

# Escorts Kubota

## Estimate changes

### TP change

### Rating change



Bloomberg	ESCORTS IN
Equity Shares (m)	112
M.Cap.(INRb)/(USD\$)	427.8 / 4.7
52-Week Range (INR)	4180 / 2776
1, 6, 12 Rel. Per (%)	-1/8/5
12M Avg Val (INR M)	556

## Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	116.3	127.2	138.6
EBITDA	15.3	16.2	17.6
EBITDA Margin (%)	11.0	10.6	10.5
Adj. PAT	14.0	15.3	17.3
EPS (INR)	114.1	125.2	140.9
EPS Gr. (%)	13.5	9.7	12.5
BV/Sh. (INR)	912	1,002	1,105

### Ratios

RoE (%)	13.0	13.1	13.4
RoCE (%)	17.4	17.4	17.8
Payout (%)	43.3	28.0	27.0

### Valuations

P/E (x)	33.4	30.5	27.1
P/BV (x)	4.2	3.8	3.5
EV/EBITDA (x)	23.5	22.2	20.3
Div. Yield (%)	1.3	0.9	1.0
FCF yield (%)	2.3	2.5	3.1

## Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	68.0	68.0	68.0
DII	12.2	11.8	10.2
FII	6.9	6.9	7.6
Others	12.9	13.2	14.2

FII includes depository receipts

**CMP: INR3,824**

**TP: INR3,836 (+1%)**

**Neutral**

## Market share loss remains the key concern

### Exports momentum likely to sustain

- Escorts' 3QFY26 PAT at INR4b came in line with our estimates. Tractor segment margin improved 320bp YoY over a low base to 13.6% (in line), whereas the construction equipment segment's margin contracted 400bp YoY to 6.0% (in line).
- Synergies between Escorts and Kubota are significant, though they will likely materialize over the medium to long term. The stock is trading at ~30.5x/27.1x FY27E/28E EPS, which is at a significant premium to its 10-year average of ~20x, mainly due to the Kubota parentage. Given that most of the positives seem to have already been factored into valuations, we reiterate our Neutral rating on the stock with a TP of INR3,836, based on ~28x Dec'27E EPS.

### Earnings in line with estimates

- Escorts' 3Q standalone revenue came in line at INR32.6b (est. ~INR32b), growing 11.1% YoY (+17.4% QoQ). This was led by a 13.5% YoY increase in tractor volumes.
- EBITDA margin improved 210bp YoY to 13.5% (+40bp QoQ), in line with our estimate of 13.6%.
- While the tractor segment margin improved 320bp YoY over a low base to 13.6% (in-line), the construction equipment segment's margin remained under pressure. It was down 400bp YoY to 6.0% (in line).
- Led by strong revenue growth and healthy margin improvement, EBITDA grew 31% YoY to INR4.4b (in line).
- Other income at INR1.5b was higher than our estimate.
- The company recorded a one-time exceptional expense of INR525m due to changes in the labor codes.
- Adjusted for this expense, PAT came in line with our estimate at INR4b, up 38.4% YoY over a low base.
- In 9MFY26, revenue/EBITDA/PAT rose 9.9%/27.3%/20.8% YoY to INR85.2b/INR11.3b/INR10.4b.

### Highlights from the management commentary

- Management expects robust tractor demand to continue in 4QFY26 and 1QFY27, though it is cautious about FY27 outlook given the significantly high base of 2HFY26 and uncertainty around monsoon trends for FY27.
- Backed by new model launches, management expects to recoup lost market share from FY27 onward.
- Export volumes grew 54% YoY in 9MFY26. Despite the high base, management is confident in posting double-digit growth in exports in FY27.

- Management highlighted localization as a strategic priority to strengthen the Kubota brand's competitiveness and profitability in India. It plans to introduce an India-specific platform to reduce dependence on imported components, materially improve the cost structure, and enable more competitive pricing.
- The board declared a one-time special dividend of INR18 per share following the railway business divestment.

### Valuation and view

- The outlook for the tractor industry has further improved after GST rate cuts, and we now expect the industry to post a healthy 20% volume growth in FY26E. However, market share loss for Escorts over the last several quarters remains a key concern.
- While synergies between Escorts and Kubota are significant, they will likely materialize over the medium to long term. The stock is trading at ~30.5x/27.1x FY27E/28E EPS, which is at a significant premium to its 10-year average of ~20x, mainly due to the Kubota parentage. Given that most of the positives seem to have already been factored into valuations, we reiterate our Neutral rating on the stock with a TP of INR3,836, based on ~28x Dec'27E EPS.

### Standalone Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
<b>Net Sales</b>	<b>25,563</b>	<b>22,649</b>	<b>29,354</b>	<b>24,303</b>	<b>24,834</b>	<b>27,774</b>	<b>32,614</b>	<b>31,055</b>	<b>101,870</b>	<b>116,276</b>	<b>11,984</b>	<b>2.0</b>
YoY Change (%)	9.8	-8.1	8.5	6.1	-2.9	22.6	11.1	27.8	4.1	18.8	9.0	
Total Expenditure	22,394	20,321	26,001	21,374	21,584	24,142	28,226	27,034	90,091	100,986	27,634	2.1
<b>EBITDA</b>	<b>3,169</b>	<b>2,328</b>	<b>3,353</b>	<b>2,929</b>	<b>3,250</b>	<b>3,632</b>	<b>4,387</b>	<b>4,021</b>	<b>11,778</b>	<b>15,290</b>	<b>4,350</b>	<b>0.9</b>
Margins (%)	12.4	10.3	11.4	12.1	13.1	13.1	13.5	12.9	11.6	13.2	13.6	
YoY Change (%)	-3.1	-12.7	3.5	0.7	2.6	56.0	30.9	37.3	-2.5	29.8	29.7	
Depreciation	590	610	612	615	591	615	637	651	2,426	2,494	630	
Interest	101	92	31	47	36	42	60	61	270	200	40	
Other Income	1,024	1,152	1,092	1,316	1,556	1,336	1,537	1,521	4,584	5,950	1,480	3.9
<b>PBT</b>	<b>3,502</b>	<b>2,778</b>	<b>3,802</b>	<b>3,313</b>	<b>4,939</b>	<b>4,311</b>	<b>4,702</b>	<b>4,830</b>	<b>13,395</b>	<b>18,311</b>	<b>5,160</b>	<b>-8.9</b>
Rate (%)	24.0	-8.9	23.6	24.3	24.5	25.5	22.9	25.1	17.1	25.1	25.0	
<b>Adj. PAT</b>	<b>2,662</b>	<b>3,027</b>	<b>2,905</b>	<b>2,710</b>	<b>3,153</b>	<b>3,212</b>	<b>4,019</b>	<b>3,619</b>	<b>11,465</b>	<b>14,346</b>	<b>3,870</b>	<b>3.9</b>
YoY Change (%)	-5.9	41.9	7.7	9.1	18.5	6.1	38.4	33.6	21.6	52.1	33.2	
Margins (%)	10.4	13.4	9.9	11.1	12.7	11.6	12.3	11.7	11.3	12.3	12.1	

E: MOFSL Estimates

### Key Performance Indicators

	FY25				FY26E				FY25	FY26E	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Volumes ('000 units)	30,370	25,995	32,556	24,801	30,581	33,877	36,955	32,803	115,554	134,216	36,955
Change (%)	14.3	-0.9	16.7	6.0	0.7	30.3	13.5	32.3	1.0	17.3	13.5
Net Realn (INR '000/unit)	715.1	724.8	742.3	796.3	713.3	718.2	749.4	790.3	735.9	743.3	727.4
Change (%)	14.0	6.3	-6.2	4.9	-0.2	-0.9	1.0	-0.7	5.7	6.7	-2.0
<b>Cost Break-up</b>											
RM Cost (% of sales)	70.8	69.6	73.1	69.4	69.1	69.3	71.0	69.9	70.8	69.9	69.0
Staff Cost (% of sales)	6.8	8.2	6.8	8.2	7.4	7.3	6.4	7.1	7.4	7.0	7.2
Other Cost (% of sales)	10.1	11.9	8.8	10.4	10.4	10.4	9.1	10.1	10.2	10.0	10.2
Gross Margins (%)	29.2	30.4	26.9	30.6	30.9	30.7	29.0	30.1	48.4	30.1	31.0
EBITDA Margins (%)	12.4	10.3	11.4	12.1	13.1	13.1	13.5	12.9	11.6	13.2	13.6
EBIT Margins (%)	10.1	7.6	9.3	9.5	10.7	10.9	11.5	10.9	9.2	11.0	11.6
<b>Segmental PBIT Margin (%)</b>											
Agri Machinery	11.7	9.1	10.4	11.4	12.6	12.8	13.6	12.9	10.6	13.0	13.6
Construction Equipment	10.3	9.3	11.0	9.1	5.8	3.8	6.0	6.4	9.9	5.8	6.0



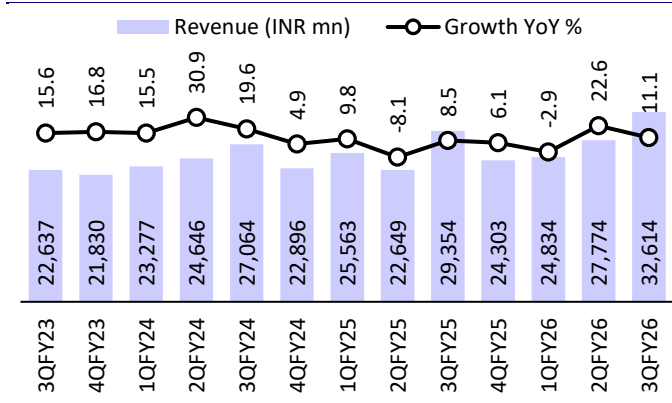
## Highlights from the management commentary

- **Domestic Tractor:** Domestic tractor industry volumes for 3QFY26 were ~329k units, up 23.2% YoY, supported by favorable government policies, GST rate cuts, healthy crop yields, adequate reservoir levels, and state-level subsidy programs, which improved farmer affordability.
- EKL's domestic tractor sales were 35,373 units, up 12% YoY, though performance was moderated by regional disparities, with North and Central markets underperforming relative to other regions that had grown over 34% YoY. Limited availability of certain key models further impacted sales performance.
- Management expects robust tractor demand to continue in 4QFY26 and 1QFY27, though it is cautious about FY27 outlook given the significantly high base of 2HFY26 and uncertainty around monsoon trends for next fiscal. Total volumes are expected to reach a new peak of 1.2m units in FY26.
- EKL's Farmtrac brand maintained a healthy market share in core segments, aided by recent product introductions, stronger financing partnerships and deeper dealer engagement. The Promaxx tractor series continued to gain traction, with order inflows exceeding current supply. Hence, production is being scaled up over the next 6 to 8 months to address this demand. New tractor models and upgrades across brands are planned to address product gaps, with the full market impact expected by the end of FY27.
- Management highlighted a demand shift towards higher HP range of tractors (41-50 HP) as the GST rate reduction improved affordability.
- **Tractor export:** Industry volumes in 3Q were around ~27k units, up 20.1% YoY, while EKL's export volumes rose sharply to 1,582 units (up ~63% YoY). While growth rates may moderate from the recent high base, the company expects to sustain export growth in double digits going forward.
- Exports to the Kubota global network accounted for about 68% of the company's total tractor exports during the quarter.
- Management noted that the EU FTA does not materially benefit tractor exports from India as duties on India tractors are already nil. However, the US trade agreement could make India a more competitive manufacturing base for Kubota for its exports from Japan given the relative regional advantage after this trade deal.
- **Non-tractor revenue and machinery:** Non-tractor revenue (spares, engines, implements) contributed ~21% to agri machinery revenue, up from 17% YoY. The momentum in this business is likely to continue, supported by additional product introductions and new transmission lines for harvesters.
- The company introduced next-generation rice transplanters (K6 and K8 models), offering higher productivity, superior planting precision and enhanced operator comfort.
- **Construction equipment (CE):** CE industry volumes declined ~6% YoY in 3Q due to a high base from pre-buying ahead of emission norm changes last year, extended monsoons and slower infrastructure project mobilization. EKL's CE volumes were 1,716 units vs. 1,989 units last year, though volumes improved sharply on a sequential basis by ~50%.
- The company launched the Kubota U26 mini excavator for compact and urban applications and showcased prototypes including Hydra 15 mining equipment,

BL75 backhoe loader and the Hydra 72 crane with enhanced lifting and safety features.

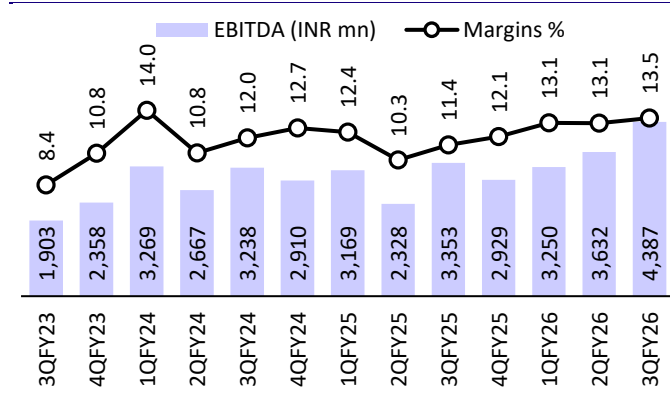
- Management noted a steady reduction in de-growth across quarters and expects gradual recovery supported by higher public capex, improved project awards and better on-ground execution. Over the medium term, cranes and mini excavators are expected to grow faster, while backhoe loaders and compactors are likely to grow at a modest pace.
- **Localization effort:** Management highlighted localization as a strategic priority to strengthen the Kubota brand's competitiveness and profitability in India. The company plans to introduce an India-specific platform to reduce dependence on imported components, materially improve the cost structure, and enable more competitive pricing. This localization drive is expected to significantly expand the addressable market for the Kubota brand from the current ~40-50% to ~70-80% over time, while allowing deeper penetration beyond the southern and western regions into northern and central markets. As volumes scale up and localization levels increase, margins in the JV and Kubota-branded products are expected to progressively converge toward those of the domestic product portfolio.
- **Greenfield plant:** Board approval has currently been taken only for land acquisition, with broader capex outlined in the project report being indicative and dependent on future demand and capacity utilization. The greenfield facility is planned to support both tractor and CE manufacturing, with commercial production tentatively planned around FY29-30.
- The Company proposed to acquire 154 acres of land for capacity addition for tractors (adding 60k units per annum) and construction equipment (adding 15k units per annum). The cost of land for development purpose is estimated at INR 5.9b. The overall cost of this project is estimated to be INR 22.7b.
- Engine manufacturing expansion for the greenfield plant is planned in Phase 2, with current engine capacities sufficient for near-term requirements.
- **Other Highlights:** The board declared a one-time special dividend of INR18 per share following the railway business divestment.

**Exhibit 1: Revenue and revenue growth trends**



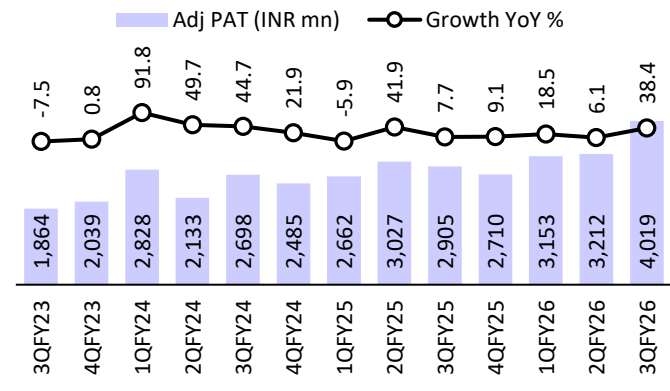
Source: MOFSL, Company

**Exhibit 2: EBITDA and EBITDA margin trends**



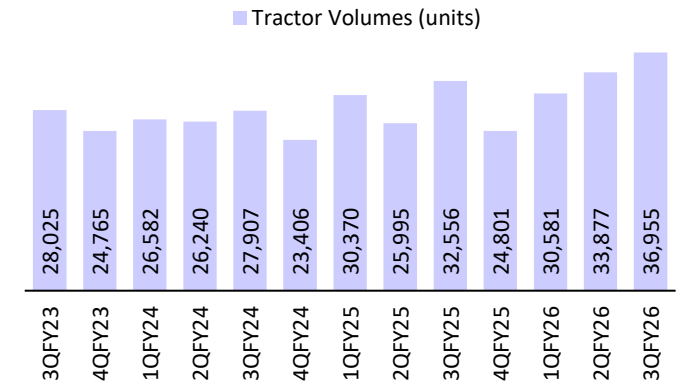
Source: MOFSL, Company

**Exhibit 3: Adjusted PAT and growth trends**



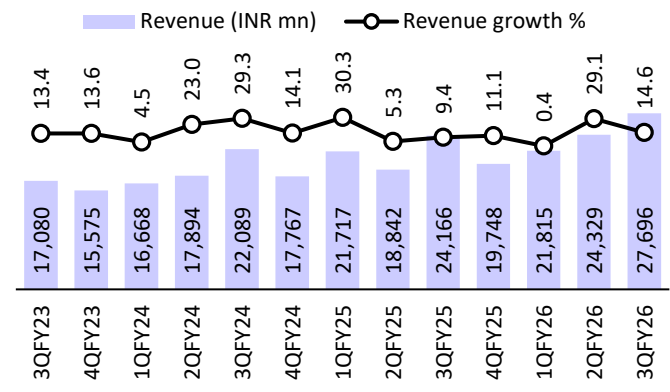
Source: MOFSL, Company

**Exhibit 4: Trend in Tractor volumes**



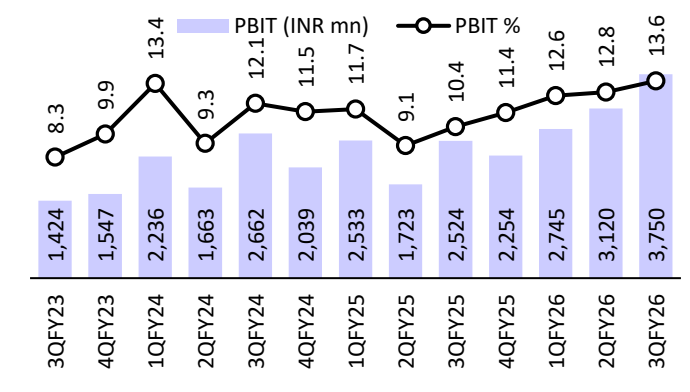
Source: MOFSL, Company

**Exhibit 5: Revenue and growth in the Tractor segment**



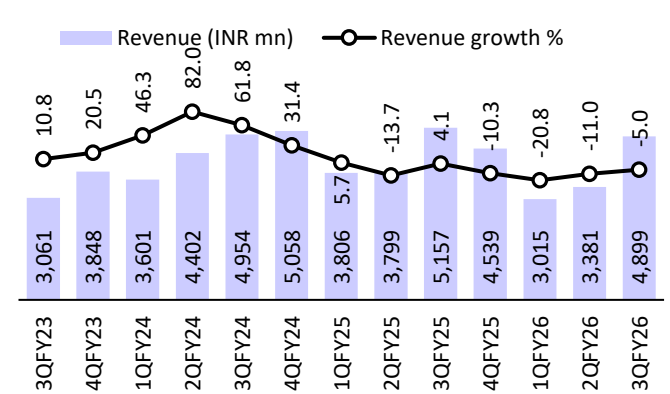
Source: MOFSL, Company

**Exhibit 6: PBIT trend in the Tractor segment**



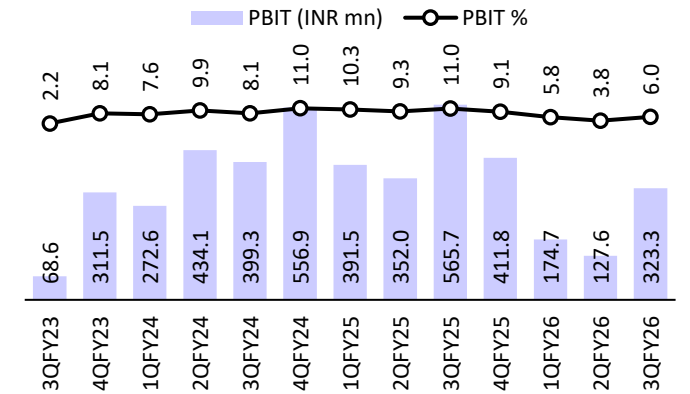
Source: MOFSL, Company

**Exhibit 7: Revenue and growth in Construction Equipment**



Source: MOFSL, Company

**Exhibit 8: PBIT trend in Construction Equipment**



Source: MOFSL, Company

## Valuation and view

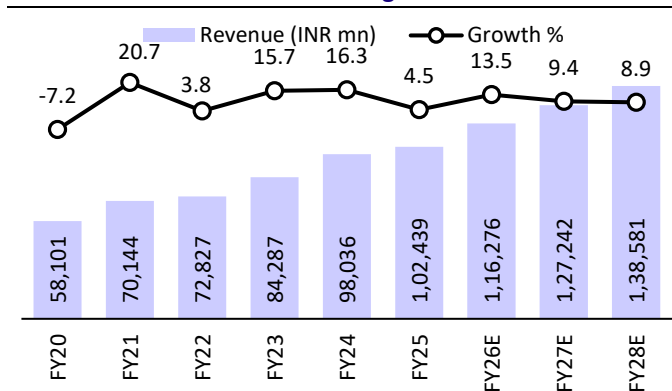
- **Tractor industry outlook positive, but market share revival is the key:**  
The tractor outlook has been positive since the beginning of FY26, led by positive rural sentiment, favorable crop prices, and government support. The outlook has further improved after the GST rate cuts, which have made tractors affordable for small/marginal farmers as well. We expect the tractor industry to post ~20% growth in FY26E. However, the loss in market share remains among the key concerns for investors. While it lost ~60bp market share to competition, dropping to 11.8% in FY25, it has further lost 90bp of share to 10.9% in 9MFY26. Part of this is also driven by an unfavorable regional mix. We now factor in Escorts to post 16% growth in FY26 and then normalize to 5% CAGR over the next two years.
- **Kubota parentage can unleash many synergies:** Kubota's parentage is expected to help ESCORTS improve its competitive positioning in: 1) small tractors (less than 30HP), 2) the export markets (by leveraging Kubota's distribution network), 3) the Agri Implements business, 4) component sourcing, and 5) the Construction Equipment business (Kubota is a global leader in small excavators). Through this partnership, Escorts gains access to: a) global product know-how (in tractors and implements), b) a global distribution network, and c) a global supply chain (by leveraging its India cost base). While exports have started to show visible improvement, the real pick-up is likely to be visible once the new greenfield comes on stream, likely from FY28 onwards.
- **Construction Equipment segment likely to take time to normalize:** The CE industry has undergone an emission change to BS5 w.e.f. Jan'25. This led to some pre-buying in prior quarters and, consequently, muted demand over the last couple of quarters. Overall, we expect the CE industry to normalize gradually over the coming quarters. We expect its CE volumes to cross FY25 levels only in FY28E.
- **Stock appears fairly valued:** While synergies between Escorts and Kubota are significant, they will likely materialize over the medium to long term. The stock is trading at ~30.5x/27.1x FY27E/28E EPS, which is at a significant premium to its 10-year average of ~20x, mainly due to the Kubota parentage. Given that most of the positives seem to have already been factored into valuations, we reiterate our Neutral rating on the stock with a TP of INR3,836, based on ~28x Dec'27E EPS.

**Exhibit 9: Our revised forecasts (Consol.)**

(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	116,276	112,622	3.2	127,242	122,522	3.9
EBITDA	15,290	14,979	2.1	16,160	16,540	-2.3
EBITDA (%)	13.2	13.3	-10bp	12.7	13.5	-80bp
Adj. PAT	13,990	13,700	2.1	15,346	15,528	-1.2
EPS (INR)	114.1	111.8	2.1	125.2	126.7	-1.2

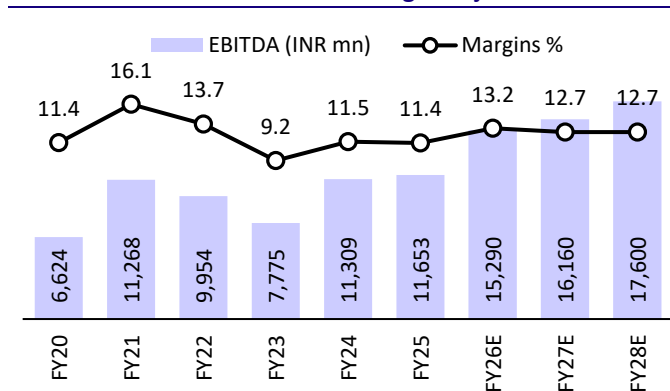
## Story in charts

**Exhibit 10: Revenue and revenue growth trends**



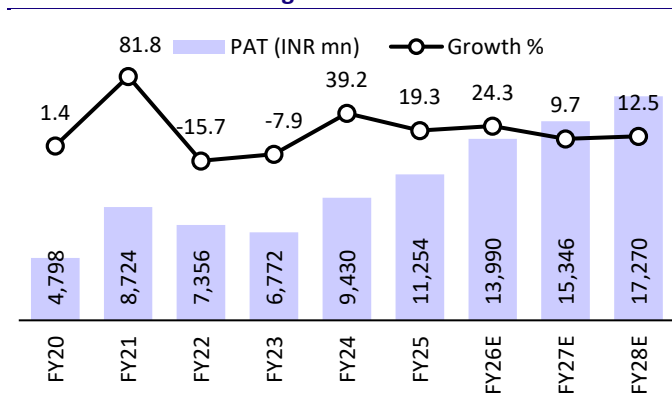
Source: MOFSL, Company

**Exhibit 11: EBITDA and EBITDA margin trajectories**



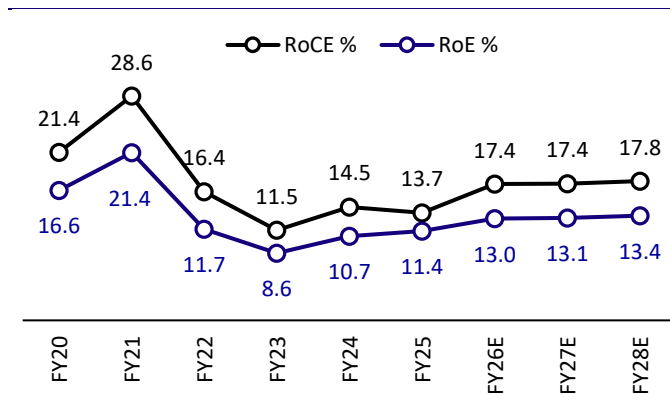
Source: MOFSL, Company

**Exhibit 12: PAT and PAT growth trends**



Source: MOFSL, Company

**Exhibit 13: RoE and RoCE trends**



Source: MOFSL, Company



## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>70,144</b>	<b>72,827</b>	<b>84,287</b>	<b>98,036</b>	<b>102,439</b>	<b>116,276</b>	<b>127,242</b>	<b>138,581</b>
Change (%)	20.7	3.8	15.7	16.3	4.5	13.5	9.4	8.9
<b>EBITDA</b>	<b>11,268</b>	<b>9,954</b>	<b>7,775</b>	<b>11,309</b>	<b>11,653</b>	<b>15,290</b>	<b>16,160</b>	<b>17,600</b>
Margin (%)	16.1	13.7	9.2	11.5	11.4	13.2	12.7	12.7
Change (%)	70.1	-11.7	-21.9	45.4	3.0	31.2	5.7	8.9
Depreciation	1,183	1,321	1,501	2,241	2,437	2,494	2,705	3,013
<b>EBIT</b>	<b>10,085</b>	<b>8,634</b>	<b>6,275</b>	<b>9,068</b>	<b>9,217</b>	<b>12,797</b>	<b>13,455</b>	<b>14,587</b>
Int. and Finance Charges	133	150	133	417	292	200	110	90
Other Income	1,604	1,738	2,809	3,918	4,613	5,950	7,000	8,400
<b>PBT bef. EO Exp.</b>	<b>11,555</b>	<b>10,222</b>	<b>8,951</b>	<b>12,569</b>	<b>13,538</b>	<b>18,547</b>	<b>20,345</b>	<b>22,897</b>
EO Items	0	0	-531	0	-17	235	0	0
<b>PBT after EO Exp.</b>	<b>11,555</b>	<b>10,222</b>	<b>8,421</b>	<b>12,569</b>	<b>13,521</b>	<b>18,782</b>	<b>20,345</b>	<b>22,897</b>
Current Tax	2,832	2,572	1,979	3,134	2,270	4,602	4,984	5,610
Deferred Tax	0	0	0	0	0	0	0	0
Tax Rate (%)	24.5	25.2	23.5	24.9	16.8	24.5	24.5	24.5
Less: Minority Interest	0	294	75	5	11	12	14	17
<b>Reported PAT</b>	<b>8,724</b>	<b>7,356</b>	<b>6,367</b>	<b>9,430</b>	<b>11,241</b>	<b>14,168</b>	<b>15,346</b>	<b>17,270</b>
<b>Adjusted PAT</b>	<b>8,724</b>	<b>7,356</b>	<b>6,772</b>	<b>9,430</b>	<b>11,254</b>	<b>13,990</b>	<b>15,346</b>	<b>17,270</b>
Change (%)	81.8	-15.7	-7.9	39.2	19.3	24.3	9.7	12.5

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	1,348	1,319	1,319	1,105	1,119	1,226	1,226	1,226
Total Reserves	48,913	74,680	80,548	92,780	102,549	110,588	121,644	134,256
<b>Net Worth</b>	<b>50,261</b>	<b>75,999</b>	<b>81,867</b>	<b>93,885</b>	<b>103,668</b>	<b>111,814</b>	<b>122,870</b>	<b>135,482</b>
Minority Interest	-9	-38	-39	-39	-39	-39	-39	-39
Deferred Liabilities	233	373	646	985	576	576	576	576
Total Loans	17	0	0	3,676	23	23	23	23
<b>Capital Employed</b>	<b>50,502</b>	<b>76,334</b>	<b>82,475</b>	<b>98,506</b>	<b>104,227</b>	<b>112,373</b>	<b>123,429</b>	<b>136,042</b>
Gross Block	29,350	30,799	31,726	38,159	37,519	41,649	48,517	55,381
Less: Accum. Deprn.	11,388	12,389	13,613	16,506	16,987	19,480	22,185	25,198
<b>Net Fixed Assets</b>	<b>17,962</b>	<b>18,411</b>	<b>18,114</b>	<b>21,653</b>	<b>20,532</b>	<b>22,168</b>	<b>26,332</b>	<b>30,182</b>
Capital WIP	647	878	1,137	1,614	1,525	1,395	1,527	1,663
<b>Total Investments</b>	<b>19,380</b>	<b>48,358</b>	<b>48,465</b>	<b>60,064</b>	<b>69,877</b>	<b>74,877</b>	<b>79,877</b>	<b>86,877</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>30,792</b>	<b>23,431</b>	<b>33,137</b>	<b>40,687</b>	<b>39,051</b>	<b>43,610</b>	<b>48,170</b>	<b>52,689</b>
Inventory	7,182	8,466	12,177	17,162	13,990	17,449	19,122	20,826
Account Receivables	6,576	7,926	11,797	14,279	13,318	15,663	17,140	18,667
Cash and Bank Balance	13,218	2,718	4,719	2,365	3,427	1,351	1,846	2,128
Loans and Advances	3,817	4,320	4,445	6,881	8,316	9,147	10,062	11,068
<b>Curr. Liability &amp; Prov.</b>	<b>18,279</b>	<b>14,743</b>	<b>18,378</b>	<b>25,511</b>	<b>26,758</b>	<b>29,677</b>	<b>32,476</b>	<b>35,370</b>
Account Payables	16,771	13,341	16,912	23,459	24,684	27,323	29,900	32,564
Provisions	1,508	1,402	1,466	2,052	2,074	2,354	2,576	2,806
<b>Net Current Assets</b>	<b>12,513</b>	<b>8,687</b>	<b>14,760</b>	<b>15,176</b>	<b>12,293</b>	<b>13,933</b>	<b>15,694</b>	<b>17,319</b>
Deferred Tax assets	0	0	0	0	0	0	0	0
<b>Appl. of Funds</b>	<b>50,502</b>	<b>76,334</b>	<b>82,475</b>	<b>98,506</b>	<b>104,227</b>	<b>112,373</b>	<b>123,429</b>	<b>136,042</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS (ex treasury)</b>	<b>86.3</b>	<b>66.6</b>	<b>51.3</b>	<b>85.3</b>	<b>100.6</b>	<b>114.1</b>	<b>125.2</b>	<b>140.9</b>
BV/Share	497.0	687.8	620.5	849.6	926.6	912.2	1,002.4	1,105.3
DPS	7.5	7.0	7.0	18.0	28.0	50.0	35.0	38.0
Payout (%)	8.7	10.5	14.5	21.1	27.9	43.3	28.0	27.0
<b>Valuation (x)</b>								
P/E	44.2	57.3	74.3	44.7	37.9	33.4	30.5	27.1
P/BV	7.7	5.5	6.1	4.5	4.1	4.2	3.8	3.5
EV/Sales	4.9	4.9	4.2	3.7	3.5	3.1	2.8	2.6
EV/EBITDA	19.4	27.7	45.7	32.0	30.6	23.5	22.2	20.3
Dividend Yield (%)	0.2	0.2	0.2	0.5	0.7	1.3	0.9	1.0
FCF per share	75.3	-10.7	2.5	47.1	67.7	74.7	80.8	98.3
<b>Return Ratios (%)</b>								
RoE	21.4	11.7	8.6	10.7	11.4	13.0	13.1	13.4
RoCE	28.6	16.4	11.5	14.5	13.7	17.4	17.4	17.8
RoIC	41.5	31.0	18.3	21.7	24.0	30.1	27.1	25.7
<b>Working Capital Ratios</b>								
Asset Turnover (x)	1.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Inventory (Days)	56	62	73	90	70	78	78	78
Debtor (Days)	34	40	51	53	47	49	49	49
Creditor (Days)	87	67	73	87	88	86	86	86
<b>Leverage Ratio (x)</b>								
Net Debt/Equity	-0.6	-0.6	-0.6	-0.3	-0.3	-0.3	-0.3	-0.4

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	11,548	9,928	8,346	14,352	15,397	18,547	20,345	22,897
Depreciation	1,183	1,321	1,501	2,332	2,437	2,494	2,705	3,013
Interest & Finance Charges	0	-906	-1,620	-2,226	-2,100	200	110	90
Direct Taxes Paid	-2,527	-2,547	-1,864	-2,409	-3,585	-4,602	-4,984	-5,610
(Inc)/Dec in WC	2,748	-6,526	-4,102	-3,393	-432	-3,715	-1,266	-1,344
<b>CF from Operations</b>	<b>12,952</b>	<b>1,270</b>	<b>2,260</b>	<b>8,656</b>	<b>11,718</b>	<b>12,923</b>	<b>16,909</b>	<b>19,047</b>
Others	-1,639	-948	-21	-770	-1,686	235	0	0
<b>CF from Operating incl EO</b>	<b>11,313</b>	<b>323</b>	<b>2,239</b>	<b>7,886</b>	<b>10,032</b>	<b>13,159</b>	<b>16,909</b>	<b>19,047</b>
(inc)/dec in FA	-1,157	-1,732	-1,904	-2,680	-2,462	-4,000	-7,000	-7,000
<b>Free Cash Flow</b>	<b>10,155</b>	<b>-1,409</b>	<b>336</b>	<b>5,206</b>	<b>7,570</b>	<b>9,159</b>	<b>9,909</b>	<b>12,047</b>
(Pur)/Sale of Investments	-20,778	-17,898	1,167	-7,708	-608	-5,000	-5,000	-7,000
Others	0	1,066	116	213	1,131	0	0	0
<b>CF from Investments</b>	<b>-21,936</b>	<b>-18,564</b>	<b>-621</b>	<b>-10,175</b>	<b>-1,940</b>	<b>-9,000</b>	<b>-12,000</b>	<b>-14,000</b>
Issue of Shares	10,576	19,021	206	135	247	107	0	0
Inc/(Dec) in Debt	-221	-87	0	1,238	-3,958	0	0	0
Interest Paid	-76	-98	-91	-366	-253	-200	-110	-90
Dividend Paid	-245	-737	-757	-758	-3,055	-6,129	-4,290	-4,658
<b>CF from Fin. Activity</b>	<b>9,991</b>	<b>17,805</b>	<b>-712</b>	<b>248</b>	<b>-7,019</b>	<b>-6,234</b>	<b>-4,414</b>	<b>-4,765</b>
<b>Inc/Dec of Cash</b>	<b>-632</b>	<b>-436</b>	<b>906</b>	<b>-2,041</b>	<b>1,074</b>	<b>-2,076</b>	<b>495</b>	<b>282</b>
Opening Balance	1,689	1,057	622	4,406	2,353	3,427	1,351	1,846
<b>Closing Balance</b>	<b>1,057</b>	<b>622</b>	<b>1,528</b>	<b>2,365</b>	<b>3,427</b>	<b>1,351</b>	<b>1,846</b>	<b>2,128</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).  
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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 certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.