



INVESTOR PRESENTATION

November 2016

Content



- **Escorts Group**
- **Escorts Agri Business**
- **Escorts Construction Equipment**
- **Railway Equipment Division**
- **Escorts Auto Products (Divested in Q2FY17)**
- **Group Financials**

Our Businesses



Escorts Agri Machinery



Revenue (FY16): Rs. 2,739 Cr.
H1FY17: Rs. 1655 Cr.

Escorts Construction Equipment



Revenue (FY16): Rs. 455.6 Cr.
H1FY17: Rs. 271 Cr.

Railway Equipment Division



Revenue (FY16): Rs. 205 Cr.
H1FY17: Rs. 117.9 Cr.

Escorts Auto Products (Divested)



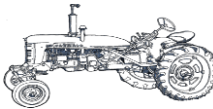




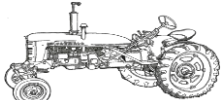




Revenue (FY16): Rs. 92 Cr.
H1FY17: Rs. 32.6 Cr.

Revenue (FY16): Rs. 3,472 Cr.
H1FY17: Rs. 2,065 Cr.

*Division revenue include other income



Journey So Far

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



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.

Escorts Auto Products (Divested)

State of the art manufacturing facility sprawling 12,500 sq.m.
Shock Absorbers 3.2.mn. p.a., McPherson Struts 300,000 p.a., Front Forks; 1.0 mn. p.a.



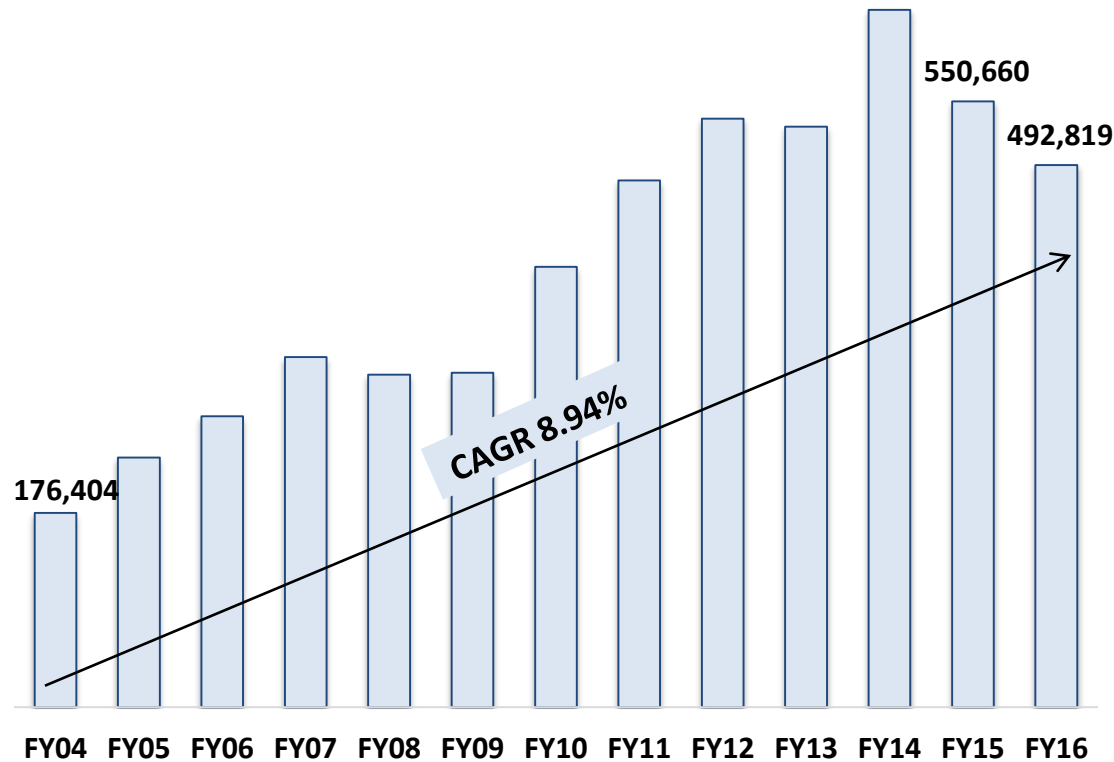
Escorts Agri Machinery

FARMTRAC

POWERTRAC



Domestic Tractor Industry



Increasing trend towards Mechanisation

Minimum Support prices for Key Crops

Scarcity of Labour

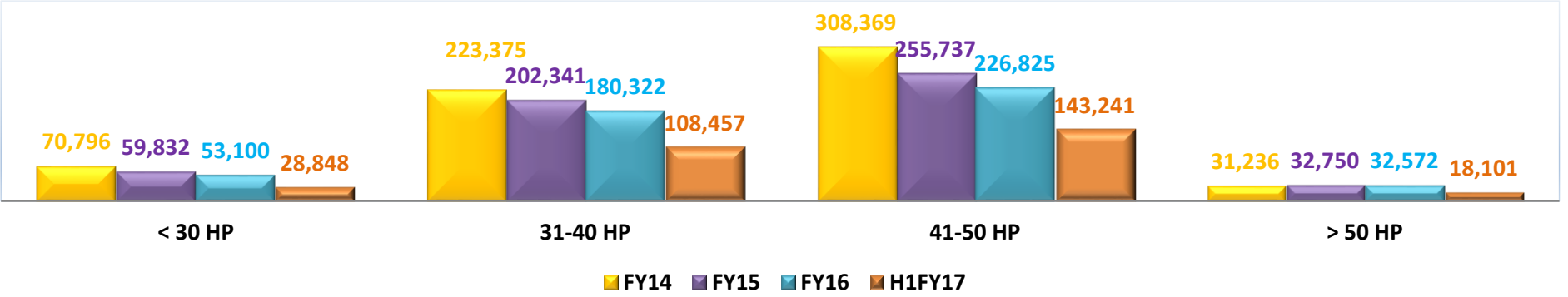
Ease of Credit Availability from Govt.

- In FY15 & FY16 tractor volumes are down by 13.1% & 10.5% down Y-o-Y on the back of lower crop prices and erratic monsoon.
- Industry in FY17 is expected to go up by 18-20% .
- 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.

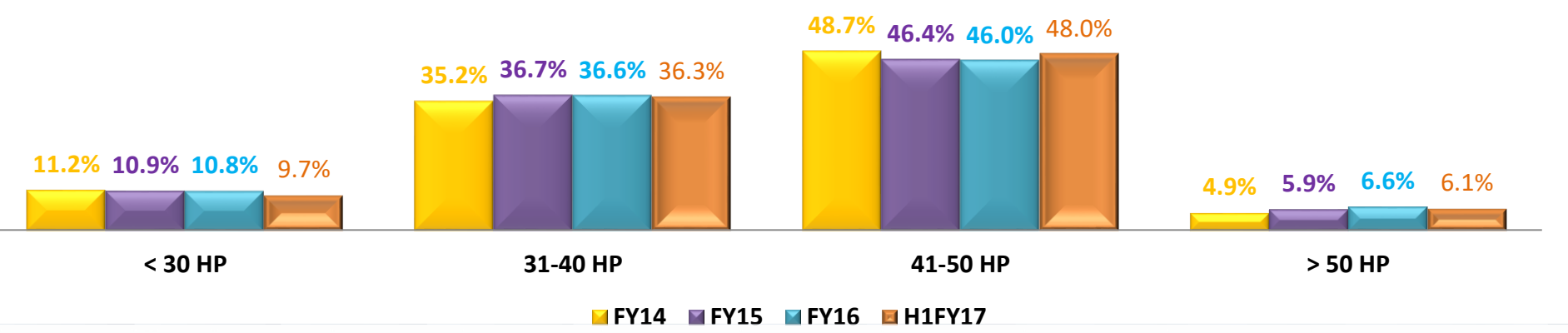


Industry Segmentation

Industry Segment Volume



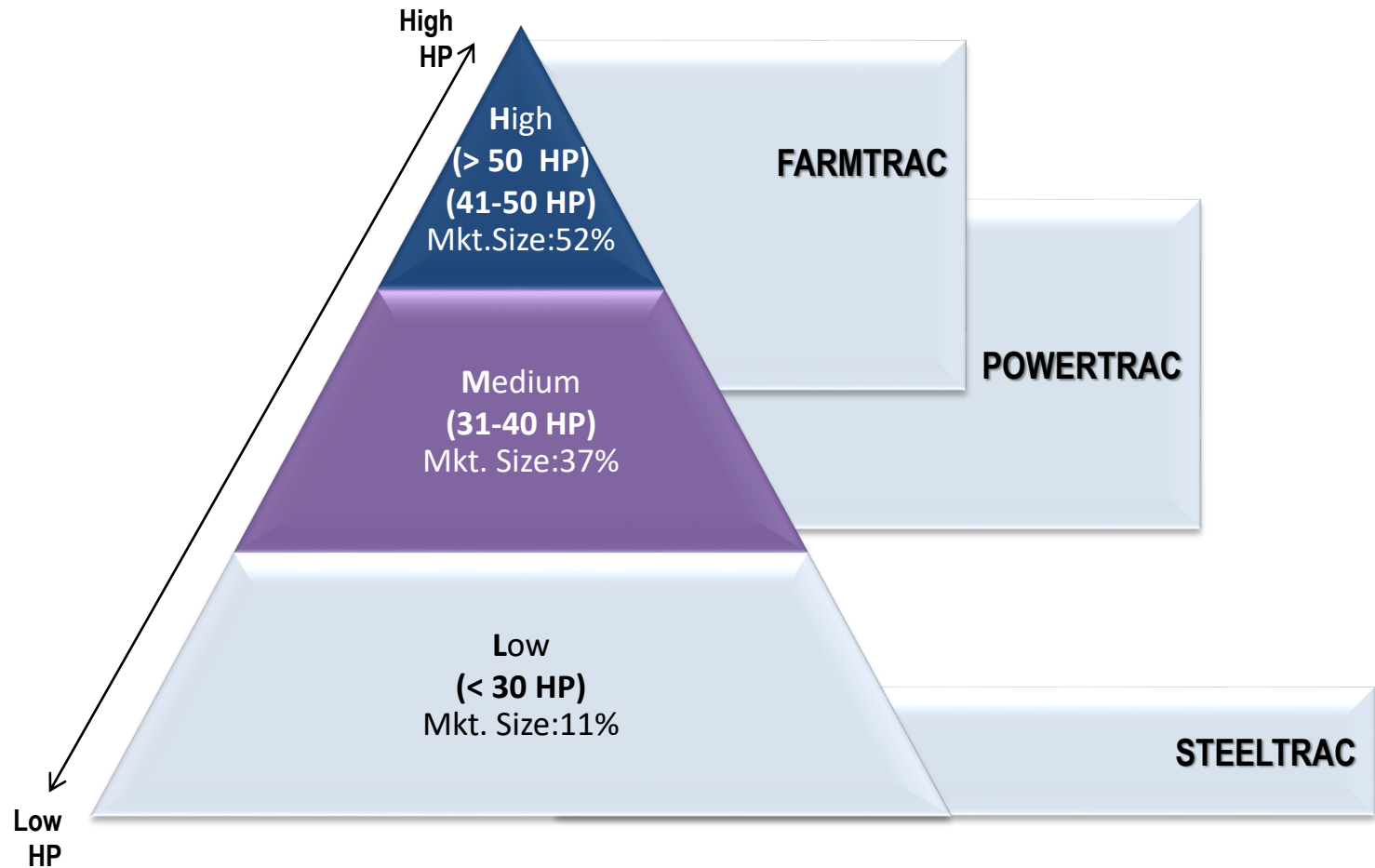
Industry Segment Market Share in %



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

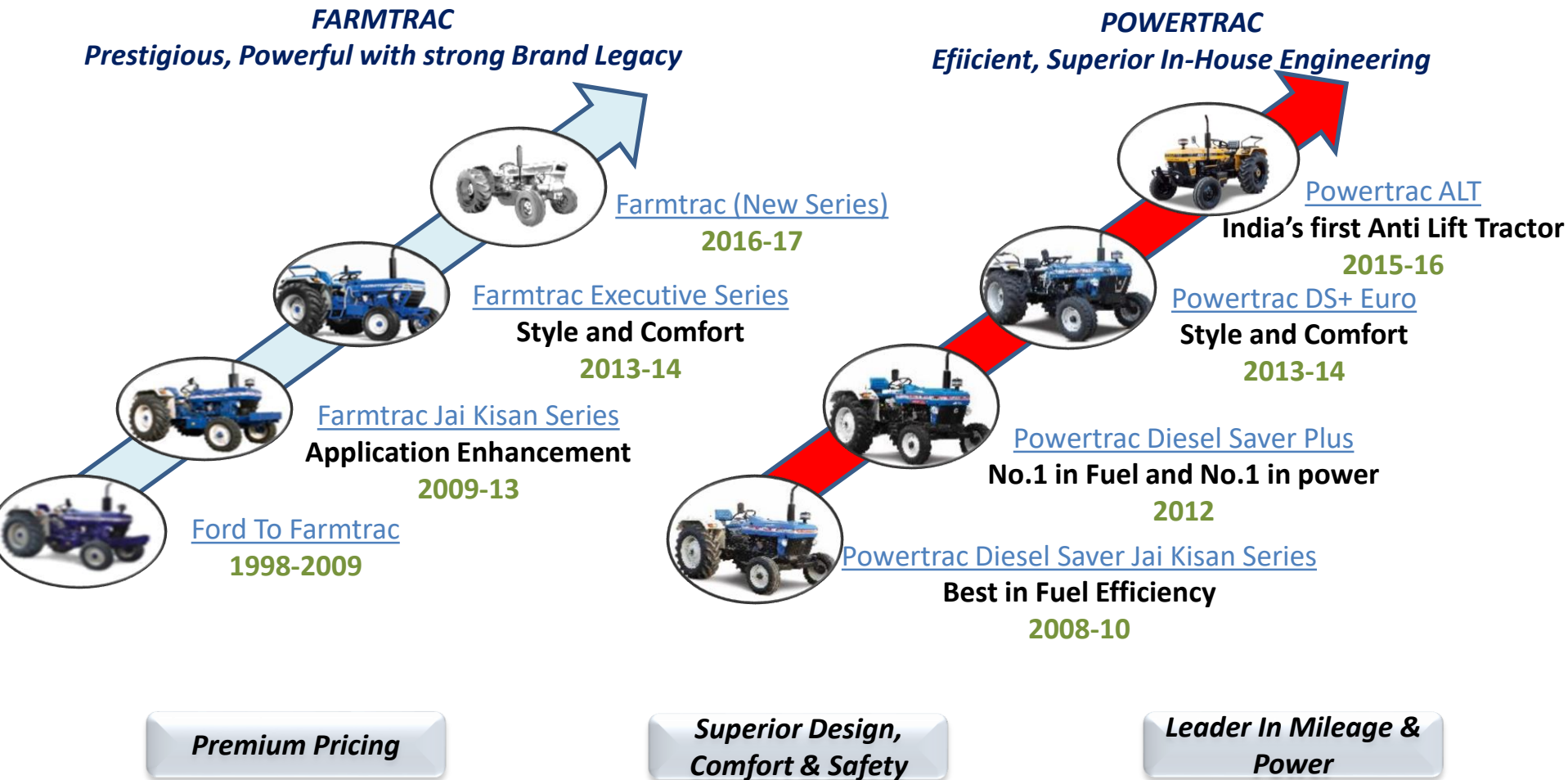


How we are positioned





Strategy: Brand Led Product Innovation



Recent Development

(Product launches-FY16)



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

Recent Development

(Product launches-FY15)



ESCORTS



XP series by Farmtrac (31-40 HP)

- Most fuel efficient tractor in all applications positioned as Mileage Ka Champion”
- Available as “XP37” & “XP41”



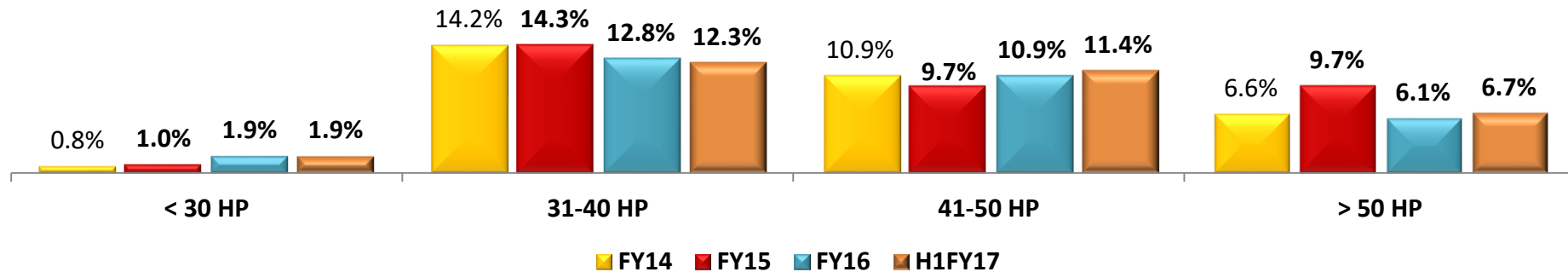
Anti Lift Tractor by POWERTRAC (31-40 HP)

- Indigenously designed, India’s first Anti Lift Tractor
- Built around driver safety and owner savings, ALT is specifically positioned for haulage activities.



EAM...Journey So Far

Escorts Segment Market Share in %

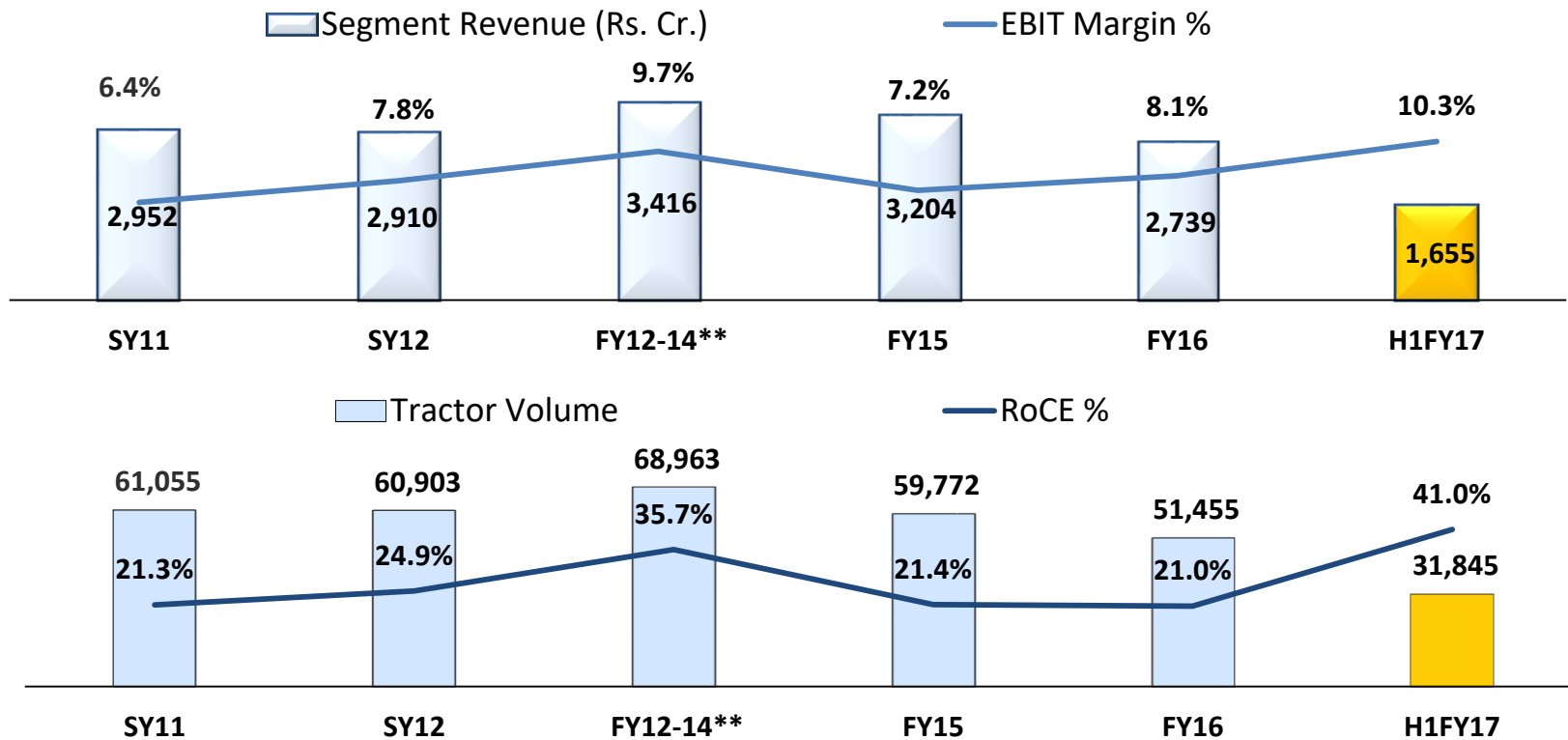


New Products	31-40 HP	41-50 HP	>50 HP
FARMTRAC	XP Series (FY15)	Classic Series (FY16)	Executive Series (FY14)
		4 WD (FY15)	
POWERTRAC	Euro Series (FY14)	Euro Series (FY16)	
	ALT Series (FY15)	New Products	

- Gaining market share in >50 HP segment in the last 3 to 4 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, the EBIT margins improve on back on material cost reduction on constant volume basis.
- In H1FY17, 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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* H1FY17 Numbers as per new IND AS

Exports



- **Goal:** *To reach 10,000 tractors in exports in the medium term. (173 tractors in H1FY17, 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

New Products for Premium Pricing

South & West Penetration for de risking
and market share gain

Robust Growth in exports

Impact on EBIT  ~1.5 – 2%

Cost Rationalization Initiatives

Raw material cost reduction

Personnel cost reduction

Impact on EBIT  ~3 – 3.5%



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Escorts Construction Equipment

Material Handling

Earth Moving

Road Compaction

Domestic Construction Equipment Industry...

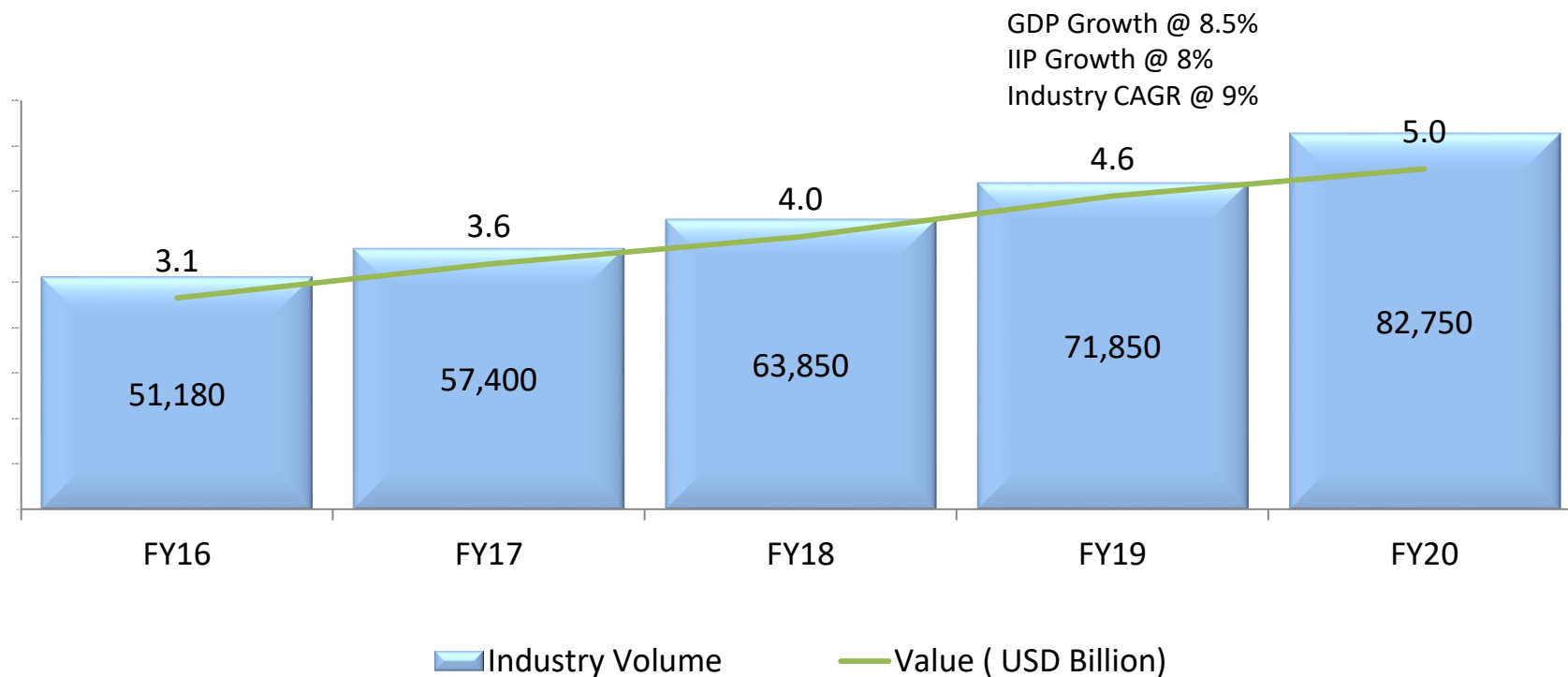
Signs of Recovery in sight



S.No.	Category	Application	Major Eqpt.	Volumes (H1FY16)	Volumes (H1FY17)	Growth (%)
1	Earthmoving	Roads Power	Backhoe Loaders	10,109	13,822	37%
		Real Estate Sand Mines	Excavators	5,342	7,884	48%
			Others	1,911	1,928	1%
2	Material Handling	Roads	Pick & carry Cranes	1471	1988	35%
		Power				
		Other Infra				
3	Road Building	Roads	Compactors	1189	1323	11%
		Airports	Others	57	248	335%
4	Concreting	Irrigation	Mixer, Pumps, Batch plants	480	818	70%
5	Material Processing	Mining	Compressors, Crushers	1315	1475	12%
	Total		Total	21,874	29,486	35%

- The overall Industry grew by 35% in H1FY17 and by 16% in FY16.

Domestic Construction Equipment Industry... Long Term Attractive

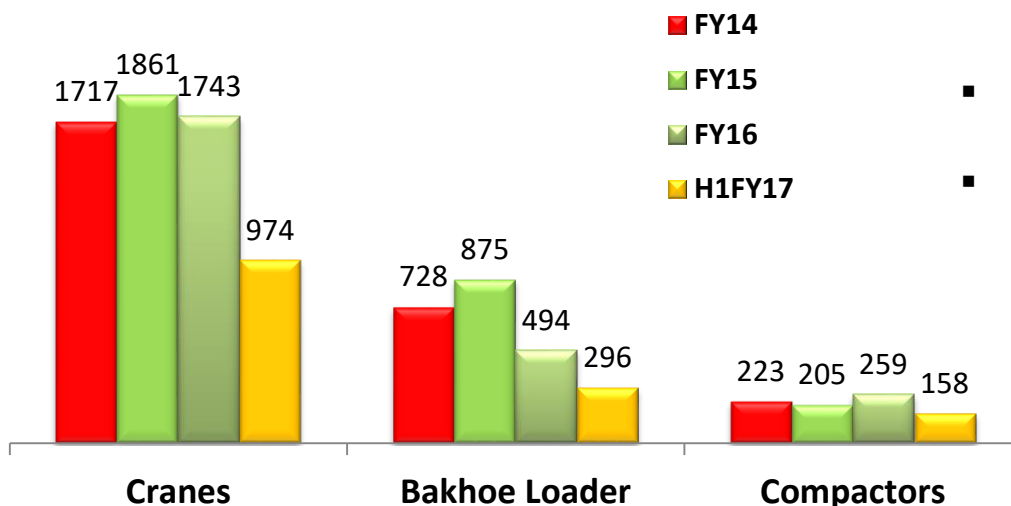


- The Govt. policy action and investment in key areas e.g. Roads, Railways, Defence and Smart cities is likely to fuel the industry.

ECE Volumes



ECE Volumes

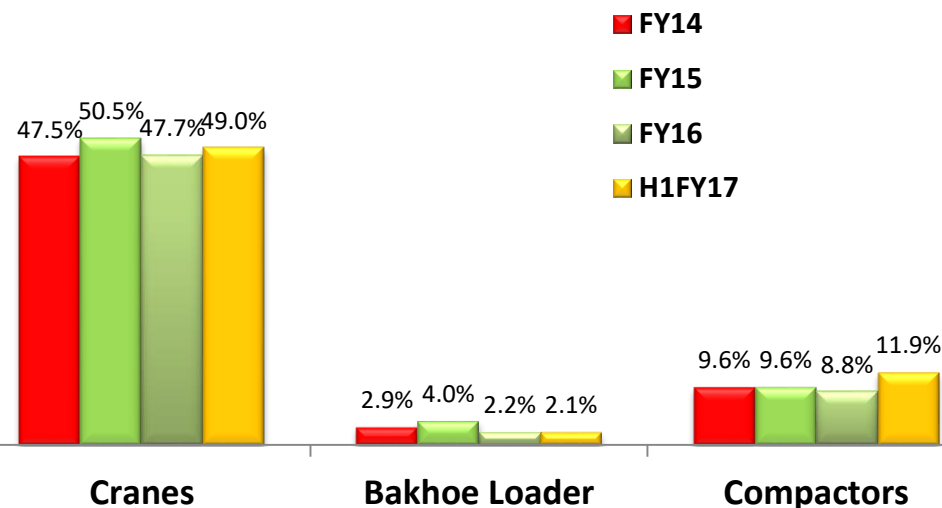


*this is only manufactured,
Backhoe loader nos. include wheel loaders , cranes include slew cranes

Q2FY17

- The overall Industry grew by 27% in Q2FY17. However our served markets are up by 31%
- Our total volumes (manufactured & traded products) went up by 18.3% to 724 machines in quarter ended Sept'16 .

ECE Market Share



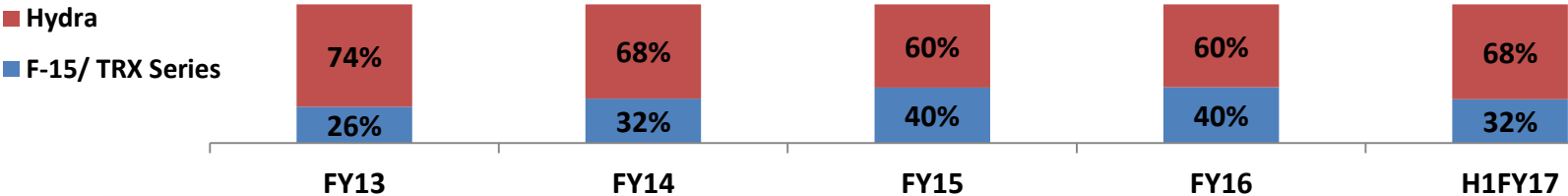
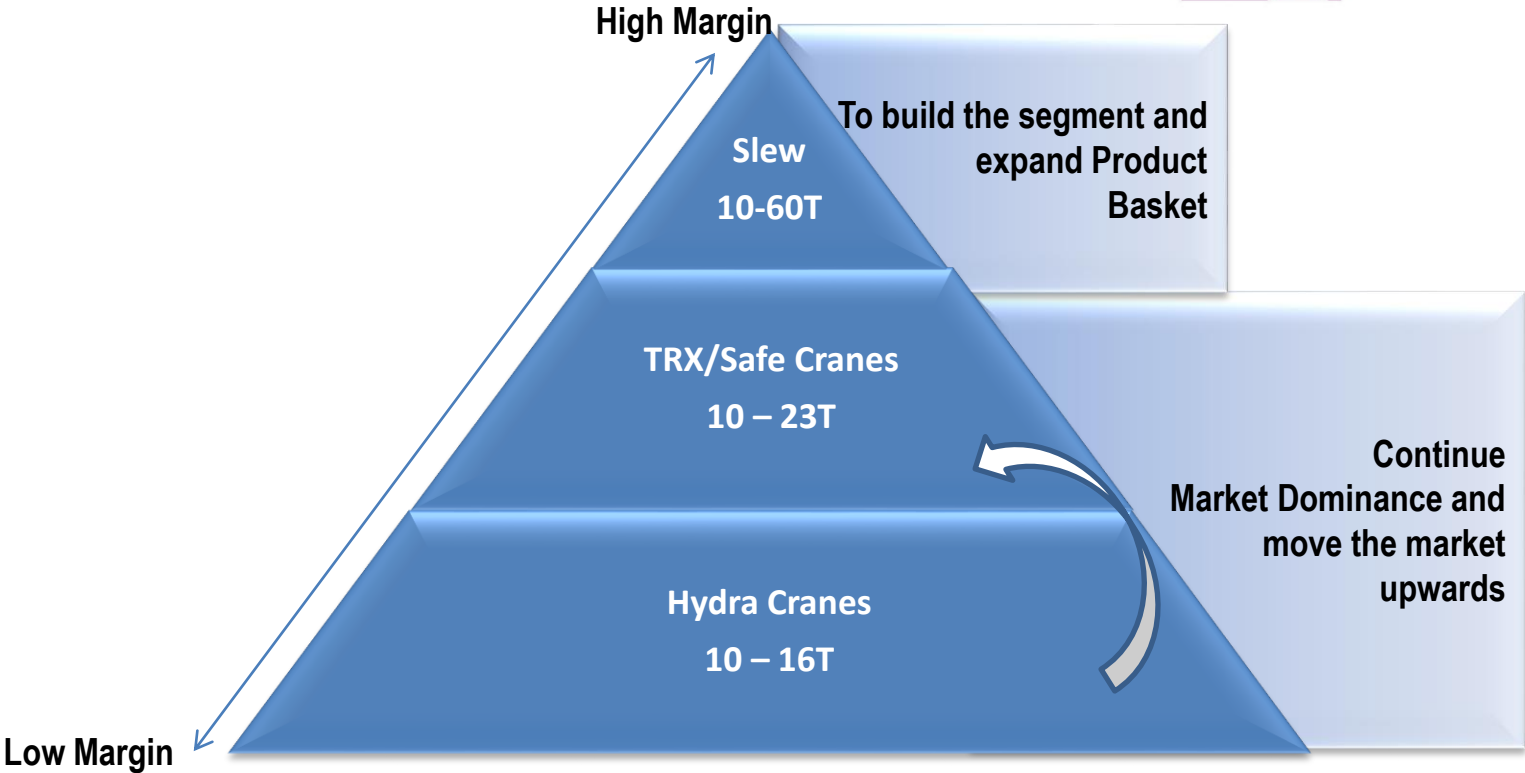
H1FY17

- We affected price increase of approximately 1% across all product categories.
- We have introduced a new Brute Power “Jungli” 4x4 Backhoe loader with our own Escorts Engine.
- Going forward, we expect that our served construction equipment industry will continue to grow at same phase as seen in last quarter and we will be launching new innovative products/variants to cater growth.

Investor Presentation

Source : ECE volumes internal data

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)



“Jungli” 4x4 Backhoe loader

- a) 75HP Escorts Engine
- b) Brute Power
- c) Highest Productivity in class
- d) 4WD as standard Feature
- e) Hard strata Backhoe bucket
- f) New Color Scheme & Decals



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

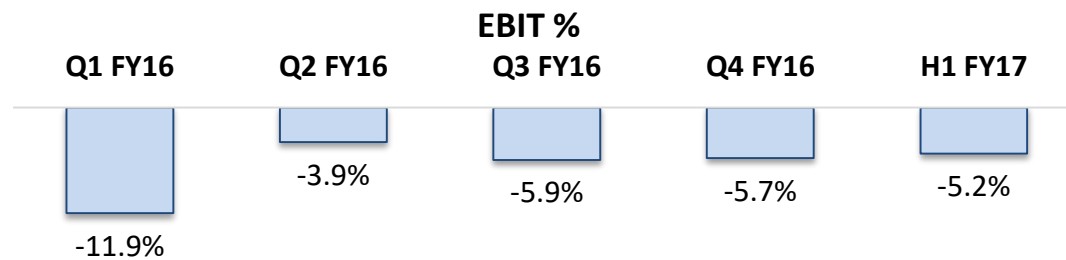
Rich product mix
Better Revenue Realization
Higher Parts Sales

Dealership & Outlet reach expansion
Channel Financing

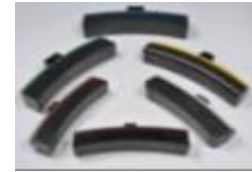
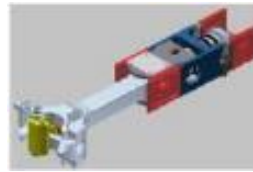
Cost Rationalization Initiatives

Reduction in fixed cost

Reduction in material cost through
negotiation and VAVE



Target to break even by FY17 end.



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

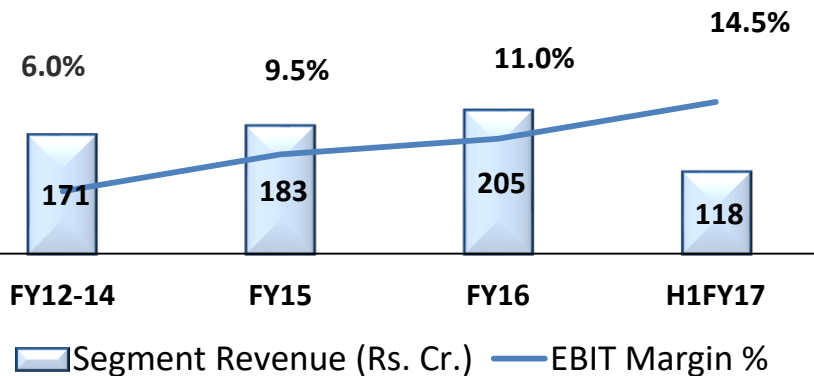
Escorts Proposition

- 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 FY16	Market Size	Competition
Existing Products	Brakes: Air Brakes, EP Brakes Couplers: AARH coupler, SHAKU Coupler Others: Brake Pads, Suspension etc.	Rs. 205.4 Cr.		
Product Pipeline	Bogey Mounted Brake System (Completed testing) Axle Mounted Brake System (on going testing)		Rs. 300 Cr.	One player



Future Outlook - Leveraging Customer Relationship



- 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



ESCORTS



Escorts Auto Products

Shock Absorbers

Suspension

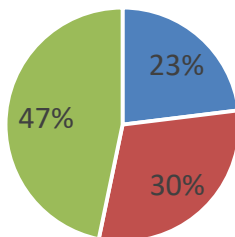
Business Overview



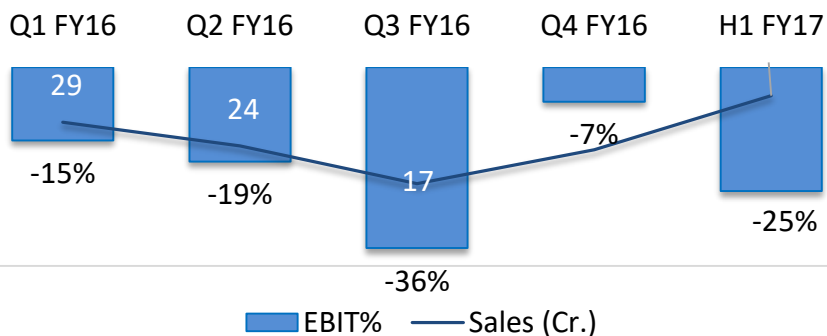
EAP pioneered the manufacturing of automotive shock absorbers in India.

Engineering Capability: EAP has rolled out 80 new products in last 3 years.

Sales H1FY17 (Rs. 34.3 Cr.)



■ Replacement Market ■ OEM ■ Exports



Shock Absorbers
2W, 3W, PV, CV and UV



Front Forks & McPherson Struts
4W and LCV



Key Customers



Reduction in losses on the back of reduced manpower cost (VRS of 200 blue collar manpower).

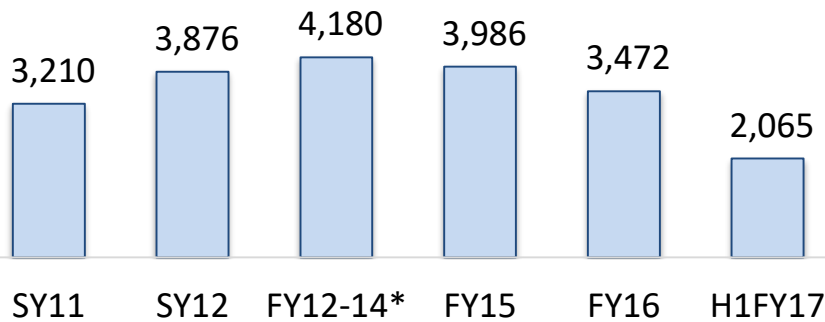


Group Financials

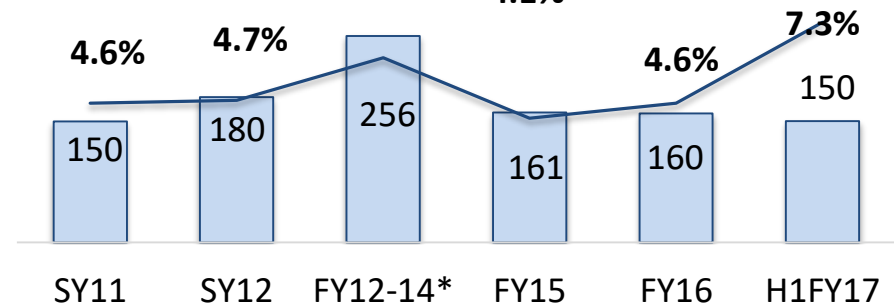


Revenue & Profit Growth

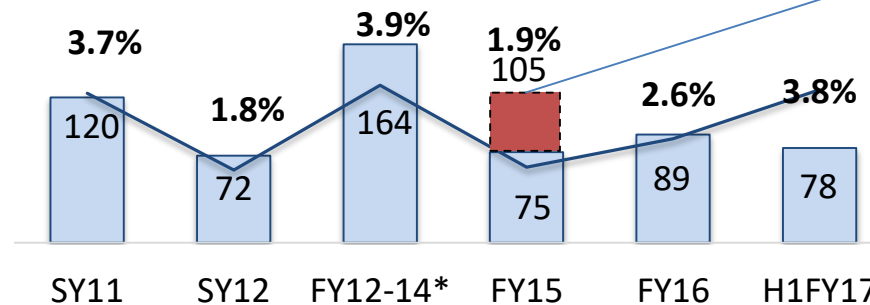
NET SALES (Rs. Cr.)



EBIDTA (Rs. Cr.) — Margin %



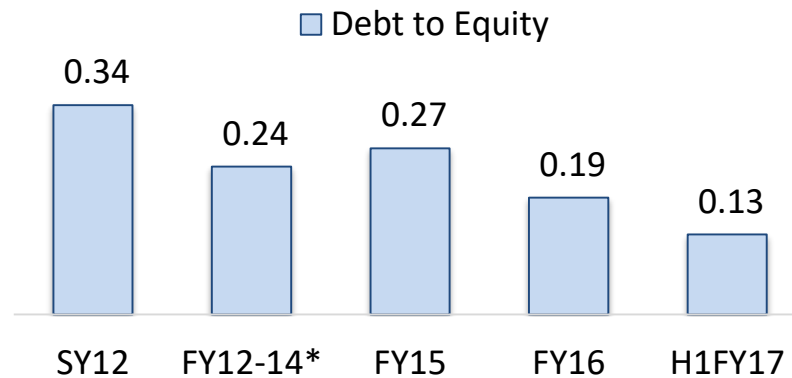
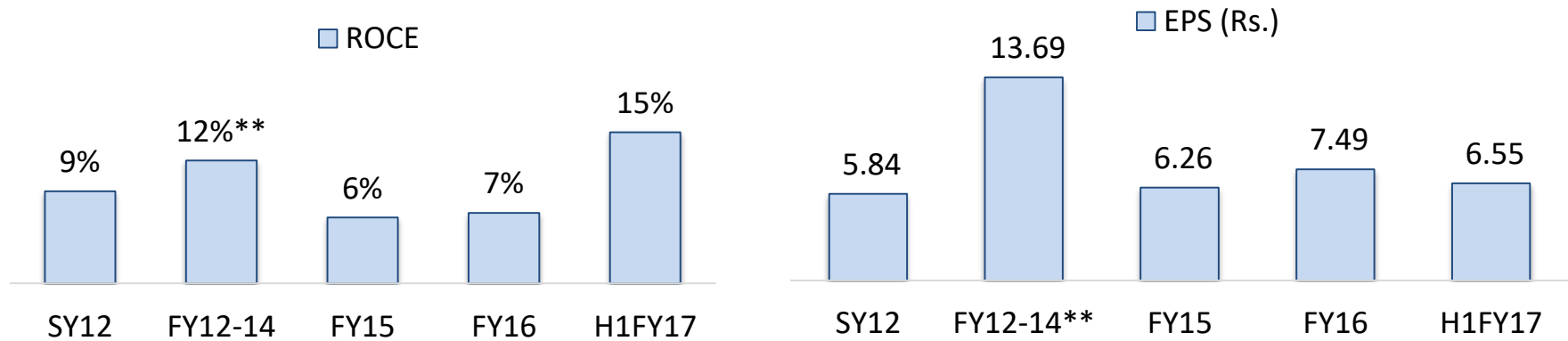
PAT (Rs. Cr.) — Margin %



**Exceptional Item
of Rs. 31.4 Cr. due
to VRS in FY15**



Key Financial Metrics



**** Annualised**



Shareholding Structure

	Sept'15	Dec'15	Mar'16	June'16	Sept'16
Promoter Group	43.01	43.01	43.01	43.01	42.99
FII	8.33	8.47	8.27	8.86	12.02
DII	3.39	3.75	3.54	3.10	3.79
Public	45.27	44.77	45.17	45.03	41.2

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



Mr. Ishan Mehta - Executive VP – HR & ER

- An Alumnus of Xavier's Labour Research Institute, He has more than 32 years of rich experience in HR
- He has previously worked with DCM Limited, Ballarpur Industries, Eicher Group and East India Hotels



Board of Directors



Mr. Rajan Nanda, Chairman

- 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



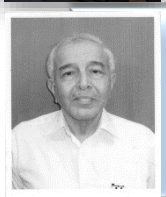
Dr. Sitanu Bihuria, Additional Director

- 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, 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



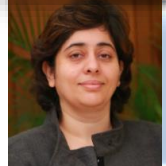
Mr. P.H. Ravikumar, Additional Director

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



Ms. Vibha Paul Rishi, Additional 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. Natasha Nanda, Additional 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, Additional 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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