,925	-	-	-	-	-
Himalayan	10,701	15,302	13,562	36,194	49,298	54,000	60,000
Bullet 500	2,737	786	-	-	-	-	-
Thunderbird 500	3,373	824	-	-	-	-	-
650 Twin	5,168	20,188	10,256	15,305	22,335	27,000	30,000
Meteor 350	-	-	39,893	88,732	92,559	1,02,000	1,08,000
Hunter 350	-	-	-	-	1,34,500	2,16,000	2,28,000
Total Domestic sales	8,05,273	6,56,651	5,73,438	5,21,243	7,43,063	8,49,000	9,06,000
Export Sales	20,825	39,188	38,622	81,032	96,937	1,08,000	1,44,000
Total Sales	8,26,098	6,95,839	6,12,060	6,02,275	8,40,000	9,57,000	10,50,000
Capacity utilization	87%	58%	51%	50%	70%	80%	87%

Source: Company, JM Financial

Financial estimates & SOTP valuation

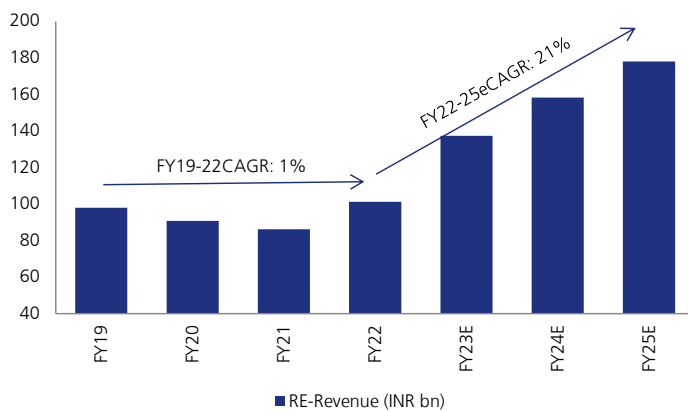
Exhibit 9. Eicher Motors Ltd (standalone) – Change in estimates									
Standalone	New assumptions			Old assumptions			% Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	137,378	158,288	178,156	137,795	158,148	n.a.	0%	0%	n.a.
EBITDA	33,819	40,396	46,787	33,859	40,335	n.a.	0%	0%	n.a.
EBITDA margin (%)	24.6%	25.5%	26.3%	24.6%	25.5%	n.a.	0%	0%	n.a.
PAT	27,670	34,776	40,667	27,700	34,732	n.a.	0%	0%	n.a.
EPS	101	127	149	101	127	n.a.	0%	0%	n.a.

Source: Company, JM Financial

Exhibit 10. SOTP valuation					
SOTP	Stake	Methodology	Multiple (x)	Value (INR mn)	Value (INR/share)
VECV	54.4%	Sept'24E EV/EBITDA	12	116,927	430
RE (Standalone)	100%	Sept'24E PER	25	946,810	3,470
Fair value					3,900

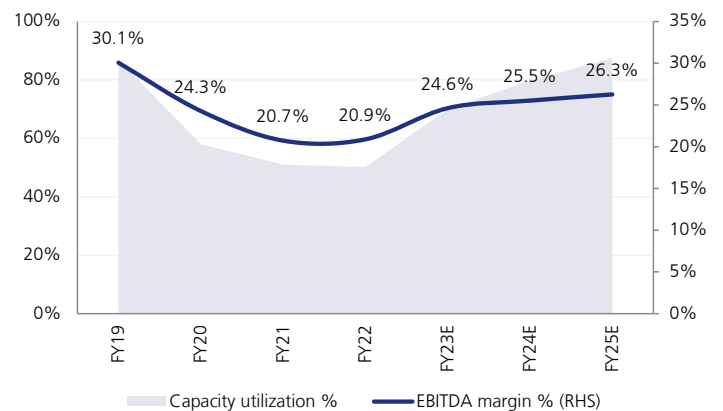
Source: Company, JM Financial

Exhibit 11. New launches, easing supplies to drive growth



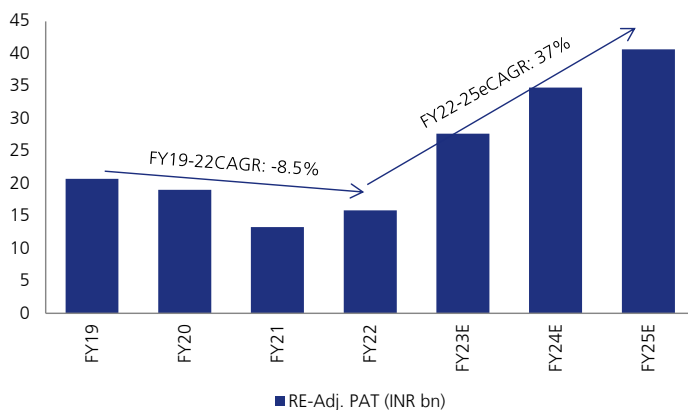
Source: Company, JM Financial

Exhibit 12. Higher operating leverage to cushion margins



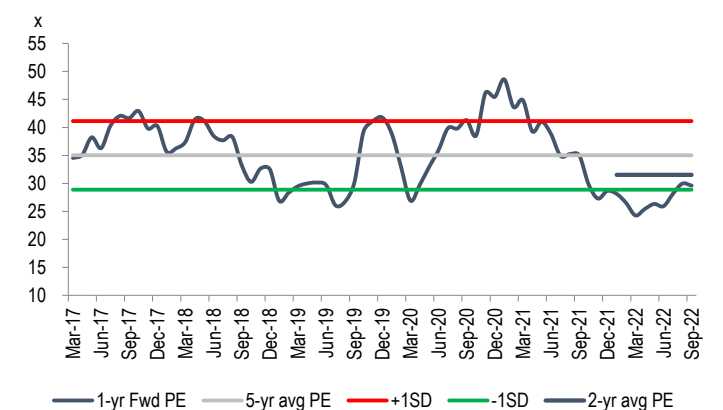
Source: Company, JM Financial

Exhibit 13. Expect PAT CAGR c.37% over FY22-25E



Source: Company, JM Financial

Exhibit 14. 1-year forward PE chart



Source: Company, JM Financial

Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Net Sales	86,190	1,01,229	1,37,378	1,58,288	1,78,156	
Sales Growth	-5.1%	17.4%	35.7%	15.2%	12.6%	
Other Operating Income	0	0	0	0	0	
Total Revenue	86,190	1,01,229	1,37,378	1,58,288	1,78,156	
Cost of Goods Sold/Op. Exp	51,024	59,619	78,855	90,224	1,00,658	
Personnel Cost	8,040	7,768	9,710	10,876	12,072	
Other Expenses	9,262	12,706	14,993	16,792	18,640	
EBITDA	17,865	21,136	33,819	40,396	46,787	
EBITDA Margin	20.7%	20.9%	24.6%	25.5%	26.3%	
EBITDA Growth	-18.9%	18.3%	60.0%	19.4%	15.8%	
Depn. & Amort.	4,460	4,455	4,996	5,605	6,214	
EBIT	13,405	16,680	28,823	34,791	40,572	
Other Income	4,520	4,543	7,690	11,073	13,398	
Finance Cost	92	103	106	106	106	
PBT before Excep. & Forex	17,833	21,121	36,408	45,758	53,864	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	17,833	21,121	36,408	45,758	53,864	
Taxes	4,536	5,259	8,738	10,982	13,197	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	13,297	15,862	27,670	34,776	40,667	
Adjusted Net Profit	13,297	15,862	27,670	34,776	40,667	
Net Margin	15.4%	15.7%	20.1%	22.0%	22.8%	
Diluted Share Cap. (mn)	273.3	273.3	273.3	273.3	273.3	
Diluted EPS (INR)	48.7	58.0	101.2	127.2	148.8	
Diluted EPS Growth	-30.2%	19.3%	74.4%	25.7%	16.9%	
Total Dividend + Tax	4,646	5,740	5,740	5,740	5,740	
Dividend Per Share (INR)	17.0	21.0	21.0	21.0	21.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Profit before Tax	17,833	21,121	36,408	45,758	53,864	
Depn. & Amort.	4,460	4,455	4,996	5,605	6,214	
Net Interest Exp. / Inc. (-)	92	103	106	106	106	
Inc (-) / Dec in WCap.	-2,873	737	913	-872	-1,316	
Others	0	0	0	0	0	
Taxes Paid	-4,536	-5,259	-8,738	-10,982	-13,197	
Operating Cash Flow	14,976	21,157	33,685	39,615	45,671	
Capex	-4,986	-6,168	-5,554	-6,054	-6,599	
Free Cash Flow	9,990	14,989	28,131	33,561	39,072	
Inc (-) / Dec in Investments	18,819	-39,553	-14,407	-18,008	-22,510	
Others	-92	-103	-106	-106	-106	
Investing Cash Flow	13,741	-45,824	-20,067	-24,168	-29,215	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-4,646	-5,740	-5,740	-5,740	-5,740	
Inc / Dec (-) in Loans	-405	-72	0	0	0	
Others	5,059	-525	-1,503	-1,503	-1,503	
Financing Cash Flow	9	-6,337	-7,243	-7,243	-7,243	
Inc / Dec (-) in Cash	28,726	-31,004	6,375	8,204	9,213	
Opening Cash Balance	29,264	57,989	26,986	33,360	41,564	
Closing Cash Balance	57,990	26,985	33,360	41,564	50,777	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Shareholders' Fund	97,050	1,07,946	1,29,872	1,58,905	1,93,829	
Share Capital	273	273	273	273	273	
Reserves & Surplus	96,777	1,07,672	1,29,599	1,58,632	1,93,556	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	602	530	530	530	530	
Def. Tax Liab. / Assets (-)	2,211	2,229	2,229	2,229	2,229	
Total - Equity & Liab.	99,863	1,10,704	1,32,630	1,61,663	1,96,587	
Net Fixed Assets	27,335	29,048	29,606	30,055	30,440	
Gross Fixed Assets	38,371	44,561	50,603	56,157	62,211	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	16,099	20,555	25,551	31,156	37,370	
Capital WIP	5,063	5,042	4,554	5,054	5,599	
Investments	20,675	60,229	74,635	92,644	1,15,154	
Current Assets	78,238	53,569	66,314	80,793	96,572	
Inventories	7,691	8,984	11,291	13,010	14,643	
Sundry Debtors	2,562	4,929	5,646	6,505	7,321	
Cash & Bank Balances	57,989	26,986	33,360	41,564	50,777	
Loans & Advances	6,741	7,425	8,910	10,692	12,830	
Other Current Assets	3,256	5,246	7,107	9,023	11,000	
Current Liab. & Prov.	26,386	32,142	37,925	41,829	45,579	
Current Liabilities	15,174	17,645	22,698	25,839	28,793	
Provisions & Others	11,212	14,497	15,228	15,990	16,785	
Net Current Assets	51,852	21,427	28,389	38,964	50,993	
Total - Assets	99,863	1,10,704	1,32,630	1,61,663	1,96,587	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
Net Margin	15.4%	15.7%	20.1%	22.0%	22.8%	
Asset Turnover (x)	0.9	1.0	1.1	1.1	1.0	
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0	
RoE	14.8%	15.5%	23.3%	24.1%	23.1%	

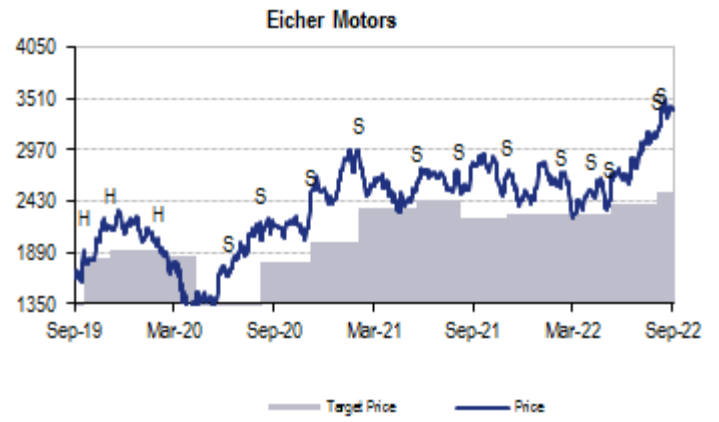
Key Ratios						
Y/E March	FY21A	FY22A	FY23E	FY24E	FY25E	
BV/Share (INR)	355.1	394.9	475.1	581.3	709.1	
ROIC	58.8%	62.3%	100.3%	111.0%	114.2%	
ROE	14.8%	15.5%	23.3%	24.1%	23.1%	
Net Debt/Equity (x)	-0.8	-0.8	-0.8	-0.8	-0.8	
P/E (x)	69.6	58.3	33.4	26.6	22.7	
P/B (x)	9.5	8.6	7.1	5.8	4.8	
EV/EBITDA (x)	47.0	39.4	24.0	19.5	16.1	
EV/Sales (x)	9.7	8.2	5.9	5.0	4.2	
Debtor days	11	18	15	15	15	
Inventory days	33	32	30	30	30	
Creditor days	81	80	80	80	80	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
23-Sep-19	Hold	1,825	
10-Nov-19	Hold	1,905	4.4
7-Feb-20	Hold	1,850	-2.9
13-Apr-20	Hold	1,270	-31.4
15-Jun-20	Sell	1,265	-0.4
13-Aug-20	Sell	1,790	41.5
12-Nov-20	Sell	2,000	11.8
10-Feb-21	Sell	2,350	17.5
27-May-21	Sell	2,450	4.3
12-Aug-21	Sell	2,250	-8.2
7-Nov-21	Sell	2,300	2.2
14-Feb-22	Sell	2,300	0.0
12-Apr-22	Sell	2,300	0.0
15-May-22	Sell	2,400	4.3
10-Aug-22	Sell	2,520	5.0
15-Aug-22	Sell	2,520	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst – INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +9122 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sunny Shah | Tel: +91 22 6630 3383 | Email: sunny.shah@jmfl.com

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for large-cap stocks* and REITs and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* Large-cap stocks refer to securities with market capitalisation in excess of INR200bn. REIT refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE), National Stock Exchange of India Ltd. (NSE) and Metropolitan Stock Exchange of India Ltd. (MSEI). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and members of their household are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Persons who receive this report from JM Financial Singapore Pte Ltd may contact Mr. Ruchir Jhunjhunwala (ruchir.jhunjhunwala@jmf.com) on +65 6422 1888 in respect of any matters arising from, or in connection with, this report.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

JM Financial Institutional Securities only accepts orders from major U.S. institutional investors. Pursuant to its agreement with JM Financial Institutional Securities, JM Financial Securities effects the transactions for major U.S. institutional investors. Major U.S. institutional investors may place orders with JM Financial Institutional Securities directly, or through JM Financial Securities, in the securities discussed in this research report.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.