Escorts Kubota Limited

August 06, 2026

**BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

**National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai – 400051

**BSE – 500495**

**NSE – ESCORTS**

**Sub: Transcript of Earning Conference Call held on August 03, 2026**

Dear Sir/ Ma'am,

Pursuant to Regulation 30 read with Para A(15) of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call held on August 03, 2026, for discussing the earning performance of the Company for the quarter ended June 30, 2026. The same has been uploaded on the Company's website at the below link: https://www.escortskubota.com/investors/financials

Kindly take the same on record.

Thanking You,
Yours faithfully,
for **Escorts Kubota Limited**

ARVIND KUMAR
Digitally signed by ARVIND KUMAR
Date: 2026.08.06 17:07:45 +05'30'

**Arvind Kumar**
**Company Secretary**

Encl.: As above

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Corporate Identification Number L74899HR1944PLC039088

# "Escorts Kubota Limited
# Q1 FY27 Earnings Conference Call"
# August 03, 2026

**MANAGEMENT:** **MR. BHARAT MADAN – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – ESCORTS KUBOTA LIMITED**
**MR. NEERAJ MEHRA – CHIEF OFFICER OF TRACTOR BUSINESS, FARMTRAC AND POWERTRAC BRANDS – ESCORTS KUBOTA LIMITED**
**MR. SANJEEV BAJAJ – CHIEF OFFICER-CONSTRUCTION EQUIPMENT BUSINESS – ESCORTS KUBOTA LIMITED**
**MR. RAJAN CHUGH – CHIEF OFFICER OF TRACTOR KUBOTA BRAND AND AGRI SOLUTIONS BUSINESS – ESCORTS KUBOTA LIMITED**
**MR. SANJEEV GARG – HEAD OF FINANCE AND CPMO – ESCORTS KUBOTA LIMITED**
**MR. PRATEEK SINGHAL – INVESTOR RELATIONS AND ESG – ESCORTS KUBOTA LIMITED**

**MODERATOR:** **MR. ANIKET MHATRE – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 FY '27 Earnings Conference Call of Escorts Kubota Limited hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniket Mhatre from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

**Aniket Mhatre:** Thank you, Palak. Good evening, everyone. On behalf of Motilal Oswal Financial Services Limited, I welcome you all for the Escorts Kubota Q1 FY '27 Earnings Conference Call. I take this opportunity to welcome the management team from Escorts Kubota Limited. Today, we have with us Mr. Bharat Madan, Whole-Time Director and Chief Financial Officer; Mr. Neeraj Mehra, Chief Officer, Tractor Business Division, Farmtrac and Powertrac Brand; Mr. Sanjeev Bajaj, Chief Officer, Construction Equipment Business Division; Mr. Rajan Chugh, Chief Officer, Tractor Kubota Brand and Agri Solutions Business Division; Mr. Sanjeev Garg, Head Finance and CPMO and Mr. Prateek Singhal, Investor Relations and ESG.

Before we start, I would like to add that some of the statements made by the company in today's call will be forward-looking in nature and are subject to risks as outlined in the annual report and investor releases of the company. Now I hand it over to the management for the opening remarks. Thank you.

**Prateek Singhal:** Thank you, Aniket. Good evening, everyone, and thank you all for joining us today. During the quarter, India's macroeconomic environment remained largely supportive. Favorable rabi harvest, increased grain procurement by the government and positive farmer sentiment continue to support demand fundamental across the tractor industry. Urban demand also remained resilient, contributing to a stable consumption environment.

At the same time, geopolitical uncertainties in West Asia continue to disrupt supply chain and freight market. Shipping disruption and the depreciation of the Indian rupee against the U.S. dollar increased commodity, logistics and imported component costs. Despite these headwinds, we remain focused on supply chain continuity, disciplined cost management and profitable growth. With that context, let me turn to our performance for the quarter ended June 2026, starting with the stand-alone financial performance.

Operating revenue from the continuing operation at INR3,178.9 crores, up by 28% year-on-year. EBITDA at INR355.4 crores, up by 9.4% Y-o-Y. EBITDA margin in Q1 at 11.2% as compared to 13.1% in the corresponding quarter. Margin during the quarter were adversely impacted by commodity cost inflation driven by geopolitical tension and related supply chain disruption.

PBT from continuing operations before exceptional item at INR493.8 crores, up by 18.2% Y-o-Y, highest ever in Q1. Net profit from continuing operations stood at INR387.3 crores, up by 4% Y-o-Y. Please note that Q1 of the previous fiscal include exceptional gain from the sale of land and building of accounting of INR76 crores. Excluding this, net profit grew by 26% Y-o-Y. EPS from continuing operation at INR35.2 as compared to INR33.87 Y-o-Y.

Also note that Q1 FY '26 reported PAT includes the RED business divestment impact. Therefore, the reported PAT for Q1 FY '27 is not directly comparable on the year-on-year basis.

On consolidated basis, company financial performance for the quarter ended June '26 as follows: revenue from continuing operation at INR3,207.6 crores, up by 28.3% year-on-year. EBITDA at INR354.5 crores, up by 10.3% Y-o-Y. Reported net profit from continuing operations at INR385.9 crores, up by 4.5% year-on-year.

Moving on to the segmental business performance. Following the strong industry performance in FY '26, the domestic tractor industry maintained its growth momentum in Q1 FY '27, achieving a record high first quarter volume of approximately 3.39 lakh tractors. Demand was supported by healthy farmer cash flow, favorable crop economics, adequate reservoir levels and continued government support towards agriculture and rural development.

These factors, coupled with positive rural sentiment helped sustain robust demand across key agriculture markets. Our domestic tractor sales stood at 35,457 tractors, highest ever in Q1 volume for the company, registering a growth of 22.9% year-on-year and as compared to industry growth of 18.6% Y-o-Y. This translates into 36 basis point gain in share of market during the quarter.

The improvement was driven by combined impact of our ongoing initiative across product portfolio enhancement, channel effectiveness and retail execution. In addition, regional demand dynamics were relatively favorable with our key markets, North and Central grew by around 22% as compared to 15.4% growth in the other markets.

We remain focused on further strengthening our market position through disciplined execution, deeper customer engagement and continued enhancement of our go-to-market capability. From a product standpoint, our product refresh initiative continued to see encouraging customer response. The Shaurya series under Powertrac launch for the southern market in late Q4 FY '26 is gaining traction and supporting market share gain across key southern geographies. During the quarter, we further strengthened our portfolio with expansion of the Digitrac range under the Powertrac brand and the new Star series under the Kubota brand, enhancing our presence across customer segments and applications. Going forward, we have multiple product launches planned over the coming months to further strengthen our competitiveness across core premium and application-specific markets.

On the export front, the tractor industry exported 29,778 tractors in Q1 FY '27, up by 17.7% as against 25,307 tractors in Q1 of the corresponding quarter. Industry export was largely concentrated in the greater than 40 HP segment, which grew around 30% in the market where our presence remains limited, whereas our key export segment of less than 40 HP, basically a compact tractor, witnessed a decline of about 8% and vessel availability challenges due to geopolitical situation impacted shipment during the quarter. As a result, our export volumes stood at 1,405 tractors as compared to 1,733 tractors in Q1 FY '26. Sales to Kubota global network account for approximately 61% of our export volume. We continue to work closely with Kubota to strengthen our export portfolio and expand our presence across target international markets.

Looking ahead, the underlying demand environment for the tractor industry remains supportive. However, monsoon distribution and festive seasonal demand, especially against the high base of the last year will be the key monitorable in the coming months. We also continue to closely track geopolitical development and commodity cost trend while remaining cautiously optimistic on the industry outlook.

Non-tractor revenue comprising Agri Solution Business, engine business and spare and service parts business in Q1 constituted 19% of the Agri Machinery segment revenue as compared to 18% in the corresponding quarter.

Agri Machinery Products segment revenue came at INR2,766.5 crores, up by 26.8% as against INR2,181.5 crores in the previous year. EBIT margin for the Agri Machinery business division came at 10.8% as against 12.6% in the corresponding quarter as adversely impacted by commodity cost inflation.

Moving on to the Construction Equipment Business. In Q1 FY '27, the CE industry volume across Crane Backhoe loader, Mini Excavator, Compactor grew by approximately 23% Y-o-Y. This growth was primarily driven by the Crane industry, which recorded a strong 46% Y-o-Y growth as compared to the corresponding quarter last year. Our Construction Equipment business total volume came at 1,344 machines, up by 27.4% as compared to 1,055 machines in the corresponding quarter last year.

Construction Equipment segment revenue came at INR419.6 crores, up by 39.2% as against 5.8% in the corresponding quarter, adversely impacted due to commodity cost inflation. While there is a short-term challenges related to inflation due to West Asia crisis, however, the sustained demand is expected to help normalize the business health. Industry underlying fundamentals remain encouraging with the continued government focus on infrastructure creation, increasing investment in urban development, industrial projects and improved visibility on project awards provide a supportive medium-term demand environment.

While we remain watchful of the potential geopolitical challenges, we believe the sector is well positioned for the sustained growth and will continue to maintain operational flexibility to respond effectively to evolving market conditions. Now I will request the moderator to open the floor for the Q&A.

**Moderator:** Thank you very much. The first question is from the line of Gunjan from Bank of America. Please go ahead.

**Gunjan:** My first question is on the industry outlook. It does seem like when we did the call last time, we did call out some decline in the industry for fiscal '27. But going by the sort of trend that we are seeing with every passing month, do you think that there is an upside risk to the numbers that we've given out? And if you can give us a little bit more color on what are you seeing on ground?

Is there any change in sentiment that you're seeing on the ground in terms of the inquiries for the getting into the festive months as well?

**Neeraj Mehra:** Hi, Gunjan, Neeraj this side. I hope you're doing well. So yes, you are absolutely right. We see an upside in the last quarter and also in July. And just a slight correction, Gunjan. In our last guidance, we had not said a negative outlook. We had said a plus/minus 2% to 3% variation. So we were looking at a very marginal kind of a growth. But the last quarter and especially the last 45, 50 days have been very, very positive.

And as already mentioned in Prateek's opening comments, the overall sentiment is positive. Various factors are there, and Prateek has already mentioned, so I'll not repeat those factors. But yes, we are looking at a much better outlook for the current fiscal year as we go forward. It will not be very prudent for me to estimate at a quarterly level or a monthly level because of the shift of seasons and high base and GST last year. But yes, currently, we are looking at a middle or mid-single-digit growth for the financial year. So that is our current take as of now.

**Gunjan:** And any regional divergence that you're seeing because, of course, West and South did very well last year. And Prateek did mention that your stronger markets seem to be recovering more. So if you can give a little bit more color on where you see higher growth in terms of regional mix as well in fiscal '27?

**Neeraj Mehra:** So, see, overall, the industry has grown across the country. Yes, it's grown slightly better in our stronger markets than the overall all India growth. South, which has traditionally been our weak geography, the industry growth has been highest over there. So in South, the industry growth has been close to 33%, whereas in quarter 1, the overall growth was 19%.

But as, again, Prateek mentioned, a lot of actions at our end -- input actions that are in terms of products and in terms of channel have actually helped us grow. So overall, there has been a growth. Major growth is in South and then in the Northern and the central part of the country.

**Gunjan:** Okay. And when you say mid-single digit, we still stick with the point that we will gain market share. So growth for Escorts should be higher than the mid-single digit that we are anticipating for the industry. That's the way we should think about it, right?

**Neeraj Mehra:** Absolutely.

**Gunjan:** Okay. And second question, I think, more to Bharat sir, on the margins. Can you give us a bit more color on what was the cost headwind that we saw in this quarter from the metal basket? And how should we think about it going into the second quarter as well? Plus if you can give us some thought process on how we are looking to navigate it in terms of price action, cost reduction. So some color on how do we think about margin and the cost headwind?

**Bharat Madan:** Yes, Gunjan, this is Bharat Madan. So I think as we have mentioned in the last call, so we were facing the commodity inflation pressures in the first quarter because of the geopolitical situation. And we have faced close to, I would say, about 5% sort of cost impact on the Tractor Business side. And more or less 1% of that is coming because of this minimum wages for the contractor labor, which has gone up in Haryana, which is unique to us.

So if you remove that impact, all India industry level may still be about 400 basis points and an increase which has happened on the commodity side. Now obviously, part of it got offset with the operating leverage, but the revenue growth was very good, 23% revenue growth has happened on the tractor business. And then also one price increase we've taken in the month of April, which is about 1%, 1.5% sort of range, which also, to some extent, was able to offset this.

But having said that, the commodity pressure on metal and rubber is still continuing. So there may still be some more cost increase which will happen in Q2. So we are contemplating how to pass it on. So the discussions are happening. The quantum is not yet finalized. We're also watching the industry. So far, the growth in the industry was very good, so no one wants to take a call in terms of touching the prices at this point in time and you're growing at double digit.

So going forward, when you're looking at the base is already very high and when the demand probably will start getting impacted, may not see the similar growth level. Obviously, the cost pressure will not be able to absorb it get passed on. So we'll have to see how much really get passed on. We're not firmed up yet, but yes, it will happen sometime in this quarter itself.

**Gunjan:** And how much more cost pressure is there to be seen in Q2? Like any number like you gave 5% last time, that was pretty useful. But like is it similar magnitude, much lesser? Any number that...

**Bharat Madan:** Because 5% is still continuing. On top of that, we are talking about another 1.5% to 2% sort of pressure, which will be there. And we expect this will be a temporary phenomenon. Maybe I think from Q4, you will see maybe some reversal may start happening. So -- but as of now, it's very difficult to predict the geopolitical situation because every year is changing. But we are hoping it will start getting reversal in the Q4.

**Moderator:** The next question is from the line of Raghunandhan from Nuvama Research.

**Raghunandhan:** In opening remarks, Prateek spoke about Shaurya model and how the model has helped in market share gains in South region. My question was, can you talk of the feedback for the other new products like Promaxx, Digitrac and Kubota MU and which products are helping in terms of volumes and market share gains? I see that there are gains even in the North region, if you can throw some color.

**Neeraj Mehra:** Yes. Hi, Raghu. Neeraj this side. So yes, overall, the growth has been possible because of these new launches. So Shaurya was primarily for the southern market, and you would have seen that we have consistently grown post the launch of Shaurya. And it's not only restricted to a product portfolio introduction. There are a couple of other actions as well.

Apart from that, if you remember, last year, we had introduced Promaxx, and that has actually helped us tremendously. Promaxx actually now contributes over 20% to 22% of the overall Farmtrac sales. And with Promaxx, we had been able to cater to the 4-wheel segment substantially, and that has helped us grow in the Farmtrac brand across the country. As regards to Digitrac, Digitrac was as it is in the market, but we expanded the portfolio.

We brought in a 4x4 model. And what it has done actually is that it has massively impacted volumes and market share across the PT states. So Digitrac as of now contributes close to about

23% to 25% of the total Powertrac portfolio. So all these products have actually helped us tremendously. There remains a small gap in the Powertrac portfolio in terms of 4-wheel drive segment, which we intend to cover over the next few months. So that is on the Powertrac and Farmtrac front. I'll let Rajan talk about the new launch of Kubota.

**Rajan Chugh:** Yes. Thanks, Raghu. So yes, in Kubota brand, we had introduced series last year, a fresh series last year that started to help us expand our footprint. Largely, Kubota has -- had strongholds in Western and Southern and Eastern part of India. Despite a bit of not as much growth in Western part of India, we have been able to kind of expand our footprint with the newer products launched this year as well as last year in Kubota brand. And it has also helped us kind of improve our situation in North and Southern market. So there are more products kind of lined up this year as well within Kubota brand. So we should start to see improvement there as well. Thank you.

**Raghunandhan:** Thank you, Rajan Sir and Neeraj Sir. Can you also talk about what are the white spaces in the product portfolio, which you want to address? I understand 4-wheel drive was one space which you alluded to. Apart from that, which would be -- is there any white space which is high volume and there is a need for you to address that and come out with new products?

**Neeraj Mehra:** First, talking on the Powertrac and the Farmtrac side. On the Farmtrac side, the portfolio to a very large extent, covers over 80% of the applications used in the country. Close to 85%. In Farmtrac, there is not much of a concern. There is never 100% coverage on the portfolio vis-a-vis applications.

As I already mentioned, with respect to Powertrac, yes, a major gap is in the 35 HP to 50 HP segment in the 4-wheel drive. The 4-wheel drive market is actually growing across the country, and there are certain states, if you look at our overall performance at a state level, there are certain states which are highly driven by the 4-wheel segment. There we have not done well. That is one major gap on the Powertrac side. On the Kubota side, Rajan will update you.

**Rajan Chugh:** Sure. Yes. So thanks. On Kubota, largely, we have been focused on 20 to 30 horsepower niche orchard and compact segment and also 41 to 50 horsepower segment, which we have seen over a period, the share of industry has swinged towards that segment more and more.

So largely, we are focused in expanding our presence in these 2 segments, which contribute almost 70%, 80% of the industry. And so for now, we want to kind of continue to focus on those segments. There are segments over 50 horsepower, those are marginal or not as big. So for now, we want to stay focused and increase our presence in these segments. Thank you.

**Raghunandhan:** Just a clarification. How much would be the share of 4-wheeler drive for the tractor industry as of now?

**Neeraj Mehra:** So you see overall 4-wheel drive is in -- is actually taken in 2 parts. One is the 4-wheel drive, which is used primarily in the smaller segment in the Orchard segment. And the other one is other than the Orchard segment, primarily starting from 35 HP, 38 HP segment and going beyond the 50 HP segment. So it is actually steadily growing. There is no clear-cut data as such for this particular segment.

But because of our volumes growing tremendously post the introduction of Promaxx, we see the growth of 4x4 segment at a much higher level than the normal industry growth. So it will be very -- not right on my part to exactly when there's no clear-cut data available. But the way the 4x4 markets are moving, the growth in 4x4 segment is actually higher than the industry growth.

**Raghunandhan:** Noted, sir. Very helpful. I will fall back to the queue. Thank you.

**Moderator:** The next question is from the line of Preet from InCred AMC.

**Preet:** First question is on the line of Construction Equipment. How much has been the price hike we have taken in Cranes and other pre-regulation until now? And if you could bifurcate this, how much was for emission norms last year and how much for the commodity cost hike, which has been happening over the last 2, 3 quarters?

**Sanjeev Bajaj:** Hi, Sanjeev Bajaj this side. So I'll try to respond to this question in 2 parts. So most of the emission norm-related price increases were pushed in the last year, except for a few models. like Backhoe loader and Compactor where we are yet to introduce BS V model. So those are getting introduced from September onwards. So that pricing for those models will be done at that time.

But the impact of emission norms was in 2 different segments. So there were products which were moving from BS-III straightaway to BS V. There, the impact was about 6% to 7% and products which were moving from BS IV to BS V, the impact was about 3.5% to 4.5%. So that was passed on in the last January 2025. But after that, those prices got stabilized somewhere around middle of the year, when the old stock was exhausted by most of the manufacturers, and that was passed on.

Now the second phase of price increase, normally, we do once in a year price increase in January, and that is the industry practice also. We've been able to pass on prices even after that -- after the war started. And therefore, the cost escalation for us to take multiple price increases in small tranches, all through in the first half so far. So price increase so far has been roughly about 5%, including the price increase, which we have taken in the month of January. Having said that, there is also adjustment of channel discounts, which have been done. So effectively, it is roughly about 6%, which has been passed on to the market.

**Preet:** That was helpful. Another on the same lines, what kind of growth do we expect in our Crane business for this year? And this will lead by how much would be industry growth and how much would be market share increase? And what would be the growth drivers for the same?

**Sanjeev Bajaj:** Yes. So right now, the industry is showing positive signs despite of the fact that the price increases have been taken by all manufacturers. The demand is good, and there is also demand from the corporate sector because the project execution speed is what they are focusing on. Especially on the higher tonnage segment and higher capacity segment Cranes, the demand is relatively stable.

And so we believe that if I compare Q1 over last year Q1, then last year, Q1 was a little subdued because of BS V introduction. So it is not a right comparison to make. So in quarter 1 this year, the growth is roughly about 45% over last year same quarter. But from a normal quarter, if it was not 2025 subdued volume, then the growth would have been somewhere around 20%, which we feel that is sustainable, except for this quarter where the rains have been quite good, which is good for Agri sector, but not so good for Construction Equipment sector.

So this quarter, we believe that it is going to impact construction activities a little bit. But overall, for the end of the year, we are looking at anywhere between 12% to 15% kind of overall growth for the whole year.

**Preet:** Is it industry or our growth?

**Sanjeev Bajaj:** I'm talking about industry growth. And from the market share perspective, last year, there was a gain of about 2.7% in the market share for us. And we will continue to be aggressive in this segment. And also will be supported with some new models, which we are introducing later in this year from October onwards. And we believe that, that will give us traction both in terms of specific applications as well as some entry-level products also.

**Preet:** Sure, sir. And sir, are we seeing any pushback from the customer due to multiple price hike, like you mentioned 6%, 7% last year and 6%, 7% this year, total cranes, you would have taken 15%, 16% price hike. Are we seeing any postponement of purchase for this year? Or is there -- because a lot of price hike would have happened in the month of May and June. So is this 12% to 15% number shall we consider as a conservative or somewhat aggressive kind of number? Or if you could give some highlight on this?

**Sanjeev Bajaj:** Yes. So currently, I mean, there is a pushback from the customer to the tune of they are taking longer time to decide and it is taking a deeper negotiation to fetch those prices. But at the same time, as the demand is up, so I think the demand is going to be a big leveller for this. We believe that in next quarter or so, in quarter 2, the prices would stabilize. And if the demand continues from the projects, then I think this growth is possible.

**Moderator:** The next question is from the line of Lakshminarayanan from Tunga Advisors LLP.

**Lakshminarayanan:** Sir, my question is regarding your non-agricultural business.

**Moderator:** Sorry to interrupt, sir. The line for the management seems to have disconnect. Please wait while we reconnect. -- ladies and gentlemen, the line for the management has been reconnected. Thank you, and over to you, Lakshminarayan sir.

**Lakshminarayanan:** My question is regarding the construction equipment growth. There has been a significant industry growth, and we have also exceeded growth in general, right? Can you just explain me whether -- what has led to this strong growth? Was it some kind of a base effect or there are certain interference or which you did positively? Or how do you think about this part of the business for the rest of the year?

**Sanjeev Bajaj:** Yes. Thank you, Mr. Lakshminarayanan. So as I said, the growth looks to be very high when we compare last year same quarter. But part of it is because of the lower base of last year. And that was at the time when every manufacturer was trying to push BS V product, which was, again, a cost escalated product for the customer. And also, there was a little bit of apprehension on the new technology, which is being introduced.

So overall, the growth looks very, very high. But even if you compare it to the normal quarter, which was say FY '25 quarter, same quarter, then again, there is a growth over that also. So the real reason of growth is primarily because there is a clear push from the government in terms of completion of the project. Last financial year, the rate at which roads were constructed was almost half of what it was in the year 2024 and '25. So there is a renewed focus by the government to push these infrastructure projects.

There have been a few developments happening in various states like Andhra is doing a lot of development after introduction of new government and also new capital city being made. Bengal has recently seen new development starting. And there is also a good traction on projects like solar power and metro rails in various cities. So this demand currently looks real. Only thing is the number of -- the percentage of growth looks a little higher because the last year base was low.

**Lakshminarayanan:** Got it. And what kind of growth industry you think would actually achieve for the current year in the Construction Equipment?

**Sanjeev Bajaj:** So we are anticipating anywhere around 12% to 15% overall in which there will be high growth for Mini Excavators and Cranes. We believe that backhoe loaders will grow at about 5% to 7% and Compactors also will grow at about 5% to 6%.

**Moderator:** The next question is from the line of Vikram Damani from Damani Family Office. Yes, we can hear you.

**Vikram Damani:** Just a few questions. First is like this -- I think we've done pretty well to gain our market share and beat the market, especially when the southern market has grown the strongest. Can you all give us a sense of the market share that we had previously in the southern markets versus now?

**Neeraj Mehra:** Yes. Hi, Vikram. This is Neeraj Mehra this side. So overall, in South, we have gained about -- close to about 0.6% in quarter 1. So, our market share from a 3-brand perspective is around 6%. And we have gained about 0.5 percentage point over there.

**Vikram Damani:** And do we expect this trajectory to continue in terms of gaining market share?

**Neeraj Mehra:** Yes. It will because of the 2 primary reasons. One is in terms of the new products, one is Shaurya. The other one is the Digitrac series. And there is a third series, which we intend -- the 4x4 series, which we intend to launch over a period of time. And also, what has actually happened is with the introduction of these kinds of products, we are able to now fill our white spaces in terms of network. So our channel strength is increasing every month. So both these aspects are actually helping us grow.

**Vikram Damani:** Excellent. Good to know. And our finance -- the finance business, how are we doing there? How much have we disbursed? What is the status?

**Bharat Madan:** So in captive finance company, Vikram, we have now hit a penetration level of close to 10% to 12% in the first quarter. July, obviously, we did better. We almost hit 15% plus. So wherever we introduce the captive finance, which is in limited states right now, I think there were about 250 dealers which have been onboarded on this platform. This is the penetration we're talking about. And gradually, we're expanding now. So we intend to open some of the southern states also this year to support these new product launches and grow the business there.

**Vikram Damani:** Excellent. Are we seeing a better or increased market share of sales wherever we've introduced the finance channel?

**Bharat Madan:** So that is the idea. So wherever a weak and opportunity market exists, where we had difficulties. So obviously, that's where the captive finance will help. Obviously, in the stronger market, the financing is not an issue. But for a volume and scale perspective, we need to present across all segments. So that's the only way you can actually gain. our idea is if 20%, 25% of the volume leads to a delta increase in the overall numbers. So that should help in gaining market share.

**Vikram Damani:** Excellent. And as far as exports are concerned, we've spoken a little bit about the Tractor sales. Can you throw some light on the other products, the spare parts components? How are we so far doing so far this year? And what's the outlook for the rest of the year and maybe for FY '28, if you can throw some light on that?

**Bharat Madan:** So this quarter was more or less flat quarter. So not much really had happened this quarter. But I think as we move forward, we expect the growth will happen. I think next year, we're predicting very good growth in the component export. So that should start showing the numbers. So in another 2 years, we're looking at almost more than doubling the numbers right. So you'll start seeing the result now in the next 2 years' time there.

**Vikram Damani:** And when you said doubling, that's from our current base and how much is that?

**Bharat Madan:** So last year, I think we did about INR160 crores, INR170 crores in terms of overall numbers. So this year, so far, first quarter was more or less flat. But in the second half, we expect the pickup will start happening.

**Vikram Damani:** And then grow from there. Excellent. And one last question. We have cash surplus of almost INR10,000 crores. Our capex requirements are nowhere sort of close to that, plus we are getting -- generating cash every year. Given the change in the buyback rules, can we expect something along those lines? I know your dividend payouts have done sort of real increased nicely. Anything to sort of watch out for there?

**Bharat Madan:** See, if you look at our overall holding structure, shareholding structure, the promoters collectively hold about 68% plus. And then there's some non-promoter, non-public shareholding, which is IEPF, et cetera. So it's about 70% is already there. So the scope for further buyback is very limited. You can't go beyond 5% if you were to continue to be listed. So yes, possibility definitely exists, but this is one of our capital allocation strategy going forward.

But obviously, the both promoters need to align to make it happen. So with these new rules, obviously, this will help if really it comes to that. But definitely it doesn't help the promoters.

It's good for the public. So if the promoters also need to participate in this, that will be an issue. Priority is to increase the promoter holding, then obviously, they need to align on this.

**Moderator:** The next question is from the line of Shagun from Anand Rathi.

**Shagun:** I audible? So I just wanted to talk about the demand. It's been quite good across the country, but it seems like in Gujarat and UP, a significant pull has been due to subsidies. So if you could just shed some light on what the demand would look like because of the subsidies and what -- if there's any number as to how much could we expect the demand pull to be because of these subsidies?

**Neeraj Mehra:** Hi Shagun, Neeraj this side again. So Shagun, the industry has grown pan-India, right? So yes, the subsidy impact has been there only in Gujarat. And the subsidy impact is not there in UP. UP is the organic growth. Now coming to Gujarat. So now this is -- in Gujarat, this was no special one-off subsidy. The government every year gives a subsidy.

And again -- so the only difference is in terms of timing and in terms of the quantum of units that they give. So yes, subsidy has actually helped in the growth of Gujarat market. But in terms of UP, because I'm talking of these 2 states because you specifically mentioned these 2 states. So UP is an organic growth, and it's not to do anything with the subsidy.

**Shagun:** Okay. Second thing, you mentioned that the cumulative price hike since January has been about 6%. What was the price hike in Q1 exactly? And if there is a number as to how much price hike would be there in the coming quarters? Any specific number you could give?

**Neeraj Mehra:** So Shagun, the 6% price hike was mentioned by Mr. Bajaj for the construction equipment. We've not mentioned anything yet. Mr. Madan mentioned about a 1.5% price hike in the tractors in Q1, in April that we had taken. And as we go forward, yes, there would be the price hike, but the quantum and the date we've yet to finalize.

**Moderator:** The next question is from the line of Aniket from Motilal Oswal Financial Services.

**Aniket:** So you mentioned the fact that costs will further increase in Q2. Just wanted to understand how much of a price hike would be needed further to sort of offset this cost increase?

**Bharat Madan:** So Aniket, first of all, we have not decided the quantum of price increase. And the price increase will not compensate for the entire material cost increases. But the expectation is after 3, 4 months when the situation stabilizes, the prices will come back. So whatever price will get passed on will be something which will be of permanent nature, but there will not be a rollback of that price increase.

So obviously, the price increase which will be taken will be something which will continue in the future. So that's why you're looking at a short-term phenomenon of 3, 4 months, no one will take price increase only for 3, 4 months and disturb the market. So whatever we do will be -- maybe some quantum will be there, but we don't know right now obviously the quantum, which will be really passed on, but it's not going to cover the entire cost increase definitely.

**Aniket:** Sure. Got that. And just could you talk about the inventory level situation with dealers right now, sir? Are we at normal? Or how is the inventory situation for us and for the industry at the moment?

**Neeraj Mehra:** So Aniket, difficult to comment on the industry. But from our channel perspective, we are relatively at a comfortable level. So you can look at about a 30-day inventory with our dealers. And as we go forward into the season, this might see a change.

**Aniket:** Sure. And incrementally, my sense is, I mean, we would look to sort of push stock into the system for the festive, right?

**Neeraj Mehra:** So I will not say push stock into the system. It's -- I'll articulate it as build stock. to build stock for the season because you see Agri seasons are very cyclic. So you have very big lows also and very, very big highs. So it's a crest and a trough kind of a situation. So yes, this time, the season is a bit delayed. It actually starts from October. But yes, we will build stocks as we get closer to the season.

**Aniket:** Sure. And sir, could you -- you alluded to the domestic industry outlook. Could you also help us understand how we look at exports outlook for this year and the next year, given that Q1 has not panned out well so far, how should we expect the balance fiscal FY '28 for us?

**Bharat Madan:** So this year, FY '27, we expect the export to be more or less flattish in nature. So even though Q1 has been down, but we think we'll be able to make it up in the balance 3 quarters. So the overall volumes will be flat in FY '27. But FY '28, we are looking at a good growth coming in. But we expect the North American market may start opening up by the time. And if we start exporting there, the numbers will do very well. We'll see good growth coming in over there.

**Aniket:** Fair enough. And any capex guidance for this year for us?

**Bharat Madan:** So this year capex was divided into 2 categories. One is for the greenfield project, especially for the land acquisition. So we expect it to be about INR450 crores to INR500 crores, which will get spent on this land. So land is already allotted now. We already made the payment there. So some development work will start happening now.

We expect the groundbreaking for this plot to happen sometime this month. And the normal capex will be some around INR350 crores to INR400 crores. So overall, you can say about INR850 crores to INR900 crores of capex for this year, including greenfield investment, which will happen.

**Aniket:** And fair to assume it will remain similar for FY '28 as well?

**Bharat Madan:** '28 will depend on the plan for greenfield. If we have to expedite construction, then maybe the spend will be more because the overall capex for greenfield is INR2,000 crores. So depending on the demand scenario, as the demand continues to be good, then probably we'll have to prepone some of the capex on greenfield. A little bit too early for us to comment right now on that. But normal capex will remain in the range of INR350 crores to INR400 crores.

**Aniket:** Sure. Just one final question, sir, on the captive financing bit, by when do we expect to cover all our dealers pan-India?

**Bharat Madan:** So maybe by FY '28. But by FY '27, we expect almost 40%, 50% dealership will get covered. And then by FY '28, then we'll go pan-India.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to Mr. Prateek sir for closing comments.

**Prateek Singhal** Thank you, ladies and gentlemen, for being present on this call. For any feedback or queries, please feel free to write into us at investor.relation@escortskubota.com. Thank you very much, and have a good evening.

**Moderator:** Thank you, sir. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

**Prateek Singhal** Thank you.