

India

**REDUCE** (no change)

Consensus ratings\*: Buy 5 Hold 6 Sell 10

Current price:	Rs3,510
Target price:	Rs3,010
Previous target:	Rs3,064
Up/downside:	-14.2%
InCred Research / Consensus:	-13.0%
Reuters:	
Bloomberg:	ESCORTS IN
Market cap:	US\$5,408m Rs392,736m
Average daily turnover:	US\$15.7m Rs1139.6m
Current shares o/s:	111.9m
Free float:	33.7%

\*Source: Bloomberg

**Key changes in this note**

- Sales increased by 20-21% for FY25F-26F.
- EBITDA increased by 2-8% for FY25F-26F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(4.4)	(7.9)	9.5
Relative (%)	(4.0)	(5.6)	(8.7)

Major shareholders	% held
Kubota Corporation	53.5
Nanda Family	12.8
HDFC Mutual Fund	1.6

**Research Analyst(s)**



**Pramod AMTHE**

T (91) 22 4161 1541  
E pramod.amthe@incredresearch.com

**Ravi GUPTA**

T (91) 02241611552  
E ravi.gupta@incredresearch.com

# Escorts Kubota Ltd

## Kubota benefits remain elusive

- Merger of Kubota India operations distorted 2Q financials. Normalized EPS rose 5% qoq, aided by tractors, while construction & railway biz disappointed.
- Estimates adjusted for merger benefit on sales, but a drag on margins.
- Maintain REDUCE rating as high expectations regarding Kubota benefits were difficult to come through in the tractor division, and also railway biz divestment.

### Post-merger EBITDA margin impact disappoints in 2QFY25

Escorts Kubota's 2QFY25 standalone net sales stood at Rs24.7bn, flat yoy and down 12% qoq. EBITDA grew by 28% qoq to Rs2.7bn, but flat yoy. The EBITDA margin contracted by 238bp sequentially to 10.8%. Normalized PAT, at Rs.3.3bn, was up 53% yoy and 8% qoq on the back of a 23% yoy growth in other income. The tractor segment's revenue declined by 13% qoq while it was up 5% yoy at Rs18.8bn, with the EBIT margin at 9.1%, a decline of 252bp qoq. The construction equipment segment's revenue fell 13% on the back of a volume drop of 18%. The railway segment's revenue fell 10% yoy.

### Management commentary

Management indicated FY25F industry volume will grow in high single digit. However, it was flat in 1HFY25 due to heatwave, general elections in India and heavy rainfall. During the quarter, the eastern part of the country, except Bihar, grew tremendously. Going ahead, demand from western and southern parts of the country is likely to pick up. Management is in advanced discussions with the Uttar Pradesh government for a land parcel to establish the company's greenfield facility. Kubota India's merger impacted the EBITDA margin by 230bp in 1HFY25 (Fig. 6), which management expects to ease in coming quarters as cost optimization benefits accrue. The railway division has been sold for just Rs16bn because the interest from bidders was low.

### Incorporation of merger, railway division sale impact on financials

The merger of Kubota India leads to 20+% upgrade in net sales for FY25F-26F. However, the EBITDA upgrade is just 2-8% due to margin drag. The good festive demand in recent months raises hopes of a double-digit tractor volume growth in 2HFY25F. New emission norms to influence consumer behaviour (pre-purchases in FY26F and demand dip in FY27F). Incorporating the railway division's disposal, we trim FY27F sales.

### Kubota benefits delayed; maintain REDUCE rating

The delay in Kubota benefits, in terms of export volume revival and new plant capacity is disappointing. The merger, which brings the EBITDA margin to a low level, is a cause of concern while the recovery, we believe, will be gradual. However, the valuation, despite the recent stock price correction, is at +1SD above the five-year mean level. We maintain our REDUCE rating on the stock with the target price slightly lower at Rs3,010 (Rs3,064 earlier), at 24x forward EPS. Key upside risk: Tractor pre-purchase benefits ahead of the new emission norms aiding FY26F profitability.

### Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	83,450	106,811	116,747	135,594	127,207
Operating EBITDA (Rsm)	7,805	13,203	13,679	16,899	15,238
Net Profit (Rsm)	6,070	10,816	12,319	26,897	13,135
Core EPS (Rs)	60.8	96.7	103.9	143.0	117.4
Core EPS Growth	(11.2%)	59.0%	7.4%	37.7%	(17.9%)
FD Core P/E (x)	64.71	36.31	31.88	14.60	29.90
DPS (Rs)	7.0	13.0	16.0	40.0	25.0
Dividend Yield	0.24%	0.37%	0.46%	1.14%	0.71%
EV/EBITDA (x)	49.72	29.12	28.29	22.76	25.27
P/FCFE (x)	129.89	40.90	(533.46)	57.13	165.47
Net Gearing	(5.6%)	(8.8%)	(5.5%)	(6.4%)	(5.6%)
P/BV (x)	4.66	4.17	3.75	3.09	2.86
ROE	8.3%	12.1%	11.7%	13.8%	9.9%
% Change In Core EPS Estimates			(2.96%)	15.53%	(13.13%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Kubota benefits remain elusive

### Management conference-call highlights➤

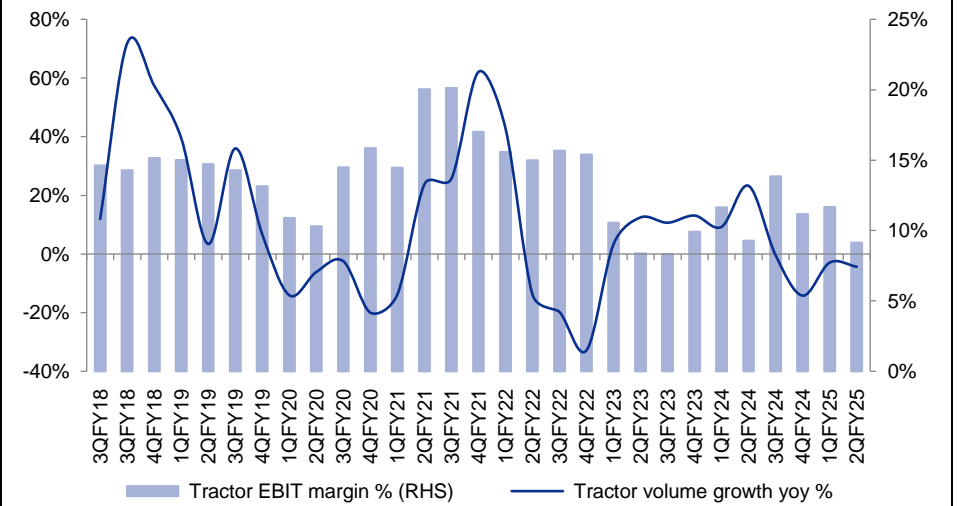
- **Outlook:** In 1HFY25, the tractor industry's volume witnessed flat growth yoy, sluggish growth in the early part of FY24 due to heatwave, general elections in India and heavy rainfall which were offset by a 22-23% yoy festive season-led growth in Oct 2024. In 2HFY25F, management expects the growth rate to be in the range of mid-high teens led by government initiatives on infrastructure projects, rural demand recovery led by favourable monsoons and supply of crops to mandis (markets).
- **Merger:** The NCLT has approved the Scheme of Amalgamation of Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited (amalgamating companies) with Escorts Kubota (amalgamated company). So, historical financials have been revised to reflect it and are not strictly comparable.
- **Financial performance:** The EBITDA margin for the quarter was impacted by 300bp due to the merger, which is likely to normalize to 150bp soon. In the next two years, management expects it to recover to 13% with cost rationalization and localization.
- **Region-wise outlook:** During the quarter, the eastern part of the country, except Bihar, grew tremendously, especially Chhattisgarh, Jharkhand and West Bengal, driven by adequate rains. Going ahead, western and southern parts of the country are likely to pick up.
- **International business:** Management's priority is Mexican and Southeast Asian markets, for which the products will be developed by 4QFY25F and FY26F, respectively. Exports to the American market and South America will commence from the upcoming greenfield facility in FY27F. The export volume remains under pressure in 3Q due to weak demand in the European market, which is likely to see an uptick from 4QFY25F.
- **Railway division:** Escorts Kubota has inked a business transfer agreement with Sona BLW Precision Forgings (Sona Comstar) for transferring its existing railway equipment business division (RED) as a going concern, on a slump sale basis, for a lumpsum cash consideration of Rs16bn. This divestment is subject to customary closing conditions, including the receipt of necessary approvals and permissions. The valuation of this business, at 9x EV/EBIT and 1.7x price/sales, has been below management's expectations, as the product portfolio overlaps limited other bidders' interest in the acquisition.
- **Greenfield facility:** Management is in advanced discussions with the Uttar Pradesh government for a land parcel to establish the company's greenfield facility, and this matter is likely to get closed in the next six months and a further 2.5 years for plant construction. Estimated capex for the greenfield facility is ~Rs45bn. Currently, the tractor manufacturing facility is running at ~75% capacity utilization.
- **Debt position:** There was Rs350m of debt relating to the Kubota India operations, which the company repaid post-merger.
- **Costs front:** Raw material prices were stable in 2Q, except rubber. For the next quarter, management expects no major improvement in raw material prices.
- **New products:** The newly launched product, World Max, is a high HP tractor which is getting healthy traction from customers. Now, the company is planning to launch it in new geographies. A new range is likely to be launched by Jan-Feb 2024F, and it will be a 41-50HP tractor, which, management feels, will fill the gap.
- **Dealer inventory level:** 35-37 days post-festive season.

Figure 1: Quarterly results comparison

Y/E Mar (Rs m)	2QFY25	2QFY24	yoy % chg	1QFY25	qoq % chg	1HFY25	1HFY24	yoy % chg
Revenue	24,762	24,646	0.5	28,010	(11.6)	52,771	52,668	0.2
Raw material costs	17,139	17,232	(0.5)	19,639	(12.7)	36,778	37,243	(1.2)
RM costs as a % of revenue	69.2	69.9	(70)	70.1	(90.2)	69.7	70.7	(101.9)
EBITDA	2,676	2,667	0.3	3,694	(27.6)	6,367	6,270	1.5
EBITDA margin (%)	10.8	10.8	(1.7)	13.2	(238.4)	12.1	11.9	16.0
Depreciation & amortization	636	582	9.3	615	3.4	1,251	1,124	11.4
EBIT	2,039	2,085	(2.2)	3,079	(33.8)	5,116	5,147	(0.6)
Interest expenses	92	87	6.5	101	(9.1)	193	174	11.3
Other income	1,153	936	23.1	1,025	12.5	2,178	1,861	17.0
Pre-tax profit	3,100	2,935	5.6	4,003	(22.6)	7,100	6,834	3.9
Tax	753	802	(6.1)	968	(22.2)	1,721	1,749	(1.6)
Tax rate (%)	24.3	27.3	(303)	24.2	12	24.2	25.6	(136.6)
<b>Normalized net profit</b>	<b>2,347</b>	<b>2,133</b>	<b>10.0</b>	<b>3,035</b>	<b>(22.7)</b>	<b>5,379</b>	<b>5,084</b>	<b>5.8</b>
Exceptionals	920	-	-	-	nm	920	-	nm
<b>Reported net profit</b>	<b>3,267</b>	<b>2,133</b>	<b>53.2</b>	<b>3,035</b>	<b>7.6</b>	<b>6,299</b>	<b>5,084</b>	<b>23.9</b>
Normalized EPS (Rs)	21.0	19.1	10.0	27.1	(22.7)	48.1	45.4	5.8
Tractor volume (nos)	27,945	29,212	(4.3)	28,420	(1.7)	56,365	58,494	(3.6)
Tractor realization (Rs)	6,74,235	6,12,539	10.1	7,64,145	(11.8)	7,19,569	6,68,735	7.6

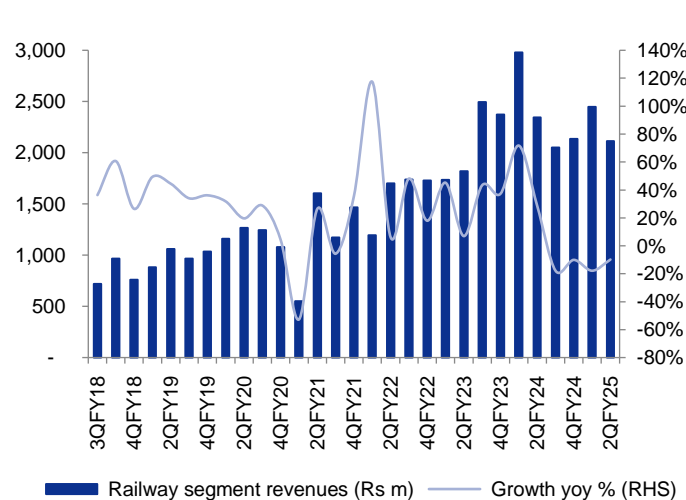
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Declining tractor volume growth continues to dent the EBIT margin



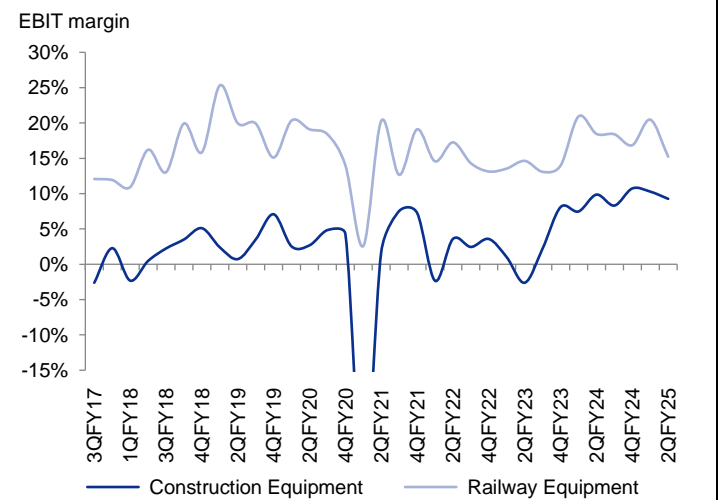
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Railway division's sales down qoq



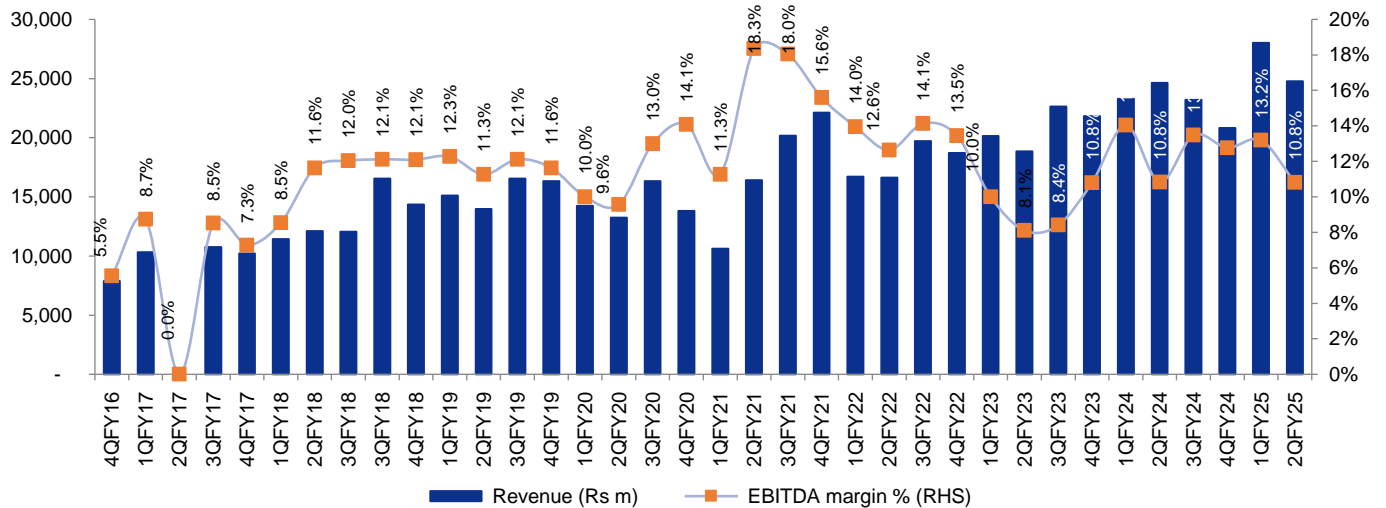
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Segment-wise EBIT margin trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: The EBITDA margin impacted by Kubota India operations merger



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Financial matrix pre-post-merger

Particulars (Rs m)	Reported	Restated	2QFY25		FY24	
			Change	Reported	Restated	Change
Revenue from operations	22,925	28,010	22%	87,767	1,06,811	22%
Profit before tax	3,881	4,003	3%	13,898	14,409	4%
PBT margin	16.9%	14.3%	-264	15.8%	13.5%	-235

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Our revised earnings estimates

(Rs m)	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
Tractor volume (nos)	97,554	1,19,745	1,06,141	1,32,917	1,13,201	1,22,284
% change		22.7%		25.2%		8.0%
Net sales	96,268	1,16,747	1,13,459	1,35,594	1,28,899	1,27,207
% change		21.3%		19.5%		-1.3%
EBITDA	13,467	13,679	15,692	16,899	17,152	15,238
% change		1.6%		7.7%		-11.2%
EBITDA margin	14.0%	11.7%	13.8%	12.5%	13.3%	12.0%
bp change		(162)		(99)		(100)
PAT	11,826	11,409	13,679	14,097	14,932	13,135
% change		-3.5%		3.1%		-12.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Key assumptions

Volume Assumptions	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Tractor volume (units)	1,03,290	95,858	1,19,745	1,32,917	1,22,284
Growth yoy %	9.6%	-7.2%	24.9%	11.0%	-8.0%
Construction equipment volume (units)	4,620	6,548	6,548	7,989	9,427
Growth yoy %	12.2%	41.7%	0.0%	22.0%	18.0%
Total revenue (Rs m)	83,450	1,06,811	1,16,747	1,35,594	1,27,207
Growth yoy %	16.7%	28.0%	9.3%	16.1%	-6.2%
EBITDA margin %	9.4%	12.4%	11.7%	12.5%	12.0%
Segment-wise assumptions					
Tractor revenue (Rs m)	63,161	61,101	88,664	1,00,385	97,895
EBIT margin %	9.3%	12.7%	45.1%	13.2%	-2.5%
Construction equipment revenue (Rs m)	11,790	17,097	18,294	23,658	29,312
EBIT margin %	2.9%	9.3%	10.0%	10.5%	11.0%
Railway equipment revenue (Rs m)	8,419	9,504	9,789	11,551	-
EBIT margin %	13.8%	18.9%	18.0%	19.0%	20.0%

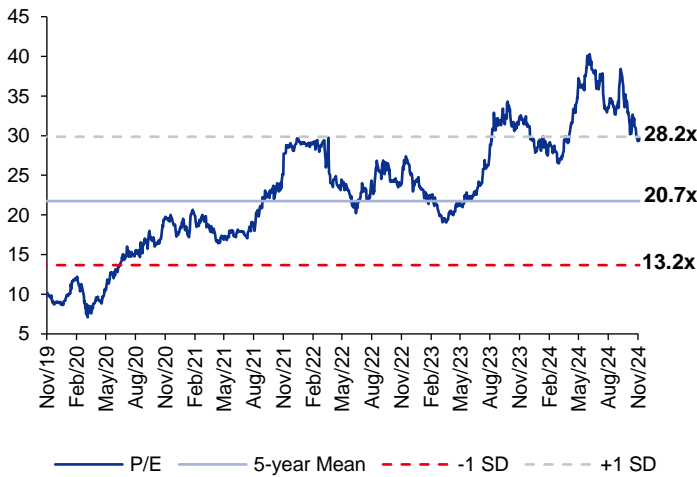
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Our valuation methodology

1-year forward EPS (Rs)	120.4
P/E(x)	25.0
<b>Target price (Rs)</b>	<b>3,010</b>

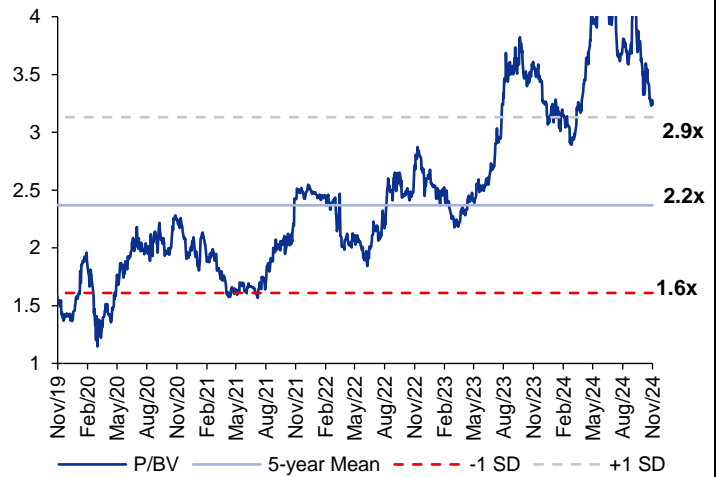
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Forward P/E is at +1 standard deviation level



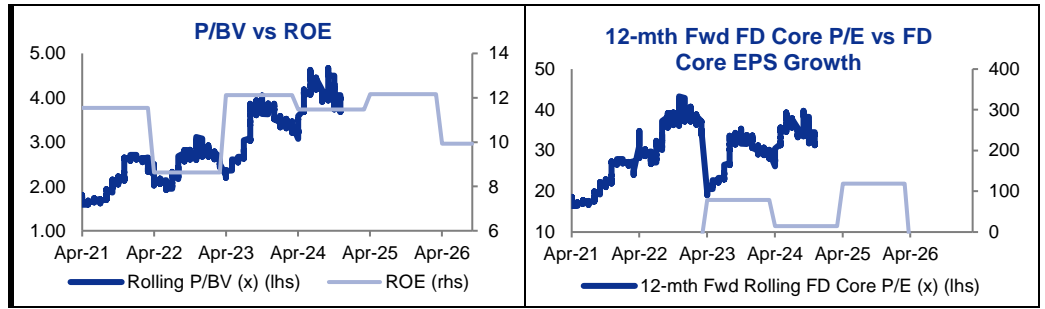
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 11: Forward P/BV is near the +1 standard deviation level



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	83,450	106,811	116,747	135,594	127,207
<b>Gross Profit</b>	22,781	31,524	35,024	40,814	37,526
<b>Operating EBITDA</b>	7,805	13,203	13,679	16,899	15,238
Depreciation And Amortisation	(1,484)	(2,328)	(2,654)	(2,972)	(3,215)
<b>Operating EBIT</b>	6,321	10,876	11,025	13,927	12,023
Financial Income/(Expense)	(103)	(393)	(350)	(100)	(75)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,806	3,926	4,436	4,969	5,565
<b>Profit Before Tax (pre-EI)</b>	9,024	14,409	15,112	18,796	17,513
Exceptional Items	(972)		910	12,800	
<b>Pre-tax Profit</b>	8,052	14,409	16,022	31,596	17,513
Taxation	(1,982)	(3,592)	(3,702)	(4,699)	(4,378)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	6,070	10,816	12,319	26,897	13,135
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	6,070	10,816	12,319	26,897	13,135
Recurring Net Profit	6,802	10,816	11,620	16,001	13,135
<b>Fully Diluted Recurring Net Profit</b>	6,802	10,816	11,620	16,001	13,135

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	7,805	13,203	13,679	16,899	15,238
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,803)	(3,538)	(797)	(1,044)	3,474
(Incr)/Decr in Total Provisions	(392)	3,182	255	300	300
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(972)		910	12,800	
Net Interest (Paid)/Received	2,703	3,533	4,086	4,869	5,490
Tax Paid	(1,982)	(3,076)	(3,702)	(4,699)	(4,378)
<b>Cashflow From Operations</b>	3,360	13,304	14,432	29,124	20,124
Capex	(2,304)	(5,546)	(5,489)	(6,000)	(1,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,968	(1,790)	(9,679)	(16,250)	(16,250)
<b>Cash Flow From Investing</b>	(336)	(7,336)	(15,168)	(22,250)	(17,750)
Debt Raised/(repaid)		3,634			
Proceeds From Issue Of Shares		656			
Shares Repurchased					
Dividends Paid	(924)	(1,454)	(1,790)	(4,475)	(2,797)
Preferred Dividends					
Other Financing Cashflow		(642)			
<b>Cash Flow From Financing</b>	(924)	2,193	(1,790)	(4,475)	(2,797)
Total Cash Generated	2,100	8,161	(2,526)	2,399	(423)
<b>Free Cashflow To Equity</b>	3,024	9,602	(736)	6,874	2,374
<b>Free Cashflow To Firm</b>	3,127	6,361	(386)	6,974	2,449

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

**Balance Sheet**

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	4,685	11,915	9,389	11,788	11,364
Total Debtors	12,076	14,633	15,033	16,717	12,198
Inventories	11,590	16,562	15,993	16,717	16,380
Total Other Current Assets	4,405	7,028	7,507	8,057	8,607
<b>Total Current Assets</b>	<b>32,756</b>	<b>50,137</b>	<b>47,921</b>	<b>53,278</b>	<b>48,549</b>
Fixed Assets	20,725	23,728	26,073	29,102	27,386
Total Investments	50,306	50,726	60,226	76,226	92,226
Intangible Assets					
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>71,030</b>	<b>74,453</b>	<b>86,299</b>	<b>105,327</b>	<b>119,612</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	12,329	16,319	15,353	16,717	15,335
Other Current Liabilities	4,300	6,952	7,452	7,952	8,452
<b>Total Current Liabilities</b>	<b>16,628</b>	<b>23,272</b>	<b>22,805</b>	<b>24,669</b>	<b>23,787</b>
Total Long-term Debt		3,634	3,634	3,634	3,634
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>		<b>3,634</b>	<b>3,634</b>	<b>3,634</b>	<b>3,634</b>
Total Provisions	2,105	3,032	3,087	3,187	3,287
<b>Total Liabilities</b>	<b>18,733</b>	<b>29,937</b>	<b>29,526</b>	<b>31,490</b>	<b>30,707</b>
Shareholders Equity	84,348	94,165	104,694	127,116	137,453
Minority Interests					
<b>Total Equity</b>	<b>84,348</b>	<b>94,165</b>	<b>104,694</b>	<b>127,116</b>	<b>137,453</b>

**Key Ratios**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	16.7%	28.0%	9.3%	16.1%	(6.2%)
Operating EBITDA Growth	(18.0%)	69.2%	3.6%	23.5%	(9.8%)
Operating EBITDA Margin	9.4%	12.4%	11.7%	12.5%	12.0%
Net Cash Per Share (Rs)	41.87	74.02	51.44	72.88	69.10
BVPS (Rs)	753.92	841.66	935.77	1,136.18	1,228.58
Gross Interest Cover	61.37	27.67	31.50	139.27	160.30
Effective Tax Rate	24.6%	24.9%	23.1%	14.9%	25.0%
Net Dividend Payout Ratio	13.1%	13.4%	15.7%	31.7%	21.3%
Accounts Receivables Days	44.51	45.64	46.37	42.73	41.48
Inventory Days	59.04	68.24	72.70	62.98	67.35
Accounts Payables Days	63.49	69.44	70.73	61.75	65.22
ROIC (%)	18.5%	25.4%	21.5%	25.0%	19.6%
ROCE (%)	7.7%	11.8%	10.6%	11.6%	8.8%
Return On Average Assets	7.2%	9.7%	9.0%	9.7%	8.1%

**Key Drivers**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
ASP (% chg, main prod./serv.)	4.4%	17.6%	3.0%	2.0%	6.0%
Unit sales grth (% , main prod./serv.)	9.6%	6.4%	9.0%	11.0%	(8.0%)
ASP (% chg, 2ndary prod./serv.)	6.6%	8.8%	0.6%	6.0%	5.0%
Unit sales grth (% ,2ndary prod/serv)	12.2%	41.7%	N/A	22.0%	18.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

---

## DISCLAIMER

---

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. 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 IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or 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 the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.



In the past 12 months, IRSPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

**Analyst declaration**

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

<b>Recommendation Framework</b>	
<b>Stock Ratings</b>	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
<b>Sector Ratings</b>	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
<b>Country Ratings</b>	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.