

# Escorts Kubota

Refer to important disclosures at the end of this report

## Subdued quarter; Medium-term prospects remain robust

**Q3 EBITDA declined by 28% YoY to Rs1.9bn, 10% below our estimates, due to lower gross margin. Management expects margins to normalize over the next few quarters, owing to better net pricing, commodity deflation, and cost savings. Revenue grew by 16% to Rs22.6bn, broadly in-line with our estimates. Factoring in the lower-margin assumptions, we have reduced our FY23-25E EPS by 1-4%. Following the revision, we expect robust revenue/EPS CAGRs of 26%/41% over FY23-25E. Escorts remains one of our top sector picks, underpinned by robust medium-term prospects, backed by: 1) enhanced market presence in the domestic agri machinery market, with expansion of the product portfolio, especially in wet-land tractors and farm implements; 2) improved market positioning in construction equipment (CE) on widening of the product portfolio; 3) increased exports by leveraging Kubota's global distribution network; and 4) commencement of component exports to meet Kubota's global requirements. We reaffirm BUY with a TP of Rs2,500/share (Rs2,430 earlier), based on 25x FY25E core EPS (Dec-24E earlier) and cash at Rs352/share (0.80x book).**

**Q3 EBITDA below estimates:** Revenue grew by 16% YoY to Rs22.6bn (est.: Rs22.3bn), broadly in line with estimates. EBITDA declined by 28% YoY to Rs1.9bn, 10% lower than estimates due to lower gross margin. EBITDA margin contracted by 510bps YoY (+30bps QoQ) to 8.4% (est.: 9.5%). Gross margin contracted by 430bps YoY (-210bps QoQ) due to unabsorbed commodity inflation, price rationalization, and adverse mix. Other income grew by 128% to Rs913mn. Overall, adjusted PAT declined by 8% to Rs1.86bn (est.: Rs1.82bn), broadly in line with estimates. PAT was in line, despite EBITDA miss, owing to higher other income. **Segmental performance:** 1) The agri segment's revenue grew by 13% to Rs17.1bn, led by volume growth of 11% and realization growth of 3%. EBIT margin contracted by 750bps YoY (flat QoQ) to 8.3%. 2) CE revenue grew by 11% to Rs3.1bn, led by volume growth of 5% and realization growth of 6%. EBIT margin contracted by 20bps YoY (+490bps QoQ) to 2.2%. 3) Railways revenue grew by 43% to Rs2.5bn. EBIT margin contracted by 120bps YoY (-160bps QoQ) to 13.1%. **What we liked:** Improvement in domestic tractor market share to 10.6% in Q3FY23 vs. 10.5% in Q3FY22 and to 9.7% in Q2FY23. **What we did not like:** The agri segment's margins were below estimates due to unabsorbed commodity inflation and adverse mix. However, margins are expected to improve ahead of price increases and commodity deflation.

**Earnings Call KTAs:** 1) The domestic tractor industry's growth in FY23 is expected to be in double digits, supported by positive customer sentiments. The tractor industry's volumes in FY24 should receive the support of favorable policy actions, but growth would depend on rainfall season and spread. 2) Q3FY23 exports for the company declined by 8% YoY, while the industry witnessed a 14% decline. Escorts has derived ~35% of exports from sales through the Kubota global network. 3) CE volume momentum is expected to remain positive over the next two quarters on government thrust on infra projects. 4) Railways revenue growth is expected to be in double digits in FY24. Pending order book stands at Rs10bn+. 5) Q4 margins are expected to improve sequentially on price increases (taken in Nov-22) and commodity deflation (benefits of ~100bps QoQ). Margins are expected to normalize over the next few quarters. 6) TREM IV emission norms were implemented in Jan-23 for 50HP+ tractors and price increases stood at 10-15%. Implementation of these norms for 25HP+ tractors would lead to price increases of 8-13%. The implementation date could be Sep-24, but it is yet to be finalized.

### Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	69,293	71,527	81,361	113,300	130,053
EBITDA	11,292	9,513	7,274	11,670	15,086
EBITDA Margin (%)	16.3	13.3	8.9	10.3	11.6
APAT	8,741	7,656	6,270	9,521	11,345
EPS (Rs)	86.4	58.0	56.7	85.1	101.4
EPS (% chg)	56.0	(32.9)	(2.2)	50.0	19.2
ROE (%)	19.8	11.6	7.8	11.2	12.2
P/E (x)	22.9	34.2	34.9	23.3	19.5
EV/EBITDA (x)	15.1	22.4	23.1	14.8	11.3
P/BV (x)	3.7	3.3	2.7	2.5	2.3

Source: Company, Emkay Research

CMP	Target Price
Rs 1,983 as of (February 8, 2023)	Rs 2,500 (▲) 12 months
Rating	Upside
BUY (■)	26.1 %

### Change in Estimates

EPS Chg FY23E/FY24E (%)	(3.7)/ (2.5)
Target Price change (%)	2.9
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	56.7	85.1
Consensus	56.5	86.5
Mean Consensus TP (12M)	Rs 2,053	

### Stock Details

Bloomberg Code	ESCORTS IN
Face Value (Rs)	10
Shares outstanding (mn)	132
52 Week H/L	2,359 / 1,307
M Cap (Rs bn/USD bn)	262 / 3.17
Daily Avg Volume (nos.)	413,717
Daily Avg Turnover (US\$ mn)	10.8

### Shareholding Pattern Dec '22

Promoters	72.9%
FIIs	4.0%
DIIIs	8.5%
Public and Others	14.7%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	(8)	1	20	8
Rel. to Nifty	(8)	3	18	4

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

#### Raghunandhan N L

raghunandhan.nl@emkayglobal.com  
+91 22 6624 2428

#### Mumuksh Mandlesha

mumuksh.mandlesha@emkayglobal.com  
+91 22 6612 1334

#### Bhargava Perni

bhargava.perni@emkayglobal.com  
+91 22 6624 2429

**Exhibit 1: Key revenue assumptions; Expect revenue CAGR of 26% over FY23-25E**

Volume (units)	FY21	FY22	FY23E	FY24E	FY25E	CAGR % FY23-25E
Tractors	106,742	94,228	102,015	133,508	143,046	18
YoY %	24.1	(11.7)	8.3	30.9	7.3	
Construction Equipment	3,913	4,117	4,446	5,370	6,029	16
YoY %	(3.2)	5.2	8.0	20.8	12.3	
<b>Revenue (Rs mn)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>	
Agri Machinery Products	56,673	55,210	62,022	89,751	98,511	26
Growth (%)	27.7	(2.6)	12.3	44.7	9.8	
Railway Equipment	4,790	6,362	7,953	9,384	10,323	14
Growth (%)	0.4	32.8	25.0	18.0	10.0	
Construction Equipment	7,761	9,853	11,386	14,164	16,220	19
Growth (%)	(7.6)	27.0	15.6	24.4	14.5	
Component Exports					5,000	
Growth (%)						
Less: Other items	-70	-102	0	0	0	
<b>Revenue</b>	<b>69,293</b>	<b>71,527</b>	<b>81,361</b>	<b>113,300</b>	<b>130,053</b>	<b>26</b>
Growth (%)	20.3	3.2	13.7	39.3	14.8	

Source: Company, Emkay Research

**Exhibit 2: Changes in estimates**

Rs mn	FY23E				FY24E				FY25E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes	99,552	102,015	2.5	8.3	132,161	133,508	1.0	30.9	141,691	143,046	1.0	7.1
Net Sales	80,219	81,361	1.4	13.7	112,922	113,300	0.3	39.3	129,753	130,053	0.2	14.8
EBITDA	7,701	7,274	(5.5)	(23.5)	11,970	11,670	(2.5)	60.4	15,181	15,086	(0.6)	29.3
Margin (%)	9.6	8.9	(66) bps	(436) bps	10.6	10.3	(30) bps	136 bps	11.7	11.6	(10) bps	130 bps
APAT	6,510	6,270	(3.7)	(18.1)	9,761	9,521	(2.5)	51.9	11,417	11,345	(0.6)	19.2
Adj. EPS (Rs)	58.9	56.7	(3.7)	(2.2)	87.2	85.1	(2.5)	50.0	102.0	101.4	(0.6)	19.2

Source: Company, Emkay Research

**Exhibit 3: Actual vs. Estimates (Q3FY23)**

(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	22,637	22,335	22,336	1.4	1.3	Broadly in line with estimates
EBITDA	1,903	2,126	2,307	(10.5)	(17.5)	Below estimates due to lower gross margin
EBITDA Margin (%)	8.4	9.5	10.3	(111) bps	(192) bps	
Adjusted net profit	1,864	1,823	1,957	2.2	(4.7)	Broadly in line with estimates

Source: Bloomberg, Company, Emkay Research

**Exhibit 4: Quarterly performance**

Rs mn	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)	FY23 YTD	FY22 YTD	YoY(%)
<b>Revenue</b>	<b>19,715</b>	<b>18,696</b>	<b>20,149</b>	<b>18,835</b>	<b>22,637</b>	<b>14.8</b>	<b>20.2</b>	<b>61,620</b>	<b>53,273</b>	<b>15.7</b>
<b>Expenditure</b>	<b>16,929</b>	<b>16,181</b>	<b>18,133</b>	<b>17,308</b>	<b>20,733</b>	<b>22.5</b>	<b>19.8</b>	<b>56,174</b>	<b>45,833</b>	<b>22.6</b>
As a % of sales	85.9	86.5	90.0	91.9	91.6			91.2	86.0	
Consumption of RM	13,748	13,107	14,546	13,638	16,871	22.7	23.7	45,055	36,221	24.4
As a % of sales	69.7	70.1	72.2	72.4	74.5			73.1	68.0	
Employee Cost	1,323	1,192	1,369	1,489	1,527	15.4	2.6	4,384	4,090	7.2
As a % of sales	6.7	6.4	6.8	7.9	6.7			7.1	7.7	
Other expenditure	1,857	1,881	2,217	2,182	2,336	25.8	7.1	6,735	5,522	22.0
As a % of sales	9.4	10.1	11.0	11.6	10.3			10.9	10.4	
<b>EBITDA</b>	<b>2,786</b>	<b>2,515</b>	<b>2,016</b>	<b>1,527</b>	<b>1,903</b>	<b>(31.7)</b>	<b>24.7</b>	<b>5,446</b>	<b>7,440</b>	<b>(26.8)</b>
<b>EBITDA margin (%)</b>	<b>14.1</b>	<b>13.5</b>	<b>10.0</b>	<b>8.1</b>	<b>8.4</b>			<b>8.8</b>	<b>14.0</b>	
Depreciation	325	330	364	365	376	15.5	3.0	1,104	968	14.1
<b>EBIT</b>	<b>2,461</b>	<b>2,185</b>	<b>1,652</b>	<b>1,162</b>	<b>1,528</b>	<b>(37.9)</b>	<b>31.5</b>	<b>4,342</b>	<b>6,473</b>	<b>(32.9)</b>
Other Income	260	538	354	776	913	251.6	17.7	2,043	1,150	77.7
Interest	33	29	26	23	26	(18.8)	15.8	75	98	(23.4)
<b>PBT</b>	<b>2,688</b>	<b>2,695</b>	<b>1,981</b>	<b>1,915</b>	<b>2,414</b>	<b>(10.2)</b>	<b>26.1</b>	<b>6,309</b>	<b>7,524</b>	<b>(16.1)</b>
Total Tax	673	673	506	494	550	(18.3)	11.4	1,550	1,890	(18.0)
<b>Adjusted PAT</b>	<b>2,015</b>	<b>2,022</b>	<b>1,475</b>	<b>1,421</b>	<b>1,864</b>	<b>(7.5)</b>	<b>31.2</b>	<b>4,760</b>	<b>5,634</b>	<b>(15.5)</b>
Extraordinary items Loss/(Gain)	0	0	0	545	0			545	0	
<b>Reported PAT</b>	<b>2,015</b>	<b>2,022</b>	<b>1,475</b>	<b>877</b>	<b>1,864</b>	<b>(7.5)</b>	<b>112.6</b>	<b>4,215</b>	<b>5,634</b>	<b>(25.2)</b>
<b>Adjusted EPS (Rs)</b>	<b>18.2</b>	<b>18.3</b>	<b>13.3</b>	<b>12.9</b>	<b>16.9</b>	<b>(7.5)</b>	<b>31.2</b>	<b>43.1</b>	<b>51.0</b>	<b>(15.5)</b>

Source: Company, Emkay Research

**Key Financials (Standalone)****Income Statement**

Y/E March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>69,293</b>	<b>71,527</b>	<b>81,361</b>	<b>113,300</b>	<b>130,053</b>
<b>Expenditure</b>	<b>58,001</b>	<b>62,014</b>	<b>74,087</b>	<b>101,630</b>	<b>114,967</b>
<b>EBITDA</b>	<b>11,292</b>	<b>9,513</b>	<b>7,274</b>	<b>11,670</b>	<b>15,086</b>
Depreciation	1,157	1,298	1,479	2,235	2,604
<b>EBIT</b>	<b>10,135</b>	<b>8,216</b>	<b>5,795</b>	<b>9,435</b>	<b>12,483</b>
Other Income	1,546	2,130	2,636	2,695	2,704
Interest expenses	110	127	127	229	160
<b>PBT</b>	<b>11,571</b>	<b>10,219</b>	<b>8,304</b>	<b>11,902</b>	<b>15,027</b>
Tax	2,831	2,563	2,035	2,380	3,682
Extraordinary Items	0	0	(545)	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>8,741</b>	<b>7,656</b>	<b>5,725</b>	<b>9,521</b>	<b>11,345</b>
<b>Adjusted PAT</b>	<b>8,741</b>	<b>7,656</b>	<b>6,270</b>	<b>9,521</b>	<b>11,345</b>

**Balance Sheet**

Y/E March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	1,348	1,319	1,105	1,119	1,119
Reserves & surplus	52,568	77,462	80,337	87,954	96,576
<b>Net worth</b>	<b>53,916</b>	<b>78,782</b>	<b>81,442</b>	<b>89,073</b>	<b>97,695</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,820</b>	<b>0</b>
Net deferred tax liability	230	379	371	359	344
<b>Total Liabilities</b>	<b>54,146</b>	<b>79,161</b>	<b>81,813</b>	<b>91,251</b>	<b>98,039</b>
<b>Net block</b>	<b>17,132</b>	<b>17,496</b>	<b>19,145</b>	<b>26,239</b>	<b>30,635</b>
<b>Investment</b>	<b>23,748</b>	<b>52,161</b>	<b>54,536</b>	<b>55,036</b>	<b>56,536</b>
<b>Current Assets</b>	<b>30,192</b>	<b>23,093</b>	<b>24,193</b>	<b>36,189</b>	<b>40,139</b>
Cash & bank balance	13,165	2,585	865	1,222	1,070
Other Current Assets	2,222	3,066	3,488	4,857	5,575
<b>Current liabilities &amp; Provision</b>	<b>17,887</b>	<b>14,557</b>	<b>16,401</b>	<b>27,002</b>	<b>30,061</b>
<b>Net current assets</b>	<b>12,305</b>	<b>8,537</b>	<b>7,792</b>	<b>9,187</b>	<b>10,078</b>
Misc. exp	317	90	90	90	90
<b>Total Assets</b>	<b>54,146</b>	<b>79,161</b>	<b>81,813</b>	<b>91,251</b>	<b>98,039</b>

**Cash Flow**

Y/E March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>10,026</b>	<b>8,089</b>	<b>5,668</b>	<b>9,206</b>	<b>12,323</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	2,610	(6,538)	(1,049)	(2,148)	(1,960)
<b>Operating Cashflow</b>	<b>9,645</b>	<b>(1,719)</b>	<b>3,695</b>	<b>8,074</b>	<b>9,528</b>
Capital expenditure	(1,166)	(1,593)	(2,500)	(10,577)	(7,000)
<b>Free Cash Flow</b>	<b>8,479</b>	<b>(3,312)</b>	<b>1,195</b>	<b>(2,503)</b>	<b>2,528</b>
Investments	(10,632)	(28,413)	(2,375)	(500)	(1,500)
Other Investing Cash Flow	451	888	0	0	0
<b>Investing Cashflow</b>	<b>(9,801)</b>	<b>(26,987)</b>	<b>(2,239)</b>	<b>(8,381)</b>	<b>(5,796)</b>
Equity Capital Raised	10,576	(29)	(214)	14	0
Loans Taken / (Repaid)	(112)	0	0	1,820	(1,820)
Dividend paid (incl. tax)	(245)	(924)	(940)	(1,904)	(2,723)
Other Financing Cash Flow	0	19,205	(1,893)	964	819
<b>Financing Cashflow</b>	<b>10,137</b>	<b>18,126</b>	<b>(3,175)</b>	<b>665</b>	<b>(3,884)</b>
<b>Net chg. in cash</b>	<b>9,980</b>	<b>(10,581)</b>	<b>(1,720)</b>	<b>357</b>	<b>(152)</b>
Opening cash position	3,185	13,165	2,585	865	1,222
<b>Closing cash position</b>	<b>13,165</b>	<b>2,585</b>	<b>865</b>	<b>1,222</b>	<b>1,070</b>

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 02/09/2023 02:27 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY&lt;GO&gt;. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	16.3	13.3	8.9	10.3	11.6
EBIT Margin	14.6	11.5	7.1	8.3	9.6
Effective Tax Rate	24.5	25.1	24.5	20.0	24.5
Net Margin	12.6	10.7	7.7	8.4	8.7
ROCE	19.6	11.6	7.9	10.5	12.0
ROE	19.8	11.6	7.8	11.2	12.2
RoIC	43.8	31.0	17.7	25.0	25.5

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	86.4	58.0	56.7	85.1	101.4
CEPS	97.9	67.9	70.1	105.1	124.7
BVPS	530.0	596.4	736.2	795.4	872.4
DPS	7.5	7.0	8.5	17.0	24.3

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	22.9	34.2	34.9	23.3	19.5
P/CEPS	20.3	29.2	28.3	18.9	15.9
P/BV	3.7	3.3	2.7	2.5	2.3
EV / Sales	2.5	3.0	2.1	1.5	1.3
EV / EBITDA	15.1	22.4	23.1	14.8	11.3
Dividend Yield (%)	0.4	0.4	0.4	0.9	1.2

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)
Net Debt/EBIDTA	(2.6)	(5.1)	(7.0)	(4.2)	(3.4)
Working Cap Cycle (days)	(4.5)	30.4	31.1	25.7	25.3

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	20.3	3.2	13.7	39.3	14.8
EBITDA	67.1	(15.8)	(23.5)	60.4	29.3
EBIT	77.4	(18.9)	(29.5)	62.8	32.3
PAT	80.0	(12.4)	(25.2)	66.3	19.2

<b>Quarterly (Rs mn)</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>	<b>Q2FY23</b>	<b>Q3FY23</b>
Revenue	19,715	18,696	20,149	18,835	22,637
EBITDA	2,786	2,515	2,016	1,527	1,903
<b>EBITDA Margin (%)</b>	<b>14.1</b>	<b>13.5</b>	<b>10.0</b>	<b>8.1</b>	<b>8.4</b>
PAT	2,015	2,022	1,475	1,421	1,864
<b>EPS (Rs)</b>	<b>18.2</b>	<b>18.3</b>	<b>13.3</b>	<b>12.9</b>	<b>16.9</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Dec-22</b>
Promoters	28.1	28.1	72.9	72.9	72.9
FIs	15.5	3.6	4.2	4.7	4.0
DIs	8.3	0.4	6.2	7.7	8.5
Public and Others	48.1	67.9	16.7	14.7	14.7

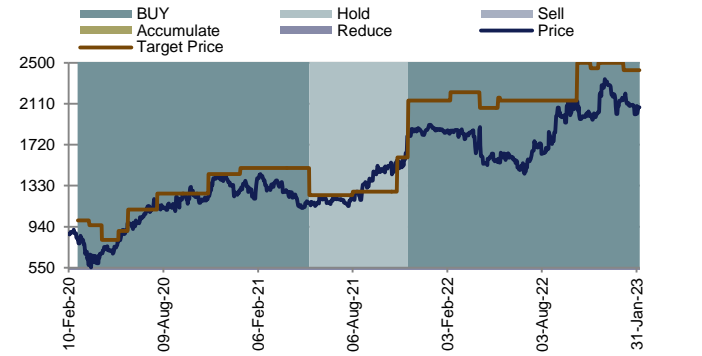
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
05-Feb-23	2,077	2,430	12m	Buy	Raghunandhan NL
13-Jan-23	2,118	2,430	12m	Buy	Raghunandhan NL
06-Jan-23	2,165	2,430	12m	Buy	Raghunandhan NL
19-Nov-22	2,031	2,500	12m	Buy	Raghunandhan NL
04-Nov-22	1,991	2,450	12m	Buy	Raghunandhan NL
09-Oct-22	2,134	2,500	12m	Buy	Raghunandhan NL
02-Aug-22	1,633	2,140	12m	Buy	Raghunandhan NL
10-Jul-22	1,562	2,140	12m	Buy	Raghunandhan NL
15-May-22	1,550	2,140	12m	Buy	Raghunandhan NL
11-May-22	1,586	2,170	12m	Buy	Raghunandhan NL
06-Apr-22	1,889	2,070	12m	Buy	Raghunandhan NL
24-Feb-22	1,795	2,220	12m	Buy	Raghunandhan NL
09-Feb-22	1,856	2,220	12m	Buy	Raghunandhan NL
20-Nov-21	1,803	2,140	12m	Buy	Raghunandhan NL
30-Oct-21	1,569	1,600	12m	Hold	Raghunandhan NL
06-Aug-21	1,200	1,275	12m	Hold	Raghunandhan NL
02-Jul-21	1,203	1,240	12m	Hold	Raghunandhan NL
18-Jun-21	1,170	1,240	12m	Hold	Raghunandhan NL
01-Jun-21	1,163	1,240	12m	Hold	Raghunandhan NL
30-May-21	1,162	1,240	12m	Hold	Raghunandhan NL
15-May-21	1,164	1,240	12m	Hold	Raghunandhan NL
03-Jan-21	1,288	1,500	12m	Buy	Raghunandhan NL
03-Nov-20	1,235	1,442	12m	Buy	Raghunandhan NL
11-Oct-20	1,222	1,256	12m	Buy	Raghunandhan NL
28-Aug-20	1,141	1,256	12m	Buy	Raghunandhan NL
28-Jul-20	1,158	1,256	12m	Buy	Raghunandhan NL
29-Jun-20	1,033	1,103	12m	Buy	Raghunandhan NL
02-Jun-20	960	1,103	12m	Buy	Raghunandhan NL
15-May-20	824	898	12m	Buy	Raghunandhan NL
04-May-20	683	815	12m	Buy	Raghunandhan NL
13-Apr-20	690	815	12m	Buy	Raghunandhan NL
20-Mar-20	675	954	12m	Buy	Raghunandhan NL
27-Feb-20	818	1,000	12m	Buy	Raghunandhan NL

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 09 Feb 2023 01:12:32 (SGT)

Dissemination Date: 09 Feb 2023 01:13:32 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit [www.emkayglobal.com](http://www.emkayglobal.com) to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. 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 EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), 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 persons 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 Financial Institutions Regulatory Authority (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. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major 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 the Major 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 Institutional Investors.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of February 8, 2023
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report  
**Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of February 8, 2023.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the February 8, 2023
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the February 8, 2023



**RESTRICTIONS ON DISTRIBUTION**

General	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.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com