



ESCORTS

We shape a better world



Escorts Ltd.

BSE: 500495 | NSE: ESCORTS

Q1 FY16 Earning Presentation

August 06, 2015



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Q ended Jun'15 Highlights



| | |
|---------|--|
| Volume | <ul style="list-style-type: none">Tractor volumes sequentially up by 34.9% to 14,887 on Q-o-Q and correspondingly down by 16.6% on Y-o-YConstruction volume sequentially down by 31.4% at 508 on Q-o-Q and correspondingly down by 29.4% on Y-o-Y. |
| Revenue | Sequentially up by 19.6% to ₹ 977.7 Cr on Q-o-Q and correspondingly down by 13.4% on Y-o-Y led by volume |
| EBIDTA | <ul style="list-style-type: none">Sequentially up by 161.2% at ₹ 57.5 Cr. on Q-o-Q and correspondingly up by 1.2% on Y-o-Y led by product mix changes and cost saving.Margin sequentially up by 319 bps to 5.9% on Q-o-Q and correspondingly up by 85 bps on Y-o-Y. |
| PAT | At ₹ 36.3 Cr. up sequentially up by 184% against ₹ 12.8 Cr. in Q ended Mar'15 and against ₹ 34.1 Cr. in Q ended June'14. |
| Debt | At ₹ 287 Cr. |

Management Message



Rajan Nanda, Chairman and Managing Director

The tractor industry has shown some recovery since the last quarter and the growth in volumes reflect that change in trend. However, when compared to the levels of the corresponding year, it is apparent that the combination of the cyclical impact of the industry and uncertain monsoon situation continues to impact overall market volumes. The big picture remains of the need for more government engagement in areas such as a strong and effective crop insurance regime, easing of loans for seeds and inputs. The uncertainty extends equally to the construction sector which continues to show growth in spurts. For industrial confidence, it is important to see sustained growth across sectors and that is yet to kick in.



Nikhil Nanda, Managing Director

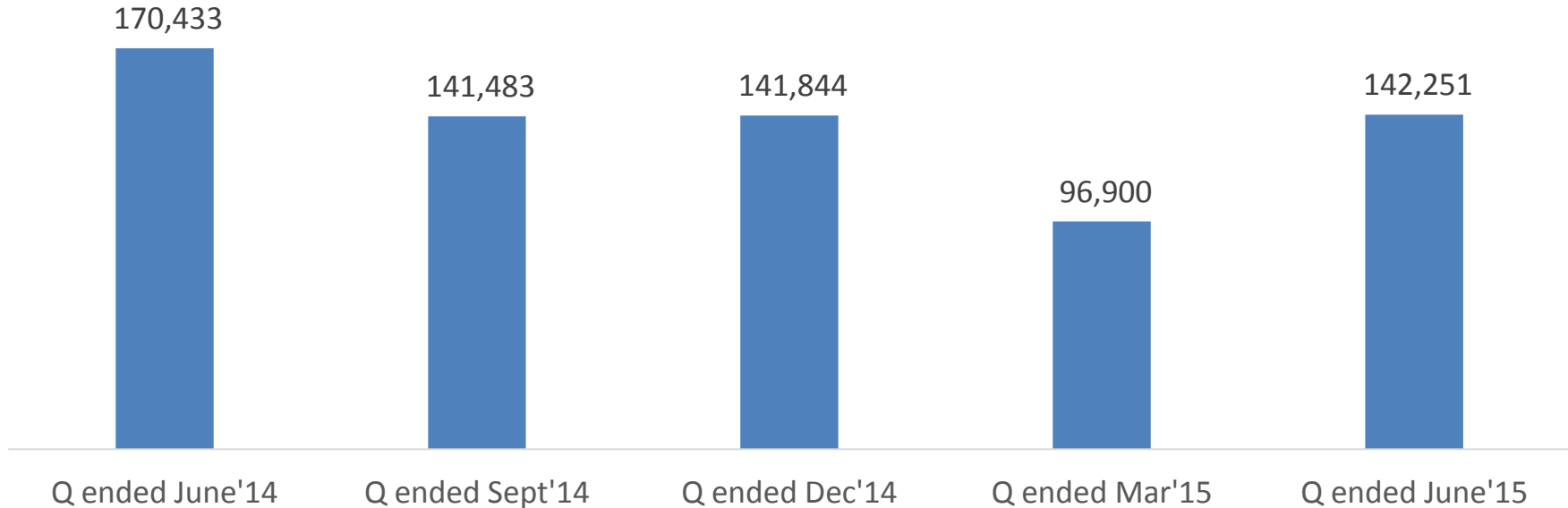
The fact that Escorts bettered its comparable profits despite the negative market conditions is a result of a lot of efforts going into driving long term profitability. The increase in profits has been driven by cost compression, change in product mix, better inventory management and measures taken to curtail material cost. The focus for the coming quarters will be to drive profitability, introduce more premium products, drive innovation and increase our market reach. In tractors, we will continue to strengthen our premium offerings and market world class products in India and abroad. In the ongoing fiscal, we hope to see consistent growth in the construction equipment market and improvement in railways and auto products business. In the agri machinery sector, a lot will of course depend on how the Monsoon season finishes.



Industry Overview



Domestic Tractor Industry



- Y-o-Y Industry down by 16.5%, Q-o-Q Industry up by 46.8%.
- The industry drop was primarily due untimely rainfall across multiple states coupled with low yield and low crop prices.
- Industry downtrend likely to continue in **Q2FY16**
- The long term growth fundamentals of industry are strong, but the pace of the central & state Government's policy roll out and the final monsoon behavior would govern the short term industry performance.



Industry Overview



Construction Equipment Industry

- The construction equipment industry is de-growing consecutively in the 5th year.
- H1 has traditionally been depressed on account of the seasonal nature of the industry due to onset of monsoon.
- Earth Moving & Road Construction segments would be the first to come out of the de-growth trend but only post monsoon (Q3).
- In the material handling segment, the industry continues to underperform on a sequential basis and going into Q2, would remain depressed on account of slow growth.
- We expect that our served construction equipment industry will continue to face challenges. Any recovery is only expected to happen from second half onwards.
- In order to stem the losses, we have taken the following actions:
 - We affected price increase of approx. 1% across all product categories.
 - We have shown significant 53% growth in exports with added footprint in Africa, Asia and Middle East.
 - We increased our channel outreach and tied up with new retail financiers.



Business Segment Highlights



Escorts Agri Machinery (EAM)



83% of Q1 FY16 Revenue

- Y-o-Y Domestic tractor volumes down by 15.9% to 14,549 tractors in Q1.
- Q-o-Q Domestic volumes went up by 36%
- Q-o-Q export up by 2% to 338 tractors.
- Domestic Share of Market at 10.2% in Q1 FY16.
- EBIT Margins correspondingly up by 78 basis points to 9.0%.

Escorts Construction Equipment (ECE)



10% of Q1 FY16 Revenue

- Volume at 508 in Q ended June'15 against 740 in Q ended Mar'15 and 719 in Q ended June'14.
- Served industry down by 6% in Q1
- Price increase across all categories.
- Exports footprint added in Africa, Asia and Middle East.
- Increase channel outreach.

Escorts Railway Products (ERP)



5% of Q1 FY16 Revenue

- Y-o-Y revenue up by 14.2 % to ₹ 48.8 Cr. in Q1.
- Order book stood at ₹ 59 Cr. which will get executed in the next 3-4 months.
- EBIT Margins correspondingly up by 914 basis points to 13.0%.

Escorts Auto Products (EAP)



3% of Q1 FY16 Revenue

- Y-o-Y revenue up by 26.3% at ₹ 28.97 Cr. in Q1.
- Positive swing of 2543 bps at EBIT.
- With a focus to achieve breakeven and profitability, we have kick started a turnaround program with the help of a leading consultant.
- Going forward our focus will be to increase the sales in high margin segments and achieve breakeven.



Recent Development

(Product launches)



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Farmtrac Classic Series (41-50 HP)

"Modern Inside Classic Outside"

- 'Kheton Ka King', Launched in FY16
- Best-in-class combination of modern design, stunning looks, and world-class technologies



FARMTRAC 4 WD (41- 50 HP)

- To establish Farmtrac as technology leader and Escorts as thought leader.
- Develop Four wheel drive as a segment.
- Launched in FY15



Recent Development

(Product launches)



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XP series by Farmtrac (31-40 HP)

- Most fuel efficient tractor in all applications positioned as Mileage Ka Champion”
- Available as “XP37” & “XP41”
- Launched in FY15



Anti Lift Tractor by POWERTRAC (31-40 HP)

- Indigenously designed, India’s first Anti Lift Tractor
- Built around driver safety and owner savings, ALT is specifically positioned for haulage activities. Launched in FY15



Fact Sheet



Headquarters

Faridabad, Haryana, India

Initial public offering

1991 (BSE and NSE(India))

FY15 Earnings

Revenue

INR 3,985.8 Crore (USD 632.7 mn)

Net Profit

INR 74.7 Crore (USD 11.8 mn)

EPS

INR 6.26

Q1FY16 Earnings

Revenue

INR 977.7 Crore (USD 155.2 mn)

Net Profit

INR 36.3 Crore (USD 5.8 mn)

EPS

INR 3.04

Book Value Per Share

INR 150.6

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 = 63 INR



Share Holding Pattern

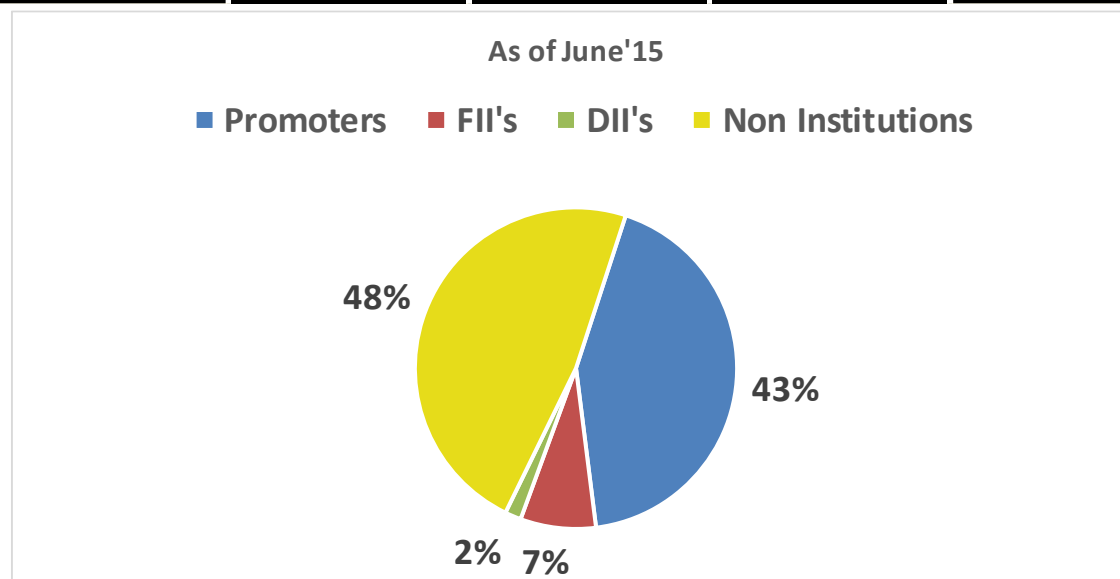


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Share holding Trend

| Share Holders (%) | Jun'14 | Sep'14 | Dec'14 | Mar'15 | Jun'15 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| Promoters | 41.96 | 41.96 | 41.96 | 41.96 | 43.01 |
| FII's | 5.20 | 6.72 | 8.27 | 9.31 | 7.58 |
| DII's | 4.03 | 3.86 | 4.32 | 3.82 | 1.63 |
| Non Institutions | 48.81 | 47.46 | 45.45 | 44.91 | 47.78 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |



Annexure

Quarter ended June'15 results



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PART I

Statement of Standalone Financial Results For The Quarter Ended 30th June, 2015

| PART I | | Rs. In Lakhs | | | |
|---------|---|--------------------|--------------------------|---|--------------------|
| | | Standalone Results | | | For the Year ended |
| Sl. No. | Particulars | 3 Months ended | Preceding 3 Months ended | Corresponding 3 Months ended in the previous year | |
| | | 6/30/2015 | 3/31/2015 | 6/30/2014 | Audited |
| | | Unaudited | Audited | Unaudited | Audited |
| 1 | Income from Operations | | | | |
| | (a) Net Sales/Income from Operations (Net of excise duty) | 97,322.08 | 81,122.44 | 112,210.92 | 396,227.44 |
| | (b) Other Operating Income | 451.66 | 649.49 | 699.64 | 2,355.44 |
| | Total Income from Operations (Net) | 97,773.74 | 81,771.93 | 112,910.56 | 398,582.88 |
| 2 | Expenses | | | | |
| | (a) Cost of Materials Consumed | 58,238.18 | 51,481.11 | 68,564.38 | 256,149.71 |
| | (b) Purchases of Stock-in-Trade | 5,974.50 | 4,644.03 | 5,731.96 | 20,504.64 |
| | (c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 3,294.78 | 1,825.64 | 7,165.89 | 8,207.70 |
| | (d) Employee Benefits Expenses | 10,832.30 | 9,506.74 | 11,607.92 | 43,183.23 |
| | (e) Depreciation & Amortisation Expenses | 1,612.90 | 2,119.52 | 1,488.36 | 6,605.99 |
| | (f) Other Expenses | 13,680.51 | 12,111.66 | 14,152.11 | 54,397.78 |
| | Total Expenses | 93,633.17 | 81,688.70 | 108,710.62 | 389,049.05 |
| 3 | Profit / (Loss) from Operations before Other Income, Finance Cost and Exceptional Items (1-2) | 4,140.57 | 83.23 | 4,199.94 | 9,533.83 |
| 4 | Other Income | 1,120.18 | 2,538.58 | 1,011.09 | 6,064.64 |
| 5 | Profit / (Loss) from Ordinary Activities before Finance Cost and Exceptional Items (3+4) | 5,260.75 | 2,621.81 | 5,211.03 | 15,598.47 |
| 6 | Finance Cost | 1,374.01 | 1,594.49 | 1,341.56 | 5,710.81 |
| 7 | Profit / (Loss) from Ordinary Activities after Finance Cost but before Exceptional Items (5-6) | 3,886.74 | 1,027.32 | 3,869.47 | 9,887.66 |
| 8 | Exceptional Items | 53.72 | (14.22) | (12.56) | 3,062.65 |
| 9 | Profit / (Loss) from Ordinary Activities before Tax (7-8) | 3,833.02 | 1,041.54 | 3,882.03 | 6,825.01 |



Annexure

Quarter ended June'15 results



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| | | | | | |
|-------|---|------------------|------------------|------------------|------------------|
| 10 | Tax Expense | 205.79 | (235.38) | 470.92 | (646.02) |
| 11 | Net Profit / (Loss) from ordinary activities after Tax (9-10) | 3,627.23 | 1,276.92 | 3,411.11 | 7,471.03 |
| 12 | Extraordinary Items (net of tax expense) | - | - | - | - |
| 13 | Net Profit / (Loss) for the period (11-12) | 3,627.23 | 1,276.92 | 3,411.11 | 7,471.03 |
| 14 | Paid-up equity share capital (Face Value Rs. 10/- each) | 12,257.69 | 12,257.69 | 12,257.69 | 12,257.69 |
| | Less: Amount recoverable from Escorts Employees Benefit & Welfare Trust | 329.36 | 329.36 | 330.86 | 329.36 |
| | Paid-up equity share capital (Face Value Rs. 10/- each) | 11,928.33 | 11,928.33 | 11,926.83 | 11,928.33 |
| 15 | Reserves excluding Revaluation Reserves as per balance sheet | - | - | - | 164,084.47 |
| 16.i | Earnings Per Share (before extraordinary items) of Rs. 10 each (not annualised): | | | | |
| | (a) Basic (Rs.) | 3.04 | 1.07 | 2.86 | 6.26 |
| | (b) Diluted (Rs.) | 3.04 | 1.07 | 2.86 | 6.26 |
| 16.ii | Earnings Per Share (after extraordinary items) of Rs. 10 each (not annualised): | | | | |
| | (a) Basic (Rs.) | 3.04 | 1.07 | 2.86 | 6.26 |
| | (b) Diluted (Rs.) | 3.04 | 1.07 | 2.86 | 6.26 |



Annexure

Quarter ended June'15 results



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| Part II | | | | | |
|---|--|-------------------------|--------------------------|--|--------------------|
| Select Information for the Quarter ended 30/06/2015 | | | | | |
| Sl. No. | Particulars | Standalone Results | | | For the Year ended |
| | | 3 Months ended | Preceding 3 Months ended | Corresponding 3 Months ended in the previous | |
| | | 6/30/2015 | 3/31/2015 | 6/30/2014 | |
| | | Unaudited | Audited | Unaudited | |
| | | | | 3/31/2015 | |
| | | | | Audited | |
| A | PARTICULARS OF SHAREHOLDING | | | | |
| 1 | Public shareholding | | | | |
| | - Number of shares | 69,852,240 | 71,132,128 | 71,138,128 | 71,132,128 |
| | - Percentage of shareholding (%) | 56.99 | 58.03 | 58.04 | 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 | 52,724,638 | 51,444,750 | 51,438,750 | 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 |
| | - Percentage of shares (as a % of the total share capital of the company) | 43.01 | 41.97 | 41.96 | 41.97 |
| B | Investor Complaints | 3 Months ended 30/06/15 | | | |
| | - 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 | | | |

For ESCORTS LIMITED

Place : Faridabad
Date : 06/08/2015

(RAJAN NANDA)
CHAIRMAN

Registered Office :: SCO 232 1st Floor , Sector 20, Panchkula, Haryana -134109
CIN - L74899HR1944PLC039088



Annexure

Quarter ended June'15 results



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ESCORTS LIMITED

Segment Wise Revenue, Results And Capital Employed, For The Quarter Ended 30th June, 2015

(Rs. In Lakhs)

| SI. No. | Particulars | Standalone Results | | | |
|---------|---|--------------------|--------------------------|---|--------------------|
| | | 3 Months ended | Preceding 3 Months ended | Corresponding 3 Months ended in the previous year | For the Year ended |
| | | 6/30/2015 | 3/31/2015 | 6/30/2014 | 3/31/2015 |
| | | Unaudited | Audited | Unaudited | Audited |
| 1 | Segment Revenue: | | | | |
| | a) Agri Machinery Products | 81,220.88 | 61,363.95 | 94,642.14 | 321,082.83 |
| | b) Auto Ancillary Products | 2,896.57 | 2,834.97 | 2,292.95 | 10,361.32 |
| | c) Railway Equipments | 4,878.75 | 5,459.01 | 4,271.24 | 18,374.58 |
| | d) Construction Equipments | 9,343.60 | 13,192.34 | 12,108.66 | 51,576.78 |
| | e) Others | 44.19 | - | - | - |
| | f) Unallocated | 119.11 | 93.49 | 236.99 | 537.60 |
| | Total | 98,503.10 | 82,943.76 | 113,551.98 | 401,933.11 |
| | Less: Inter Segment Revenue | 419.96 | 470.10 | 495.47 | 2,036.64 |
| | Net Segment Revenue | 98,083.14 | 82,473.66 | 113,056.51 | 399,896.47 |
| 2 | Segment Results: | | | | |
| | a) Agri Machinery Products | 7,346.06 | 2,815.71 | 7,817.26 | 22,927.26 |
| | b) Auto Ancillary Products | (427.38) | (271.16) | (921.40) | (2,366.46) |
| | c) Railway Equipments | 632.09 | 1,045.12 | 162.82 | 1,753.19 |
| | d) Construction Equipments | (1,116.44) | (335.16) | (897.36) | (2,482.02) |
| | e) Others | 16.31 | (25.94) | (25.78) | (115.84) |
| | Total | 6,450.64 | 3,228.57 | 6,135.54 | 19,716.13 |
| | Less : | | | | |
| | - Finance Cost | 1,374.01 | 1,594.49 | 1,341.56 | 5,710.81 |
| | - Exceptional Items | 53.72 | (14.22) | (12.56) | 3,062.65 |
| | - Other unallocable expenditure (Net of unallocable income) | 1,189.89 | 606.76 | 924.51 | 4,117.66 |
| | Total Profit Before Tax | 3,833.02 | 1,041.54 | 3,882.03 | 6,825.01 |
| 3 | Capital Employed (Segment Assets – Segment Liabilities) | | | | |
| | a) Agri Machinery Products | 97,311.30 | 107,299.19 | 103,710.71 | 107,299.19 |
| | b) Auto Ancillary Products | 5,166.91 | 5,139.64 | 6,188.92 | 5,139.64 |
| | c) Railway Equipments | 9,080.27 | 12,360.86 | 8,742.83 | 12,360.86 |
| | d) Construction Equipments | 16,251.52 | 17,483.07 | 23,761.94 | 17,483.07 |
| | e) Others | 559.15 | 517.63 | 324.91 | 517.63 |
| | f) Unallocated | 98,469.99 | 99,736.47 | 96,038.11 | 99,736.47 |
| | Total | 226,839.14 | 242,536.86 | 238,767.42 | 242,536.86 |



Annexure

Quarter ended June'15 results



Notes :

- 1 The above results were reviewed by the Audit committee at its meeting held on 6th August, 2015 and were approved and taken on record by the Board of Directors at their meeting held on the same date.
- 2 Tax expense comprise of current tax, deferred tax liabilities / assets and MAT credit entitlement, if any.
- 3 Capital Employed has been calculated as "Total Assets Less Current Liabilities excluding Short Term Borrowings and Debt payable within 1 year" as against the earlier practice of calculating as "Total Assets Less Current Liabilities"
- 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 : 06/08/2015

**(RAJAN NANDA)
CHAIRMAN**

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

CIN - L74899HR1944PLC039088



Initiatives in FY15



1. **Corporate Governance:** New directors introduced in order to create a more vibrant board.
2. **Culture Change:** Young leaders leading new projects, while senior leaders are supporting them.
3. **New Products:** Anti Lift Tractor (ALT) series by Powertrac, positioned specifically at haulage segment. Four wheel drive Tractor by Farmtrac, positioned to be develop the segment and be technology leader.
4. **Project Shikhar:** To reduce the material cost in EAM to reach the industry leading gross margins.
5. **Project Udaan:** To achieve operational profitability in ECE.
6. **Project Leap:** To achieve operational profitability in EAP.
7. **Blue collar manpower Cost rationalization:** VRS Scheme for 350 blue collar employees.
8. **Strategic outsourcing:** Internal Audit to Grand Thornton & IT to Cognizant.
9. **International business:** A new vertical is created, which shall be led by CEO and Region leads with an aim to exponentially grow in exports.
10. **New Partnerships:** JV with Amul Group for speciality tractor , partnering DLL for tractor financing.

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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