Company Report

Wednesday, 13th May 2010

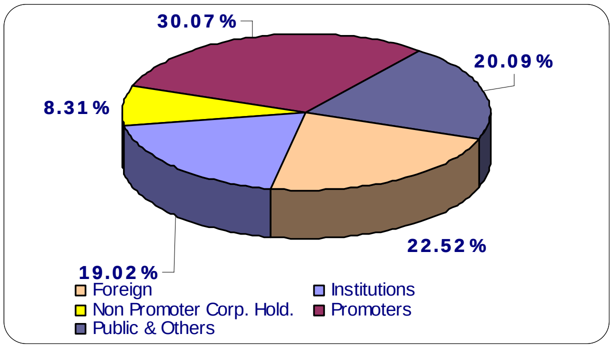
Escorts Ltd- Hold

Key Data

Latest Equity Shares O/S (Cr)	94.32
CMP (Rs.) As on 12.05.10	192.00
52 Week High/Low (Rs.)	188/38
Market Capitalization(Cr)	1732.19
Book Value(Cr)	145.55
EPS	15.85
Div Yield(%)	0.52

Source:- Capitaline

Shareholding Pattern



Source:- Capitaline

Estimated Standalone Figures(Rs Cr)			
Rs.Cr	**FY09**	**FY10E**	**FY11E**
Sales Turnover	2177.03	2475	2800
Operating Profit	210	238	260
Net Profit	89.73	150	170
EPS	9.72	15.90	18.02

Source:- Capitaline, GSL Research(Company ends its Financial Year in September)

Strong Q2 performance continues to drive the momentum ahead

We had prepared a research report dated 9th April, 2010 initiating a BUY recommendation with a target price of Rs 190. We had revised the target price to Rs 200 in our Equity Booklet, titled "Guiness Fundamental Picks" brought out earlier this month. The stock had gained 20.75% from our original recommended price of Rs 159 and by 16.36% from last recommended price of Rs 165. The significant gain in the stock prices was led on the backdrop of a improved performance by the company in the March 2010 quarter by reporting a 430% rise in bottom line at Rs 41.47 Cr and a top line growth of 39.50% at Rs 672 Cr against March 2009 quarter as per the Q2 results declared on 23rd April, 2010.

The rise in sales volumes were primarily aided by the fact that the company reported a 51% rise in the sales of tractors at 14623 units compared to the last fiscal. Similarly for the half year period, it has posted a 767% jump in bottom line at Rs 64.87 Cr and a 30% rise in top line growth at Rs 1272 Cr compared to H1 08-09 respectively.

With the launch of new and sophisticated models, the company's sales volumes are expected to be driven up further. With the advent of a good monsoon, the future looks bright.

Earnings Estimates and Valuations

We are revising our previous estimates. We expect the company to maintain a 13%-15% revenue growth for FY 09-10E and FY 10-11E and similarly post a better bottom line figures compared to the last fiscal. At the current market price the stock is trading at a PE multiple of 12.07x FY 09-10E and 10.65x FY 10-11E earnings going forward. We are upgrading our price estimate to **Rs 215** in the coming 12 months time period and hence recommend a **Hold** on the scrip.

*** 1.74% of the total outstanding shares of the company are pledged as per the details submitted by the company to the BSE.*

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