

13 Dec, 2010

Key Data	(₹)
CMP	163
Target Price	201

Key Data	
Bloomberg Code	ESC IN
Reuters Code	ESCO.BO
BSE Code	500495
NSE Code	ESCORTS
Face Value (₹)	10
Market Cap. (₹ Bn.)	17.2
52 Week High (₹)	246
52 Week Low (₹)	104
Avg. Daily Volume (6m)	817,754
Beta (Sensex)	1.2

Shareholding	%
Promoters	26.7
Mutual Funds /UTI / Banks	18.0
Foreign Institutional Investors	29.7
Bodies Corporate	4.3
Individuals	20.7
Other	0.6
Total	100

₹ mn	FY10	FY11E	FY12E
Net sales	33,783.0	37,878.0	42,043.2
Operating Profit	2,449.6	3,076.5	3,611.2
OPM (%)	7.3	8.1	8.6
PAT	1,319.9	1,469.2	1,915.5
PAT (%)	3.9	3.9	4.6
Earnings per share	13.8	15.4	20.1

Escorts Ltd

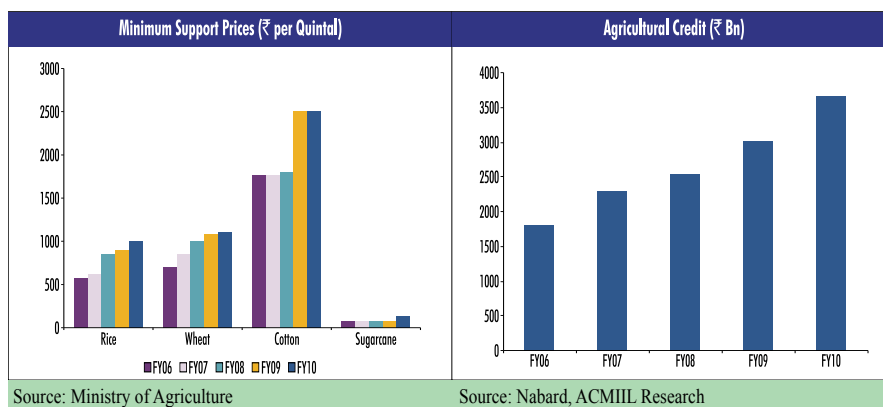
We initiate coverage on Escorts Ltd (EL) with “Buy” recommendation and price target of ₹ 201 (based on P/E of 10x its FY12E EPS of ₹ 20.1 per share). EL is diverse player having presence in agri machinery products, construction equipment, railway equipments and auto suspension products. EL has market share of 13% of the domestic tractor market and has been supplying to Indian Railways since last 40 years.

EL has emerged fitter post restructuring (wherein it exited loss making and capital intensive business) leading to focus on core business of agri machinery, construction equipment, railway equipments and auto suspension products. Growth in tractor sales would improve capacity utilization leading to better margins going forward. Further, Government thrust on infrastructure and huge capex planned by Indian railways is likely to boost demand for construction equipment and railway equipment business. At CMP of 163, EL trades at P/E of 8.1x its FY 12 earnings of ₹ 20.1 per share and P/B of 0.8x.

Investment Positives

Tractor sales to remain strong

Tractor sales are expected to remain strong on back of rising rural income. Minimum Support Prices (MSP) has been increasing for food grains, thus boosting earnings of the farmer and leading to higher demand for tractors. This is further aided by strong finance availability and Government initiatives such as rural development, Loan waiver and NREGA, which boost rural income. Agri credit has increased from ₹ 1,804.86 billion in FY06 to ₹ 3,669.19 billion in FY10. Also increasing use of tractors for non-agri purposes (such as construction and infrastructure) is also expected to provide impetus to demand. The industry is expected to grow at CAGR of 10-12% for FY10-FY12. This is expected to provide steady revenues to the company.



Analyst

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**Increased capacity utilization
would improve profitability
going forward.**
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Increased capacity utilization to drive profitability

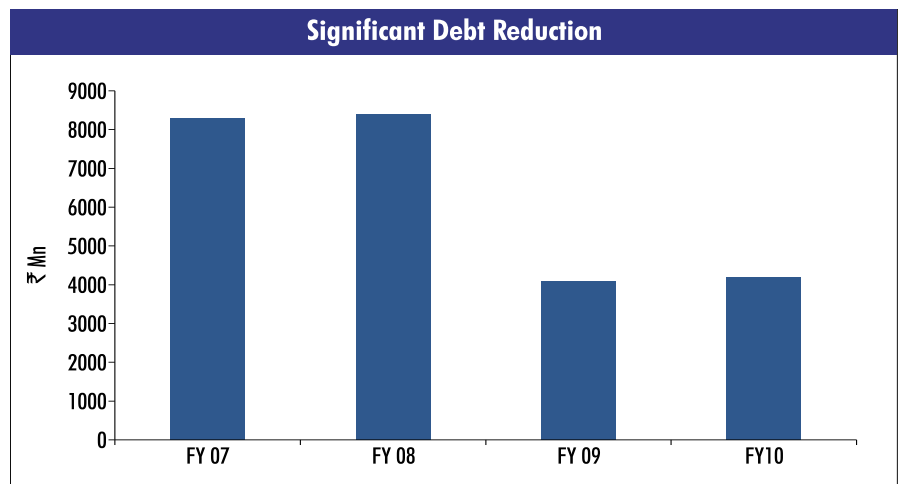
EL was operating at average capacity utilization of 50% for the last three years in the tractor segment. Capacity utilization levels have improved to ~60% in FY10 and are expected to reach 70% by FY12E with increase in tractor sales. EL would not incur capacity expansion, as the current capacity would be sufficient to capture growth over the next two years. Thus, the capacity utilization levels are expected to improve going forward. Increased capacity utilization would lead to economies of scale leading to better profitability.

Railway Equipment division poised for growth

EL shares strong relationship with Indian Railways (IR) for past 40 years. IR has embarked upon huge modernization and expansion program. IR has planned capex of ₹ 2.51 Trillion in next five years which includes dedicated freight corridors, doubling of lines, electrification, gauge conversion and addition of rolling stocks. EL with its strong relationship and diverse product offerings is well poised to take benefit of this. EL has planned introduction of new products such as Zero discharge toilets, panel mounted and bogie mounted braking systems the prototypes of which are ready; which would boost revenues. Further, the railway equipment division is the most profitable for the company and provide boost to overall revenues and profits going forward.

Restructuring to increase focus and reduce debt

EL had diversified into many businesses (telecom, hospitals, railway equipments, construction equipment) resulting in diversification of focus and strain on cash flows. This led to significant amount of debt being piled up. EL carried on restructuring wherein it exited loss making and capital-intensive businesses such as telecom and hospitals. The realizations were used to reduce the debt burden. Post restructuring EL decided to focus on core business (tractors, automotive components, construction equipment and railway equipments). This strategy is expected to boost profitability going forward.



Source: Company, ACMIIL Research

Investment Concerns

Input Costs

Steel in the form of castings and forgings forms major raw material cost for EL. Increase in the material cost, to the extent not passed on would impact profitability going forward.

Dependency on monsoon

EL derives significant amount of revenues from Agri machinery group (74%). The fortunes of the division are in turn dependant on monsoon. Deficient monsoon would impact crop production, which is likely to impact demand for tractors.

Intense Competition

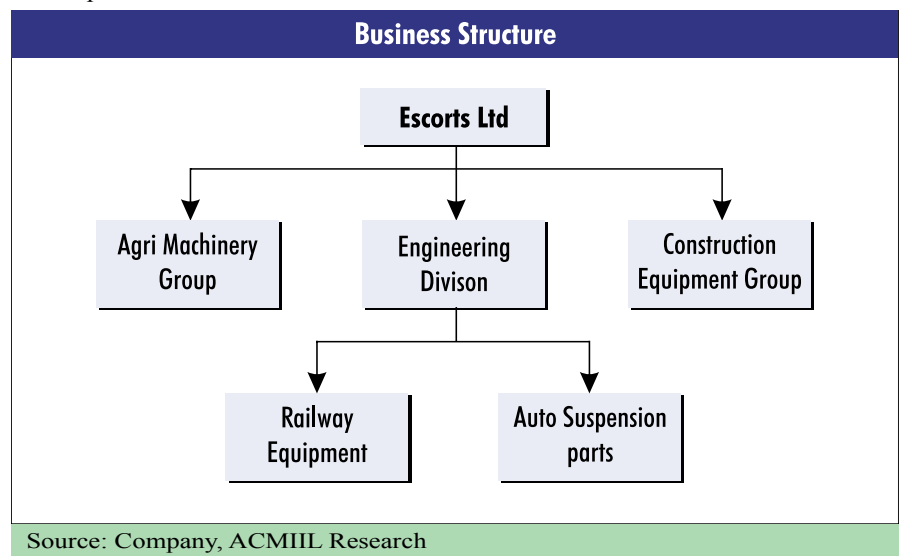
The competition in the tractor segment is expected to get intense, with market leader Mahindra & Mahindra planning to ramp up capacity by adding a new plant. Further, the increased sales of its recently launched small hp tractor “Yuvraj” would lead to increased competition. Also with the entry of John Deere- Ashok Leyland joint venture, the competition is likely to intensify in the construction equipment space.

Company Background

Escorts Ltd (EL) was incorporated in 1960. Escorts Limited, the flagship company of Escorts Group is a diverse player having presence in Agri Machinery Products, Auto Suspension and Ancillary Products, Railway Equipment and construction equipment. EL pioneered farm mechanization in the country with setting up of plant in Faridabad for manufacture of tractors in 1961. EL then entered automotive shock absorber manufacturing with setting up of plant in 1966. EL is present in material handling and construction equipment segment manufacturing cranes, loaders, rollers and forklifts. EL is supplier to Railways since last five decades of components such as brakes, couplers, shock absorbers, railway fastening systems and vulcanized rubber parts.

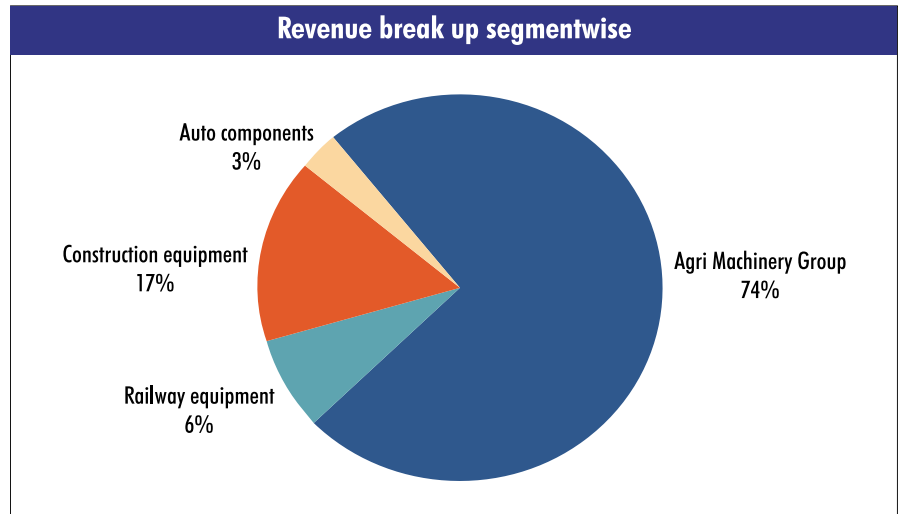
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Deficient monsoon would impact demand
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EL is expected to face stiff competition both in tractors and construction equipment
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Company Analysis

Agri Machinery group continues to contribute majority of the revenues of the company.



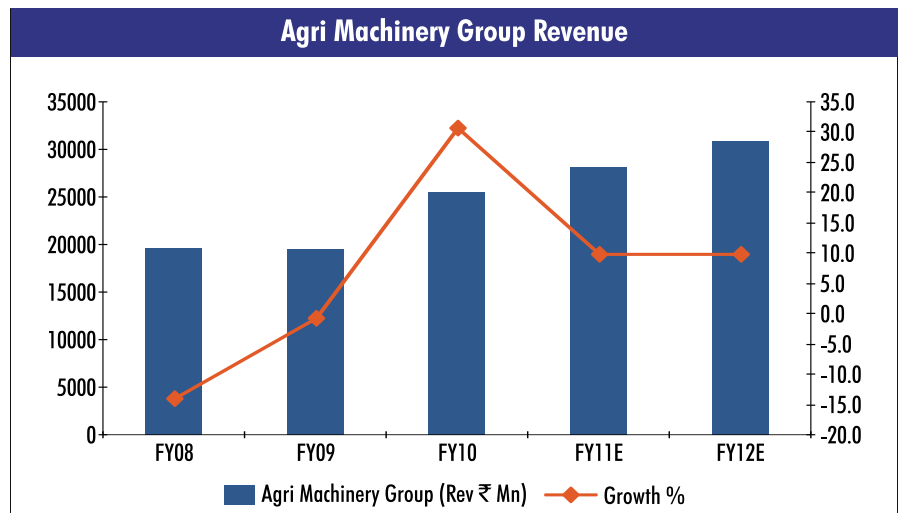
Source: Company, ACMIIL Research

Business Divisions

Agri Machinery Group

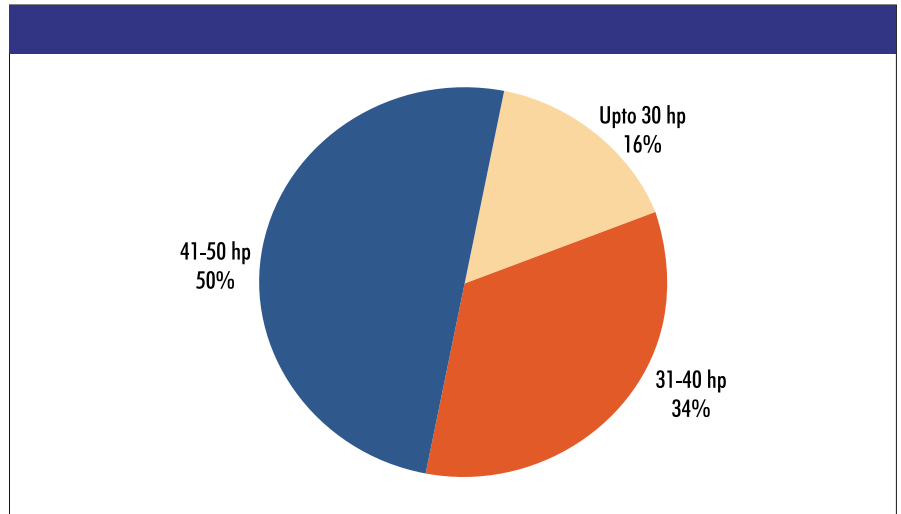
EL pioneered farm mechanization in India with foray in tractor manufacturing in 1960. EL manufactures wide range of tractors (from 27-75 HP). Its brands ‘Farmtrac’, ‘Powertrac’ and ‘Escort’ are well recognized in the market. Besides catering to the domestic market, EL also exports tractors to North America, Africa and Europe. Besides, tractors the division also manufactures implements and trailers and lubricants. EL commands an overall market share of ~13% of the domestic tractor industry. EL recently received largest ever export order worth \$ 40 million for supply of 1,430 tractors from Tanzania.

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EL manufactures wide range of tractors, commanding market share of 13%
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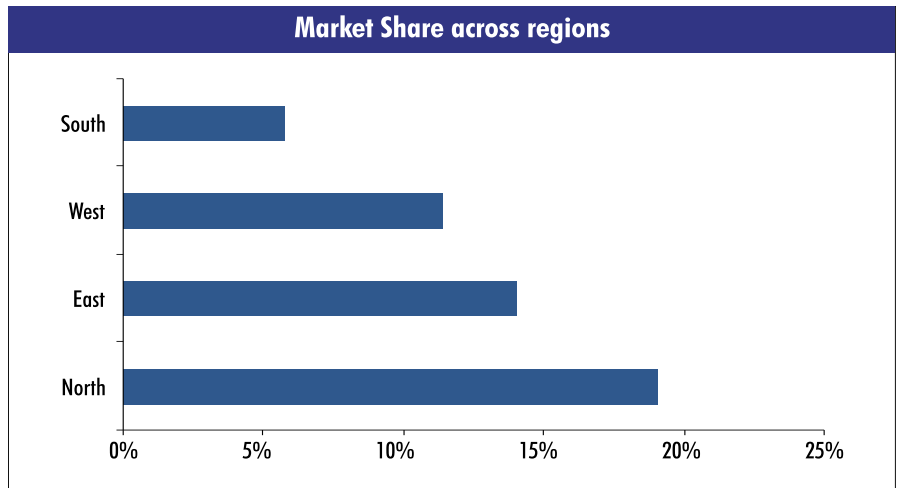
Source: Company, ACMIIL Research

EL derives majority of revenues from tractors between 41-50 hp (50%), followed by 31-40 hp (34%) segment and then tractors below 30 hp



Source: Company, ACMIIL Research

EL has strong presence in the Northern region commanding market share (19.1%). EL has minimal presence in South wherein it has a market share of only 5.8%.



Source: Crisinfac, ACMIIL Research

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EL has strong presence in the Northern market with market share of 19%
”

Construction Equipment Group

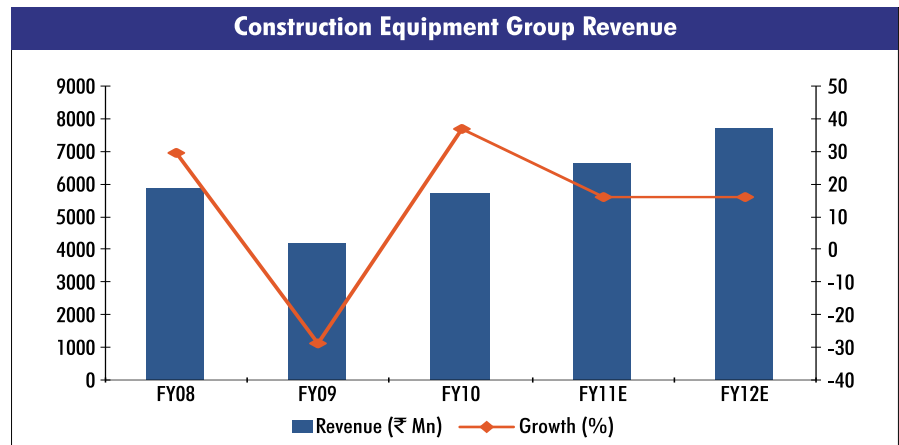
EL was a pioneer in introducing the concept of Pick ‘n’ Carry hydraulic mobile cranes in 1970s in the country and is the world’s largest manufacturer of these cranes. EL is also the second largest manufacturer of slew cranes and third largest manufacturer of compactors. EL manufactures and markets a diverse range of construction and material handling equipment like cranes, loaders, vibratory rollers and forklifts. Around 70% of revenues of the division are derived from cranes. 90% of the products are manufactured in house while 10% are traded.

“
**EL has collaborations
 with foreign players for
 manufacturing of construction
 equipment**
 ”

EL has technical and marketing collaboration with various foreign players for construction equipments.

Collaborator	Country
Daewoo Doosan Infracore	Korea
Fassi Gru Idrauliche	Italy
Dynapac, Sweden Hamm	Germany
Zoomlion	China
XGMA	China
IHI	Japan
Altec	US
Manitou BF	France
Ransoms and Rapiers	Germany
Frana	New Zealand

Source: Company, ACMIIL Research



Source: Company, ACMIIL Research

Railway Equipment Group

EL has been supplier to Indian Railways for the past 40 years. It supplies components such as shock absorbers, couplers, brake systems and brake blocks. EL manufactures products as per international standards specified by UIC, AAR and Indian Railways and exports to over 15 countries worldwide.

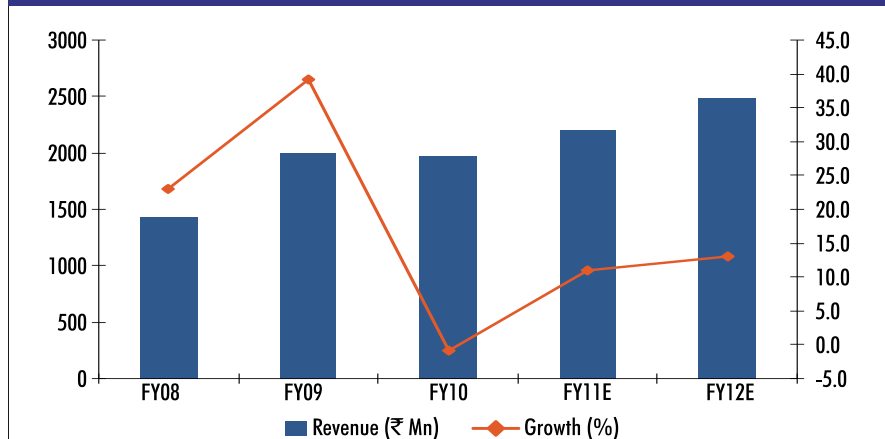
EL has technical collaboration with world leaders for manufacture of railway components. This has enabled EL to be a trusted partner for Indian Railways since last 40 years.

“
**EL has strong relationship with
 Indian Railways for last 40
 years**
 ”

Collaborator	Country	Product
Schaku	Germany	Couplers
Knorr Bremse	Germany	Air Brakes
GRPSL	Australia	Fasteners
ICER	Spain	Composite Brake blocks
Vulcanite	Australia	Vulcanised rubber parts

Source: Company, ACMIIL Research

Railway Equipment Group Revenue

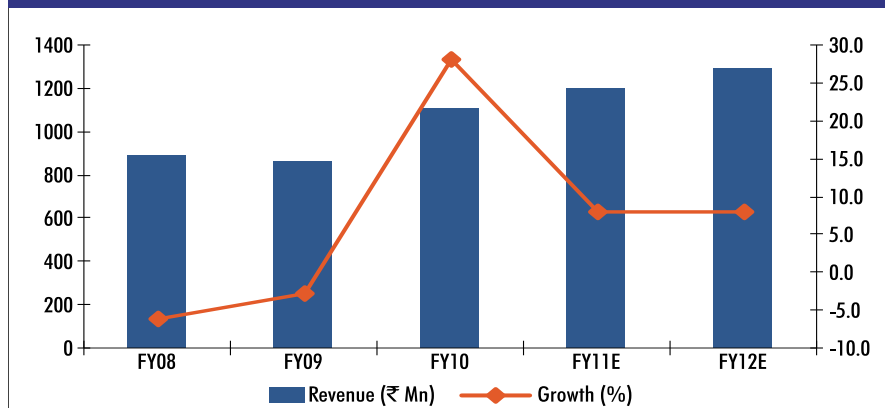


Source: Company, ACMIIL Research

Auto suspension parts Group

EL is the leading manufacturer of auto suspension products including shock absorbers, struts and telescopic front forks. The division currently derives ~60% of the revenues from the exports. It supplies products in both OEM and aftermarket segment. Its key clientele include Yamaha, Suzuki, Piaggio and Mahindra two wheelers.

Auto suspension parts Group Revenue



Source: Company, ACMIIL Research

Subsidiaries

Subsidiaries (FY09 ₹ Mn)	Stake	Turnover	PBT	PAT
Escorts construction equipment ltd	99.9%	5,133.3	57.1	21.5
Farmtrac tractors Europe SP	100.0%	431.6	-76.7	-97.4
Escorts securities	14.7%	59.7	-8.4	-5.7
Escorts Asset management	30.0%	22.1	-8.0	-7.6
Escorts Automotive Ltd	100.0%	0.5	-322.8	-323.0

Source: Company, ACMIIL Research

EL has a separate subsidiary Escorts Construction equipment ltd, which takes care of the construction equipment business.

Farmtrac tractors Europe SP is the subsidiary of EL Agri machinery group manufacturing tractors. It is situated in Poland.

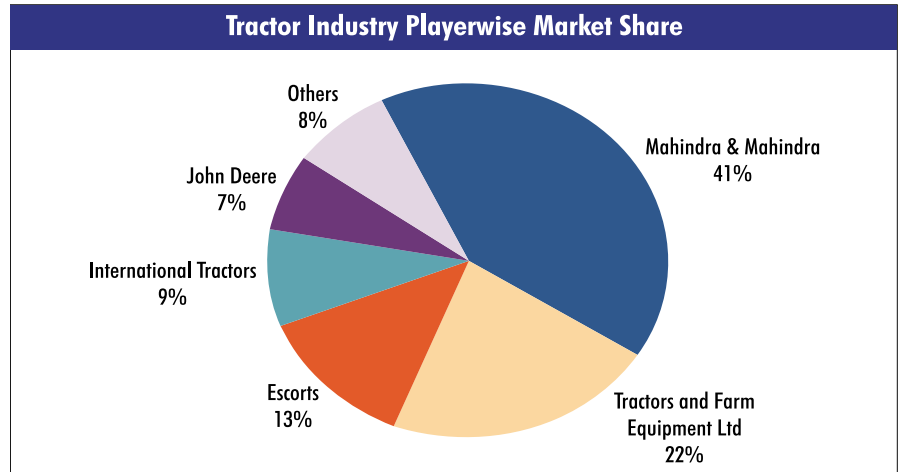
Escorts Securities and Escorts Asset management are engaged in capital markets, having presence in Merchant banking, PMS, Broking and mutual fund

Since Escorts securities, Escorts Asset management and Escorts automotive contribute less than 1% in the overall revenues we have not considered in valuation.

Industry Analysis

The domestic tractor industry is estimated at ₹ 200 billion. The tractor industry is concentrated with top 3 players (Mahindra & Mahindra, Tractors and Farm Equipment Ltd, and Escorts accounting for ~75% of the overall market). Mahindra & Mahindra is the market leader having market share of ~41%. It has enhanced its market, following the acquisition of Punjab Tractors Ltd in 2008.

“
Mahindra & Mahindra is the leader with market share of 41%
”



Source: Crisinfac, ACMIIL Research

With improved mechanization, tractor penetration in India has increased steadily over the years. Further, higher Agri credit and rising rural income levels due to higher Minimum support prices for crops have led to increased demand for tractors. Also, Government support in form of NREGA, Loan waiver have helped increase demand for tractors. Besides, agriculture, tractors are also used for commercial purposes such as transportation of passengers and goods, rural construction and road building.

“
Tractor industry capacity utilization levels are expected to improve going forward
”

Player wise capacity and utilization levels					
		FY07	FY08	FY09	FY10
Mahindra	Capacity	158,000	173,000	233,000	233,000
	Production	103,847	98,922	133,631	171,333
	Utilization	65.7	57.2	57.4	73.5
Tafe	Capacity	94,800	94,800	94,800	94,800
	Production	80,333	77,879	76,303	97,863
	Utilizations	84.7	82.2	80.5	103.2
Escorts	Capacity	98,940	98,940	98,940	98,940
	Production	52,585	47,214	39,701	56,818
	Utilization	53.1	47.7	40.1	57.4
International Tractors	Capacity	42,000	42,000	42,000	60,000
	Production	37,840	31,739	25,467	32,271
	Utilization	90.1	75.6	60.6	53.8
John Deere	Capacity	30,000	30,000	45,000	45,000
	Production	20,393	28,590	32,538	37,857
	Utilization	68.0	95.3	72.3	84.1
Total Industry	Capacity	553,740	568,740	591,740	616,040
	Production	354,762	342,667	335,011	427,888
	Utilization	64.1	60.3	56.6	69.5

Source: Crisinfac, ACMIIL Research

Region wise sales break up						
Total Market	FY06	FY07	FY08	FY09	FY10	CAGR Growth
East	24,080	28,158	27,644	33,937	55,404	23.2
As % of total industry	8.2	8.1	8.0	9.9	12.6	
West	69,182	81,091	79,882	78,418	102,034	10.2
As % of total industry	23.6	23.3	23.1	22.9	23.2	
North	102,283	122,401	115,525	123,465	167,906	13.2
As % of total industry	34.9	35.2	33.3	36.0	38.1	
South	66,827	80,572	78,375	66,819	74,927	2.9
As % of total industry	22.8	23.2	22.6	19.5	17.0	
Others	2,418	1,719	1,522	1,983	2,315	-1.1
As % of total industry	0.8	0.5	0.4	0.6	0.5	
Exports	28,118	33,813	43,553	38,198	37,622	7.6
As % of total industry	9.6	9.7	12.6	11.1	8.5	
Total Industry	292,908	347,754	346,501	342,820	440,208	10.7

Source: Crisinfac, ACMIIL Research

The Northern and western market are significant contributing 38.1% and 23.2% respectively. In these markets the farm size are large and also there are proper systems / marketing chains for crop sales, thus resulting in good demand for tractors. The eastern Market has outperformed the domestic industry, clocking CAGR growth of 23.2% during FY06-FY10, as against industry growth of 10.7%. North slightly outperformed the industry with growth of 13.2%. The Southern market has however registered marginal growth of 2.9% during FY06-FY10.

Proportion of landholding above 2 hectares	less than 30%	30%-60%	Above 60%
States	Andhra Pradesh, Assam, Bihar, Himacahal Pradesh, J&K, Kerala, Orissa, Tamil Nadu, Uttar Pradesh, West Bengal	Rajasthan, Gujarat, MP, Haryana, Karnataka, Maharashtra	Punjab

Source: Crisinfac, ACMIIL Research

Proportion of landholdings above 2 hectares is more in Northern states (Punjab, Rajasthan, Haryana) and Western states (Gujarat, MP, Maharashtra), resulting into higher demand for tractors from these regions.

Irrigation Intensity	less than 30%	30%-60%	Above 60%
	Rajasthan, Orissa, MP, Karnataka, HP, Maharashtra, Kerala, Assam	West Bengal, Bihar, Tamil Nadu, J&K, Andhra Pradesh, Gujarat	Punjab, Haryana, Uttar Pradesh

Source: Crisinfac, ACMIIL Research

Irrigation intensity is highest in Northern states (Punjab, Haryana, Uttar Pradesh) and high in eastern states (West Bengal, Bihar) resulting into good demand for tractors

Domestic market region analysis					
Domestic Market Share	FY06	FY07	FY08	FY09	FY10
Mahindra	29.7	30.4	29.8	41.5	41.8
Tafe	23.7	23.5	23.5	22.3	22
Escorts	9.3	14.1	14.7	13.6	13.2
International Tractors	11.6	11.3	9.8	9	8.7
John Deere	3.5	3.7	4.3	6	6.8
Punjab Tractors	11.7	7.8	9.1	-	-
Others	10.5	9.2	8.8	7.6	7.5

Source: Crisinfac, ACMIIL Research

Mahindra & Mahindra (M&M) has gained market share (post acquisition of Punjab Tractors Ltd in FY09). Its current share is 41.8%. Escorts has been losing market share recently primarily on account of loss of market share in Western and Southern market. M&M also has advantage of captive financing arm (Mahindra Finance), which has resulted in sustained leadership position.

Overall Market Share (including exports)

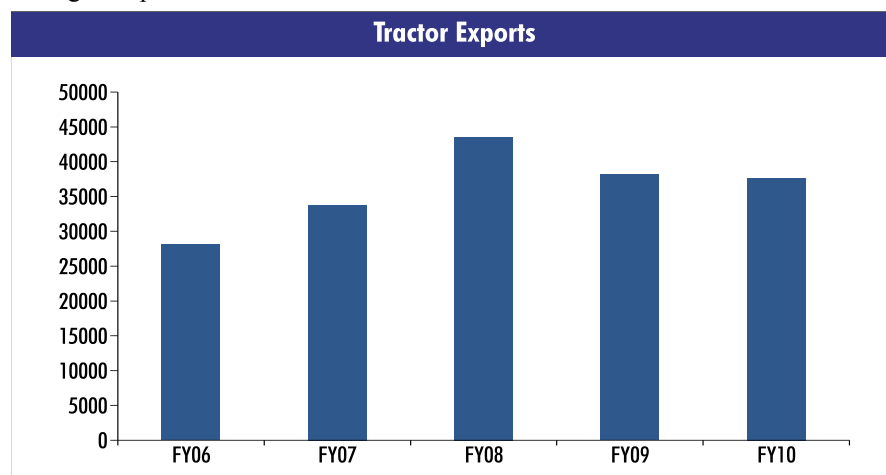
Escorts performance has been affected more due to poor export performance. As against industry exports CAGR growth of 7.6% during FY06-FY10, Escorts registered decline of 33.5% during the same period. While, it has a domestic market share of 13.2%, the overall market share stands at 12.3%.

Overall Market Share	FY06	FY07	FY08	FY09	FY10
Mahindra	29.0	29.5	28.5	38.9	40.1
Tafe	22.8	23.0	22.8	22.3	22.2
Escorts	9.7	14.4	13.6	12.6	12.3
International Tractors	10.9	10.4	8.9	8.6	8.8
Punjab Tractors	10.7	7.2	8.1		
John Deere	6.8	5.7	8.2	9.2	8.4

Source: Crisinfac, ACMIIL Research

Tractor Exports

Exports constitute approximately 10% of the tractor industry volumes. Tractors were predominantly exported to the U.S market (it accounted for 68% of exports in FY05). However, tractor volumes were affected in FY09 due to slowdown in the U.S economy, which led to reduction in hobby farming thereby impacting tractor sales. Exports to other destinations has grown steadily especially to the South Asian countries (Malaysia, Turkey) and Africa. Share of Asian countries in total exports have gone up from 25% in FY08 to ~45% in FY10.



Source: Crisinfac, ACMIIL Research

Tractor exports are expected to move up due to recovery in the U.S. economy and increasing sales to Asian and African markets.

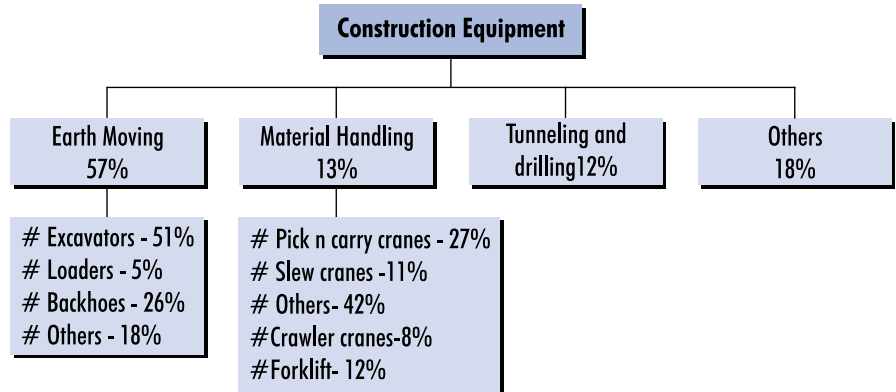
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About 85% of tractors are
purchased on finance
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Tractor Financing

Tractor financing plays significant role in prospects of the tractor industry as ~85% of tractors are purchased on finance. Tractor financing comes within the ambit of agricultural finance, which helps banks meet their priority sector lending targets. Out of total agricultural advances of banks, ~6% is accounted by farm mechanization. Tractor financing forms about 50% of farm mechanization disbursements. (i.e. 3% of agricultural advances by banks). Further, it is estimated that approximately 95% of the tractors are financed for agricultural purposes and remaining are for commercial purposes.

Market share in tractor financing	
Players	Percentage
PSU Banks	40 to 50
Private sector Banks	10 to 15
Regional rural bank, land development bank	30 to 35
NBFC	15 to 20
Source: Crisinfac, ACMIIL Research	

Construction Equipment



Source: Industry, ACMIIL Research

CMIE expects crane production to grow at CAGR of 16.4% during FY10-FY12 driven by increased infrastructure segment. Increased growth from port and related infrastructure projects will also boost demand for cranes going forward.

Government of India has planned huge investments in infrastructure to sustain economic growth. Since construction equipment sector is direct beneficiary of huge infrastructure spending, EL would benefit going forward.

Infrastructure spending in Eleventh Plan		
Sector	Amount (₹ Bn)	% Chg over 10th plan
Electricity	6,586	93.6
Roads and Bridges	2,787	119.3
Telecommunication	3,451	238.7
Railways	2,008	96.7
Irrigation	2,462	130.7
Water Supply and sanitation	1,117	85.9
Ports	406	76.5
Airports	361	423.2
Storage	90	60.7
Gas	1273	292.9
Total	20,542	126.7

Source: Planning commission, ACMIIL Research

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Huge Infrastructure spending
would boost demand for
construction equipment
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Peer Comparison

Comparison with Mahindra & Mahindra		
FY10	Mahindra	Escorts
Revenue (₹ Mn)	89,933	21,772
PBIT (₹ Mn)	14,067	2,093
PBIT Margin	15.6	9.6
Capacity Utilization %	73.5	57.4
Overall Market Share %	40.1	12.3

Source: Company, ACMIIL Research

Mahindra & Mahindra (M&M) is the leader in domestic tractor industry with market share of 42% as compared to Escorts market share of 13.2%. M&M also has better margins, it has PBIT margin of 15.6% as against Escorts margin of 9.6%. M&M enjoys better pricing power; also the capacity utilization levels are better than Escorts, resulting into better margins. Besides M&M has manufacturing facility in Northern and Western India leading to lower distribution costs as compared to Escorts, which has manufacturing facility only in North India.

Construction Equipment		
Particulars FY10 (Mn)	Escorts	ACE
Revenue	5,715.9	4,310.2
Revenue growth CAGR (FY07-FY10)	11.9	19.7
EBIDTA	191.2	416.4
EBIDTA Growth CAGR (FY07-FY10)	-20.9	11.3
EBIDTA Margin	3.3	9.7

Source: Capitaline, ACMIIL Research

Escorts Construction equipment (ECEL) comparable peer is Action construction Equipment (ACE). ACE has better margins on account of lower selling and administration expenses as compared to Escorts (ECEL S&A expenses are 10.6% of sales as compared to 4.4% for ACE). Also the raw material costs for ACE is lower as compared to Escorts. (ECEL80.2% as against 75.9% for ACE)

Sensitivity analysis

Sensitivity analysis of Construction Equipment division on Consolidated EPS

Sales CAGR Growth (FY10-12E)					
EPS: 20.1	12%	14%	16%	18%	20%
FY12 Ebidta Margin					
3.5%	19.4	19.5	19.5	19.6	19.7
4.0%	19.7	19.7	19.8	19.9	20.0
4.5%	19.9	20.0	20.1	20.2	20.2
5.0%	20.2	20.3	20.3	20.4	20.5
5.5%	20.4	20.5	20.6	20.7	20.8

Sensitivity analysis of Railway Equipment division on Consolidated EPS

Sales CAGR Growth (FY10-12E)					
EPS: 20.1	8%	10%	12%	14%	16%
FY12 Ebidta Margin					
11%	19.2	19.3	19.4	19.4	19.5
13%	19.6	19.6	19.7	19.8	19.9
15%	19.9	20.1	20.1	20.2	20.3
17%	20.2	20.3	20.4	20.5	20.6
19%	20.5	20.7	20.8	20.9	21.0

SWOT Analysis	
<p>Strengths</p> <ul style="list-style-type: none"> • Third largest player in the tractor market (market share of 13%) manufacturing wide range of tractors • Strong Technological and marketing tie up for construction equipment • Strong relationship with Indian Railways (over 40 years) for supply of wide range of products 	<p>Weakness</p> <ul style="list-style-type: none"> • Having minimal presence in the Southern tractor market • Auto suspension division is loss making putting drag on overall profitability • Absence of product in the lower hp tractor segment
<p>Opportunities</p> <ul style="list-style-type: none"> • Rising rural income and increasing spend on infrastructure • Use of tractors for non-agricultural purposes such as construction and infrastructure • Rising labour costs make it economical to use the mechanized equipments 	<p>Threats</p> <ul style="list-style-type: none"> • Intense competition with players Mahindra & Mahindra, (farm equipment segment) expanding capacities and new players Ashok Leyland-John Deere (construction equipment) entering the market • Weaker monsoon affect performance

Valuation and Recommendation

The demand for tractors is expected to grow at CAGR of 10% during FY10-FY12. We expect EL tractor volume to grow at CAGR of 8% during FY10-FY12. Increased capacity utilization would improve return ratios and profitability for EL going forward. Besides, we expect the construction equipment business and railway equipment business to register growth due to robust economic outlook and huge spending planned by Indian Railways. We assign a multiple of 10x to EL FY12E EPS of ₹ 20.1 per share to arrive at value of ₹ 201 per share for the stock. We thus initiate coverage with “Buy” rating on the stock

Financials

Profit & Loss Statement					(₹ Mn)
Particulars	FY08	FY09	FY10	FY11E	FY12E
Net Revenue	27,660.7	26,616.6	33,783.0	37,878.0	42,043.2
Add : Other Income	6.3	22.5	19.0	27.0	30.0
Total Income	27,667.0	26,639.1	33,802.0	37,905.0	42,073.2
less: Expenditure	26,228.5	24,392.2	31,333.3	34,801.6	38,432.0
Operating Profit	1,432.2	2,224.4	2,449.6	3,076.5	3,611.2
less: Depreciation	507.7	479.7	416.8	490.8	500.6
PBIT	930.8	1,767.2	2,051.9	2,612.6	3,140.6
Less: Interest (net)	720.8	716.9	181.0	312.4	195.4
less: Amortisation of Miscellaneous Exp	83.9	115.4	115.4	0.0	0.0
less: Exceptional items	241.9	359.4	-57.3	100.0	75.0
PBT	-115.8	575.5	1,812.7	2,200.2	2,870.2
less:Tax	260.0	289.5	489.7	726.1	947.2
Profit Before Minority Interest	-375.8	286.0	1,323.1	1,474.2	1,923.0
less: Minority Interest		0.0	3.1	5.0	7.5
Net Profit	-375.8	286.0	1,319.9	1,469.2	1,915.5
Sales Growth (%)	81.8	-3.8	26.9	12.1	11.0
Operating Profit Growth (%)	116.8	55.3	10.1	25.6	17.4
Net Profit Growth (%)	100.6	-176.1	362.6	11.4	30.4
Operating Margin (%)	5.2	8.4	7.3	8.1	8.6
NP Margin (%)	-1.4	1.1	3.9	3.9	4.6

Source: Company, ACMIIL Research

Balance Sheet					(₹ Mn)
Particulars	FY08	FY09	FY10	FY11E	FY12E
Share Capital	805.2	805.2	954.3	954.3	954.3
Reserves & Surplus	8,547.8	13,446.0	15,938.7	17,283.7	19,075.0
Total Shareholders Fund	9,353.0	14,251.2	16,893.0	18,238.0	20,029.3
Total Loans	8,401.7	4,019.5	4,053.2	3,039.9	1,824.0
Total Sources of Fund	18,143.5	18,671.3	21,030.0	21,366.7	21,949.6
Gross Block	16,154.8	21,948.9	22,914.7	23,372.9	23,840.4
less:Depreciation	6,673.4	6,351.8	6,768.6	7,259.4	7,760.1
Net Block	9,481.4	15,597.1	16,146.0	16,113.5	16,080.3
Investments	2,382.1	1,066.7	1,075.3	1,182.8	1,301.1
Total Current Assets	15,897.5	11,713.9	14,053.9	15,341.3	16,762.8
Total Current Liabilities	9,207.1	8,817.9	9,107.7	9,807.2	10,433.2
Net Current Assets	6,690.4	2,896.0	4,946.1	5,534.0	6,329.5
Net deferred tax asset	485.1	301.9	40.3	40.3	40.3
Total Application Of Fund	18,143.5	18,671.3	21,030.0	21,366.7	21,949.6

Source: Company, ACMIIL Research

Cash Flow Statement					(₹ Mn)
Particulars	FY08	FY09	FY10	FY11E	FY12E
Profit Before Tax	-115.8	575.5	1,812.7	2,200.2	2,870.2
Depreciation	507.7	479.7	416.8	490.8	500.6
Interest Paid	875.4	738.3	181.0	312.4	195.4
Net Operating Profit Before working capital change	1,031.0	2,113.2	2,410.5	3,003.5	3,566.2
Net Cash Flow from Operating activities	838.5	2,503.9	175.7	1,635.8	2,576.9
Net Cash used in Investment Activities	-954.9	504.1	-990.9	-544.9	-597.6
Net Cash from Financing activities	-186.0	-2,462.1	968.4	-1,449.9	-1,535.5
Net Increase/decrease in cash & cash equivalent	-302.4	545.9	153.2	-359.0	443.8
Cash at Beginning	788.6	486.2	1,032.1	1,185.3	826.3
Cash at End of Period	1,423.4	1,963.5	2,116.7	1,757.7	2,201.5

Source: Company, ACMIIL Research

Valuation Ratios					
	FY08	FY09	FY10	FY11E	FY12E
Profitability Ratios					
Operating Margins (%)	5.2	8.4	7.3	8.1	8.6
PAT After Minority Interest (%)	-1.4	1.1	3.9	3.9	4.6
ROCE (%)	5.1	9.5	9.8	12.2	14.3
RONW (%)	-4.0	2.0	7.8	8.1	9.6
Capital Structure Ratios					
Debt-Equity	0.9	0.3	0.2	0.2	0.1
Turnover Ratios					
Fixed Assets	1.7	1.2	1.5	1.6	1.8
Inventory	7.1	8.1	7.7	8.0	8.2
Debtors	3.7	6.2	7.5	6.7	6.9
Creditors	4.5	5.0	5.7	5.8	6.0
Solvency Ratios					
Current Ratio	1.7	1.3	1.5	1.6	1.6
Interest Coverage Ratio	3.7	12.3	6.8	14.5	17.4
Valuation Ratios					
EPS	-4.7	3.6	13.8	15.4	20.1
BV/Share	116.2	177.0	177.0	191.1	209.9
P/E (x)				10.6	8.1
P/B (x)				0.9	0.8

Source: Company, ACMIIL Research

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