



PRESS RELEASE

ESCORTS THIRD QUARTER NET PROFIT AT ₹13.2 CRORE

- **Third quarter sales at Rs 728 crore**
- **EBITDA margin for the quarter at 4.7%**
- **Construction Business Registers Strong Growth**

New Delhi, August 5, 2011: Escorts Limited today reported a Net Profit of Rs 13.2 crore for the third quarter of the 2010-11 financial year ending June 30, 2011. Net sales stood at Rs 728.9 crore. *Escorts Limited follows an October-September fiscal year and the reported quarter is the third quarter of fiscal 2010-11.*

The Agri Machinery Division recorded sales of Rs 668.6 crore during the quarter. Tractor volumes stood at 14,212 units. Railway Equipment Sales stood at Rs 43.6 crore while Auto Ancillary recorded sales of Rs 30.55 crore.

On a nine month basis, Escorts limited registered sales of Rs 2446.57 crore, a 17.7% growth in net sales. EBITDA for the period stood at Rs 135.8 crore. Net profit for the period was at Rs 111 crore, marginally up from Rs 110 crore for the same period last year.

Speaking on the results, Chairman and Managing Director - Escorts Limited Mr. Rajan Nanda said, "The Escorts third quarter results reflect the impact of constrained sales and increase in material costs. Anticipating these developments, the company has made mid-third quarter corrections with a series of initiatives to strengthen growth and improve market share."

Mr. Rajan Nanda added, "Escorts today has strong fundamentals and the market is demonstrating positive trends. The turnover of both the Agri Machinery Group and the Automotive Division in the past nine months are better than that of last year. We are also looking at a significant cost compression exercise and PwC – India, have been mandated to add value to our competitive position and to negate inflationary pressures."

According to *Mr. Nikhil Nanda, Joint Managing Director, Escorts Limited,* "In the fourth quarter, Escorts will start benefiting from a series of measures that have been taken over the past months. These include the initiation of a cost compression exercise, re-gearing of marketing strategies, development of a new dealer base and customization of products to meet farmer specific requirements."

ESCORTS LIMITED

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Wholly owned subsidiary Escorts Construction Equipment Ltd (ECEL) has recorded net sales of Rs 578 crore for the 9 month period ending June as compared to Rs 417 crore in 2010. The improved ECEL performance is an outcome of an expansion in the product portfolio with the introduction of backhoe loaders in the growing Earth Moving Machinery segment. The company continues to be the market leader in Pick & Carry Cranes.

To cater to the growing demand and improve quality and reduce cost of production, Escorts has made capital investments of around Rs 50 crore in the last few months. This is a part of an Rs 140 crore modernization-cum-expansion plan launched by the company in early 2010, including investments in R & D. The funding for the same has been tied up with a mix of bank loans and internal accruals.

The **Auto Suspension Products (ASP)** Division has registered a growth of 12% year-on-year and is targeted for a break even in the next 6 months. The division has started getting orders from new customers including OEM's like Tata Motors, Mahindra and Mahindra, besides exports to Piaggio, Malaguti, Suzuki and Aprilla.

The **Railway Equipment Division's (RED)** margins have improved to 8% on a year on year basis. Our order book as of now is encouraging and we are now witnessing Railway off take gaining momentum.

The Board of Escorts Limited has approved the reviewed accounts of the second quarter of FY 2010-11 ending June 30, 2011.

Note for Editors: Escorts Limited follows an October-September fiscal year. The results reported are for the Third Quarter of Fiscal October 1, 2010 to September 30, 2011.

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