ANANDRATHI

Indian Equities

Auto

Company Update

Change in Estimates ☑ Target ☐ Reco ☐

11 May 2025

Escorts Kubota

Robust medium/long-terms prospects; retaining a Buy

Rating: **Buy**
Target Price (12-mth): Rs.3,900
Share Price: Rs.3,130

Broadly in line with our estimated Rs2.88bn, Escorts' Q4 EBITDA grew 1% y/y to Rs2.93bn. We are enthused about the company as we believe FY26-27 would see a ramp-up in its Vision 2028 execution and an upcycle in tractors. Its merger with Kubota, strong tractor cycle, new products and platforms and recovery in exports will be positives. Key Vision 2028 strategies: new platforms for domestic/exports, component/R&D services exports, operating captive finance and ramping up plans for other segments. We expect (incl. JV, Railways' divestment) 13%/21%/18% revenue/EBITDA/PAT CAGRs over FY25-27. The stock trades at 29x/23x FY26e/27e core P/E. We maintain a Buy, with an unchanged Rs3,900 TP, 30x FY27e core EPS and Rs572/sh cash.

In-line EBITDA. Revenue (excl. discontinued operations) grew 6% y/y to Rs24.3bn, broadly in line with our estimated Rs24.4bn. EBITDA grew 1% y/y to Rs2.93bn, broadly in line with our estimated Rs2.88bn. Other income grew 24% y/y to Rs1.32bn. Exceptional items of Rs271m were reported due to recognition of impairment loss of Rs187m in Farmtrac Tractors Europe (subsidiary) and Rs84m in Adico Escorts (JV). Overall, PAT (excl. discontinued increased 12% to Rs2.78bn, above our estimated Rs2.57bn due to higher-than-expected other income.

Segment-wise. Agri revenue grew 11% y/y to Rs19.8bn. Volumes rose 8% y/y and realizations, 3% y/y. The EBIT margin contracted a tad 10bps y/y to 11.4%. Construction equipment revenue fell 10% y/y to Rs4.5bn; volumes fell 12%, while realizations rose 2%. The EBIT margin contracted 190bps y/y to 9.1%.

Valuation. Our FY26e/27e EPS remain broadly unchanged. We retain a Buy at an unchanged TP of Rs3,900, 30x FY27e core EPS and Rs572/share cash. **Key downside risks:** Slower-than-expected execution of new opportunities, lower industry volume growth and adverse commodity prices.

Key financials (YE Mar) - P	FY23	FY24	FY25	FY26e	FY27e
Sales (Rs m)	83,450	97,307	101,870	114,399	131,163
Net profit (Rs m)	7,041	6,480	11,371	12,756	15,789
EPS (Rs)	53.4	57.9	101.6	114.0	141.1
P/E (x)	58.6	54.0	30.8	27.5	22.2
EV / EBITDA (x)	45.8	35.0	24.0	19.0	15.3
P/BV (x)	4.9	3.7	3.4	2.7	2.5
RoE (%)	8.6	7.3	11.5	11.0	11.8
RoCE (%)	8.3	8.2	10.3	10.7	11.5
Dividend yield (%)	0.2	0.6	0.9	1.1	1.6
Net debt / equity (x)	-0.7	-0.6	-0.7	-0.7	-0.6

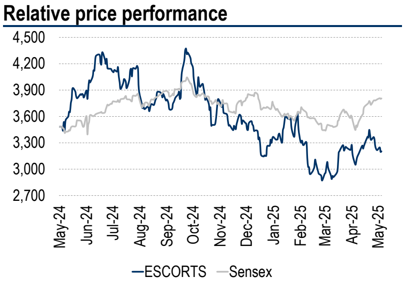
Source: Company, Anand Rathi Research

Key data	ESCORTS IN / ESCO.BO
52-week high / low	Rs.4422 / 2829
Sensex / Nifty	80242 / 24334
Market cap	Rs.358bn
Shares outstanding	111m

Shareholding pattern (%)	Mar'25	Dec'24	Sep'24
Promoters	68.0	68.0	68.0
- of which, Pledged	-	-	-
Free float	32.0	32.0	32.0
- Foreign institutions	5.2	5.2	6.3
- Domestic institutions	11.3	11.3	10.2
- Public	15.4	15.4	15.4

Estimates revision (%)	FY26e	FY27e
Sales	-1.3	-0.5
EBITDA	-2.6	-3.0
EPS	1.3	0.9

Relative price performance



Source: Bloomberg

Mumuksh Mandlesha
Research Analyst

Shagun Beria
Research Associate

Dishant Jain
Research Associate

Quick Glance – Financials and Valuations (Standalone)

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Net revenues	83,450	97,307	101,870	114,399	131,163
Growth (%)	16	17	5	12	15
Raw material	60,669.4	69,119.0	72,162.4	80,688.6	91,946.2
Employee & other expenses	14,976	19,858	17,929	19,848	22,101
EBITDA	**7,804**	**8,330**	**11,778**	**13,862**	**17,116**
EBITDA margins (%)	*9.4*	*8.6*	*11.6*	*12.1*	*13.0*
- Depreciation	1,484	2,236	2,426	2,610	2,865
Other income	2,806	3,915	4,584	5,409	6,274
Interest expenses	103	388	270	203	152
PBT	9,995	9,621	13,937	459	20,373
Effective tax rates (%)	22	33	17	23	23
+ Associates / (Minorities)					
Adj. income	**7,041**	**6,480**	**11,371**	**12,756**	**15,789**
Extraordinary items	972	-	271	-16,000	-
Net income	6,070	6,480	11,100	28,756	15,789
WANS	132	112	112	112	112
FDEPS (Rs)	53	58	102	114	141

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Share capital	1,319	1,119	1,119	1,119	1,119
Net worth	84,348	94,165	103,802	128,731	138,994
Debt (including Pref)	-	3,634	-	-	-
Minority interest	-	-	-	-	-
DTL / (Assets)	651	987	580	563	543
Capital employed	**84,999**	**98,785**	**104,382**	**129,294**	**139,537**
Net tangible assets	18,085	21,625	20,421	27,436	36,270
Investments (strategic)	33,154	29,824	33,486	33,486	33,486
Investments (financial)	17,949	20,902	22,924	42,924	47,924
Current assets (excl. cash)	28,071	38,223	40,401	41,325	46,657
Cash	4,685	11,915	11,140	10,051	6,101
Current liabilities	18,082	25,316	25,515	26,827	32,101
Working capital	9,989	12,906	14,886	14,498	14,556
Capital deployed	**84,999**	**98,785**	**104,382**	**129,294**	**139,537**

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
PBT	8,051	14,409	15,282	32,459	20,373
+ Non-cash items	-55	467	653	2,812	3,018
Operating profit before WC chg	7,996	14,875	15,935	35,271	23,391
- Incr. / (decr.) in WC	3,922	3,382	-1,499	305	1,758
Others including taxes	1,710	3,539	5,363	3,720	4,604
Operating cash-flow	**2,364**	**7,954**	**12,071**	**31,246**	**17,029**
- Capex (tangible + intangible)	2,141	2,677	2,374	9,000	12,000
Free cash-flow	**222**	**5,277**	**9,697**	**22,246**	**5,029**
- Dividend	757	758	3,055	3,133	3,827
+ Equity raised	206	135	247	-	-
+ Debt raised	-70	1,196	-3,938	-	-
- Financial investments	-1,465	7,554	1,659	20,000	5,000
- Misc. items (CFI + CFF)	(1,034)	(8,936)	2,067	203	152
Net cash-flow	2,100	7,230	-775	-1,089	-3,950

Source: Company, Anand Rathi Research; FY24 onward incl. both JV financials. Factored divestment of Railways division from FY26; FY26 exceptional gain is Railways division sale

Fig 4 – Ratio analysis

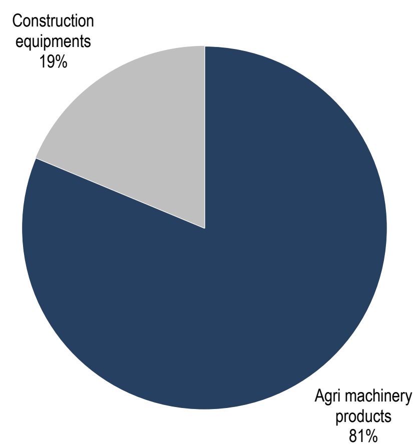
Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	58.6	54.0	30.8	27.5	22.2
EV / EBITDA (x)	45.8	35.0	24.0	19.0	15.3
EV / Sales (x)	4.3	3.0	2.8	2.3	2.0
P/B (x)	4.9	3.7	3.4	2.7	2.5
RoE (%)	8.6	7.3	11.5	11.0	11.8
RoCE (%) - after tax	8.3	8.2	10.3	10.7	11.5
RoIC (%) - after tax	18.5	14.4	21.8	24.0	25.4
DPS (Rs)	7.0	18.0	28.0	34.2	49.4
Dividend yield (%)	0.2	0.6	0.9	1.1	1.6
Dividend payout (%)	13.1	31.1	27.5	30.0	35.0
Net debt / equity (x)	-0.7	-0.6	-0.7	-0.7	-0.6
Receivables (days)	53	55	49	49	49
Inventory (days)	51	62	48	48	48
Payables (days)	54	61	58	52	52
CFO : PAT %	34	123	106	245	108

Source: Company, Anand Rathi Research

Fig 5 – Price movement

Source: Bloomberg

Fig 6 – Revenue, by segment (FY25)



Result highlights

Fig 7 – Quarterly performance

(Rs m)	Q2FY25	Q3FY25	Q4FY25	Y/Y (%)	Q/Q (%)	FY25	FY24	Y/Y (%)
Revenue	**22,649**	**29,354**	**24,303**	**6.1**	**(17.2)**	**101,870**	**102,628**	**(0.7)**
Expenditure	**20,321**	**26,002**	**21,374**	**6.9**	**(17.8)**	**90,091**	**90,207**	**(0.1)**
as % of sales	89.7	88.6	87.9			88.4	87.9	
RM cost	15,766	21,444	16,860	6.9	(21.4)	72,162	72,627	(0.6)
as % of sales	69.6	73.1	69.4			70.8	70.8	
Employee cost	1,861	1,983	1,985	14.7	0.1	7,559	7,160	5.6
as % of sales	8.2	6.8	8.2			7.4	7.0	
Other expenditure	2,694	2,575	2,529	1.6	(1.8)	10,370	10,420	(0.5)
as % of sales	11.9	8.8	10.4			10.2	10.2	
EBITDA	**2,328**	**3,353**	**2,929**	**0.7**	**(12.6)**	**11,778**	**12,421**	**(5.2)**
EBITDA margin (%)	**10.3**	**11.4**	**12.1**			**11.6**	**12.1**	
Depreciation	610	612	615	3.9	0.3	2,426	2,280	6.4
EBIT	**1,718**	**2,740**	**2,314**	**(0.2)**	**(15.5)**	**9,352**	**10,141**	**(7.8)**
Other income	1,152	1,092	1,316	24.2	20.6	4,584	3,924	16.8
Interest	92	31	47	(57.8)	54.1	270	389	(30.4)
PBT	**2,779**	**3,802**	**3,584**	**9.7**	**(5.7)**	**13,666**	**13,676**	**(0.1)**
Total tax	(248)	897	806	3.0	(10.2)	2,295	3,407	(32.6)
Adjusted PAT	3,027	2,905	2,778	11.8	(4.4)	11,371	10,270	10.7
Extraordinary items Loss/(Gain)	322	438	627	76.0	42.9	1,386	732	89.3
Reported PAT	81	111	159	75.7	42.7	351	186	88.9
Adjusted EPS (Rs)	**3,267**	**3,232**	**3,246**	**18.0**	**0.4**	**12,407**	**10,816**	**14.7**
Margins (%)				**(bps)**	**(bps)**			**(bps)**
Gross	30.4	26.9	30.6	(51)	368	29.2	29.2	(7)
EBIDTA	10.3	11.4	12.1	(66)	63	11.6	12.1	(54)
EBIT	7.6	9.3	9.5	(60)	19	9.2	9.9	(70)
PAT	12.3	13.0	14.7	48	179	13.4	13.3	9
Effective Tax rate	13.4	9.9	11.4	58	154	11.2	10.0	116

Source: Company Includes JV financials

Earnings Call Takeaways

Tractors

- In FY26, the **domestic tractor** industry is expected to grow by mid to high single digit, led by good yield for rabi harvest, higher crop realizations, sufficient water in reservoirs and prediction for an above normal monsoon. The target for the company is to grow in line with the market, though limited by the adverse regional mix (south/east expected to see better growth). The upcoming emission norms to be delayed. Dealer inventory at 4-5 weeks.
- **Market share.** The company lost share in the east due to certain dealer issues. It gained share in strong markets. New products and dealer expansions would support market share. Dealers are 1,600 vs. 1,540 in Dec'24.
- **Products.** The initial response is positive for Promaxx, but key would be the response in the peak season. Launch of Powertrac series planned for Q3 FY26 for southern/paddy markets. Launch of Kubota series for the middle segment (40-45HP) is planned for Q2 FY26. Second phase of Promaxx is expected in Q4 FY26. Powertrac/Farmtrac/Kubota expansion focus is on the south/east & west/north & central markets.
- **Exports.** Growth of 20-25% targeted in FY26. Launch expected in new markets like Mexico (Q1 FY26) and southeast Asia (Myanmar, Cambodia, Thailand). Exports started in Africa (South Africa, Tanzania, Kenya). US market opportunity will open with the greenfield plant.
- **Spares** sales expected at Rs2bn in FY26, from Rs1bn in FY25. It is slow start, but suppliers and Japanese teams are continuously working on it. Growth to be exponential over 3-4 years. The opportunity size is ~$500m for global Kubota sourcing. Margins would be low for traded products sourced from suppliers, but the plan is to have a good mix of manufactured and traded.
- **Margins.** Q4 EBIT margins improved sequentially due to the low base (~200bps due to inventory adjustments) and lower input cost despite the adverse scale. The company expects further improvement of 50-100bps in FY26. New products initially have lower margins.
- Kubota's product margins were a drag in FY25 due to higher forex impact on imports. Escorts' engines are not being allowed for Kubota's products, but the company is working on a hybrid structure (where it is selling products using the Escorts platform under Kubota brand); however, the challenge has been confusion around which emission norms to opt for the product.
- **Greenfield plant.** Acquisition of land in UP is expected to be completed by Q2/Q3 FY26. Production to start by FY28/29.
- Mid-term plan to be ready by mid-FY26 and approval by the Board is expected by Q4 FY26.
- **Captive finance.** Investment till now is Rs600m and the initial phase investment is Rs2bn, which will go to Rs7bn. Book size is expected at Rs1bn by end-FY26. Systems are being readied and opened in few districts in UP, MP and Bihar. Captive finance penetration of 30-35% is expected in 2-3 years.

Construction equipment

- **Demand.** The company expects uptick in demand from H2 FY26, after liquidation of old emission inventory.
- **Products.** It launched backhoe loader for mass segment (domestic/exports; modular) and a more premium range is expected with Kubota engines; new crane models for non-industrial segments.
- **Prices** hiked by 10% for BS3 to BS5 and 7% for BS4 to BS5; cost increases have been covered. The full impact would be seen once old emission norms stock is cleared.
- **Margins** are expected at 9-11%.

Overall capex for FY26 is Rs3.5bn-Rs4bn, excluding investments towards greenfield plant land. Land acquisition would be an additional Rs5bn.

Valuations

We are upbeat regarding the company as we believe FY26/27 would bring a ramp-up in its Vision 2028 execution and an upcycle in tractors. The company's merger with Kubota, the strong tractor cycle, new products and platforms and exports recovery would be positives.

FY26/27, a year of execution with merger of JVs. 1) Launches of products developed for domestic/exports. 2) Exports of components and R&D services (inaugurated a large warehouse of 58,000sq.ft.). 3) Operating captive finance to support the domestic market share, with an earmarked capital of Rs7bn. 4) Ramping up plans for other key segments— construction equipment, implements, engines and spare parts—where the company has huge aspirations.

Turnaround in the tractor industry began with 7% growth in FY25. Mid-high single digit growth is expected in FY26, led by good yield for rabi harvest, higher crop realizations, sufficient water in reservoirs and an above normal monsoon prediction.

New opportunities to add >5% growth. Further, opportunities such as domestic market-share gains, exports, components, R&D, implements and engines would drive >5% growth over the normal 8-10%. We expect (incl. JV, Railways' divestment) 13%/21%/18% revenue/EBITDA/PAT CAGRs over FY25-27.

Success export story of Sonalika Yanmar. Yanmar became a large shareholder (~30%) in Sonalika in 2016. Yanmar is a Japanese company with a diverse portfolio, including agricultural machinery (tractors, farm equipment), engines and construction equipment. It is a large global player (revenue: ~$7bn) in compact tractors. Yanmar's key markets are Japan, the US and China.

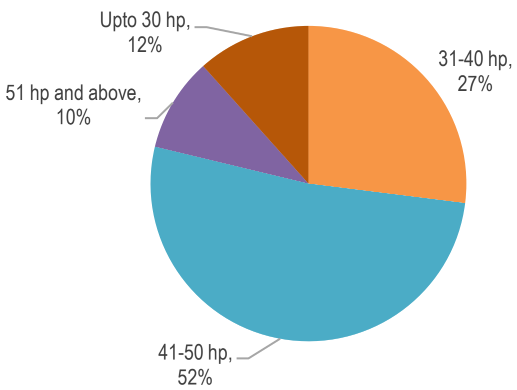
Post Yanmar's stake acquisition, **Sonalika's exports of tractor volumes grew at 17% CAGR to 33,606 units (largest exporter from India)** over FY16-24, led by new product expansion in partnership with Yanmar and by leveraging the global (Yanmar) network. **Around 1/3rd of export volumes are to Yanmar's global network.** India being the largest tractor market provides a strong case for global opportunities due to high scale and the low-cost supply chain. Kubota is the largest compact tractor player globally (revenue: $20bn) and >2x the size of Yanmar, which provides a huge play for Escorts Kubota in tractor exports through Kubota's global network.

Fig 8 - Yanmar played a key role in global expansion of Sonalika's volumes

Sonalika	FY16	FY24	CAGR (%)
Domestic tractors MS (%)	11.9	13.2	
Export tractors volumes (units)	9,482	33,606	17
Exports revenues (Rs bn)	6.5	29.5	21
-- Supplied to global Yanmar (Rs bn)		11.1	

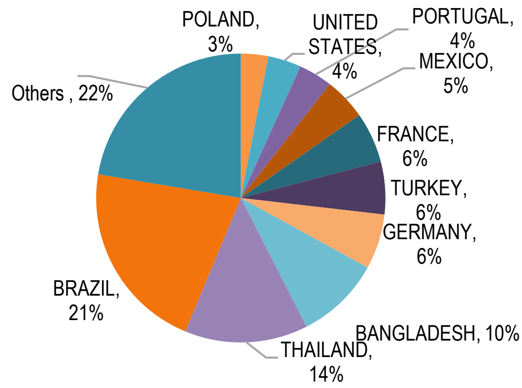
Source:

Fig 9 - Sonalika's tractor export HP mix (%)



Source:

Fig 10 - Major Sonalika export markets (FY25) – Top 10



Source:

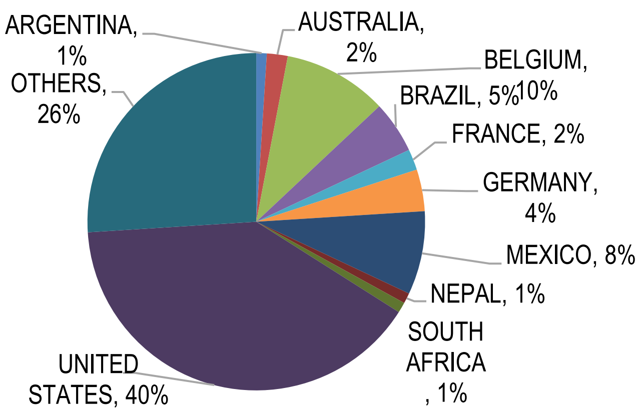
John Deere India exports notable spares/services to the Group. John Deere currently exports Rs9bn of spares/components and a notable Rs26bn of services (IT/R&D) to global group companies. We expect Escorts Kubota to also use its India base for export of spares and services. John Deere and New Holland are also seeing strong export volumes, leveraging their global networks.

Fig 11 - John Deere's substantial exports of spares/services

John Deere	FY14	FY23	CAGR (%)
Export tractors volumes (units)	13,425	20,109	5
Exports revenues (Rs bn)	28.6	75.0	11
Exports spares (Rs bn)		**9.0**	
Export services (Rs bn)	**7.1**	**26.3**	**16**
New Holland	**CY16**	**CY22**	
Export tractors volumes (units)	9,563	16,622	10
Exports revenues (Rs bn)	11.1	20.3	11

Source:

Fig 12 - Major John Deere export markets (FY25) – Top 10



Source:

Kubota's global dominance in compact tractors

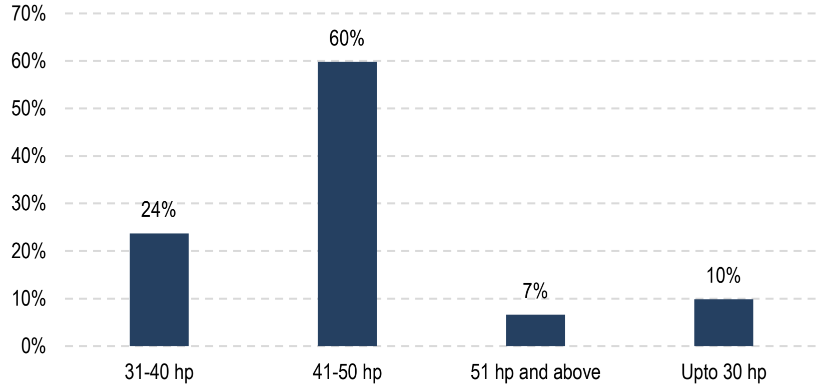
Strength in compact tractors. Kubota enjoys a strong market share in compact tractors of <50HP globally. India's tractor market is mainly concentrated in <50HP (~90% of the market). We expect Kubota's strong product portfolio in compact tractors to aid market share for Escorts Kubota in India as well. A similar case was seen with Sonalika gaining share in the domestic market.

Fig 13 - Kubota's dominance in compact tractor segment globally

Country	Major tractor segment	Kubota market share (%)
USA	<45 HP	40%
Thailand	20-40HP	70%
Japan	36-45 HP	No. 1

Source:

Fig 14 – India's tractor market concentrated in <50HP



Source:

Kubota's success story in North America with its compact diesel tractors

As Kubota had been approached by the American company, Ford, for the OEM supply of small tractors in 1967, it had decided to enter the North American market with its own brand. Demand there was overwhelming for petrol engines, but Kubota completed a multi-cylinder, lightweight and compact engine that overcame the problems with diesel engines, so it decided to limit exports of these diesel products.

The company created a new market for compact tractors using diesel engines. Up until then, gasoline-powered equipment had been mainstream but this new development enabled Kubota to acquire a large share of the gardening equipment market.

Fig 15 – Ultra-compact 4-wheel drive tractor Bulltra B6000 (right) and its vertical 2-cylinder diesel engine (left)

Source:

Valuation. We recommend a Buy with a TP of Rs3,900, 30x FY27e core EPS and Rs572/sh cash (0.8x book). The stock trades at 29x/23x FY26e/27e core P/E.w

Fig 15 - Key assumptions

(Rs m)	FY24	FY25	FY26e	FY27e	CAGR % FY25-27e
Agri machinery products (incl. implements)	78,974	84,472	93,044	105,466	12
Y/Y change, %		7	10	13	
Construction equipment	18,182	17,301	19,059	21,201	11
Y/Y change, %		(5)	10	11	
Railway equipment	9,504				
Y/Y change, %					
Component exports		1,000	2,000	4,000	
Y/Y change, %			100	100	
R&D service exports			200	400	
Y/Y change, %				100	
Unallocated	152	96	96	96	
Revenue	**106,811**	**101,870**	**114,399**	**131,163**	**7**
Y/Y change, %		(5)	12	15	

Note: Include JV financials. Component exports FY26 part of Agri revenues. Source: Anand Rathi Research

Fig 17 – Change in estimates

	Old		Revised		Change (%)	
(Rs m)	FY26e	FY27e	FY26e	FY27e	FY26	FY27
Revenue	115,854	131,770	114,399	131,163	-1.3%	-0.5%
EBITDA	14,230	17,653	13,862	17,116	-2.6%	-3.0%
% of revenue	12.3	13.4	12.1	13.0		
Adj. PAT	12,587	15,642	12,756	15,789	1.3%	0.9%
EPS (Rs)	112.5	139.8	114.0	141.1	1.3%	0.9%

Source: Anand Rathi Research

Downside risks

- Slower-than-expected execution of new opportunities.
- Lower industry volume growth.
- Adverse commodity prices.

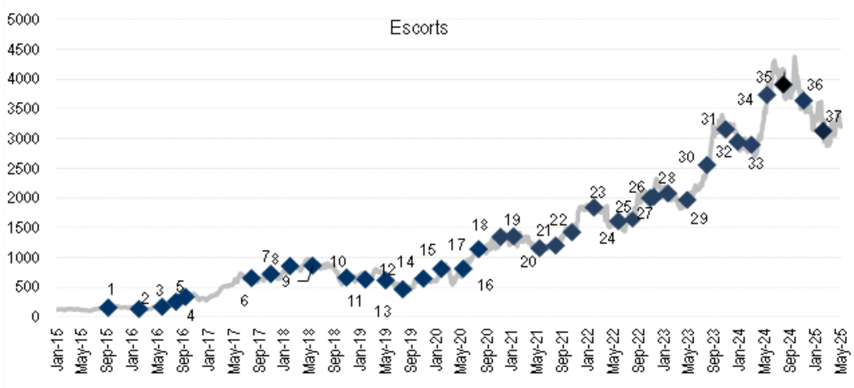
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 11 May 2025)



	Date	Rating	TP (Rs)	Share Price (Rs)
24	13-May-22	**Sell**	1,321	1,554
25	02-Aug-22	**Sell**	1,328	1,723
26	05-Nov-22	**Sell**	1,277	1,991
27	20-Nov-22	**Buy**	2,356	2,032
28	08-Feb-23	**Buy**	2,360	1,983
29	11-May-23	**Hold**	2,200	2,038
30	01-Aug-23	**Hold**	2,600	2,564
31	10-Nov-23	**Hold**	3,100	3,167
32	06-Jan-24	**Buy**	3,550	2,805
33	09-Feb-24	**Buy**	2,933	3,525
34	10-May-24	**Hold**	3,700	3,445
35	02-Aug-24	**Hold**	4,350	4,150
36	09-Nov-24	**Buy**	4,300	3,635
37	11-Feb-25	**Buy**	3,900	3,303

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL),Multi Commodity Exchange of India Limited (MCX),National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, 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 or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. As of the publication of this report, ARSSBL does not make a market in the subject securities.

6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

Compliance officer: Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000
Grievance officer: Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.