



## Escorts' H1 Profit at Rs. 26.3 crore

*Q2 Tractor volumes up 1.2%*

*Q2 Construction Equipment volumes up 13%*

*Total Income for Q2 up by 5.1 % at Rs.992.6 crore*

*Exceptional Items includes One-time expenses of Rs 31.4 crore on VRS*

### Q2 FY 2014-15 HIGHLIGHTS

Tractor volumes at 15,013 as compared to 14,842 in corresponding quarter

Construction Equipment volumes up by 13%

Income up by 5.1% at Rs 993 crore as against corresponding quarter

Finance Cost lower by 23% over last year

One-time exceptional expense of Rs 31.4 crore on account of VRS covering around 350 employees

**New Delhi, November 5, 2014:** Escorts Limited today reported a net profit of Rs 26.3 crore in first half ending September 30, 2014. The first half saw a flat turnover of Rs 2,121.7 crore as against Rs 2,120.2 crore in the corresponding half year ending September 2013. EBIDTA was at Rs 90.4 crore in the first half of the year as against Rs 157.2 crore in the first half of the previous fiscal.

The company recorded an increase of 1.2% in tractor volumes from 14,842 tractors in the corresponding quarter ended September 30, 2014 to 15,013 tractors in the second Quarter of fiscal 2015. Construction Equipment volumes also increased to 747 units, an increase of 13 per cent over the corresponding quarter. Total income for the quarter was up at Rs 992.6 crore as opposed to Rs 944.2 crore in the corresponding quarter of last fiscal. Company absorbed the additional one-time exceptional expense of Rs 31.4 crore on account of a VRS that covered around 350 employees As a consequence, the company recorded a loss of Rs 7.9 crore in the second quarter. EBIDTA for the quarter stood at Rs 33.5 Cr. As against Rs 64.5 Cr. in Quarter ended September 2013.

*Speaking on the results, Chairman Mr. Rajan Nanda said,* "The past two quarters have been quite tough due to delayed monsoons followed by indifferent monsoons in Escorts' key markets. While we did see a modest surge in demand in September sales which were almost 10% higher, the first half has had little to cheer about. However, with the new government hitting its stride and general

optimism in the economy, we have seen some positive movement in sectors such as infrastructure, as is reflected in our construction equipment business. We are also expecting things to look up in the Railway products portfolio given the ambitious plans of the government for increasing wagons and modernizing railways. We also intend to launch new products and technologies over the rest of the fiscal which will prove to be significant game changers in the long run."

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**Mr. Nikhil Nanda, Managing Director added,** “While the industry has been hit, Escorts has forged multiple strategies to deliver profitability and growth. There is renewed focus on cash flow management, streamlining of cost and enhanced efficiency measures with the support of strategic consultants. Through a successful VRS offer, we have a leaner organization that is geared for greater efficiencies. The continued thrust on lean management and consolidation of manufacturing facilities has long term implications for profitability. We have also created a roadmap for launch of a series of new products that are pathbreakers. Our new products & technology have been successful in creating new market segments and tapping into a wider range of customers. Escorts Construction Equipment is also registering strong growth and we expect this trend to continue into the second half of the fiscal. We are well prepared to take advantage of market opportunities and we see a much better second half coming up.”

#### **SEGMENT WISE PERFORMANCE**

**Escorts Agri Machinery** volumes went up by 1.2% to 15,013 tractors in the quarter ending September 2014 as against 14,842 in the corresponding quarter. Revenues went up by 5.8 per cent at Rs 803.0 crore as against Rs 759.2 crore in the corresponding quarter last fiscal.

**Escorts Construction Equipment** volume up by 13% with 747 units as against 661 in the corresponding quarter in the last fiscal. Our revenue increased by 4.6% to Rs. 121.5 crore. This increase is the result of growing product acceptability in the market. We will continue to develop & offer innovative products and move up the value chain.

**Escorts Auto Product** revenue up by 17% to Rs 26.8 crore in the quarter ended September 2014 against Rs 22.9 crore in the quarter ending June 2014.

**Escorts Railway Products** posted strong growth with sales increasing by 11% to Rs. 47.3 crore in quarter ending September 2014 against Rs. 42.7 crore in the quarter ending June 2014. EBIT margin up by 580 bps to 9.6% against 3.8% sequentially. The Order Book Position as on 1<sup>st</sup> October 2014 is Rs. 34 Cr.

**The reviewed accounts of the second quarter and first six months ended 30<sup>th</sup> September 2014 has been approved by the financial results committee of the Board of Directors of Escorts Limited.**

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