



Press Release

Escorts Limited announces Financial Results for Q1 FY2013

EBIDTA growth 74%; PAT up 210%

Faridabad, February 04, 2013 : Escorts Ltd one of India's leading engineering conglomerates, announced its unaudited financial results for the first quarter of the financial year 2013 ended 31st December 2012 at its Board meeting held today.

Q1 FY13 Financial Performance Highlights:

- Net sales stood at Rs. 1,028.2 crore
- EBIDTA saw an increase of 74% YoY to Rs. 53.0 crore vs Rs. 30.5 crore
- EBIDTA margin expanded by 218 basis points to 5.15%
- PBT was up significantly by 263% to Rs. 31.2 as compared to 8.6 crore in Q1 FY12
- PAT rose by 210% to Rs. 28.1 crore along with improvements in margin by 185 basis points

Commenting on the results, **Mr. Rajan Nanda, Chairman Managing Director, Escorts Limited** said: *"at a time when the agricultural and infrastructure sector are experiencing stiff challenges, Escorts has chosen to mitigate this with a focussed strategy of high profitable and niche products, simultaneously expanding the bottom line while maintaining a healthy top line growth. We have chosen to modify our product mix, undertake technology and brand tie ups globally and by re engineering ourselves to reduce cost and promote efficiency.*

Going forward, we expect the economy to sustain and gradually grow with a focus on agricultural and construction, both being inclusive and employment generating in nature. We expect Escorts Ltd., which has a vital stake in both these sectors, to gain substantially."

ESCORTS LIMITED

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Mr. Nikhil Nanda, Joint Managing Director, Escorts Limited said: *“the company has had a sound start to its financial year. With sharp focus on cost discipline, inter group synergies, diversified product portfolio and improved product mix, the company has embarked upon the strategic path to deliver value for all its stakeholders.*

Our goal is to sustain profitability through rationalizing our group operations to achieve better operational margins, an improved product mix and better management of costs.

As the year progresses, we look forward to see greater opportunities in the agricultural and capital goods sectors, which will prove to be the backbone of our country’s development. The company is aptly poised to make good this opportunity and enhance its market share and brand presence.”

Particulars	Q1 FY13 (In Lakhs)	Q4 FY12 (In Lakhs)	Q1 FY12 (In Lakhs)	Change Q-o-Q (%)	Change Y-o-Y (%)
Operating Income	102,818	82,340	102,596	24.9	0.2
EBITDA	5,298	4,656	3,047	13.8	73.9
PBT	3,123	2,063	860	51.3	263.3
PAT	2,814	1,888	907	49.0	210.4

The first quarter of the financial year saw revenues expand by 25% to Rs. 1,028 crore on a Q-o-Q basis. The period gone by saw overall operating and financial performance improve significantly. This was reflected in raw material to income margins which came down to 72.5%, a decrease of 222 basis points. EBITDA and PAT margins also grew by 218 and 185 basis points respectively on a Y-o-Y basis, thus, reflecting improved efficiency and better cost control management. The performance was also augmented by increase in sales, effective product mix and broader product offering.

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Segmental Performance Highlights

Escorts Agri Machinery:

Particulars	In Rs. Crore		
	Q1FY13	Q1FY12	Q4FY12
Sales	845.7	772.6	629.3
EBIT	79.4	46.6	57.2
EBIT Margin (%)	9.4	6.0	9.1

- The volumes for Tractors stood at 17,106 during the period an increase of 32% sequentially
- Total Sales for EAM rose to 845.7 crore an increase of 9.5% from the corresponding quarter last year
- The EBIT margins for the quarter expanded by 336 basis points to 9.4% on year on year basis

Escorts Auto Products:

Particulars	In Rs. Crore		
	Q1FY13	Q1FY12	Q4FY12
Sales	37.5	31.1	30.4
EBIT	(2.4)	(5.5)	(3.5)
EBIT Margin (%)	(6.3)	(17.5)	(11.4)

- Sales for this segment on a Y-o-Y basis grew by 20.6% to Rs. 37.5 crore during the period under review
- As reflected in this quarter's performance, this segment improved on its margins by 1122 basis points as compared to same quarter last year
- This segment is under performing due to low capacity utilisation coupled with pressures on the input cost front, especially steel, aluminium, plastic & rubber parts which could not be passed on to the end consumer
- Going forward this segment is poised for a successful turnaround. The R&D is working on new innovative domestic and export products which will help improve margins. Launch of the new products is expected in the latter half of FY13
- As per ACME the Auto component industry will reach to a size of \$108-119 billion by FY2020, corresponding to a 4 times growth. This will commensurate another 1.0-1.2 million jobs while its GDP contribution will increase to 3.6% from the current 2%

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Escorts Railway Products:

Particulars	In Rs. Crore		
	Q1FY13	Q1FY12	Q4FY12
Sales	27.6	30.3	38.8
EBIT	(4.4)	(2.0)	7.7
EBIT Margin (%)	(16.0)	(6.6)	19.9

- Sales for this segment saw a dip of 8.9% to Rs. 27.6 crore
- This segment is showing distinct signs of recovery based on strong order book position of Rs. ~60 crore expected to be executed in the coming 4-5 months
- Based on Railways 2020 Vision, passenger and freight volume will show a CAGR growth of 8% requiring a 7x increase in capex in the range of \$ 300 billion

Escorts Construction Equipments:

Particulars	In Rs. Crore		
	Q1FY13	Q1FY12	Q4FY12
Sales	129.0	208.9	134.2
EBIT	(5.7)	3.2	(7.8)
EBIT Margin (%)	(4.5)	1.5	(5.8)

- The slowdown in industry along with delay in project approvals is reflected in the subdued volumes this quarter which shrank by 41.5% on a corresponding basis
- EBIT margins was also under pressure which stood at (4.5%)

About Escorts Limited:

Escorts Ltd is one of India's leading engineering conglomerates with over six decades of experience. It has helped accelerate India's socio-economic development through its presence across the high growth sectors of agri-machinery, construction & material handling equipment, railway equipment and auto components. The company has diversified business in to four different segments. Escorts Agri Machinery (EAM), Escorts Construction Equipment (ECE), Escorts Railway Products (ERP) & Escorts Auto Products (EAP)

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Escorts Agri Machinery offers a comprehensive range of tractors with more than 45 variants starting from 25 to 80 HP. Escort, Farmtrac and Powertrac are the widely accepted and preferred brands of tractors. Escorts Agri Machinery segment has positioned itself as a change leader in the agricultural sector having rolled out over 1 million tractors, ranging from hi-capacity engines to modern rugged transmissions and multi-utility tasking capabilities.

Escorts Construction Equipment is a leading material handling and construction equipment manufacturer. It manufactures and markets a diverse range of equipments like cranes, loaders, vibratory rollers and forklifts. Escorts today is the world's largest Pick 'n' Carry Hydraulic Mobile Crane manufacturer.

Escorts has been a major player in the railway equipment business in India for nearly five decades. Product offering includes brakes, couplers, shock absorbers, rail fastening systems, composite brake blocks and vulcanized rubber parts.

In the auto components segment, Escorts is a leading manufacturer of auto suspension products including shock absorbers and telescopic front forks. Over the years, with continuous development and improvement in manufacturing technology and design, new reliable products have been introduced.

The company is committed to excellence in engineering, innovation in products, development of market-relevant technologies and the highest of cost efficiencies in order to create value for its customers and shareholders.

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