Prime Picks

August 18, 2025

Escorts Kubota Ltd (MTF ✓)

Kalpataru Projects International Ltd(MTF ✓)

Larsen & Toubro Ltd(MTF ✓)

Escorts Kubota Ltd

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Automobile	Rs 3400	Buy in Rs band 3350- 3450 and add on dips in Rs 3150-3200 band	Rs 3700	Rs 3850	2-3 quarters

HDFC Scrip Code	ESCORTEQNR
BSE Code	500495
NSE Code	ESCORTS
Bloomberg	ESCORTS IN
CMP Aug 14, 2025	3400.5
Equity Capital (Rs Cr)	111.9
Face Value (Rs)	10
Equity Share O/S (Cr)	11.2
Market Cap (Rs Cr)	38,044
Book Value (Rs)	928.0
Avg. 52 Wk Volumes	201,500
52 Week High	4420.0
52 Week Low	2776.4

Share holding Pattern % (June, 2025)	
Promoters	68.0
Institutions	16.7
Non Institutions	15.3
Total	100.0

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst
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Our Take:

The macroeconomic factors for the tractor industry remain positive with the GoI focus on increasing rural income. The increase in MSP for both the Kharif as well as Rabi crops and rise in retail finance penetration would drive higher demand for tractors. Sales to the global Kubota network are also gradually increasing. The tractor industry recorded 9.3% volume growth in the first quarter of FY26, and with forecasts of above-average monsoons, this trend could continue. Pre-buying activity ahead of TREM V emission norms, scheduled to take effect from April 1, 2026, may provide additional volume support in the near term.

Lower dependence on tractors augurs well for the long term growth of the company.

Q1FY26 Result Update and Concall Highlights

- Escorts reported a 3% YoY decline in revenues to Rs 2483cr on account of muted growth in tractor volumes, de-growth in construction equipment volumes and lower average realisation.
- Tractor volumes grew 0.7% YoY to 30581 units while construction equipment volume fell 24% to 1055 units. Average realisation in tractors declined marginally to 7.1 lakh.
- EBITDA grew 3% YoY to Rs 325cr and EBITDA margin expanded 69bps to 13.1% mainly on account of lower raw material costs. Agri margin expanded 90bp to 12.6% while CE margins contracted 450bp to 5.8%.
- Adj PAT from continuing operations increased 16% YoY to Rs 308cr.
- The management has guided for mid to high single-digit growth for the whole year. EBITDA margin are expected to be in 12-12.5% range.
- Management has indicated a six-month delay in receiving land for a planned greenfield plant in Uttar Pradesh. The commencement of this plant would have led to localisation of Kubota-branded tractors/engines and an increase in tractor/component exports to markets such as North America and Japan.

Valuation & Recommendation:

Tractor manufacturers have benefited from easing commodity costs as global demand has slowed and Chinese steel prices have corrected downward. The company continues to be net debt-free with sufficient available liquidity for growth. Increase in steel prices and loss of market share would be key monitorables for the company.

Financial Summary:

Particulars (Rs cr)	Q1FY26	Q1FY25	YoY-%	Q4FY25	QoQ-%	FY22	FY23	FY24	FY25
Total Operating Income	2483.4	2556.3	*-2.9*	2430.3	*2.2*	7196.9	8345	9730.7	10187
EBITDA	325	316.9	*2.6*	292.9	*11.0*	995.5	780.4	1133	1177.8
APAT	307.5	266.2	*15.5*	270.9	*13.5*	765.6	679.9	948	1130.3
Diluted EPS (Rs)	27.5	23.8	*15.5*	24.2	*13.6*	75.6	54.9	84.7	99.2
RoE-%						9.7	7.2	10.1	10.7
P/E (x)						45.0	61.9	40.1	34.3
EV/EBITDA (x)						37.2	47.5	32.7	31.4

One Year Price chart

(Source: Company, HDFC sec)

Escorts Kubota Ltd

Stock	Buying Range	Add on Dips	Red Flag Level	Targets	Time Horizon
ESCORTS	3350-3450	3150-3200	3085	3700,3850	2-3 quarters

Technical Rationales

- Symmetrical Triangle Breakout on the weekly line chart
- Price rise is accompanied by jump in volumes
- Stock is placed above 50 and 200 DEMA, indicating bullish trend on medium to long term time frame
- In the month of July 2025, 50 DEMA surpassed 200 DEMA which indicates golden crossover.
- Weekly RSI Indicator is placed above 50, indicating sustainable uptrend.
- Weekly MACD is placed above equilibrium and signal line.
- Auto sector has been outperforming and that is expected to continue.

Kalpataru Projects International Ltd

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Power Infra and Civil Construction	Rs.1232.1	Buy in Rs 1214-1250 band and add on dips in Rs 1098-1120 band	Rs 1318	Rs 1404	2-3 quarters

HDFC Scrip Code	KALPROEQNR
BSE Code	522287
NSE Code	KPIL
Bloomberg	KPIL IN
CMP Aug 14, 2025	1232.1
Equity Capital (Rs Cr)	34.1
Face Value (Rs)	2
Equity Share O/S (Cr)	17.07
Market Cap (Rs Cr)	21041
Book Value (Rs)	421
Avg. 52 Wk Volumes	409453
52 Week High	1449
52 Week Low	770

Share holding Pattern % (Jun, 2025)	
Promoters	33.5
Institutions	56.6
Non Institutions	9.9
Total	100

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst
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Our Take:

Kalpataru Projects International Limited (KPIL) established in 1981, is among the largest players in the global power transmission & distribution, railways, oil & gas and civil infrastructure space. The Company offers comprehensive solutions encompassing design, testing, fabrication, erection and construction of transmission lines, oil and gas infrastructure and railway projects on a turnkey basis. KPIL is a major player of T&D projects having global footprint across 75 countries and ongoing projects in 30+ countries.

The order-book of the company is well diversified in various segments like Transmission, Railways, Building & Factory construction, Urban Infrastructure and Water segments, currently standing at Rs. 65,475 cr as on June 30th 2025, significantly increasing by 14% compared to the same period in FY25. Orders worth Rs. 9,899 cr were secured by the company in Q1FY26. The order-book indicates a robust visibility of 3.5x of FY25 revenue. Company also posted healthy Q1 results with Revenue/EBITDA/PAT growth of 35%/37%/72% YoY. KPIL has consistently highlighted that margin expansion remains a major focus area for the company on back of strategic bidding, diversified business mix and operational efficiencies. KPIL expects to continue further diversification into renewables, railways, water and expand to new markets and improve market position in the current business with expected order inflow in the range of Rs. 26,000 cr to Rs. 28,000 cr for FY26. Moreover, the order inflows for FY26 are expected to have better margins as compared to the orders in the past helping the company improve its profitability in the long run. On the back of a strong order book and execution momentum, company expects to target ~ 25% plus revenue growth with an EBITDA margin band of 8.5% - 8.7% and PBT margins band of 5.2% to 5.5%. Company also aims to keep the net working capital below 100 days by prudent debt management. KPIL is actively pursuing monetization of non-core assets like Indore real estate, Vindhyachal & logistics warehouses, expecting to be completed by this year. Company has also initiated a strategic review on its Swedish subsidiary (LMG) for a possibility of an IPO.

Valuation & Recommendation:

KPIL's robust order book, strong financial profile, increased overseas expansion, strong domestic demand in T&D segment, expertise in diverse EPC sectors, divesting non-core assets for RoCE improvement and capacity to handle large-scale projects, positions it well to capitalize on significant infrastructure investments, particularly in sectors like power transmission, urban mobility, oil & gas, water in India and international markets.

Kalpataru Projects International Ltd

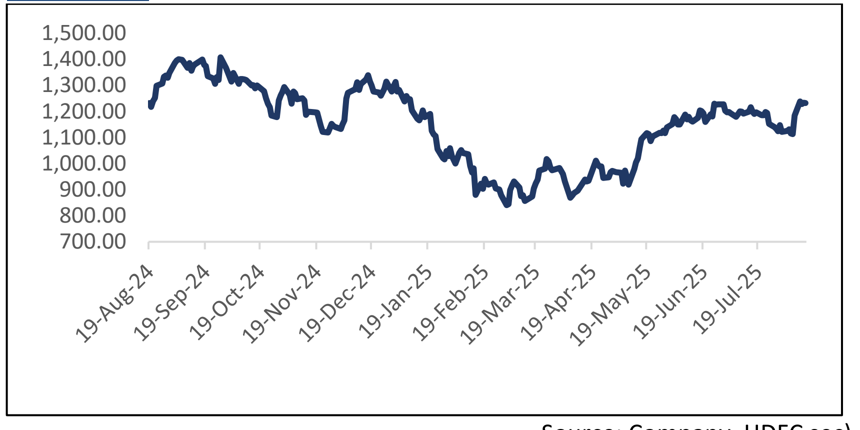
We believe investors can buy the stock in the price band of Rs 1214-1250 (18.1x FY27E EPS) and add on dips in Rs 1098-1120 band (16.3x FY27E EPS) for a base case fair value of Rs 1318 (19.4x FY27E EPS) and bull case fair value of Rs 1404 (20.6x FY27E EPS) in the next 2-3 quarters.

Financial Summary:

Particulars (Rs cr)	Q1FY26	Q1FY25	YoY-%	Q4FY25	QoQ-%	FY25	FY26E	FY27E
Total Operating Income	5,039.7	3,722.0	35.4	6,204.2	-18.8	1,888.8	22,665.6	26,065.4
EBITDA	428.4	314.0	36.4	523.2	-18.1	1,587.1	1,983.2	2,345.9
APAT	200.8	116.6	72.2	266.4	-24.6	697.1	953.6	1,162.8
EPS (Rs)	11.8	6.8	72.2	15.6	-24.6	40.8	55.8	68.1
RoE-%						9.7	11.9	12.9
P/E (x)						30.2	22.1	18.1
EV/EBITDA						17.8	13.9	9.6

(Source: Company, HDFC sec)

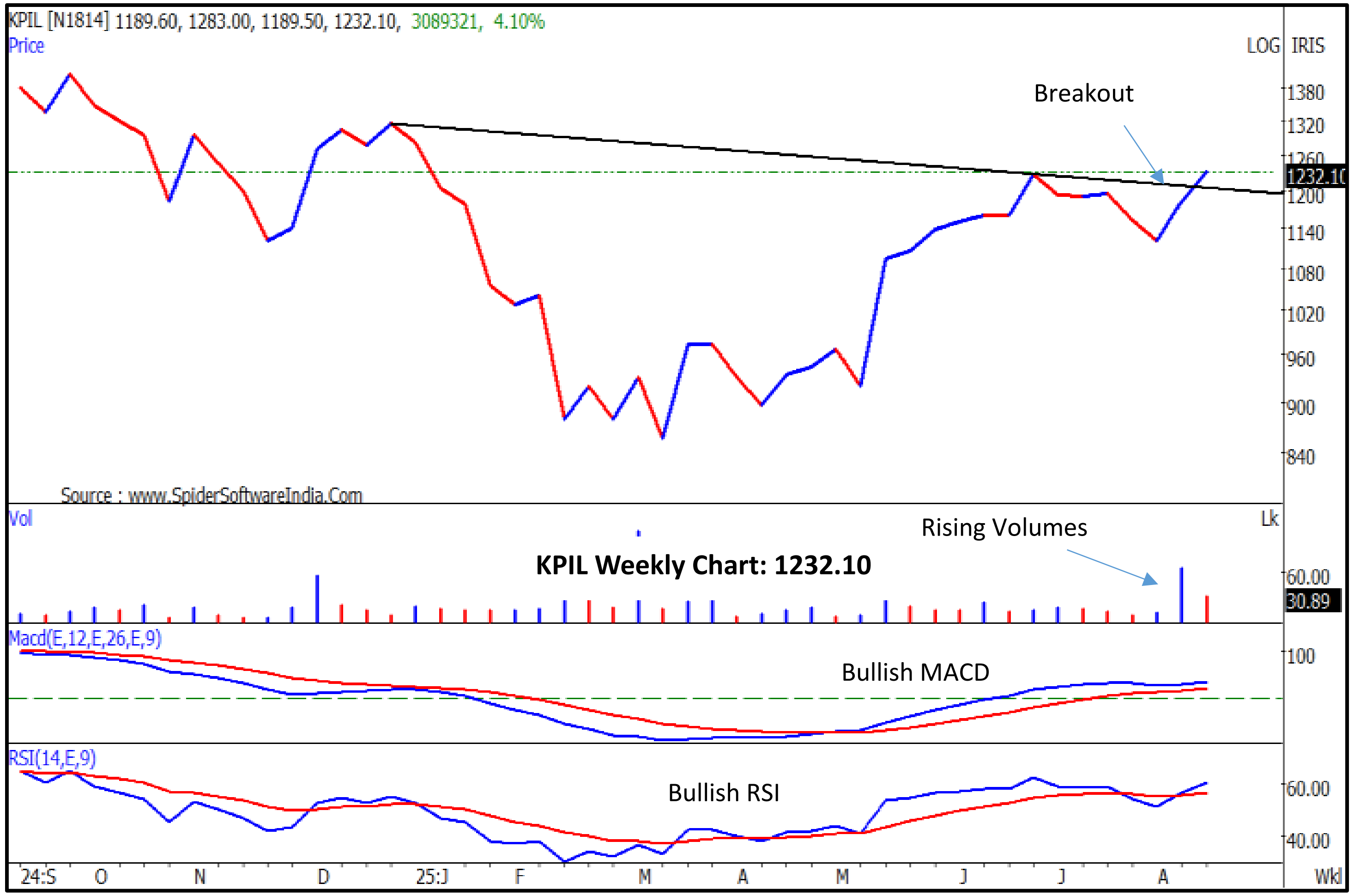
Price chart



Source: Company, HDFC sec)

Kalpataru Projects International Ltd

Stock	Buying Range	Add on Dips	Red Flag Level	Targets	Time Horizon
KPIL	1214-1250	1098-1120	1075	1318 – 1404	2-3 quarters



Technical Rationales

- Stock price has broken out from bullish inverted head and shoulder pattern on the weekly line chart
- Price rise is accompanied by jump in volumes
- Stock is placed above all key moving averages, indicating bullish trend on all time frames.
- In the month of August, stock price found support on 200 DEMA multiple times and reversed its trend towards north.
- Weekly RSI Indicator is placed above 50, indicating sustainable uptrend.
- Weekly MACD is placed above equilibrium and signal line.
- Power and Transmission sector has been outperforming and that is expected to continue.

Larsen & Toubro Ltd

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Infrastructure	Rs 3677	Buy in Rs 3644-3690 band and add on dips to Rs 3483-3460	Rs 3938	Rs 4082	2-3 quarters

HDFC Scrip Code	LARTOUEQNR
BSE Code	500510
NSE Code	LT
Bloomberg	LT: IN
CMP Aug 14, 2025	3677
Equity Capital (Rs Cr)	275
Face Value (Rs)	2
Equity Share O/S (Cr)	137.51
Market Cap (Rs Cr)	505780
Book Value (Rs)	710
Avg. 52 Wk Volumes	25,80,400
52 Week High	3964
52 Week Low	2965

Share holding Pattern % (June, 2025)	
Promoters	19.33
Institutions	58.05
Non Institutions	22.62
Total	100.0

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

Larsen & Toubro (L&T) has a long track record of more than seven decades, its business spans across spectrum of projects, ranging from complex turnkey EPC projects to construction activities. In-house design, engineering and fabrication capabilities for critical equipment and systems give a strong competitive advantage. It is well poised to be the key beneficiary of capex upcycle driven by investments in both public and private sectors.

As of June-2025, the group had order book of Rs 6.13 lakh crore, infrastructure (~60%), energy (30%), hi-tech manufacturing (6%) and the rest from other segments. International orders accounted for ~46% of the order book with the bulk of these from the Middle East. This provides a strong revenue visibility over next 36 months. The group enjoys healthy diversity, supported by increasing revenue contribution of the service-oriented businesses - IT & TS and Financial services, which accounted for around 25% of consolidated revenue in FY25.

Valuation & Recommendation:

L&T has a dominant position and market share in most operating verticals. The business mix across domestic and international businesses has shifted over last few years. Driven by a robust ramp-up in international ordering, particularly in the last three years, Strong inflows and a healthy prospect pipeline should result in higher mid-teens growth in core EPC revenue over the next five years vs. 11% revenue CAGR in the past five years. In domestic markets, L&T is optimistic about ordering from segments like transmission and distribution, nuclear, thermal power projects, defense, buildings and factories.

We expect a CAGR of 10% in core EPC order inflows over FY25-27E. With a strong track record of execution, we expect a ~14% CAGR in core EPC revenue over the same period, with steady core EPC margin in the medium term. We estimate a CAGR of 22.5%/22% in consolidated EBITDA/PAT over FY25-27E. We remain positive on the company considering its ability to benefit from a large prospect pipeline and maintain healthy NWC and RoE. At CMP, the stock trades at 22.5x FY27E EPS and 13.7x FY27E EV/EBITDA.

Key Risks

- Geopolitical issues and Economic situation in the Gulf region and India's infra spending to be key monitorable.
- Timely execution of the large projects remains an important factor.
- Any significant rise in commodity prices due to shortage of Inputs materials and global supply chain disruptions may affect the stage of execution and operational performance.

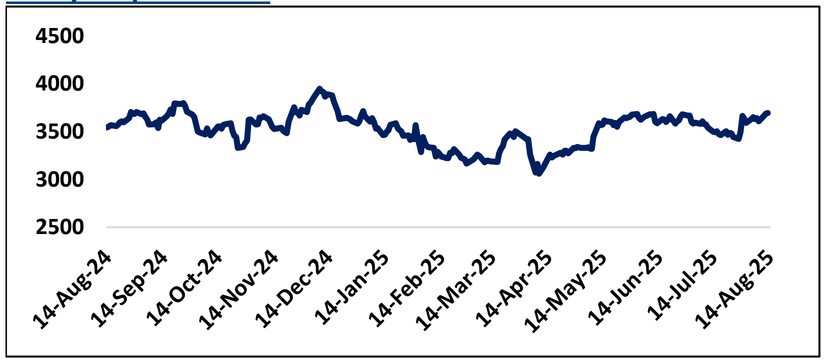
Larsen & Toubro Ltd

Financial Summary

Particulars (Rs cr)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Revenue	63679	55120	15.5	74392	-14.4	156,521	183,341	221,113	255,734	294,861	347,347
EBITDA	6318	5615	12.5	8203	-23.0	18205	20754	23493	26434	32522	39676
Depreciation	1033	998	3.5	1052	-1.8	2948	3502	3682	4121	4451	5029
Other Income	1357	921	47.3	1135	19.6	1550	2337	3593	3587	4297	4920
Interest Cost	782	862	-9.2	746	4.8	9235	9445	9512	9925	9260	8825
Tax	1533	1237	24.0	1881	-18.5	4204	4484	4947	5891	5485	7567
PAT	3617	2786	29.8	5497	-34.2	8669	10471	13059	15037	17282	22503
EPS (Rs)						61.7	74.5	93.9	109.3	125.7	163.7
RoE (%)						10.5	11.7	15.1	15.4	16.7	19.0
P/E (x)						58.3	48.3	38.7	33.6	29.3	22.5
EV/EBITDA (x)						29.7	27.0	23.4	20.2	16.6	13.7

(Source: Company, HDFC sec)

One year price chart



(Source: Company, HDFC sec)

Larsen & Toubro Ltd

Stock	Buying Range	Add on Dips	Red Flag Level	Targets	Time Horizon
L&T	3644-3690	3483	3400	3938-4082	2-3 quarters

Technical Rationales

- Stock price has broken out from downward sloping trend line on the weekly line chart.
- Stock price has recently broken out from symmetrical triangle on the daily chart.
- Price rise is accompanied by jump in volumes.
- Stock is placed above all key moving averages, indicating bullish trend on all time frames.
- Weekly RSI Indicator is placed above 50, indicating sustainable uptrend.
- Weekly MACD is placed above equilibrium and signal line.
- Nifty Infra index has broken six week losing streak and closed with a gain of 1.27%. Considering the primary uptrend, infra index is likely to resume its uptrend.

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HDFC sec Prime Research rating description

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Yellow Rating stocks
This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

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This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:
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