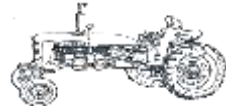


# INVESTOR PRESENTATION

February 2020

# OUR JOURNEY SO FAR



1944  
Founded  
**Escorts**

1948  
Launch  
**Escorts (Agri Machinery Ltd.)**

1954  
Franchise of  
**Massey Ferguson**  
tractors for  
northern India

1969  
JV with **Ford motors**  
to make  
Tractors

1971  
**Manufacturing**  
Of Construction  
Equipment

1979  
Collaboration  
with **JCB** For  
backhoe

1995  
Launch  
**Farmtrac**  
End JV with  
Ford



~JV with **Tadano** for  
high end cranes

~Strategic  
collaboration &  
Manufacturing JV  
with **Kubota**

For Earth, For Life  
**Kubota**

1998  
Launch  
**Powertrac**  
Brand of  
tractors



2003  
End  
Collaboration  
with **JCB**

2005  
Divested from  
other business to  
**focus** on tractors  
and construction  
equipment

2010  
Launch **DIGMAX**  
Brand of  
Backhoe



2016  
**Escorts Credit**  
Partner with **DLL**  
for Financing



**Auto part  
Business**  
Divested



# VISION, MISSION & VALUES



## VISION

### TO BE AMONG TOP ENGINEERING COMPANIES IN INDIA

Through the power of imagination in engineering we create solutions that help our customers be more productive.

## MISSION

### TO BE AN INTEGRATED SOLUTION PROVIDER

To our customers by harnessing emerging future technologies and information to add value at every stage of customer need.

## CORE VALUES

RESPECT FOR  
PEOPLE

EMPOWERMENT

TRANSPARENCY

COLLABORATION

## STRATEGIC VALUES

CUSTOMER  
CENTRICITY

INNOVATION

EXCELLENCE

AGILITY

# OUR CURRENT BUSINESSES



Revenue FY19: Rs. 6,196.4 Cr.  
9MFY20: Rs. 4,380.3 Cr.

## Escorts Agri Machinery



EAM's advanced agri-machinery & crop solutions help enhance agricultural productivity and add value to a farmer's life

Revenue FY19: Rs. 4,744.0 Cr.  
9MFY20: Rs. 3,379.2 Cr.

## Escorts Construction Equipment



ECE's vast range of construction & material handling equipment supports India's infrastructure growth

Revenue FY19: Rs. 1,054.1 Cr.  
9MFY20: Rs. 629.7 Cr.

## Railway Equipment Division



RED's wide array of railway products aids the modernization of Indian Railways

Revenue FY19: Rs. 394.1 Cr.  
9MFY20: Rs. 369.3 Cr.

**ESCORTS is one of India's leading engineering conglomerates and for over Seven decades it has helped accelerate India's socio-economic development through its presence across the high growth sectors of Agri-machinery, Construction & Material Handling Equipment and Railway Equipment.**



# MANUFACTURING FACILITIES



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

Three Plants: Farmtrac, Powertrac & Components with a current production capacity of **110,000+** tractor p.a.

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

Setting up 50,000 capacity Manufacturing Plant under JV with Kubota

## **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.

# RECENT KEY INITIATIVES



## ❖ New partnership

### ❖ **Kubota and Escorts Join hands for global leadership**

1. **Forms JV (60:40)** to establish new common manufacturing with initial capacity of 50,000. These tractors will be sold by both respectively through their separate channel network in domestic market.
2. Kubota to export Escorts tractors through **Kubota global distribution network** in specific markets as mutually agreed.
3. Both companies to **jointly develop new products** to cater to India and Overseas market.

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

- ❖ 20 to 80 Ton category High end Carnes- Rough Terrain and Truck Cranes

## ❖ EY appointed as Internal Auditors

❖ **Corporate Governance:** New directors introduced in order to create a more vibrant board.

❖ **Culture Change:** Young leaders leading new projects, with support of senior leaders.

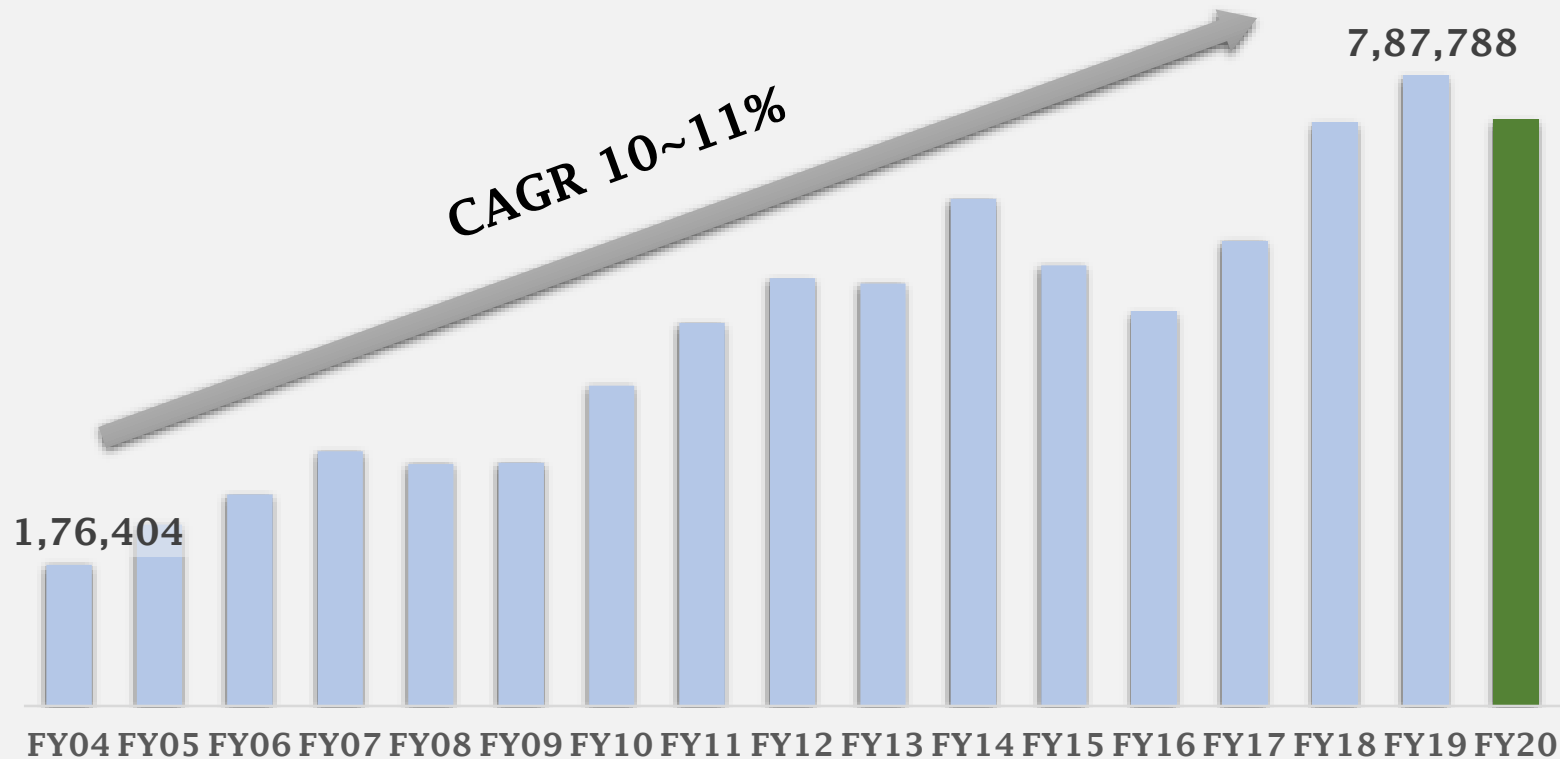
❖ **Strategic outsourcing:** Non core activities are outsourced to strategic partners



# SCORTS AGRI MACHINERY (EAM)



# ↑ DOMESTIC TRACTOR INDUSTRY



Increasing Trend towards  
Mechanisation

Minimum Support Prices  
for Key Crops

Scarcity of Labour

Ease of Credit Availability  
from Govt.

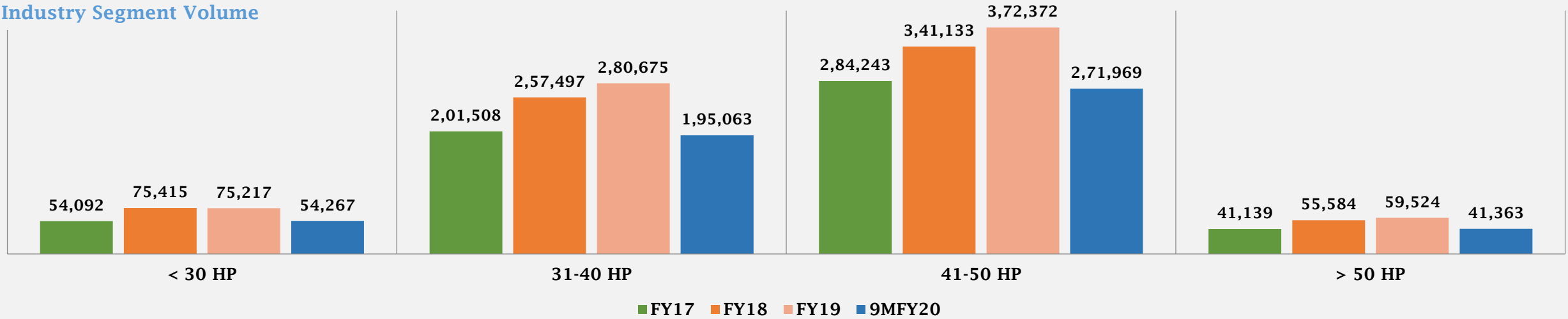
- ❖ India is the **largest** manufacturer of farm equipment
- ❖ India accounts for nearly **1/3<sup>rd</sup>** of the overall tractor production globally
- ❖ **0.8 million** units in **FY19** and reach to approx. **1.2-1.5 million** units by **2030**
- ❖ Customer exchange their tractor in every **4-6 years**.



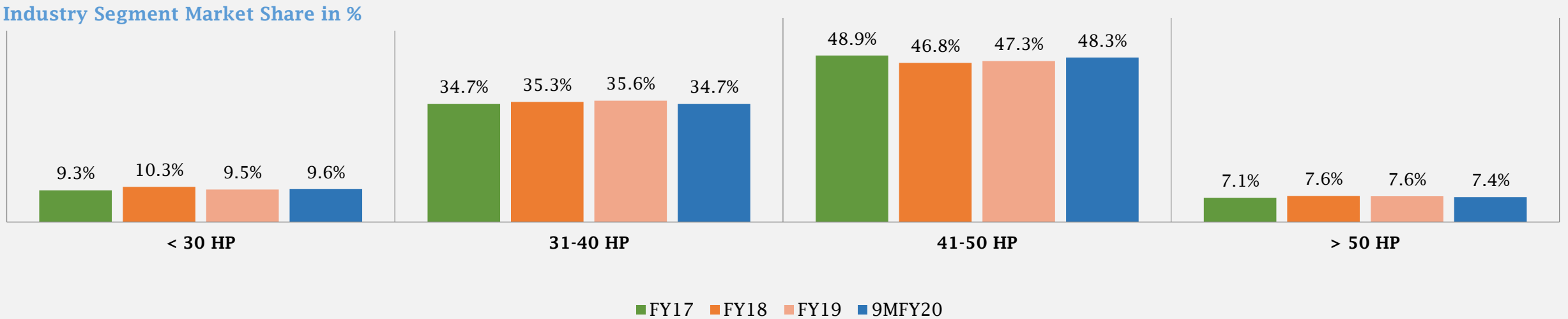
# INDUSTRY SEGMENTATION



Industry Segment Volume



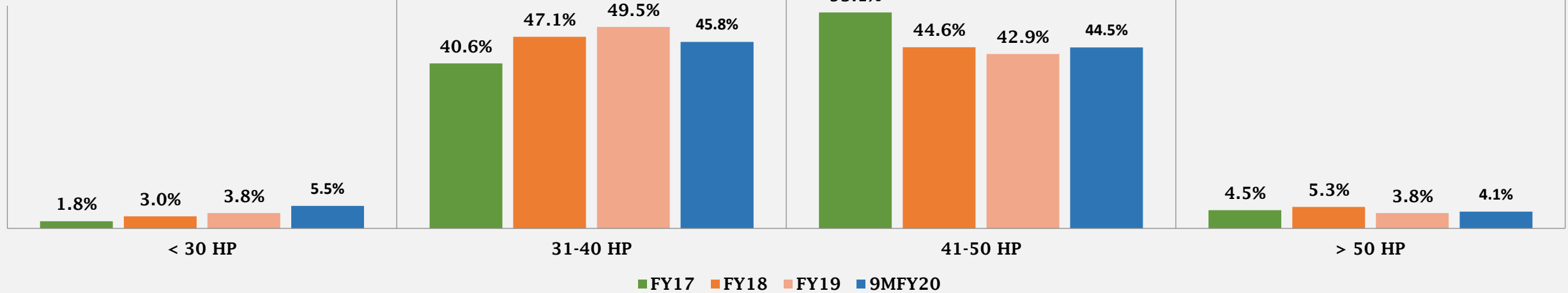
Industry Segment Market Share in %



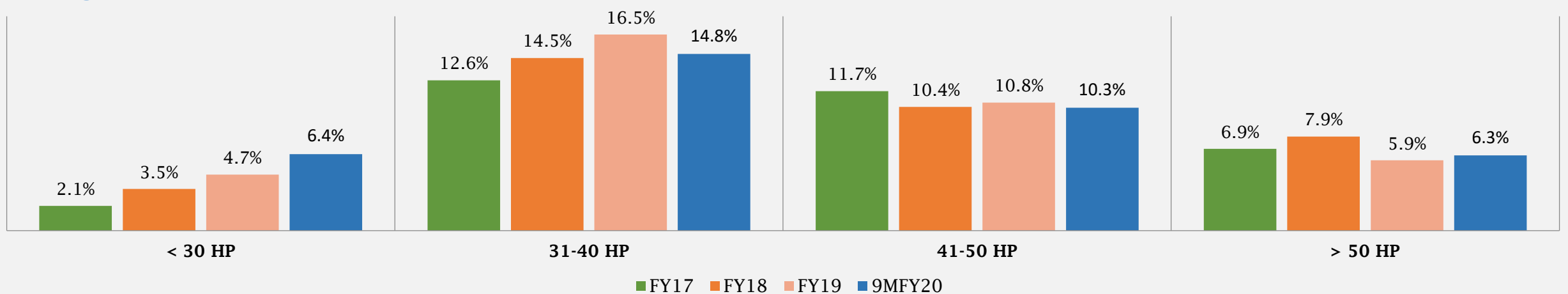
# EAM SEGMENTATION



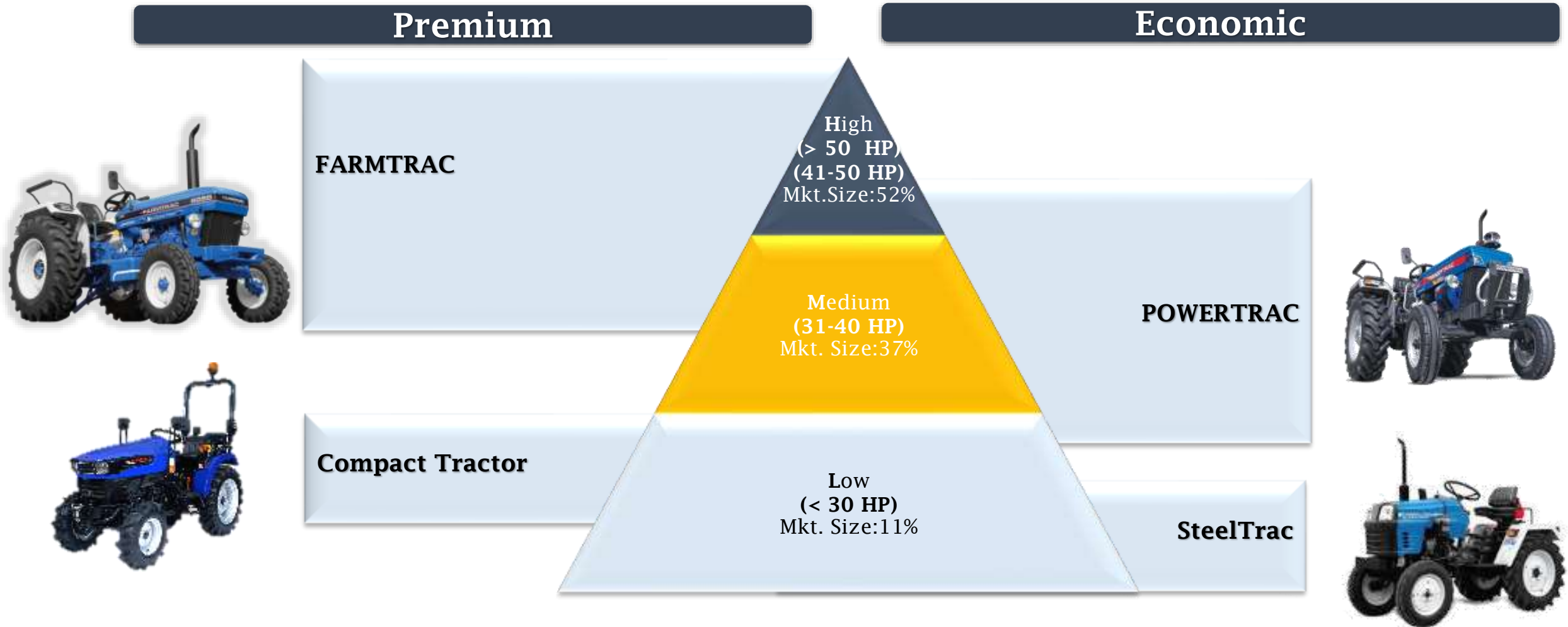
EAM Segment wise Volume in %



EAM Segment wise Market Share in %



# HOW WE ARE POSITIONED



# 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**

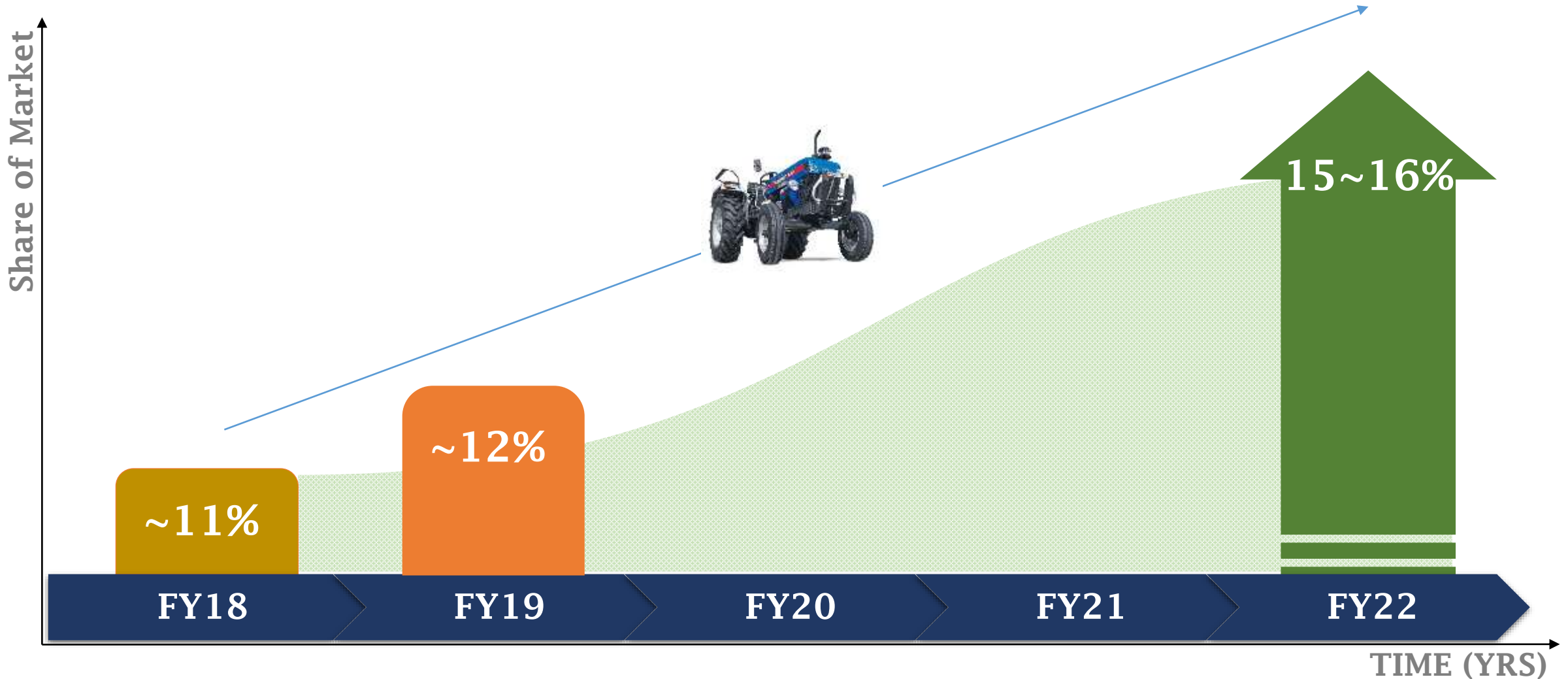


PowerTrac ALT 3500



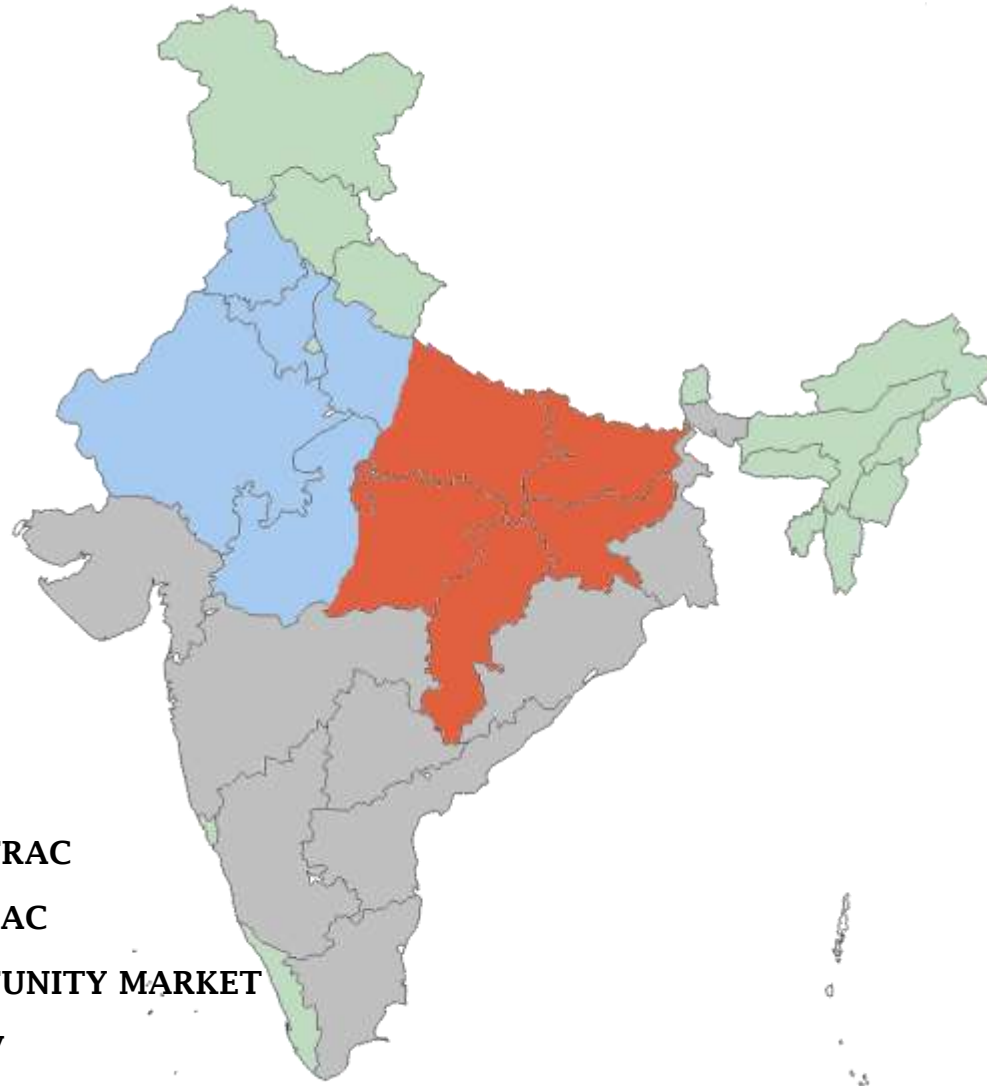
PowerTrac ALT 4000

# DOMESTIC FY'22 MARKET SHARE ASPIRATIONS





# WINNING MARKET



- POWERTRAC
- FARMTRAC
- OPPORTUNITY MARKET
- LOW TIV

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

**Current 900+ Active Dealer Network**

# 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

~13% Penetration → 40%



## Scientific Sales Management



## Customer Centricity

Care Button  
ETC  
Mobile Vans  
Hotline  
[www.digitrac.in](http://www.digitrac.in)



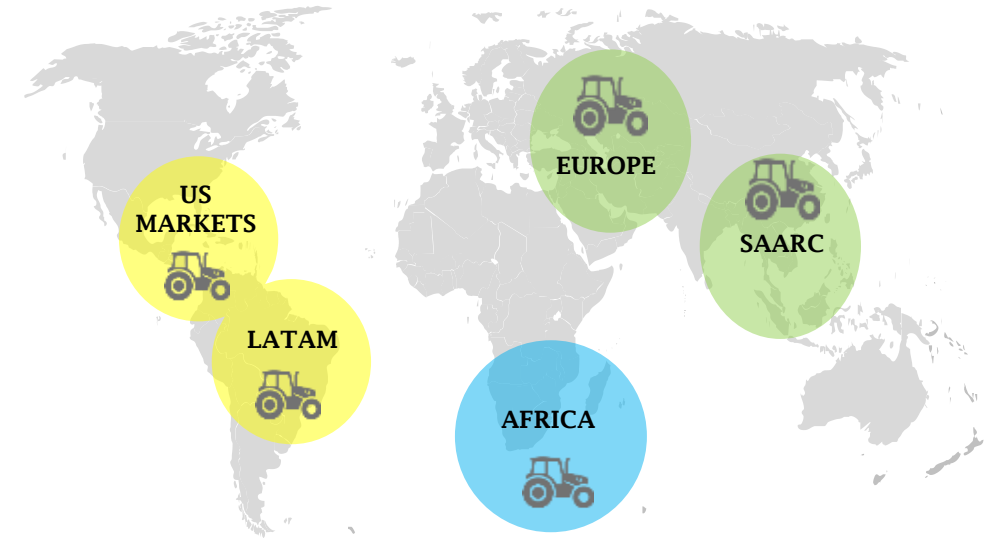
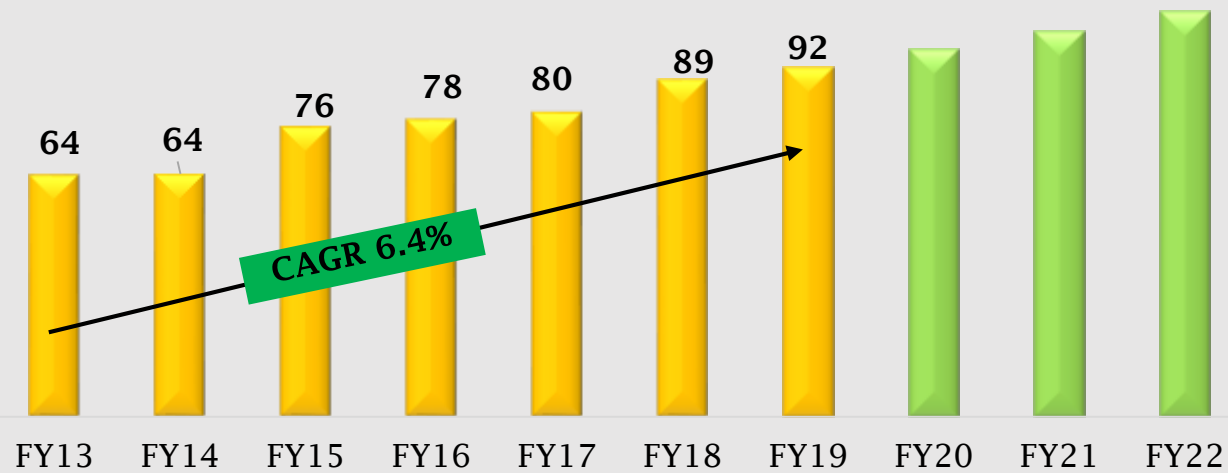
 **CARE - 24X7**

# EXPORT MARKET SIZE & OPPORTUNITY



Tractor Export from India

In '000s



Tractor Exports from India to grow by CARG 6~8%

Main Market under 120 HP Tractors

Hobby/Garden farming in Market (like USA)

Targeting 8,000~10,000 Volumes by 2022



# TRACTOR IS AS GOOD AS ITS ATTACHMENTS





# SHIP\* BUSINESS



TECHNOLOGY



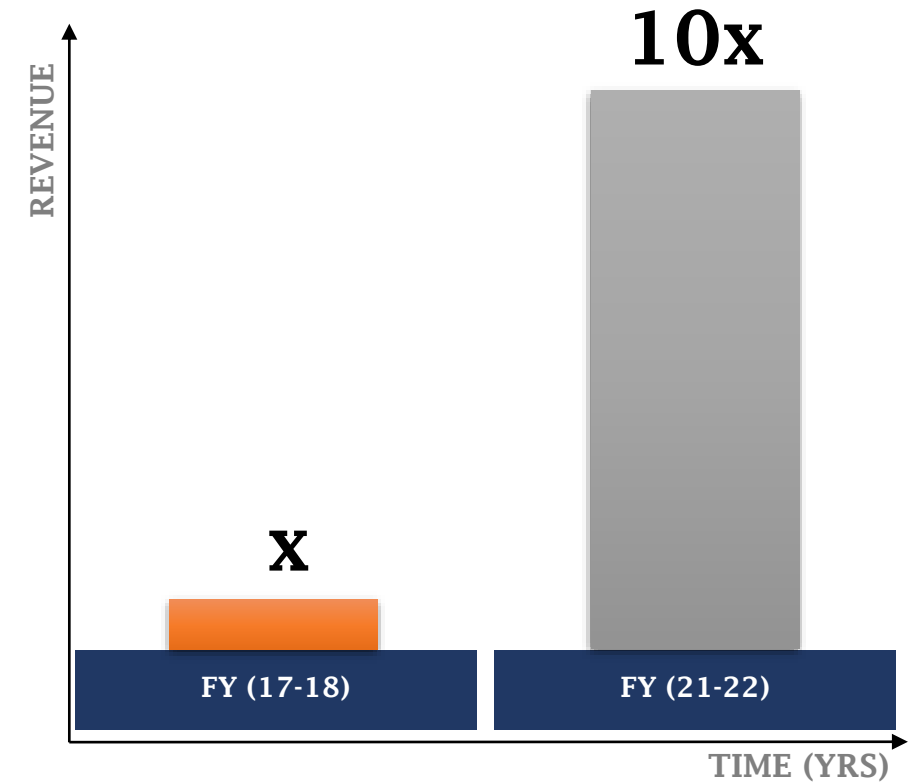
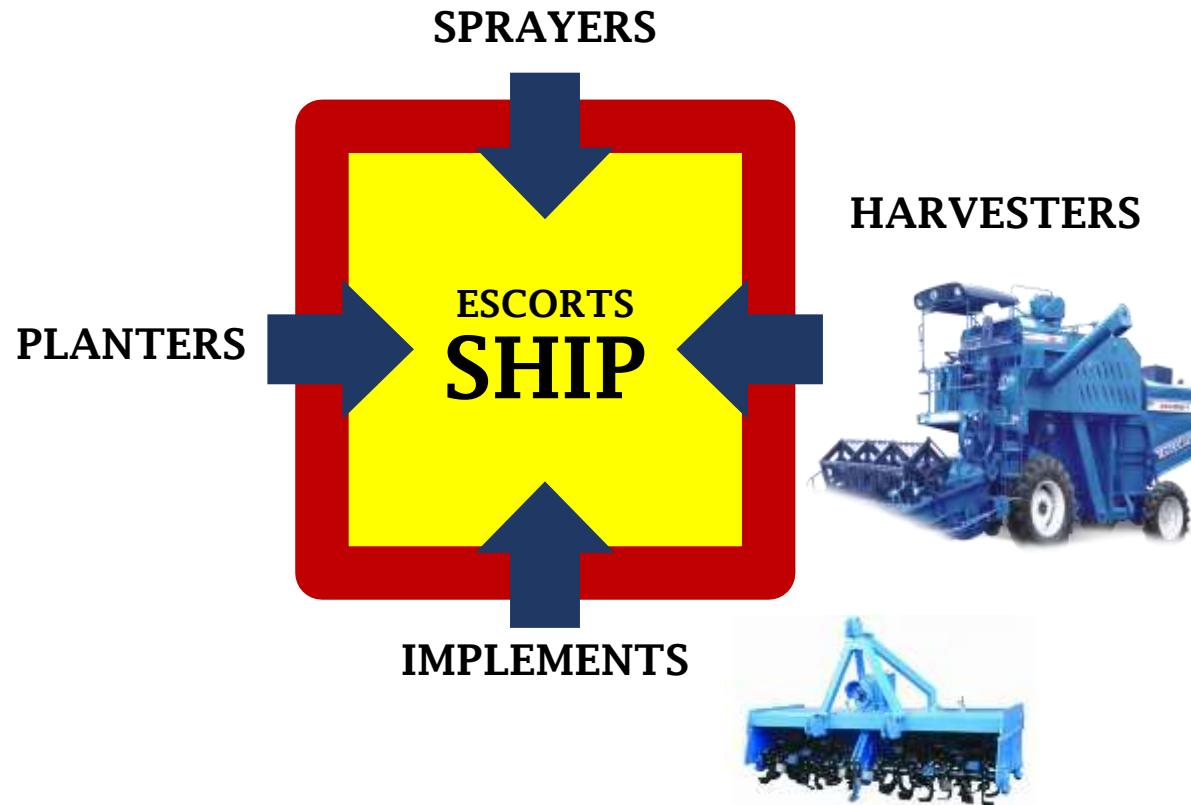
PRODUCT RANGE



SUPPLY CHAIN



DISTRIBUTION NETWORK

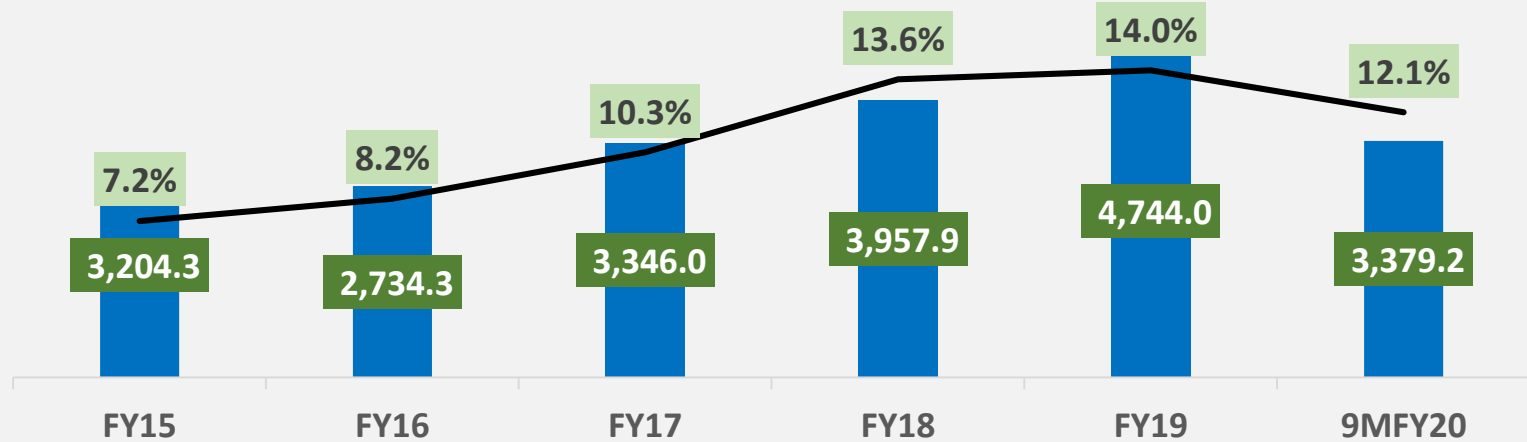


# ...EAM JOURNEY SO FAR & ASPIRATIONS FORWARD



## SEGMENT REVENUE (Rs. Cr.)

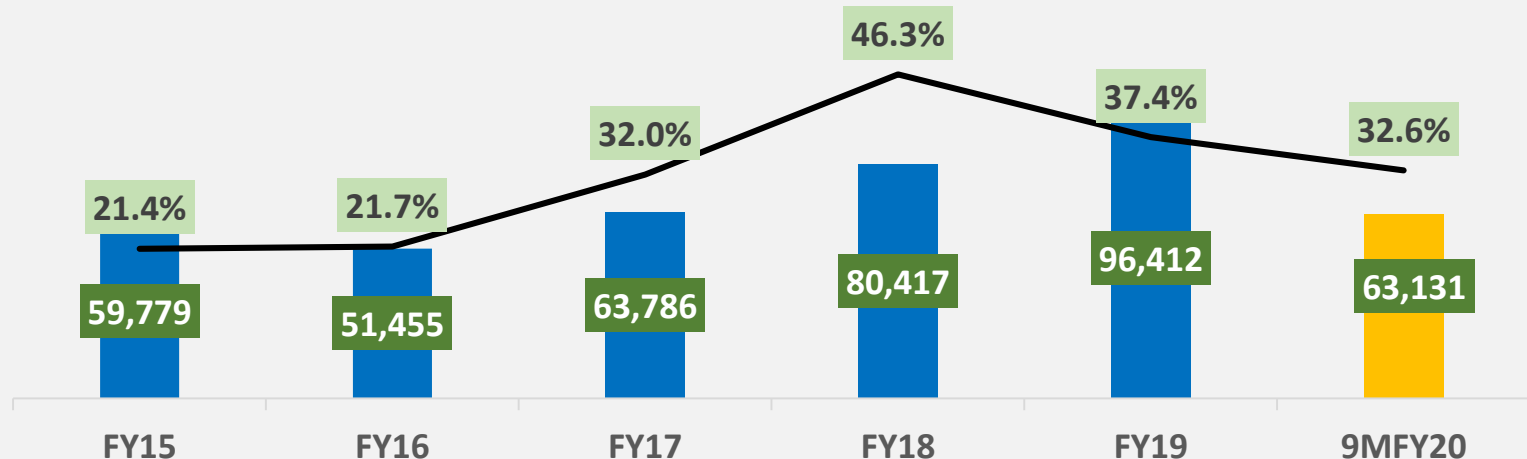
## EBIT %



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

## VOLUMES (Nos.)

## ROCE %

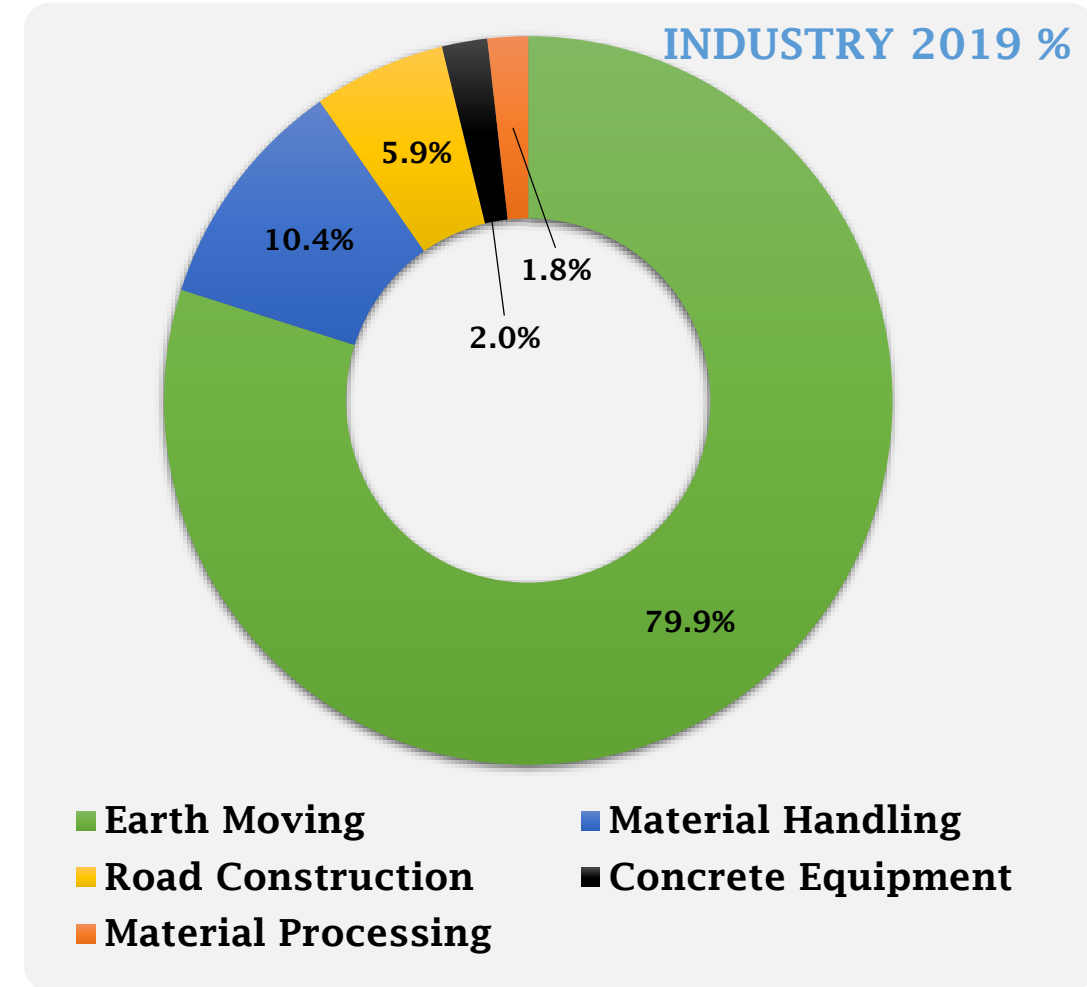
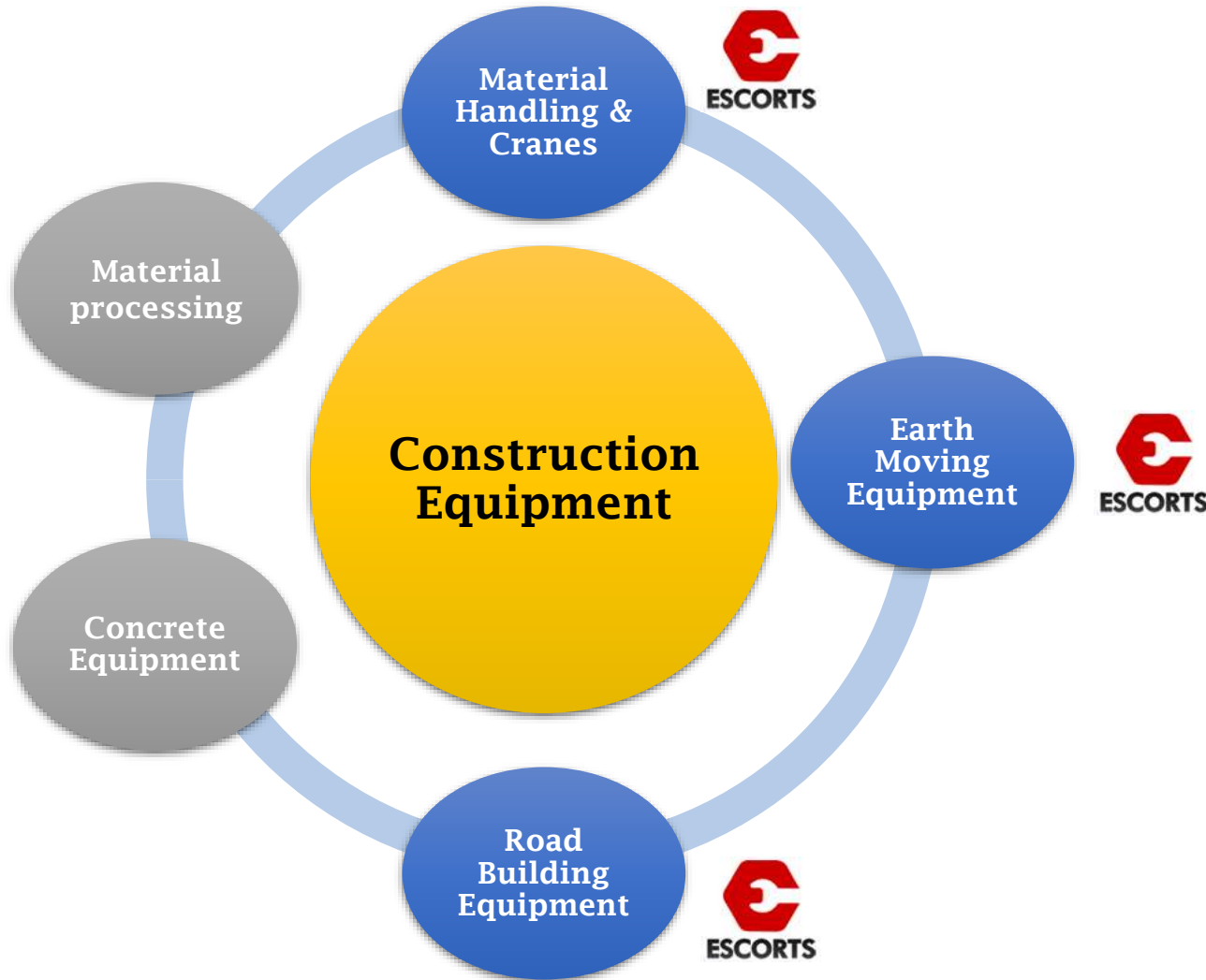


- ❖ Revenue Growth Initiatives
  - ❖ EXPORT
  - ❖ South & West penetration
  - ❖ Emerging Business
- ❖ Cost Rationalization
  - ❖ Raw Material
  - ❖ Manpower cost

# **SCORTS 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



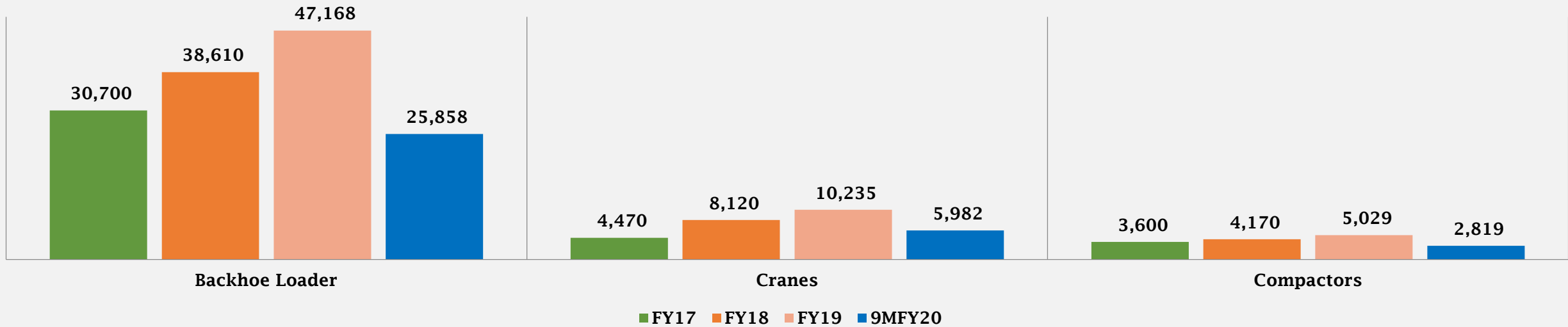
Segment		Major equipment types	Application Segment	User	
1	Earthmoving Equipment	A - Backhoe loader, B - Excavator, C - Wheeled loader	<ul style="list-style-type: none"> <li>• Mining</li> <li>• Roads</li> <li>• Real Estate/Land Development</li> <li>• Power</li> <li>• Railways/Metros</li> </ul>	Small/ 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>		



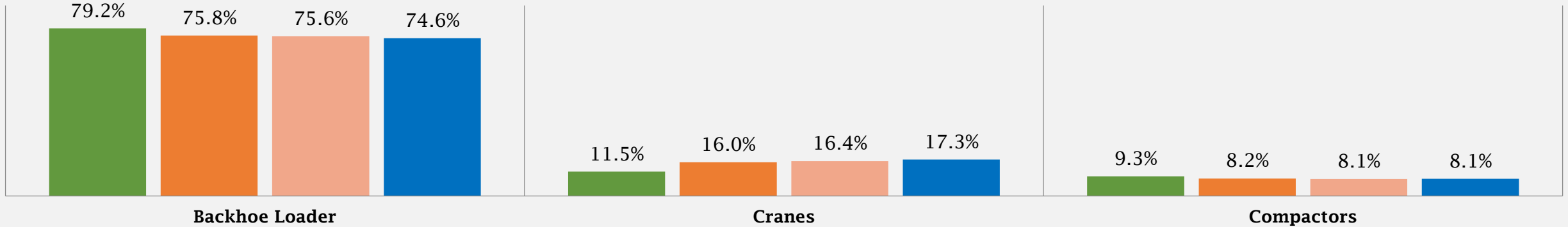
# SERVED INDUSTRY SEGMENTATION



Served Industry Volume (Rounded to nearest Ten)



Served Industry category wise in %



# PRODUCT PORTFOLIO



## 1) Material Handling



60%

## 2) Earth Moving



20%

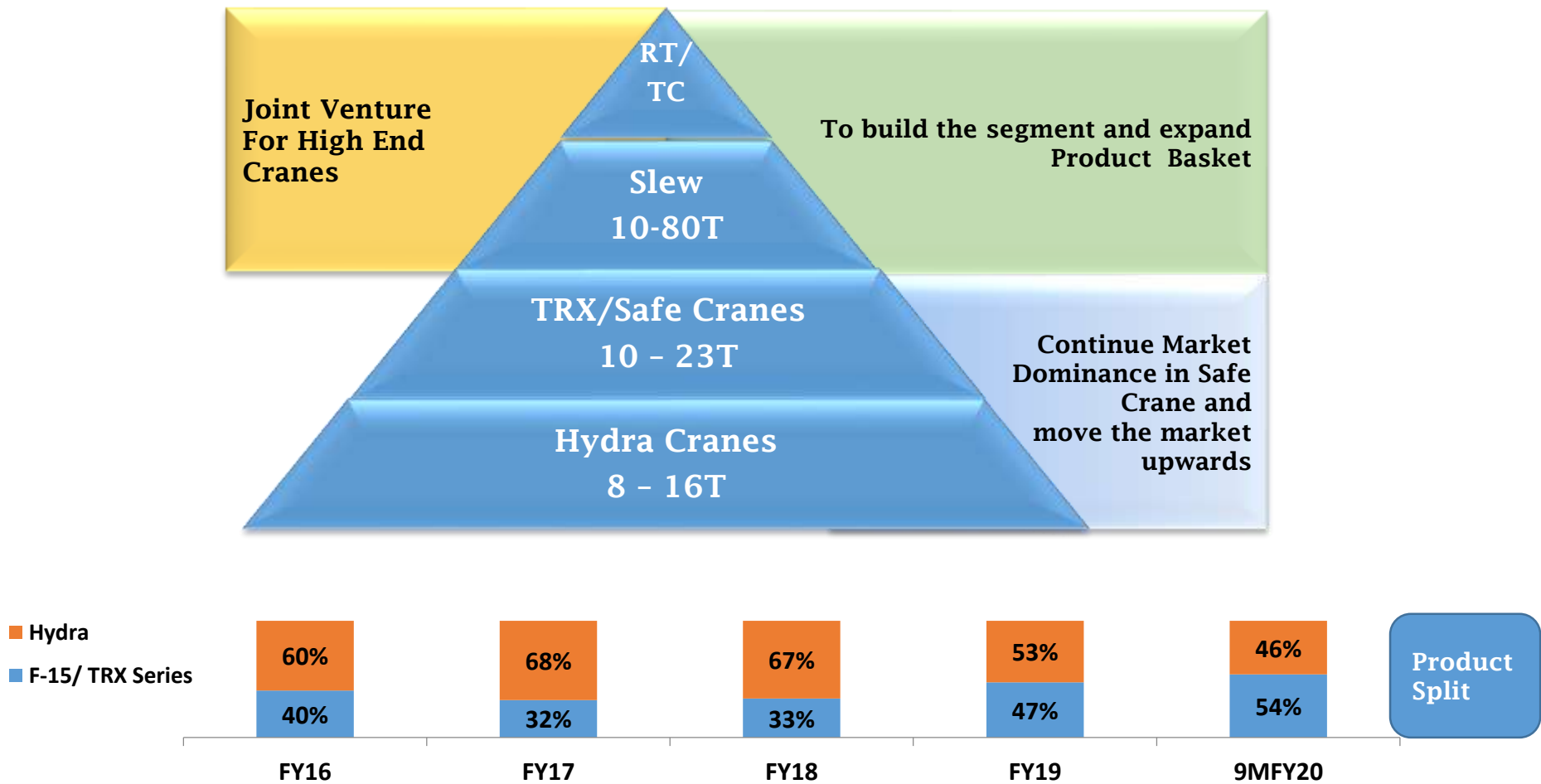
## 3) Road Construction



10%

% of ECE Revenue

# MATERIAL HANDLING



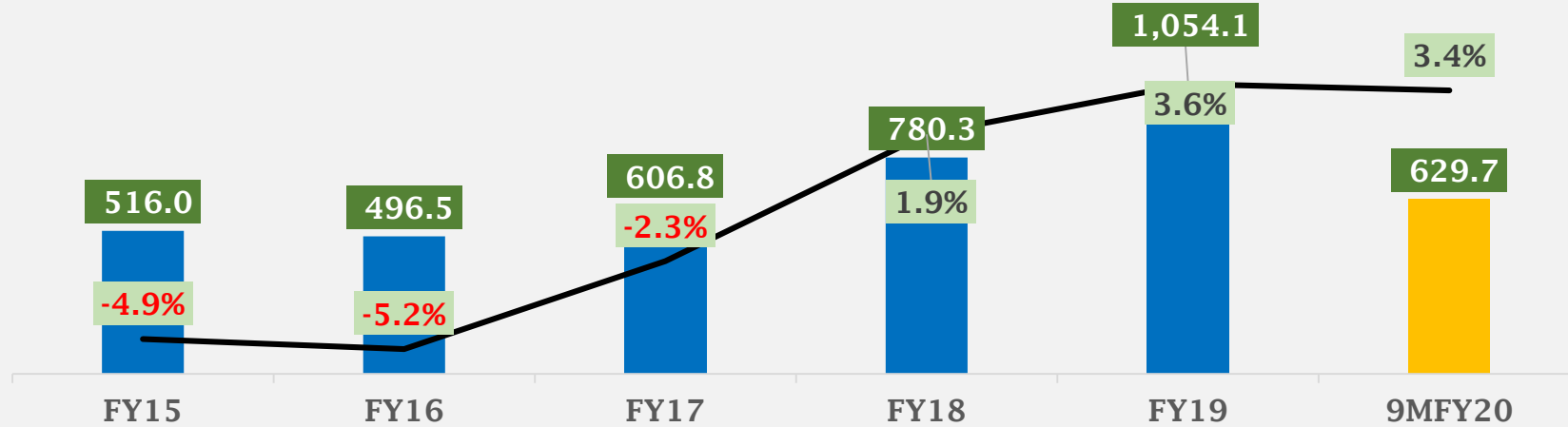
Transform the market from a leadership position

# READY TO RIDE THE INDUSTRY BOOM

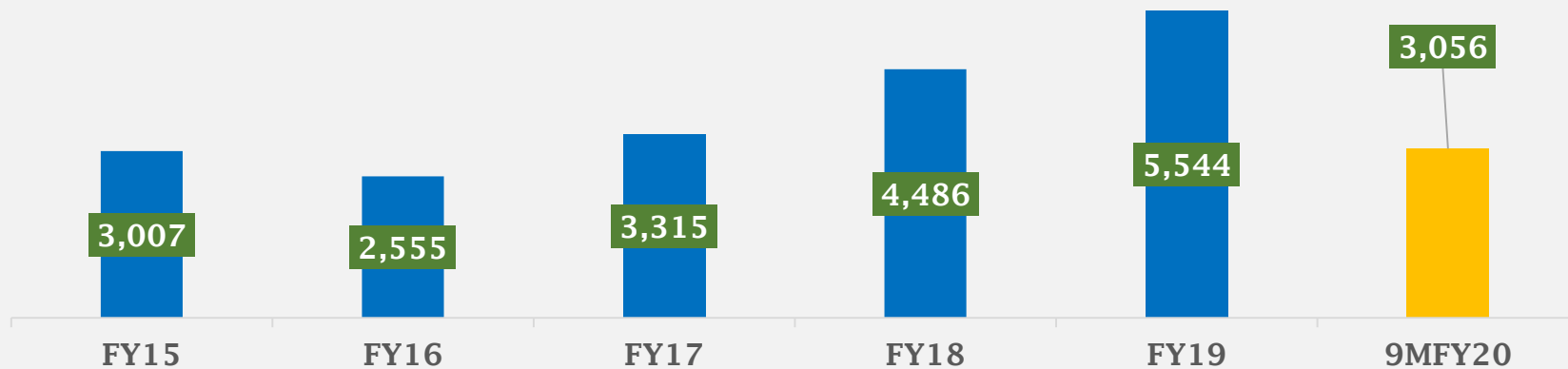


## SEGMENT REVENUE (Rs. Cr.)

## EBIT %



## VOLUMES (Nos.)



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

Strategic Tie ups

Focus on Cost Reduction :  
Material Cost

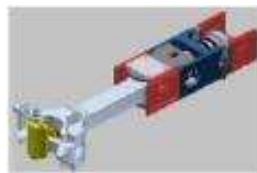
Focus on Export reach  
Enhancement

Channel Financing

Dealership & Outlet reach  
expansion



# RAILWAY EQUIPMENT DIVISION (RED)





# ESCORTS RAILWAYS: MANUFACTURING SAFETY & COMFORT



  
**ESCORTS**  
**RAILWAY EQUIPMENT DIVISION**

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

**Major Sourcing partner for global Rolling Stock OEMs & Operators**

# ON GROWTH TRACK



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

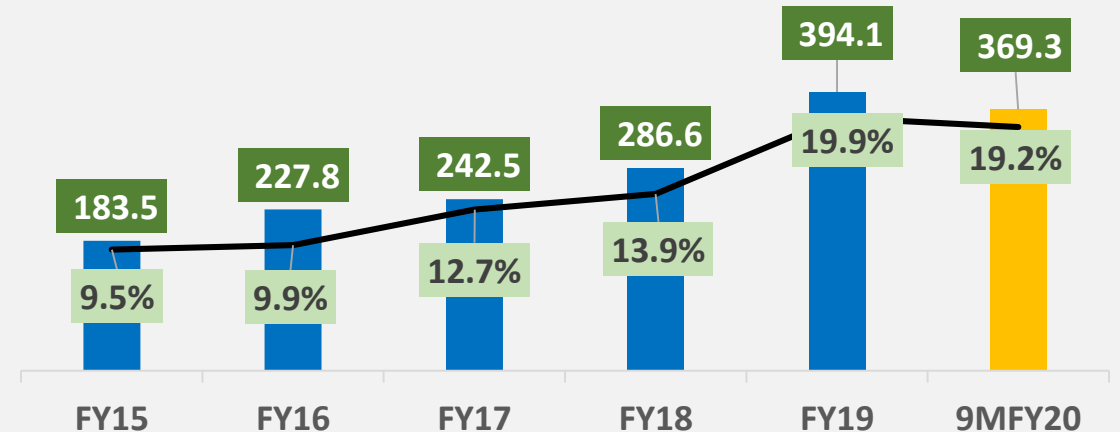
- ✓ Manpower Cost, Productivity Improvements
- ✓ Material Cost improvements
- ✓ New Product Revenue boost
- ✓ Building Strong Inhouse R&D

**CONSISTENT  
ORDER BOOK GROWTH**

**Around Rs. 450 Cr. as of  
Dec'19**

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

**EBIT %**

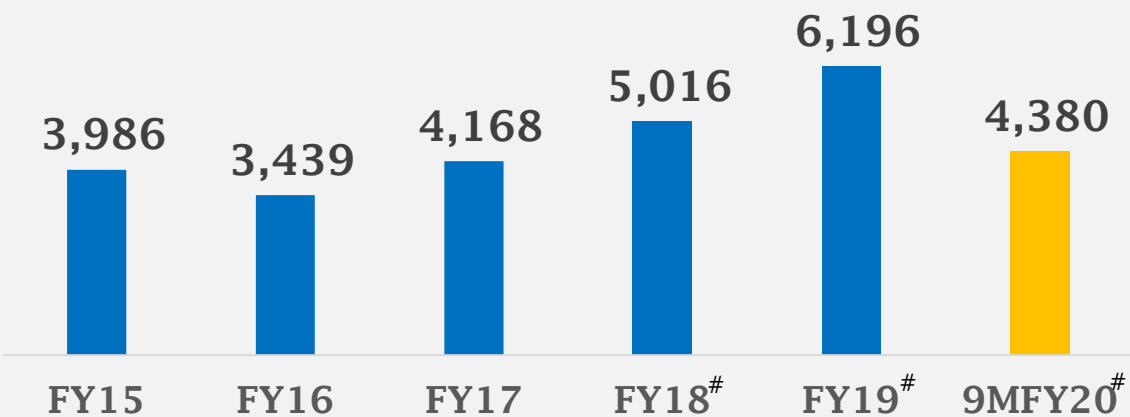




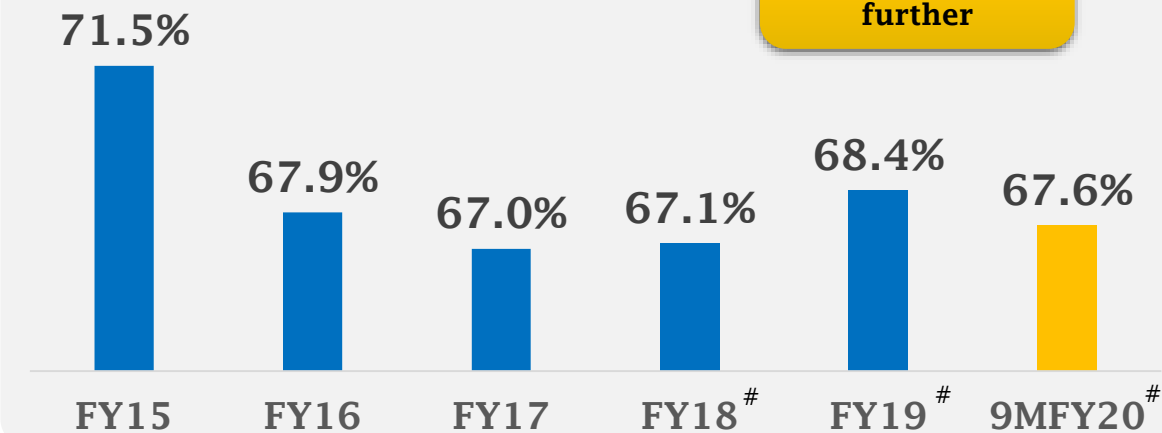
# GROUP FINANCIALS

# ↑ KEY FINANCIAL METRICES...

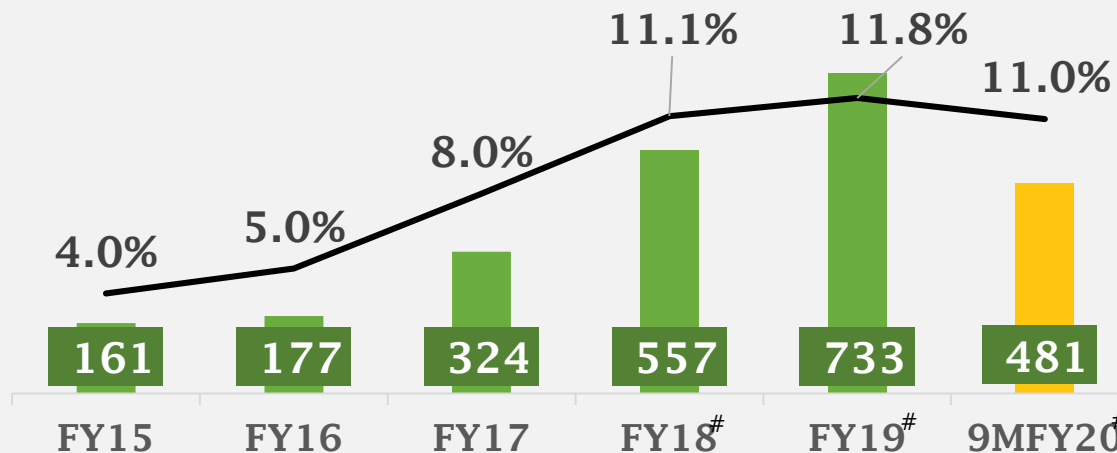
## REVENUE (Rs. Cr.)



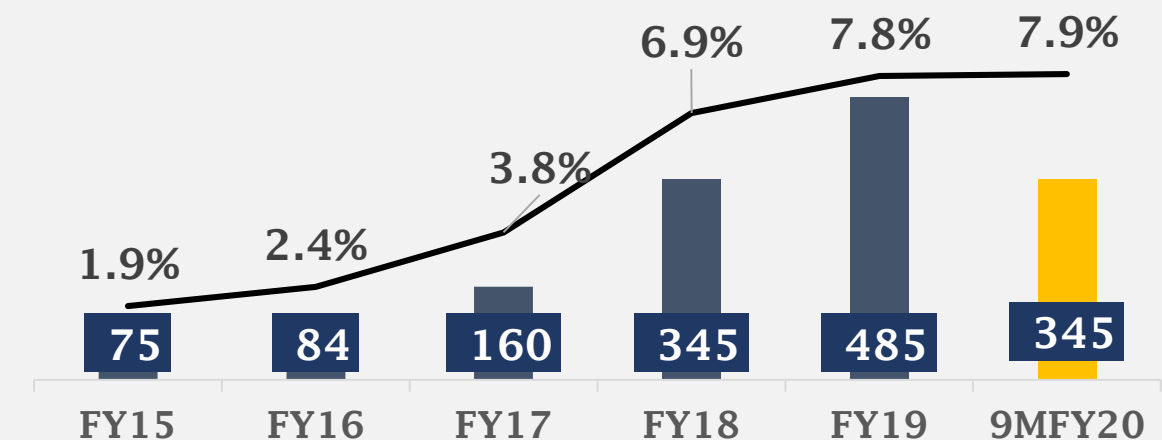
## Material Cost



## EBITDA (Rs. Cr.)



## PAT (Rs. Cr.)

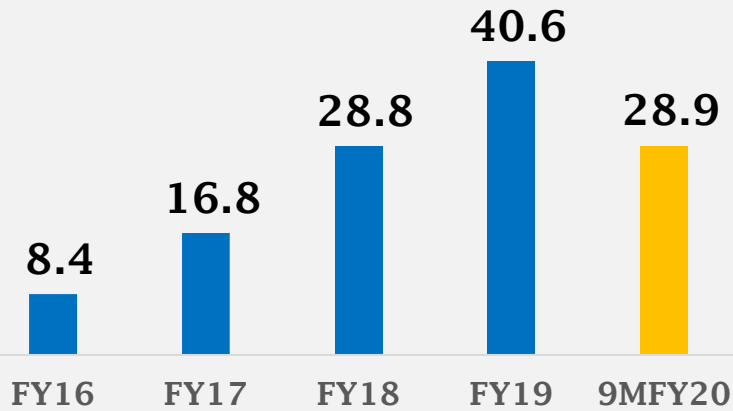


# ↑ KEY FINANCIAL METRICES...



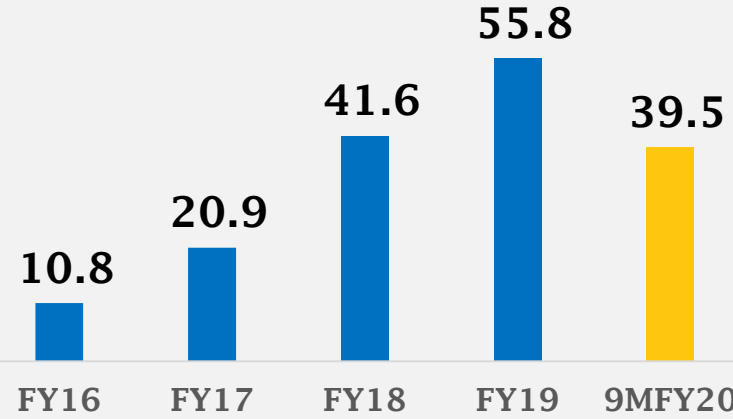
## EPS (₹)

Including  
Treasury Shares

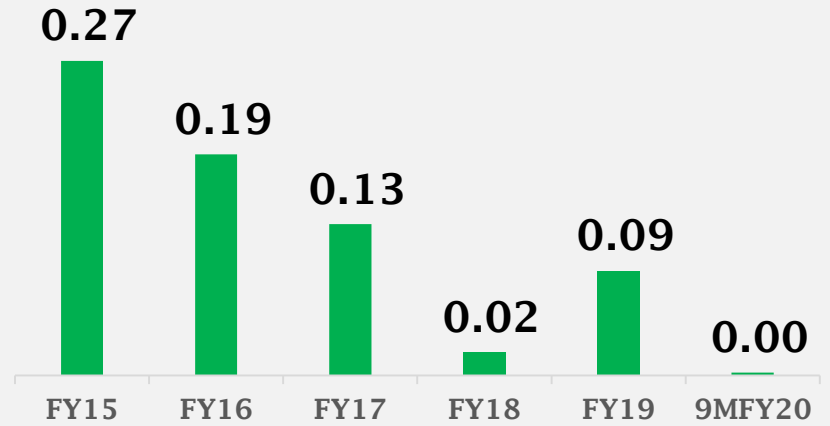


## EPS (₹)

Excluding  
Treasury Shares

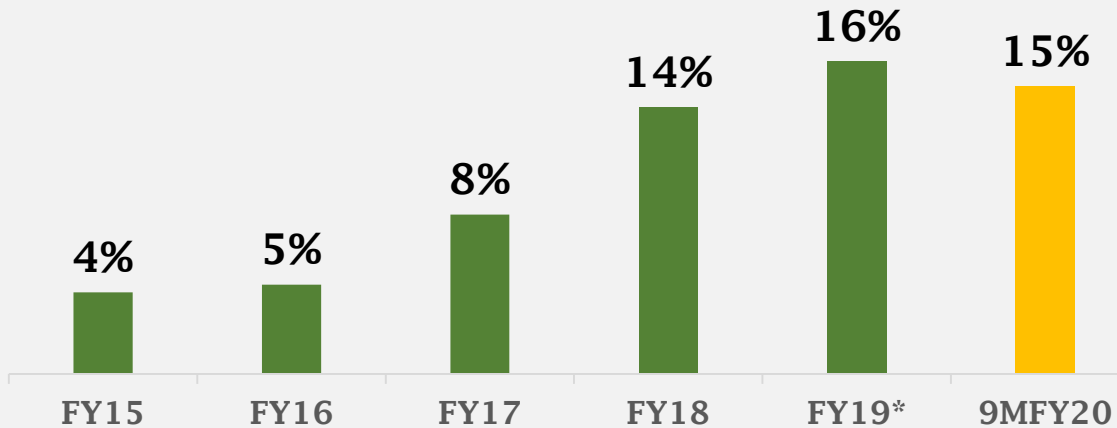


## DEBT EQUITY RATIO



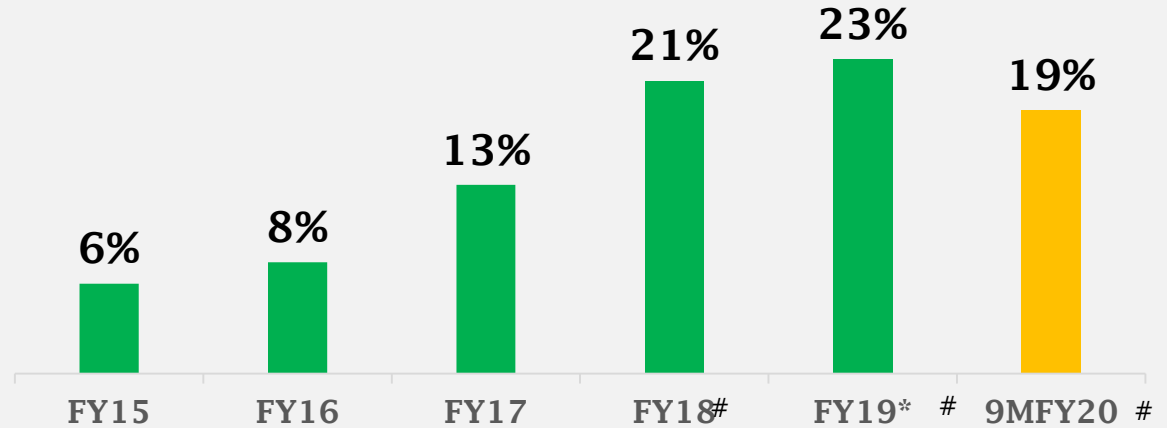
## ROE

%



## ROCE

%



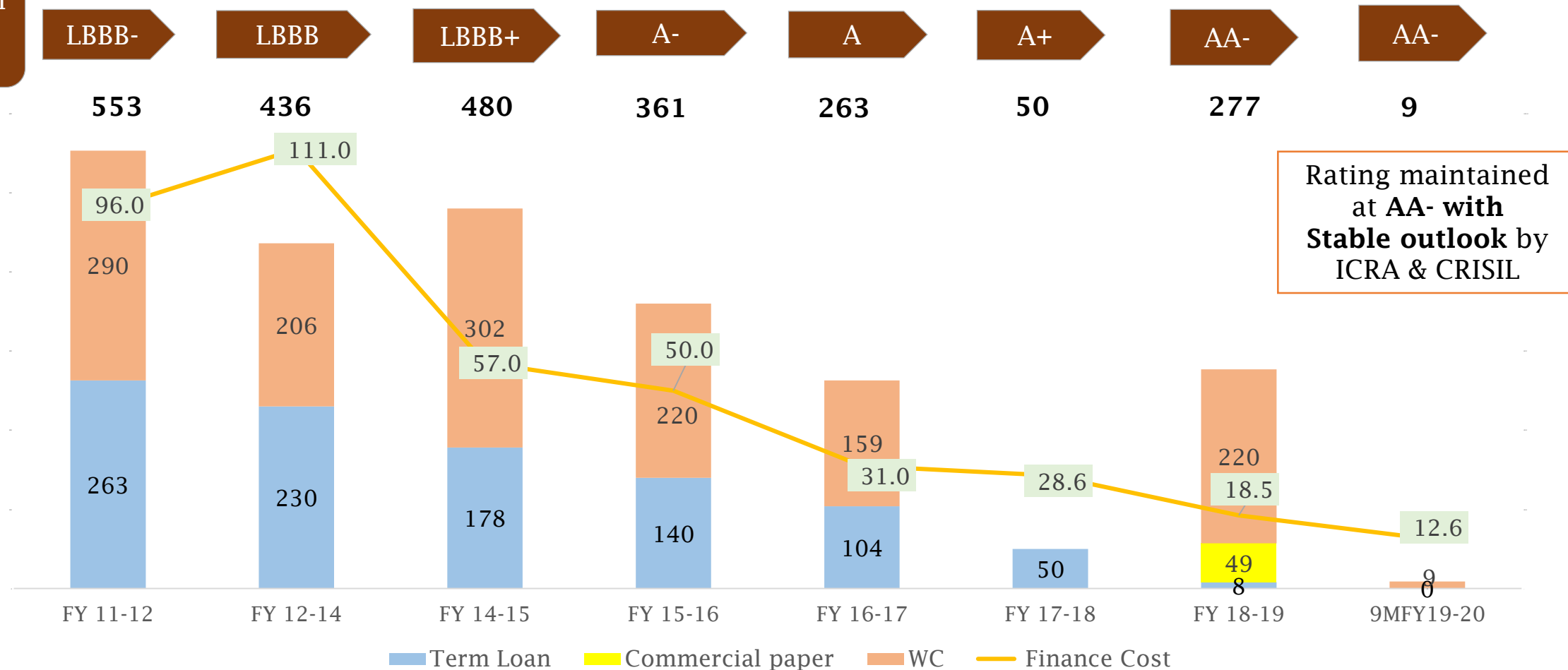


# Credit Rating & Debt Profile



Long Term  
Credit  
Rating

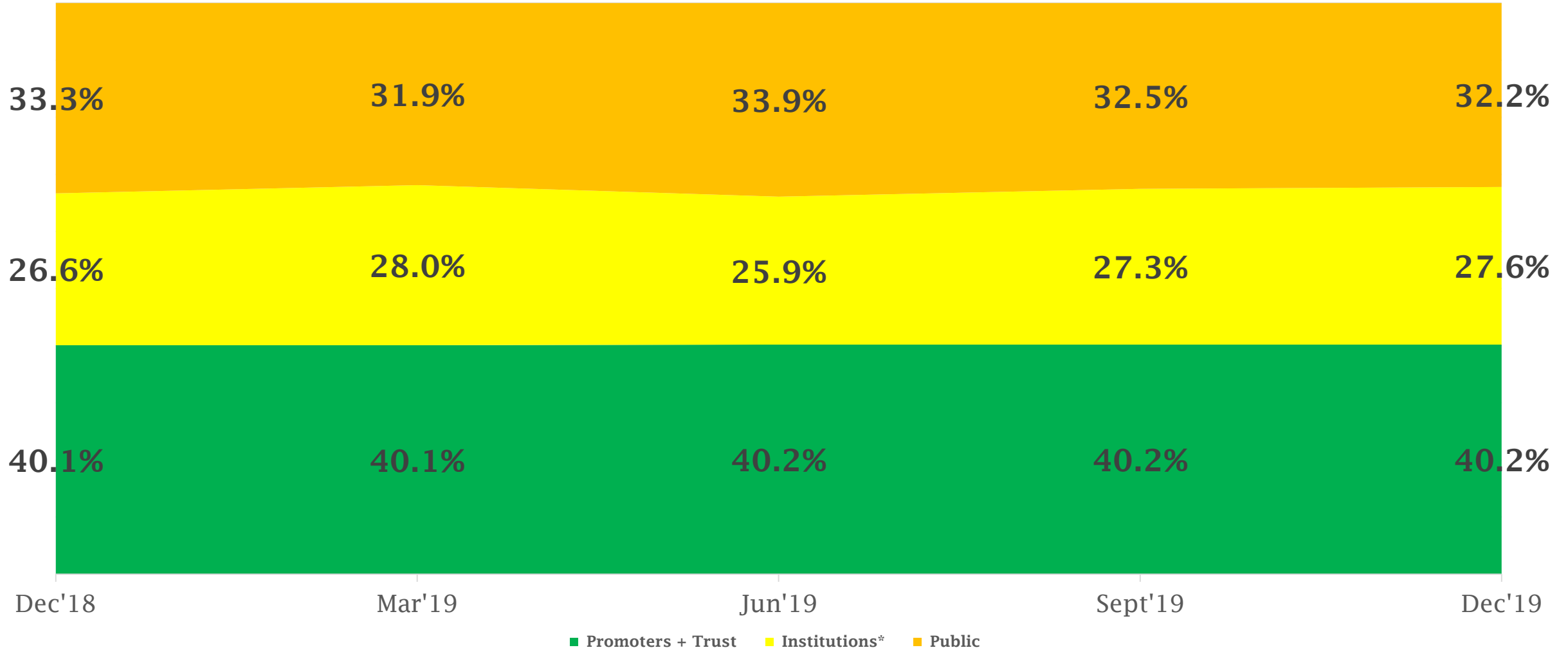
(₹ Crs.)



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

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

# ↑ SHAREHOLDING PATTERN



\* FPI/Financial Institutions/ Banks/Insurance Companies

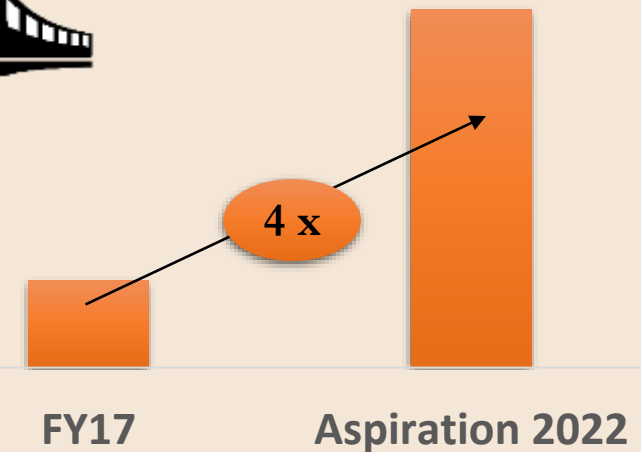
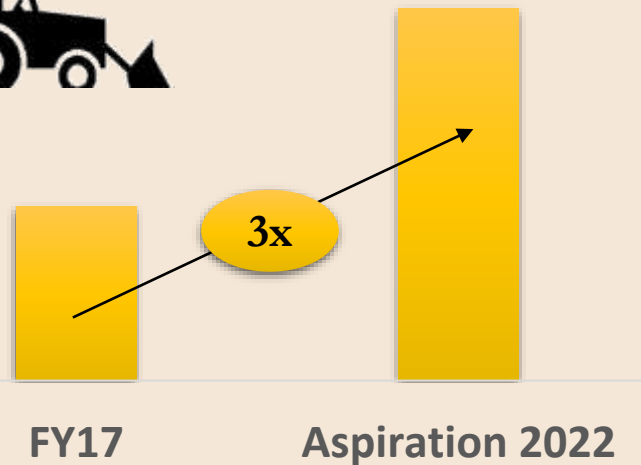
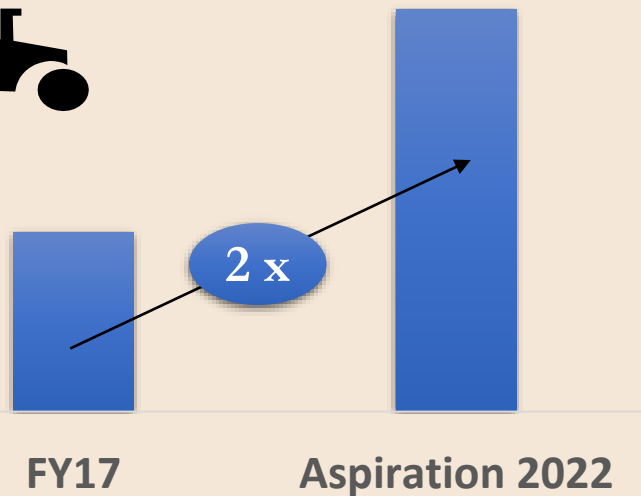
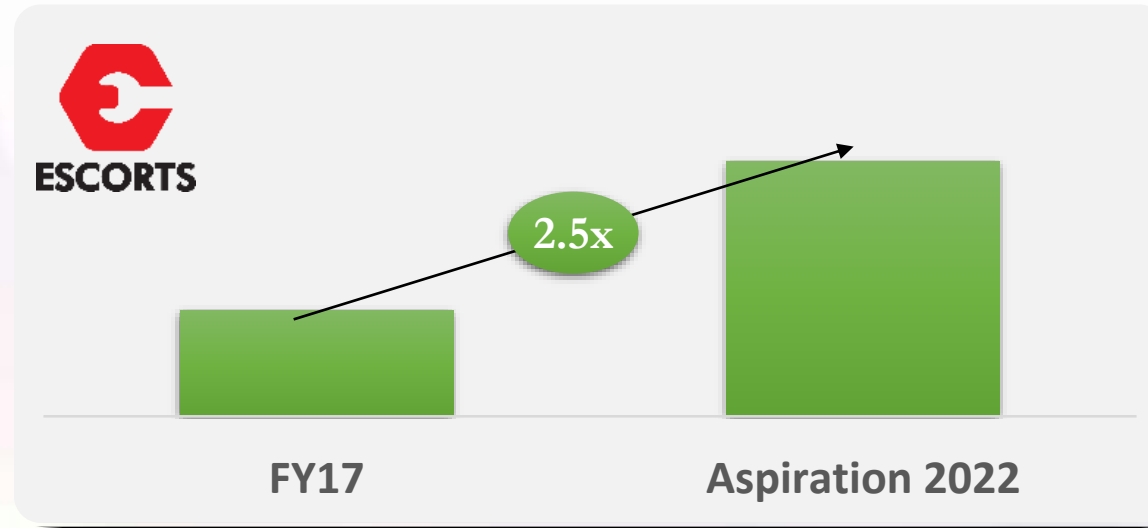
As of quarter ended



# Aspiration

## By 2022

# REVENUE (Rs. Cr.)



# ASPIRATION 2022



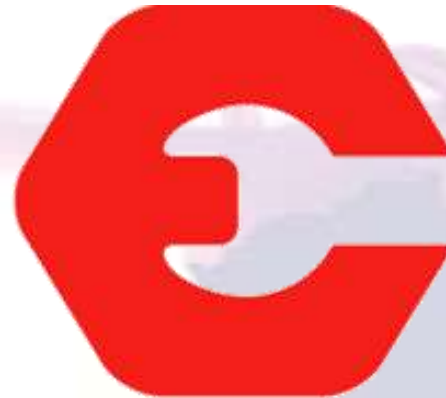
**2.5X Revenue**



**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.
- She is on the board of directors of Seitz technologies, RNIS, Raksha TPA, Rimari India and Sun and Moon travels.



**Mr. Shailendra Agrawal  
Executive Director**

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



**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.



# ...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 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. Tanya Dubash, Independent Director**

- Ms. Dubash serves as the Executive Director and Chief Brand Officer of Godrej Industries Ltd., and is responsible for the Godrej Group's brand and communications function, including guiding the Godrej Masterbrand.
- Also a Director on the Board of Godrej Industries Limited, Godrej Consumer Products Limited and Godrej Agrovet Limited.
- She also serves on the boards of Britannia, AIESEC and India@75.



**Mr. Sunil Kant Munjal, Independent Director**

- Mr. Munjal is one of the founder promoters of the Hero Group, India's premier automotive manufacturing group that has evolved from being the world's largest bicycle-maker to the largest two-wheeler maker.
- He is the Chairman of Hero Enterprise, with interests in insurance distribution, steel-making, real estate and corporate training.



**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

# MANAGEMENT TEAM



**Mr. Shailendra Agrawal**  
**Executive Director**

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



**Mr. Shenu Agarwal**  
**CEO, Escorts Agri Machinery**

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



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

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



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

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



**Mr. Bharat Madan**  
**Group Chief Financial Officer & Corporate head**

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

# 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.

## Contact Details

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(CIN: L74899HR1944PLC039088)

**Corporate Centre**

**15/5 Mathura Road**

**Faridabad - 121003**

**Phone: +91 129 2250222**

**[www.escortsgroup.com](http://www.escortsgroup.com)**

**[investorrelation@escorts.co.in](mailto:investorrelation@escorts.co.in)**

**Bharat Madan**

(Group Chief Financial Officer)

**+91 129 2564837**

**[bharat.madan@escorts.co.in](mailto:bharat.madan@escorts.co.in)**

**Prateek Singhal**

(Financial Analyst & Investor Relations)

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**[prateek.singhal@escorts.co.in](mailto:prateek.singhal@escorts.co.in)**

# Thank You

