

# Q4 FY22 | EARNING PRESENTATION

13<sup>th</sup> May 2022

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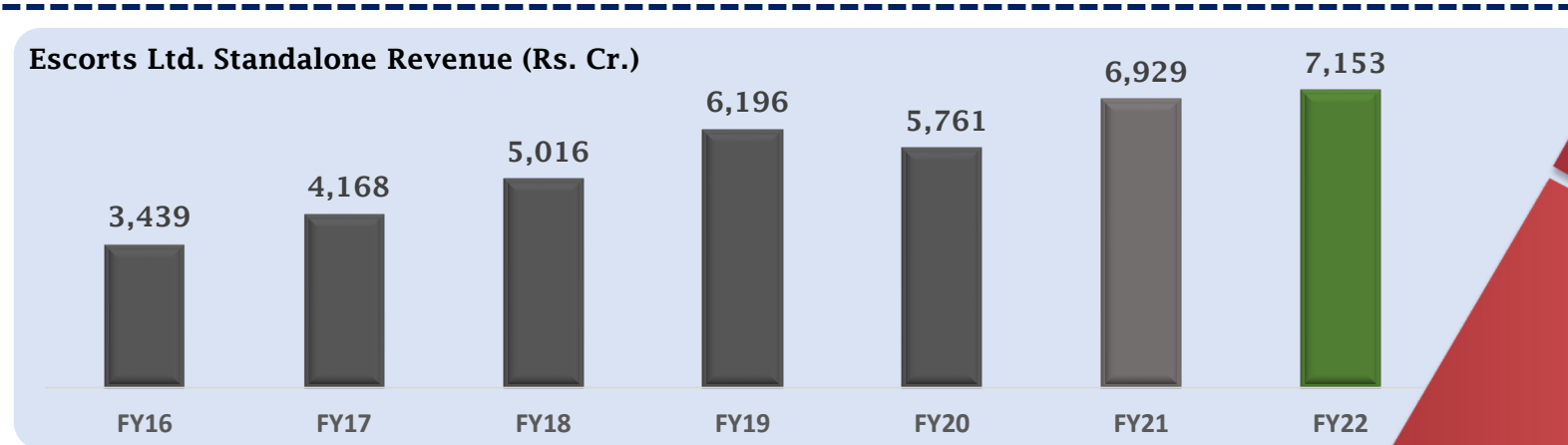
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# Escorts Limited: An Overview



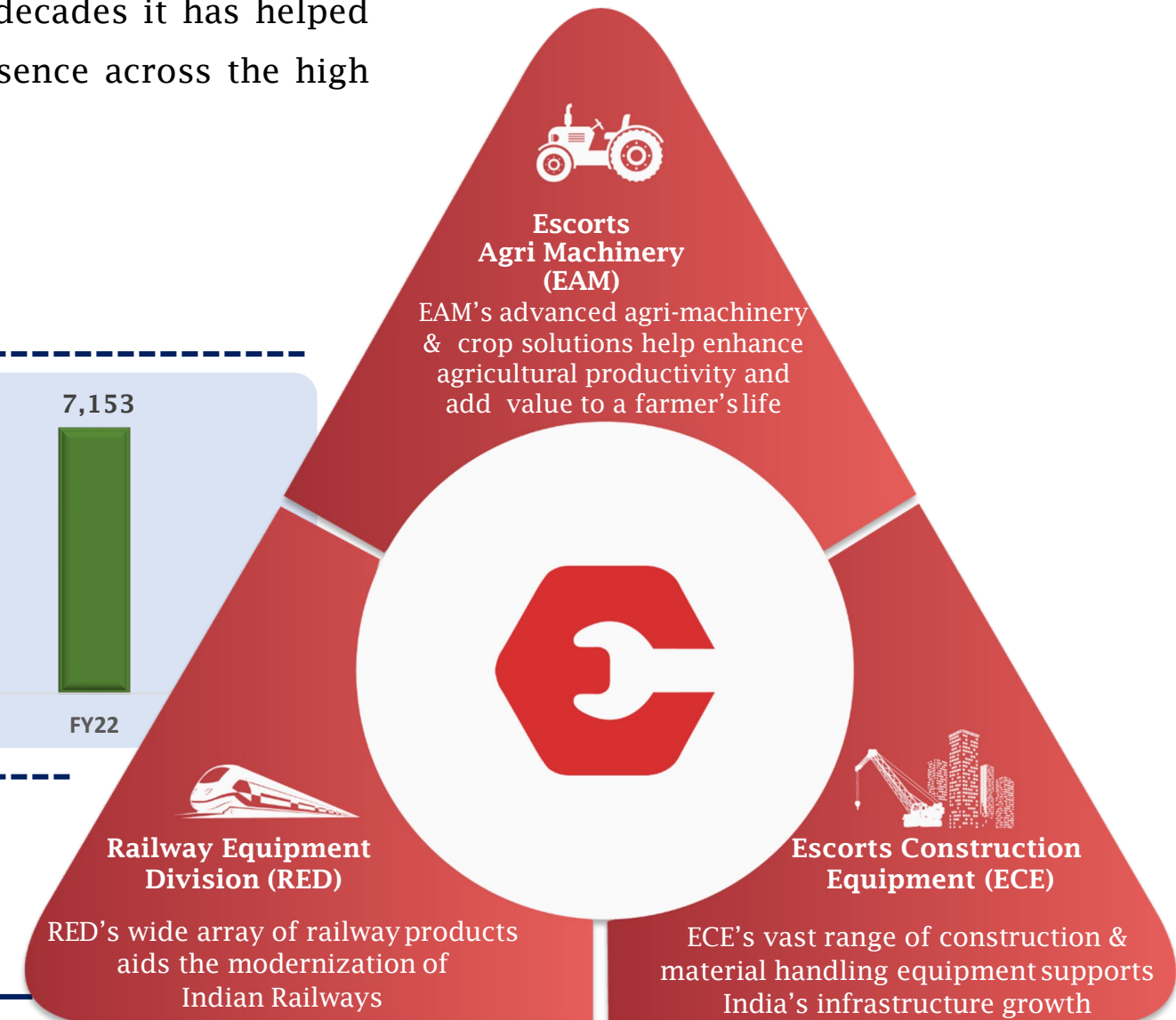
India's leading engineering conglomerates and for over Seven decades it has helped accelerate India's socio-economic development through its presence across the high growth sectors of

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



## Exchange listing

- Listed on NSE, BSE and DSE
- Market cap of ~ Rs. 20,475 Crores (12<sup>th</sup> May 2022)



# Q4FY22 YoY Highlights



| Particulars                                  | Industry Growth | Escorts Ltd. Growth | Variance      |
|--|-----------------|---------------------|---------------|
| Domestic Tractor Volume                      | -25.7%          | -34.5%              | -8.7%         |
| Export Tractor Volume                        | 13.1%           | -2.1%               | -15.2%        |
| <b>Total Tractor Volume</b>                  | <b>-21.6%</b>   | <b>-32.8%</b>       | <b>-11.3%</b> |
| PNC Volume                                   | -19.0%          | -18.4%              | 0.6%          |
| BHL Volume                                   | -40.1%          | -32.9%              | 7.3%          |
| Compactor Volume                             | -23.1%          | -10.6%              | 12.6%         |
| <b>Served Construction Equipment Volume*</b> | <b>-36.0%</b>   | <b>-20.3%</b>       | <b>15.7%</b>  |
| <b>Railway Segment Revenue</b>               |                 | <b>18.0%</b>        |               |

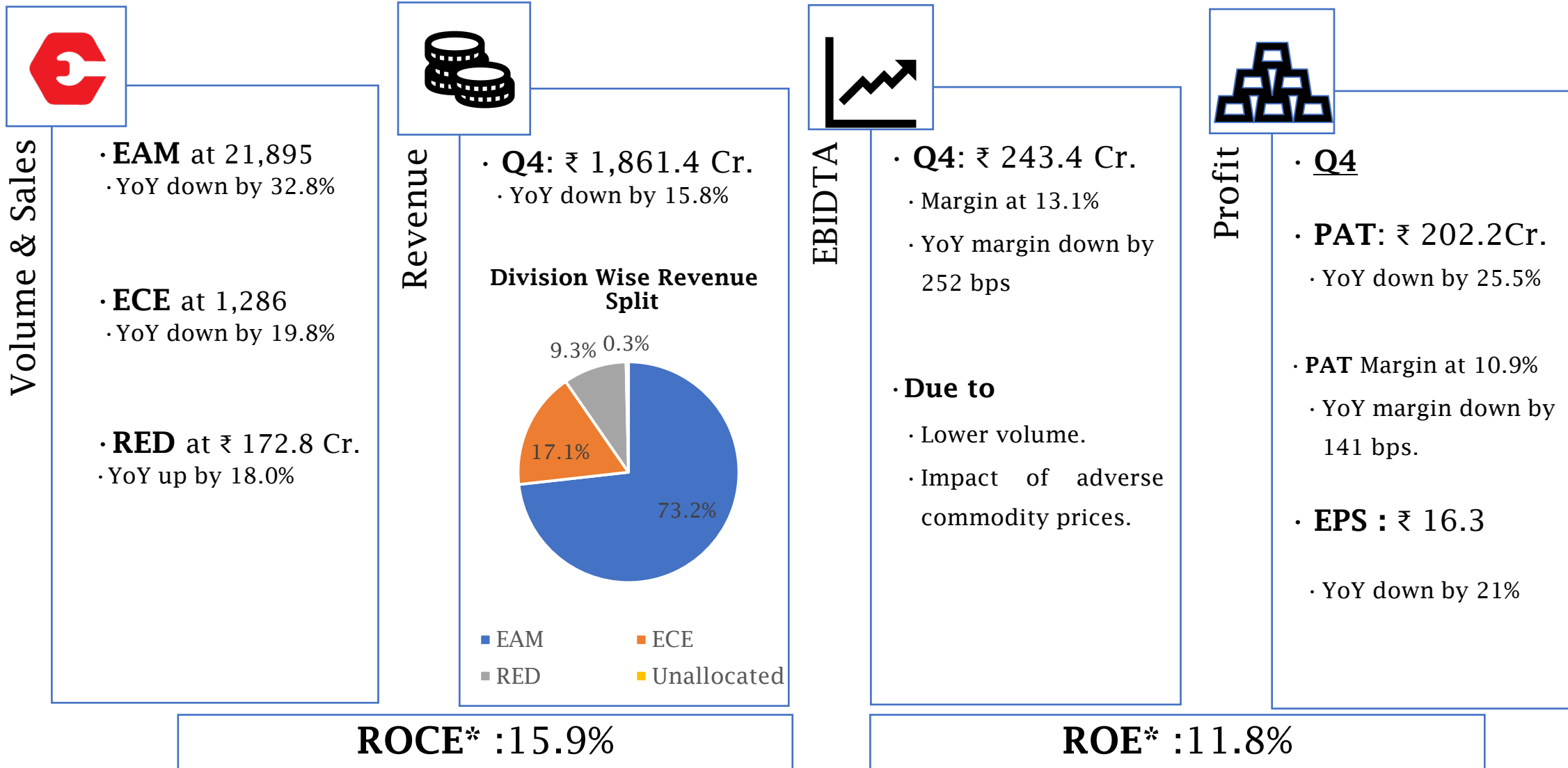
\*Served Construction Equipment include- PNC Cranes, Backhoe loaders and Compactors

# Q4FY22 YoY at a Glance

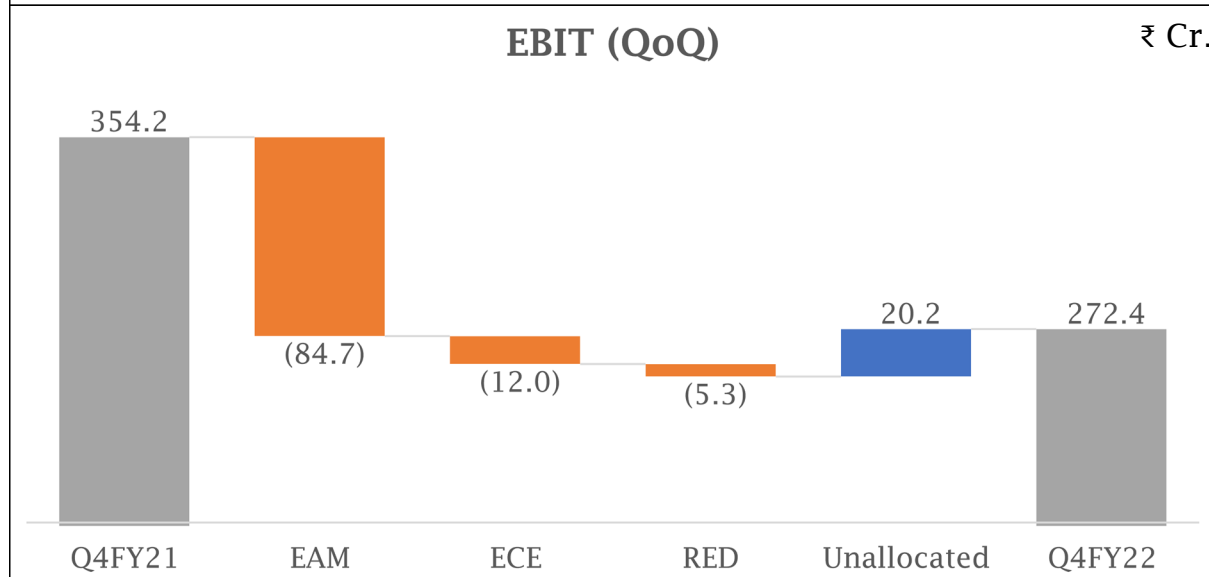
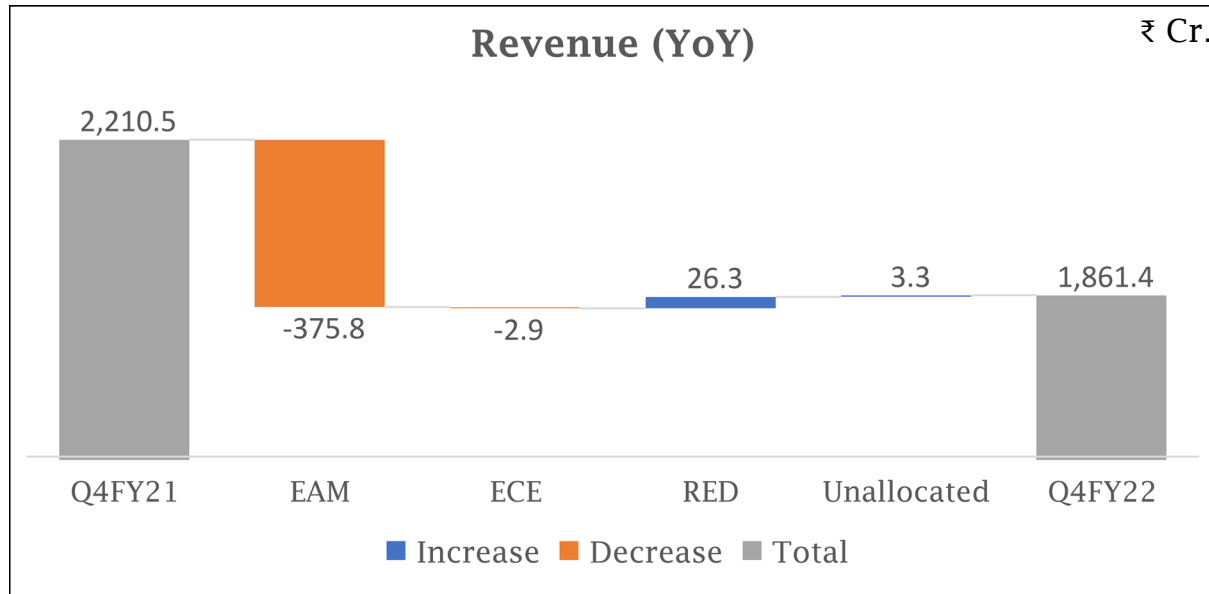


| Particulars                   | Unit  | Q4FY22  | Q4FY21  | Variance |
|-------------------------------|-------|---------|---------|----------|
| Domestic Tractor Market Share | %     | 11.4%   | 12.9%   | -152 bps |
| Revenue from operations       | ₹ Cr. | 1,861.4 | 2,210.5 | -15.8%   |
| Material Cost                 | %     | 70.4    | 68.5    | 192 bps  |
| Manpower Cost                 | %     | 6.4     | 6.6     | -24 bps  |
| EBIDTA                        | ₹ Cr. | 243.4   | 344.7   | -29.4%   |
| EBIDTA Margin                 | %     | 13.1    | 15.6    | -252 bps |
| PAT                           | ₹ Cr. | 202.2   | 271.3   | -25.5%   |
| EPS                           | ₹     | 16.26   | 20.57   | -21.0%   |

# Q4FY22 YoY at a Glance



# Q4 - YoY Revenue down by 15.8%; EBIT down by 23.1%



## Q4 Revenue Key Highlights

- Tractor Sales down by 32.8% at 21,895 units
- Construction Sales down by 19.8% at 1,286 units
- Railway division revenue up by 18%

## Q4 EBIT Key Highlights

- Negatively Impacted by operating leverage and volume drop in tractor and construction equipment division
- Adverse commodity prices

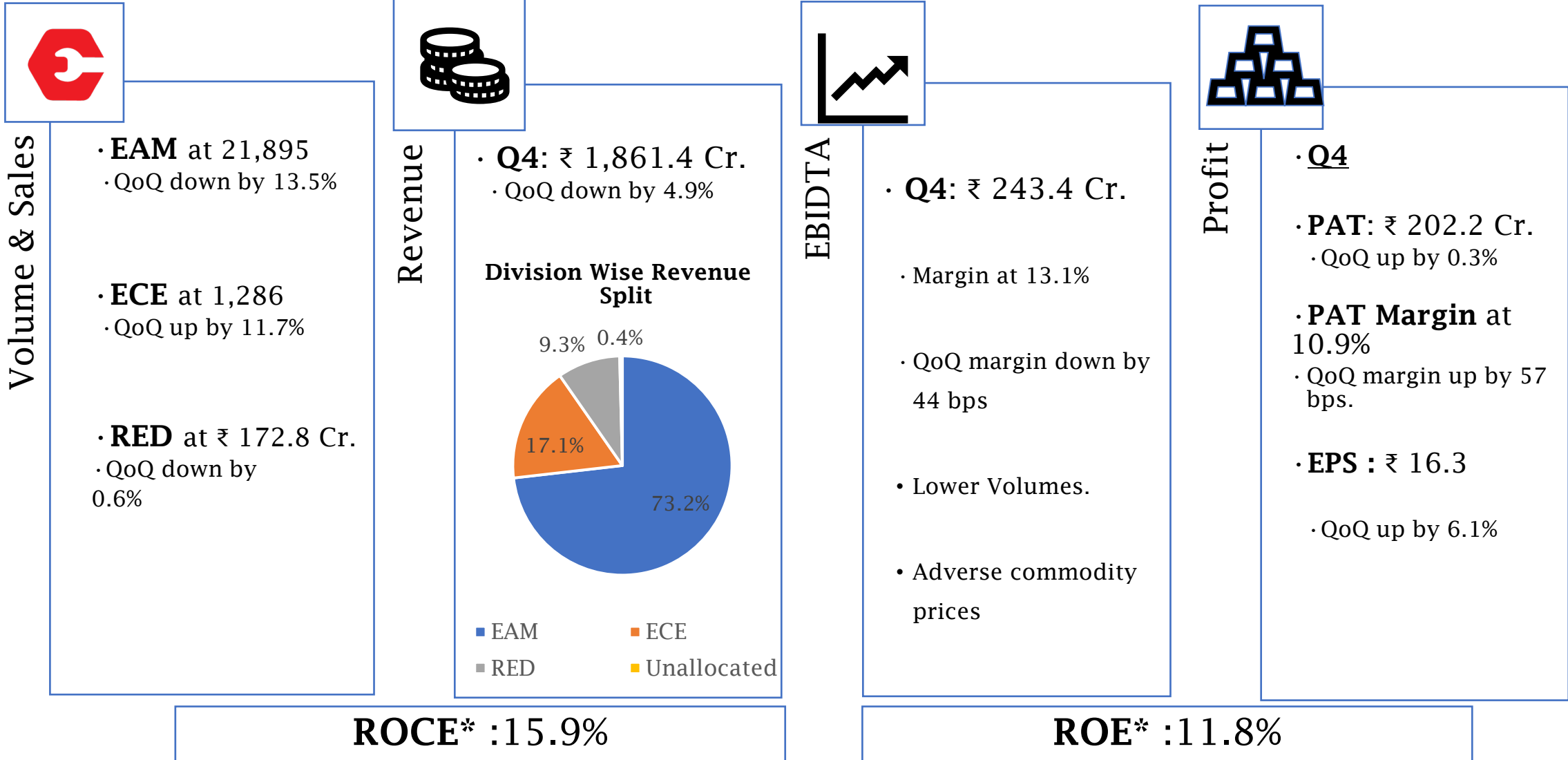
# Q4FY22 QoQ at a Glance



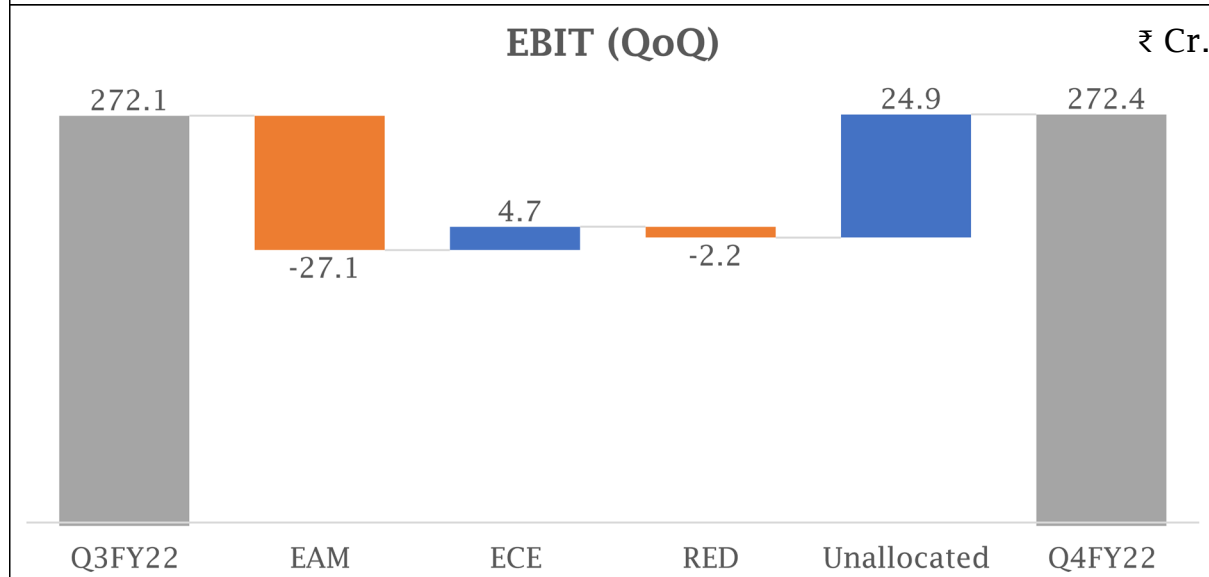
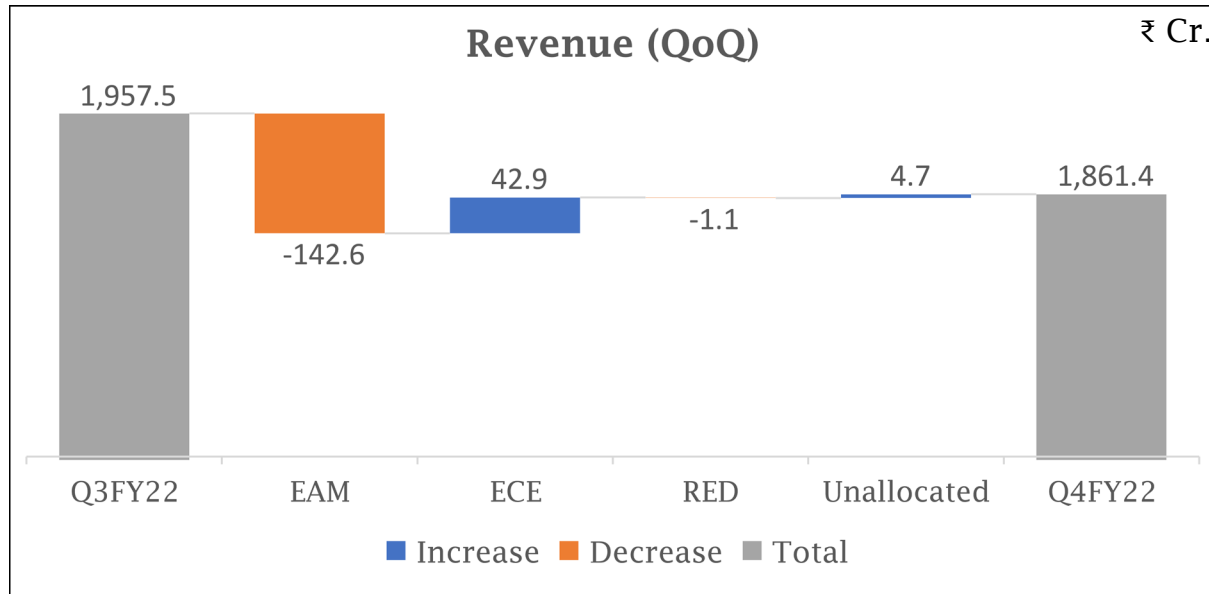
| Particulars                   | Unit  | Q4FY22  | Q3FY22  | Variance |
|-------------------------------|-------|---------|---------|----------|
| Domestic Tractor Market Share | %     | 11.4%   | 10.4%   | 99 bps   |
| Revenue from operations       | ₹ Cr. | 1,861.4 | 1,957.5 | -4.9%    |
| Material Cost                 | %     | 70.4    | 70.2    | 18 bps   |
| Manpower Cost                 | %     | 6.4     | 6.8     | -36 bps  |
| EBIDTA                        | ₹ Cr. | 243.4   | 264.6   | -8.0%    |
| EBIDTA Margin                 | %     | 13.1    | 13.5    | -44 bps  |
| PAT                           | ₹ Cr. | 202.2   | 201.5   | 0.3%     |
| EPS                           | ₹     | 16.26   | 15.33   | 6.1%     |



# Q4FY22 QoQ at a Glance



# Q4 - QoQ Revenue down by 4.9%; EBIT up by 0.1%



## Q4 Revenue Key Highlights

- Tractor Sales down by 13.5% at 21,895 units
- Construction Sales up by 11.7% at 1,286 units
- Railway division revenue down by 0.6%

## Q4 EBIT Key Highlights

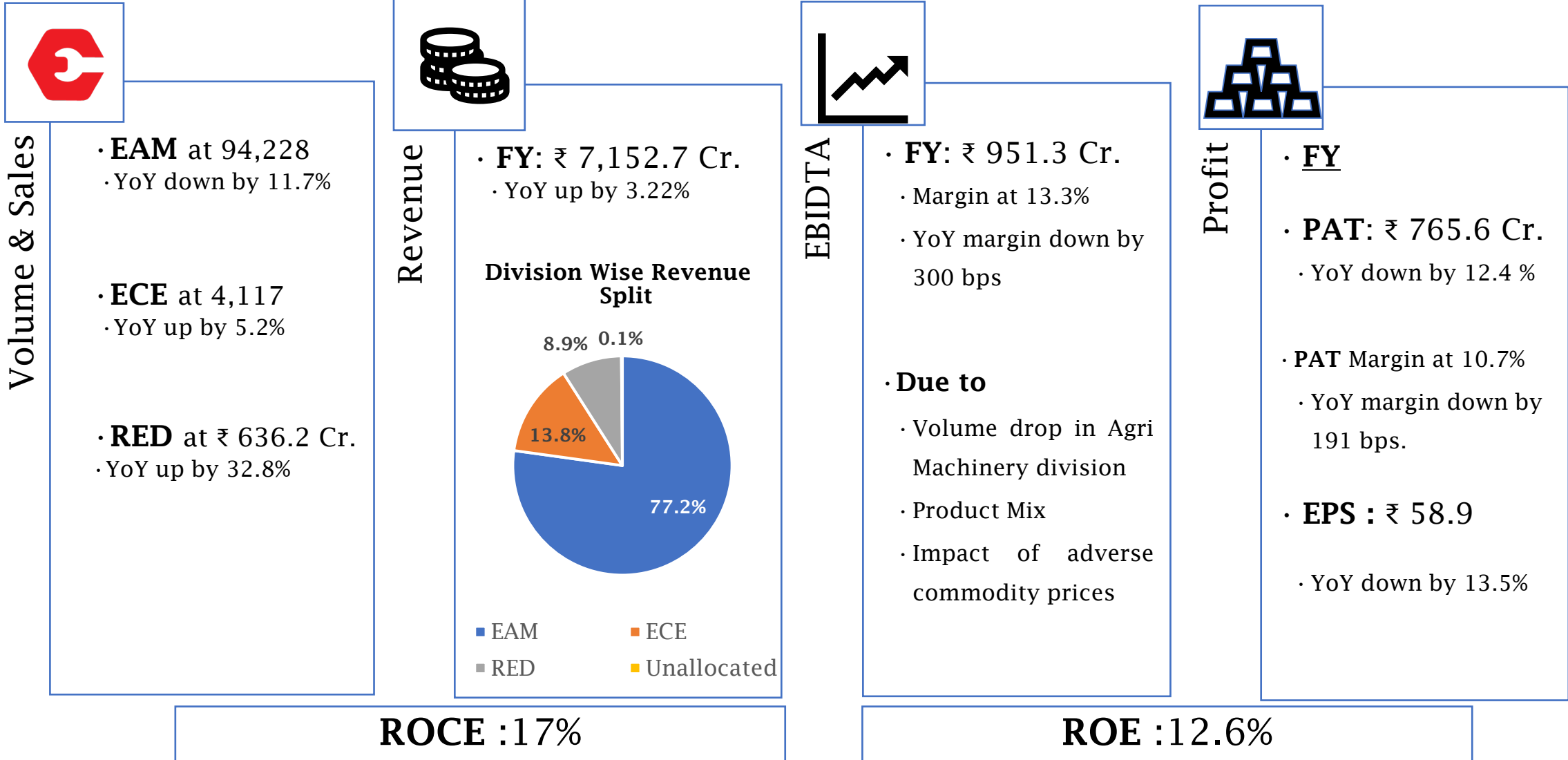
- Impacted by operating leverage.
- Adverse commodity prices

# FY22 YoY at a Glance

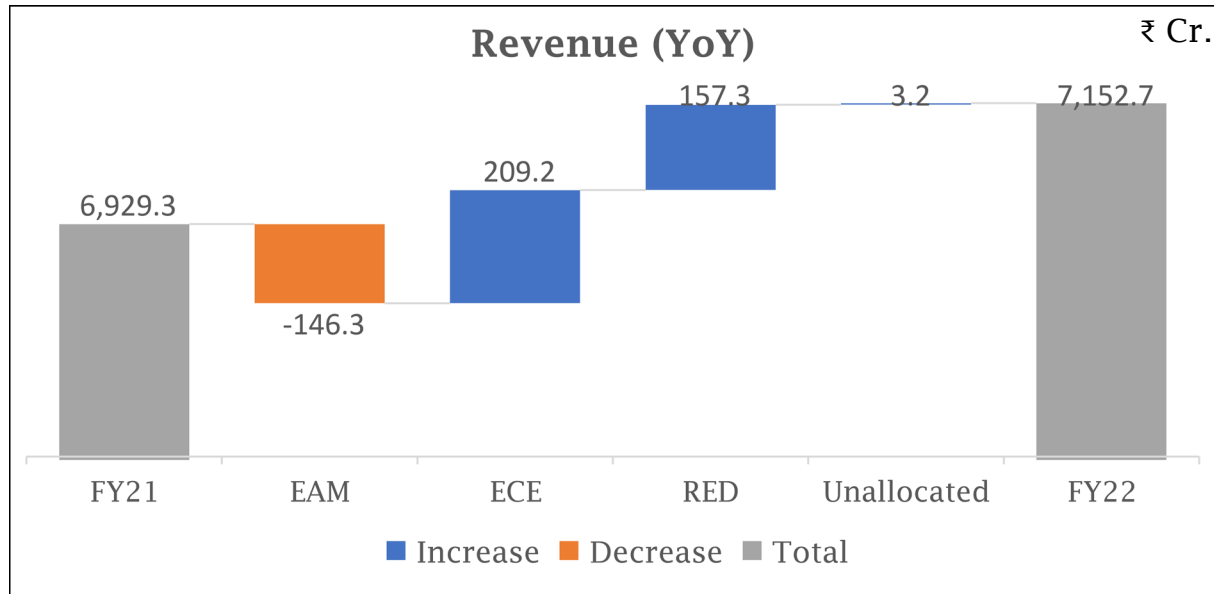


| Escorts Ltd. Particulars      | Unit  | FY22    | FY21    | Variance |
|-------------------------------|-------|---------|---------|----------|
| Domestic Tractor Market Share | %     | 10.3%   | 11.3%   | -99 bps  |
| Revenue from operations       | ₹ Cr. | 7,152.7 | 6,929.3 | 3.2%     |
| Material Cost                 | %     | 69.0    | 66.3    | 267 bps  |
| Manpower Cost                 | %     | 7.4     | 7.7     | -33 bps  |
| EBIDTA                        | ₹ Cr. | 951.3   | 1,129.2 | -15.8%   |
| EBIDTA Margin                 | %     | 13.3    | 16.3    | -300 bps |
| PAT                           | ₹ Cr. | 765.6   | 874.1   | -12.4%   |
| EPS                           | ₹     | 58.91   | 68.14   | -13.5%   |

# FY22 Highlights YoY

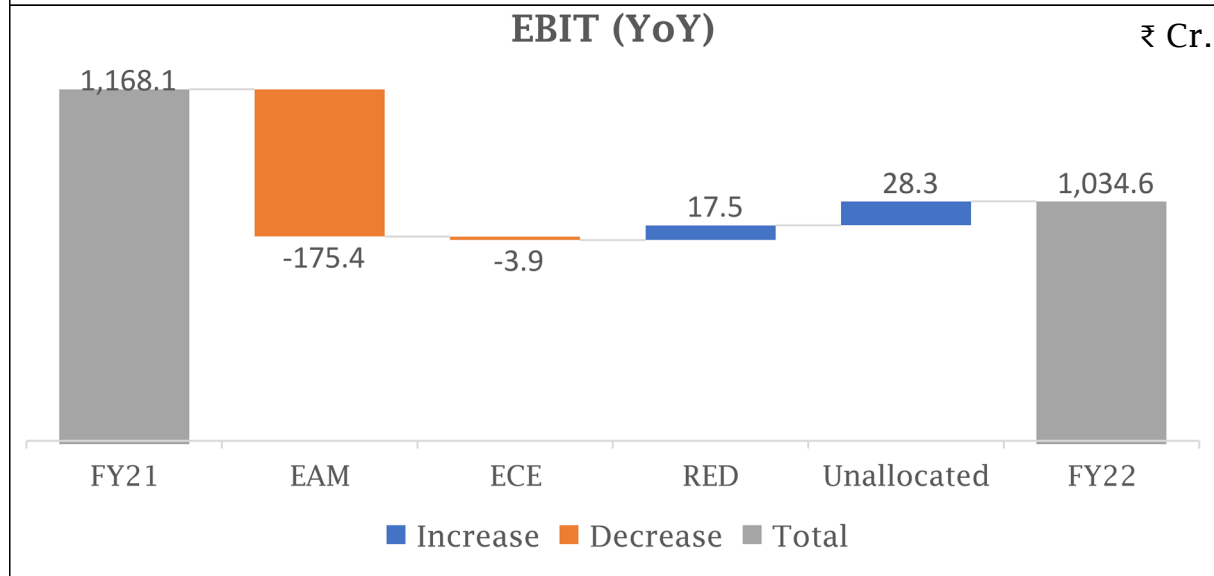


# FY - YoY Revenue grew by 3.2%; EBIT down by 11.4%



## Revenue Key Highlights (YoY)

- Tractor Sales down by 11.7% at 94,228 units
- Construction Sales up by 5.2% at 4,117 units
- Railway division revenue up by 32.8%



## EBIT Key Highlights

- Negative Operating leverage across Agri and Construction equipment divisions
- Adverse commodity prices

# Credit Rating & Debt Profile



Long Term  
Credit  
Rating

(₹ Crs.)

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

553

436

480

361

263

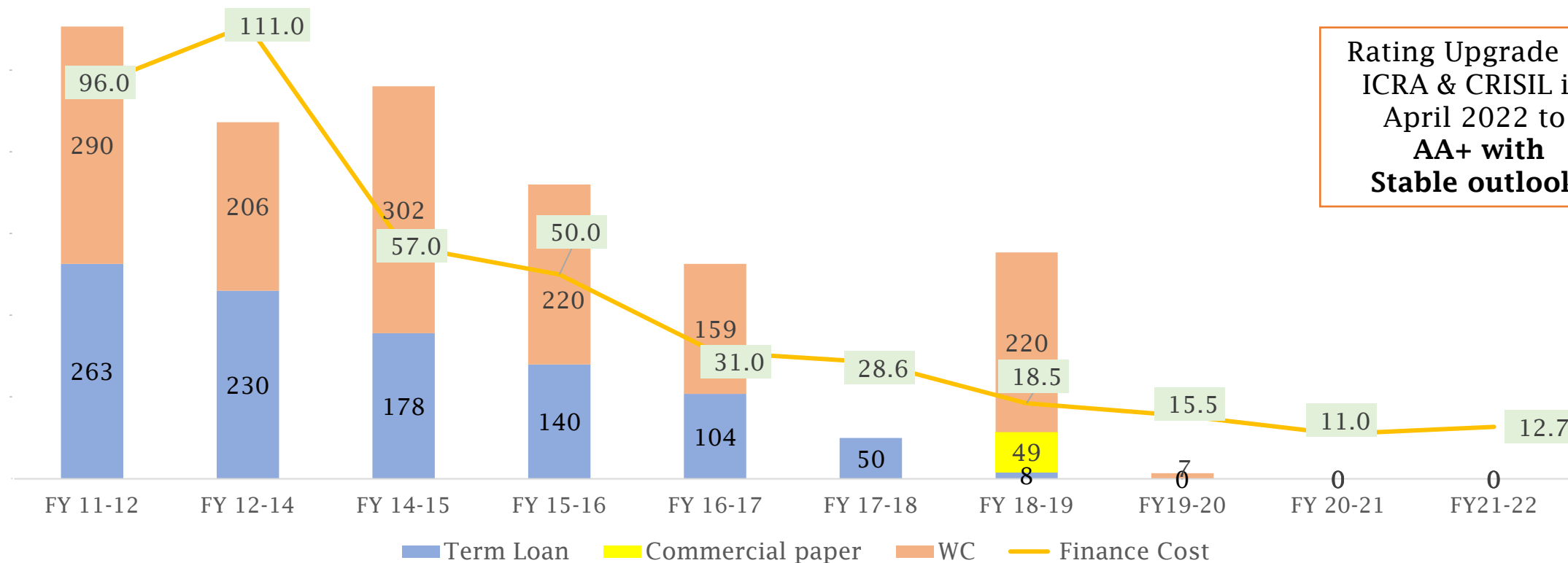
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277

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Rating Upgrade by  
ICRA & CRISIL in  
April 2022 to  
**AA+ with  
Stable outlook**

Please note:-

1. Nos. from FY 11-12 to FY 14-15 is as per IGAAP.
2. Finance Cost for FY 12-14 is for 18 months.

# Management Message



Nikhil Nanda

Chairman and Managing  
Director

“Agri sector is seeing some positive tailwinds. April industry growth of 41% is a big booster of confidence. With prediction of normal monsoon and good news on crop prices and production, we hope this sector will continue to flourish. Construction & Railway sectors have also shown signs of improvement. With Government spending focus in these sectors, the situation shall only improve from here. Continued inflation is a big cause of worry, both in terms of suppressing potential demand as well as for ecosystem profitability.”



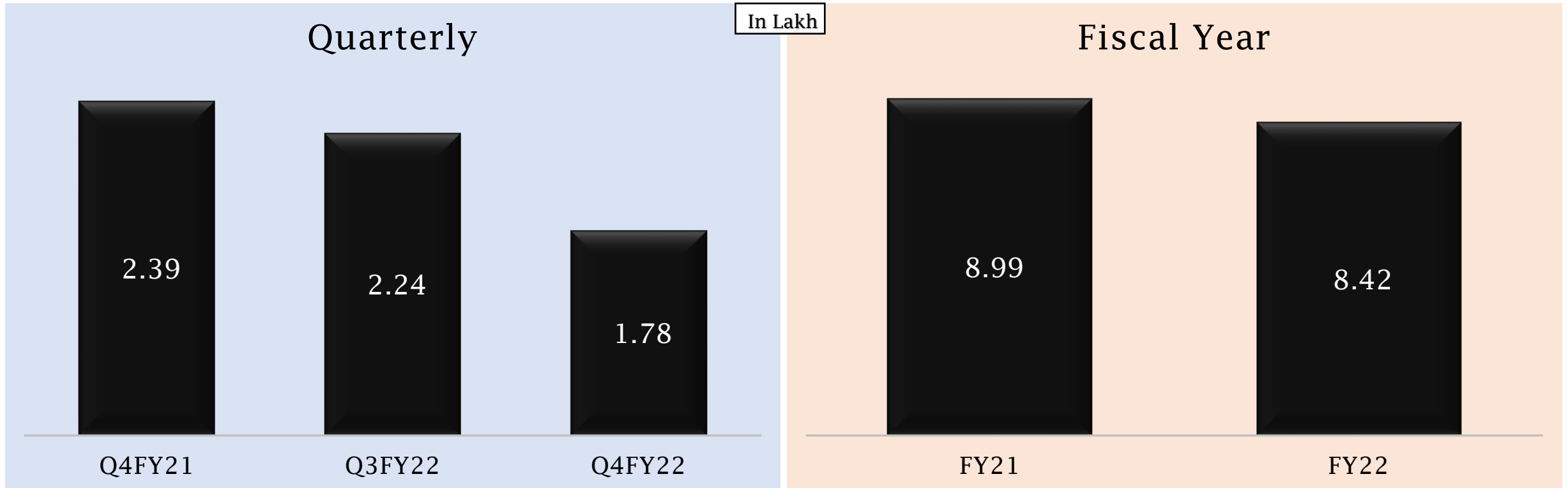
# Segment Performance : EAM



**Powering The Dreams Of Farmer**



# Domestic Tractor Industry Overview



- In Q4FY22 on Y-o-Y domestic Industry down by 25.7%.
  - This is primary attributed to delay in cropping cycle in most of the states, high inventory levels and high base of last year.

# Q4FY22 Segment Highlights : EAM



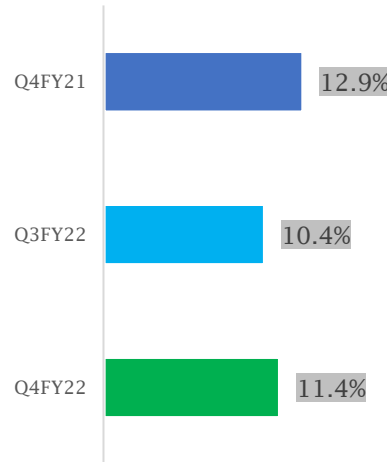
## Volume

- **Domestic** at 20,272
  - YoY down by 34.5%
  - QoQ down by 13.1%
- **Export** at 1,623
  - YoY down by 2.1%
  - QoQ down by 19%
- **Total** at 21,895
  - YoY down by 32.8%
  - QoQ down by 13.5%



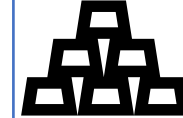
## Domestic Market Share

- Market Share at 11.4%
- YoY down by 152 bps
- QoQ up by 99 bps



## Revenue

- **At ₹ 1,363.0 Cr.**
  - YoY down by 21.6%
  - QoQ down by 9.5%
- **Farmtrac : Powertrac sales<sup>^</sup> ratio 48:52**
  - as against 44:56 YoY
  - as against 43:57 QoQ
- **Ratio of less than 40 HP : 40 HP Plus ratio at 40:60**
  - as against 39:61 YoY
  - as against 38:62 QoQ



## EBIT

- **At ₹ 211.1 Cr.**
  - YoY down by 28.6%
  - QoQ down by 11.4%
- **Margin** at 15.5%
  - YoY down by 153 bps
  - QoQ down by 34 bps

Capacity utilization ~60%

ROCE\* : 40.5%

# FY22 Segment Highlights : EAM



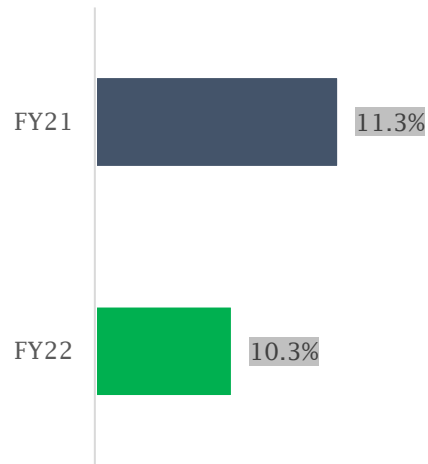
Volume

- **Domestic** at 87,043  
• YoY down by 14.5%
- **Export** at 7,185  
• YoY up by 46.8%
- **Total** at 94,228  
• YoY down by 11.7%



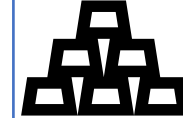
Domestic Market Share

- Market Share at 10.3%
- YoY down by 99 bps



Revenue

- **At ₹ 5,521.0 Cr.**  
• YoY down by 2.6%
- **Farmtrac : Powertrac sales<sup>^</sup> ratio 45:55**  
• as against 43:57 YoY
- **Ratio of less than 40 HP : 40 HP Plus ratio at 39:61**  
• as against 39:61 YoY



EBIT

- **At ₹ 856.0 Cr.**  
• YoY down by 17.0%
- **Margin** at 15.5%  
• YoY down by 269 bps

Capacity utilization ~75% +

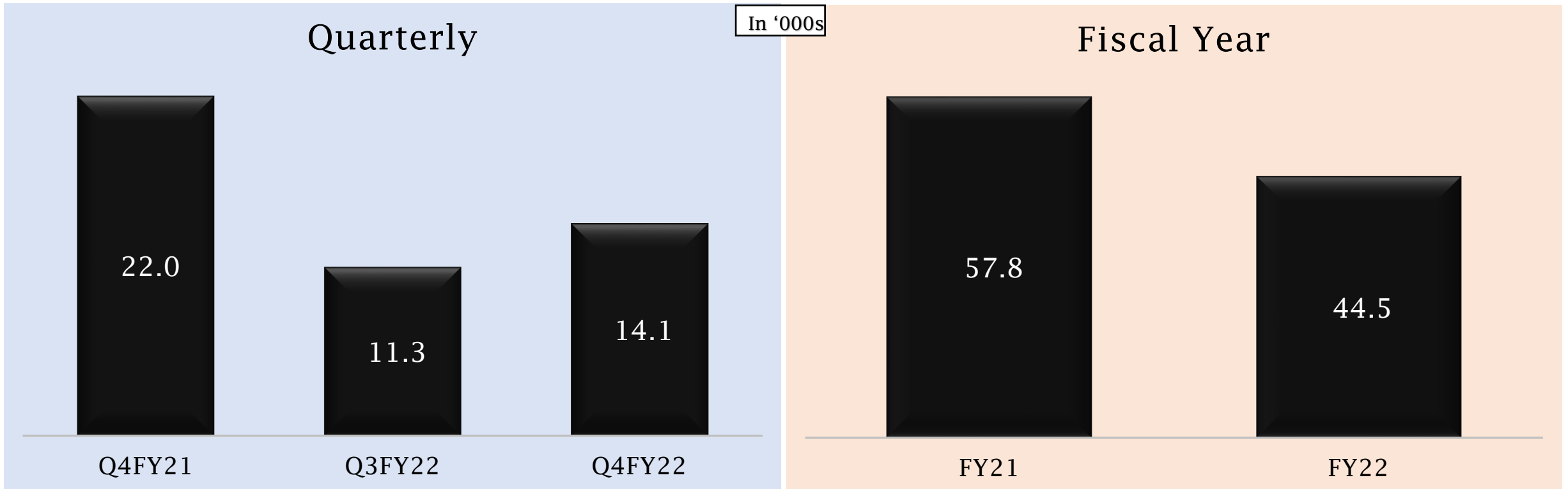
ROCE\* : 45.7%

# Segment Performance : ECE

**Building a  
Better Tomorrow**

**PREFERRED PARTNER IN NATION BUILDING**

# Served-Construction Equipment Industry Overview



FY21 Industry Revised Numbers

- Served industry (Backhoe Loaders, Pick n carry crane and Compactors)
  - In Q4FY22 down by ~36% wrt to LY.
  - In FY22 down by ~23% wrt to LY.

# Q4FY22 Segment Highlights : ECE



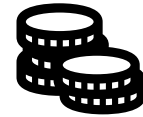
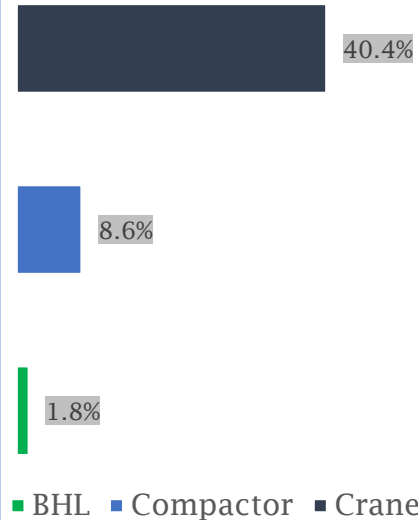
Volume

- **ECE at 1,286**
  - YoY down by 19.8%
  - QoQ up by 11.7%
- **Key Highlight**
- **Served industry down** by ~36% wrt to LY.
- **YoY**
  - **BHL** industry down by ~40%.
  - **Crane** industry down by ~19%
  - **Compactors** industry down by ~23%.



Market Share

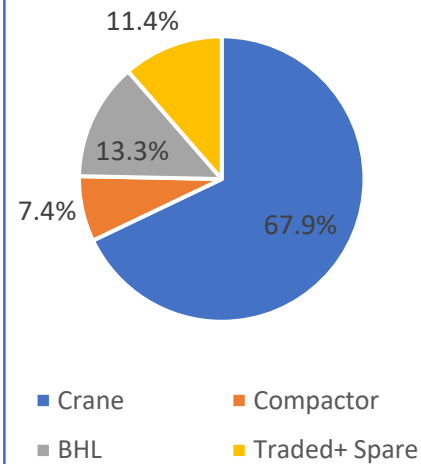
**Product wise Market Share**



Revenue

- **At ₹ 319.1 Cr.**
  - YoY down by 0.9%
  - QoQ Up by 15.5%

• **Revenue Break up**



EBIT

- **At ₹ 11.4 Cr.**
- **Margin at 3.6%**
  - YoY down by 369 bps
  - QoQ down by 113 bps

Capacity utilization ~50%

# FY22 Segment Highlights : ECE



Volume

- **ECE** at 4,117
- YoY up by 5.2%

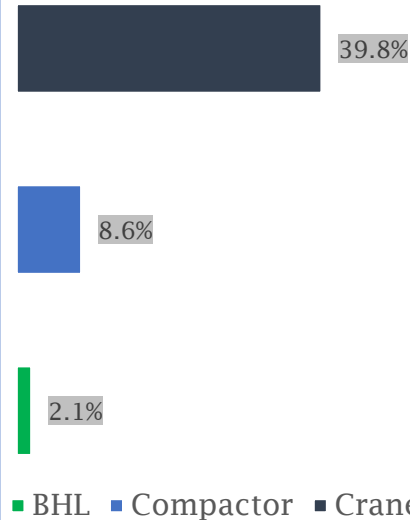
## • Key Highlight

- **Served industry down** by ~23 % wrt to LY.
- **YoY**
  - **BHL** industry down by ~28%.
  - **Crane** industry up by ~2%
  - **Compactors** industry down by ~12%.



Market Share

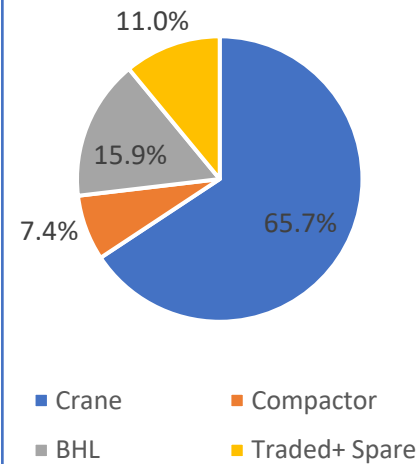
## Product wise Market Share



Revenue

- At ₹ 985.3 Cr.
- YoY up by 27%

## • Revenue Break up



EBIT

- At ₹ 23.9 Cr.
- Margin at 2.4%
- YoY down by 116 bps

Capacity utilization ~42%



# Segment Performance : RED



**Mobility Solutions**  
Of the future

**ENSURING SAFETY AND COMFORT IN RAIL TRANSPORT**



# Q4FY22 Segment Highlights : RED



## Order Book

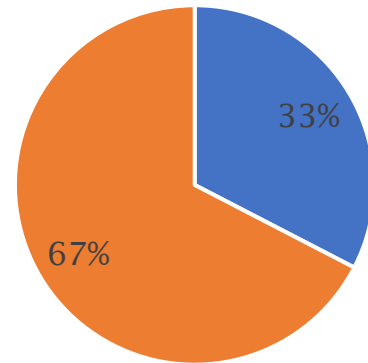
- As of Mar'22 more than ₹ 440 Cr.
- **Key Highlight**
- witnessing good traction in tendering process.



## Revenue

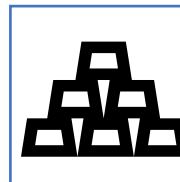
- **Q4: ₹ 172.8 Cr.**
- YoY up by 18.0%
- QoQ down by 0.6%

### · Breakup



■ Conventional ■ NPD

ROCE\* : 33.0%



## EBIT

- **Q4: ₹ 22.7 Cr.**
- YoY down by 19.0%
- QoQ down by 8.9%

- **Margin** at 13.1%
- YoY down by 600 bps
- QoQ down by 119 bps

# FY22 Segment Highlights : RED



## Order Book

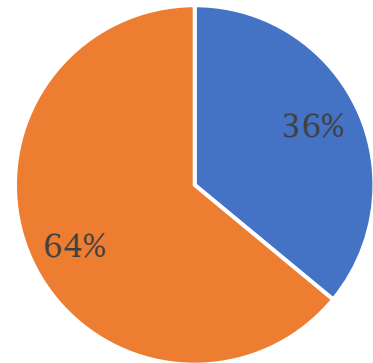
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## Revenue

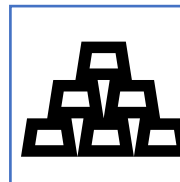
- At ₹ 636.2 Cr.
- YoY up by 32.8%

### · Breakup



■ Conventional ■ NPD

ROCE\* : 43.1%



## EBIT

- At ₹ 94.3 Cr.
- YoY up by 22.8%

- **Margin** at 14.8%
- YoY down by 121 bps

# ↑ SHAREHOLDING PATTERN



| Category                    | March'2021   | June'2021    | Sept'2021    | Dec'2021     | Mar'2022     | Post Open offer* |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|------------------|
| Promoters including trust   | 36.6         | 36.6         | 36.6         | 30.3         | 28.1         | 28.1             |
| Kubota Corporation          | 9.1          | 9.1          | 9.1          | 10.0         | 16.4         | 44.8             |
| Escrow Account (open offer) |              |              |              |              | 39.4         |                  |
| Institutions#               | 31.6         | 26.7         | 29.1         | 28.7         | 4.0          | 25.3             |
| Public                      | 20.6         | 25.5         | 23.2         | 28.9         | 10.4         |                  |
| Non Promoter Non Public     | 2.1          | 2.1          | 2.1          | 2.2          | 1.8          | 1.8              |
| <b>Total</b>                | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b>     |

\* Kubota corporation has become a joint promoter.

# FPI/Financial Institutions/ Banks/Insurance Companies

# Consolidated Q4FY22 at a Glance



| Particulars             | Unit  | Q4FY22  | Q4FY21  | YoY      | Q3FY21  | QoQ     |
|-------------------------|-------|---------|---------|----------|---------|---------|
| Revenue from operations | ₹ Cr. | 1,878.5 | 2,228.8 | -15.7%   | 1,984.3 | -5.3%   |
| Material Cost           | %     | 70.3%   | 68.5%   | 184 bps  | 70.0%   | 30 bps  |
| Manpower Cost           | %     | 6.5%    | 6.7%    | -23 bps  | 6.9%    | -37 bps |
| EBIDTA                  | ₹ Cr. | 240.0   | 343.8   | -30.2%   | 264.5   | -9.3%   |
| EBIDTA Margin           | %     | 12.8%   | 15.4%   | -265 bps | 13.3%   | -55 bps |
| PBT                     | ₹ Cr. | 257.5   | 346.2   | -25.6%   | 261.6   | -1.6%   |
| PAT                     | ₹ Cr. | 190.0   | 265.4   | -28.4%   | 193.7   | -1.9%   |
| EPS                     | ₹     | 18.57   | 27.03   | -31.3%   | 19.74   | -6.0%   |

# Consolidated FY22 at a Glance



| Escorts Ltd. Particulars | Unit  | FY22    | FY21    | YoY      |
|--------------------------|-------|---------|---------|----------|
| Revenue from operations  | ₹ Cr. | 7,238.4 | 7,014.4 | 3.2%     |
| Material Cost            | %     | 68.8%   | 66.2%   | 256 bps  |
| Manpower Cost            | %     | 7.5%    | 7.8%    | -31 bps  |
| EBIDTA                   | ₹ Cr. | 951.2   | 1,126.8 | -15.6%   |
| EBIDTA Margin            | %     | 13.1%   | 16.1%   | -292 bps |
| PBT                      | ₹ Cr. | 992.9   | 1,154.8 | -14.0%   |
| PAT                      | ₹ Cr. | 735.6   | 871.6   | -15.6%   |
| EPS                      | ₹     | 74.06   | 92.15   | -19.6%   |

# 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.
- **Q4FY22** – Represents the 3 months period from 1<sup>st</sup> January 2022 to 31<sup>st</sup> March 2022.
- **Q3FY22** – Represents the 3 months period from 1<sup>st</sup> October 2021 to 31<sup>st</sup> December 2021.
- **Q4FY21** – Represents the 3 months period from 1<sup>st</sup> January 2021 to 31<sup>st</sup> March 2021.
- **FY22** – Represents the 12 months period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.
- **FY21** – Represents the 12 months period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.
- **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.

All numbers are rounded off to nearest decimal

## 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**

(President Finance, 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