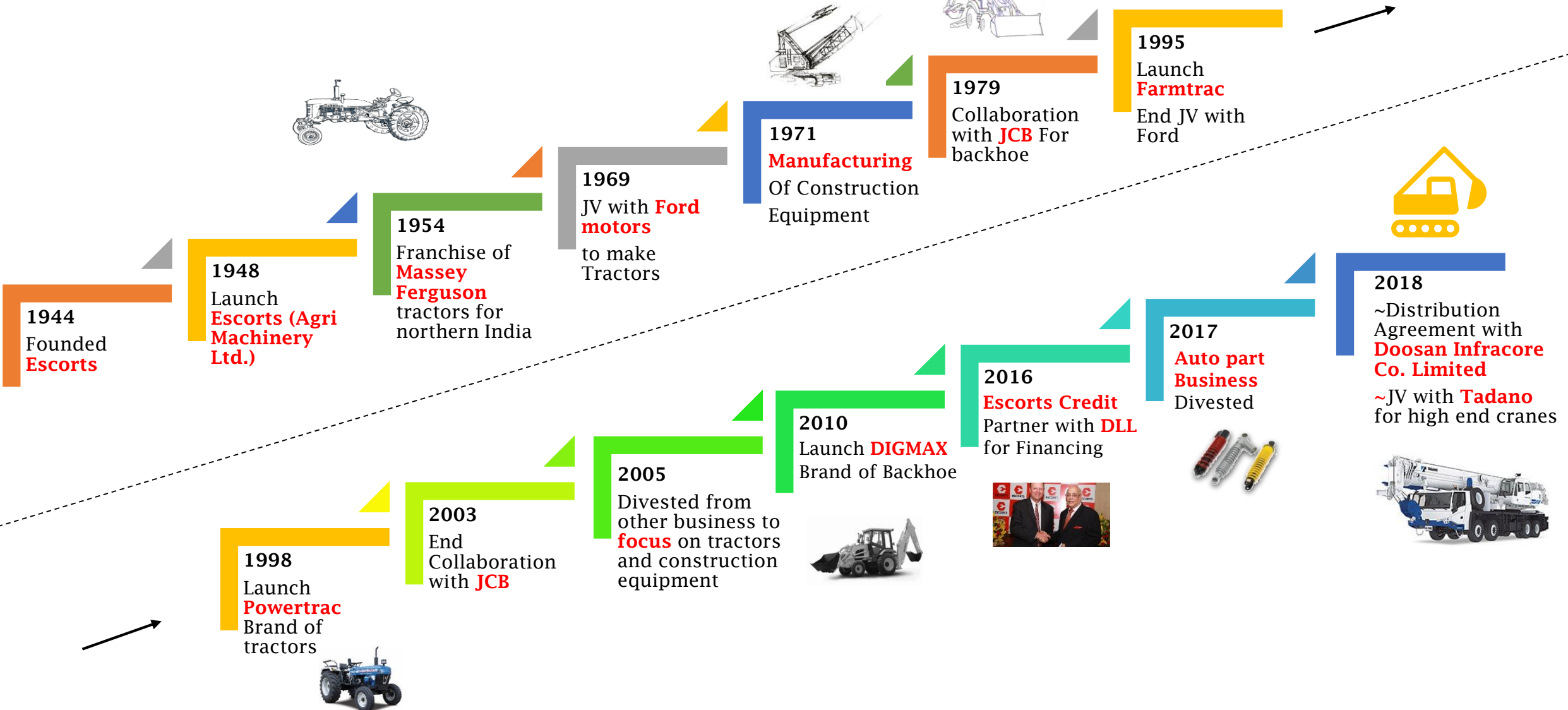


# INVESTOR PRESENTATION

November 2018

# OUR JOURNEY SO FAR



# OUR CURRENT BUSINESSES



## Escorts Agri Machinery



Revenue FY18: Rs. 3,957.9 Cr.  
H1FY19: Rs. 2,220.5 Cr.

## Escorts Construction Equipment



Revenue FY18: Rs. 780.3 Cr.  
H1FY19: Rs. 495.1 Cr.

## Railway Equipment Division



Revenue FY18: Rs. 286.6 Cr.  
H1FY19: Rs. 194.0 Cr.

Revenue FY18: Rs. 5,075.4 Cr.  
H1FY19: Rs. 2,948.7 Cr.

# MANUFACTURING FACILITIES



## **Escorts Agri Machinery (EAM)**

Three Plants: Farmtrac, Powertrac & Components with a current production capacity of **100,000+** tractor p.a. and increasing by another **50,000** tractor by March 2020

Poland Plant: 100% subsidiary having an installed capacity of **2,500** tractor p.a.

## **Escorts Construction Equipment (ECE)**

State of the art manufacturing and assembly facility sprawling 60,702 sq.m. of space with a capacity of **10,000** units p.a.

## **Railway Equipment Division (RED)**

State of the art manufacturing facility sprawling 55,609 sq.m.

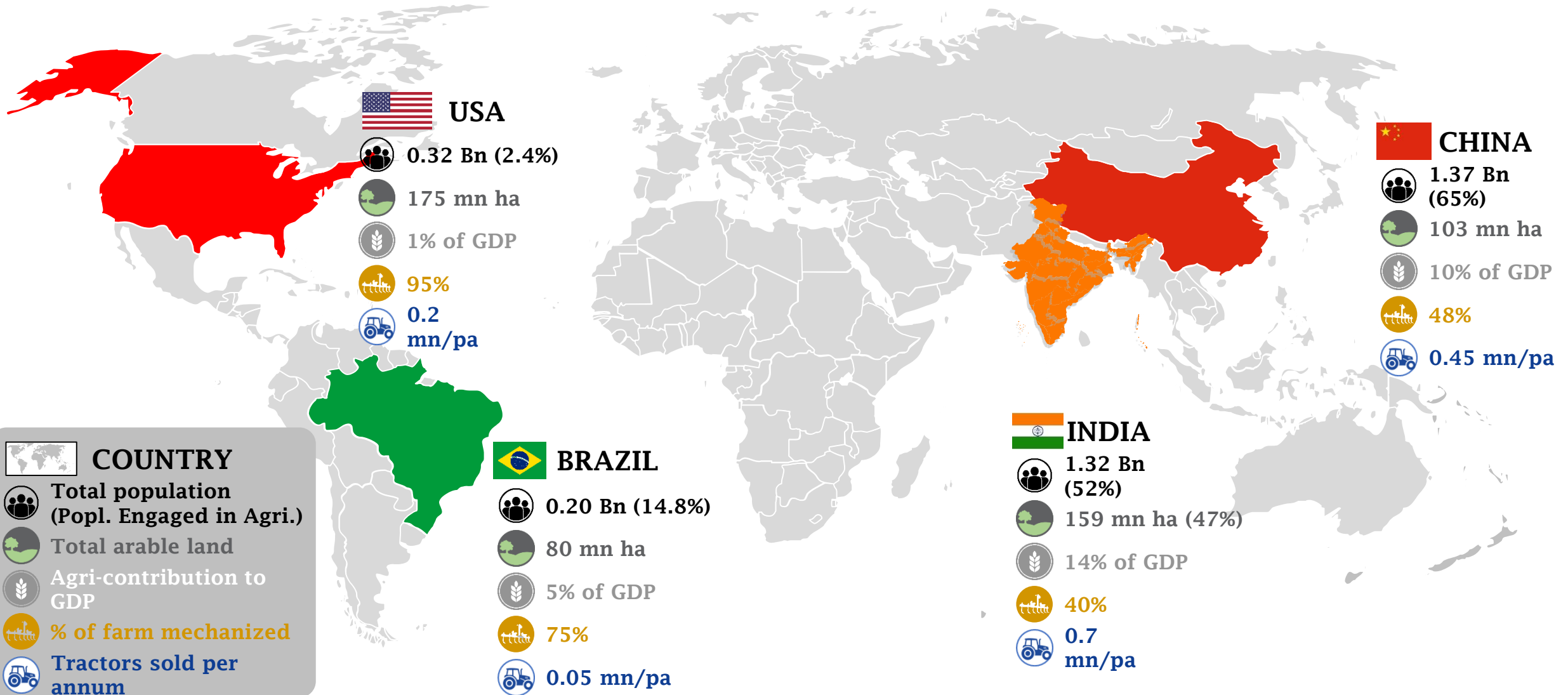
Couplers (AARH + Shaku )1100 p.a., Air Brake 4400 p.a., EP Brake 200 p.a., Brake Block: 32,000 p.a.



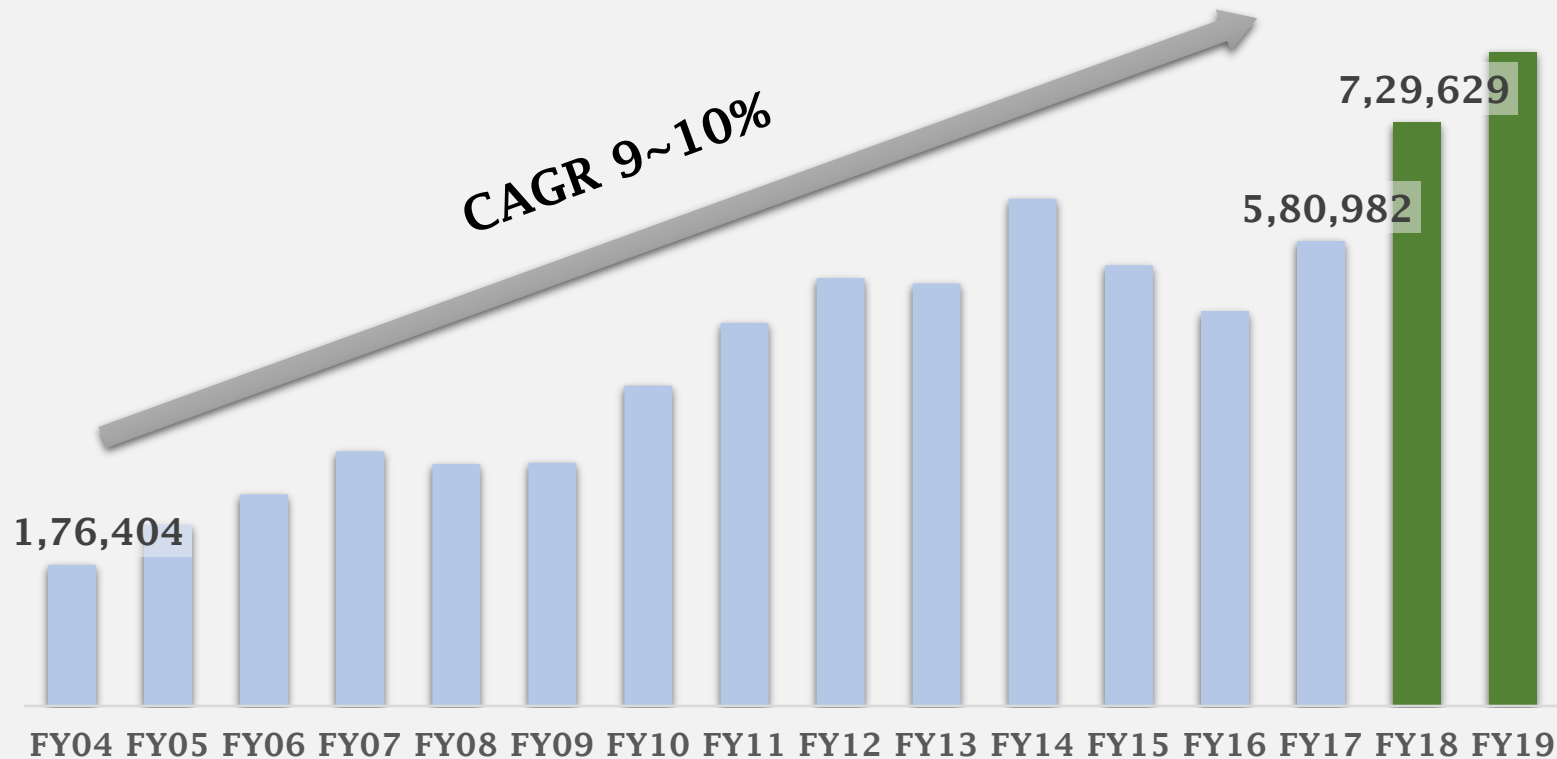
# SCORTS AGRI MACHINERY (EAM)



# INDIA NEEDS MECHANIZATION



# ↑ DOMESTIC TRACTOR INDUSTRY



Increasing Trend towards  
Mechanisation

Minimum Support Prices  
for Key Crops

Scarcity of Labour

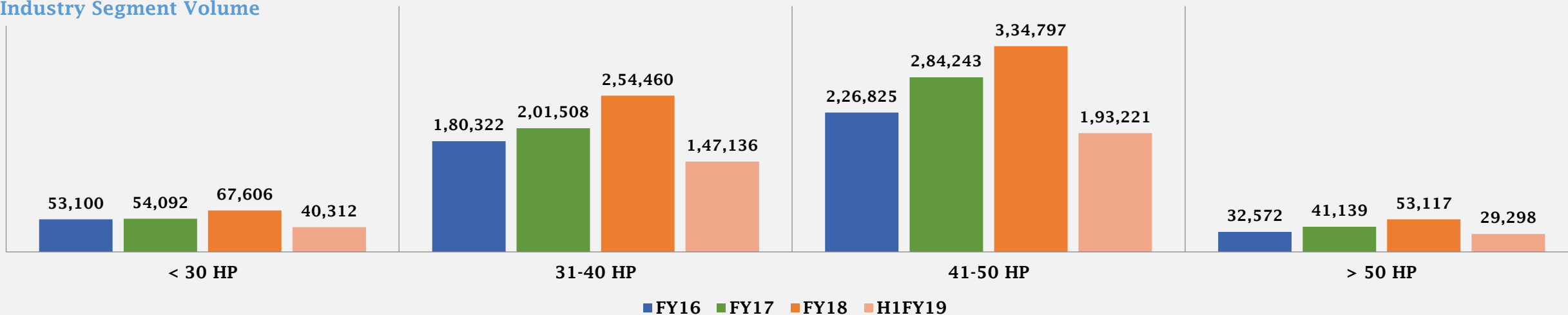
Ease of Credit Availability  
from Govt.

- ❖ India is the **largest** manufacturer of farm equipment
- ❖ India accounts for nearly **1/3<sup>rd</sup>** of the overall tractor production globally
- ❖ **0.7 million** units in **FY18** and reach to approx. **1.2-1.5 million** units by **2030**
- ❖ Customer exchange their tractor in every **4-6 years**.

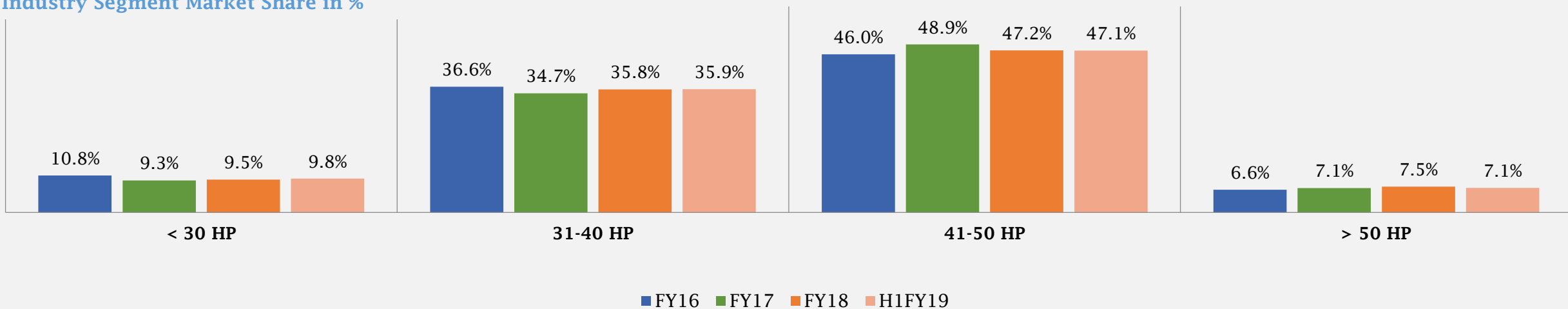
# INDUSTRY SEGMENTATION



Industry Segment Volume



Industry Segment Market Share in %

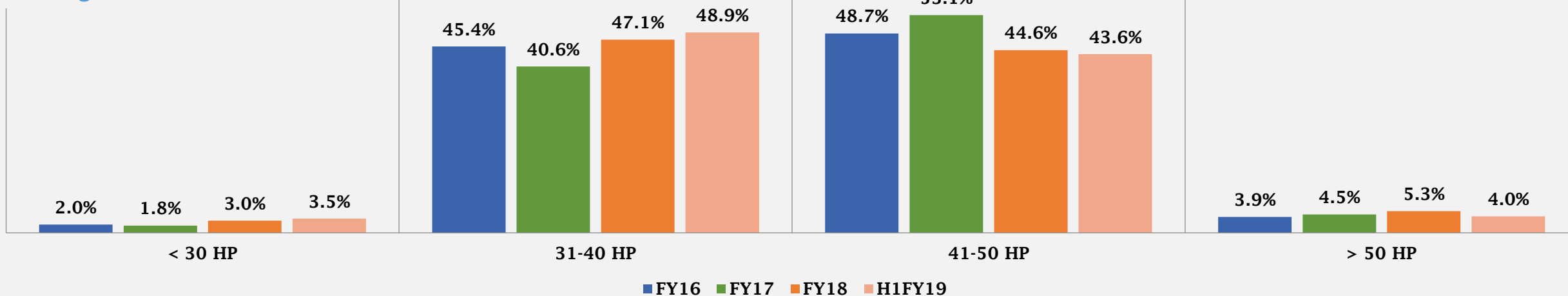




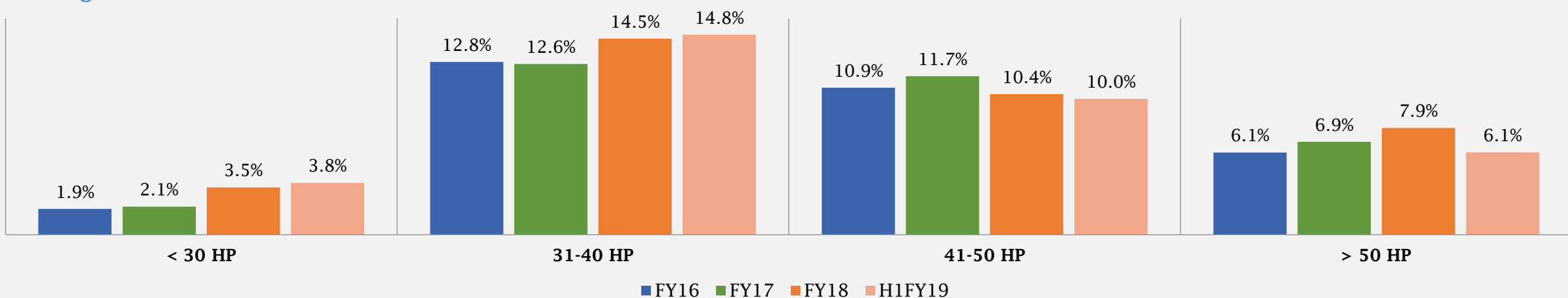
# EAM SEGMENTATION



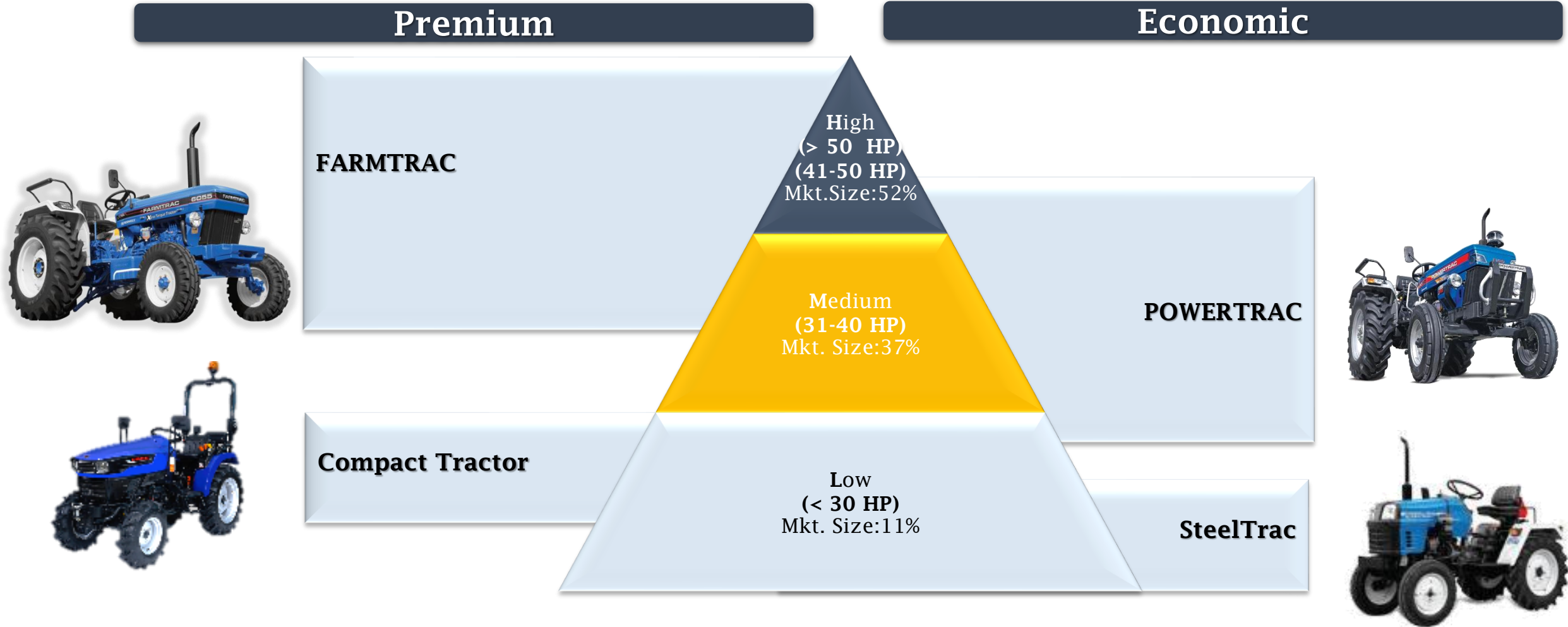
EAM Segment wise Volume in %



EAM Segment wise Market Share in %

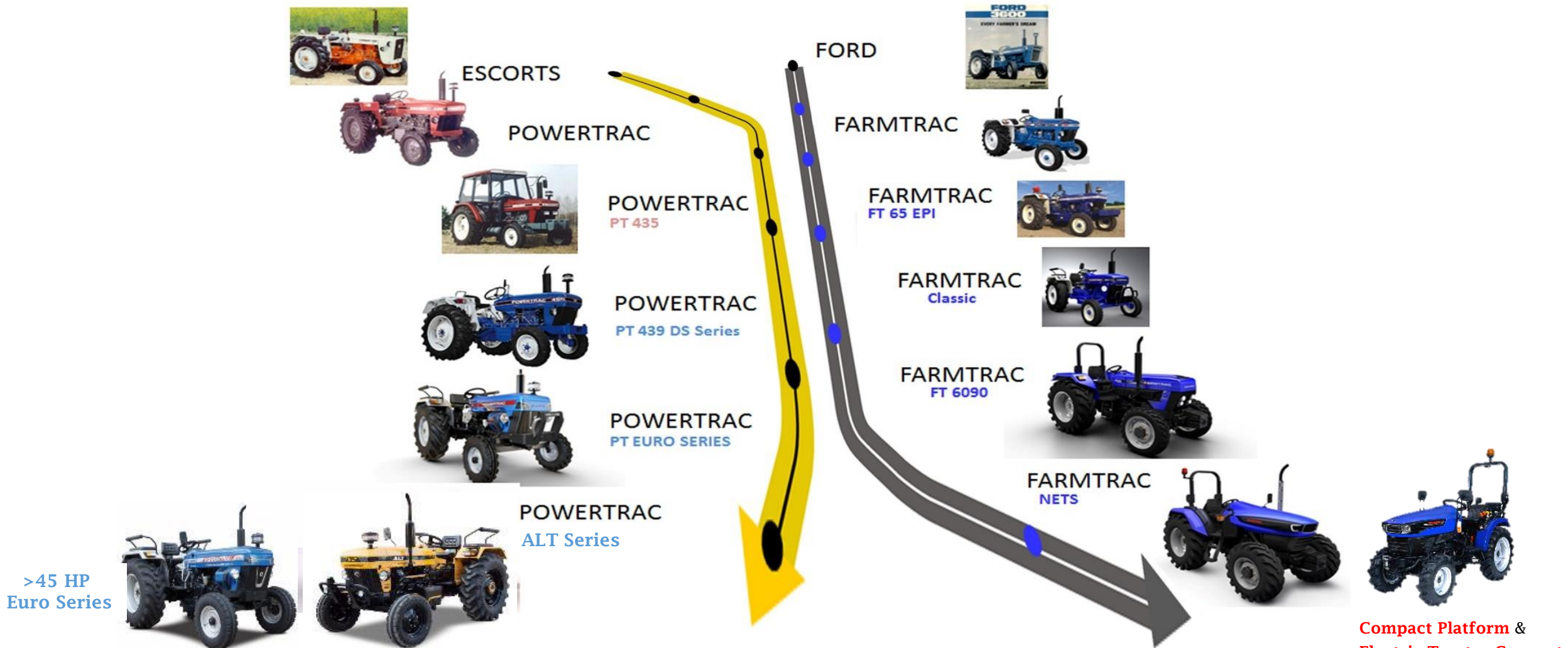


# HOW WE ARE POSITIONED



# PRODUCT EVOLUTION

## Farmtrac & Powertrac Brand Journey



Compact Platform &  
Electric Tractor Concept

# BRAND LED PRODUCT INNOVATION



<30 HP

31-40 HP

41-50 HP

> 50 HP

**FARMTRAC**  
Prestigious & Powerful &  
strong Brand Legacy



Atom Series



FarmTrac XP



FarmTrac Classic



FarmTrac Executive

**POWERTRAC**  
Efficient & Superior  
In-House Engineering



Steeltrac



PowerTrac DS+



PowerTrac Euro



PowerTrac Euro

**POWERTRAC-ALT**



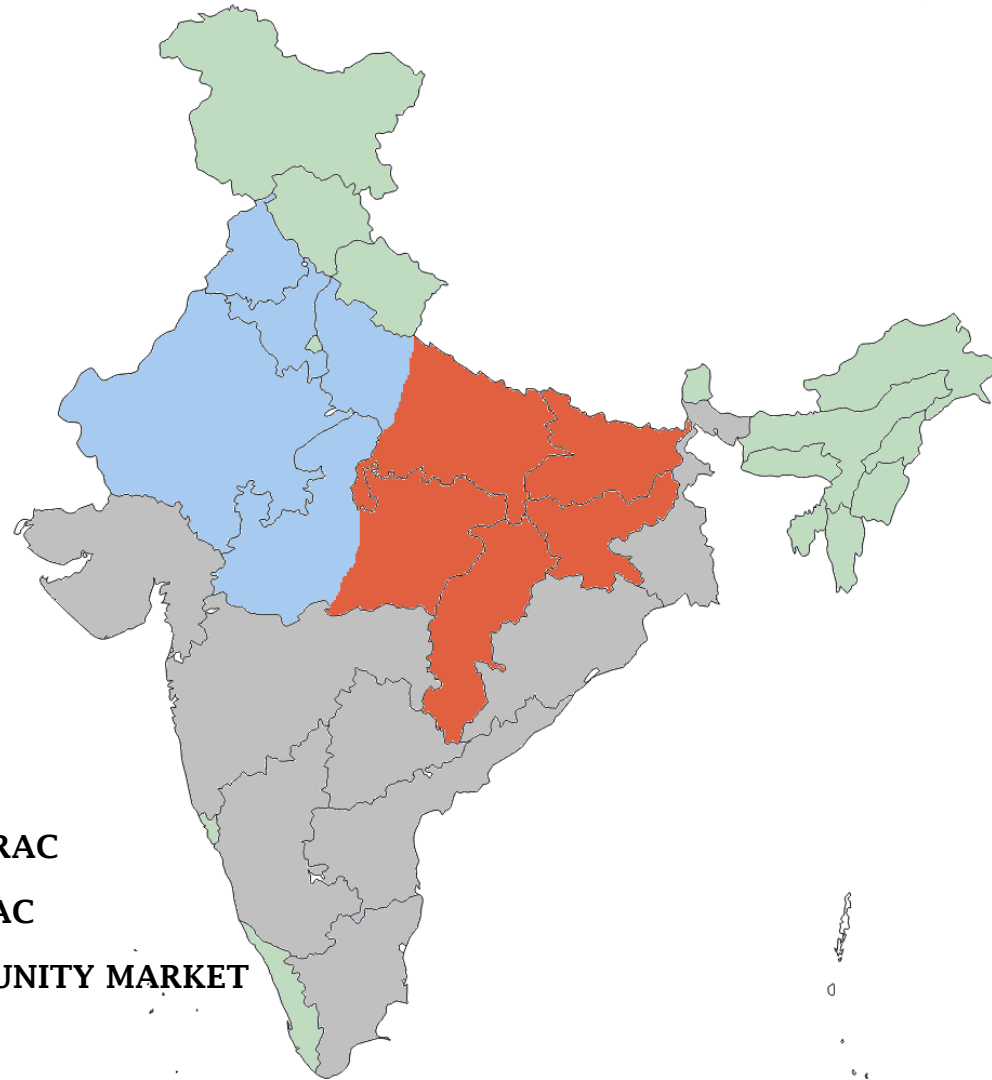
PowerTrac ALT 3500



PowerTrac ALT 4000

**Products  
introduced in the  
last 3 years  
contribute ~75 %  
of total volumes  
in FY18**

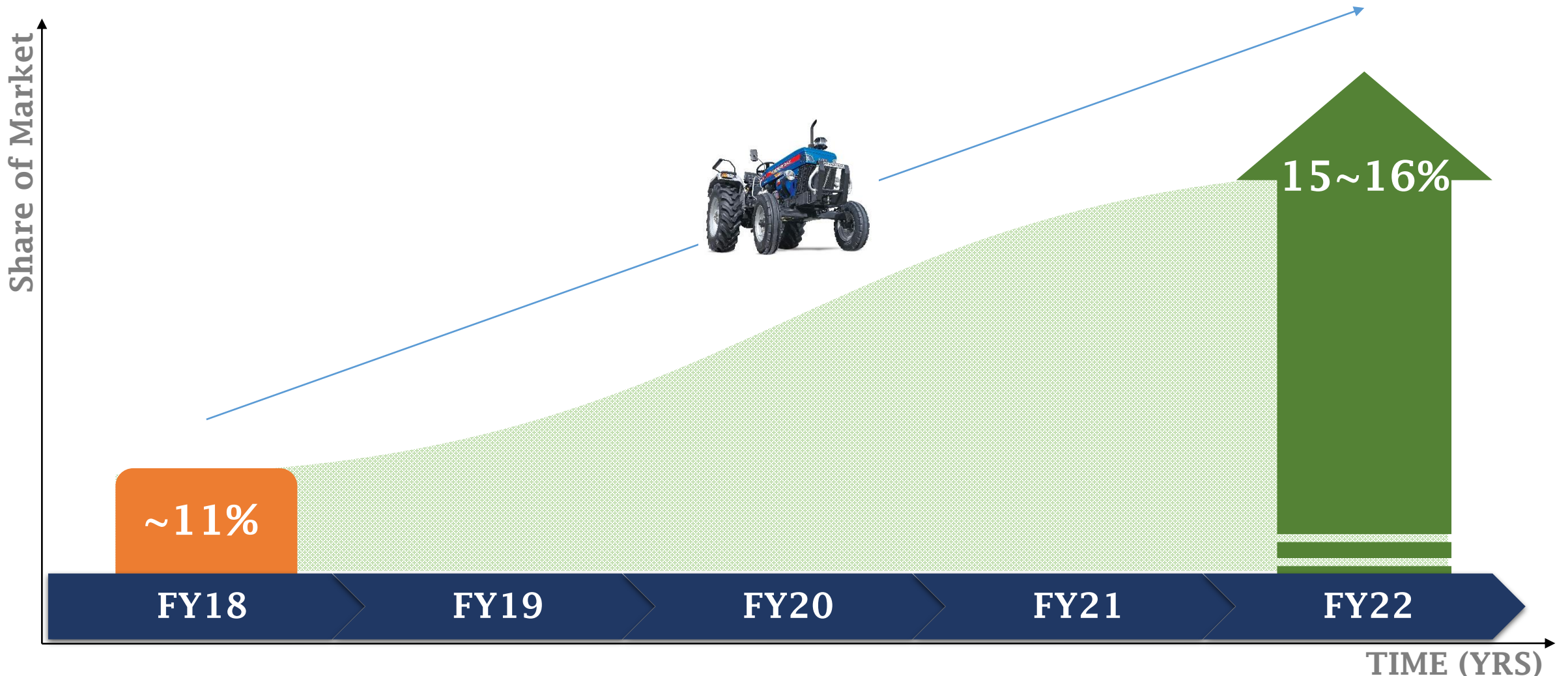
# WINNING MARKET



Current 850+ Active Dealer Network

- ① Strong Market, Strong Brand
- ② Strong Market, Weak Brand
- ③ Opportunity Market

# DOMESTIC FY'22 MARKET SHARE ASPIRATIONS



# INGREDIENTS FOR GROWTH



## Product Portfolio

Farmtrac: 52% → 95%  
Powertrac: 74% → 90%  
Steeltrac: 25% → 75%



## Dual Distribution in Strong Market

Strong Brand Coverage: 90 → 99%  
Weak Brand Coverage: 33 → 80%



## South/West Focus

Channel Coverage: 55 → 80%  
Compact tractor  
Rice tractor



## Escorts Credit

6% Penetration → 40%



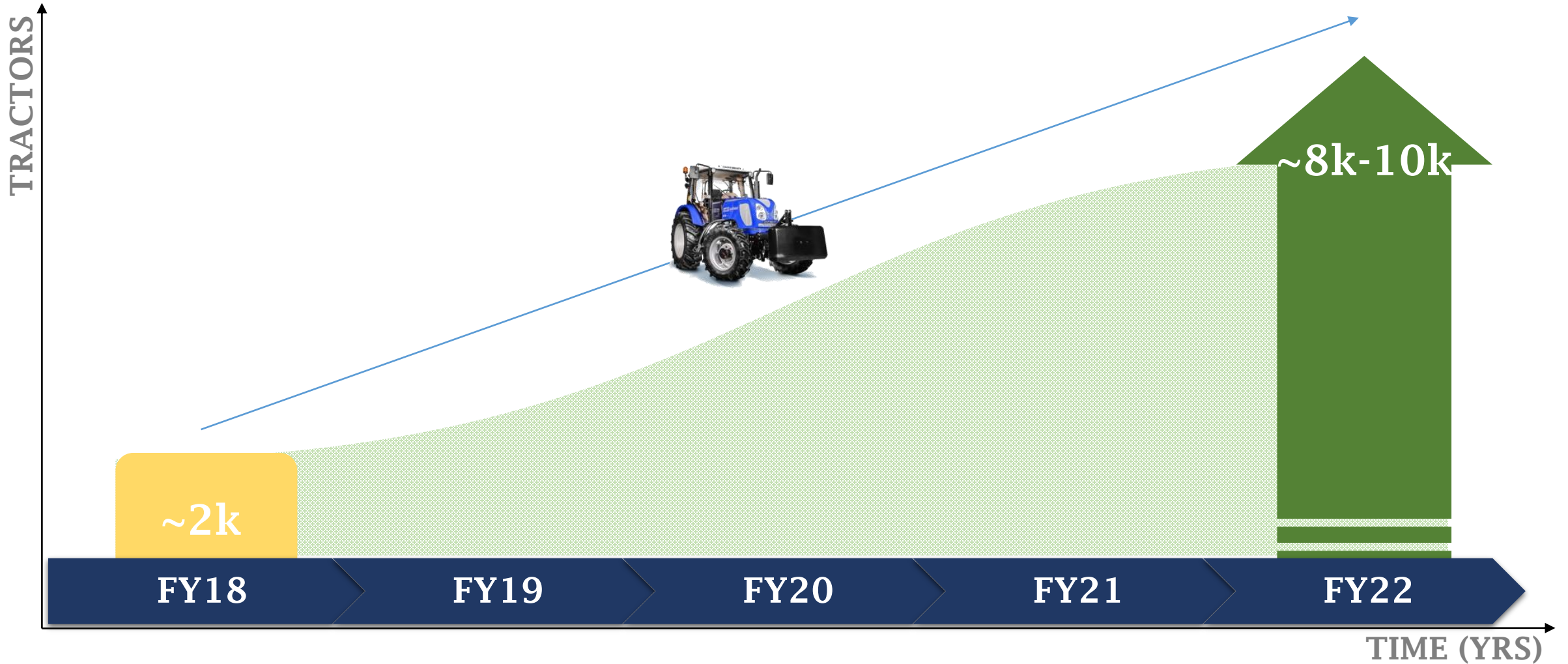
## Scientific Sales Management



## Customer Centricity

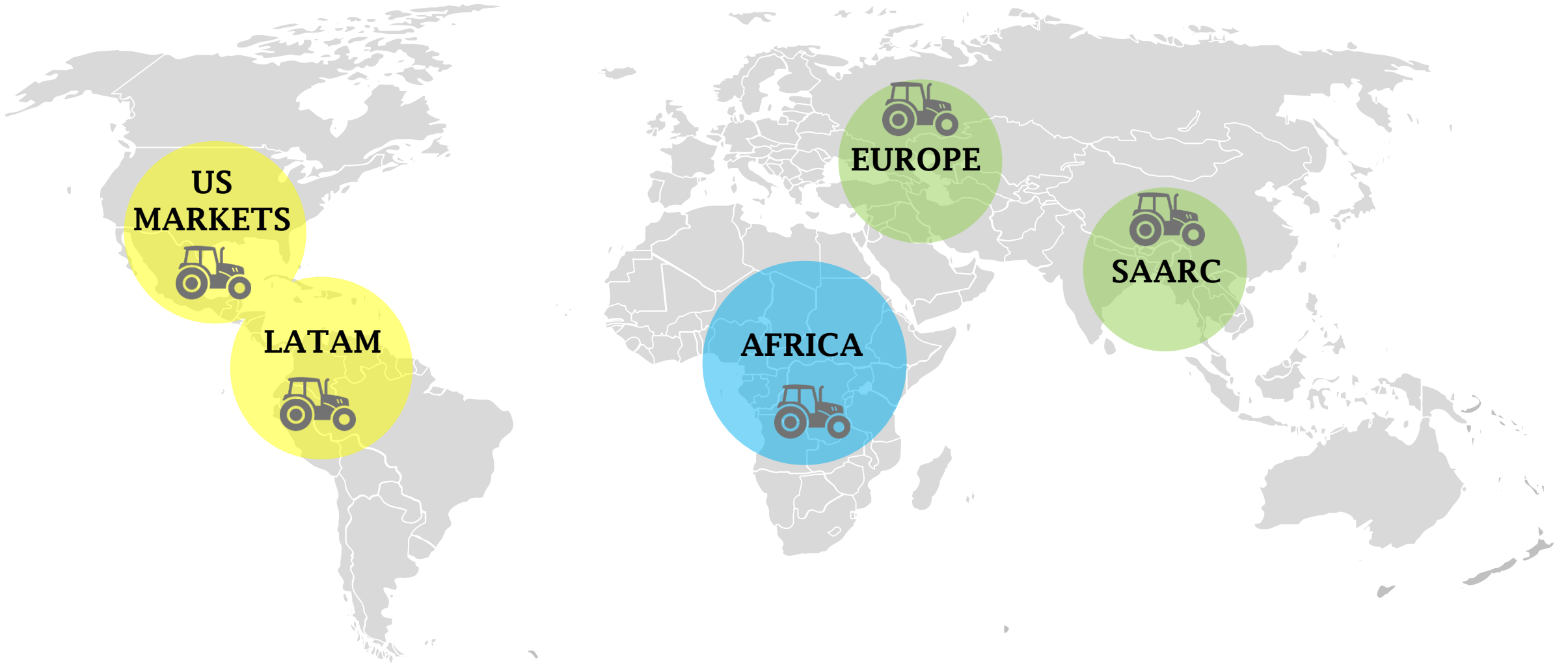
48-Hours Parts  
Care Button  
TRAXI  
ETC  
Mol Anmol

# EXPORT ASPIRATIONS FORWARD

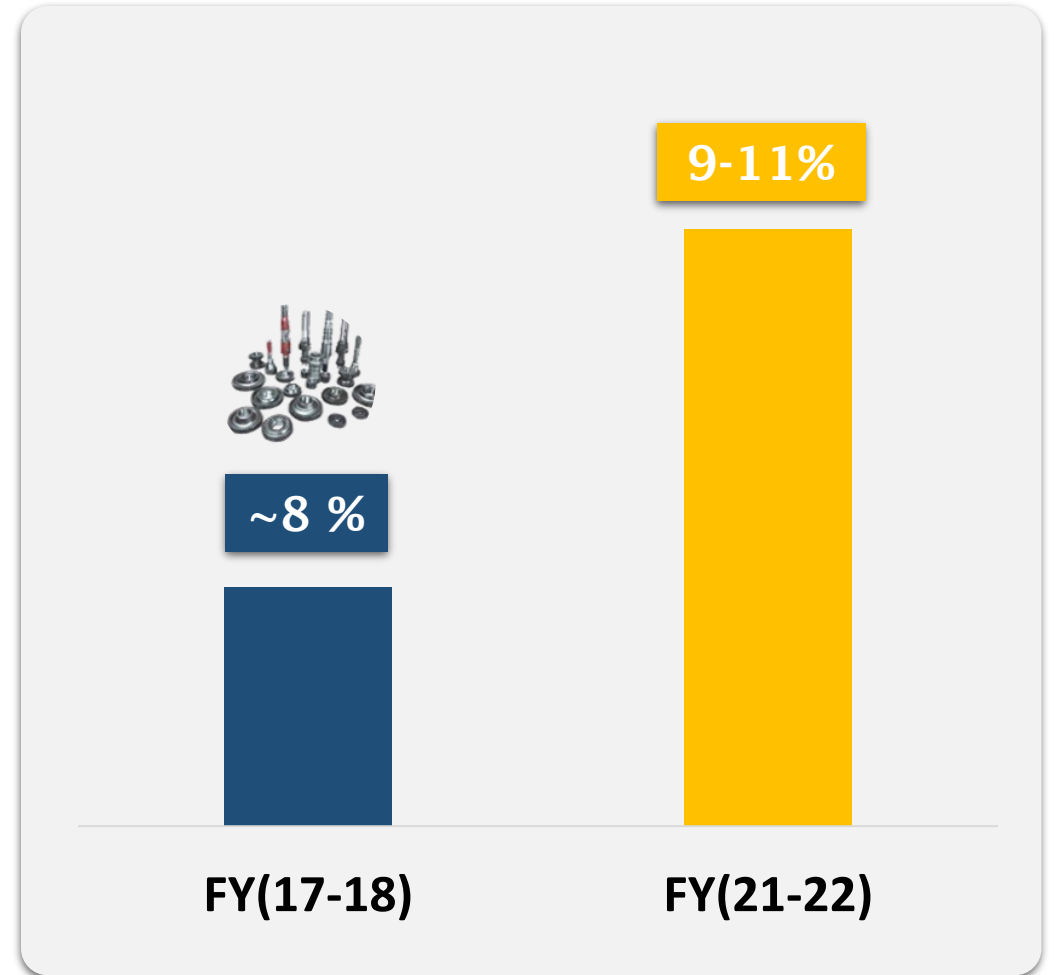
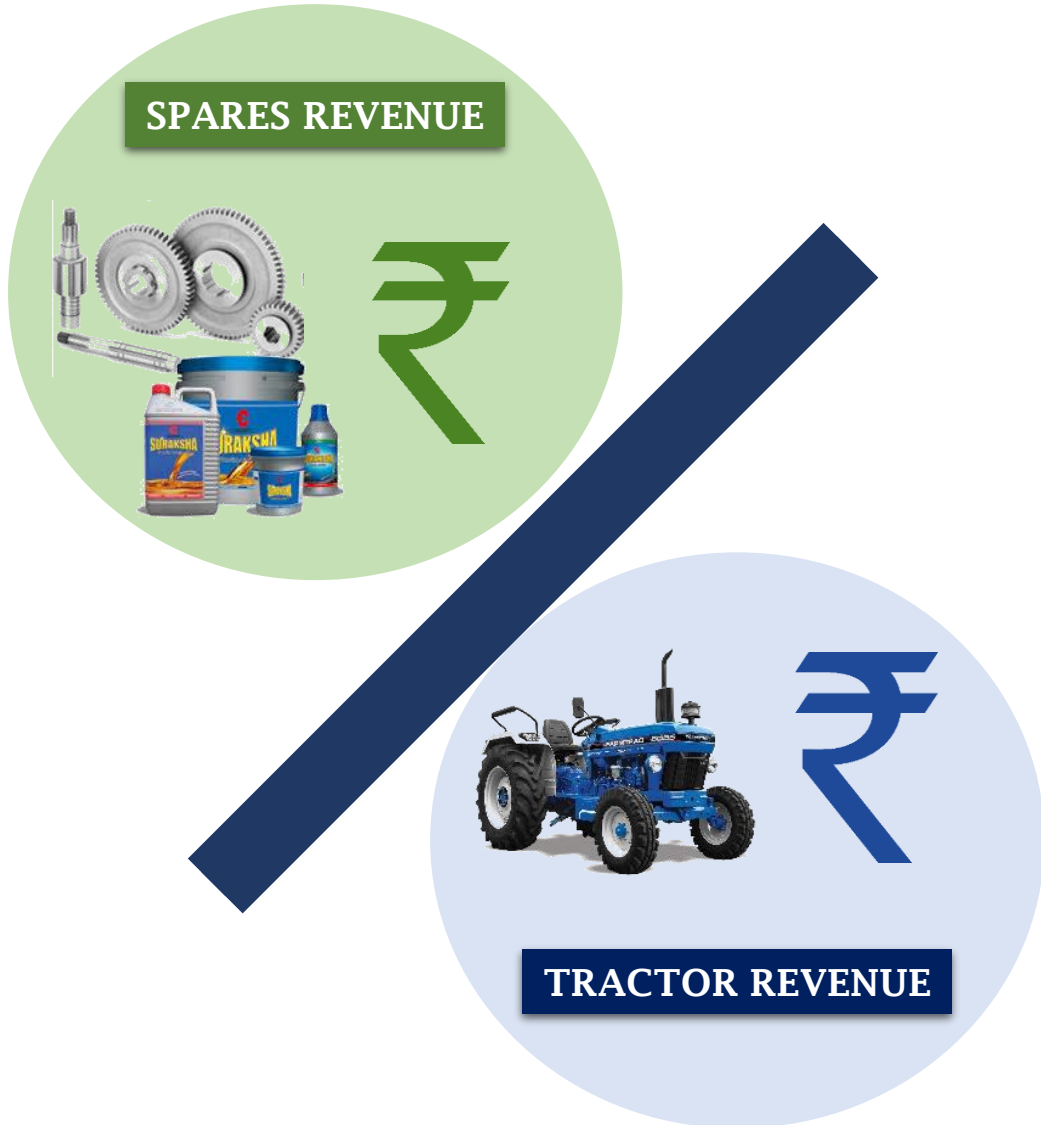




# EXPORT FOCUS MARKETS



# SPARES ASPIRATIONS FY'22

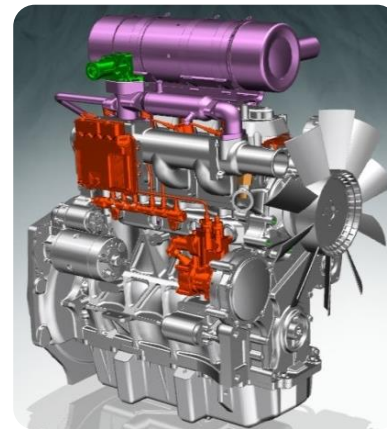


# ENGINES



~4000 UNITS

ENGINE SALES FY (17-18)



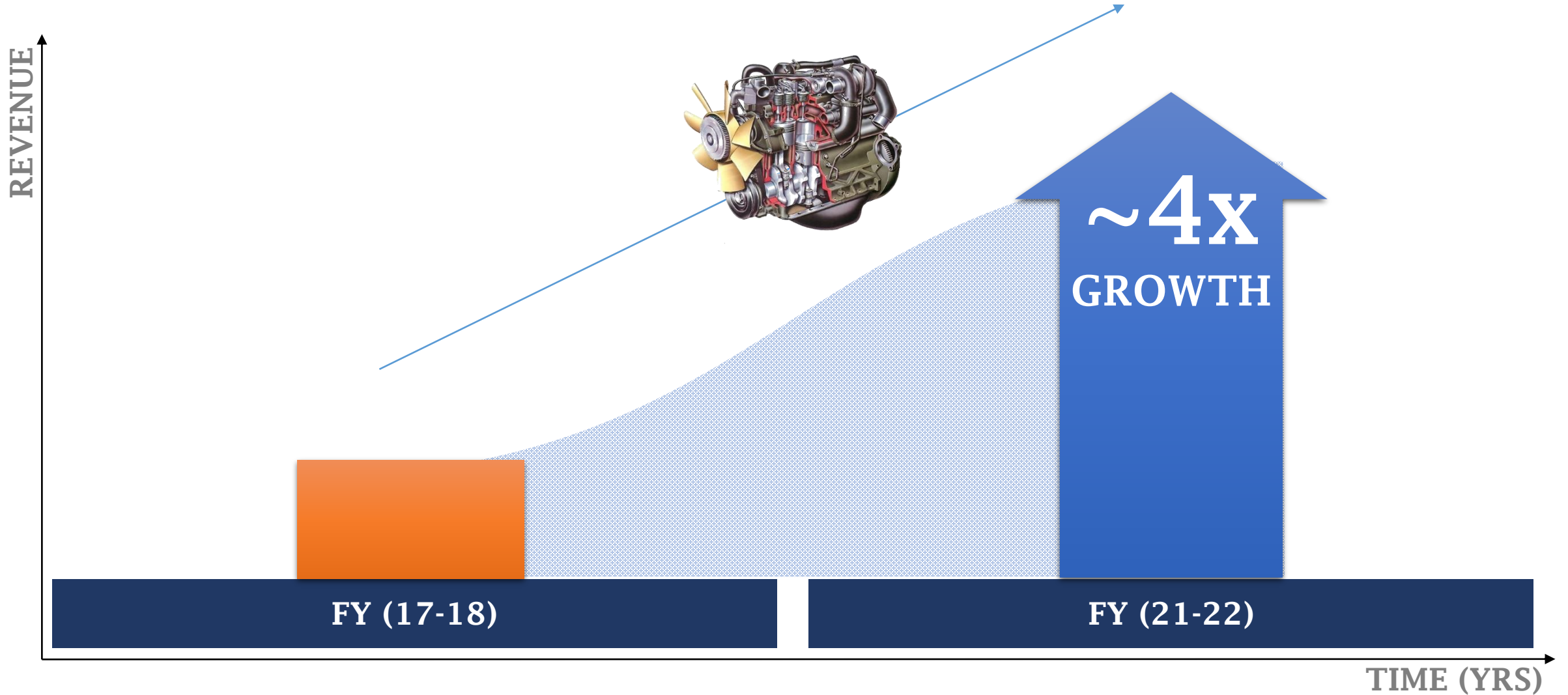
**KOHLER**®



**GREAVES**  
SINCE 1859



# ENGINES FY'22 ASPIRATION



# TRACTOR IS AS GOOD AS ITS ATTACHMENTS



# SHIP\* BUSINESS

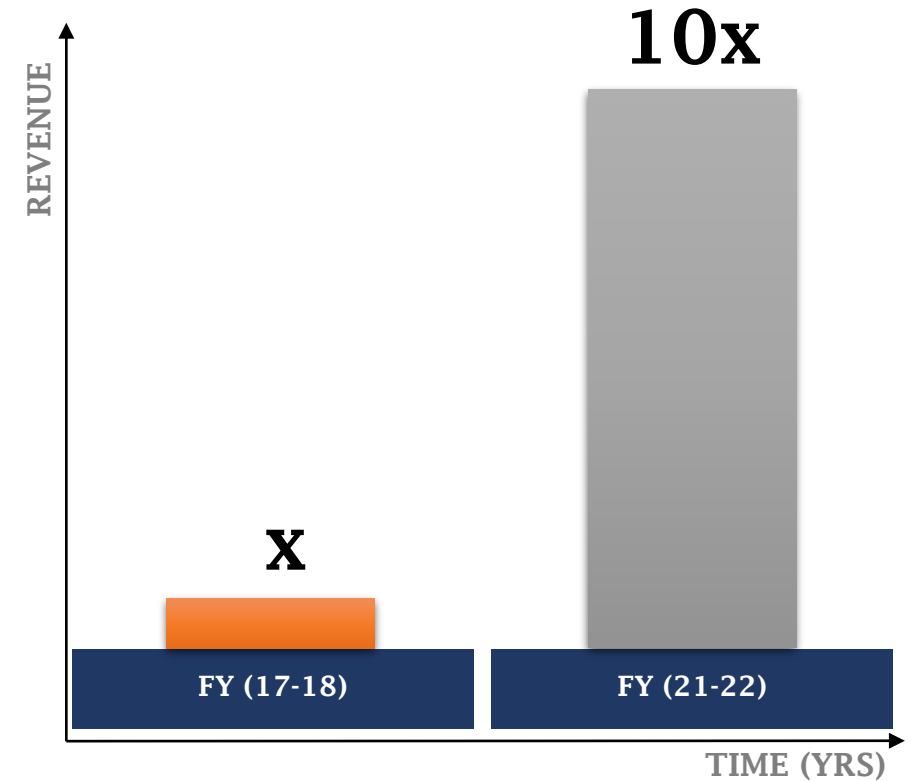
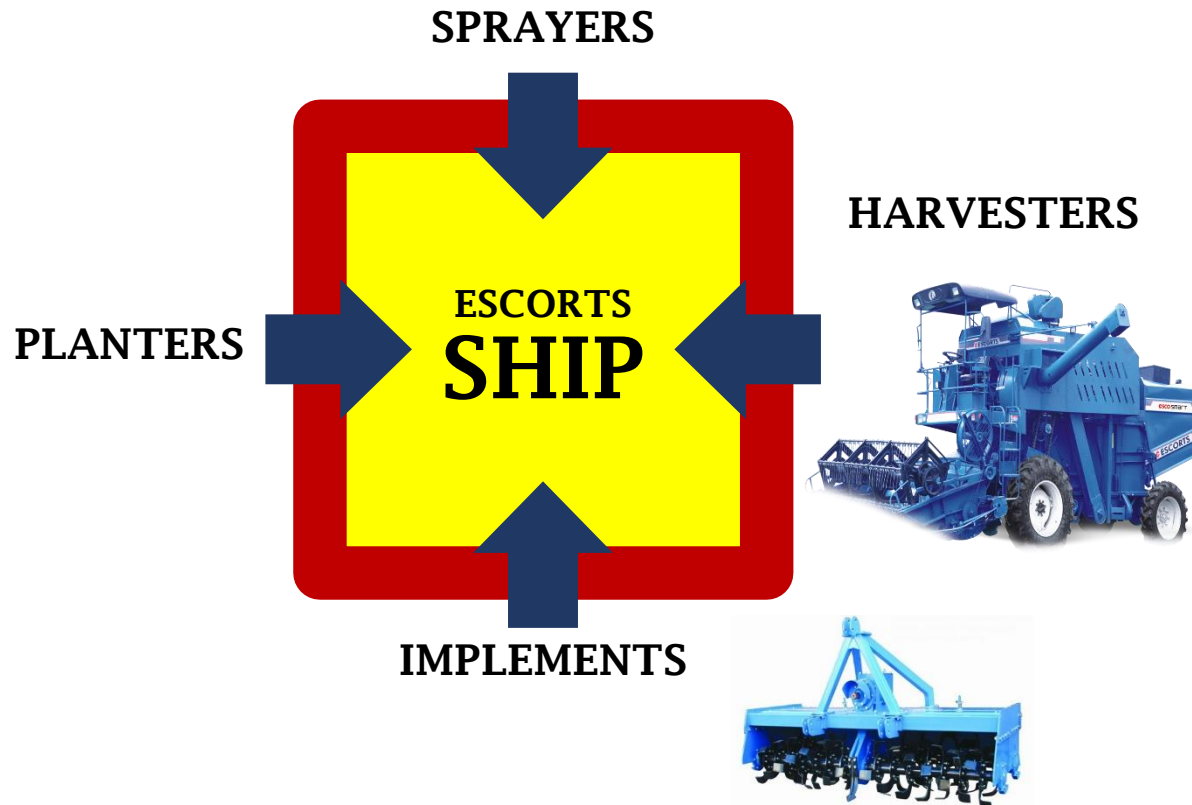


✓ TECHNOLOGY

✓ PRODUCT RANGE

✓ SUPPLY CHAIN

✓ DISTRIBUTION NETWORK

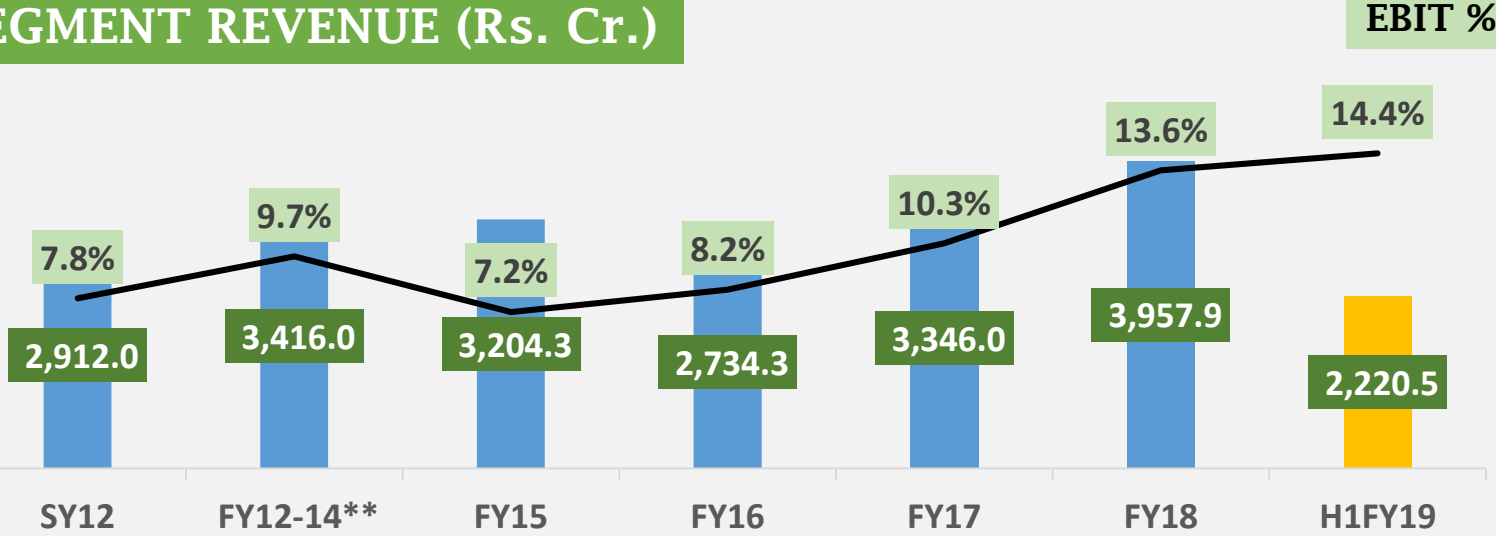


\*SHIP = Sprayers, Harvesters, Implements & Planters Business. Copyright @ Escorts Ltd.

# ...EAM JOURNEY SO FAR & ASPIRATIONS FORWARD

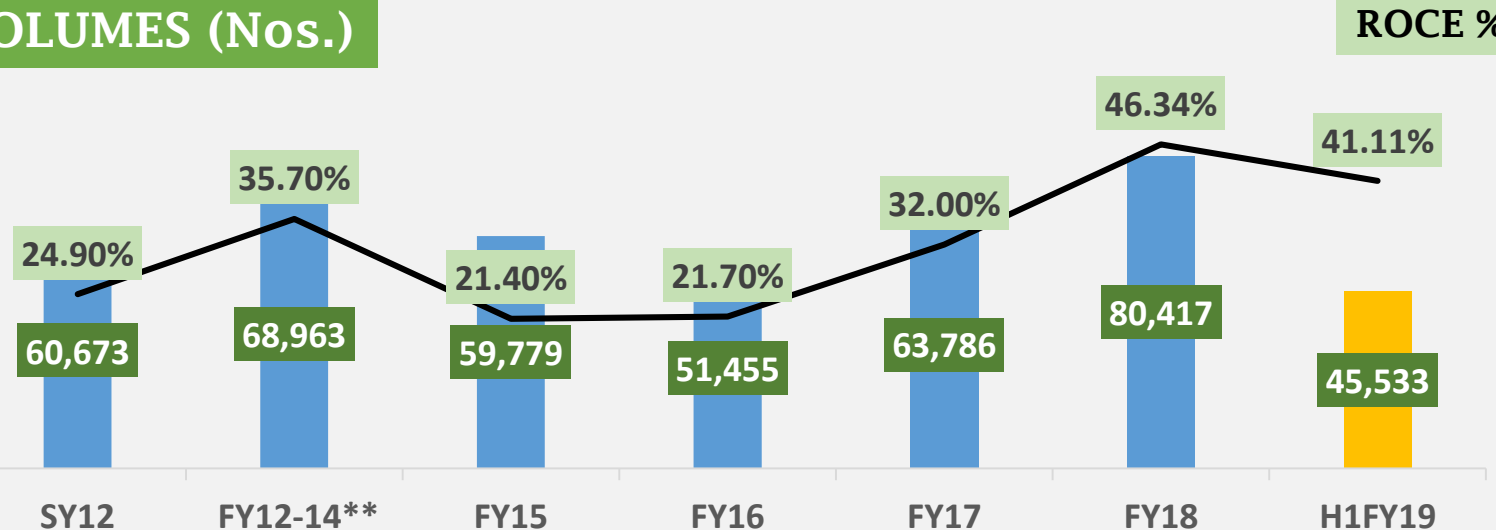


## SEGMENT REVENUE (Rs. Cr.)



**ASPIRATIONS 2022 To grow business 2x from FY17 base and achieve 14~15% EBIT Margin**

## VOLUMES (Nos.)



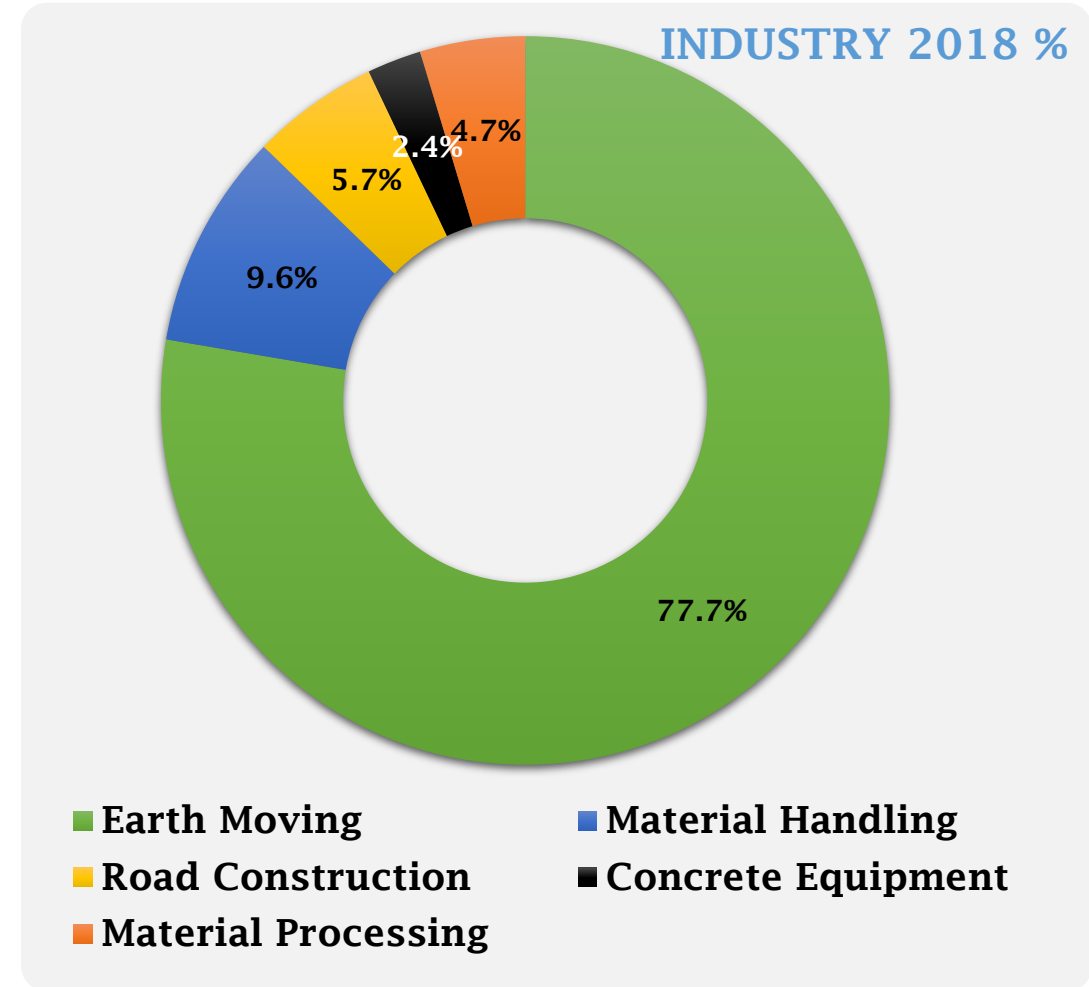
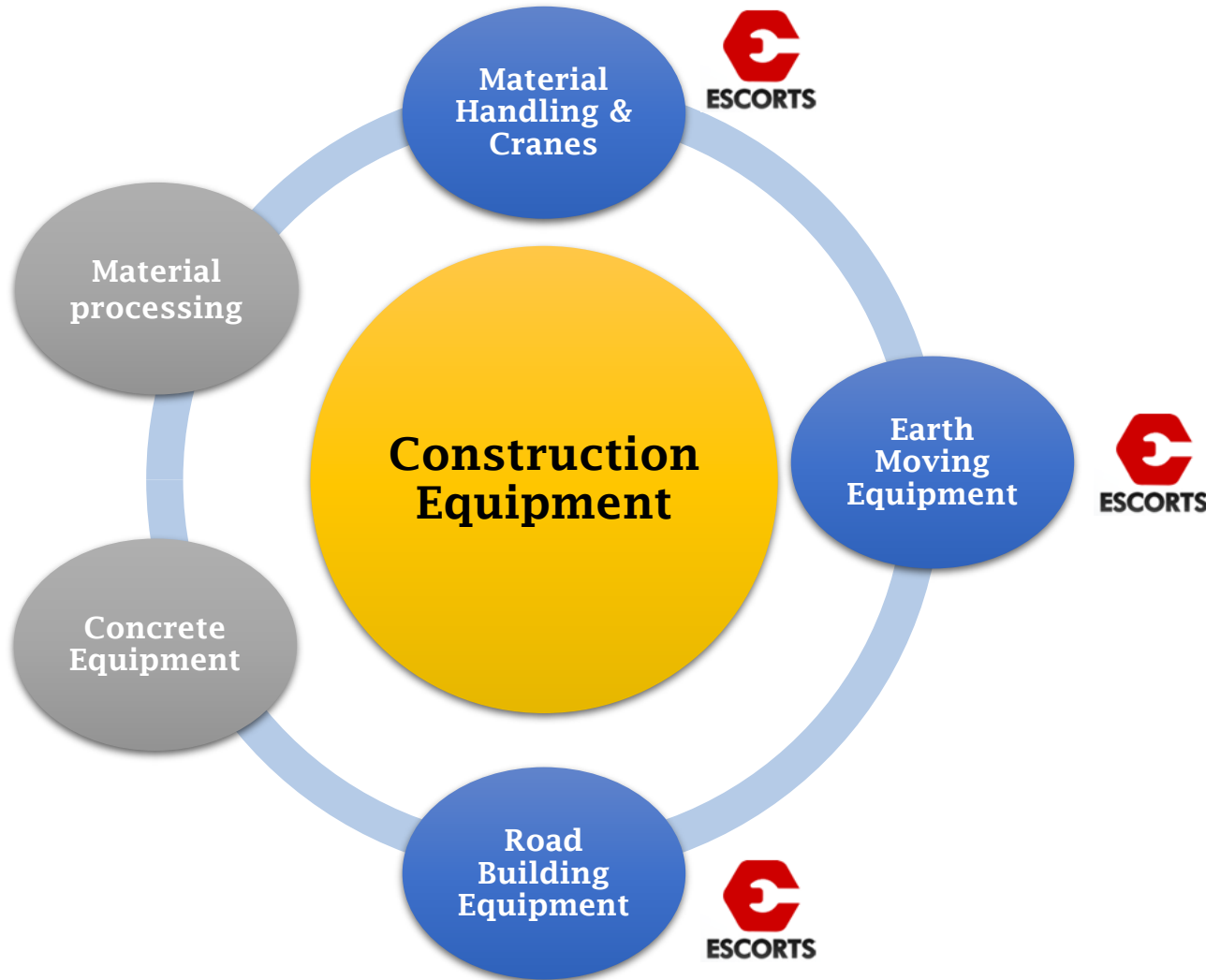
- ❖ Revenue Growth Initiatives
  - ❖ EXPORT
  - ❖ South & West penetration
  - ❖ Emerging Business
- ❖ Cost Rationalization
  - ❖ Raw Material
  - ❖ Manpower cost

# **ESCORTS CONSTRUCTION EQUIPMENT (ECE)**








# CONSTRUCTION EQUIPMENT SEGMENTS



**ECE present in 40 % Revenue Potential of the Construction Equipment Industry - Strategic Partnership and Distribution Agreement make it to 80% in Value Terms**

# SEGMENTS APPLICATION & USERS

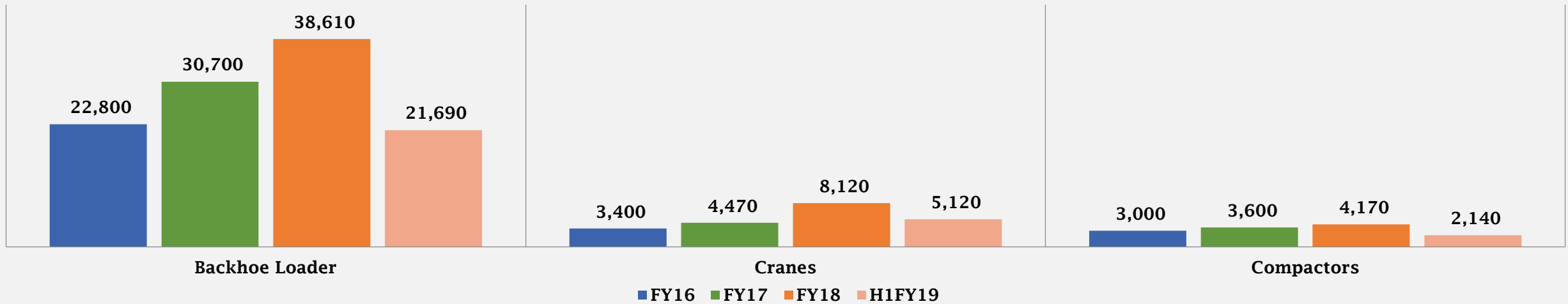


Segment	Major equipment types	Application Segment	User	
1 Earthmoving Equipment	A - Backhoe loader, B - Excavator, C - Wheeled loader 	<ul style="list-style-type: none"> <li>• Mining</li> <li>• Roads</li> <li>• Real Estate/Land Development</li> <li>• Power</li> <li>• Railways/Metros</li> </ul>	Small/ Individual	70%
			Medium fleet owners	20%
			Institutional/corporate	10%
2 Material Handling & Cranes	Pick and Carry cranes 	<ul style="list-style-type: none"> <li>• Erection work in projects</li> <li>• Power</li> <li>• Steel</li> <li>• Mining</li> <li>• Railway/metros</li> </ul>	Government	5%
			Institutional/corporate	20%
			Medium fleet	20%
			Small / Individual	55%
3 Road building equipment	Compactors, pavers, asphalt finishers 	<ul style="list-style-type: none"> <li>• Highways</li> <li>• Rural roads</li> <li>• Airports</li> <li>• Land Reclamation</li> <li>• Motor Graders</li> </ul>	Rental hirers	7%
			Contractors	76%
			Corporate Buyers	3%
			Govt Bodies	14%
4 Concrete equipment	Mixers, pumps, batching plants	<ul style="list-style-type: none"> <li>• Irrigation Canals</li> <li>• Road construction</li> <li>• Building construction</li> <li>• Airports</li> <li>• Precast/In situ</li> </ul>		
5 Material processing	Compressors, Crushers	<ul style="list-style-type: none"> <li>• Stone Quarries</li> <li>• Mining</li> <li>• Over ground blue metal crushing</li> </ul>		

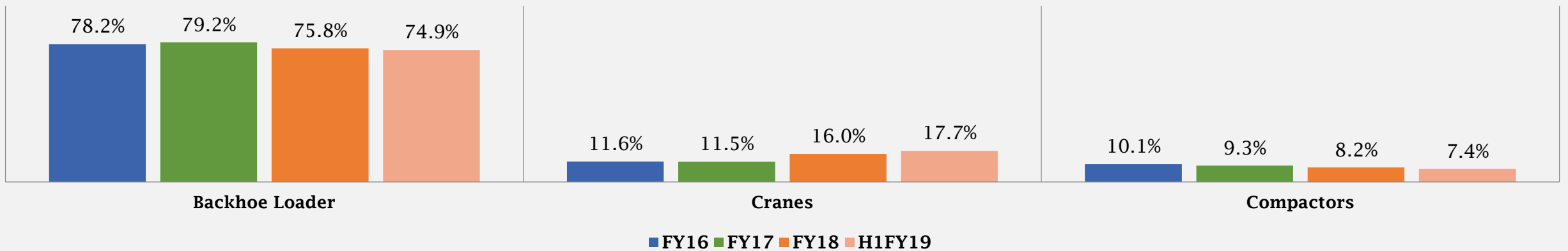
# SERVED INDUSTRY SEGMENTATION



Served Industry Volume (Rounded to nearest Ten)



Served Industry category wise in %



# PRODUCT PORTFOLIO



## 1) Material Handling



60%

## 2) Earth Moving



20%

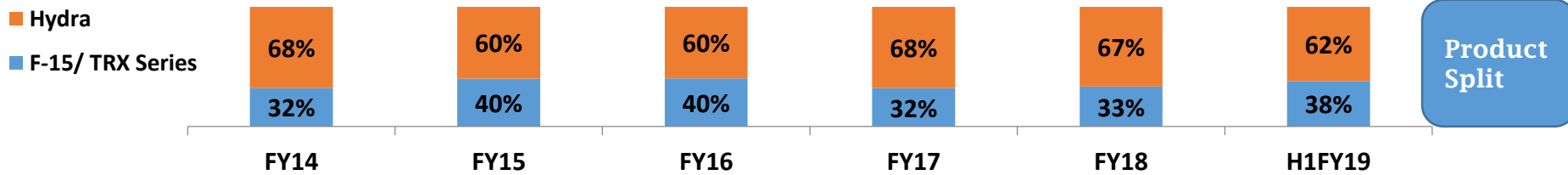
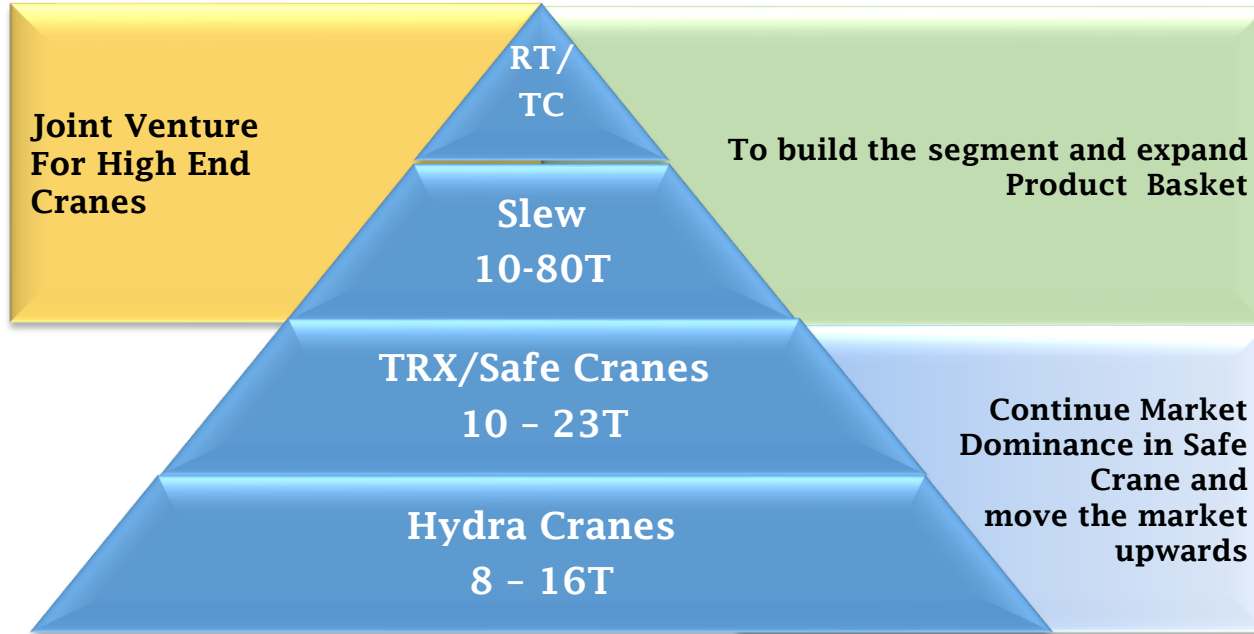
## 3) Road Construction



10%

% of ECE Revenue

# MATERIAL HANDLING



**Transform the market from a leadership position**

# JV with Tadano(51:49) for Specialized Products to address High End Category



Rough Terrain Crane



Truck Cranes

**Product Category**

20 to 80 Ton High end Category

**Uses/ Applications in different sectors**

Railways Oil & Gas Industry Mining Power Sector Roads & Bridges

**Market**

India Market, Export Potential will be explore

**Key Competitors**

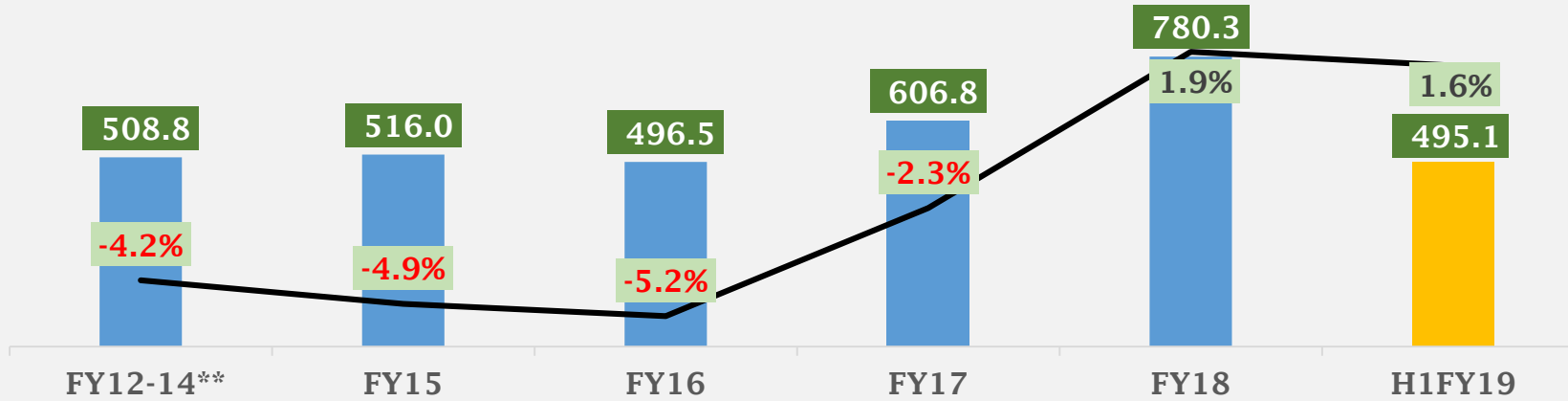
TIL Limited SANY

# READY TO RIDE THE INDUSTRY BOOM



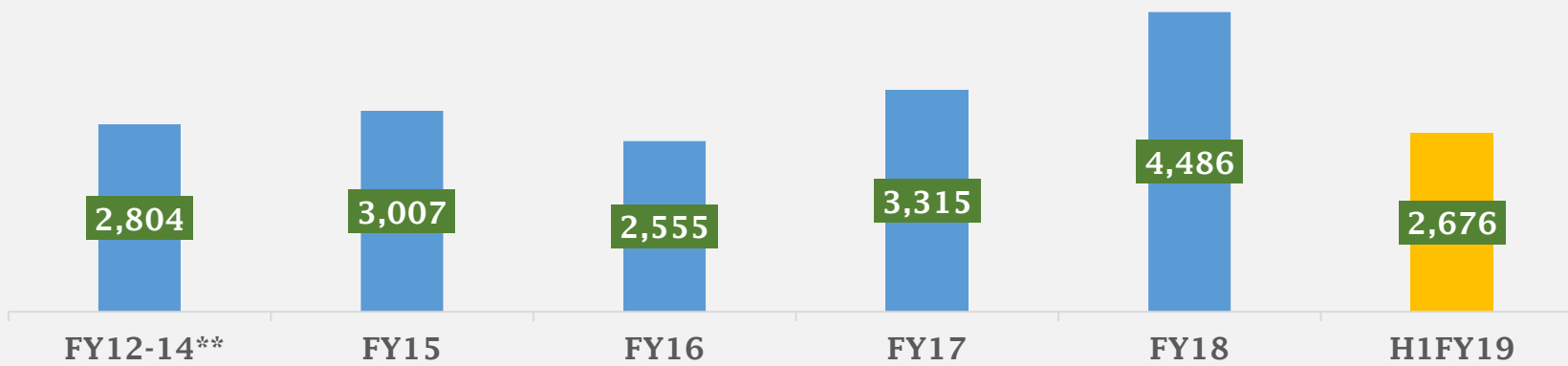
## SEGMENT REVENUE (Rs. Cr.)

## EBIT %



ASPIRATION 2022 To grow business 3x from FY17 base and achieve **High Single Digit EBIT Margin**

## VOLUMES (Nos.)



Strategic Tie ups

Focus on Cost Reduction : Material Cost

Focus on Export reach Enhancement

Channel Financing

Dealership & Outlet reach expansion



# RAILWAY EQUIPMENT DIVISION (RED)





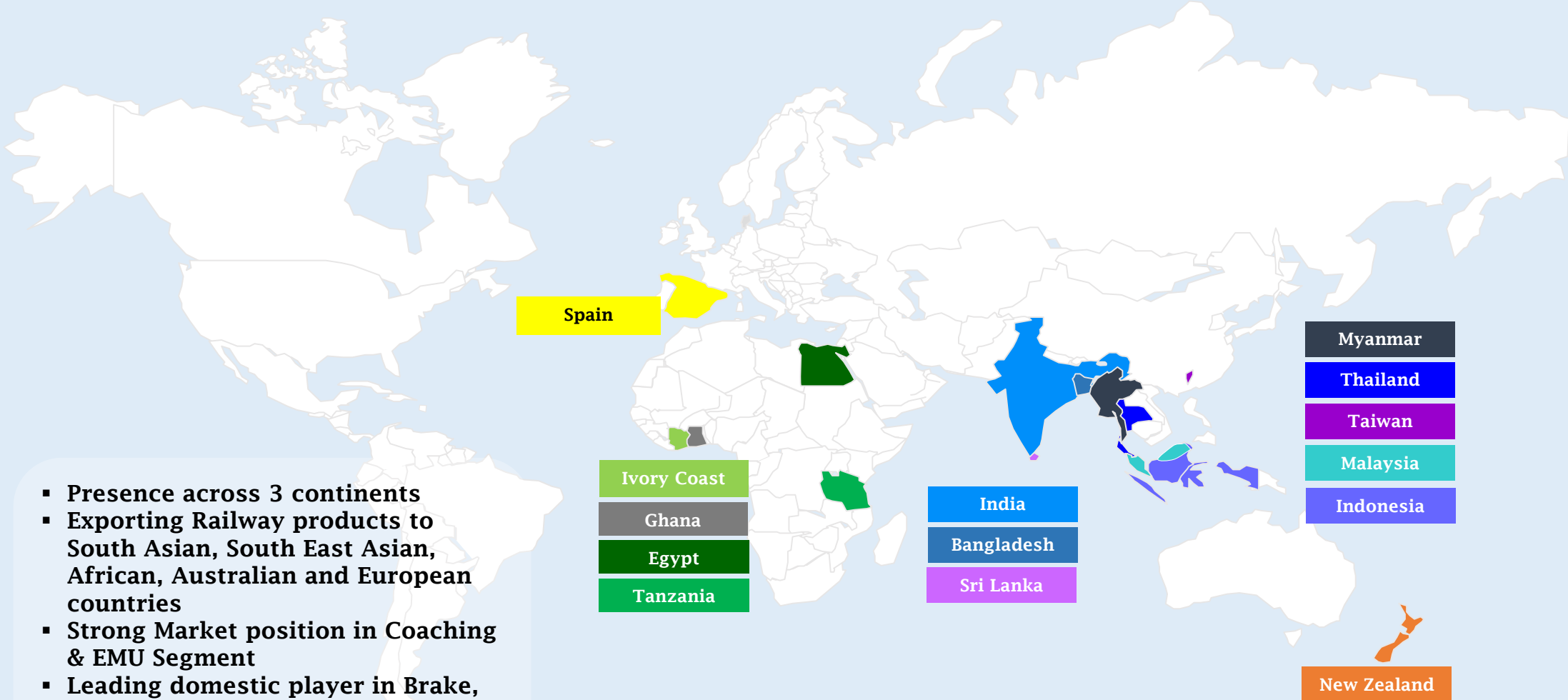
# ESCORTS RAILWAYS: MANUFACTURING SAFETY & COMFORT



To achieve Leadership position in Indian Railways Components Industry in the defined segment

Major Sourcing partner for global Rolling Stock OEMs & Operators

# PROVIDING COST EFFECTIVE SOLUTION TO WORLD RAILWAYS & METROS



- Presence across 3 continents
- Exporting Railway products to South Asian, South East Asian, African, Australian and European countries
- Strong Market position in Coaching & EMU Segment
- Leading domestic player in Brake, Coupler and Suspension Systems

# ON GROWTH TRACK



**YOY EBIT GROWTH  
of more than 25 %  
from FY15**

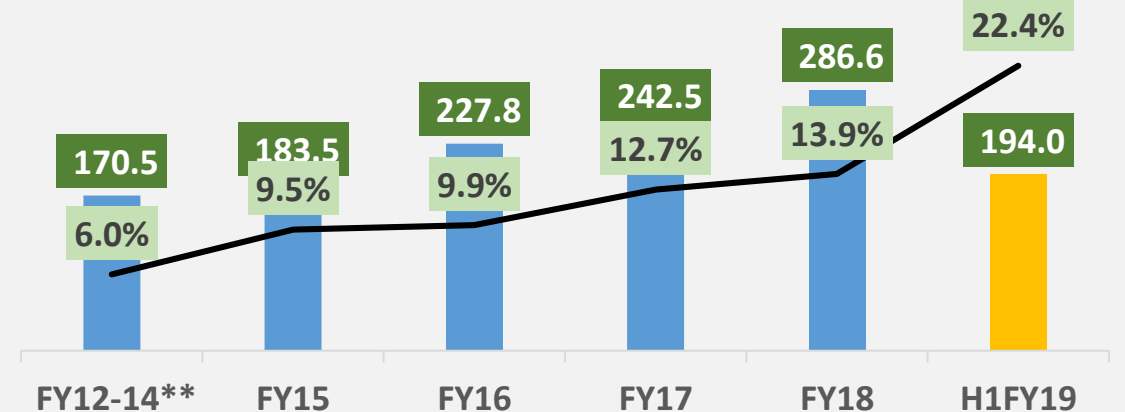
- ✓ Manpower Cost, Productivity Improvements
- ✓ Material Cost improvements
- ✓ New Product Revenue boost
- ✓ Building Strong Inhouse R&D

**CONSISTENT  
ORDER BOOK GROWTH**

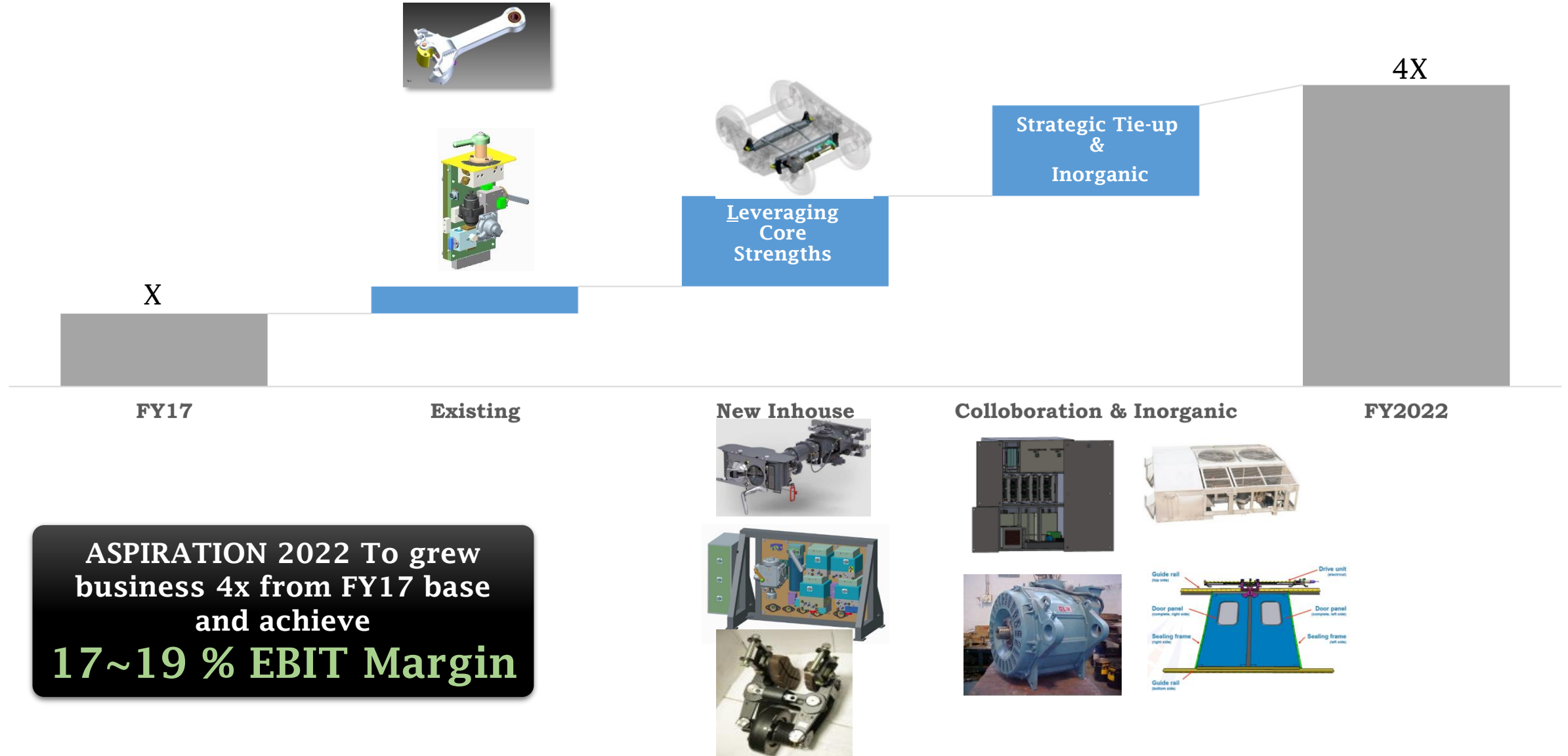
**More Than Rs. 400 Cr. as of  
Sept'18**

**SEGMENT REVENUE (Rs. Cr.)**

**EBIT %**



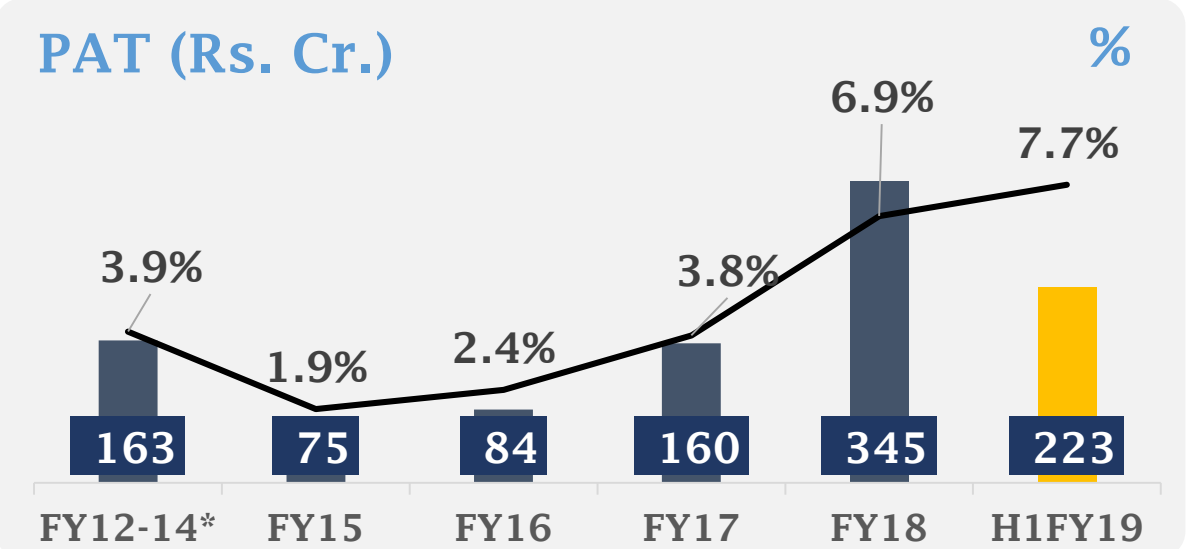
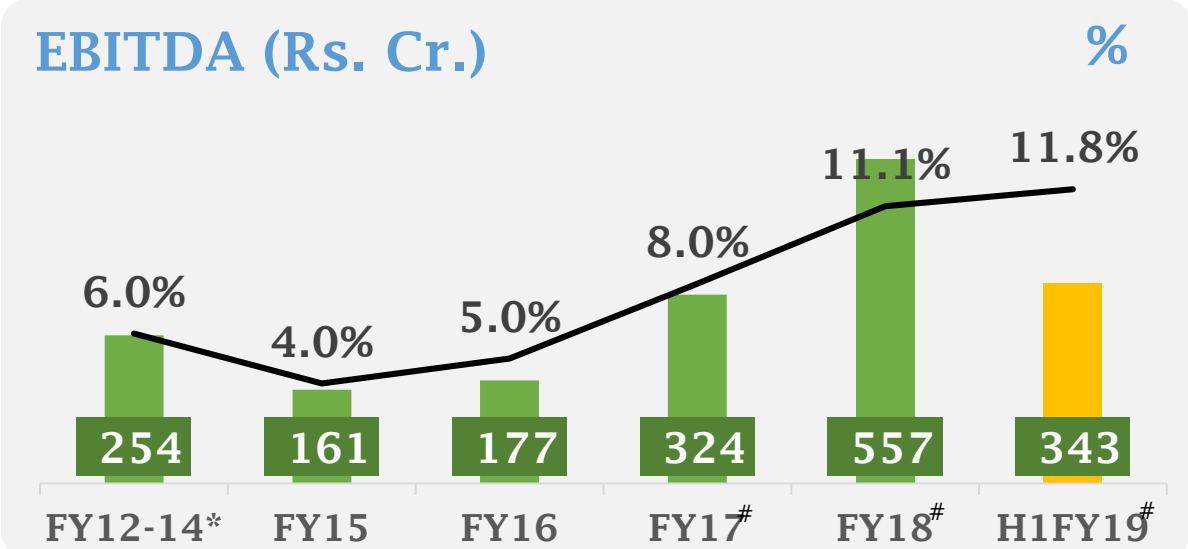
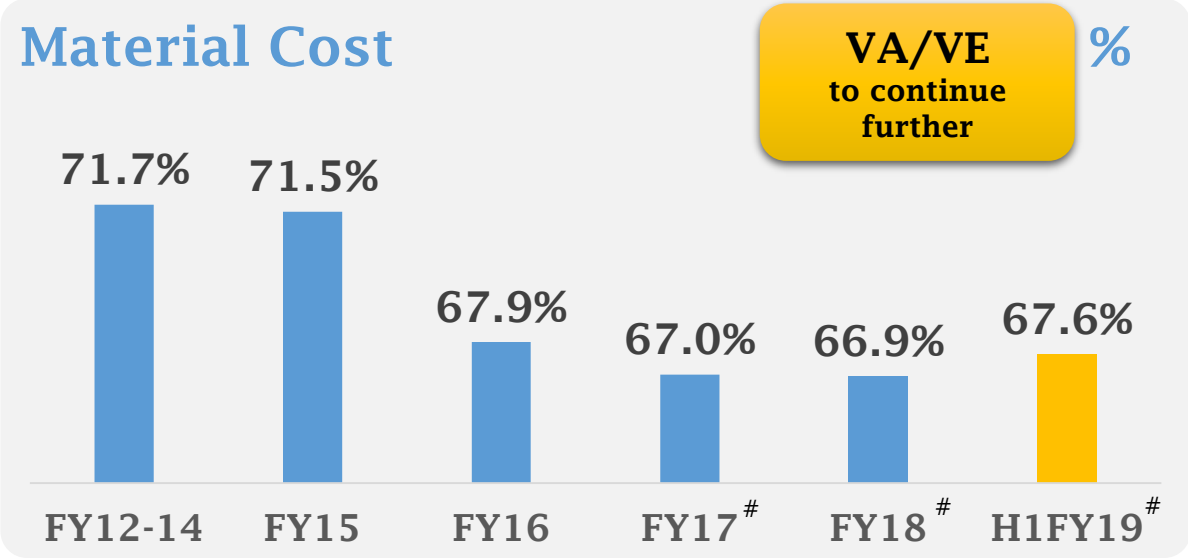
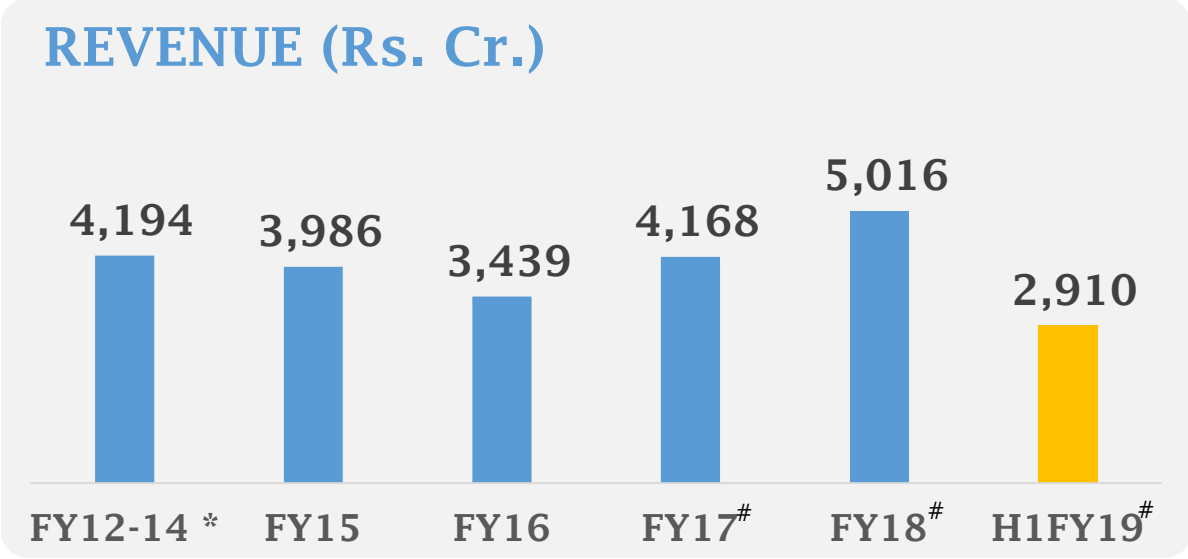
# ASPIRATION 2022



**ASPIRATION 2022 To grow business 4x from FY17 base and achieve 17~19 % EBIT Margin**

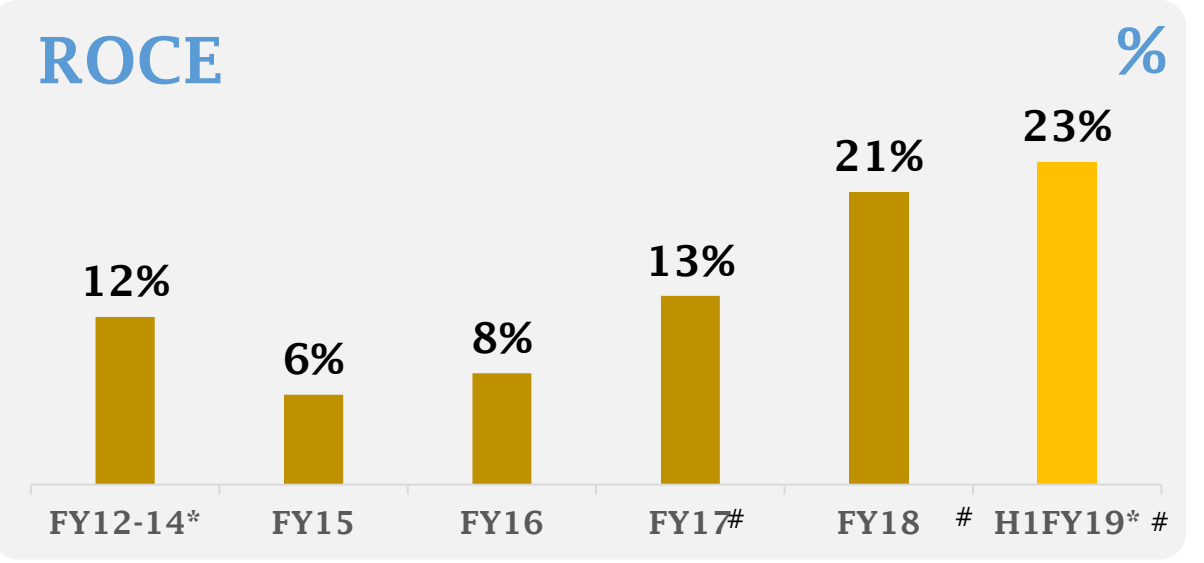
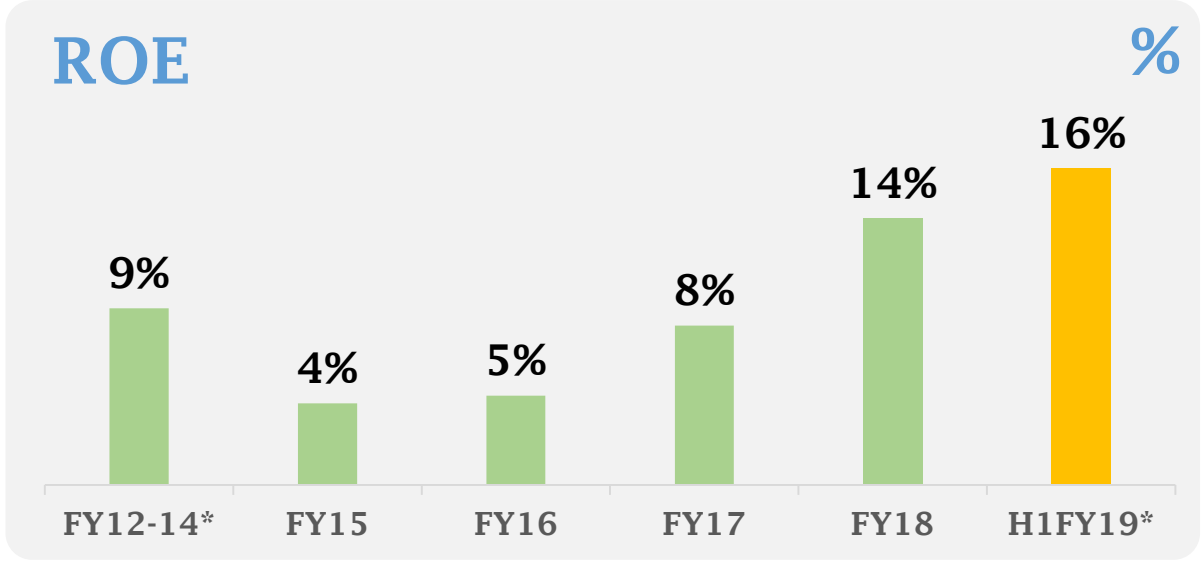
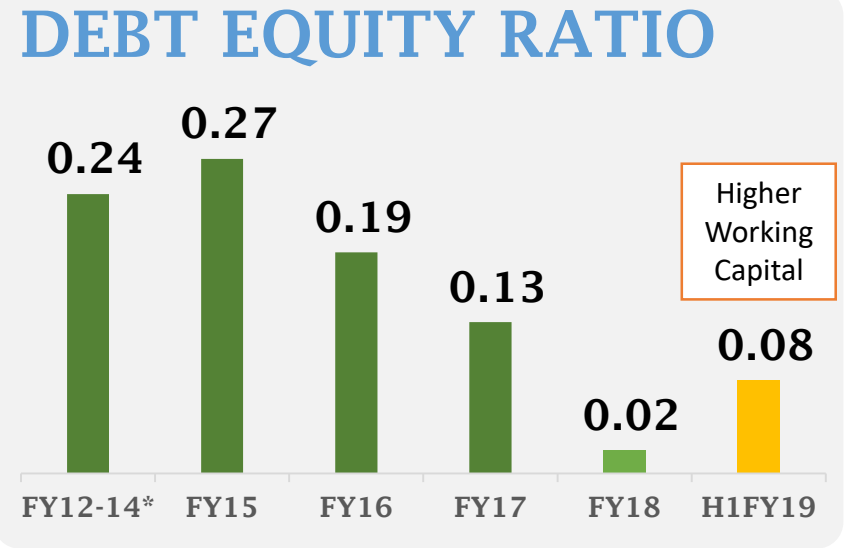
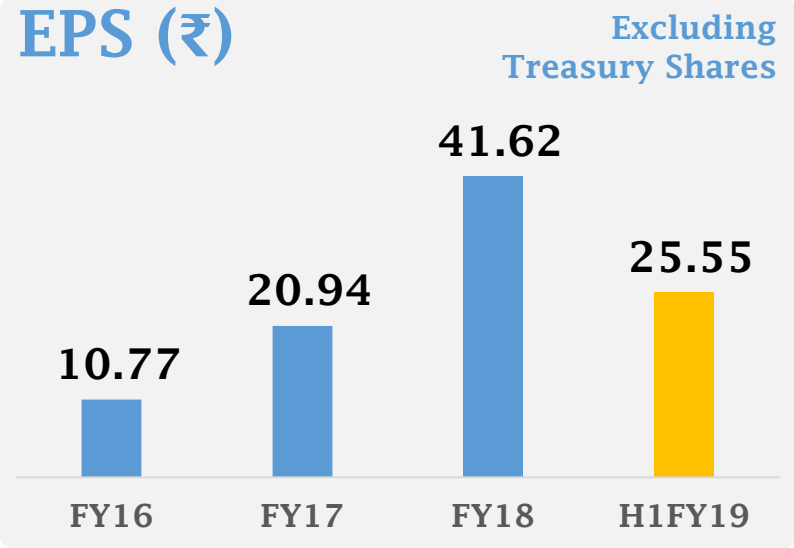
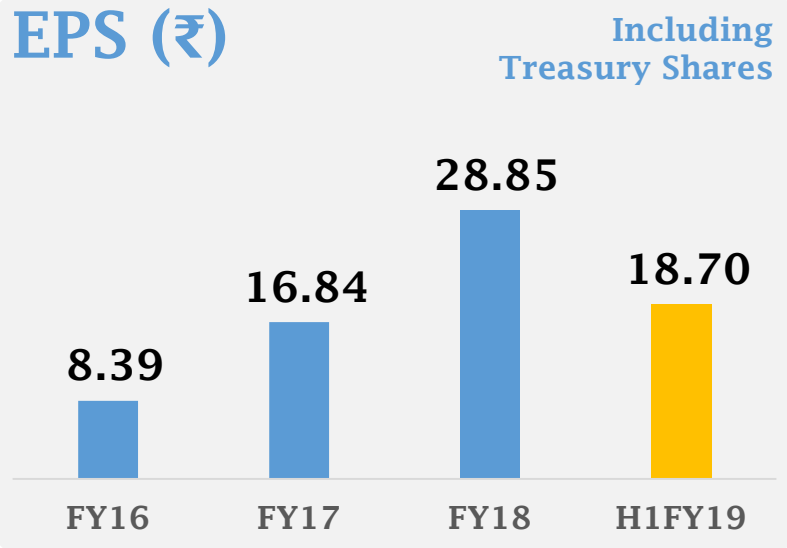
# **GROUP FINANCIALS**

# ↑ KEY FINANCIAL METRICS...



# From Continuing Operations

# ↑ KEY FINANCIAL METRICES...



# ↑ CONSISTENT RATING UPGRADES



Long Term  
Short Term

LBBB-  
A3

LBBB  
A3+

LBBB+  
A2

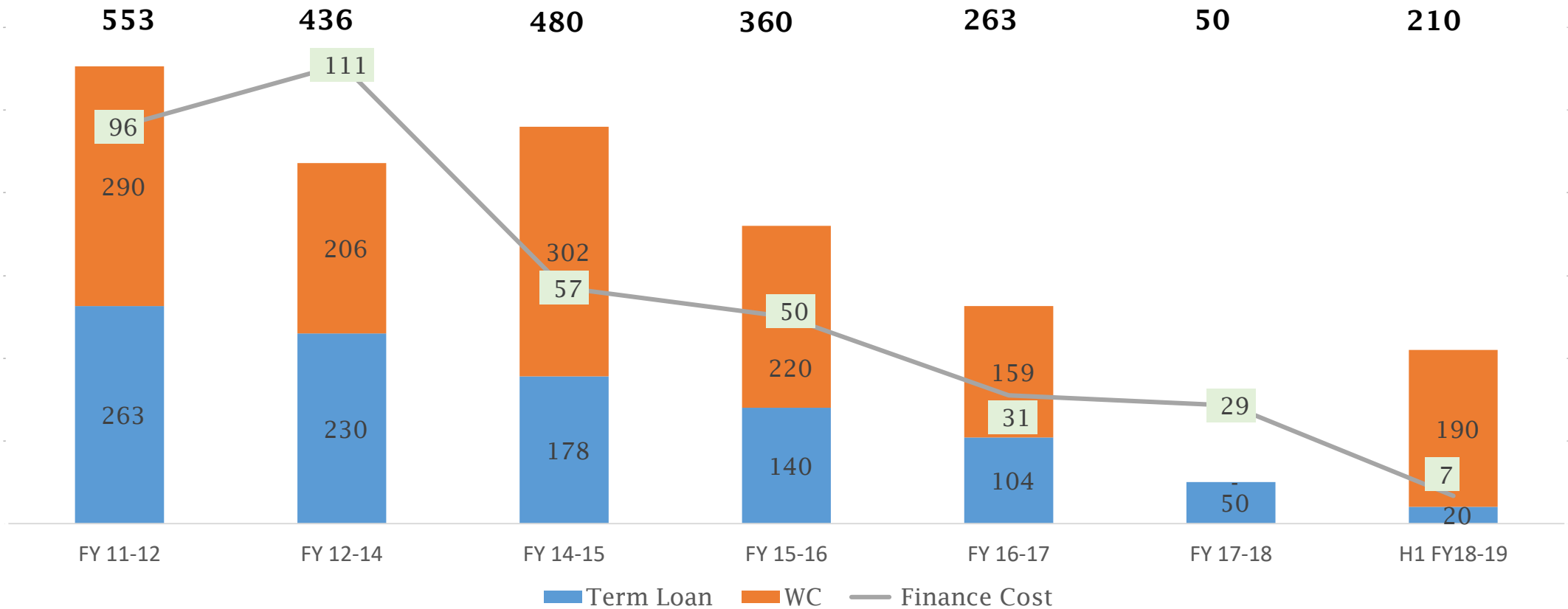
A-  
A1

A  
A1

A+  
A1+

AA-  
A1+

(Rs. Cr.)



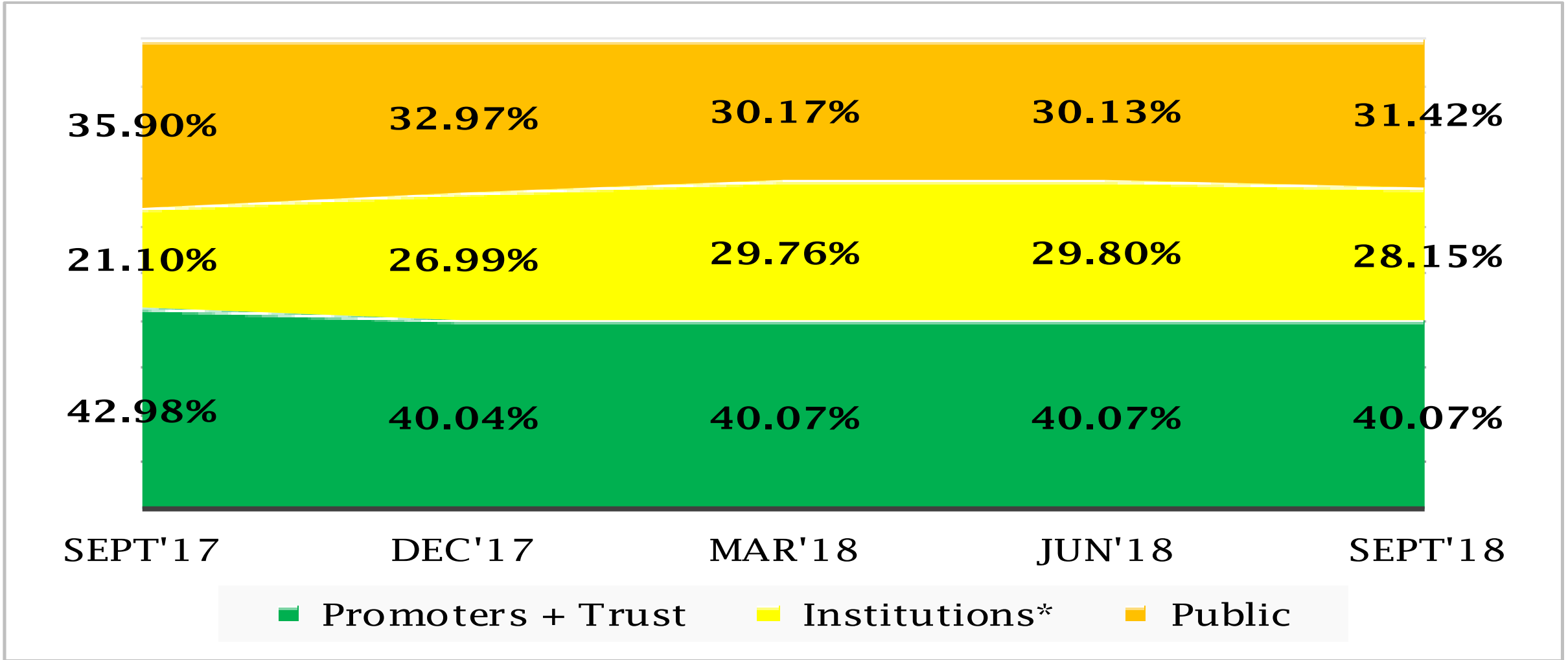
\*Nos. from FY 11-12 to FY 14-15 is as per IGAAP.

\*Finance Cost for FY 12-14 is for 18 months.

External Credit Rating



# ↑ SHAREHOLDING PATTERN



\* FPI/Financial Institutions/ Banks/Insurance Companies

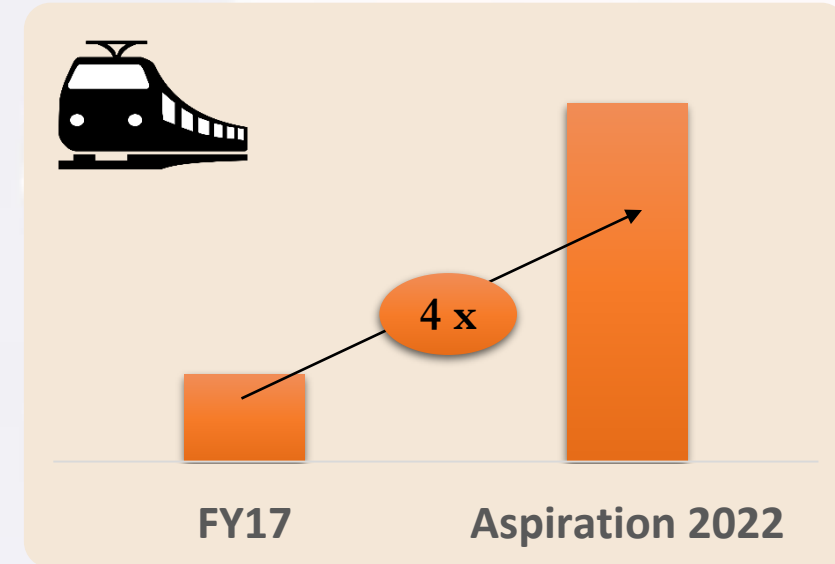
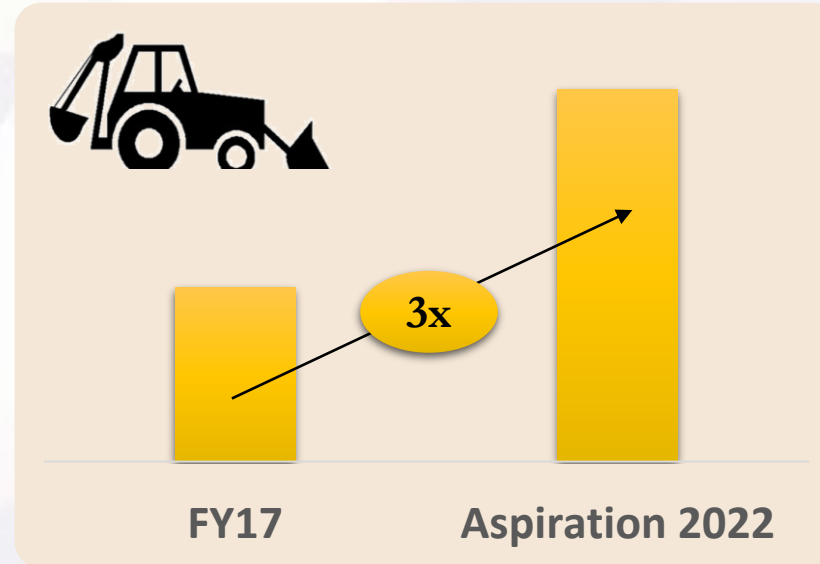
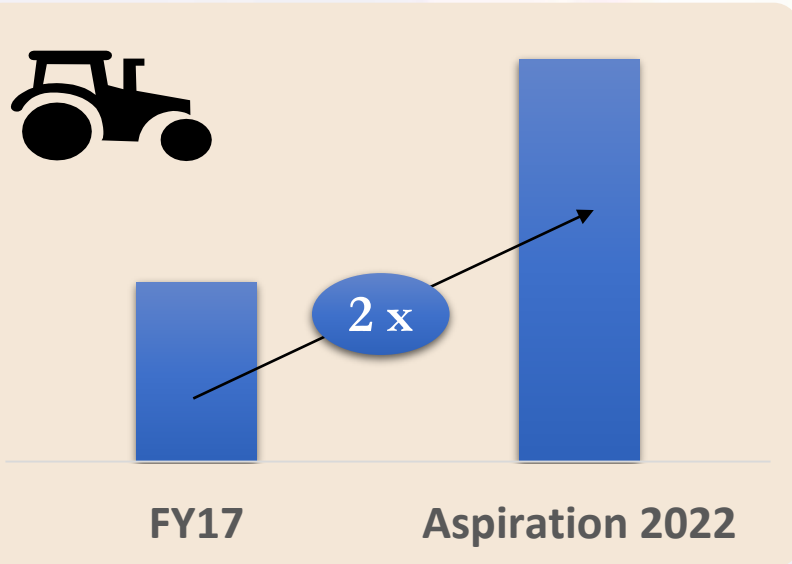
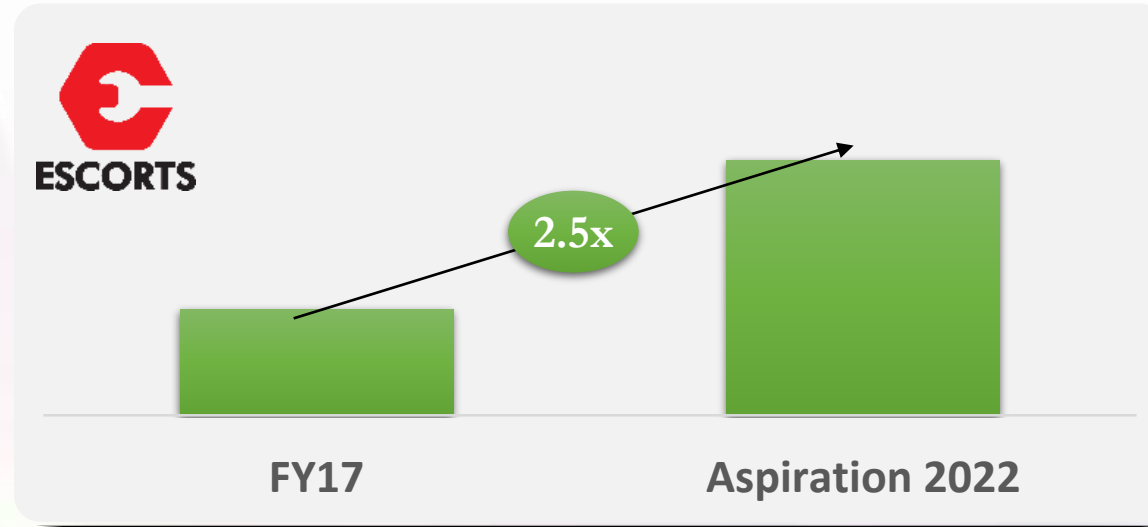
As of quarter ended



**Aspiration**

**By 2022**

# REVENUE (Rs. Cr.)



# ASPIRATION 2022



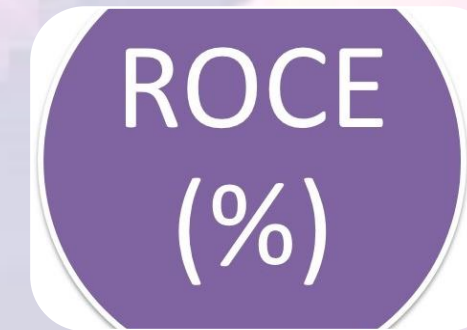
**2.5X Revenue**



**10% Plus**



**Margin 13~14%**



**25% - 30%**

# BOARD OF DIRECTORS...



**Mr. Nikhil Nanda, Chairman & Managing Director**

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



**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.



**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



**Mrs. Vibha Paul Rishi, Independent Director**

- An Alumna 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.



**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



**Mr. Ravi Narian, Independent Director**

- MBA from the Wharton School of the University of Pennsylvania
- 34 years plus of experience in various professional capacities to reputed organisations all over India.
- Adviser at Advent International Corporation and National Stock Exchange of India (NSE) as Non-Executive Vice-Chairman
- He also serves as Vice-Chairman of World Federation of Exchanges.

# MANAGEMENT TEAM



**Mr. Shailendra Agrawal**  
**Group Chief Operating Officer**

➤ 35 years of experience in creating product & technology roadmap and driving business transformation through Business Process Re-engineering



**Mr. Shenu Agarwal**  
**CE, Escorts Agri Machinery Sales & Marketing & Emerging Businesses**

➤ 26 years of experience in domestic and international sales and marketing, R&D and product development, strategy and project management



**Mr. Ajay Mandahr**  
**CE, Escorts Construction Equipment**

➤ 26 years of experience in operations, sales & marketing, new product development



**Mr. Dipankar Ghosh**  
**CE, Railway Equipment Division**

➤ 24 years of experience in product development, manufacturing operations and technology transfers



**Mr. Bharat Madan**  
**Group Chief Financial Officer**

➤ 28 years plus of experience in financial accounting, audit, cash and capital management, forecasting and risk management, tax planning, financial modelling and analysis



**Amanpreet Singh Bhatia**  
**Group Head - Human Resources**

➤ 25 years' experience in organizational transformation, creating performance-driven culture, building leadership pipeline, and managing employee relations



**Mr. Ajay Sharma**  
**Group General Counsel & Company Secretary**

➤ 25 years' experience in Corporate Law, Overseas Acquisition, Legal Due Diligence, Joint Ventures Structuring, with specific focus on International Laws

# ↑ OUR VALUES



**OUR CORE VALUES**  **ESCORTS**

**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**  **ESCORTS**

**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 include forward-looking comments and information concerning the company's plans and projections for the future, including estimates and assumptions with respect to economic, political, technological, weather, market acceptance and other factors that impact our businesses and customers. 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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# Thank You

