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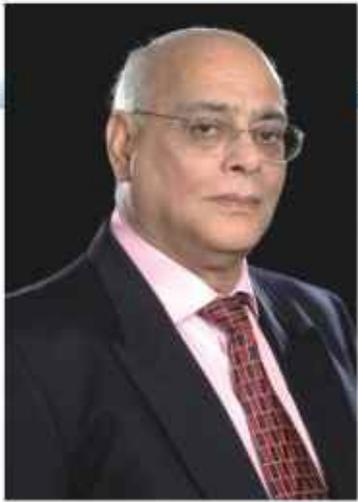
# World *of* ESCORTS

THE ESCORTS GROUP COMMUNIQUE



Sound Engineering  
Customized Solutions  
Progressive Business

# Message from Chairman



The fiscal year 2007-08 which ended on 30th September was marked by an extremely challenging environment, particularly in the second half of the year when the market was impacted by the slowing down of farm credit.

The impulse for loan waivers came, rightly, as a response to

farmer suicides. The Government announced an extraordinary scheme of waiving Rs 60,000 crores in outstanding loans with the nationalised banks. The Government committed itself to underwriting the loan waiver in order not to affect the fiscal soundness of the banks.

Clearly, banks thereafter had to strike a balance in lending to farmers with outstanding loans and benefiting from waivers as against those who were seeking fresh loans on sound principles of credit. The banks were also faced with the prospect of having to accommodate claimants who did not fall within the specified criteria but were now hopeful of a future waiver as also deal with applicants for new loans who believed that they, too, would receive a waiver in the years ahead.

Given these challenges, farm credit flow from banks suffered, particularly the processing of new loans for tractors. Consequently, tractor sales were hit, impacting the entire tractor industry.

On the manufacturing front, significant inflationary pressures kicked in, virtually in tandem with the credit slowdown. Steel, oil and raw materials added up to cascade a 10 to 12 per cent increase in the price of tractors. This is the steepest price hike that manufacturers were forced to make but the impact was inevitable: a slow down in sales.

The compensation of, by and large, good rains was paired with the unusually heavy rains in some parts of the country that resulted in flooding and crop damage. Consequently, the price of basic foods and cereals went up. Unfortunately, even higher prices could not compensate reduced yields and the farmer wasn't left any richer.

These, then, were the extraordinary adversities that we experienced in the past year that ended on September 30th for Escorts.

Escorts itself has been in a rigorous mode of transformation

and correction. We have made focussed efforts in regulating and controlling cost and expenses and improving product technology and quality. To an extent we have been able to neutralise some part of our costs and maintain market share by protecting our customers as much as we could.

All of these elements have resulted in a flat trend in the tractor market, with no growth to show. However, I am pleased to state that Escorts grew its retail market share while registering negative growth in the wholesale market. The variance between the two is a result of a conscious decision by the company to reduce field stocks and drive liquidity by focussing on retail sales.

Reproduced below are some of the indices with the highlights of our year closing 2007-2008 as compared to the previous to fiscal 2006-2007.

You would find that our profits have improved, sales have held ground and expenses have been well managed. The company has reported a small profit and is now a profit making organisation. That said, I must caution that the difficult environment of the past continues to bedevil the first days of the new fiscal year. The ripples of the global economic meltdown are bound to be felt on the Indian economy.

We believe that the effectiveness and sustainability of our transformational endeavours has given us the ability to float above these problems and not get drowned. To a large extent, this is because of the fundamental corrections that have been effected in the company.

Our confidence in our ability to further progress our profitable growth is best manifested in the budget that has been approved by the Board and which projects a decent profit and a decent growth in turnover. This budget has the full ownership of the operating management and has taken full cognizance of all the consequences the country will have to weather as a result of the economic collapse in the western world.

I would like to use this communication to give an assurance to all our stake holders about our preparedness to deal with these difficult times. The company stands on its feet, is rooted to the ground realities and has the wisdom of experience and the vision to take the burden of difficult times on itself and convert this burden into an opportunity for making Escorts an even more profitable company.

Thank you

Rajan Nanda

## News



Gujarat CM Narendra Modi handing over Escorts Tractors to State Municipal Corporation

### Escorts contributes to Gujarat Government's cleanliness drive

Escorts has signed an agreement with the Gujarat Urban Development Corporation (GUDC) for the sale of 448 Powertrac-455 brand of Escorts tractors for their Nirmal Gujarat Yojana, a programme on Solid Waste Management. Escorts delivered the first batch of 150 tractors to GUDC on Sep 5 at a ceremony held in Gandhinagar, Gujarat. The keys were handed over to the State Municipal Corporation by the Gujarat Chief Minister Narendra Modi. Gujarat is the first State in the country to undertake a programme of this grand scale. It has an integrated and holistic thrust to ensure clean land, clean water and clean air to the citizens of the State.

### Escorts signs MoU with Defense Research Development Establishment for developing Bio – Degradable Toilets

Escorts Engineering Division has signed a Memorandum of Understanding (MoU) with Defense Research Development Establishment (DRDE), India for using their technology for development of Bio-degradable toilets with DRDE for Indian Railways. This new system will have the existing toilet mechanism fitted with a Bio-Digester (a tank below the toilet which has different type of Bacteria which degrade the human waste and turns it to liquid which is non polluting and odorless).

Escorts will manufacture the modern age bio-toilet systems to ensure clean tracks and stations. The model would also prevent dumping of the waste on tracks. The bio-toilets would separate the waste into solid and liquid and the liquid can further be re-used for flushing, thus saving on water. The bio-toilet fulfils safety, functionality, aesthetics, and social and environmental affordability.



### Record production of Shock Absorbers at Escorts

The Auto Suspension Division of Escorts has recorded highest production of shock absorbers, in the month of September. The Division has produced 1,85,865 units of shock absorbers and has witnessed 15% increase compared to last year.





## News



### ECEL's presentation on Safety Operations at DMRC finds wide acceptance

Delhi Metro Rail Corporation (DMRC) organized a day long workshop on "Use of Pick and Carry Cranes at DMRC site" on 19th September 2008. This workshop was attended by the safety cell of DMRC, Project Managers of all DMRC sites, associated contractors and Senior Management of DMRC and addressed by manufacturers of Pick-N-Carry Cranes .

ECEL's presentation was acknowledged as the mainstay of the workshop as it addressed many of the issues pertaining to the safe operations of Pick-n-Carry cranes.

### Escorts Railway Equipment Division registers Biggest Sale Ever

As a result of expanding marketing strategy, the Railway Equipment Division of Escorts has witnessed the highest sales ever in the month of September and the whole financial year as well. The total revenue of the division has increased from Rs. 104 Cr. to Rs. 121 Cr. creating an increase of 17% in the financial year 2007-08 compared to the last financial year.

### Significant orders boost the OE sale for ASPD

Tata Motors and Swaraj Mazda to buy 50% of their Shock Absorber stock from Escorts Auto Suspension Products Division. Escorts Ltd. will be supplying the complete set of Shock Absorbers to Tata Motor's ACE plant. This requirement will be met from our upcoming facility at Rudrapur, Uttranchal. This new business's estimated value is Rs. 7 Cr per annum. Escorts will start supplying to the ACE plant from February/March 2009 onwards.

### Escorts first Indian tractor company to export highest number of tractors

Escorts has supplied 700 tractors in a single order to Burkinafaso. This is the highest number of tractors from India by any exporter till date. The tractors will be delivered in Burkinafaso by the Government of Burkinafaso.



### Goa has new ECEL dealership

Escorts Construction Equipment Ltd., the subsidiary of Escorts Group has appointed a new dealership for state of Goa . M/s Muneer Enterprises commenced its Goa operations in September 2008.

## New Appointment



**Mr. Rajiv Sharma – Head R&D, Auto Suspension Products (ASP)**

Mr. Rajiv Sharma has joined the Engineering Division of Escorts Ltd. as Head Engineering in the ASP Division. He has over 24 years of experience in Production Engineering, R&D, Production Planning&Control, Vendor Development areas of business.

He has worked with reputed companies including DCM Toyota, Escorts Herion Ltd, and Escorts Ltd earlier. He joins us from Endurance Systems (I) Pvt. Ltd., Maharashtra where he was General Manager – R&D.

As Head Engineering ASP, he will focus on new product development for after markets and OEMs in India and abroad, Value Added Value Engineering initiatives, and revamp of vendor processes.

## Excellence Always

### Driving high-performance culture



It's about linking employees, customers and business performance. High performance and customer experience will be determined by motivated and competent people at Escorts. This in turn will lead to quality people operating at the edge of their potential, superior customer experience, and ability to differentiate from competition.

Today more than ever before, alignment of an individual's performance to the organisation's strategic goal has become

imperative. There is no industry where one can attain success without alignment and clarity of goals and expectations. Escorts, too, is revamping its Performance Management System (PMS) to connect business goals between the organization and its

employees. Performance Management is being used not only to measure individual performance, but also to measure benchmark strength, the potential human capital, and the performance of segments within the company.

As part of the PMS initiative, Key Result Area (KRA) and Key Performance Indicator (KPI) residential workshops to help build KRAs for 2008-09 were recently conducted across businesses. The purpose of these workshops were to



KRA session with senior leadership team at Corporate

consolidate organizational and functional priorities and to convert these priorities into SMART (Specific, Measurable, Achievable, Relevant and Time Bound) and Balanced goals for each one at Escorts. The residential workshops were conducted with the senior leadership who later cascaded it to the next level in facilitated functional level workshops and, thereafter, further deployed among teams. Each of these workshops focused on openness to dialogue and the availability of information on internal metrics and external benchmarks, market & competitors.

The PMS initiative has been revisited to communicate business goals, share information, focus on thrust areas, and foster learning & development among Escorts employees. To manage constant pressure to achieve performance targets this system will link activities with vision and strategy. As KPI and KRA are quantifiable metrics, our targets like enhancing customer service, reducing leading time, improving delivery schedules, cost reduction etc. will be measured, monitored and improved for achieving our long-term goals.



AMG Senior Leadership at Residential PMS Workshop



# Marketing in it's



In today's rapidly changing environment, creating value for customers and markets is crucial. Escorts is swerving away from traditional marketing techniques to focus on bringing about visible

change to its customers. **We are no longer providers of solution, we are anticipators of our customers' needs.** Our customers are our number one priority. We aim to bring customers to us rather than waiting for them to come to us.

## Changing Paradigms

At the Escorts Agri Machinery Group (AMG), where the domestic tractor industry heavily depends on financing by banks and financial institutions, the **Refocusing Retail strategy** has turned tables. To get around the problem of retail finance slow down, Escorts focused on specific geographies of



the Public Sector Unit domain for maximising retails in this sector, while concurrently looking at ramping up retails through the Non-Banking Financial Companies (NBFC)/ Private bank route through specific joint tie-ups and marketing programmes. This flanked by the leveraging of the Land

Development Banks and Cooperatives ensured that we bucked the industry trend and registered a handsome growth in retails.

## Intelligent decision making

The key challenge in the tractor industry is to monitor, measure and continuously enhance levels of productivity of the front line salesmen and dealers – especially in light of the large number of imponderables and the logistical complexity of the market. The first initiative was to enhance their levels of engagement and motivation. AMG effectively leveraged **mobile technology and email** here in reaching them their targets and incentive schemes on the first of every month. Another key initiative has been in the area of process, skill and knowledge



enhancement of dealer salesmen and dealers. This initiative spanning over nearly 4000 people (dealer salesmen and dealers) was done in collaboration



with National Institute of Sales. Care was taken to ensure that the **WIFIM (what is in it for me)** emerged very clearly to ensure a "buy in" by the dealers and dealer salesmen. Escorts AMG concurrently developed a detailed **Dealer Salesman Ready Reckoner** to focus on the strengths of the product. A **Salesman Kit Bag** containing FAB (Features, Advantage and Benefit) booklet, Formats Leaflets & Handbills, and Retail Finance is provided to each salesman to enhance their sales efficiency.

## broadest sense

### Market-oriented & customer-focused moves

Launch of new products, cost-saving initiatives, model production lines and customer-focused workshops are some of the recent developments at Escorts. To venture into new market the Auto Suspension Products Division (ASPD) of Escorts Ltd. has launched the **4-wheeler SUV shockers** in the replacement market, for new era passenger SUV/MPV, cars and commercial vehicles.

Another focus area of ASPD is the **Value Analysis Value Engineering (VA/VE)** aiming to target 2% of the total sale of the business. This initiative will enhance the performance of the products and reduce the actual cost involved by opting for alternate design, process and material. The objective is to improve our bottom line raw material cost and give our customers value-added products.

With increasing market and demands, Escorts ASP has revamped its production line. By timely removing the non-moving inventory and using its latest and **modern Model Production Line**, ASPD is putting the best standard products in the market in the shortest time possible.

The Railway Equipment Division (RED) under the Engineering Division is focusing on doubling its business volume in the next 3 years by expanding its market base, adopting new technologies, and adding new products. Escorts is planning to invest nearly Rs 50 Cr. to enable this. Recently, D R D E to manufacture Bio-Degradable toilets for the Indian Railways, a Green initiative



ED & CEO of ECEL, Mr. Kamal Bali addressing customers during the Dabi Workshop inauguration

to ensure both tracks & stations will be cleaner and more environment friendly. This initiative will be activated in January 2009. RED is also expanding its new facility at Rudrapur to augment manufacturing processes.

In order to enhance and achieve a high level of customer satisfaction, for our esteemed customer M/s Drillcon ( Raj ) Private Limited, Escorts Construction Equipment Ltd. (ECEL) at Udaipur augmented its service support infrastructure by adding a completely **novel workshop at Dabi** in Bundi, Rajasthan. This is in addition to such facility existing at Jaipur, Udaipur and Salawatia . Dabi & Salawati cater to a population base of more than 400 machines mainly Pick-n-Carry Cranes and Forklifts. The new facility was inaugurated by Mr. Kamal Bali, ED & CEO ECEL in August. The sprawling campus of Dabi facility spans 70,000 sq.ft with covered area of 18,000 sq.ft and would cater largely to the mining areas of Parana , Budhpur , Dabi and Ramganjmandi.

### Our valued customer



Mr. Bikhubha H. Vadher

The Largest fleet owner of Escorts Cranes in Gujarat, M/s Swaminarayan Infrastructure Pvt Limited (SIPL), the Jamnagar based company is a proud owner of 70 Escorts Hydra Cranes

bought in the last one and half years. With a ever growing fleet size of over 70 cranes (total fleet size of equipment – over 300 equipment), SIPL stands tall on its achievement. From a very humble beginning 25 years ago, the company has gained wide experience in Material handling and Construction activity and has become a force to reckon within Gujarat. Not only has SIPL continued patronizing Escorts Cranes but is also one of the satisfied customer of Escorts Soil Vibratory roller EC 5250. SIPL's development into the force which it is today has been the untiring and visionary zeal of its Proprietor and Director Mr. Bikhubha.H.Vadher and now is being taken forward by his sons. We, at Escorts, salute his enterprising spirit, and thank him for supporting us.





# Marketing in it's broadest sense

## Customized solutions



First of its kind in ECE Industry, ECEL has launched a Rescue Vehicle for the hilly terrain and other difficult situations. With sole purpose of saving precious lives of accident victims, the Hill Recovery Vehicle

has features which would make it a sure life saver. It is a high speed, 4-wheel drive vehicle which has four outriggers for stability during rescue operations. With adequate lifting capacity and with reach up to 300 mtrs, this vehicle comes with complete rescue kit including stretchers, life jackets, safety belts, walkie-talkie and hooters.

## New technologies pave the future

Escorts' belief that technology is the key driver to the business shows yet again in its step taken in the forklift trucks business. Since 1995, when the company introduced the entire range of forklifts from Doosan Infracore (then Daewoo), ECEL established itself as the top player in the Imported forklifts business in India. To bring the right & contemporary technology ECEL introduced the LPG forklift trucks in 1998. It enjoys more than 85% market share in this category.

As a next step towards achieving a total market leadership in the country, ECEL has now joined hands with M/s Anhui Heli of China, the fastest growing forklifts manufacturers in the world to manufacture 2-3T diesel forklifts in India through a technical collaboration agreement. Heli forklifts are known for superior technology and product performance which has enabled them to export to all over the world, especially to the matured market of US and Europe. ECEL will roll out locally manufactured forklift trucks in October this year, from its state-of-the-art



plant at Ballabgarh. With the twin offerings of Escorts Doosan (imported machines on trading basis) and Escorts Heli forklift trucks (indigenously manufactured)-aims at covering the total market with distinct segmentation.

In line with the concept of Tri-Offering (Product, Service & Spares) to our customers Escorts AMG has embarked upon providing technologically upgraded workshop facilities with high level Quality service, setting a bench mark in the industry. In these automated workshops, tractors are serviced in a more sophisticated manner ensuring minimum down-time resulting in higher bay-productivity and lesser customer waiting period in the workshops. With a keen interest expressed by both dealers and customers alike AMG has been able to set-up 48 such workshops across the country. This will be instrumental in achieving higher customer satisfaction and will ensure higher sales growth in future.



Introducing high end products in shock absorber and front fork market, ASPD is looking at technological tie-ups with European companies having the same range of products. We are looking at arrangements where we can identify high-end customers for benefitting from our high-technology and competitive manufacturing cost. The objective is to introduce products good in design at a low cost for approaching Indian OEM, specially two wheelers.

## Our Global Edge

In the global market, Escorts tractors are known for its quality, fuel efficiency, consistent performance both in agri and non-agri applications and durability. With appropriate technology we focus on agriculture markets of developing nations through government added schemes. Escorts ASP division too has added two new customers in Europe in the last quarter for providing Fronts Forks and Shock Absorbers.

Customers are always at the forefront of all Escorts initiatives. We are constantly reinventing to meet our customer needs by adopting latest technologies, managing market fluctuations, expanding our product portfolio and exploring new business opportunities.

## Showcasing Escorts

FARMTRAC DISPLAY AT BEDNARE FAIR, POLAND



ESCORTS AUTO SUSPENSION PRODUCTS DISPLAY AT THE 20th AUTOMECHANIKA, FRANKFURT - THE LEADING INTERNATIONAL TRADE FAIR FOR THE AUTOMOTIVE INDUSTRY



ESCORTS ASP TEAM AT THE 62nd IAA COMMERCIAL VEHICLES EXHIBITION, HANNOVER



ESCORTS TRACTORS DISPLAY AT THE DAMASCUS INTERNATIONAL FAIR, SYRIA



# Visits

SINGAPORE TECHNOLOGY KINETICS GROUP CEO MR. TAN PHENG HOCK AND HIS TEAM VISIT ESCORTS PLANTS



AFRICAN DELEGATES GET AN IN-DEPTH VIEW OF ESCORTS TRACTOR PLANTS



दाँते दाँते से बनता है देश

देश की जान, भारत की शान, तुझे सबलाम.

जाय किसान!

देश की उन्नति और प्रगति की नींव रखता है उसका किसान. अपनी सच्ची निष्ठा और मेहनत से बंजर जमीन से भी अन्न उपजा कर भारत को एक सम्पन्न और समृद्ध राष्ट्र बनाता है किसान.

एस्कॉर्ट्स किसान के इस जड़ों को कटता है शत शत प्रणाम.



**POWERTRAC**



**ESCORTS**



**FARMTRAC**



**ESCORTS**

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We at Escorts are eagerly looking forward to your valuable inputs.

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