



ESCORTS

We shape a better world



Escorts Ltd.

BSE: 500495 | NSE: ESCORTS

Q3 FY15/9M FY15 Earning Presentation

February 11, 2015



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Q ended Dec'14 Highlights



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Volume	<ul style="list-style-type: none">Tractor volumes sequentially up by 5.8% to 15,881 on Q-o-Q and correspondingly down by 16.6% on Y-o-YConstruction volume sequentially up by 7.2% at 801 on Q-o-Q and correspondingly up by 8.7% on Y-o-Y.
Revenue	Sequentially up by 5.4% to ₹ 1,046 Cr on Q-o-Q and correspondingly down by 9.8% on Y-o-Y led by volume
EBIDTA	<ul style="list-style-type: none">Sequentially up by 46.1% at ₹ 49.0 Cr. on Q-o-Q and correspondingly down by 31% on Y-o-Y led by product mix changes and volume drops.Margin sequentially up by 130 bps to 4.7% on Q-o-Q and correspondingly down by 144 bps on Y-o-Y.
PAT	At ₹ 35.7 Cr. against loss of ₹ 7.9 Cr. in Q ended Sept'14 and against ₹ 45.6 Cr. in Q ended Dec'13
Debt	At ₹ 451.0 reduced by ₹ 54.0 Cr. on Q-o-Q and by ₹ 40 on Y-o-Y



9 Months ended Dec'14

Highlights



Volume

- Tractor volumes at 48,743 against 53,407 last year, down due to low yield coupled with low crop prices
- Construction volume up by 7.1% at 2,267 on Y-o-Y.

Revenue

At ₹ 3,168.1 Cr ↓ by 3.4% against ₹ 3,279.8 Cr last year led by lower volumes.

EBIDTA

- At ₹ 139.4 Cr. against ₹ 228.2 Cr. last year led by product mix changes and volume drop.
- Margin at 4.4% against 7% last year.

PAT

At ₹ 61.9 Cr. against ₹ 147.5 Cr. in last year, lower due to volume drop and exceptional items on account of VRS.



Management Message



Rajan Nanda, Chairman and Managing Director

The first three quarters have been quite tough for the tractor industry. Looking ahead, the tractor demand is expected to remain subdued in the short term, however the long term demand drivers are intact. At the same time, the signs in the construction sector seem to have turned positive and have shown an uptrend in volume for two continuous quarters for us. The optimism in the economy due to the new government is now entering a phase where the policies and actions on the ground will need to give the necessary channel for growth.



Nikhil Nanda, Managing Director

Escorts has embarked on a path of enhancing the product proposition for our customers. Our strategy in the tractor market is to introduce innovative and technologically superior products and attain a dominant position in the higher HP segments. Despite the tractor Industry going down, we have launched 2 new products in Q3 in line with our Product strategy. The four wheel drive tractor in the Farmtrac Brand and Anti Lift Tractor in the Powertrac brand has been very well received by the customers. In ECE and EAP, we have done a considerable progress in curtailing our losses and are hopeful of getting momentum in the upcoming quarters”.



Industry Overview

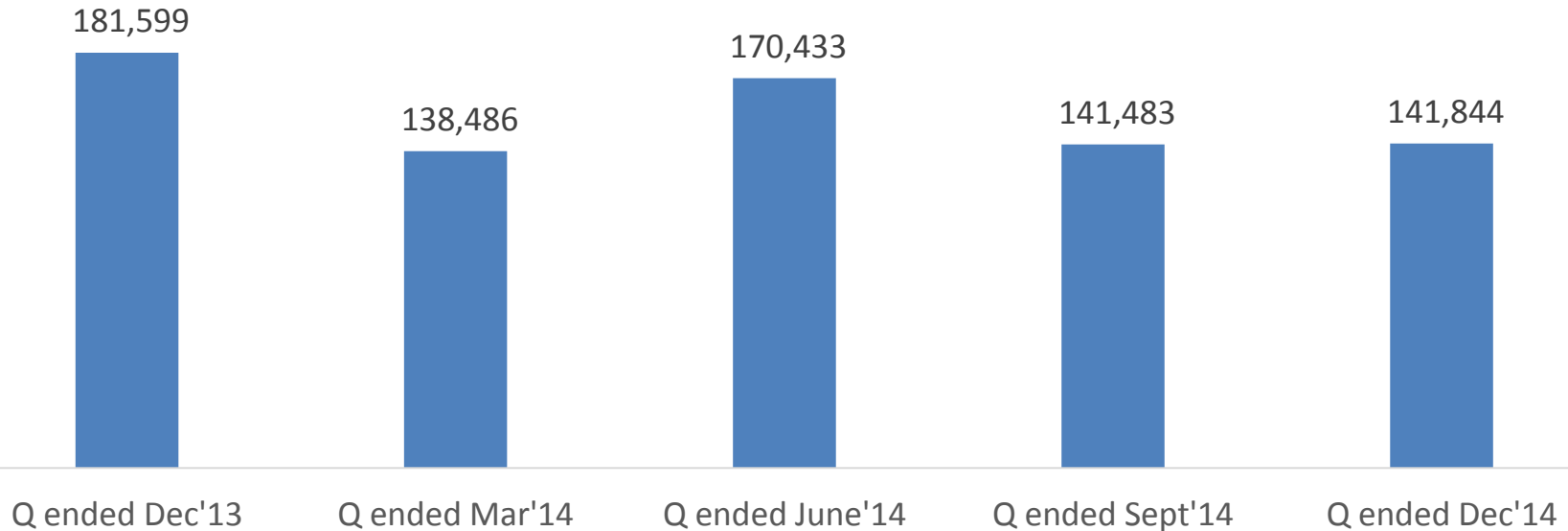
(Domestic Tractor Industry)



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Domestic Tractor Industry



- Y-o-Y Industry down by 22%, Q-o-Q Industry flat.
- The industry drop was primarily due to low yield coupled with the low crop prices. The **WPI** (Wholesale Price index) remained flat and the food inflation touched zero value (lowest in the last 5 years)
- Industry downtrend likely to continue in **Q4**
- Pro agricultural sector based Government's budget & policies, Navratra seasonal sales could boost the industry volumes from **Mar'2015** onwards



Business Segment Highlights



Escorts Agri Machinery (EAM)



80.4% of Q3 FY15 Revenue

- Y-o-Y Domestic tractor volumes down by 18% to 15,455 tractors.
- Y-o-Y Export volumes went up by 91% to 426 tractors.
- In 50+ HP our volume grew by 55.6% a Y-o-Y. Our market share in this segment also grew from 5.9% to 9.1% in Q3
- Domestic Share of Market up from 10.4% to 10.9% Y-o-Y in Q3

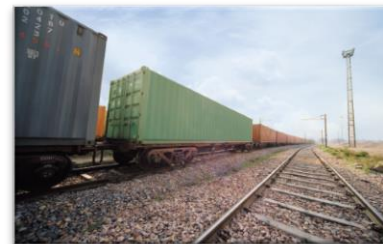
Escorts Construction Equipment (ECE)



13.4% of Q3 FY15 Revenue

- Y-o-Y volume up by 8.7 % to 801 units.
- Backhoe loaders grew by 20% Y-o-Y. DIGMAX2 has been well established in the market and we are climbing the ladder fast from no. 6 to no. 4 position
- Cranes grew by 16% Y-o-Y.
- Price increase across all categories.
- Increase channel outreach

Escorts Railway Products (ERP)



3.8% of Q3 FY15 Revenue

- Y-o-Y revenue up by 17.7 % to ₹ 39.1 Cr..
- Order book stood at ₹ 40 Cr. which will get executed in the next 3-4 months.
- BMBS (Bogey Mounted Brake system) has successfully completed the trials and we are awaiting the final approval from RDSO.
- Got the developmental order for Axle mounted disc brakes recently.

Escorts Auto Products (EAP)



2.4% of Q3 FY15 Revenue

- Y-o-Y revenue at ₹ 25.5 Cr. against ₹ 29.4 Cr.
- Positive swing of 1342 bps at EBIT level led by VRS offered in Q ended Sept'14.
- With a focus to achieve breakeven and profitability, we have kick started a turnaround program with the help of a leading consultant



Recent Development

(Product launches)



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FARMTRAC 4 WD

- To establish Farmtrac as technology leader and Escorts as thought leader.
- Develop Four wheel drive as a segment.



Anti Lift Tractor (ALT) by POWERTRAC

- Indigenously designed, India's first Anti Lift Tractor
- Built around driver safety and owner savings, ALT is specifically positioned for haulage activities.

Fact Sheet



Headquarters

Faridabad, Haryana, India

Initial public offering

1991 (BSE and NSE(India))

18M FY12-14 Earnings

Revenue

INR 6,291.5 Crore (USD 1,048.6 mn)

Net Profit

INR 244.9 Crore (USD 40.8 mn)

9M FY15 Earnings

Revenue

INR 3,168.1 Crore (USD 528.0 mn)

Net Profit

INR 61.9 Crore (USD 10.3 mn)

EPS

5.19

Book Value Per Share

150.74

In H1FY15, Company has implemented the voluntary retirement scheme aimed particularly at restructuring of Escorts Auto Products. The total amount paid during the quarter ended 30th September 2014 under the said scheme including related terminal benefits is Rs. 31.41 Cr., which is included under the head "Exceptional Items".

1 USD = 60 INR

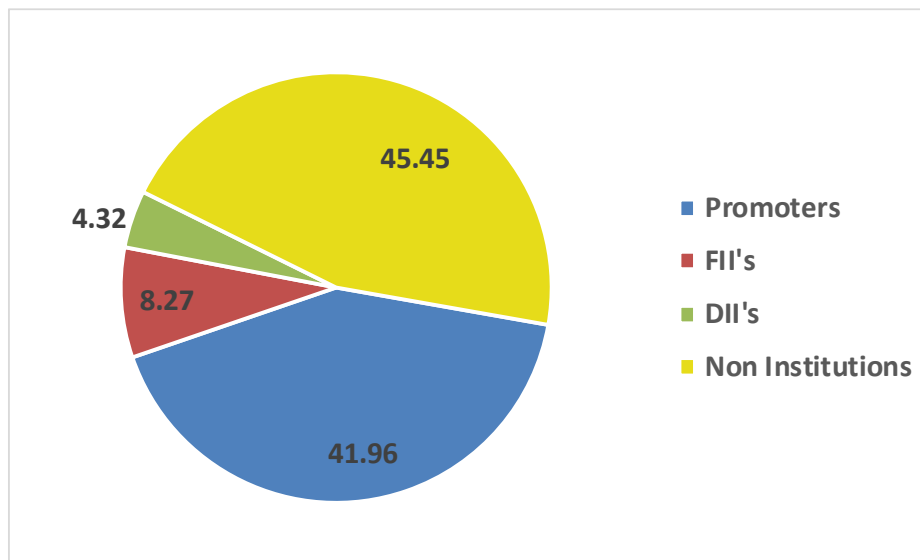


Share Holding Pattern



Share holding Trend

Share Holders (%)	Dec'13	Mar'14	Jun'14	Sep'14	Dec'14
Promoters	41.97	41.97	41.96	41.96	41.96
FII's	9.44	6.88	5.20	6.72	8.27
DII's	2.14	2.19	4.03	3.86	4.32
Non Institutions	46.45	48.96	48.81	47.46	45.45
Total	100.00	100.00	100.00	100.00	100.00



Annexure

Quarter and 9 Months ended Dec'14 results



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PART I		Standalone Results						Rs. In Lakhs
		Quarter Ended			For the Nine Months ended		Previous Period ended (18 Months)	
Sl. No.	Particulars	12/31/2014	9/30/2014	12/31/2013	12/31/2014	12/31/2013	3/31/2014	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Income from Operations							
	(a) Net Sales/Income from Operations (Net of excise duty)	104,233.55	98,660.53	115,444.75	315,105.00	326,730.57	626,761.20	
	(b) Other Operating Income	403.85	602.46	514.00	1,705.95	1,246.26	2,389.35	
	Total Income from Operations (Net)	104,637.40	99,262.99	115,958.75	316,810.95	327,976.83	629,150.55	
2	Expenses							
	(a) Cost of Materials Consumed	61,950.23	74,156.32	77,388.04	204,670.93	219,428.81	422,415.32	
	(b) Purchases of Stock-in-Trade	5,296.13	4,832.52	2,060.26	15,860.61	16,828.22	30,373.72	
	(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	7,607.94	(8,394.11)	4,553.98	6,379.72	(2,705.51)	(1,741.34)	
	(d) Employee Benefits Expenses	11,079.14	10,989.43	11,436.57	33,676.49	33,110.64	66,734.90	
	(e) Depreciation & Amortisation Expenses	1,649.68	1,348.43	1,452.20	4,486.47	4,186.57	8,322.16	
	(f) Other Expenses	13,806.77	14,327.25	13,420.49	42,286.13	38,494.87	73,243.61	
	Total Expenses	101,389.89	97,259.84	110,311.54	307,360.35	309,343.60	599,348.37	
3	Profit / (Loss) from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	3,247.51	2,003.15	5,647.21	9,450.60	18,633.23	29,802.18	
4	Other Income	1,486.56	1,028.41	1,584.53	3,526.06	4,572.63	8,141.17	
5	Profit / (Loss) from Ordinary Activities before Finance Cost and Exceptional Items (3+4)	4,734.07	3,031.56	7,231.74	12,976.66	23,205.86	37,943.35	
6	Finance Cost	1,367.97	1,406.79	1,552.09	4,116.32	5,402.64	11,066.68	
7	Profit / (Loss) from Ordinary Activities after Finance Cost but before Exceptional Items (5-6)	3,366.10	1,624.77	5,679.65	8,860.34	17,803.22	26,876.67	
8	Exceptional Items	(38.02)	3,127.45	0.44	3,076.87	68.05	(363.68)	
9	Profit / (Loss) from Ordinary Activities before Tax (7-8)	3,404.12	(1,502.68)	5,679.21	5,783.47	17,735.17	27,240.35	
10	Tax Expense	(164.48)	(717.08)	1,123.50	(410.64)	2,985.71	2,751.10	
11	Net Profit / (Loss) from ordinary activities after Tax (9-10)	3,568.60	(785.60)	4,555.71	6,194.11	14,749.46	24,489.25	
12	Extraordinary Items (net of tax expense)	-	-	-	-	-	-	
13	Net Profit / (Loss) for the period (11-12)	3,568.60	(785.60)	4,555.71	6,194.11	14,749.46	24,489.25	
14	Paid-up equity share capital (Face Value Rs. 10/- each)	12,257.69	12,257.69	12,257.69	12,257.69	12,257.69	12,257.69	
	Less: Amount recoverable from Escorts Employees Benefit & Welfare Trust	329.36	329.86	331.36	329.36	331.36	331.36	
15	Paid-up equity share capital (Face Value Rs. 10/- each)	11,928.33	11,927.83	11,926.33	11,928.33	11,926.33	11,926.33	
	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	-	-	167,594.25	
16.i	Earnings Per Share (before extraordinary items) of Rs. 10 each (not annualised):							
	(a) Basic (Rs.)	2.99	(0.66)	3.82	5.19	12.37	20.53	
	(b) Diluted (Rs.)	2.99	(0.66)	3.82	5.19	12.37	20.53	
16.ii	Earnings Per Share (after extraordinary items) of Rs. 10 each (not annualised):							
	(a) Basic (Rs.)	2.99	(0.66)	3.82	5.19	12.37	20.53	
	(b) Diluted (Rs.)	2.99	(0.66)	3.82	5.19	12.37	20.53	



Annexure

Quarter and 9 Months ended Dec'14 results



PART II

Select Information For The Quarter and Nine Months Ended 31st Decemeber, 2014

Sl. No.	Particulars	Standalone Results					
		Quarter Ended			For the Nine Months ended		Previous Period ended (18 Months)
		12/31/2014	9/30/2014	12/31/2013	12/31/2014	12/31/2013	3/31/2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding						
	- Number of shares	71,143,128	71,143,128	71,131,838	71,143,128	71,131,838	71,132,128
	- Percentage of shareholding (%)	58.04	58.04	58.03	58.04	58.03	58.03
2	Promoters and Promoter Group Shareholding						
a)	Pledged / Encumbered						
	Number of shares	-	NIL	NIL	-	NIL	NIL
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	NIL	NIL	-	NIL	NIL
	- Percentage of shares (as a % of the total share capital of the company)	-	NIL	NIL	-	NIL	NIL
(b)	Non - encumbered						
	Number of shares	51,433,750	51,433,750	51,445,040	51,433,750	51,445,040	51,444,750
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of shares (as a % of the total share capital of the company)	41.96	41.96	41.97	41.96	41.97	41.97

B	Investor Complaints	3 Months ended 31/12/14
	- Pending at the beginning of the quarter	Nil
	- Received during the quarter	2
	- Disposed of during the quarter	2
	- Remaining unresolved at the end of the quarter	Nil



Annexure

Quarter and 9 Months ended Dec'14 results



Sl. No.	Particulars	3 Months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	For the Nine Months ended		Previous Period ended (18 Months)
		12/31/2014	9/30/2014	12/31/2013	12/31/2014	12/31/2013	3/31/2014
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue:						
	a) Agri Machinery Products	84,776.03	80,300.71	97,197.47	259,718.88	271,938.44	512,331.48
	b) Auto Ancillary Products	2,551.89	2,681.51	2,941.61	7,526.35	9,822.50	21,058.40
	c) Railway Equipments	3,910.12	4,734.21	3,323.08	12,915.57	13,740.96	25,577.98
	d) Construction Equipments	14,127.07	12,148.71	13,087.04	38,384.44	35,634.84	76,319.60
	e) Others	0.00	0.00	0.01	0.00	0.02	23.54
	f) Unallocated	128.19	78.93	107.29	444.11	355.87	673.91
	Total	105,493.30	99,944.07	116,656.50	318,989.35	331,492.63	635,984.91
	Less: Inter Segment Revenue	613.56	457.51	513.77	1,566.54	2,318.92	5,169.48
	Net Segment Revenue	104,879.74	99,486.56	116,142.73	317,422.81	329,173.71	630,815.43
2	Segment Results:						
	a) Agri Machinery Products	6,609.59	5,684.70	9,180.89	20,111.55	28,926.64	49,644.30
	b) Auto Ancillary Products	(474.41)	(699.49)	(941.72)	(2,095.30)	(1,799.01)	(2,962.52)
	c) Railway Equipments	90.20	455.05	128.13	708.07	1,102.14	1,455.52
	d) Construction Equipments	(169.22)	(1,080.28)	(263.61)	(2,146.86)	(1,581.07)	(3,222.21)
	e) Others	(35.66)	(28.46)	(23.19)	(89.90)	(85.63)	(143.79)
	Total	6,020.50	4,331.52	8,080.50	16,487.56	26,563.07	44,771.30
	Less :						
	- Finance Cost	1,367.97	1,406.79	1,552.09	4,116.32	5,402.64	11,066.68
	- Exceptional Items	(38.02)	3,127.45	0.44	3,076.87	68.05	(363.68)
	- Other unallocable expenditure (Net of unallocable income)	1,286.43	1,299.96	848.76	3,510.90	3,357.21	6,827.95
	Total Profit Before Tax	3,404.12	(1,502.68)	5,679.21	5,783.47	17,735.17	27,240.35
3	Capital Employed (Segment Assets – Segment Liabilities)						
	a) Agri Machinery Products	90,550.54	93,668.41	88,898.18	90,550.54	88,898.18	92,781.17
	b) Auto Ancillary Products	2,071.06	(261.07)	2,719.16	2,071.06	2,719.16	2,174.98
	c) Railway Equipments	8,107.69	8,189.21	8,879.25	8,107.69	8,879.25	10,029.03
	d) Construction Equipments	13,380.52	12,748.23	21,172.06	13,380.52	21,172.06	18,169.29
	e) Others	517.18	321.43	(127.28)	517.18	(127.28)	616.26
	f) Unallocated	93,997.30	92,220.13	90,040.36	93,997.30	90,040.36	88,580.25
	Total	208,624.29	206,886.34	211,581.73	208,624.29	211,581.73	212,350.98



Annexure

Quarter and 9 Months ended Dec'14 results



Notes :

- 1 The above results were reviewed by the Audit committee at its meeting held on February 11, 2015 and were approved and taken on record by the Board of Directors of the Company at its meeting held on same day. Limited Review of the above quarterly results have been carried out by the Statutory Auditors of the Company.
- 2 Tax expense comprise of current tax, deferred tax liabilities / assets and MAT credit entitlement, if any.
- 3 Pursuant to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing from April 1, 2014, the Company has realigned the remaining useful life of its fixed assets generally in accordance with the provisions prescribed under Schedule II to the Act. Consequently, in case of assets which have completed their useful life in accordance with the life prescribed under Schedule II to the Act, the carrying value of such assets as on April 1, 2014 amounting to Rs. 7273.52 Lakhs (net of tax Rs. 5795.76 Lakhs) has been adjusted to the retained earnings & Rs. 2444.72 Lakhs to Revaluation Reserve and in case of the other assets the carrying value is being depreciated over the revised remaining useful life. Accordingly, depreciation charged during the quarter ended December 31, 2014 is higher by Rs.78.92 lakhs and for nine months ended December 31, 2014 is lower by Rs. 64.08 lakhs.
- 4 Figures for the previous periods have been regrouped/restated, wherever necessary, to correspond with the figures of current period.

For ESCORTS LIMITED

Place : Faridabad

Date : 11/02/2015

**(RAJAN NANDA)
CHAIRMAN**

Registered Office :: SCO 232 1st Floor , Sector 20, Panchkula, Haryana -134109



Our Values



OUR CORE VALUES



RESPECT FOR PEOPLE

We will demonstrate dignity and respect for people in all our interactions. We will not tolerate belittling of people, regardless of position, or circumstance.

EMPOWERMENT

People at all levels must be vested with the power and confidence to take decisions concerning their area of work.

TRANSPARENCY

People will understand the processes and criteria used to arrive at decisions concerning them.

COLLABORATION

We will work with our colleagues with the spirit of collaboration and mutual respect.

OUR STRATEGIC VALUES



CUSTOMER CENTRICITY

Acute sensitivity to the needs and experiences of the customer shall guide all that we do.

EXCELLENCE

We will strive to achieve and surpass world class standards in all that we do.

INNOVATION

We will use the power of technology and imagination to deliver solutions to the customers' needs.

AGILITY

We will operate in our markets with the ability to change direction and position with nimbleness and speed.



Safe Harbor



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Escorts Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Contact Details

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