

# Q3 FY21 | EARNING PRESENTATION

2<sup>nd</sup> February 2021

# Contents



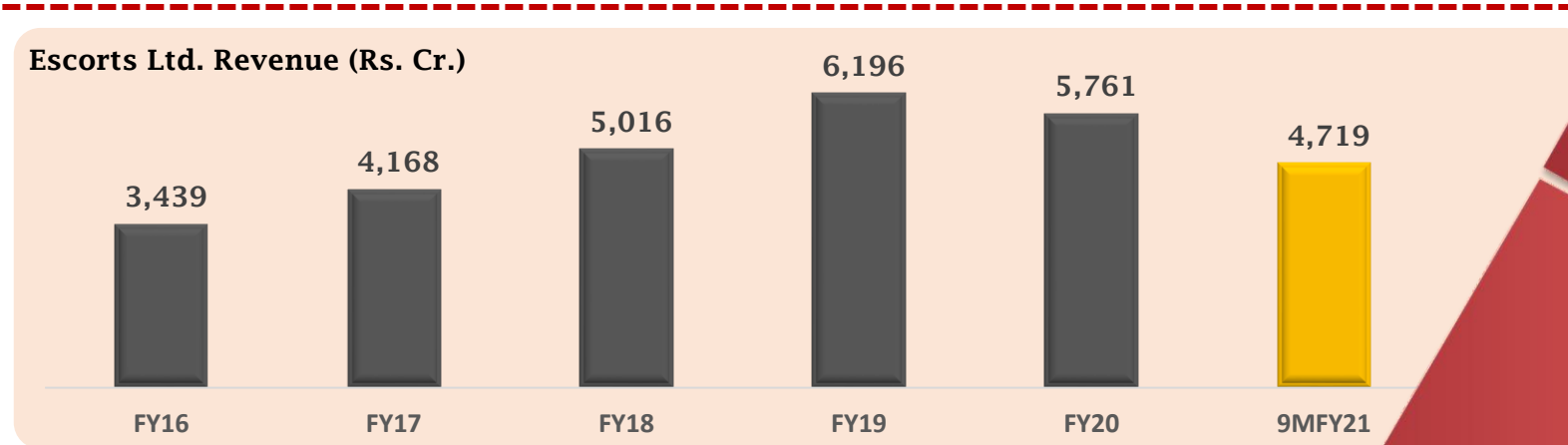
- Escorts Ltd. An Overview
- Q3 FY21 at a Glance (Standalone)
  - Highlights
  - YoY at a Glance
  - Revenue highlights
  - QoQ at a Glance
- 9M FY21 at a Glance (Standalone)
- Credit Rating & Debt Profile
- Management Message
- Segmental Highlights
  - EAM
  - ECE
  - RED
- Shareholding pattern
- Q3 & 9MFY21 at a Glance (Consolidated)
- Narrations

# Escorts Limited: An Overview



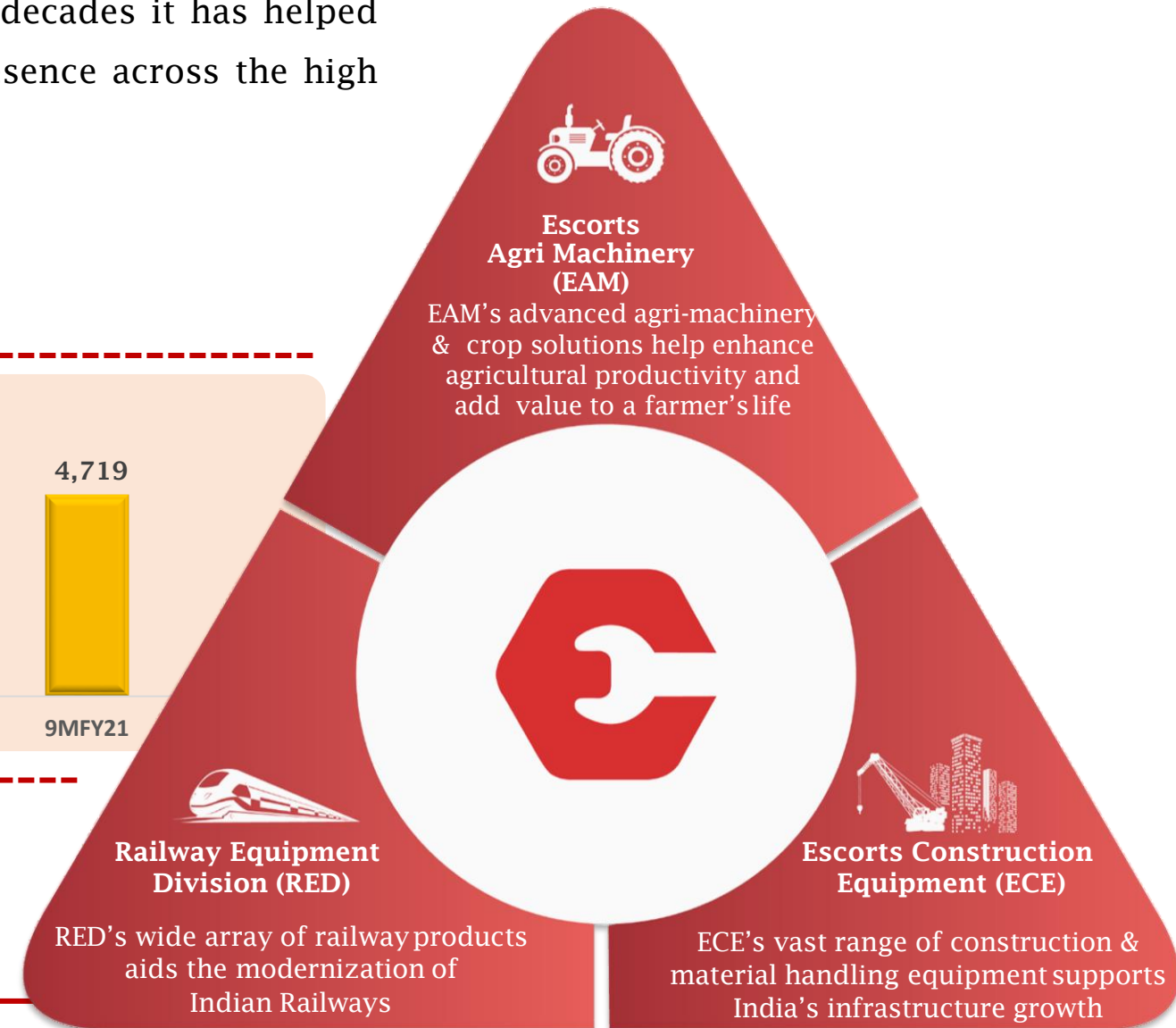
India's leading engineering conglomerates and for over Seven decades it has helped accelerate India's socio-economic development through its presence across the high growth sectors of

- Agri-machinery
- Construction & Material Handling Equipment
- Railway Equipment.



## Exchange listing

- Listed on NSE, BSE and DSE
- Market cap of ~ Rs. 16,200 Crores (30<sup>th</sup> October 2020)



# Escorts Ltd. Q3 FY21 at a Glance



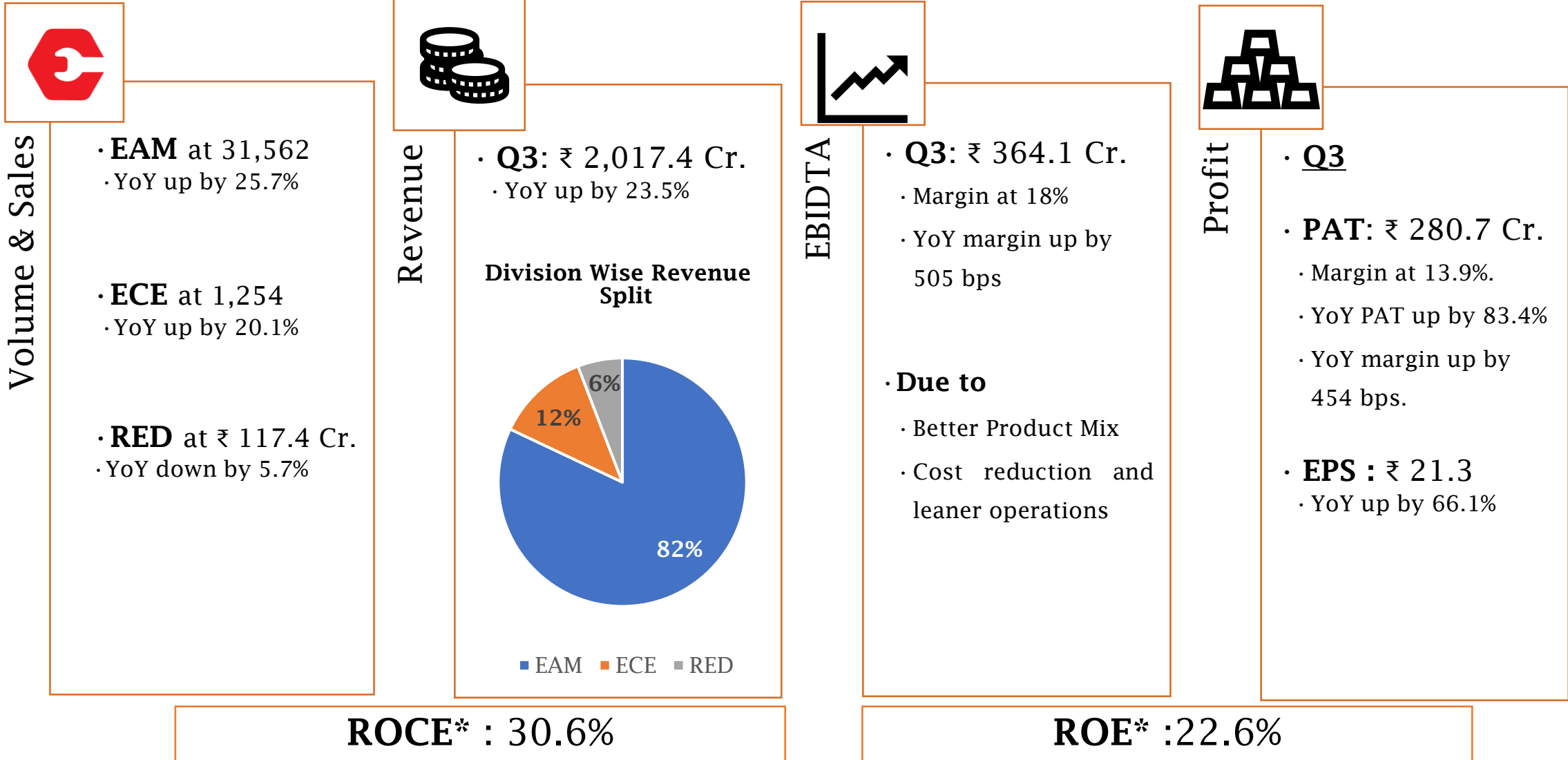
Particulars (YoY)	Industry Growth	Escorts Ltd. Growth	Variance	
Domestic Tractor Volume	26.8%	24.2%	●	-2.6%
Export Tractor Volume	27.8%	67.4%	●	39.6%
<b>Total Tractor Volume</b>	<b>26.9%</b>	<b>25.7%</b>	●	<b>-1.2%</b>
PNC Volume	28.1%	22.5%	●	-5.6%
BHL Volume	10.9%	23.9%	●	13.0%
Compactor Volume	26.9%	-4.1%	●	-31.1%
<b>Served Construction Equipment Volume</b>	<b>14.5%</b>	<b>19.6%</b>	●	<b>5.1%</b>
<b>Railway Segment Revenue</b>		<b>-5.7%</b>		

\*Served construction industry include- Cranes, Backhoe loaders and Compactors

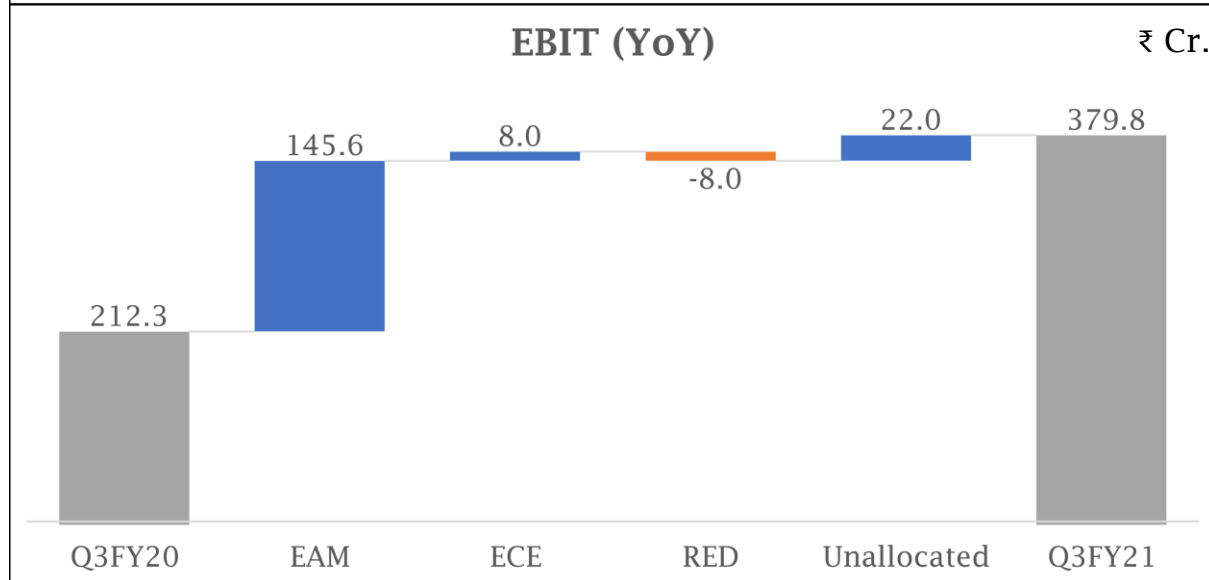
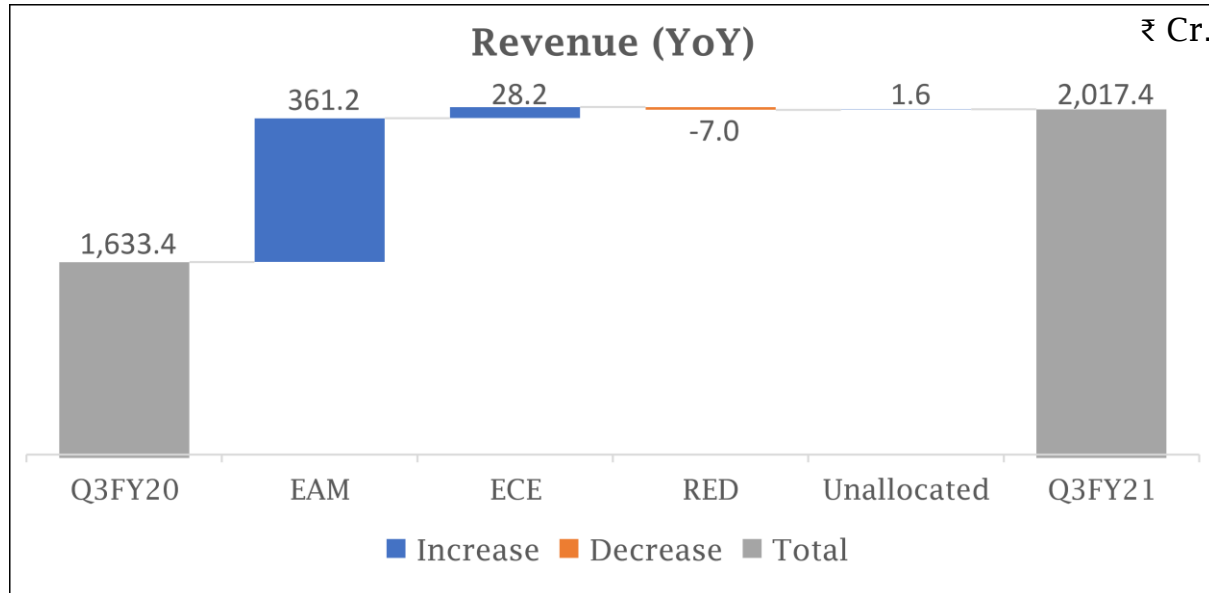
# Standalone Q3FY21 YoY at a Glance

Escorts Ltd. Particulars	Unit	Q3FY21	Q3FY20	Variance
Domestic Tractor Market Share	%	11.62	11.86	● -24 bps
Revenue from operations	₹ Cr.	2,017.4	1,633.4	● 23.5%
Material Cost	%	65.7	66.8	● -118 bps
Manpower Cost	%	6.7	8.1	● -141 bps
EBIDTA	₹ Cr.	364.1	212.3	● 71.5%
EBIDTA Margin	%	18.0	13.0	● 505 bps
PAT	₹ Cr.	280.7	153.1	● 83.4%
EPS	₹	21.3	12.8	● 66.1%

# Standalone Q3FY21 Highlights YoY



# Q3 - YoY Revenue grew by 23.5%; EBIT up by 78.9%



## Q3 Revenue Key Highlights (YoY)

- Tractor Sales up by 25.7% at 31,562 units
- Construction Sales up by 13.1% at 1,254 units
- Railway division down up by 5.7%

## Q3 EBIT Key Highlights

- Operating leverage in both tractor and Construction equipment division.
- NPD contribution in railway up to 69.2% as against 44.2% LY
- Lower sales promotion expenses

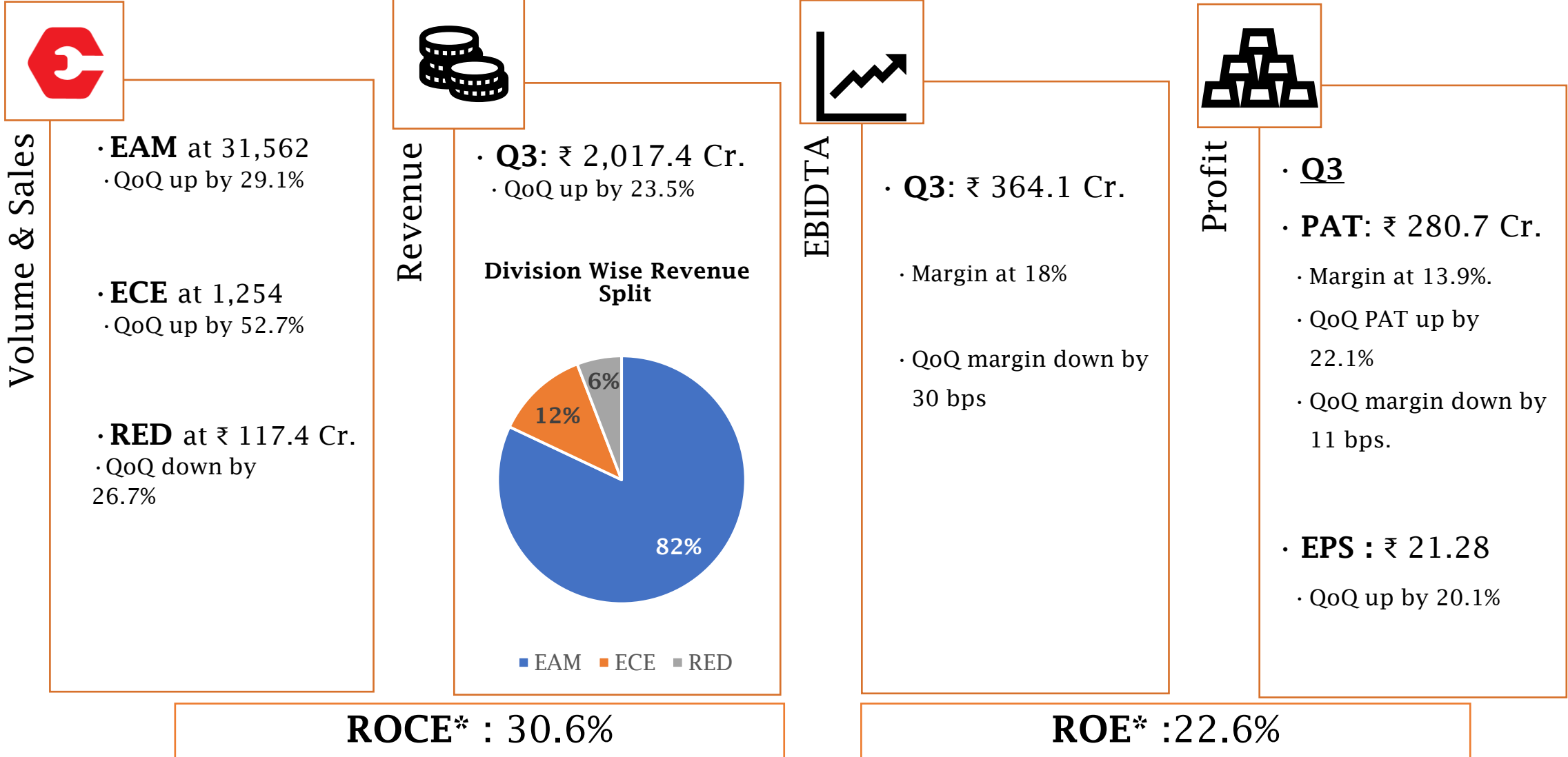
# Standalone Q3FY21 QoQ at a Glance



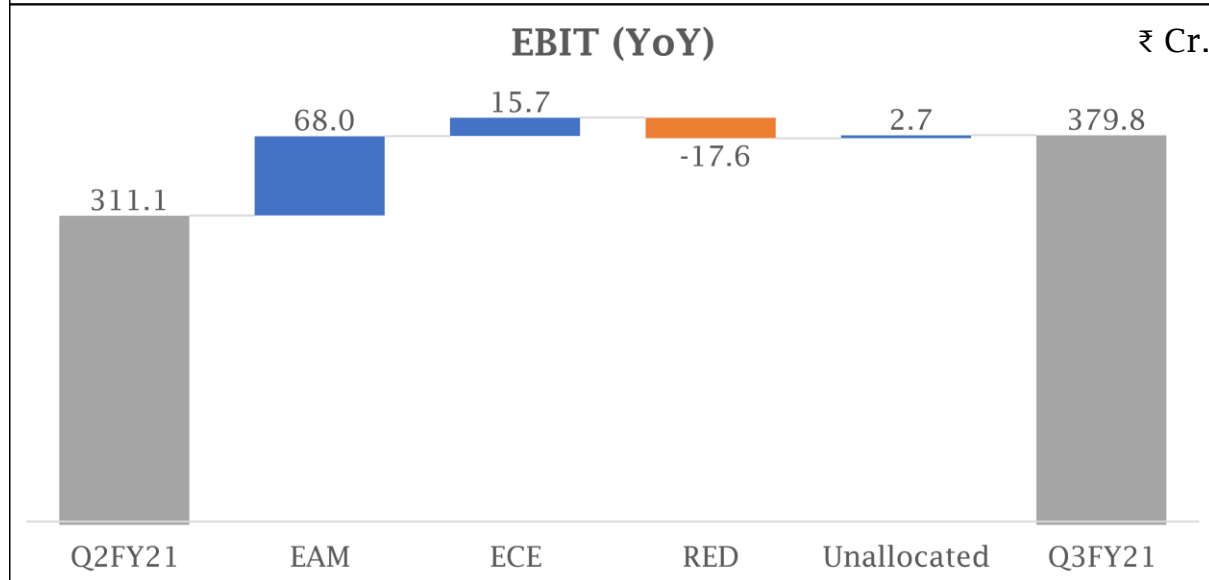
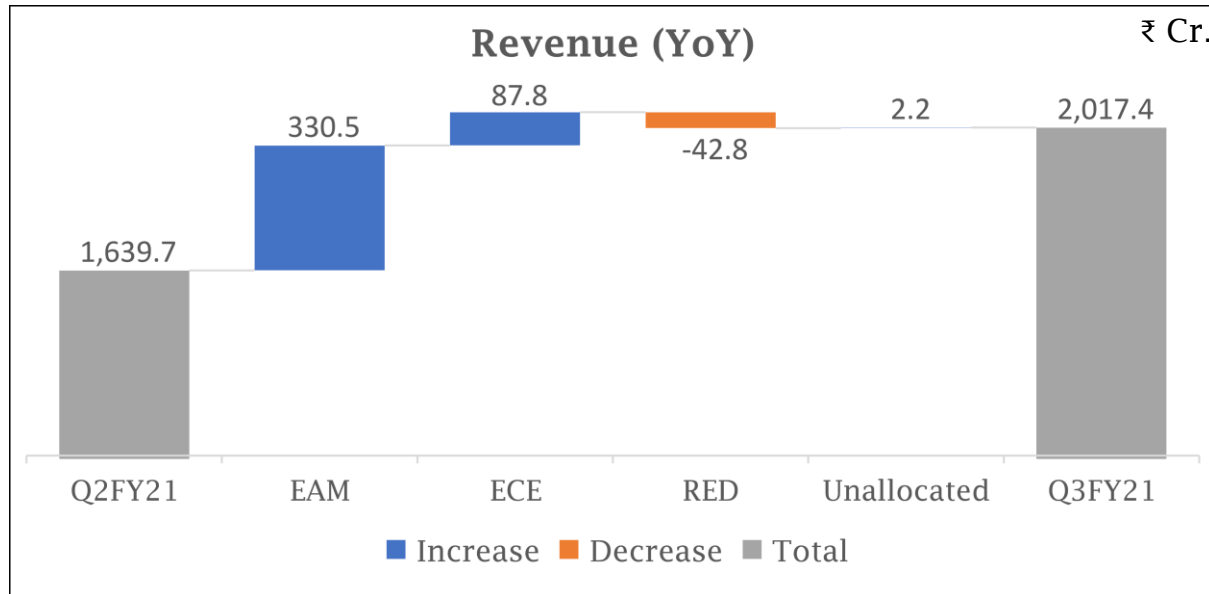
Escorts Ltd. Particulars	Unit	Q3FY21	Q2FY20	Variance	
Domestic Tractor Market Share	%	11.62	9.79	●	183 bps
Revenue from operations	₹ Cr.	2,017.4	1,639.7	●	23.0%
Material Cost	%	65.7	63.6	●	209 bps
Manpower Cost	%	6.7	7.7	●	-92 bps
EBIDTA	₹ Cr.	364.1	300.9	●	21.0%
EBIDTA Margin	%	18.0	18.3	●	-30 bps
PAT	₹ Cr.	280.7	229.9	●	22.1%
EPS	₹	21.3	17.7	●	20.1%



# Standalone Q3FY21 Highlights QoQ



# Q3 - QoQ Revenue grew by 23%; EBIT up by 22.1%



## Q3 Revenue Key Highlights (QoQ)

- Tractor Sales up by 29.1% at 31,562 units
- Construction Sales up by 52.7% at 1,254 units
- Railway division sale down by 26.7%

## Q3 EBIT Key Highlights

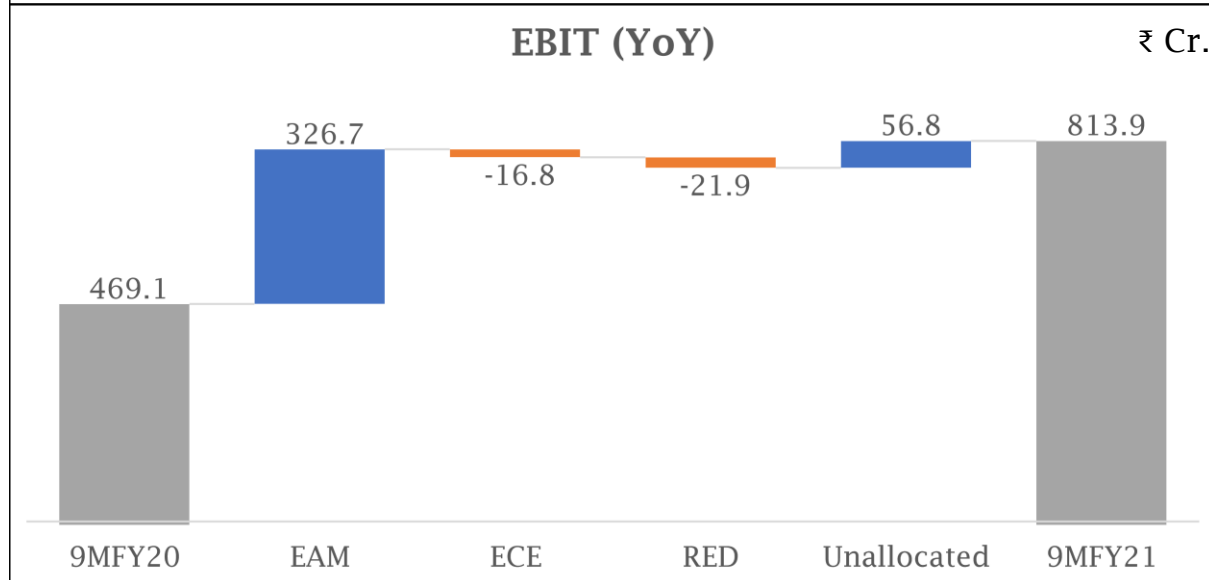
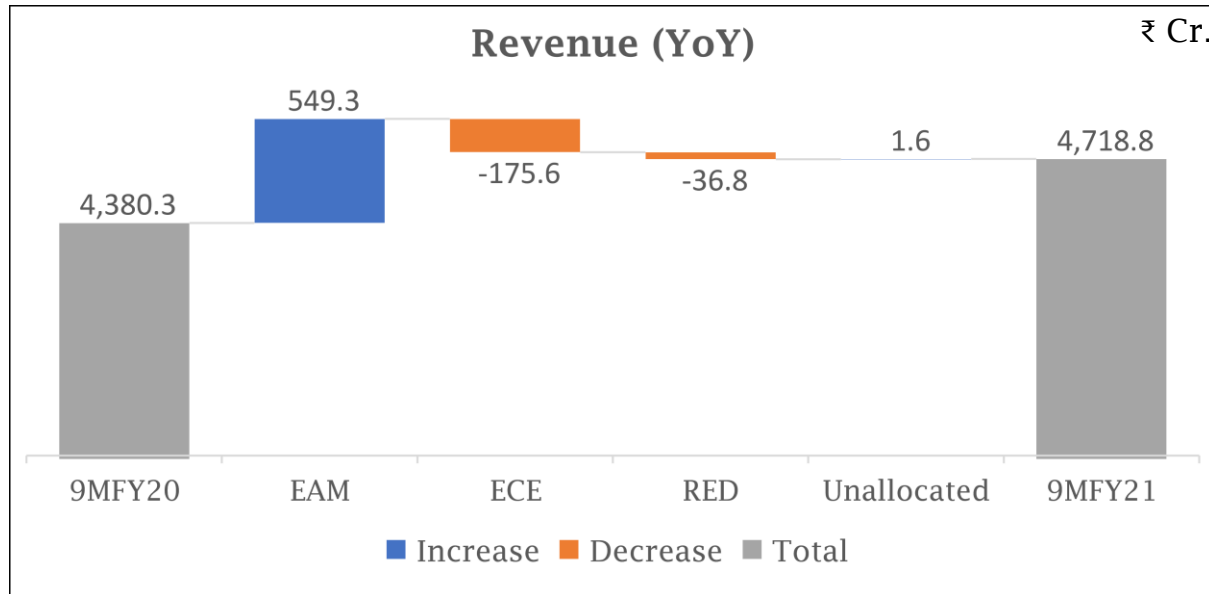
- Operating leverage in both tractor and Construction equipment division.
- NPD contribution in railway up to 69.2% as against 58.4% in Q2FY21
- Adverse commodity prices

# Standalone 9MFY21 at a Glance



Escorts Ltd. Particulars	Unit	9MFY21	9MFY20	Variance
Domestic Tractor Market Share	%	10.74	11.22	-48 bps
Revenue from operations	₹ Cr.	4,718.8	4,380.3	7.7%
Material Cost	%	65.3	67.6	-232 bps
Manpower Cost	%	8.2	8.7	-48 bps
EBIDTA	₹ Cr.	784.5	481.4	63.0%
EBIDTA Margin	%	16.6	11.0	564 bps
PAT	₹ Cr.	602.7	345.1	74.6%
EPS	₹	47.4	28.9	64.2%

# 9M - YoY Revenue grew by 7.7%; EBIT up by 73.5%



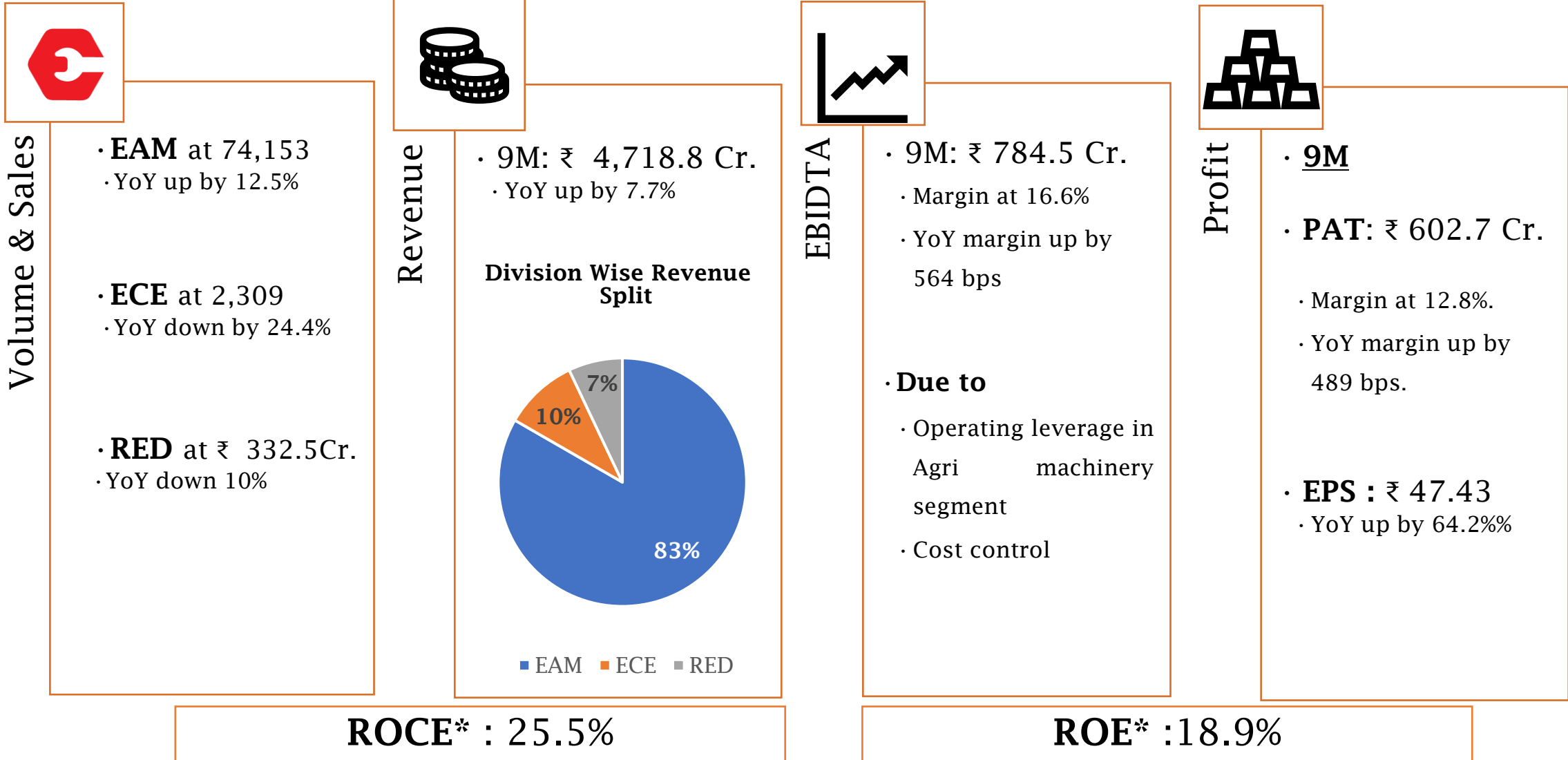
## 9M Revenue Key Highlights (YoY)

- Tractor Sales up by 12.5% at 74,153 units
- Construction Sales down by 24.4% at 2,309 units
- Railway division sale down by 10%

## 9M EBIT Key Highlights

- Operating leverage in Agri Machinery Business.
- NPD contribution in railway up to 60% as against 40% in 9MFY21

# Standalone 9MFY21 Highlights



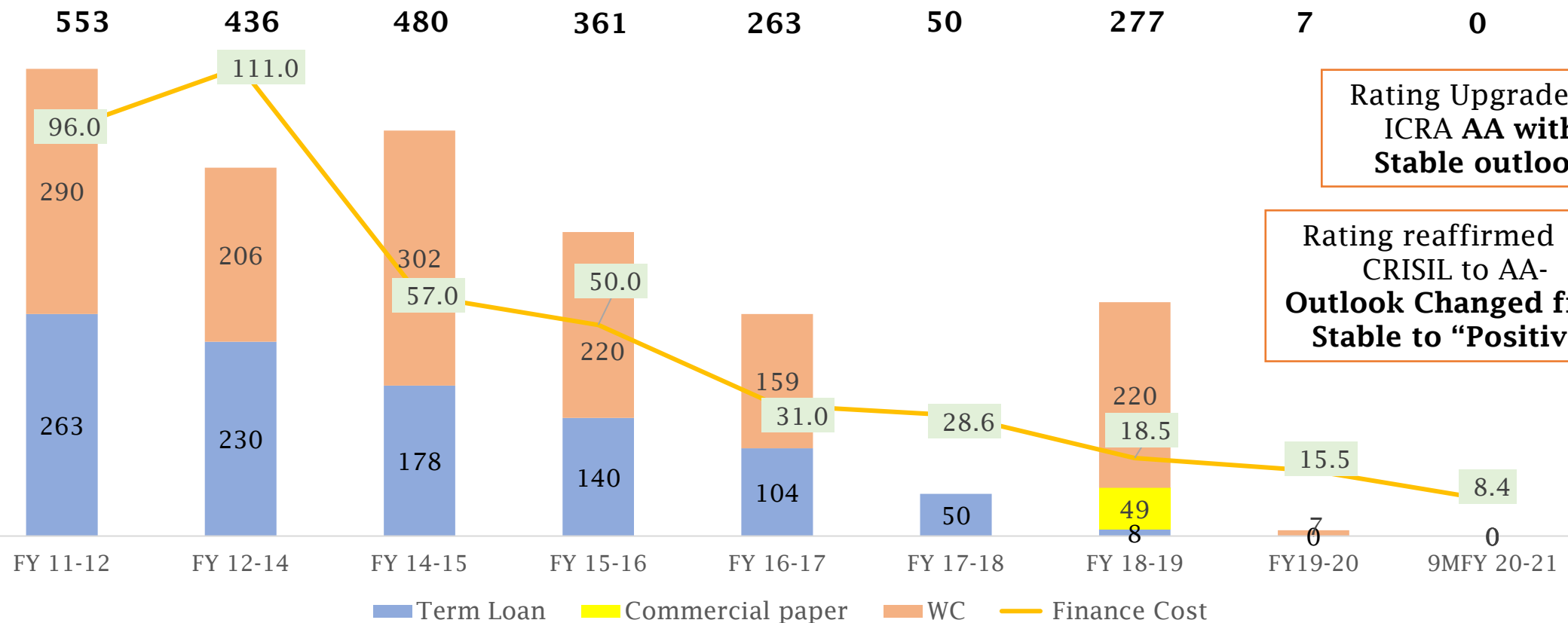
# Credit Rating & Debt Profile



Long Term  
Credit  
Rating

(₹ Crs.)

LB BB-
LB BB
LB BB+
A-
A
A+
AA-
AA-
AA



Rating Upgrade by  
ICRA AA with  
Stable outlook

Rating reaffirmed by  
CRISIL to AA-  
Outlook Changed from  
Stable to "Positive"

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

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

\*FY19-20 is excluding lease liability

# Management Message



## Nikhil Nanda, Chairman and Managing Director

“Agriculture demand for tractors and farm mechanization is witnessing a continuous growth. We are hopeful of a sustained momentum as we see strengthening in farm and rural economies. We have been maintaining adequate safety standard across the organization to maintain an uninterrupted supply to our customers. The positive development in the construction equipment space is also encouraging. We are optimistic of better environment ahead for business recovery in the Construction and Railway Equipment segments as well. The Government’s efforts on Covid vaccination will further infuse confidence across sectors and will provide further impetus to the economy.”

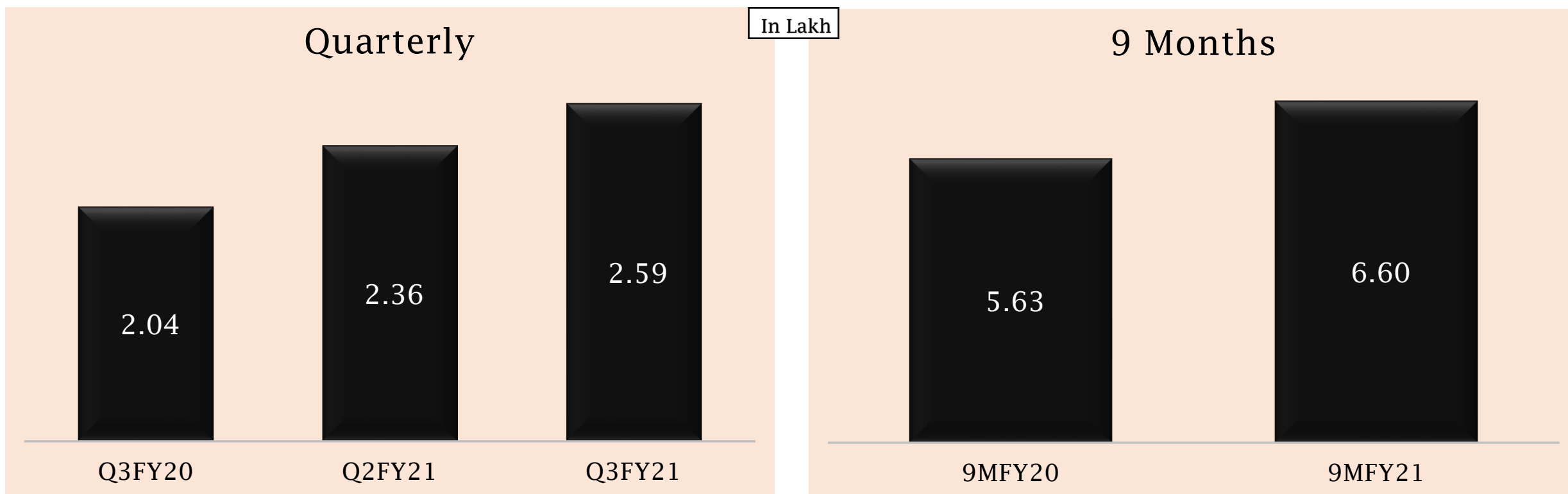


## Harvesting Smiles; Enriching Lives

Powering The Dreams Of Farmer



# Domestic Tractor Industry Overview



- In Q3FY21 on Y-o-Y domestic Industry up by ~27%.
- Industry in Q3FY21 on Y-o-Y basis in North and central region grew by 13%, whereas industry grew by 44% in South and west region.
- Good and uniform availability of water, better retail financing penetration, restart of commercial-use demand, record crop production along with hold-up of most crop prices – are factors helping continued industry growth. Coupled with a low base effect, these factors should propel industry further in Q4, making this fiscal a record year for tractor industry.

# Q3FY21 Segment Highlights : EAM



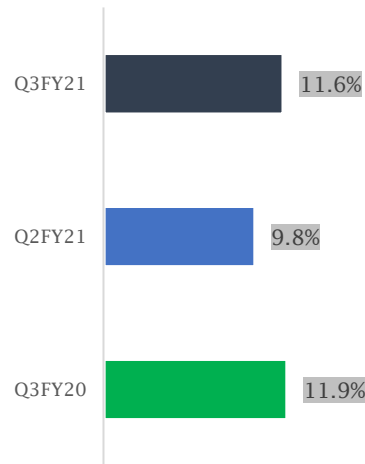
## Volume

- **Domestic** at 30,072
  - YoY up by 24.2%
  - QoQ up by 29.9%
- **Export** at 1,490
  - YoY up by 67.4%
  - QoQ up by 16%
- **Total** at 31,562
  - YoY up by 25.7%
  - QoQ up by 29.1%



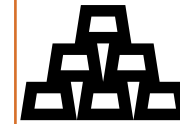
## Domestic Market Share

- Market Share at 11.6%
- YoY down by 24 bps
- QoQ up by 183 bps



## Revenue

- **At ₹ 1,652.7 Cr.**
  - YoY up by 28%
  - QoQ up by 25%
- **Farmtrac :**
  - **Powertrac sales ratio 39:61**
  - as against 39:61 YoY
  - as against 43:57 QoQ



## EBIT

- **Q3: ₹ 332.8 Cr.**
  - YoY up by 77.7%
  - QoQ up by 25.7%
- **Margin** at 20.1%
  - YoY up by 564 bps
  - QoQ up by 11 bps

Capacity utilization ~100%

ROCE\* : 111.6%

# 9MFY21 Segment Highlights : EAM



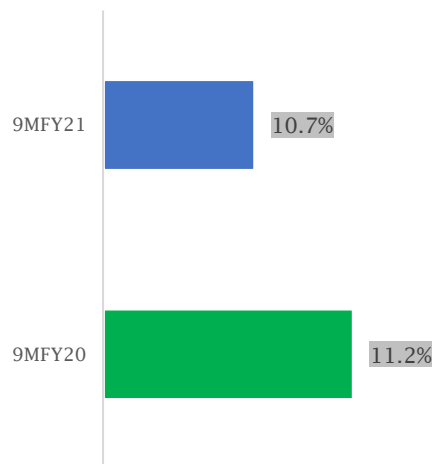
Volume

- **Domestic** at 70,918  
• YoY up by 12.3%
- **Export** at 3,235  
• YoY up by 16.4%
- **Total** at 74,153  
• YoY up by 12.5%



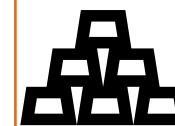
Domestic Market Share

- Market Share at 10.7%
- YoY down by 48 bps



Revenue

- **At ₹ 3,928.4 Cr.**  
• YoY up by 16.3%
- **Farmtrac :  
Powertrac sales  
ratio 41:59**  
• as against 40:60 YoY



EBIT

- **Q3: ₹ 735.4 Cr.**  
• YoY up by 79.9%
- **Margin at 18.7%**  
• YoY up by 663 bps

Capacity utilization ~77%

ROCE\* : 73.9%

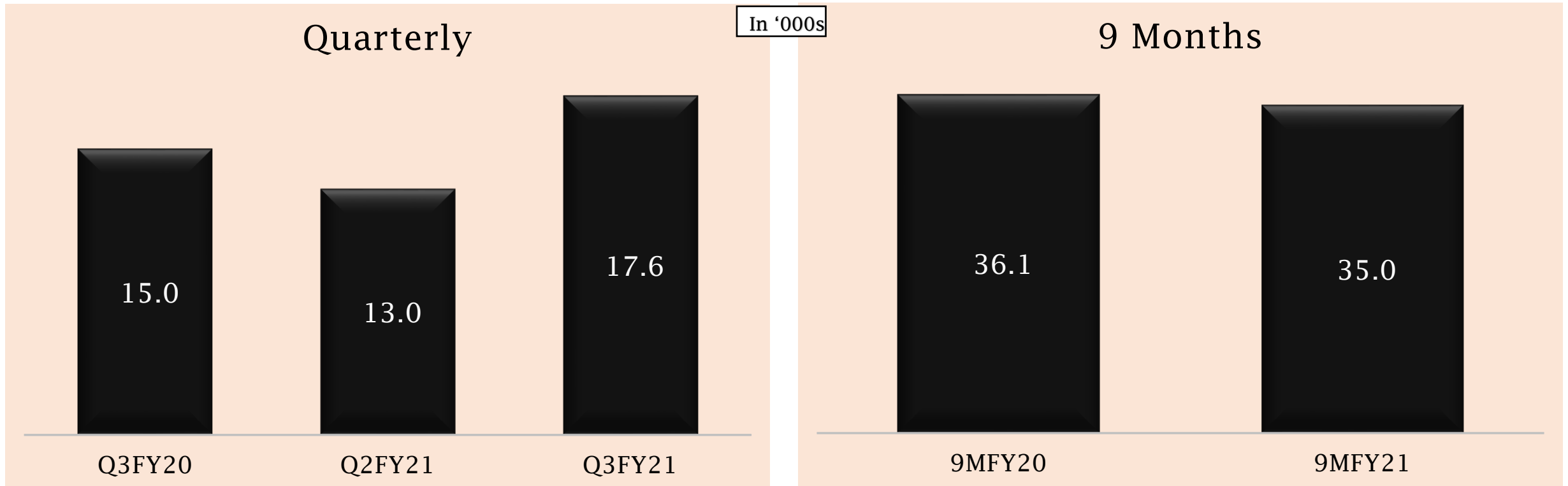
# Segment Performance : ECE



**Building a  
Better Tomorrow**

**PREFERRED PARTNER IN NATION BUILDING**

# Served-Construction Equipment Industry Overview



- Served industry (Backhoe Loaders, Pick n carry crane and Compactors) went up by 14.5% in Q3FY21 wrt to LY.
- In Q3FY21 BHL industry up by 11%, compactor up by 27% and Cranes industry up by 28%.

# Q3FY21 Segment Highlights : ECE



## Volume

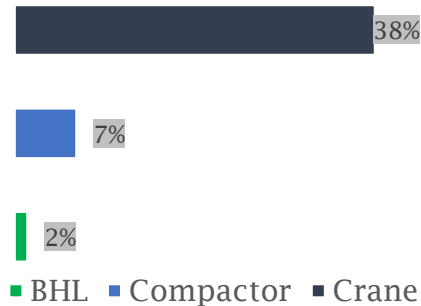
- **ECE at 1,254**
  - YoY up by 20.1%
  - QoQ up by 52.7%
- **Key Highlight**
  - Served industry up by 14.5% in Q3FY21 wrt to LY.
  - **YoY**
    - BHL industry up by 10.9%.
    - Crane industry up by 28.1%
    - Compactors industry up by 26.9%.



## Served industry Market Share

- **Q3:** Carne market Share 38%
- YoY down by ~173 bps
- QoQ up by 110 bps

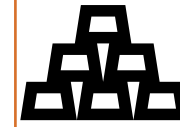
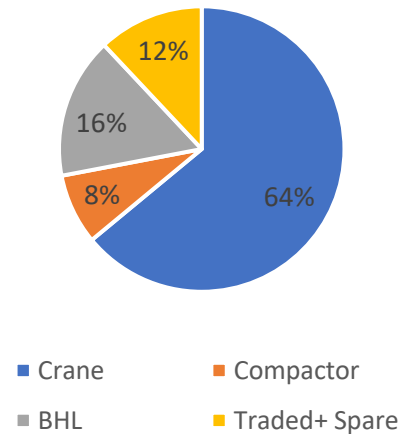
### Product wise Market Share



## Revenue

- **Q3: ₹ 244.7 Cr.**
  - YoY up by 13%
  - QoQ up by 56%

### Revenue Break up



## EBIT

- **Q3: ₹ 18.5 Cr.**
  - YoY up by 76.1%
  - QoQ up by 576.2%
- **Margin at 7.5%**
  - YoY up by 270 bps
  - QoQ up by 580 bps
- Better product mix, price increase and cost optimization.

Capacity utilization ~52%

ROCE\* : 69.3%

# 9MFY21 Segment Highlights : ECE



Volume

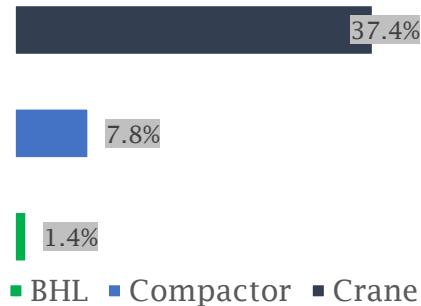
- **ECE** at 2,309
  - YoY down by 24.4%
- **Key Highlight**
  - Served industry down by 3.1% in 9MFY21 wrt to LY.
  - YoY
    - BHL industry up by 1.7%.
    - Crane industry down by 27%
    - Compactors industry up by 2%.



Served industry Market Share

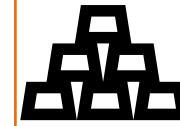
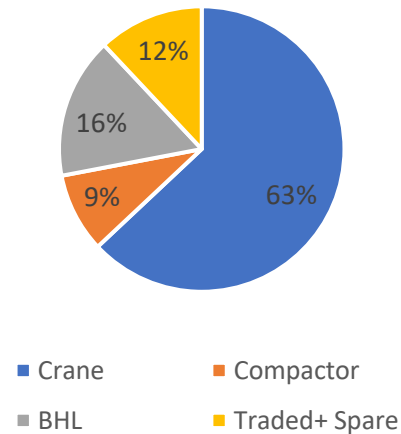
- **9M:** Carne market Share 37.4%
  - YoY down by ~210 bps

## Product wise Market Share



Revenue

- **9M:** ₹ 454.1 Cr.
  - YoY down by 27.9%
- **Revenue Break up**



EBIT

- **9M:** ₹ 4.4 Cr.
  - YoY down by 79.3%
- **Margin at 1.0%**
  - YoY down by 240bps

Capacity utilization ~29%

ROCE\* : 4.5%



**Segment Performance : RED**



**Mobility Solutions**  
**Of the future**

**ENSURING SAFETY AND COMFORT IN RAIL TRANSPORT**



# Q3FY21 Segment Highlights : RED



## Order Book

- **As of Dec'20** more than ₹ 330 Cr.
- Execution time 6~8 Months

### • Key Highlight

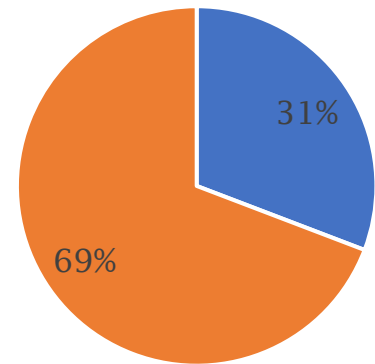
Indian Railways is still not running its full operations, due to unprecedented COVID-19 pandemic situation and has done revision in the production plan, affecting fresh order tendering and order inflow.



## Revenue

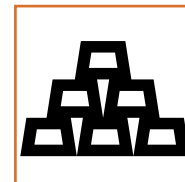
- **Q3: ₹ 117.4 Cr.**
- YoY down by 5.7%
- QoQ down by 26.7%

### • Breakup



■ Conventional ■ NPD

ROCE\* : 30.8%



## EBIT

- **Q3: ₹ 14.9 Cr.**
- YoY down by 35.1%
- QoQ down by 54.3%

### • **Margin** at 12.7%

- YoY down by 574 bps
- QoQ down by 763 bps

### • **Impacted due to**

- 1.High share of NPD products with lower margin.
- 2.One-off provision towards GST rate differential in respect of orders executed post Sep'19.

# 9MFY21 Segment Highlights : RED



## Order Book

- **As of Dec'20** more than ₹ 330 Cr.
- Execution time 6~8 Months

### • Key Highlight

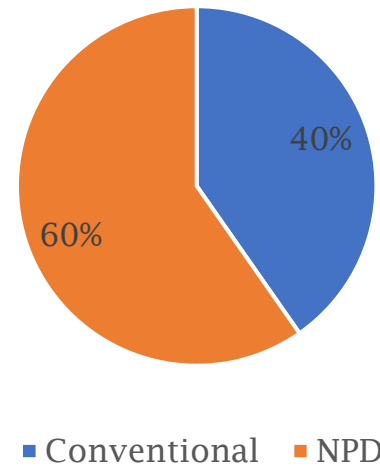
- Indian Railways is still not running its full operations, due to unprecedented COVID-19 pandemic situation and has done revision in the production plan, affecting fresh order tendering and order inflow.



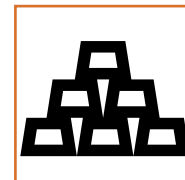
## Revenue

- **9M: ₹ 332.5 Cr.**
- YoY down by 10%

### • Breakup



ROCE\* : 32.7%



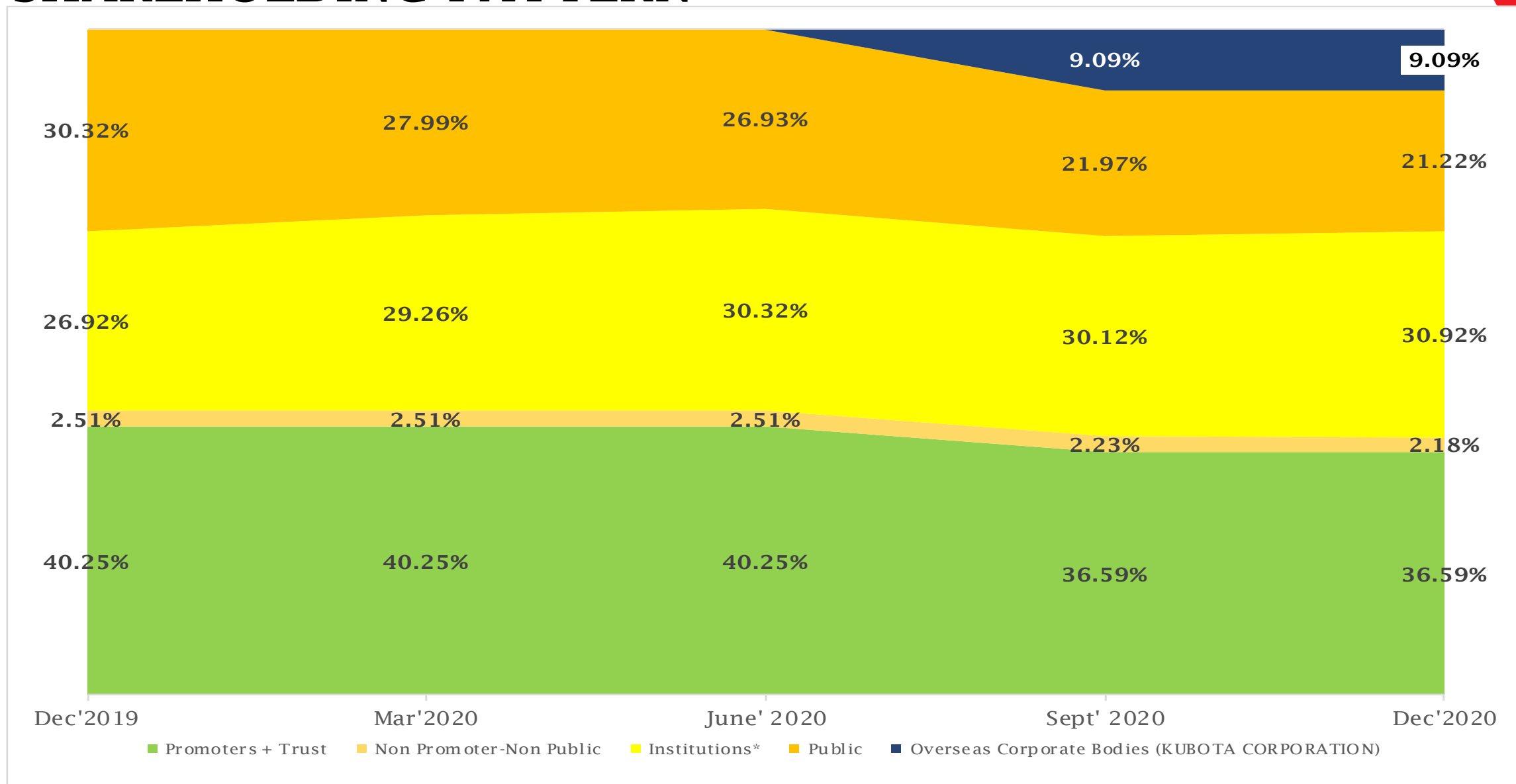
## EBIT

- **9M: ₹ 48.8 Cr.**
- YoY down by 31%
- **Margin at 14.7%**
- YoY down by 448 bps
- Impacted due Covid lockdown and high share of NPD products with lower margin.

# ↑ SHAREHOLDING PATTERN



RTS



# Consolidated Q3FY21 at a Glance



Escorts Ltd. Particulars	Unit	Q3FY21	Q3FY20	YoY	Q2FY21	QoQ
Revenue from operations	₹ Cr.	2,042.2	1,650.2	● 23.8%	1,654.2	● 23.5%
Material Cost	%	65.5%	66.5%	● -106 bps	63.5%	● 194 bps
Manpower Cost	%	6.8%	8.2%	● -140 bps	7.8%	● -96 bps
EBIDTA	₹ Cr.	362.9	213.0	● 70.3%	298.1	● 21.8%
EBIDTA Margin	%	17.8%	12.9%	● 486 bps	18.0%	● -25 bps
PAT	₹ Cr.	286.4	154.8	● 85.0%	227.2	● 26.1%
EPS	₹	29.21	18.05	● 61.8%	23.6	● 23.7%

# Consolidated 9MFY21 at a Glance



Escorts Ltd. Particulars	Unit	9MFY21	9MFY20	YoY
Revenue from operations	₹ Cr.	4,785.7	4,424.4	● 8.2%
Material Cost	%	65.2%	67.4%	● -219 bps
Manpower Cost	%	8.3%	8.8%	● -49 bps
EBIDTA	₹ Cr.	782.9	480.3	● 63.0%
EBIDTA Margin	%	16.4%	10.9%	● 550 bps
PAT	₹ Cr.	606.2	344.0	● 76.2%
EPS	₹	64.90	40.13	● 61.7%

# Narrations



- **EAM** – Escorts Agri Machinery
- **ECE** – Escorts Construction Equipment
- **RED** – Railway Equipment Division
- **FY** – Fiscal Year represents the 12 months period from 1<sup>st</sup> April to 31<sup>st</sup> March.
- **Q3FY21** – Represents the 3 months period from 1<sup>st</sup> October 2020 to 31<sup>st</sup> December 2020.
- **Q2FY21** – Represents the 3 months period from 1<sup>st</sup> July 2020 to 30<sup>th</sup> September 2020.
- **Q3FY20** – Represents the 3 months period from 1<sup>st</sup> October 2019 to 31<sup>st</sup> December 2019.
- **9MFY21** – Represents the 9 months period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> December 2020.
- **9MFY20** – Represents the 9 months period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> December 2019.
- **QoQ** – Represents Quarter on Quarter
- **YoY** – Represents Year on Year
- **LY** – Represents Last Year
- **CY** – Represents Current Year
- **BHL** – Backhoe Loader
- **IndAS** – Indian Accounting Standards
- **NPD** – New Product Developed
- **PnC** – Pick & Carry Crane

# 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.

**Accounting standard:** Financials in presentation are as per IndAS

## Contact Details

### **Escorts Ltd.**

(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 CFO & Corporate head)

**+91 129 2564837**

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

**Prateek Singhal**

(Financial Analyst & Investor Relations)

**+91 129 2564921**

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



# Thank You