



Escorts Ltd.

BSE: 500495 | NSE: ESCORTS

Q1FY17 Earning Presentation

July 28, 2016



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Q ended June'16 Highlights



Volume	<ul style="list-style-type: none">• Tractor volumes correspondingly up by 10% to 16,362 on Y-o-Y and sequentially up by 38.4% on Q-o-Q.• Construction volume correspondingly up by 45.5% to 739 on Y-o-Y and sequentially flat on Q-o-Q.
Revenue	At ₹ 1,051.4 Cr Correspondingly up by 9.4% on Y-o-Y led by industry growth.
EBIDTA	<ul style="list-style-type: none">• At ₹ 87.8 Cr., correspondingly up by 52.4% on Y-o-Y led cost reduction.• Margin at 8.4%, correspondingly up by 236 bps on Y-o-Y.
PAT	At ₹ 47.0 Cr. up correspondingly by ₹ 11.8 Cr. on Y-o-Y.
Debt	At ₹ 184 Cr.

Management Message



Rajan Nanda, Chairman and Managing Director

The last quarter has shown a welcome upward trend in market demand. Sustaining it by the government taking advantage of a good monsoon would be important for the revival of the overall farm sector. The government has to provide a big impetus to farm mechanization, crop insurance and agriculture infrastructure. The construction industry too is showing signs of improvement and railways are on a healthy track. I am confident that if the economy continues to strengthen across sectors, our investments in better product mix, increased coverage, enhanced efficiencies and product innovation will deliver even better results.



Nikhil Nanda, Managing Director

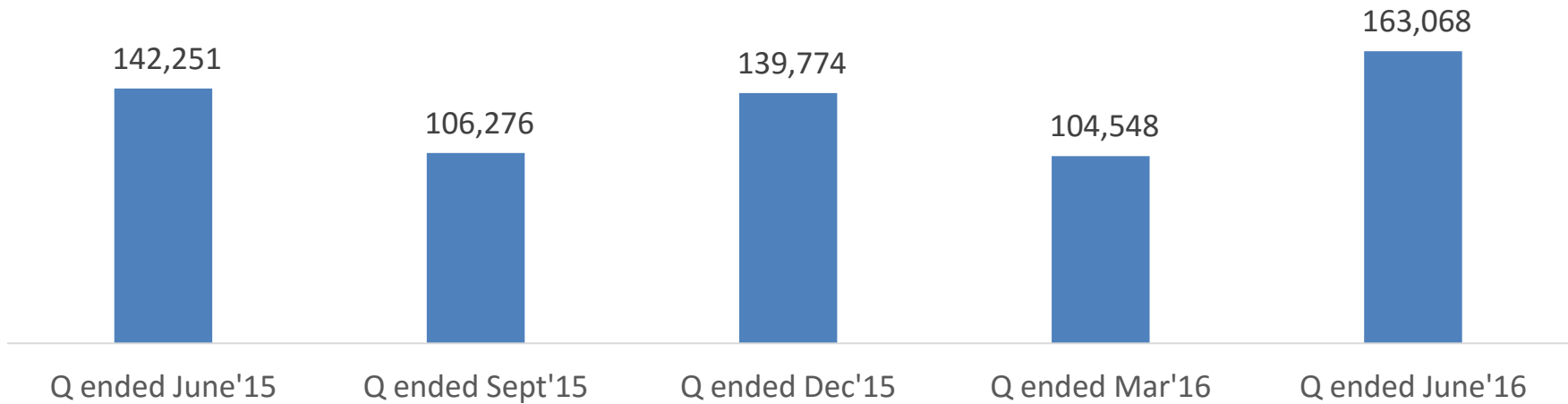
The Escorts strategy of superior products, strengthened marketing and brand initiatives, focus on cost efficiencies and focus on customer relationships has resulted in not only improvement in our core markets but also greater share in newer markets where we had fledgling presence. The introduction of best-in-class products in all segments is showing results and acquiring new customers. Given the cost compression strategies implemented in the recent past, an upturn in revenue gives a boost to our profitability. We will continue to focus on products that are superior and service that exceeds expectations.



Tractor Industry Overview



Domestic Tractor Industry

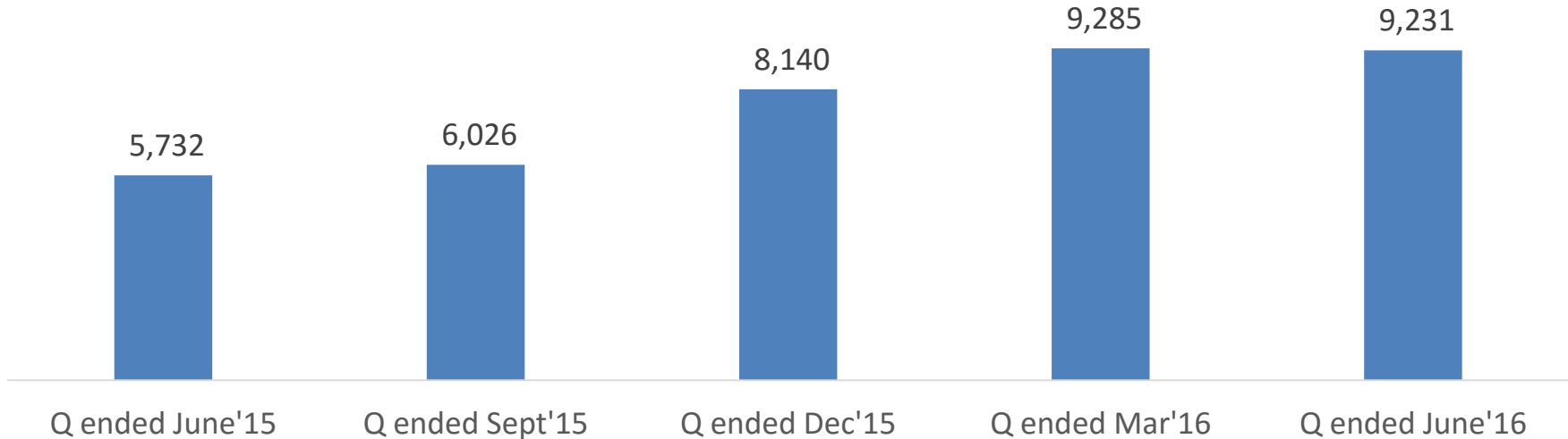


- **Quarterly:** Y-o-Y Industry up by 14.6%, Q-o-Q Industry up by 56%.
- Normal monsoon predicted this year.
- On full year basis industry is expected to grow by 12-15%.
- The long term growth fundamentals of industry are strong with lowering of the replacement cycle, but the pace of the central & state Government's policy roll out would govern the short term industry performance.

Construction Industry Overview



Construction Served Industry



- The construction equipment industry has recorded tremendous growth of 58% in Q1 FY'17 w.r.t Q1 FY'16
- All Equipment segments like Earth Moving, Material handling, Road Construction, Concreting & Quarry have seen a positive movement. Backhoe Loaders, Crawler Excavators, Cranes & Compactors leading the race.
- Served industry (Backhoe Loaders, PnC and Compactors) went up by 61% in Q1 FY17 wrt to LY.
- BHL have been the biggest gainer in Q1 FY17 with growth of 67% followed by compactor and PNC in Q1 FY17.



Business Segment Highlights

Q1FY17



Escorts Agri Machinery (EAM)



81.5% of Q1 FY17 Revenue

- Y-o-Y Domestic tractor volumes up 11.3% to 16,190 tractors in Q1.
- Q-o-Q Domestic volumes up by 38.4%
- Export volumes at 173 in Q1FY17.
- Domestic Share of Market at 9.9% in Q1 FY17.
- Channel stock correction of 1500 tractors.
- EBIT Margins at 11.3% against 9.2% Y-o-Y.

Escorts Construction Equipment (ECE)



11.5% of Q1 FY17 Revenue

- Volume at 739 in Q1 FY17 up by 45.5% against 508 Y-o-Y and flat against 737 on Q-o-Q basis.
- Served industry up by 61% in Q1 FY17 in Y-o-Y.
- Backhoe loader industry volume up by 67%
- Compactors industry volumes up by 42%
- PNC up by 37%
- EBIT margin at negative 6.4%.

Escorts Railway Products (ERP)



5.2% of Q1 FY17 Revenue

- Y-o-Y revenue up by 11.9% to ₹ 54.5 Cr. in Q1.
- Order book stood at ₹ 100Cr. which will get executed in the next 7-8 months.
- EBIT Margins at 17.3% against 12.7% Y-o-Y.

Escorts Auto Products (EAP)



1.8% of Q1 FY17 Revenue

- Revenue at ₹ 20.1 Cr. in Q1 FY17 against ₹ 28.5 Cr. last year
- We are looking for a strategic partner for the business.
- EBIT margin improved by 150 bps at negative 13.1% in Q1 FY17 against 14.6% in last year same quarter.



Fact Sheet



Headquarters
Initial public offering

Faridabad, Haryana, India
1991 (BSE and NSE(India))

FY16 Earnings

Revenue

INR 3,472.2 Crore (USD 526.1 mn)

Net Profit

INR 89.3 Crore (USD 13.5 mn)

EPS

INR 7.49

Q1FY17 Earnings

Revenue

INR 1,051.4 Crore (USD 159.3 mn)

Net Profit

INR 47.0 Crore (USD 7.12 mn)

EPS

INR 3.94

Book Value Per Share

INR 152.7

1 USD = 66 INR

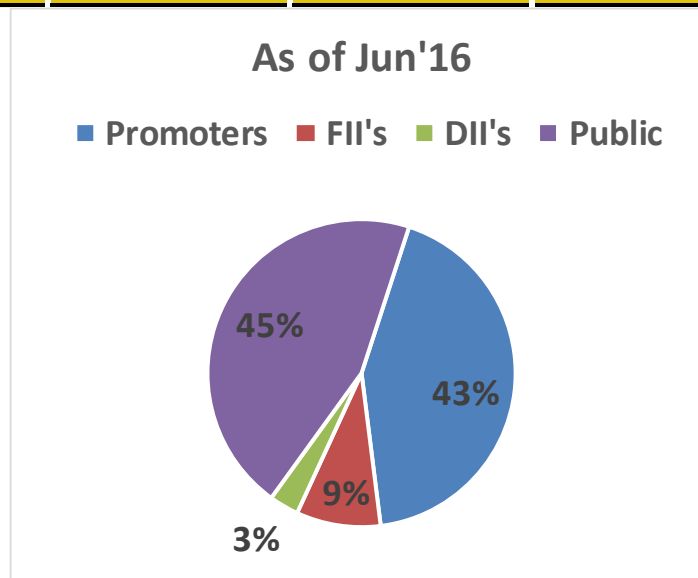
*FY16 Earnings is as per IGAAP



Share Holding Pattern



Share holding Trend					
Share Holders (%)	Jun'15	Sept'15	Dec'15	Mar'16	Jun'16
Promoters	43.01	43.01	43.01	43.01	43.01
FII's	7.58	8.33	8.47	8.28	8.86
DII's	1.63	3.39	3.75	3.54	3.10
Public	47.78	45.27	44.77	45.17	45.03
Total	100.00	100.00	100.00	100.00	100.00



Annexure

Quarter ended June'16 results



Statement of Standalone Unaudited Financial Results For The Quarter Ended June 30, 2016

Sl. No.	Particulars	Rs. In Lakhs	
		Standalone Results	
		3 Months ended	Corresponding 3 Months ended
		June 30, 2016	June 30, 2015
		Unaudited	Unaudited
1	Income from Operations		
	(a) Income from Operations	104,735.28	95,693.01
	(b) Other Operating Income	406.46	451.66
	Total Income from Operations	105,141.74	96,144.67
2	Expenses		
	(a) Cost of Materials Consumed	61,281.74	58,981.85
	(b) Purchases of Stock-in-Trade	6,489.71	5,974.50
	(c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3,618.88	2,682.46
	(d) Employee Benefits Expense	11,384.46	10,832.30
	(e) Depreciation & Amortisation Expense	1,450.16	1,612.90
	(f) Other Expenses	13,589.96	11,914.90
	Total Expenses	97,814.91	91,998.91
3	Profit / (Loss) from Operations before Other Income, Finance Costs and Exceptional Items (1-2)	7,326.83	4,145.76
4	Other Income	1,042.56	1,179.13
5	Profit / (Loss) from Ordinary Activities before Finance Costs and Exceptional Items (3+4)	8,369.39	5,324.89
6	Finance Costs	1,118.85	1,582.75
7	Profit / (Loss) from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)	7,250.54	3,742.14
8	Exceptional Items	629.94	-
9	Profit / (Loss) from Ordinary Activities before Tax (7-8)	6,620.60	3,742.14



Annexure

Quarter ended June'16 results



10	Tax Expense	1,924.77	223.95
11	Net Profit / (Loss) from ordinary activities after Tax (9-10)	4,695.83	3,518.19
12	Extraordinary Items (net of tax expense)	0.00	0.00
13	Net Profit / (Loss) for the period (11-12)	4,695.83	3,518.19
14	Other Comprehensive Income (net of tax)	4.19	(0.51)
15	Total Comprehensive Income	4,700.02	3,517.68
16	Paid-up equity share capital (Face Value Rs. 10/- each)	12,257.69	12,257.69
	Less: Amount recoverable from Escorts Employees Benefit & Welfare Trust	318.56	329.36
	Paid-up equity share capital (Face Value Rs. 10/- each)	11,939.13	11,928.33
17.i	Earnings Per Share (before extraordinary items) of Rs. 10 each (not annualised):		
	(a) Basic (Rs.)	3.94	2.95
	(b) Diluted (Rs.)	3.94	2.95
17.ii	Earnings Per Share (after extraordinary items) of Rs. 10 each (not annualised):		
	(a) Basic (Rs.)	3.94	2.95
	(b) Diluted (Rs.)	3.94	2.95

For ESCORTS LIMITED

Place : Faridabad
Date : 28/07/2016

(RAJAN NANDA)
CHAIRMAN

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E-mail: corpsect@ndb.vsnl.net.in, Website: www.escortsgroup.com
Registered Office : 15/5, Mathura Road, Faridabad – 121 003, Haryana
CIN - L74899HR1944PLC039088



Annexure

Quarter ended June'16 results



ESCORTS LIMITED

Segment Wise Revenue, Results And Capital Employed, For The Quarter ended June 30, 2016

Sl. No.	Particulars
1	Segment Revenue: a) Agri Machinery Products b) Auto Ancillary Products c) Railway Equipments d) Construction Equipments e) Others f) Unallocated Less: Inter Segment Revenue Net Segment Revenue
	Total
2	Segment Results: a) Agri Machinery Products b) Auto Ancillary Products c) Railway Equipments d) Construction Equipments e) Others Less : - Finance Costs - Exceptional Items - Other unallocable expenditure <i>(Net of unallocable income)</i> Total Profit Before Tax
	Total
3	Capital Employed <i>(Segment Assets – Segment Liabilities)</i> a) Agri Machinery Products b) Auto Ancillary Products c) Railway Equipments d) Construction Equipments e) Others f) Unallocated
	Total

Rs. In Lakhs	
3 Months ended	Corresponding 3 Months ended
June 30, 2016	June 30, 2015
Unaudited	Unaudited
85,833.12	79,300.19
2,008.36	2,845.94
5,449.05	4,870.47
12,481.93	9,472.98
0.00	0.00
129.72	75.05
105,902.18	96,564.63
760.44	419.96
105,141.74	96,144.67
9,677.03	7,332.78
(262.40)	(414.37)
943.33	617.93
(793.74)	(1,070.74)
(14.10)	120.08
9,550.12	6,585.68
1,118.85	1,582.75
629.94	0.00
1,180.73	1,260.79
6,620.60	3,742.14
95,777.20	97,004.52
5,554.58	5,051.64
8,497.20	8,613.18
11,242.72	14,675.38
429.92	529.69
90,811.22	95,780.77
212,312.84	221,655.18

Notes :



Annexure

Quarter ended June'16 results



Notes :

- 1 The above Standalone Unaudited Financial Results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on July 28, 2016.
- 2 The Company has adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 (transition date being April 1, 2015) and accordingly, these financial results have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 3 The format for unaudited quarterly results as prescribed in SEBI circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of Sebi's circular dated July 5, 2016 and Schedule III (Division II) of the Companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- 4 The Ind AS financial results and financial information for the quarter ended June 30, 2015 have not been subjected to any limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true & fair view of the results in accordance with Ind AS.
- 5 Reconciliation of standalone financial results to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarised as follows:

Particulars	Notes	For quarter ended June 30, 2015
		Rs In Lakhs
Profit after tax as reported under previous GAAP		3,627.23
Adjustments on account of:		
(i) Measurement of financial assets and liabilities at amortised cost	(a)	(174.99)
(ii) Recognition of loss allowance for expected credit losses on financial assets measured at amortised cost	(b)	40.01
(iii) Deferral of revenue for after sale services and extended warranties being separately identifiable components of sales	(c)	(93.38)
(iv) Measurement of financial assets at fair value through profit or loss (FVTPL)	(d)	103.77
(v) Others		33.71
(vi) Deferred tax impact on above Ind AS adjustments		(18.16)
Profit after tax as reported under Ind AS		3,518.19
Other comprehensive income (net of tax)	(e)	(0.51)
Total comprehensive income as reported under IndAS		3,517.68



Annexure

Quarter ended June'16 results



- (a) Under previous GAAP, all financial assets and financial liabilities were carried at cost.

Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

For certain financial liabilities, the fair value of the financial liability at the date of transition to Ind AS has been considered as the new amortised cost of that financial liability at the date of transition to Ind AS.

- (b) Under previous GAAP, provision for doubtful debts was recognised based on the estimates of the outcome and of the financial effect of contingencies determined by the judgement of the management of the Company. This judgement was based on consideration of information available up to the date on which the financial statements were approved and included a review of events occurring after the balance sheet date.

Under Ind AS, a loss allowance for expected credit losses is recognised on financial assets carried at amortised cost. Expected loss on individually significant receivables is assessed when they are past due and based on company's historical counterparty default rates and forecast of macro-economic factors. Other receivables have been segmented by reference to the industry of the counterparty and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counterparty default rates for each identified segment.

- (c) Under previous GAAP, the amount of revenue was usually determined by agreement between the parties to the transaction.

Under Ind AS, where the sale transaction of the Company includes separately identifiable components, such as after sales services and extended warranties, it is necessary to apply the recognition criteria to those separately identifiable components in order to reflect the substance of the transaction. Revenue from each component so identified is only recognized when such goods are sold or services are rendered. Accordingly, revenue attributable to specifically identifiable components where services are pending to be rendered has been deferred.

- (d) Under previous GAAP, current investments were stated at lower of cost and fair value.

Under Ind AS, these financial assets have been classified as FVTPL on the date of transition and fair value after the date of transition has been recognised in profit or loss.



Annexure

Quarter ended June'16 results



(e) Under previous GAAP, long-term investments were stated at cost. Where applicable, provision was made to recognise the decline, other than temporary, in valuation of such investments.

Under Ind AS, certain investments in equity instruments [other than those in (d)] have been classified as subsequently measured at fair value through other comprehensive income (FVOCI) through an irrevocable election at the date of transition.

- 6 During the quarter ended 30th June 2016, Company has introduced a Voluntary Retirement Scheme aimed at certain section of employees. The total amount paid during the quarter under the said scheme including related terminal benefits is Rs. 629.94 Lacs, which is included under the head "Exceptional Items".
- 7 The Limited Review, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been completed and the related Report forwarded to the Stock Exchanges. This Report does not have any impact on the above 'Results and Notes' for the Quarter ended June 30, 2016 which needs to be explained.

For ESCORTS LIMITED

Place : Faridabad
Date : 28/07/2016

**(RAJAN NANDA)
CHAIRMAN**

Escorts Limited

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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.

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