



INVESTOR PRESENTATION

November 2017

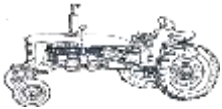




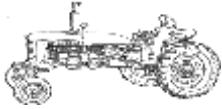







Content

- **Escorts Group**
- **Escorts Agri Business**
- **Escorts Construction Equipment**
- **Railway Equipment Division**
- **Group Financials**



Journey So Far

| | | | | | | | | | | | |
|--|---|--|--|---|---|--|------|------|------|------|------|
|  <p>Launch of Escorts Tractors</p> |  <p>Manufacturing of Construction equipment</p> |  <p>Launch Farmtrac End JV with Ford</p> | <p>Divested from other business to focus on tractors and construction equipment</p> |  <p>Launch of Farmtrac Executive Series</p> |  <p>Launch Powertrac Euro in 41-50 HP</p> | | | | | | |
| 1961 | 1969 | 1971 | 1979 | 1995 | 1998 | 2005 | 2010 | 2013 | 2015 | 2016 | 2017 |
| | <p>JV with Ford motors to make Tractors</p>  | <p>Collaboration with JCB For backhoe</p>  | <p>Launch Powertrac Brand of tractors</p>  | <p>Launch DIGMAX Brand of Backhoe</p>  | <p>Launch ALT By Powertrac</p>  | <p>Auto part Business Divested</p>  | | | | | |

Our Businesses



Escorts Agri Machinery



Revenue FY17: \$ 507 mn.
H1FY18: \$ 290 mn.

Escorts Construction Equipment



Revenue FY17: \$ 92 mn.
H1FY18: \$ 50 mn.

Railway Equipment Division



Revenue FY17: \$ 36.7 mn
H1FY18: \$ 21 mn

Revenue FY17: \$ 639.2 mn.
H1FY18: \$ 360.2 mn.

*Division revenue include other income



Manufacturing Facilities



Escorts Agri Machinery

Three Plants: Farmtrac, Powertrac & Components with a production capacity of 100,000 tractor p.a.
Poland Plant: 100% subsidiary having an installed capacity of 2,500 tractor p.a.

Escorts Construction Equipment

State of the art manufacturing and assembly facility sprawling 23,226 sq.m. of space with a capacity of 10,000 units p.a.

Railway Equipment Division

State of the art manufacturing facility sprawling 14,000 sq.m.
Couplers (AARH + Shaku)1100 p.a., Air Brake 4400 p.a., EP Brake 200 p.a., Brake Block: 32,000 p.a.



Recent key initiatives

- 1. EY appointed as Internal Auditors.**
- 2. Backward Integration** of EAM & ECE Operations and R&D function to leverage synergies.
- 3. International Business:** With our 'Global Transformation Vision 2020' we launching 12 new tractors in 12 HP to 110 HP range under flagship brands.
- 4. Divested Auto part business** As a part of strategic orientation divested OEM & Export business of Auto Product division to Badve Engineering Ltd.
- 5. Corporate Governance:** New directors introduced in order to create a more vibrant board.
- 6. New Partnerships:** enhancing partnership with DLL for tractor financing.
- 7. Culture Change:** Young leaders leading new projects, with support of senior leaders.
- 8. Strategic outsourcing:** Non core activities are outsourced to strategic partners.
- 9. New Products:** Extended Powertrac Euro series to 41-50 HP, new backhoe loader 4X4 with brute power.
- 10. Manpower Cost rationalization:** White collar by role clubbing and blue collar VRS.

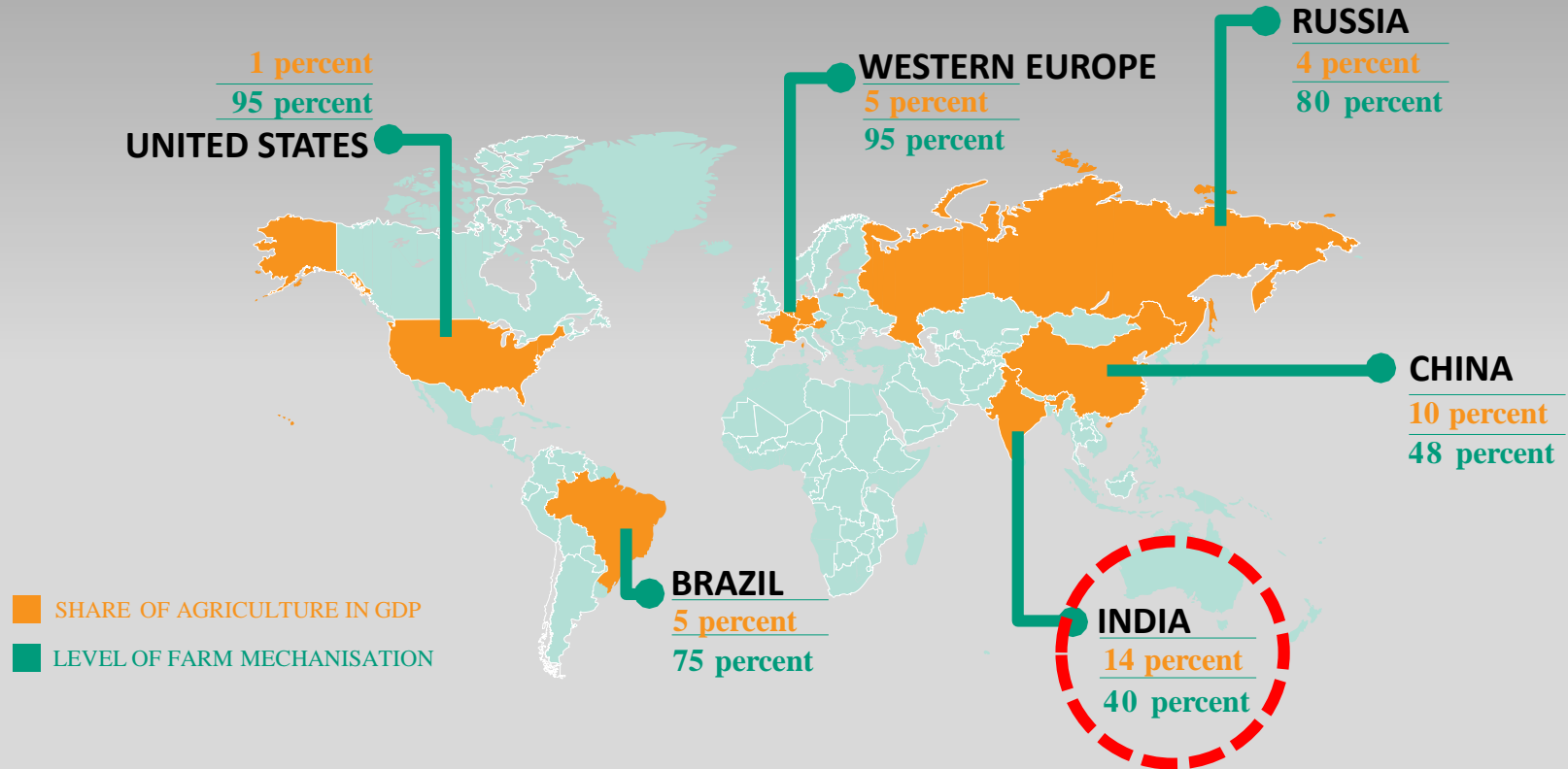


Escorts Agri Machinery

FARMTRAC

POWERTRAC

OVERALL AGRICULTURE CONTRIBUTION & LEVEL OF MECHANIZATION



Indian Tractor Industry



55% Indians depend on agriculture.



Still only **40%** mechanization in India.



More than **6 Lacs** tractor sold every year.



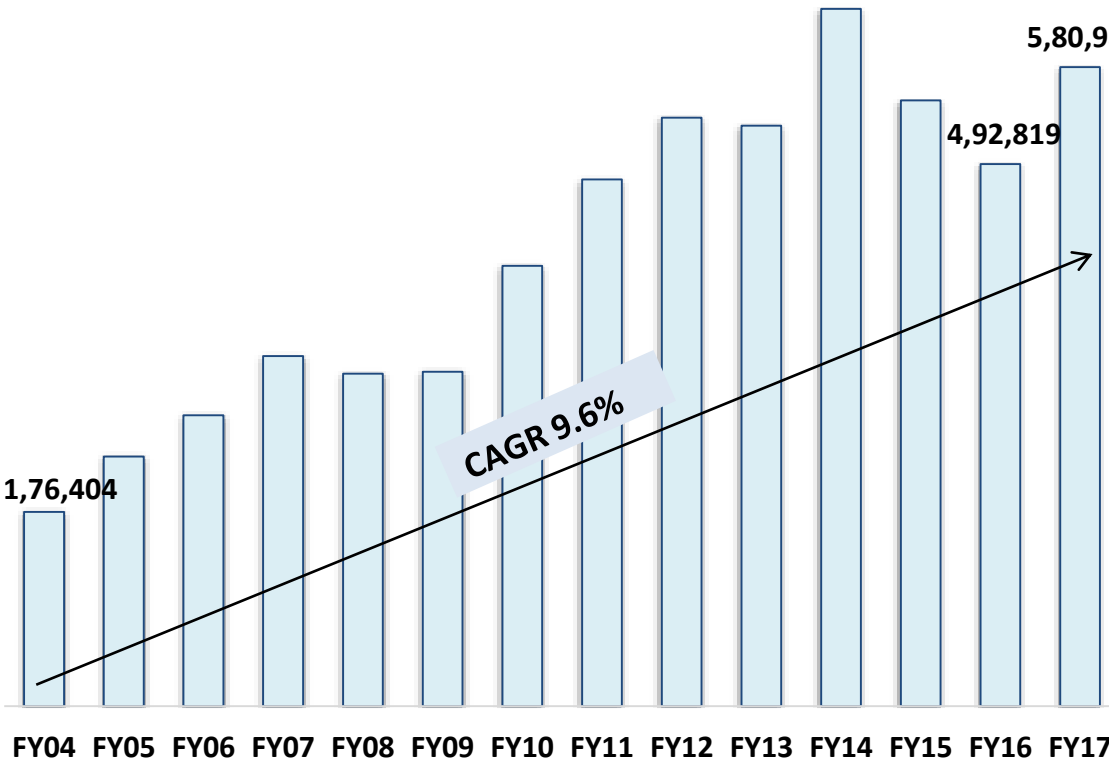
Compound annual growth rate of **10%** in last 14 years



Customer exchange their tractor in every **4-6 years.**



Domestic Tractor Industry



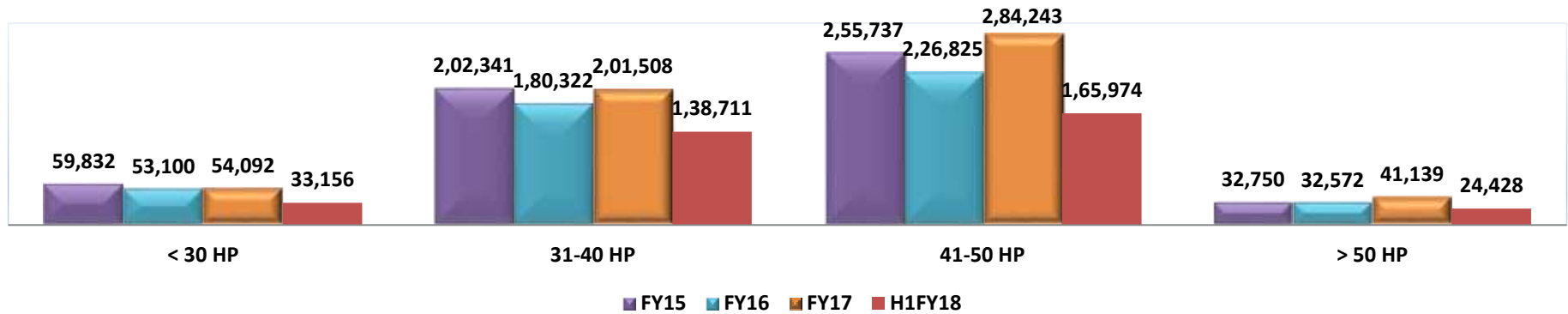
- Increasing trend towards Mechanisation*
- Minimum Support prices for Key Crops*
- Scarcity of Labour*
- Ease of Credit Availability from Govt.*

- After 2 years of degrowth, domestic Industry in FY17 up by 18% .
- FY18 industry expected to grow by 13-15%.
- The long term growth fundamentals of industry are strong with lowering of the replacement cycle, but the pace of the central & state Government’s policy roll out and the final monsoon behavior would govern the short term industry performance.

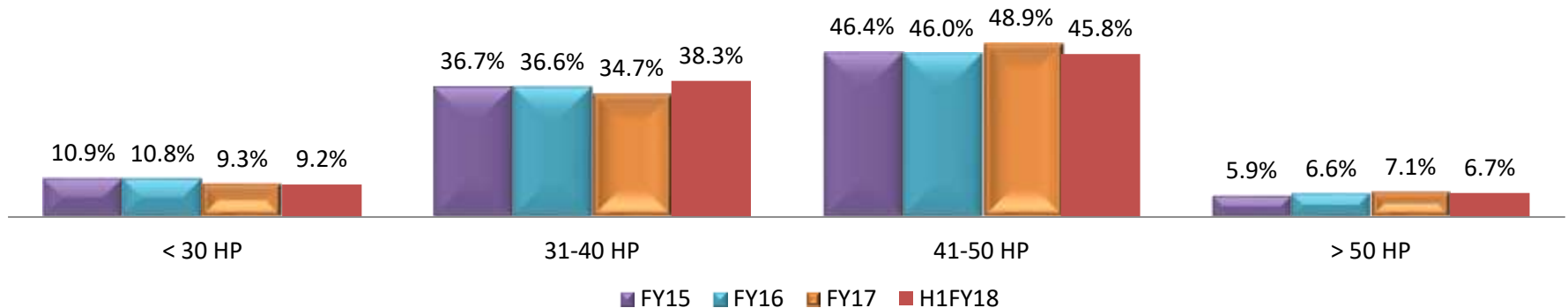
Industry Segmentation



Industry Segment Volume



Industry Segment Share in %



We estimate that higher HP segment will grow faster than the Industry.

OUR BRANDS



FARMTRAC

BIG

PREMIUM

PRESTIGIOUS



POWERTRAC

EFFICIENT

POPULAR

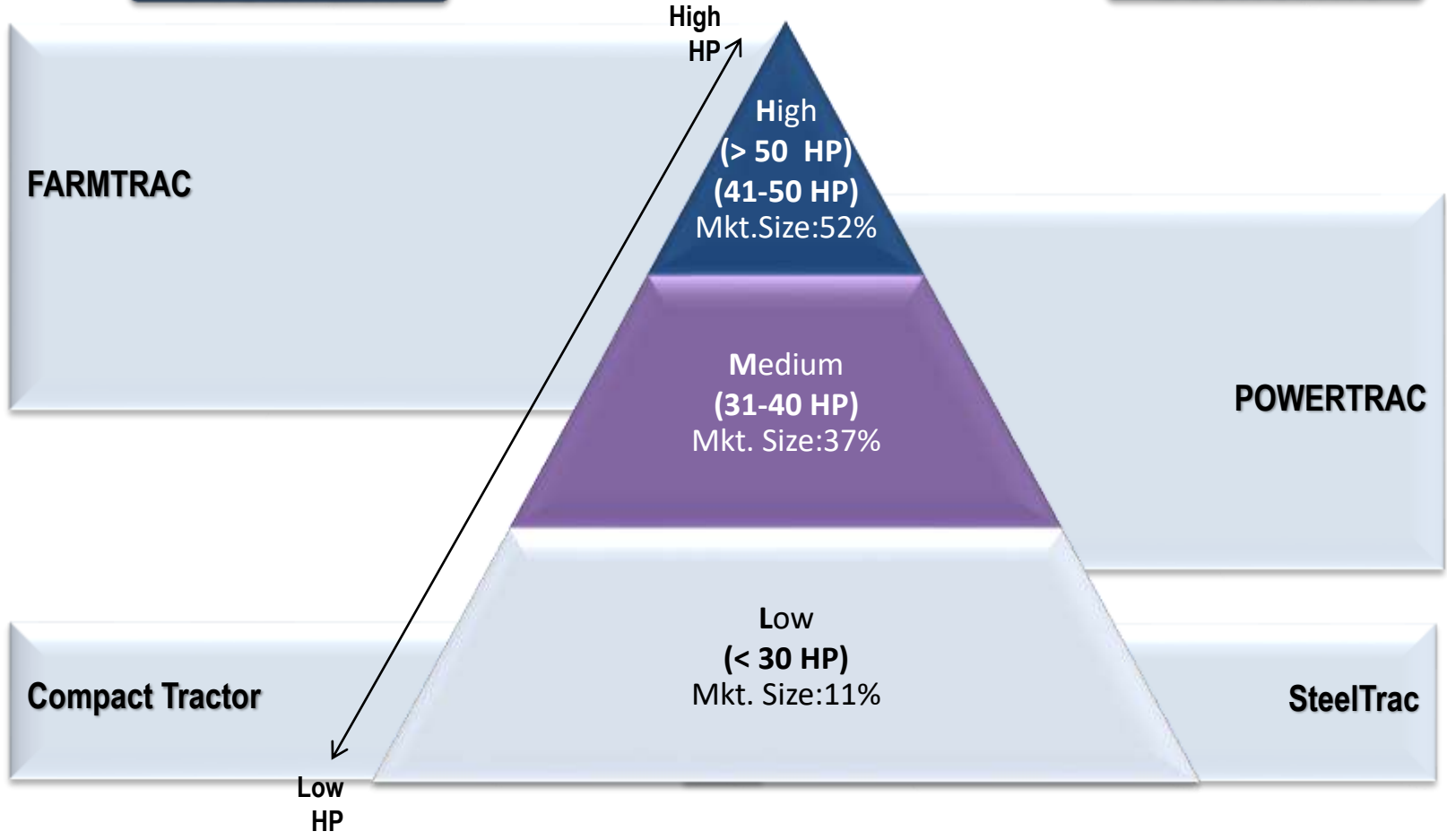


How we are positioned in India



Premium

Economic





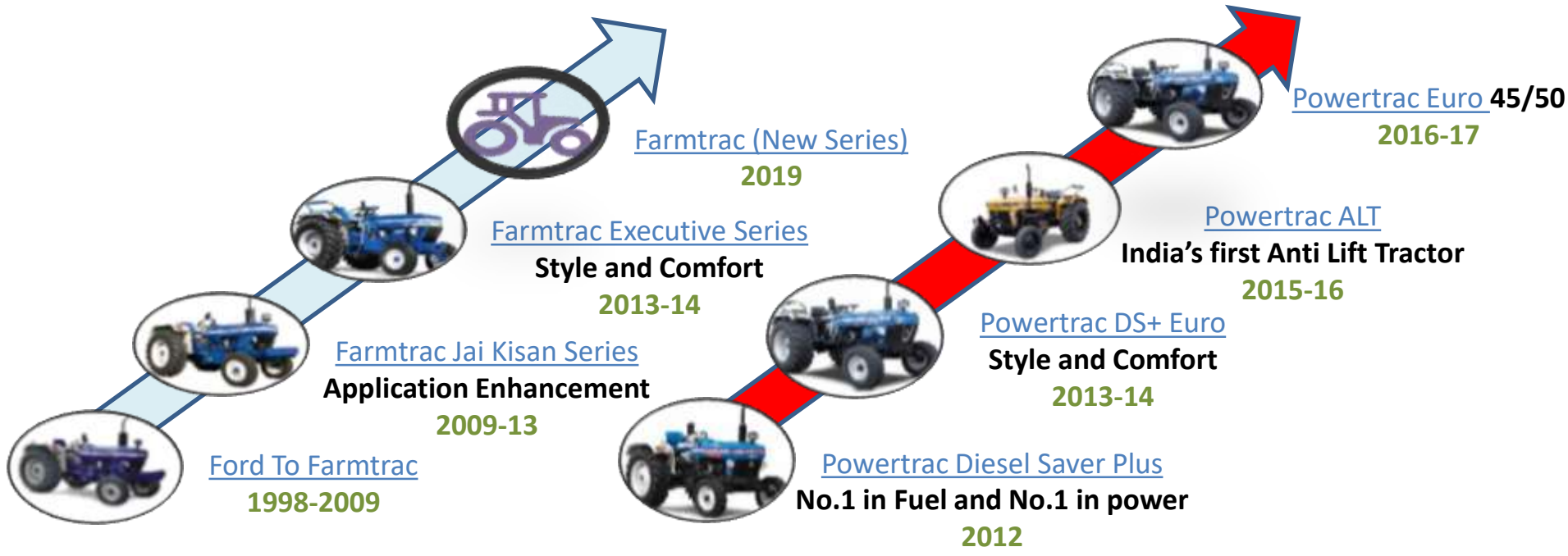
Strategy: Brand Led Product Innovation

FARMTRAC

Prestigious, Powerful with strong Brand Legacy

POWERTRAC

Efficient, Superior In-House Engineering



Premium Pricing

**Superior Design,
Comfort & Safety**

**Leader In Mileage &
Power**

Recent Development

(Product launches-FY17)



Farmtrac 6055 T20 Classic

- a) World first Double HP tractor
- b) Gear box with 20 speeds
- c) Service at 500 Hrs

Powertrac Euro Series

Extending Powertrac series to 60 HP

Recent Development

(Product launches-FY16)



ESCORTS



Powertrac Euro 45 & 50 (41- 50 HP)

- A technological marvel where for the first time style & comfort comes without compromising with power & performance.



Farmtrac Classic Series (41-50 HP)

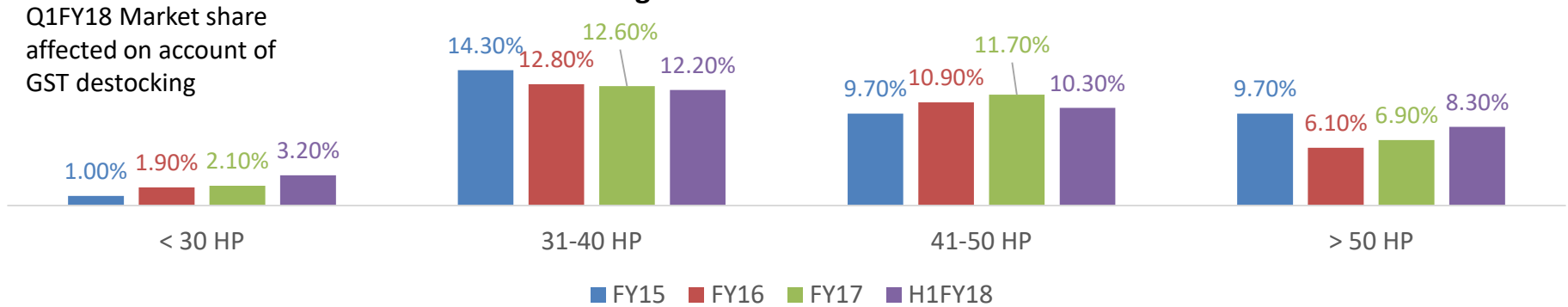
"Modern Inside Classic Outside"

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



EAM...Journey So Far

Escorts Segment Market Share in %

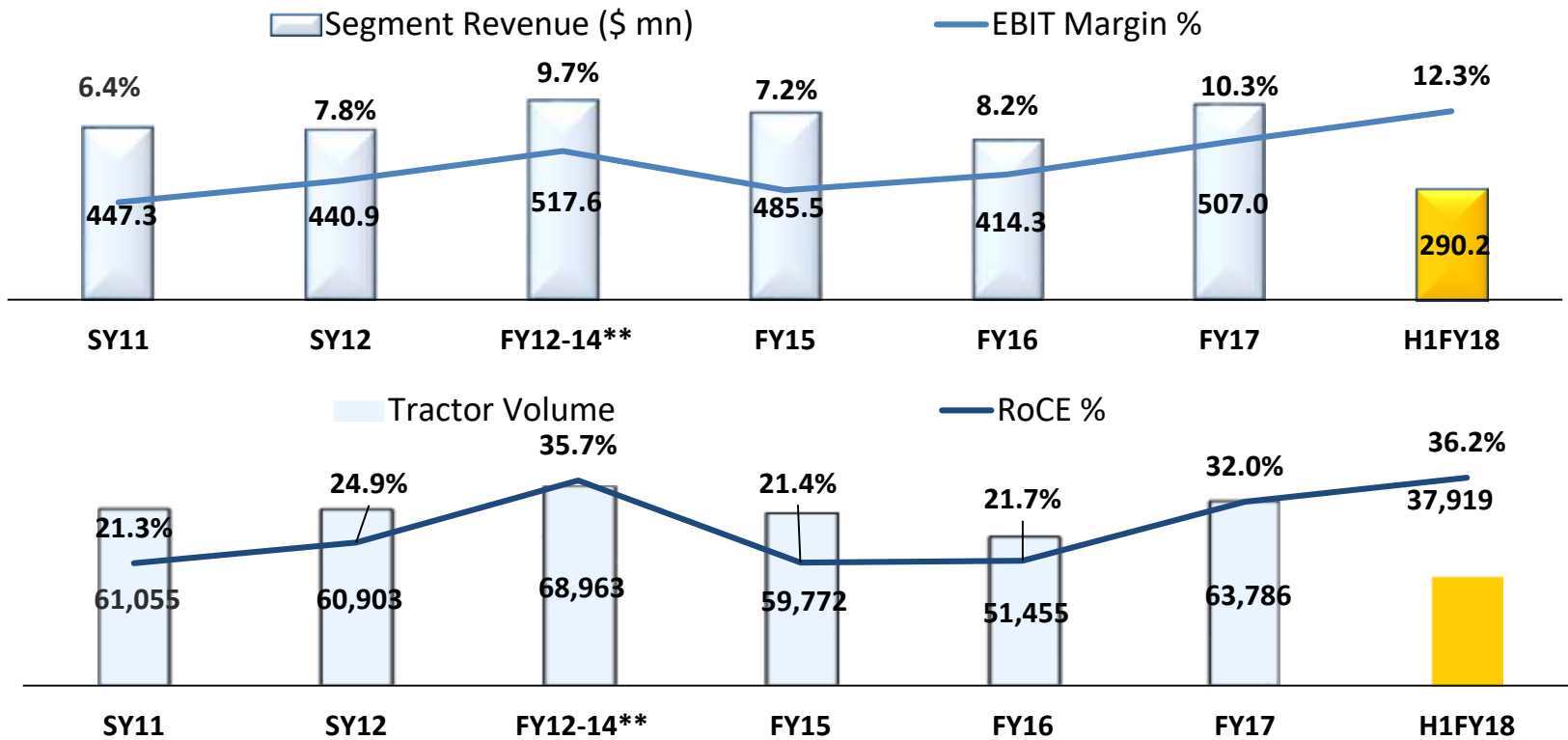


| Products | <30 HP | 31-40 HP | 41-50 HP | >50 HP |
|-----------|---------------------------------------|--------------------|-----------------------|-------------------------|
| FARMTRAC | New Product Orchard Specialist (FY18) | XP Series (FY15) | Classic Series (FY16) | Executive Series (FY14) |
| | | | 6055 T20 (FY17) | |
| POWERTRAC | SteelTrac (FY15) | Euro Series (FY14) | Euro Series (FY16) | EURO Series (FY17) |
| | | ALT Series (FY15) | ALT Expansion | |

- Gaining market share in >50 HP segment in the last 2 to 3 years.
- Started gain in market share in 41-50 HP segment on the back of new products in FY16.
- To separate the channel in FT and PT. To increase market share in key states in south and west region.



EAM...Journey So Far



- From SY11 to FY12-14, EBIT margins have improved on the back of premium pricing & new product launches.
- In FY15, EBIT margins have gone down because of reduction in tractor volume due to industry downturn.
- In FY16 and FY17, the EBIT margins improve on back on material cost reduction and volume growth.
- In FY18, the EBIT margins improved on back on cost reduction and industry growth.

** Annualised Data

Source: Internal Business Intelligence data

Investor Presentation

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* 9MFY17 Numbers as per new IND AS

Exports



- **Goal:** *To reach 10,000 tractors in exports in the medium term. (1087 tractors in FY17, 757 tractors in FY16)*
- **Infrastructure:** *Fully owned subsidiary in Poland (FTES), Distributors & Institutional network in other parts*
- **Current Markets:** *Cambodia, Bangladesh, South Africa, Poland & Germany*
- **Key Target markets:** *Africa, SE Asia, Specific European & US markets.*
- **With our 'Global Transformation Vision 2020' we launched 12 new tractors in 12 HP to 110 HP range under flagship brands..**
- **Strategic Initiatives**
To develop products specifically for exports
- **Product Positioning:**
FARMTRAC HERITAGE (up to 75 HP), Auxiliary tractor in Europe, "same for less"
FARMTRAC Europe (up to 110 HP), competing in mid HP category, "more for same"



The Next Steps....

To achieve EBIT Margin of 13~15%

Revenue Growth Initiatives

Robust Growth in exports

South & West Penetration for de risking
and market share gain

Alliances to catalyze growth

Impact on EBIT  ~1.5 – 2%

Cost Rationalization Initiatives

Raw material cost reduction

Operational excellence

Personnel cost reduction

Impact on EBIT  ~3 – 3.5%

OUR MISSION



WHAT A MAN **SHOULD NOT** DO!



WHAT A MAN **CANNOT** DO!

DRUDGERY



PRECISION FARMING



Escorts Construction Equipment

Material Handling

Earth Moving

Road Compaction

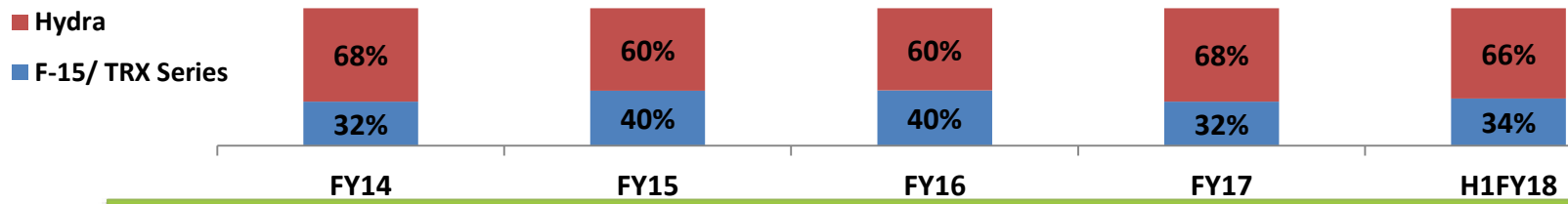
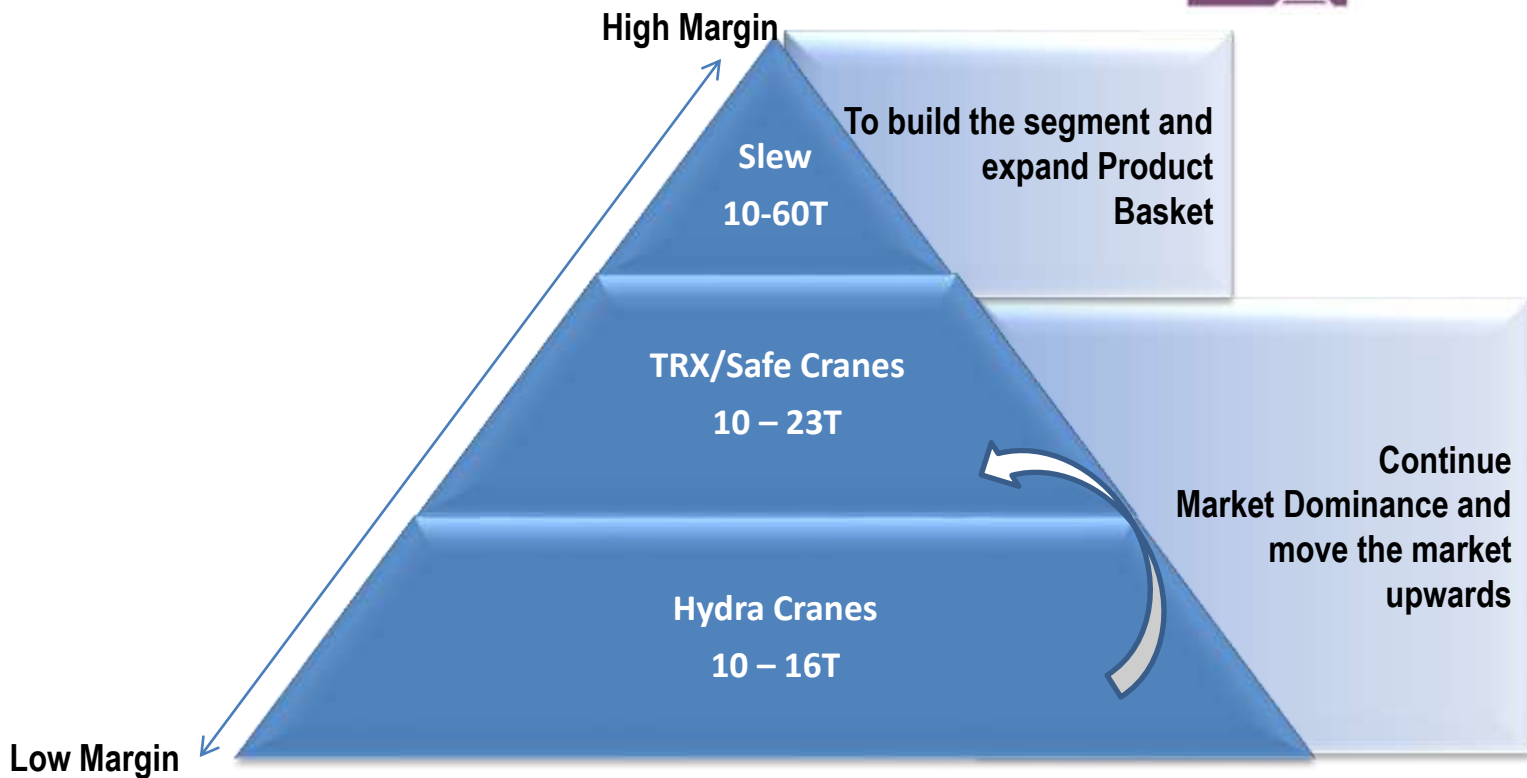
Domestic Construction Equipment Industry



| S.No. | Category | Application | Major Eqpt. | Volumes | | Growth (%) |
|-------|---------------------|------------------------|----------------------------|----------|----------|------------|
| | | | | (H1FY17) | (H1FY18) | |
| 1 | Earthmoving | Roads Power | Backhoe Loaders | 13,822 | 15,035 | 9% |
| | | Real Estate Sand Mines | Excavators & others | 9,812 | 11,280 | 15% |
| 2 | Material Handling | Roads | Pick & carry Cranes | 1988 | 3395 | 71% |
| | | Power | | | | |
| | | Other Infra | | | | |
| 3 | Road Building | Roads | Compactors | 1323 | 1491 | 13% |
| | | Airports | Others | 248 | 250 | 1% |
| 4 | Concreting | Irrigation | Mixer, Pumps, Batch plants | 818 | 901 | 10% |
| 5 | Material Processing | Mining | Compressors, Crushers | 1475 | 1893 | 28% |
| | Total | | Total | 29,486 | 34,245 | 16% |

- H1FY18 industry grew 16%, Industry grew by 30% in FY17 and by 15% in FY16.

Material Handling – Transform the market from a leadership position.



Product Split

To strengthen the dominant position in PnC crane segment. To move to other crane segments in the material handling Industry & develop high value, specialized cranes.

Recent Development

(Product launches-FY17)



Hydra 14 EX plus

- a) Heavy Counterweight
- b) Air brake & Heavy Duty Rear Tires as standard features
- c) Bigger Escorts engine (95 Bore) with high backup torque



“Jungli” 4x4 Backhoe loader

- a) 75HP Escorts Engine
- b) Highest Productivity in class
- c) 4WD as standard Feature



CT SMART 15

- a) Low turning radius
- b) Smart crane for smart city
- c) FM Radio



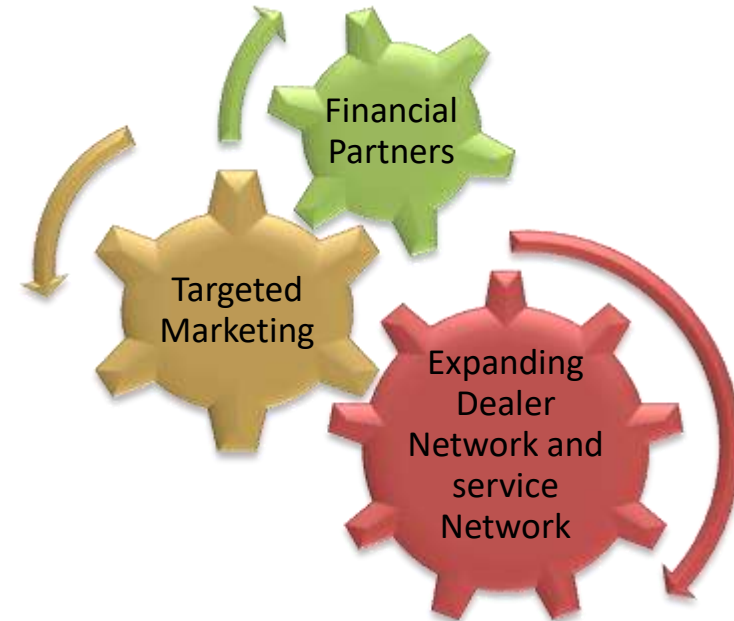
Backhoe Loaders – Focus on specific segments

MARKET OUTLOOK

- The market is expected to grow at a CAGR of 11.4% to 33,850 units by FY20
- As the Industry will mature, specific segments will emerge

MARKET LEADERSHIP

- Aim to focus on productivity based applications
- Aim to drive 10% of BHL volume in exports
- Aim to drive 15% of volume of 4 wheel drive



Key Features of DIGMAX II

- Higher Productivity/hour and therefore widely preferred by customers using BHL for large hauling of construction aggregates
- Advance features on Fuel efficiency, fault diagnostic, safety and GPS navigation

Our strategy is to focus on specific applications/geography, where equipment productivity is key and shall build a niche for our brand/product.

Ready to ride the Industry boom



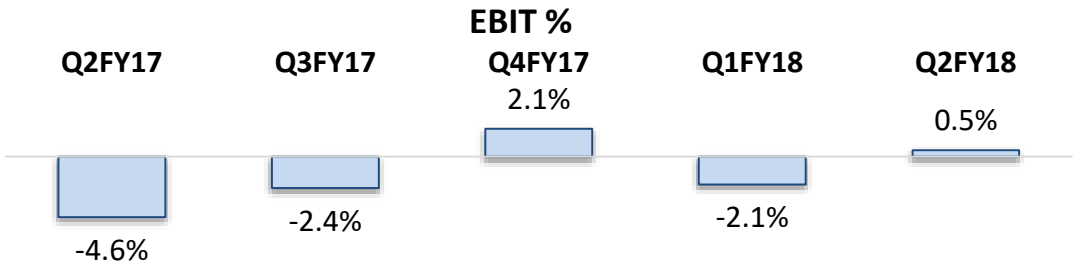
Revenue Growth Initiatives

- Rich product mix
- Better Revenue Realization
- Higher Parts Sales

- Dealership & Outlet reach expansion
- Channel Financing

Cost Rationalization Initiatives

- Reduction in fixed cost
- Reduction in material cost through negotiation and VAVE





Railway Equipment Division

Indian Railways

Rapid Transport



Indian Railways – World’s 4th largest Railways

Government Thrust on Railways

- Total plan expenditure during 12th 5 year plan increased to USD 70 bn. from 11th 5 year plan of USD 32 bn.
- As per the rail budget in Feb’15, **Rs. 8.5 trillion will be invested in railways in next 5 years.**
- The investments will be made in Metros systems for tier 2 cities, dedicated freight corridors, high speed railway corridors and new technology.
- Modi Govt. allowed 100% FDI in Railways infrastructure

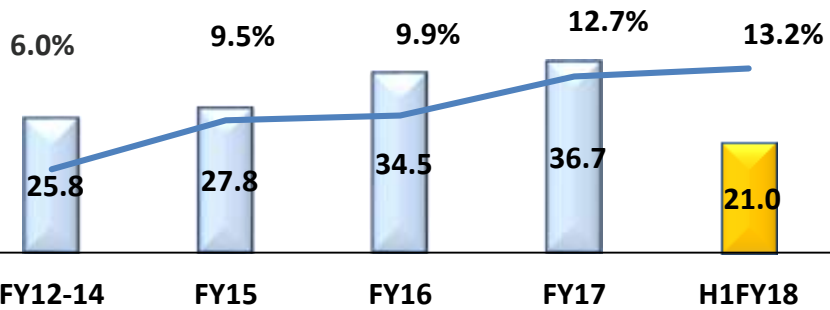
Escorts Proposition

- With over 40 years of rich experience in manufacturing of critical railway systems (Safety and comfort), Escorts has played a major role in the modernization of Indian Railways.
- **The aspiration is to be in top 2 component and solution provider to Indian railways and metros in next 5 years.**

| S. No. | Products | Revenue FY17 | Market Size | Competition |
|--------------------------|---|--------------|-------------|-------------|
| Existing Products | Brakes: Air Brakes, EP Brakes Couplers: AARH coupler, SHAKU Coupler Others: Brake Pads, Suspension etc. | \$ 36.7 mn | | |
| New Pipeline | Bogey Mounted Brake System (Completed testing) Axle Mounted Disk System (on going testing) | | \$ 45.5 mn | Two player |



Future Outlook - Leveraging Customer Relationship



■ Segment Revenue (\$ mn)
 — EBIT Margin %

- With the development of new product segment, the margins in ERP is expected to go up.

New Products

New products are in development at various stage.

New Segments (Metro, Exports)

Foreign Collaborations done to bridge the product gap .

To be one of the top Two Supplier to Indian Railways leveraging our existing relationship and technology partnerships

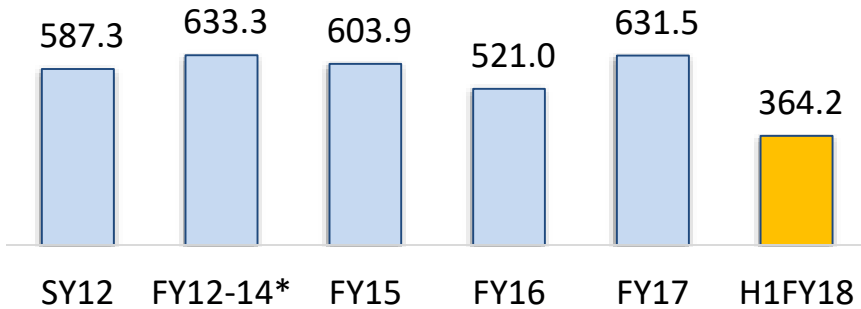


Group Financials

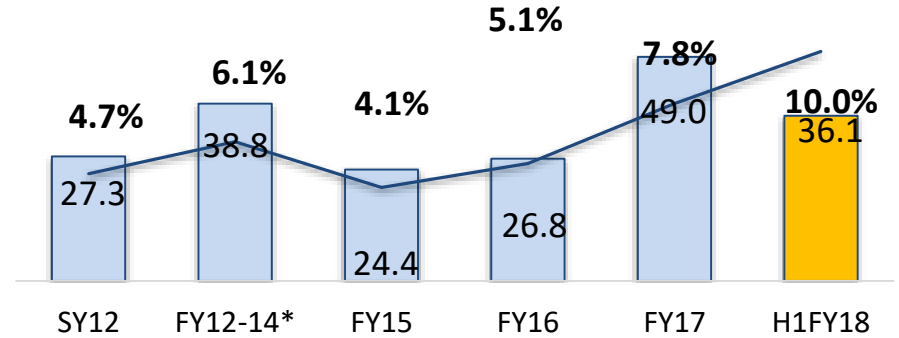


Revenue & Profit Growth

NET SALES (\$ mn..)

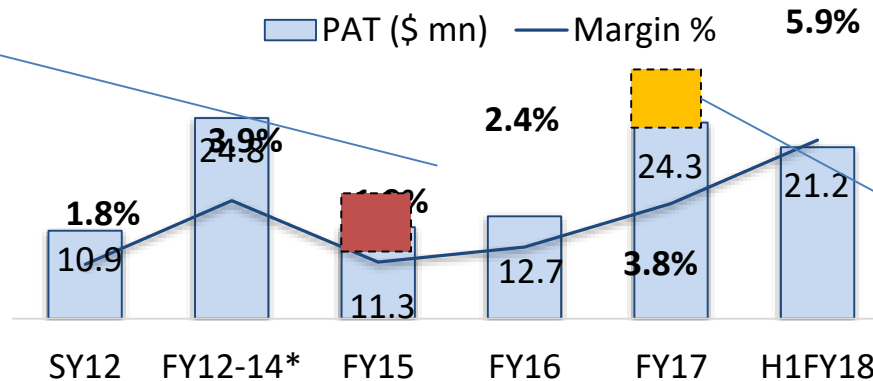


EBIDTA (\$ mn.) — Margin %



Exceptional Item of \$4.76 mn. due to VRS in FY15

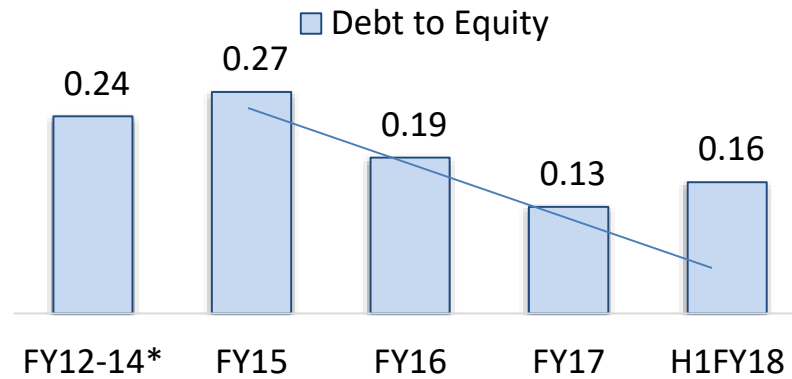
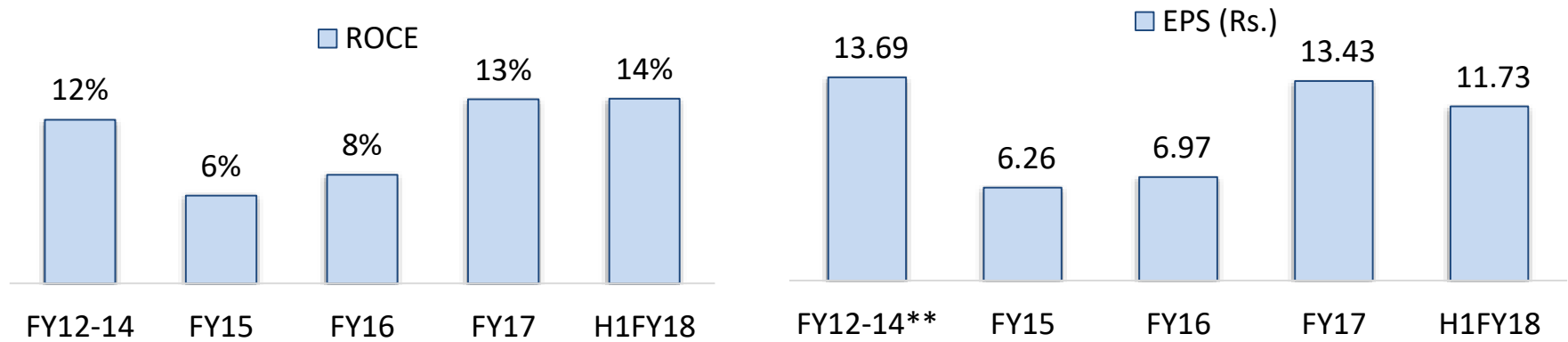
PAT (\$ mn) — Margin %



One time loss from Discontinuing operations of \$ 6.3mn.



Key Financial Metrics



** Annualised

* ROCE is annualized & FY17 Numbers as per new IND AS



Shareholding Structure

| | Sept'16 | Dec'16 | Mar'17 | June'17 | Sept'17 |
|----------------|---------|--------|--------|---------|---------|
| Promoter Group | 43.0 | 43.0 | 43.0 | 43.0 | 43.0 |
| FII | 12.0 | 13.4 | 16.5 | 17.2 | 15.3 |
| DII | 3.8 | 3.7 | 3.8 | 4.3 | 5.8 |
| Public | 41.2 | 39.9 | 36.7 | 35.5 | 35.1 |

Corporate Governance



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.

- **Vibrant Board:** New directors introduced in FY15 in order to create a more vibrant board.
- **Internal Audit Outsourcing :** Internal Audit is outsourced to Grant Thornton.
- **Disclosure & Shareholder Interaction:** Increased disclosures and shareholder interaction.



Management Team

Mr. Ravi Menon – CEO, Escorts Agri Machinery

- Ravi is an experienced professional who brings many years of leadership in corporate strategy, marketing, sales, branding, international markets and production.
- He has previously worked with John Deere, ACC Limited, Exide Industries Limited.

Mr. Ajay Mandahr - CEO, Escorts Construction Equipment

- He possesses over 25 years experience in leadership positions including turnaround in Sales and Marketing, developing new product categories, developing new business model.
- He was former Director-operations at Toyota Material Handling

Mr. Dipankar Ghosh - CEO, Railway Equipment Division & Escorts Auto Products

- An ex-Indian Railway Service officer with over 23 years of experience in product development ,engineering and management.
- He has previously worked with John Deere, Bombardier Transportation and Caterpillar India in various leadership roles.

Mr. Bharat Madan, Group CFO

- He has 28 years of rich experience in all the domains of financial management.
- In his previous role, he was Financial controller with Electrolux Kelvinator.



Board of Directors



Mr. Rajan Nanda, Chairman and Managing Director

- A Visionary leader, who has played a pivotal role in promoting the cause of Indian Agriculture
- Active member of several apex trade and industry bodies and member of CII National Council



Mr. Nikhil Nanda, Managing Director

- Alumnus of Wharton Business School, Philadelphia
- Responsible for driving Escorts' growth initiatives to strategically position it in the global arena



Dr. Sutanu Behuria, Independent Director

- A PHD in Economics from Southern Methodist University, Dallas, He is an IAS officer from 1976 batch.
- He has served as secretary in the Dept. Of Fertilisers, National Disaster Management Authority and Dept. of Heavy Industry.



Mr. Hardeep Singh, Director

- Chairman -Monitoring committee on minimum support price (Planning Commission) & Food security Task force (CII)
- He was the former executive chairman of Cargill South Asia and Amalgamated Plantations Pvt. Ltd



Mr. D J Kakalia., Independent Director

- Partner in Mulla & Mulla & Craige, Blunt & Caroe, Advocates, Solicitors & Notaries
- Specializes in litigation for the power and manufacturing sector, representing and advising large Power Companies
- Director and member of various Board Committees in Aditya Birla Finance Limited, Reliance Broadcast Network Limited and Reliance Power Limited



Board of Directors



Mr. P.H. Ravikumar, Independent Director

- Founder MD & CEO of NCDEX
- He has worked with leading banks like ICICI Bank and Bank of India



Ms. Vibha Paul Rishi, Independent Director

- An Alumnus of FMS Delhi, She has been an Executive Director of Brand and Human Capital of Max India Limited
- She has also worked with leading Industry names like Future Group and PepsiCo in various leadership roles.



Ms. Nitasha Nanda, Whole time Director

- An entrepreneur & experienced business leader, She manages the Escorts Securities Ltd. And Escorts Asset Management Ltd.
- She is on the board of directors of Seitz technologies, RNIS, Raksha TPA, Rimari India and Sun and Moon travels.



Mr. G. B. Mathur, Director

- An ACS and LLB by profession, He has more than 3 decades of experience in corporate law
- He has previously worked with Chambal Fertilizers and Chemical Limited



Safe Harbour

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.

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