

# Escorts Kubota Ltd

To fly higher with the combination of products + tech + reach + additional growth opportunities

We attended analysts' meet of Escorts Kubota Ltd and met with the management to understand more about its Mid-term business plan (MTBP). In our opinion, with the foreign promoter in place, and the combination of new products introduction (1-5-3x), improving quality of it (important step), 50% expansion in the distribution reach, the aggression of doubling market share, utilizing Kubota's international network for export growth, Escorts Kubota Ltd is best placed to outperform the industry in the coming five years across its business segments. To add further wings to fly higher, the company plans to grow its implements business by 3.5x in five years, to make & export components to Kubota's global plant. Construction equipment and Railways business segments have been growing in double-digit, should continue its momentum by expanding product/segment basket & reach. The company is well poised to improve & sustain its EBITDA margin to 14%+ levels by FY27e/FY28e. Although, we came out positively post understanding the details of the plan, but we believe that till FY24e there could be clean-up exercises from margins. However, post that the visibility looks clear for the next few years. Based on our projection, it can possibly achieve total revenue growth of 2.2x (vs. aspiration of 2.5x) and tractor segment 2.1x (vs. aspiration of 2.5x). Other businesses viz. Construction Equipment and Railways divisions can possibly touch its revenue growth target of 2x & 3x respectively between FY22-FY28e. EBITDA margin of mid-teens is a tall task, but the 14% level is a respectable one in the tractor industry. We are positive on the stock for the mid-to-long term as Kubota we believe is going to be a turning point for the company. Our views & observations are detailed below. Escorts trading at 23.6x Sep '24e EPS of Rs 86.

## Escorts last Mid-term business plan was a mixed bag, impacted largely due to Covid

- In its previous mid-term plan FY17-FY22, it missed to touch targets on important parameters viz. couldn't achieve targets in 1) improving market share, 2) revenue in any of the business segments & 3) exports.
- While EBITDA margin ~13% in FY22 was at the lower end of the guided range (ex-FY21 - exceptional year for the tractor industry). We believe this is partly due to tough years of Covid & aggressive competitive intensity.

## Our views on domestic market share expectation & volume performance

- Japanese promoters with a strong board & management team have the potential to turnaround the business.
- We are in the opinion, that Escorts Kubota can jointly improve the market share in domestic with the combination of new products + technology improvement + widen sales/distribution.
- The company to improve its product/process quality to the Japanese standards (this is the major concern with investors/end customers, in our opinion).
- This, along with introducing 1.5-3x of product offerings across three brands will fill the required gaps & offer customers a higher number of choices.
- Additionally, total combined dealerships will expand from 1,400+ to 2,100+ touchpoints (expected ~9% CAGR). Escorts Kubota to leverage each other's strength in different geographies.
- Annual sales per dealer is ~86 in FY22, if we assume a similar number of count per dealer, the company in bull case can sell ~181K tractor units by FY28e (2,100 touch points multiplied by 86 per dealer). We have assumed ~142K domestic tractor sales by FY28e. Hence, an increasing number of dealers should work, in our view. It will collaborate with various banks/NBFCs (important step as 80% of tractors gets financed).



Rating: Not Rated Upside: -  
Current Price: 2,032 Target Price: -

### Earlier recommendation

Previous Rating: -  
Previous Target Price: -

### Market data

Bloomberg:	ESC:IN
52-week H/L (Rs):	2,190/1,400
Mcap (Rs bn/USD bn):	268/3.3
Shares outstanding (mn):	110
Free float:	25.0%
Daily vol. (3M Avg):	0.61 mn
Face Value (Rs):	10
Group:	BSE 500

Source: Bloomberg, SMIFS Research

### Shareholding pattern (%)

	Sep-22	Jun-22	Mar-22	Dec-21
Promoter	72.9	72.9	28.1	30.2
FII's	4.7	4.2	0.4	20.1
DII's	7.7	6.2	3.6	8.6
Public/others	14.7	16.7	67.9	41.1

Source: BSE

### Promoters pledging (%)

% of o/s shares	-	-	-	-
-----------------	---	---	---	---

Source: BSE

### Price performance (%)\*

	1M	3M	12M	36M
BSE 500	3	1	2	62
ESC	3	13	13	209

\*As on 19<sup>th</sup> Nov 2022; Source: AceEquity, SMIFS Research

### Amit Hiranandani

Sector Lead - Automobile

9619848422

amit.hiranandani@smifs.co.in

### Awanish Chandra

Head – Institutional Equities

8693822293

awanish.chandra@smifs.com

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY21	70,144	20.7	11,268	16.1	8,716	82.1	92	21.4	21.4	17.6	11.0
FY22	72,384	3.2	9,512	13.1	7,356	-15.6	74	11.7	11.7	27.3	16.1
FY23e	84,781	17.1	8,478	10.0	6,647	-9.6	60	8.5	8.5	33.8	20.6
FY24e	97,284	14.7	11,090	11.4	8,641	30.0	78	10.2	10.2	26.0	15.4
FY25e	110,058	13.1	13,537	12.3	10,406	20.4	94	11.2	11.3	21.6	12.3

Source: Company, SMIFS Research Estimates

### Export + implements + components are low-hanging fruits

- Jointly will grow its exports by utilizing Kubota's international network in ~120 countries. The potential opportunity size is enormous specially in the target markets (US, EU, Thailand & Brazil). Escorts reported 47% CAGR FY18-FY22, anticipate 20% growth is easily achievable for the next five years.
- The plan is to make & export components to Kubota's global plant that will be an additional growth engine in the coming years. The opportunity size if \$8.7bn (~Rs705bn).
- Management indicated that farm implements business will grow by minimum 3.5x (present revenue is ~Rs3.5bn). Initially will import products from Kubota, until localization comes in place. New product introduction, increasing distribution strength and shifting of business from unorganised players will be the driver for growth in the coming years in implements business.

### Margin target of mid-teens is a tall-task to achieve, in our view

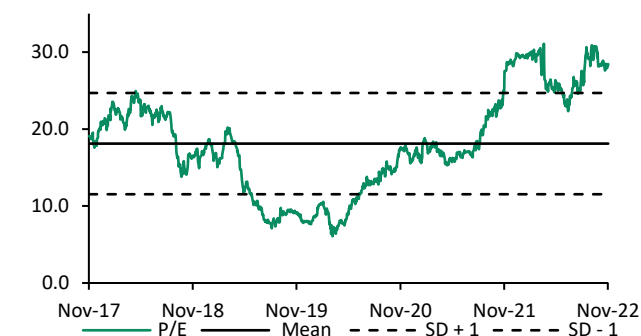
- Escorts Kubota's low margin businesses viz. exports, components & implements is likely to scale up in the coming years. The mix might deteriorate slightly. This, along with merging low margin JVs and import of components/implements from Kubota (until localization plan comes), will keep margin lower than expectations.
- The tractor industry level margin is around 13-14% level, and it will be difficult for Escorts to cross these levels as the competitive intensity in the hinterland is very intense.
- We believe that till FY24e there could be clean-up exercises from Kubota and setting up the stage for growth in the coming years will see certain hiccups on margins. Also, trust that a gradual improvement in the EBITDA margin is indisputable driven by operating leverage benefits and stability in commodity prices.
- Overall, the company is well poised to improve & sustain its EBITDA margin to 14%+ levels by FY27e/FY28e.

### Construction equipment and Railways divisions are on healthy growth path

- Construction Equipment has been growing in high double-digit in the past normal years, despite tough competition in the market. It aspires to double its market share in the existing products and this will be driven by expansion in the product offerings & increasing channel expansion faster. We anticipate this business to show consistent growth of 1.5x GDP and would grow higher than the industry in the coming five years.
- Railway Equipment business reported growth of 22% CAGR FY18-FY22, expect near similar run-rate is achievable in the coming five years, driven by 1) expansion in Metro trains, exports, semi-high speed trains and 2) introduction of few more products for trains (HVAC, doors, Electrical panels & Evacuation system). The aspiration is to grow the revenue by ~3x (FY23e-FY28e), and we trust with the run-rate of 21% CAGR its easily achievable.

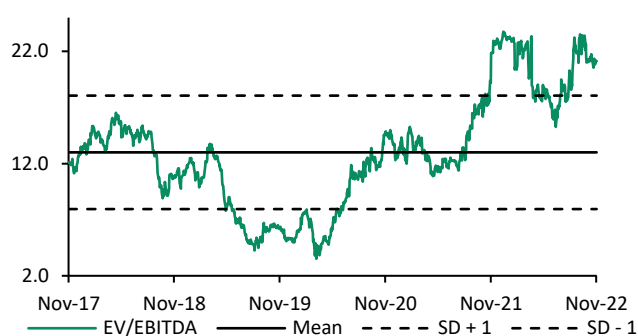
## Band charts, projections and market share trend

**Fig 1: 1-year forward P/E**



Source: AceEquity, SMIFS Research

**Fig 2: 1-year forward EV/EBITDA**



Source: AceEquity, SMIFS Research

FY22 - FY28e		
Segments	Escorts aim	Our projections
<b>Total revenue</b>	<b>&gt;2.5x</b>	<b>2.2x</b>
<i>Tractor segment</i>	<i>2.5x</i>	<i>2.1x</i>
<i>Construction Equipment</i>	<i>2.0x</i>	<i>2.0x</i>
<i>Railways</i>	<i>3.0x</i>	<i>3.1x</i>
<b>EBITDA margin</b>	<i>Mid-teens</i>	<i>14%+</i>

Market share trend (%) - SMIFS Institutional Research																			
Tractors	Oct-22	Sep-22	Aug-22	Jul-22	Jun-22	May-22	Apr-22	Mar-22	Feb-22	Jan-22	Dec-21	Nov-21	Oct-21	Sep-21	Aug-21	Jul-21	Jun-21	May-21	Apr-21
M&M (Tractor)	22.8%	22.9%	23.5%	24.0%	23.0%	22.8%	22.1%	22.0%	22.6%	23.4%	24.0%	23.4%	22.9%	22.0%	22.1%	24.5%	22.3%	22.9%	21.1%
M&M (Swaraaj)	16.5%	16.0%	16.5%	17.7%	16.8%	16.8%	16.7%	16.9%	16.7%	16.8%	16.8%	16.8%	15.4%	16.3%	16.0%	15.9%	16.2%	17.8%	16.3%
<b>M&amp;M - total</b>	<b>39.3%</b>	<b>38.9%</b>	<b>40.0%</b>	<b>41.7%</b>	<b>39.8%</b>	<b>39.5%</b>	<b>38.8%</b>	<b>38.9%</b>	<b>39.3%</b>	<b>40.3%</b>	<b>40.8%</b>	<b>40.2%</b>	<b>38.2%</b>	<b>38.3%</b>	<b>38.1%</b>	<b>40.4%</b>	<b>38.4%</b>	<b>40.6%</b>	<b>37.3%</b>
ITL	10.9%	11.8%	11.6%	12.4%	12.1%	11.6%	12.0%	11.8%	12.7%	13.7%	12.4%	12.2%	11.2%	12.1%	11.4%	11.1%	12.8%	13.3%	12.3%
Escorts	9.3%	9.7%	9.9%	10.6%	10.6%	11.1%	10.4%	10.3%	10.0%	9.9%	10.1%	9.7%	9.2%	10.3%	10.4%	10.7%	12.4%	10.5%	11.9%
TAFE	14.5%	12.7%	13.1%	11.1%	12.9%	13.0%	11.4%	11.0%	11.1%	9.8%	11.8%	11.9%	11.2%	11.5%	12.0%	12.2%	12.4%	11.4%	11.8%
John Deere	8.0%	8.1%	7.6%	7.5%	7.9%	7.4%	8.6%	8.7%	8.8%	8.8%	7.7%	8.3%	9.5%	8.9%	7.6%	7.4%	7.3%	7.9%	8.4%
Eicher Tractors	5.9%	5.8%	5.5%	6.0%	5.7%	5.7%	6.5%	6.3%	5.5%	6.5%	6.4%	6.3%	5.8%	5.2%	6.0%	6.5%	5.9%	5.2%	5.8%
CNH Industrial	3.9%	4.0%	3.9%	3.4%	3.7%	4.3%	3.9%	3.8%	4.1%	4.0%	3.6%	3.7%	3.9%	4.1%	3.9%	3.6%	4.3%	3.6%	4.8%
Kubota	2.4%	2.6%	2.7%	2.3%	2.5%	2.2%	2.4%	2.5%	2.7%	2.4%	2.2%	2.3%	2.4%	2.5%	2.3%	2.4%	1.5%	1.2%	1.6%
VST	1.0%	1.0%	0.8%	0.6%	0.6%	0.7%	0.7%	0.9%	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	1.7%	1.1%	0.6%	0.5%	0.7%

## Key performance indicators

**Fig 3: Key assumptions**

Key assumptions	FY21	FY22	FY23e	FY24e	FY25e
<b>Agri Machinery Segment</b>					
<b>Tractor Volumes (No)</b>					
Domestic	92,705	94,294	99,009	107,919	116,553
Export	4,514	7,313	8,410	10,092	12,110
<b>Total</b>	<b>97,219</b>	<b>101,607</b>	<b>107,419</b>	<b>118,011</b>	<b>128,663</b>
YoY growth (%)	6.7	4.5	5.7	9.9	9.0
<b>Revenue (Rs mn)</b>					
YoY growth (%)	28.2	-2.5	17.8	13.2	12.3
<b>Realisation (Rs)</b>					
YoY growth (%)	20.1	-6.7	11.4	3.0	3.0
<b>Construction Equipments Segment</b>					
<b>Revenue (Rs mn)</b>	<b>7,761</b>	<b>9,853</b>	<b>10,543</b>	<b>12,651</b>	<b>14,170</b>
YoY growth (%)	-7.6	27.0	7.0	20.0	12.0
<b>Railways Segment</b>					
<b>Revenue (Rs mn)</b>	<b>4,790</b>	<b>6,362</b>	<b>7,953</b>	<b>9,543</b>	<b>11,452</b>
YoY growth (%)	0.4	32.8	25.0	20.0	20.0
<b>Others</b>					
<b>Revenue (Rs mn)</b>	<b>271</b>	<b>378</b>	<b>491</b>	<b>639</b>	<b>830</b>
YoY growth (%)	30.9	39.5	30.0	30.0	30.0

Source: Company, SMIFS Research Estimates

## Financial Statements

Income Statement					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25e
<b>Revenues</b>	<b>70,144</b>	<b>72,384</b>	<b>84,781</b>	<b>97,284</b>	<b>110,058</b>
Raw Materials	46,446	49,785	61,212	69,266	77,811
% of sales	66.2	68.8	72.2	71.2	70.7
Personnel	5,469	5,419	6,104	6,810	7,484
% of sales	7.8	7.5	7.2	7.0	6.8
Manufacturing & Other Expenses	6,961	7,668	8,987	10,118	11,226
% of sales	9.9	10.6	10.6	10.4	10.2
<b>EBITDA</b>	<b>11,268</b>	<b>9,512</b>	<b>8,478</b>	<b>11,090</b>	<b>13,537</b>
Other Income	1,604	2,180	2,185	2,274	2,384
Depreciation & Amortization	1,183	1,321	1,451	1,626	1,800
<b>EBIT</b>	<b>11,689</b>	<b>10,372</b>	<b>9,212</b>	<b>11,739</b>	<b>14,121</b>
Finance cost	133	150	128	141	153
<b>Core PBT</b>	<b>9,951</b>	<b>8,042</b>	<b>6,898</b>	<b>9,324</b>	<b>11,584</b>
Exceptional Item	-	-	(531)	-	-
<b>PBT</b>	<b>11,555</b>	<b>10,222</b>	<b>8,553</b>	<b>11,598</b>	<b>13,968</b>
Tax	2,832	2,572	2,181	2,958	3,562
Tax Rate (%)	24.5	25.2	25.5	25.5	25.5
<b>Net Profit after tax before share of Associate/JV</b>	<b>8,724</b>	<b>7,650</b>	<b>6,372</b>	<b>8,641</b>	<b>10,406</b>
Share of profit of Associate	(7)	(294)	(123)	-	-
<b>Net Profit after tax</b>	<b>8,716</b>	<b>7,356</b>	<b>6,249</b>	<b>8,641</b>	<b>10,406</b>
Minority Interest	-	-	-	-	-
<b>Adjusted PAT</b>	<b>8,716</b>	<b>7,356</b>	<b>6,647</b>	<b>8,641</b>	<b>10,406</b>
Source: Company, SMIFS Research Estimates					
Key Ratios					
YE March	FY21	FY22	FY23e	FY24e	FY25e
<b>Growth Ratios (%)</b>					
Net Sales	20.7	3.2	17.1	14.7	13.1
EBITDA	70.1	(15.6)	(10.9)	30.8	22.1
Adjusted Net Profit	82.1	(15.6)	(9.6)	30.0	20.4
<b>Margin Ratio (%)</b>					
Gross Margin	33.8	31.2	27.8	28.8	29.3
EBITDA Margin	16.1	13.1	10.0	11.4	12.3
EBIT Margin	16.7	14.3	10.9	12.1	12.8
Core PBT margin	14.2	11.1	8.1	9.6	10.5
Adj. PAT Margin	12.4	10.2	7.8	8.9	9.5
<b>Return Ratios</b>					
ROE	21.4	11.7	8.5	10.2	11.2
ROCE	21.4	11.7	8.5	10.2	11.3
<b>Turnover Ratios (days)</b>					
Gross Block Turnover (x)	2.5	2.4	2.6	2.7	2.7
Adjusted OCF/PAT (%)	128	3	66	75	79
Inventory	63	57	56	58	59
Debtors	36	37	37	37	38
Creditors	98	77	59	62	62
Cash Conversion Cycle	1	17	34	34	34
<b>Solvency ratio (x)</b>					
Debt-equity	0.0	0.0	0.0	0.0	0.0
Net Debt-Equity	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Gross Debt/EBITDA	0.1	0.1	0.1	0.1	0.0
Current ratio	2.7	5.0	1.8	2.0	2.2
Interest coverage ratio	88	69	72	83	92
<b>Dividend</b>					
DPS (Rs.)	8	7	8	12	15
Dividend Yield (%)	0.5	0.3	0.4	0.6	0.7
Dividend Payout (%)	8.2	9.5	13.3	15.3	15.9
<b>Per share (Rs.)</b>					
Adj. EPS	92	74	60	78	94
CEPS	104	87	73	93	110
BV	530	761	734	800	879
<b>Valuation</b>					
P/E	18	27	34	26	22
P/BV	3.1	2.6	2.8	2.5	2.3
EV/EBITDA	11.0	16.1	20.6	15.4	12.3
EV/Sales	1.8	2.1	2.1	1.8	1.5
Adj Mcap/Core PBT	12.4	18.9	25.2	18.3	14.3
Adj. Mcap/Adj. OCF	11.0	734.8	39.8	26.5	20.1
Source: Company, SMIFS Research Estimates					

Balance Sheet					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25e
<b>Sources of funds</b>					
Capital	1,348	1,319	1,105	1,105	1,105
Reserves & Surplus	48,904	74,642	80,007	87,322	96,071
<b>Shareholders' Funds</b>	<b>50,252</b>	<b>75,962</b>	<b>81,113</b>	<b>88,428</b>	<b>97,176</b>
<b>Total Loan Funds</b>	<b>606</b>	<b>520</b>	<b>570</b>	<b>620</b>	<b>670</b>
Other non-current liabilities	1,085	1,148	1,148	1,148	1,148
<b>Total Liabilities</b>	<b>51,943</b>	<b>77,629</b>	<b>82,830</b>	<b>90,195</b>	<b>98,994</b>
<b>Application of funds</b>					
Gross Block	29,422	30,884	33,979	38,106	42,233
Net Block	17,962	18,411	20,054	22,555	24,882
Capital WIP	647	878	947	1,043	1,135
<b>Net Assets</b>	<b>18,609</b>	<b>19,289</b>	<b>21,001</b>	<b>23,599</b>	<b>26,018</b>
<b>Investments</b>	<b>19,380</b>	<b>48,358</b>	<b>48,483</b>	<b>48,613</b>	<b>48,750</b>
<b>Other non current assets</b>	<b>1,102</b>	<b>3,143</b>	<b>987</b>	<b>1,228</b>	<b>1,454</b>
Inventories	7,182	8,466	10,409	11,778	13,231
Sundry Debtors	6,576	7,926	9,284	10,653	12,052
Cash & Bank Balances	13,218	2,718	4,936	8,022	12,705
Other current Assets	2,716	3,177	3,231	3,248	3,264
<b>Total Current Assets</b>	<b>29,691</b>	<b>22,287</b>	<b>27,860</b>	<b>33,701</b>	<b>41,252</b>
Sundry Creditors	11,954	8,938	10,989	12,435	13,969
Other Current Liabilities	4,884	4,511	4,511	4,511	4,511
<b>Total Current Liabilities</b>	<b>16,838</b>	<b>13,449</b>	<b>15,500</b>	<b>16,946</b>	<b>18,480</b>
<b>Net Current Assets</b>	<b>12,853</b>	<b>8,839</b>	<b>12,360</b>	<b>16,755</b>	<b>22,772</b>
<b>Total Assets</b>	<b>51,943</b>	<b>77,629</b>	<b>82,830</b>	<b>90,195</b>	<b>98,994</b>

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25e
<b>Operating profit before WC changes</b>	<b>11,092</b>	<b>9,396</b>	<b>7,927</b>	<b>10,832</b>	<b>13,295</b>
Net chg in working capital	2,722	(6,526)	(1,249)	(1,293)	(1,318)
Income tax paid	(2,527)	(2,547)	(2,181)	(2,958)	(3,562)
<b>Cash flow from operating activities (a)</b>	<b>11,287</b>	<b>323</b>	<b>4,496</b>	<b>6,582</b>	<b>8,416</b>
Adjusted OCF	11,184	207	4,368	6,441	8,263
Capital expenditure	(1,083)	(1,627)	(3,000)	(4,000)	(4,000)
Adjusted FCF	10,101	(1,420)	1,368	2,441	4,263
<b>Cash flow from investing activities (b)</b>	<b>(21,910)</b>	<b>(18,567)</b>	<b>(1,102)</b>	<b>(2,080)</b>	<b>(1,972)</b>
Debt Issuance/(repayment)	(170)	(25)	50	50	50
Dividend Paid	(245)	(737)	(884)	(1,326)	(1,657)
Interest and Lease Expenses	(127)	(159)	(128)	(141)	(153)
<b>Cash flow from financing activities (c)</b>	<b>10,033</b>	<b>18,099</b>	<b>(1,176)</b>	<b>(1,417)</b>	<b>(1,760)</b>
<b>Net chg in cash (a+b+c)</b>	<b>(590)</b>	<b>(145)</b>	<b>2,217</b>	<b>3,086</b>	<b>4,684</b>

Source: Company, SMIFS Research Estimates

## Disclaimer

### Analyst Certification:

We /I, the above-mentioned Research Analyst(s) of SMIFS Limited (in short “SMIFS / the Company”), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that We/I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

### Terms & Conditions and Other Disclosures:

SMIFS Limited is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. SMIFS Limited is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

SMIFS and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research 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 of SMIFS Limited. While we would endeavor to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purpose and shall 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. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research 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 Research 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. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising

out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates of SMIFS are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time may have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.



SMIFS or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

SMIFS or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at [www.nseindia.com](http://www.nseindia.com) and/or [www.bseindia.com](http://www.bseindia.com), [www.mcxindia.com](http://www.mcxindia.com) and/or [www.icex.com](http://www.icex.com).

SMIFS submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research 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 SMIFS and affiliates 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.



## Specific Disclosures

1. SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2. SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
3. SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
4. SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as director/officer/employee in the subject company
6. SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8. SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
9. SMIFS has not received any compensation or other benefits from third party in connection with the research report.
10. SMIFS has not engaged in market making activity for the subject company

Analyst holding in stock: **NO**

---

## Key to SMIFS Investment Rankings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

---

## Contact us:

**SMIFS Limited.** (<https://www.smifs.com/>)

### Compliance Officer:

**Sudipto Datta,**

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: [compliance@smifs.com](mailto:compliance@smifs.com)

### Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: [institutional.equities@smifs.com](mailto:institutional.equities@smifs.com)

### Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: [smifs.institutional@smifs.com](mailto:smifs.institutional@smifs.com)

---