



# **Escorts Kubota Limited**

(Formerly Escorts Limited)

**Q2 FY23 | EARNING PRESENTATION**

**4<sup>th</sup> November 2022**

**BSE: 500495 | NSE: ESCORTS**



# CONTENTS

01

**Company  
Overview**

02

**Q2/H1 FY23  
Standalone  
Highlights**

03

**Credit Rating &  
Debt Profile**

04

**Management  
Message**

05

**Segment-wise  
Performance**

06

**Shareholding  
Pattern**

07

**Q2/H1 FY23  
Consolidated  
Highlights**

08

**Annexure &  
Narrations**



# Escorts Kubota Limited: Overview

(Formerly Escorts Limited)

**Escorts Kubota Limited (EKL)** A leading engineering conglomerate with a history of over seven decades, steering India's socio-economic growth through pioneering contribution in critical industrial sectors.

## Three Business Divisions:

1. **Agri Machinery** - Tractors, Engine, Spare parts and Lubes
2. **Construction Equipment** - Material handing, Road compaction and Earth Moving Equipment.
3. **Railway Equipment** - Brake System, Couplers, Suspension System, Friction & rubber Products.

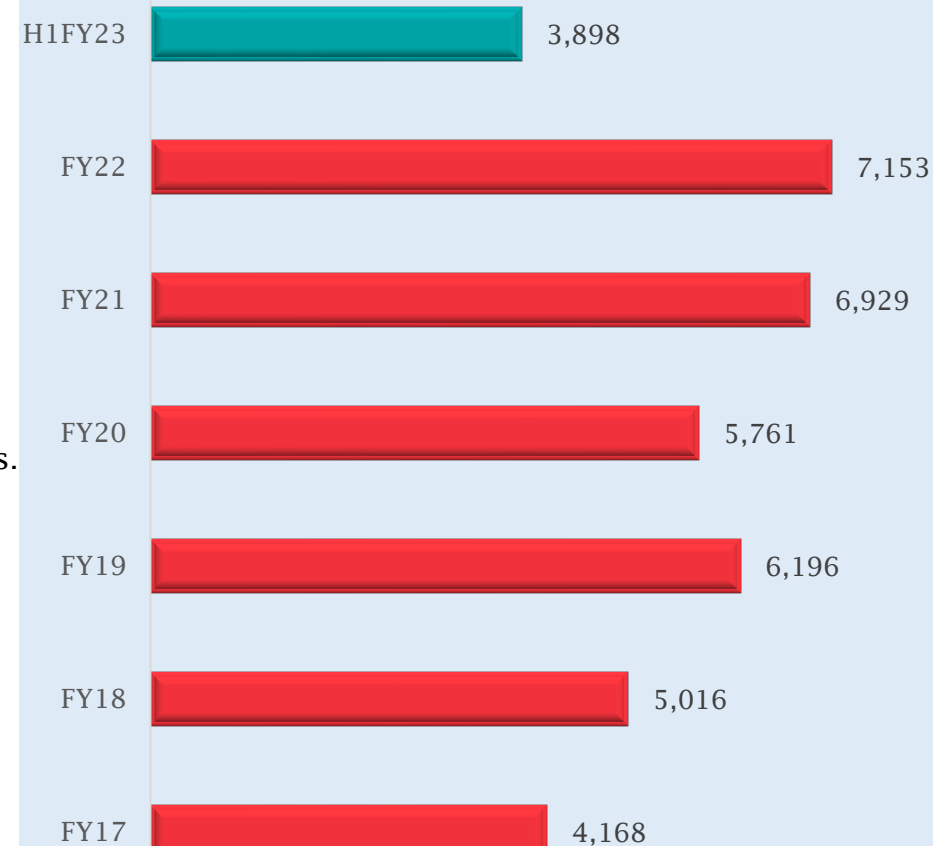
**Headquartered In:** Faridabad, Haryana, India

**Manufacturing Facilities:** 6 Plants\* located in Faridabad, Haryana, India

**Exchange Listing<sup>#</sup>** : Listed on NSE and BSE

**Market Capitalization:** ~ Rs26,500 Crores (\$ 3.2 billion) as on 3<sup>rd</sup> November 2022

## Standalone Revenue in ₹. Crore.



# Q2FY23 YoY Highlights

Particulars	Industry Growth	EKL Growth	Variance	
Domestic Tractor Volume	4.8%	12.9%	●	8.1%
Export Tractor Volume	-1.0%	8.7%	●	9.7%
<b>Total Tractor Volume</b>	<b>4.0%</b>	<b>12.5%</b>	●	<b>8.5%</b>
PNC Volume	1.4%	-3.6%	●	-5.0%
BHL Volume	6.9%	-45.1%	●	-52.0%
Compactor Volume	-37.3%	-40.9%	●	-3.7%
<b>Served Construction Equipment Volume*</b>	<b>1.7%</b>	<b>-14.0%</b>	●	<b>-15.7%</b>
<b>Railway Segment Revenue</b>		<b>7.0%</b>		

● Positive    ● Neutral    ● Negative



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

% rounded off to nearest single decimal

# Q2FY23 YoY - P&L at a Glance

Particulars	Unit	Q2FY23	Q2FY22	Variance
Domestic Tractor Market Share	%	9.7%	9.0%	● 69 bps
Revenue from operations	₹ Cr.	1,883.5	1,678.8	● 12.2%
Material Cost	%	72.4	65.9	● 652 bps
Manpower Cost	%	7.9	8.3	● -41 bps
EBIDTA	₹ Cr.	152.7	226.7	● -32.6%
EBIDTA Margin	%	8.1	13.5	● -540 bps
PBT Before Exceptional Item	₹ Cr.	191.5	237.4	● -19.4%
PAT	₹ Cr.	87.6	176.7	● -50.4%
EPS	₹	6.76	13.39	● -49.5%

● Positive ● Neutral ● Negative



# Q2FY23 YoY at a Glance

**23,703**  
Tractors Volumes

 12.5%

**917**  
Construction Equipment's Volume

 -14.6%

**₹ 182.0 Crore**  
Revenue from Railway Equipment

 7.0%

**₹ 1,883.5 Crore**  
Revenue From Operations

 12.2%

**₹ 152.7 Crore**  
EBIDTA



 -32.6%

Adversely impacted due to unabsorbed inflation both in commodity and other costs.

**₹ 87.7 Crore**  
Profit After Tax

 -50.4%

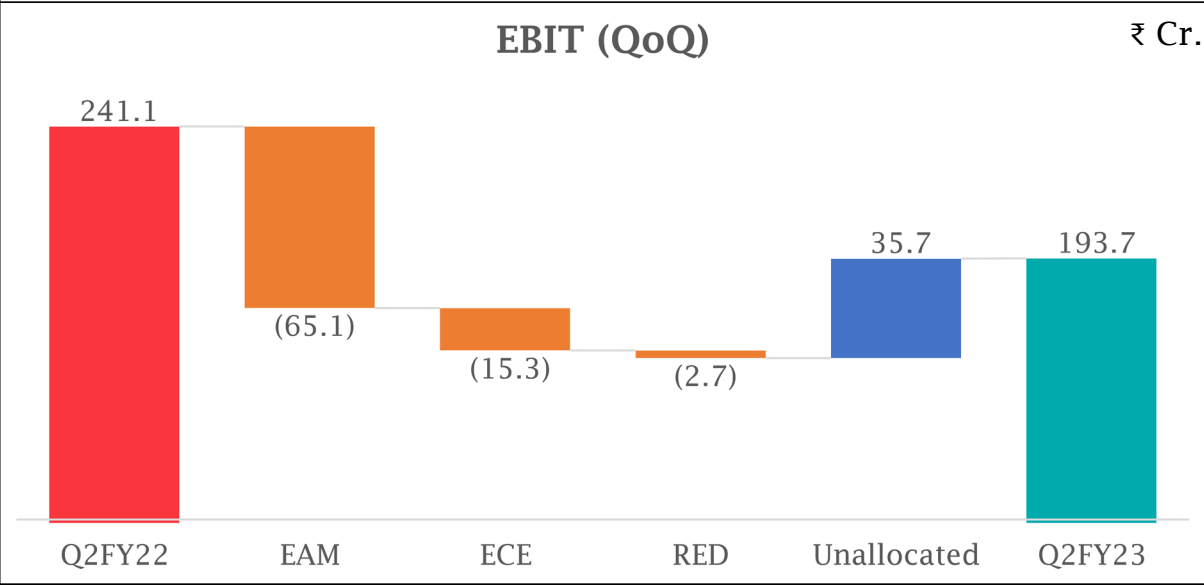
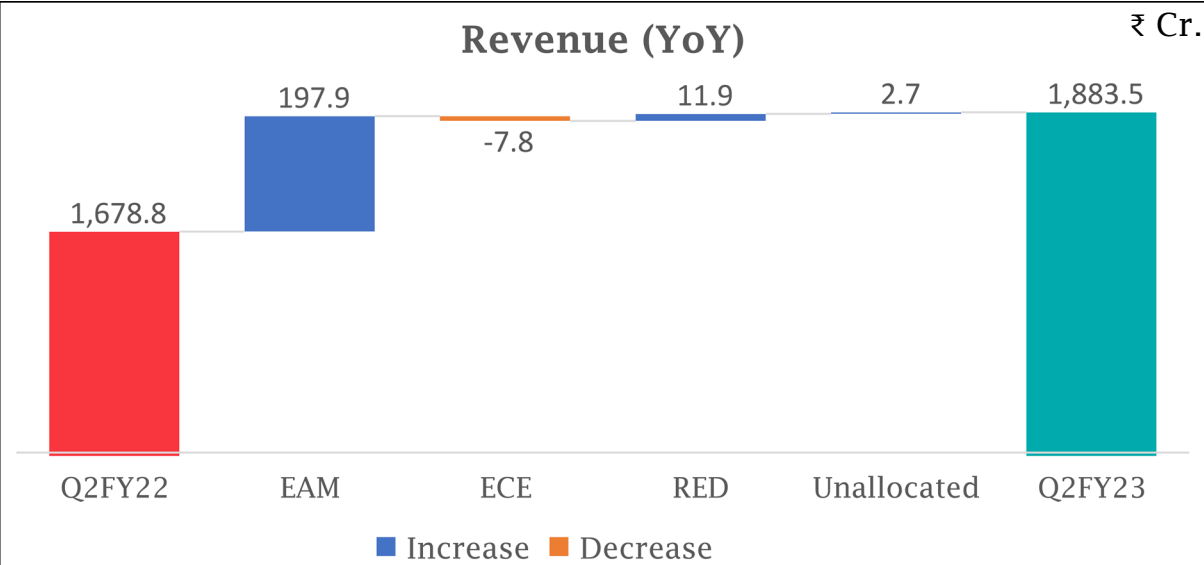
Impacted due to Exception cost provision on account of impairment of investment in the JV Tadano Escorts India Private Limited

 Up Year on Year  
 Down Year on Year



% rounded off to nearest single decimal

# Q2 - YoY Revenue up by 12.2%; EBIT down by 19.6%



### Revenue Key Highlights

- Tractor Sales up by 12.5% at 23,703 units
- Construction Equipment Sales down by 14.6% at 917 units
- Railway Equipment revenue up by 7.0% at ₹ 182.0 Crore.

### EBIT Key Highlights

- Negatively Impacted by operating leverage and volume drop in construction equipment.
- Adversely impacted due to unabsorbed inflation both in commodity and other costs.



# Q2FY23 P&L QoQ at a Glance

Particulars	Unit	Q2FY23	Q1FY23	Variance
Domestic Tractor Market Share	%	9.7%	9.3%	● 39 bps
Revenue from operations	₹ Cr.	1,883.5	2,014.9	● -6.5%
Material Cost	%	72.4	72.2	● 21 bps
Manpower Cost	%	7.9	6.8	● 111 bps
EBIDTA	₹ Cr.	152.7	201.6	● -24.3%
EBIDTA Margin	%	8.1	10.0	● -190 bps
PBT Before Exceptional Item	₹ Cr.	191.5	198.1	● -3.3%
PAT	₹ Cr.	87.6	147.5	● -40.6%
EPS	₹	6.76	11.38	● -40.6%

● Positive ● Neutral ● Negative



# Q2FY23 QoQ at a Glance

**23,703**  
Tractors Volumes

 -11.5%

**917**  
Construction Equipment's Volume

 -5.1%

**₹ 182.0 Crore**  
Revenue from Railway Equipment

 5.0%

**₹ 1,883.5 Crore**  
Revenue From Operations

 -6.5%

**₹ 152.7 Crore**  
EBIDTA



 -24.3%

Adversely impacted due to unabsorbed inflation both in commodity and other costs.

**₹ 87.7 Crore**  
Profit After Tax

 -40.6%

Impacted due to Exception cost provision on account of impairment of investment in the JV Tadano Escorts India Private Limited.

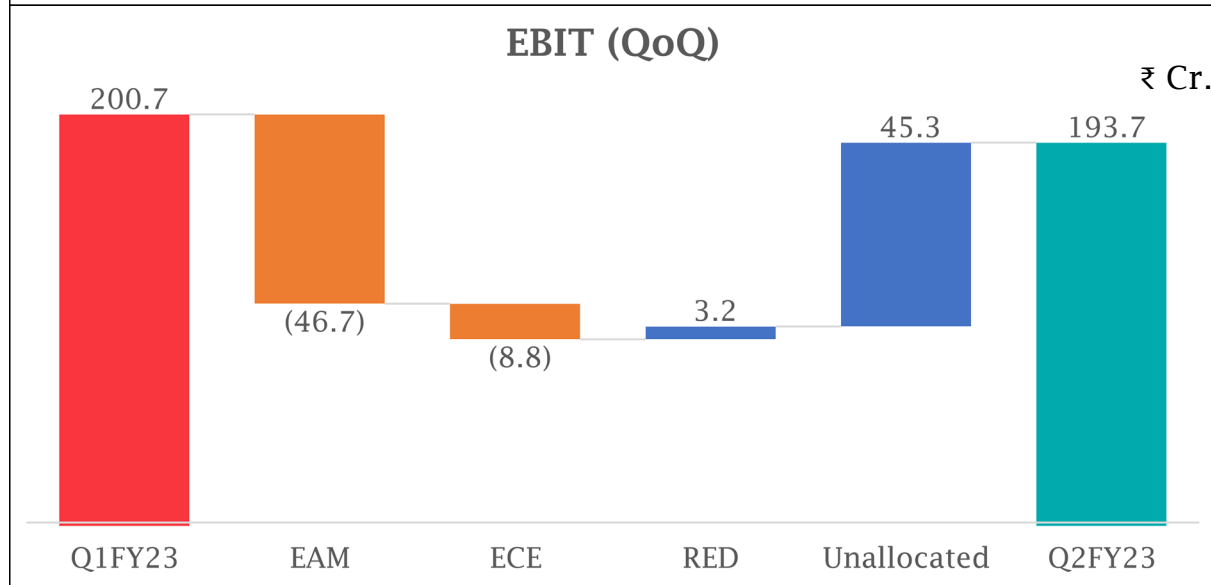
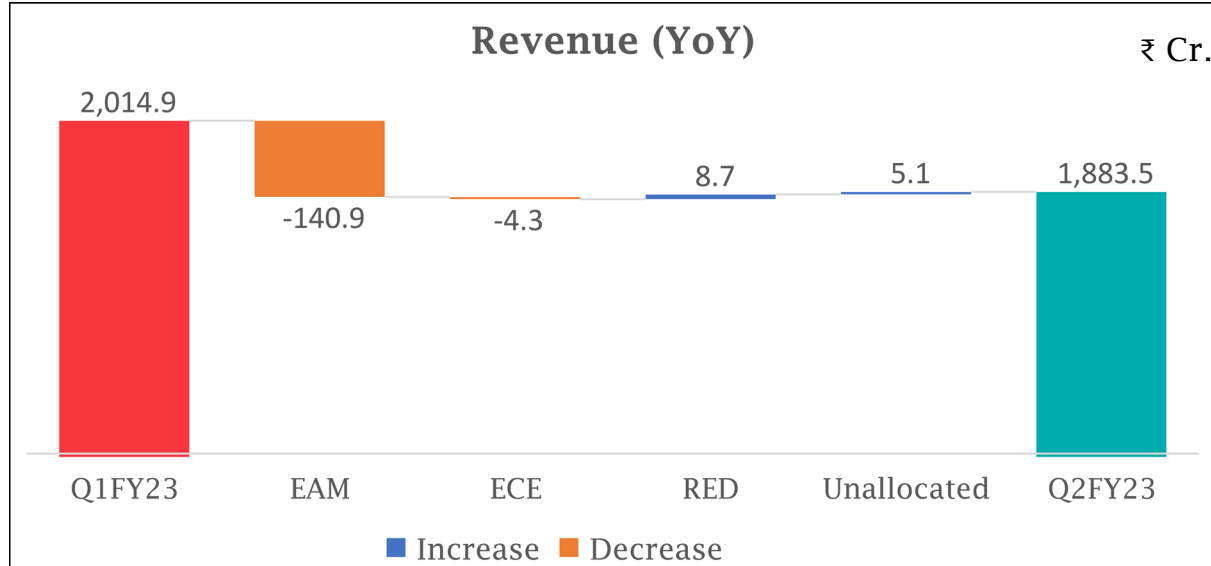
 Up Quarter on Quarter  
 Down Quarter on Quarter

Standalone Financials



% rounded off to nearest single decimal

# Q2 - QoQ Revenue down by 6.5%; EBIT down by 3.5%



## Revenue Key Highlights

- Tractor Sales down by 11.5% at 23,703 units
- Construction Equipment Sales down by 5.1% at 917 units
- Railway Equipment revenue up by 5.0% at ₹ 182.0 Crore.

## EBIT Key Highlights

- Negatively Impacted by operating leverage and volume drop in both tractor and construction equipment.
- Adversely impacted due to unabsorbed inflation both in commodity and other cost.



# Q2FY23 at a Glance

**₹ 6.76**

Earning Per Share

**9.6%**

Return on Capital Employed  
(Annualized)

**4.4%**

Return on Equity  
(Annualized)

**~90%**

Capacity Utilization

**Agri Machinery**

**~35%**

Capacity Utilization

**Construction Equipment**

More than **₹ 900 Crore**  
Of Order Book

**Railway Equipment Division**  
(as of 30<sup>th</sup> September 2022)



# H1FY23 YoY at a Glance

Particulars	Unit	H1FY23	H1FY22	Variance
Domestic Tractor Market Share	%	9.4%	9.9%	● -41 bps
Revenue from operations	₹ Cr.	3,898.3	3,355.8	● 16.2%
Material Cost	%	72.3	67.0	● 533 bps
Manpower Cost	%	7.3	8.2	● -92 bps
EBIDTA	₹ Cr.	354.3	465.4	● -23.9%
EBIDTA Margin	%	9.1	13.9	● -478 bps
PBT Before Exceptional Item	₹ Cr.	389.5	483.6	● -19.4%
PAT	₹ Cr.	235.1	361.9	● -35.0%
EPS	₹	18.14	27.42	● -33.8%

● Positive ● Neutral ● Negative



# H1FY23 QoQ at a Glance

**50,500**  
Tractors Volumes

 7.4%

**1,883**  
Construction Equipment's

 12.1%

**₹ 355.4 Crore**  
Revenue from Railway Equipment

 22.7%

**₹ 3,898.3 Crore**  
Revenue From Operations

 16.2%

**₹ 354.3 Crore**  
EBIDTA

 -23.9%

Adversely impacted due to unabsorbed inflation both in commodity and other costs, coupled with **adverse product mix impact** due to industry shift towards lower horsepower segment.



**₹ 235.1 Crore**  
Profit After Tax

 -35.0%

Impacted due to Exception cost provision on account of impairment of investment in the JV Tadano Escorts India Private Limited

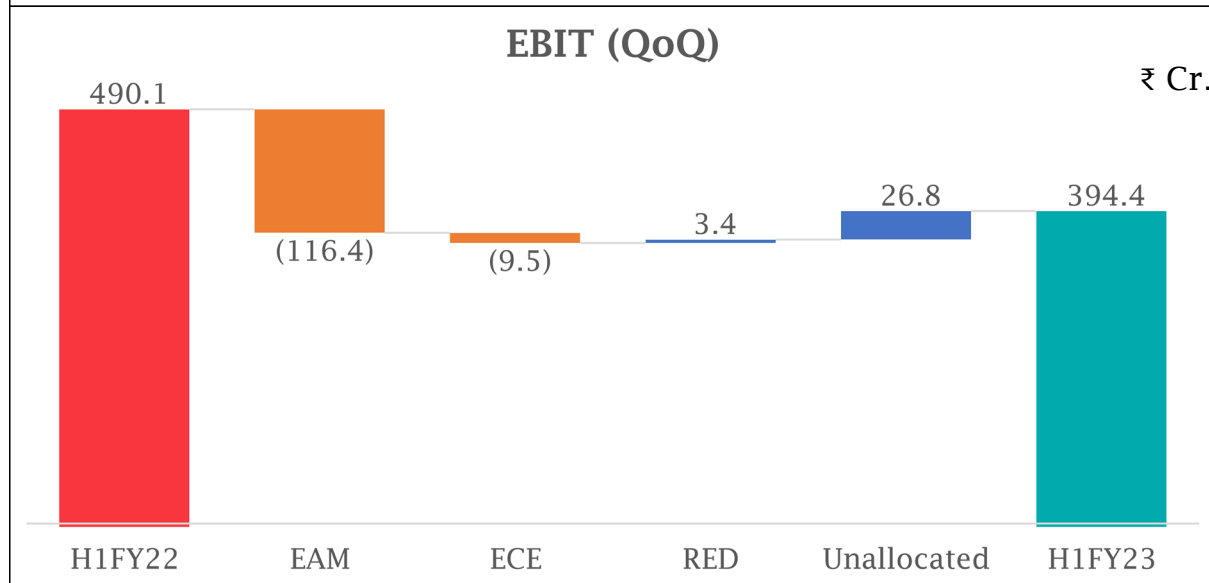
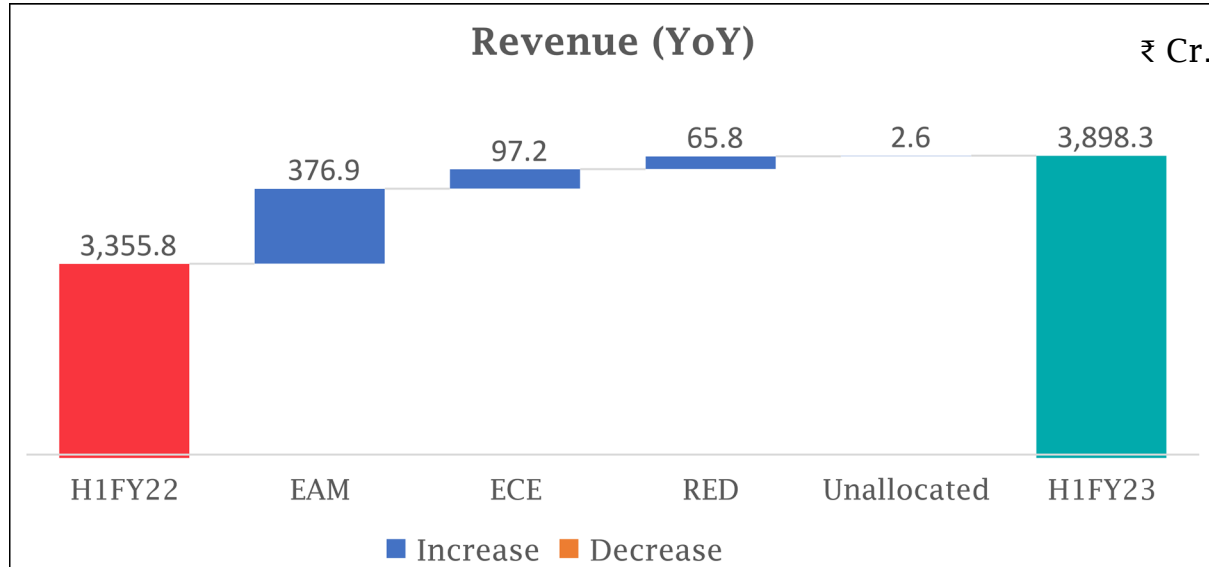


% rounded off to nearest single decimal

 Up Quarter on Quarter  
 Down Quarter on Quarter

Standalone Financials

# H1 - Revenue up by 16.2%; EBIT down by 19.5%



## Revenue Key Highlights

- Tractor Sales up by 7.4% at 50,500 units
- Construction Equipment Sales up by 12.1% at 1,883 units
- Railway Equipment revenue up by 22.7% at ₹ 355.4 Crore.

## EBIT Key Highlights

- Adversely impacted due to unabsorbed inflation both in commodity and other costs, coupled with **adverse product mix impact** due to industry shift towards lower horsepower segment.



# H1FY23 at a Glance

**₹ 18.14**

Earning Per Share

**9.9%**

Return on Capital Employed  
(Annualized)

**5.9%**

Return on Equity  
(Annualized)

**~90%**

Capacity Utilization

**Agri Machinery**

**~38%**

Capacity Utilization

**Construction Equipment**

More than **₹ 900 Crore**  
Of Order Book

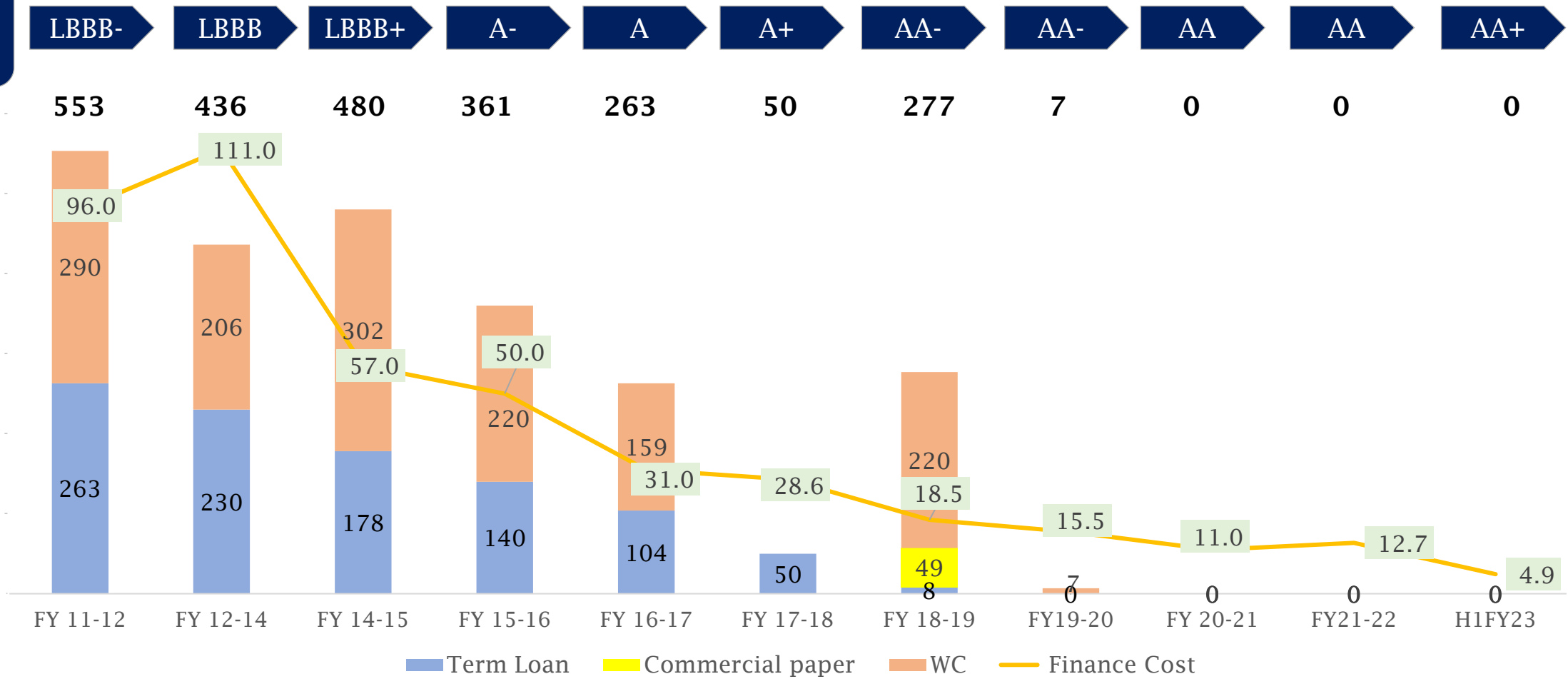
**Railway Equipment Division**  
(as of 30<sup>th</sup> September 2022)



# Credit Rating & Debt Profile

Long Term  
Credit  
Rating

(₹ Crs.)



*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.



rounded off to nearest single decimal



“There has been a positive momentum across businesses, and we expect it to continue. Overall macroeconomic factors and farmer sentiments remain positive led by above normal monsoon and onset of an early festive season which will favorably support Agri business. With increasing flow of Government investments for infrastructure development, the demand for construction equipment is likely to be good. Our broad product line in railway business has been garnering good order booking and we expect a strong fiscal ahead. We also hope that various government actions will help in stabilizing inflation to support the economy at large, propelling country’s overall growth and development.”

**Nikhil Nanda Chairman and Managing Director**

“With strategic focus and integrated strength of Escorts Kubota Limited, various initiatives will catapult overall business growth and bring in better operational efficiency. India is a growing economy, and we operate in core sectors of growth, thus there is immense opportunity to be leveraged across businesses. There has been a positive trend and we expect it to get stronger with innovative product line ahead.”



**Mr. Seiji Fukuoka, Deputy Managing Director**



# Segment-wise Performance

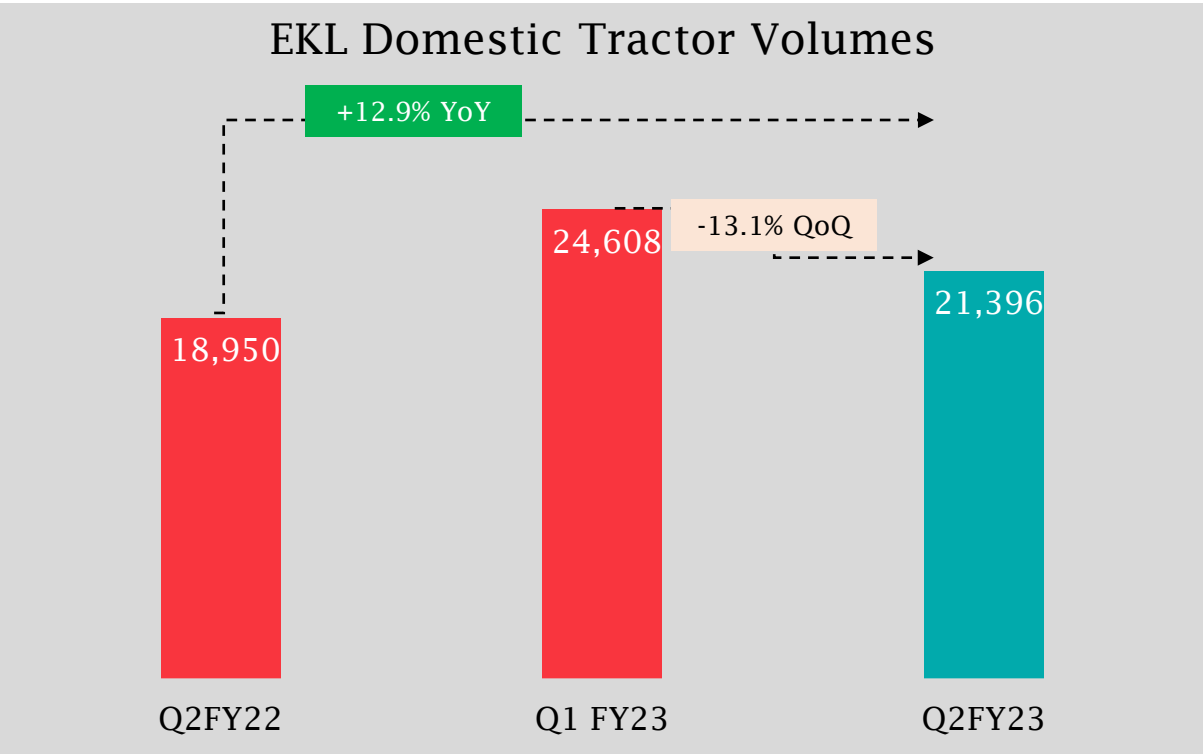
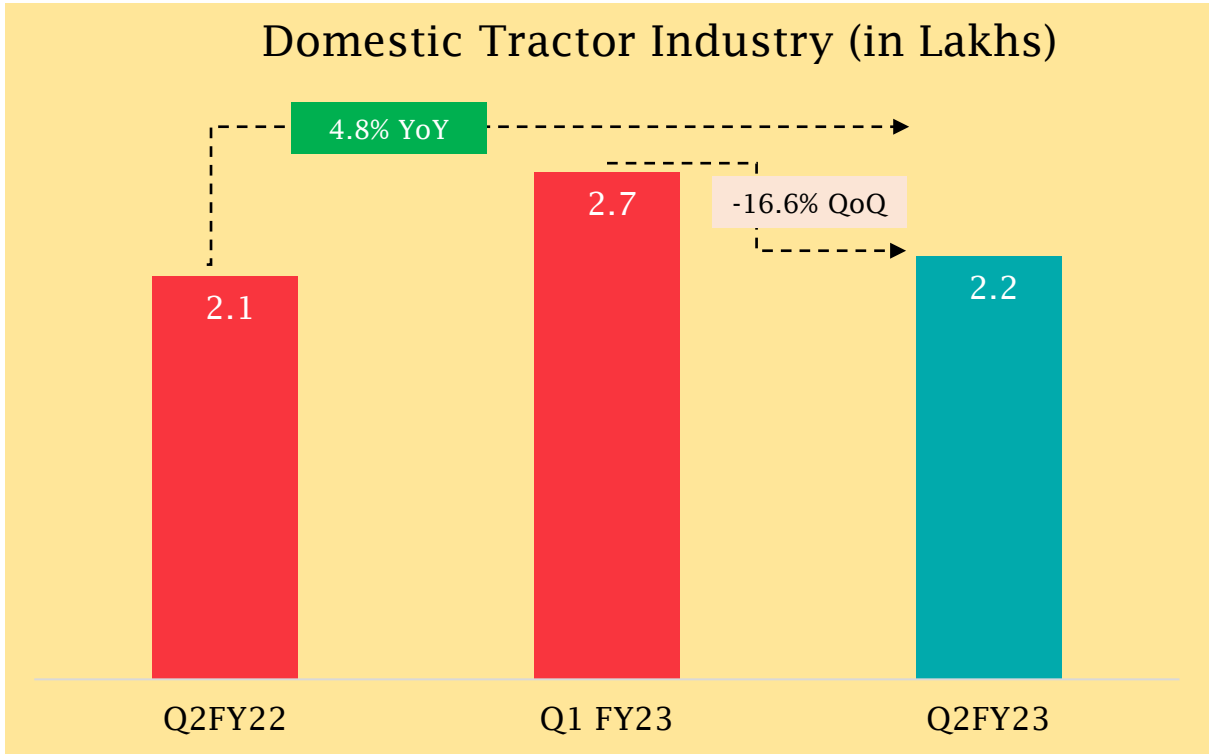


# Agri Machinery



**Powering The Dreams Of Farmer**

# Q2 Agri Machinery Domestic Performance



Industry in Strong Regions grew by 12.5% Y-o-Y

Industry in Rest Region down by 1.8% Y-o-Y

EKL-Tractor In Strong Region grew by 16.7% Y-o-Y

ELK - Tractor In Rest Region grew by 5.9% Y-o-Y

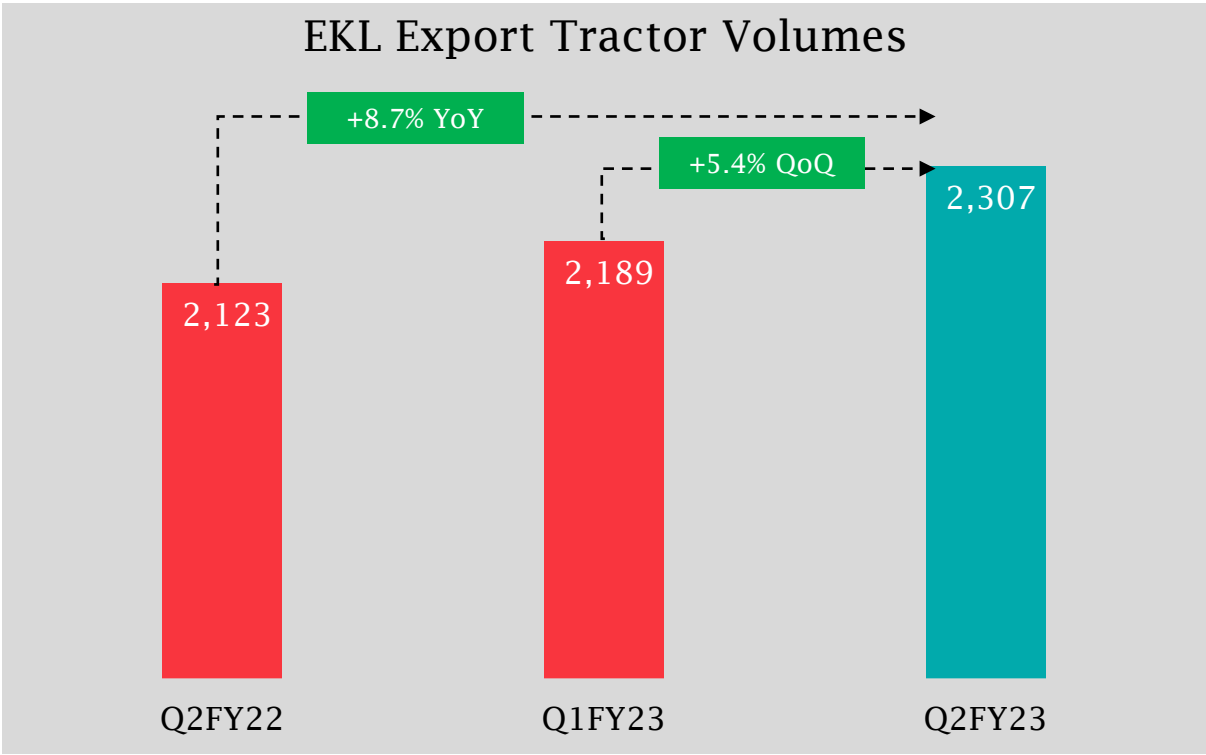
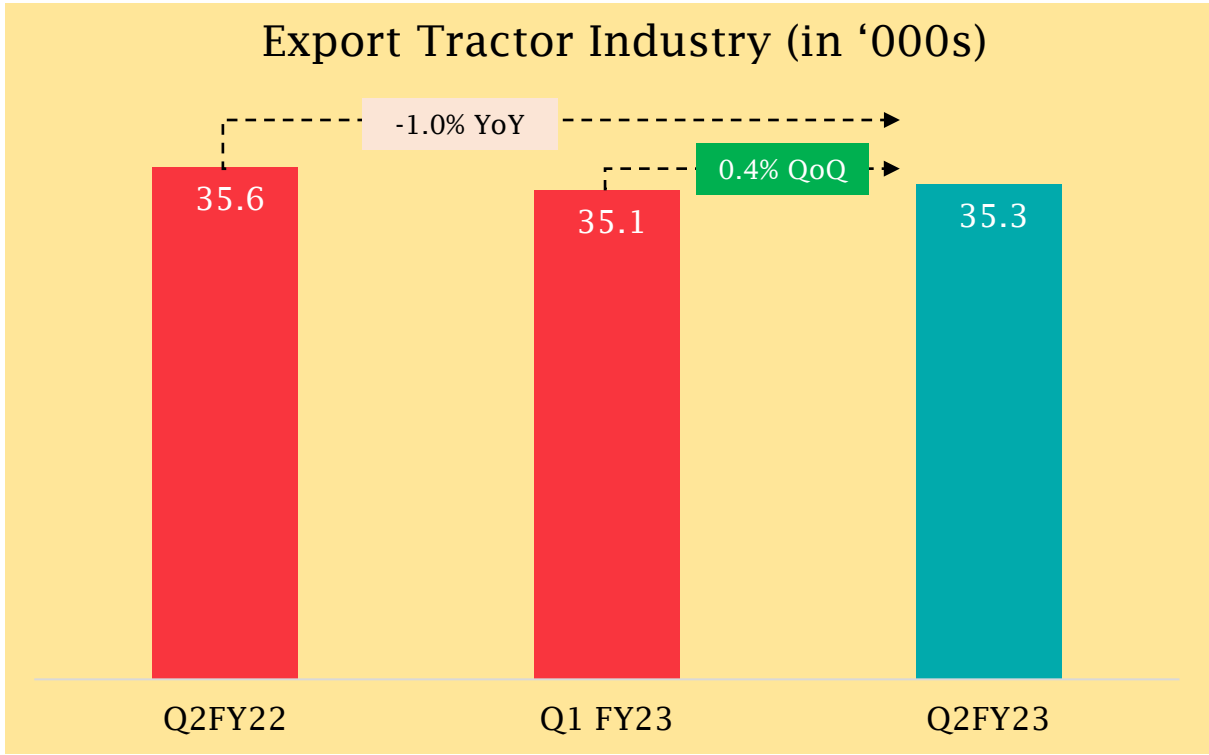
Growth

De-Growth



rounded off to nearest single decimal

# Q2 Agri Machinery Export Performance



Highest Ever Quarterly Export Sales

Export through Kubota channel 20%+ of total Export volume

6.5% Share of Market in Q2FY23, up by 58 bps Y-o-Y

Growth

De-Growth


4-11-2022




# Agri Machinery Performance at Glance in Q2FY23


**₹ 1,454.9 Crore**  
Segmental Revenue

 **15.7%**  
(Y-o-Y)

 **-8.8%**  
(Q-o-Q)

**8.4%**  
EBIT margin

 **-650 bps**  
(Y-o-Y)

 **-219 bps**  
(Q-o-Q)

**~90%**

Capacity Utilization

**42:58**

Farmtrac : Powertrac Sales Ratio\*

**43:57**  
(In Q2FY22)

**40:60**  
(In Q1FY23)

**38:62**

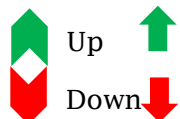
Less than 40 HP : Greater than 40 HP  
Sales Ratio\*

**38:62**  
(In Q2FY22)

**40:60**  
(In Q1FY23)

**22.2%**

Return on Capital Employed  
(Annualized)

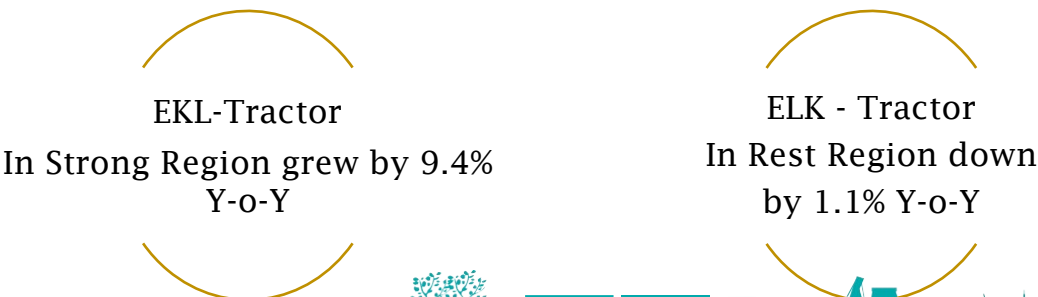
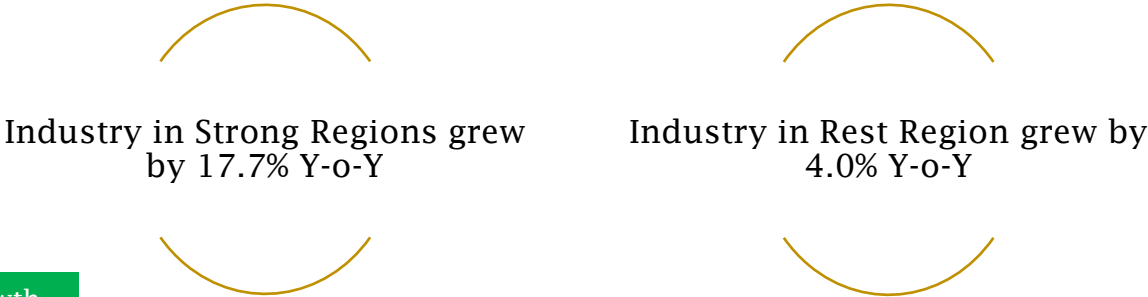
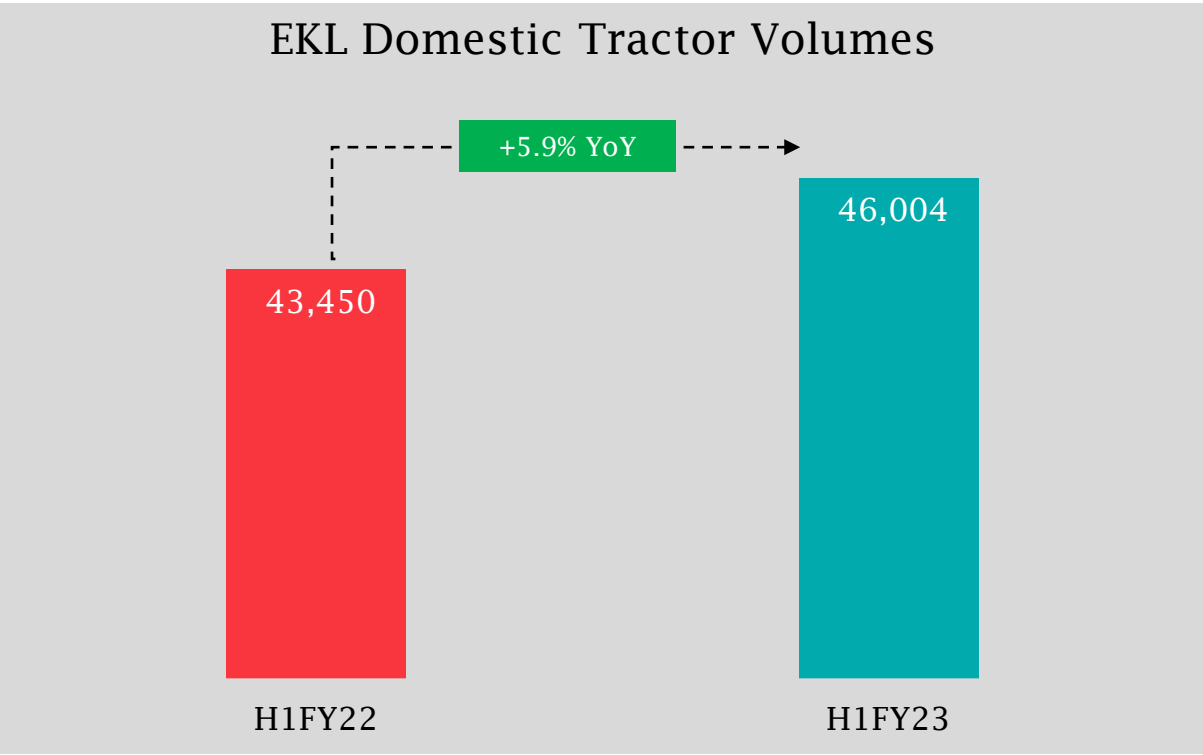
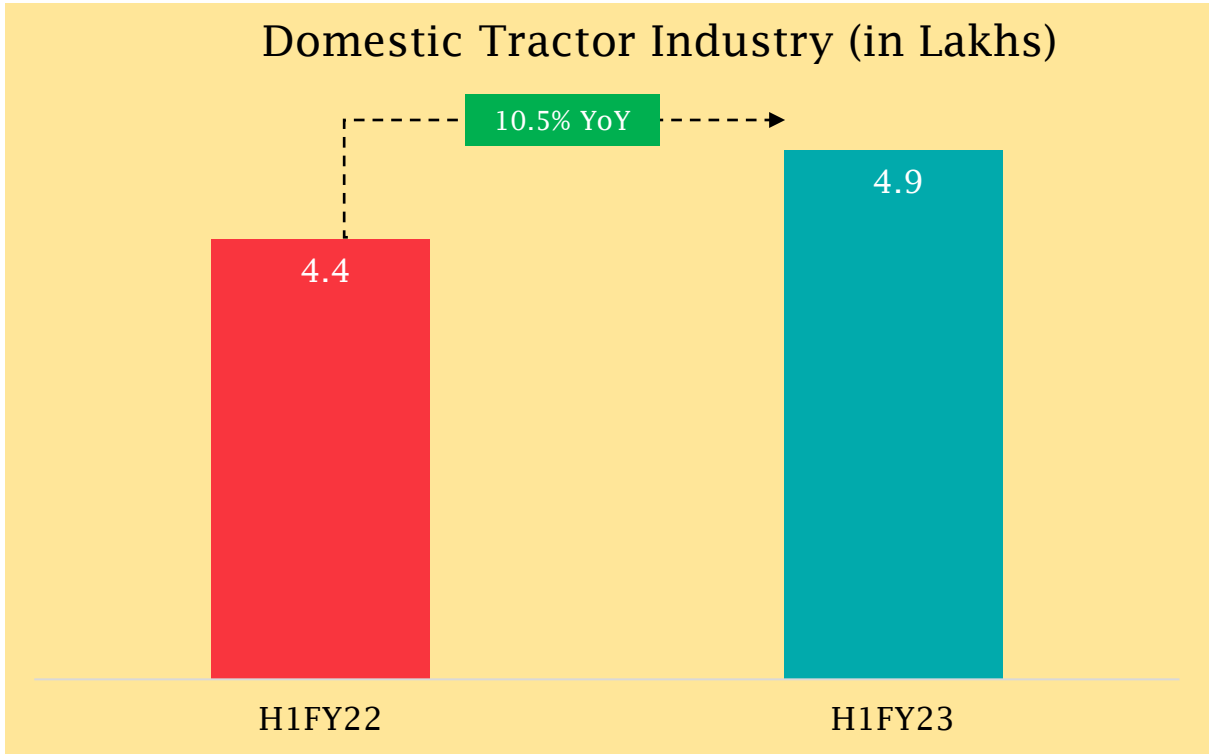


\* Domestic



rounded off to nearest single decimal

# H1 Agri Machinery Domestic Performance

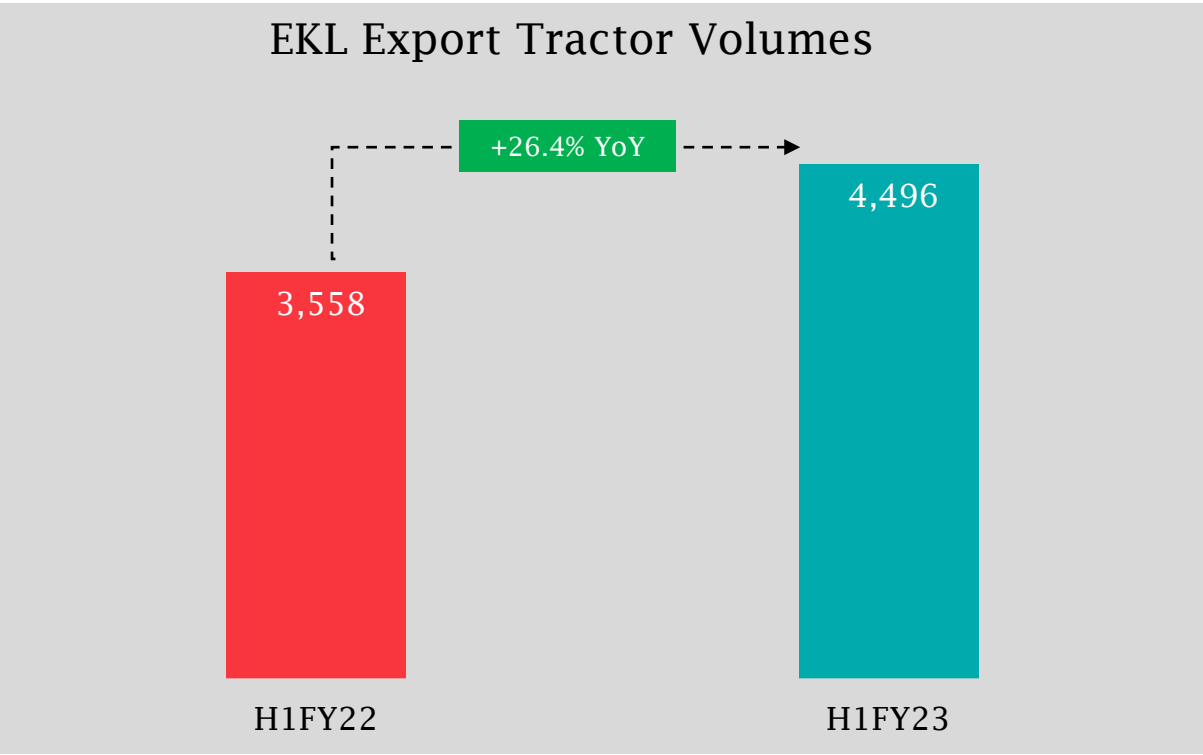
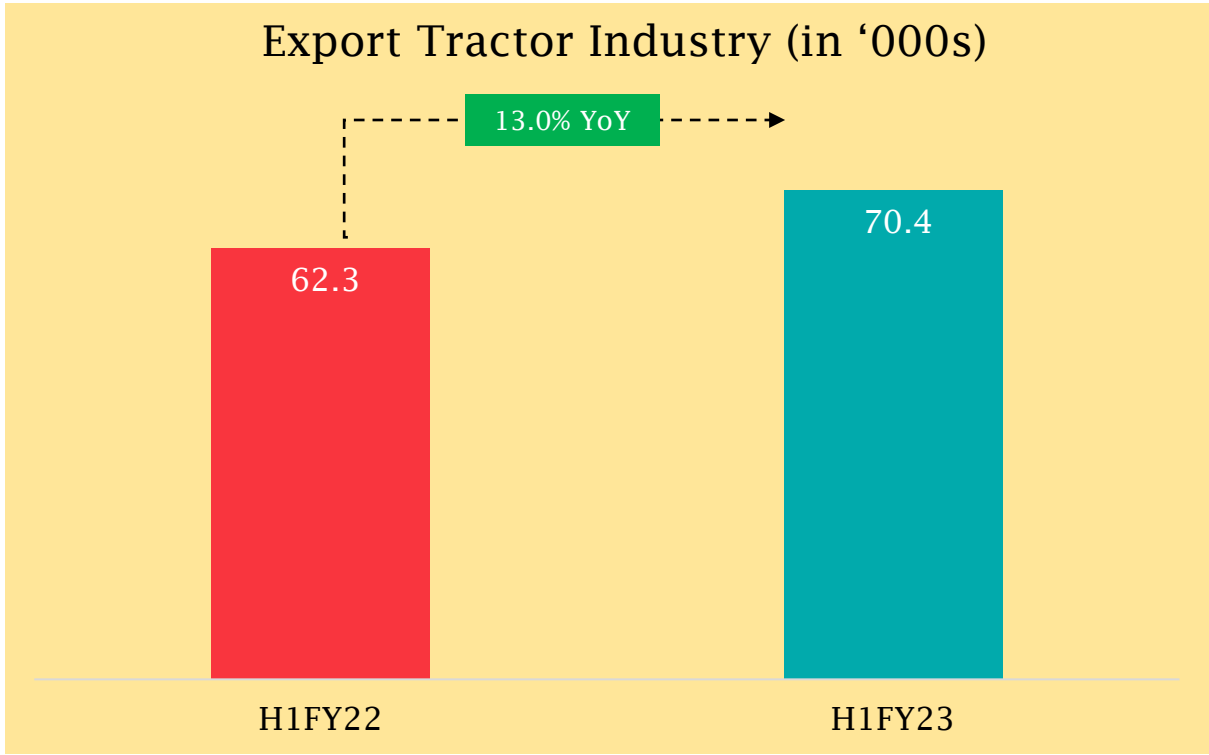


Growth

De-Growth



# H1 Agri Machinery Export Performance



Highest Ever H1 Export Sales

Export through Kubota channel 20%+ of total Export volume

6.4% Share of Market in H1FY23, up by 67 bps Y-o-Y

Growth

De-Growth

4-11-2022




# Agri Machinery Performance at Glance in H1FY23

**₹ 3,050.6 Crore**  
Segmental Revenue

 **14.1%**  
(Y-o-Y)

**9.5%**  
EBIT margin

 **-570 bps**  
(Y-o-Y)

**~90%**

Capacity Utilization

**41:59**

Farmtrac : Powertrac Sales Ratio\*

**42:58**  
(In H1FY22)

**39:61**

Less than 40 HP : Greater than 40 HP  
Sales Ratio\*

**39:61**  
(In H1FY22)

**27.0%**

Return on Capital Employed  
(Annualized)



\* Domestic

4-11-2022



rounded off to nearest single decimal

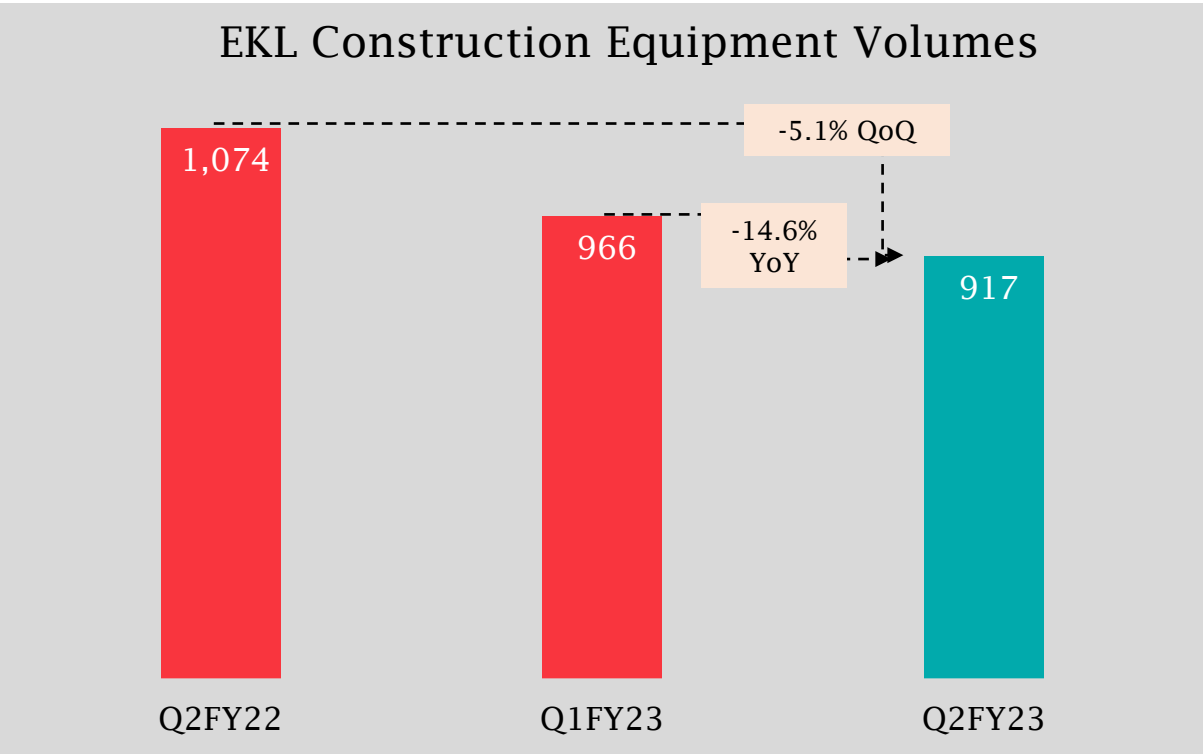
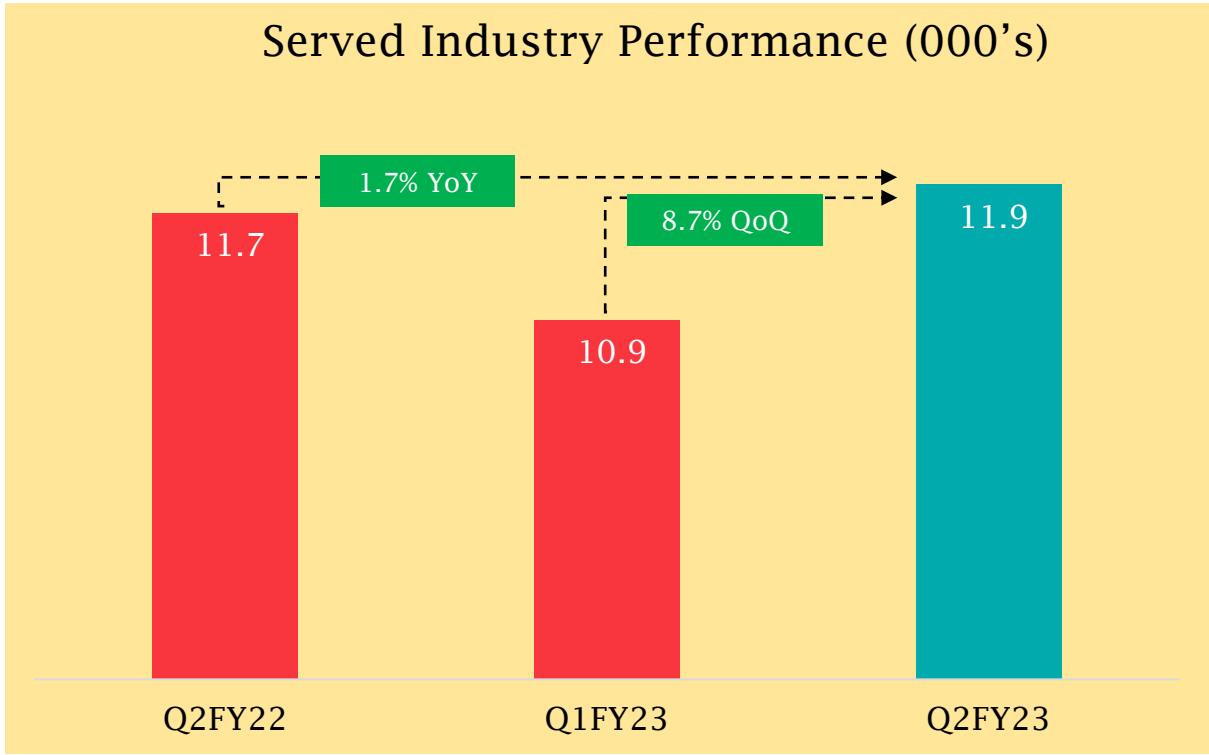
# Construction Equipment

The background of the slide features two large construction cranes. On the left is a white crane with a long boom, and on the right is an orange crane with a boom labeled 'TRX 2319' and 'ESCORTS'. The cranes are set against a dark background with glowing blue and white light trails that curve across the frame, creating a futuristic or high-tech atmosphere.

**Building a  
Better Tomorrow**

**Preferred Partner In Nation Building**

# Q2 - Construction Equipment Performance



BHL Industry up by 7.0% Y-o-Y

PnC Industry up by 1.4% Y-o-Y

Compactors Industry down by 37% Y-o-Y

Growth

De-Growth



rounded off to nearest single decimal

# Construction Equipment Performance at Glance in Q2FY23

**₹ 241.9 Crore**  
Segmental Revenue

 **-3.1%**  
(Y-o-Y)

 **-1.7%**  
(Q-o-Q)

**-2.6%**  
EBIT margin

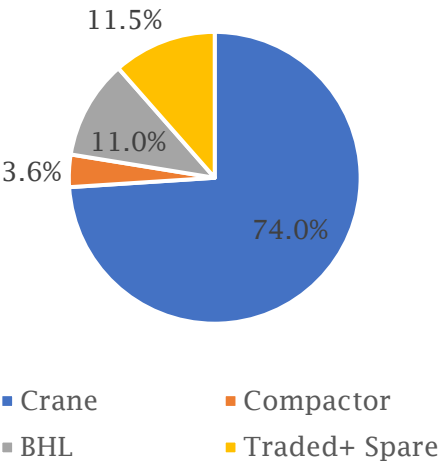
 **-620 bps**  
(Y-o-Y)

 **-360 bps**  
(Q-o-Q)

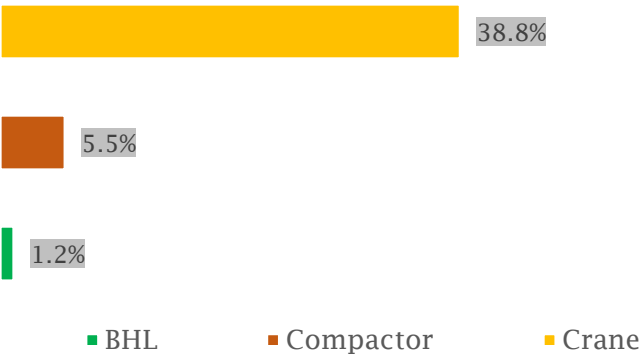
**~35%**

Capacity Utilization

## Revenue Break up



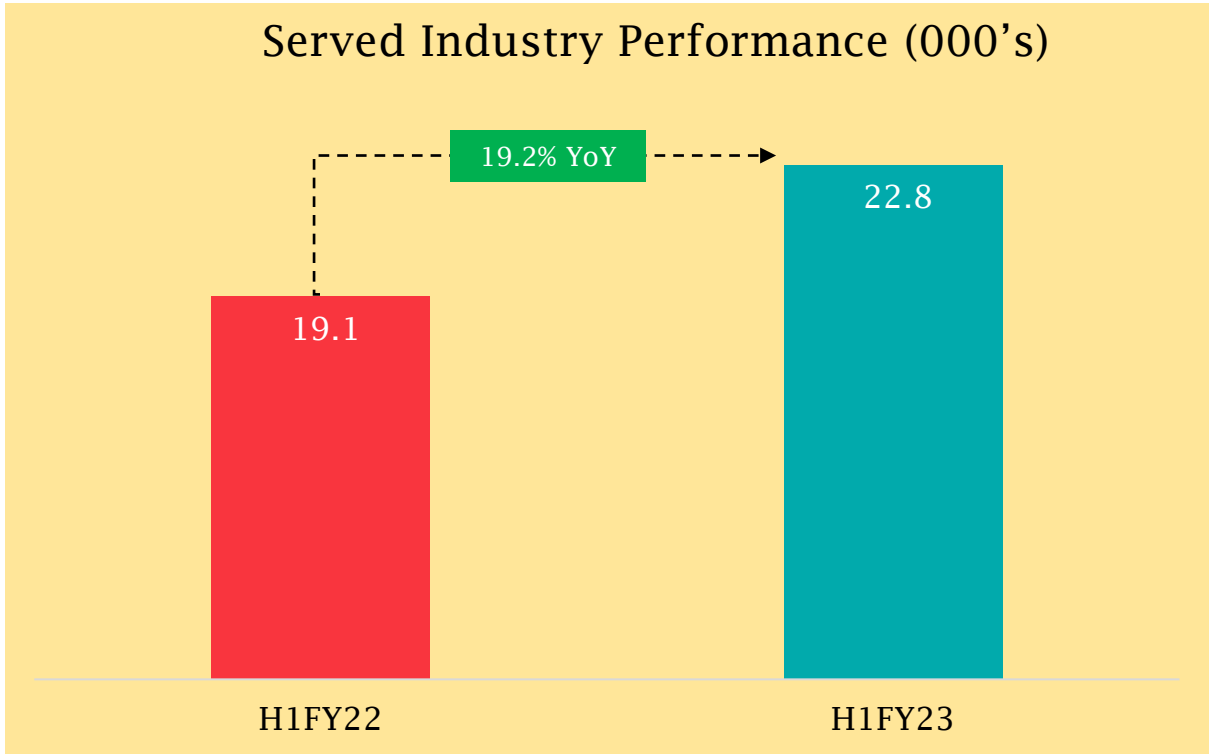
## Product wise Market Share



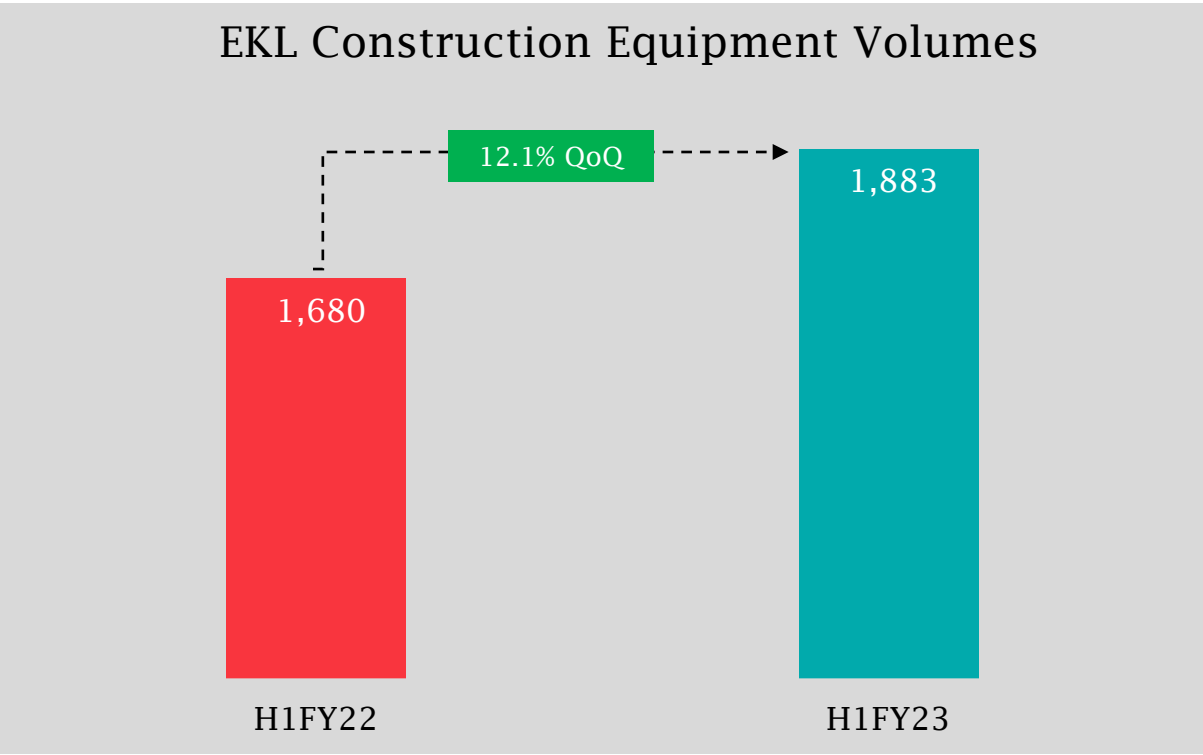
rounded off to nearest single decimal

# H1 - Construction Equipment Performance

Served Industry Performance (000's)



EKL Construction Equipment Volumes



BHL Industry up by 25% Y-o-Y

PnC Industry up by 17% Y-o-Y

Compactors Industry down by 22% Y-o-Y

Growth

De-Growth




rounded off to nearest single decimal

# Construction Equipment Performance at Glance in H1FY23

**₹ 488.0 Crore**  
Segmental Revenue

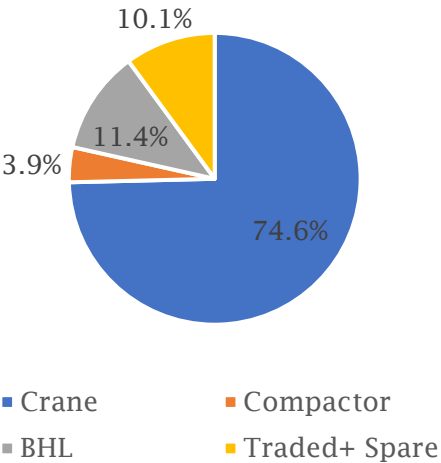
 **24.9%**  
(Y-o-Y)

**-0.8%**  
EBIT margin

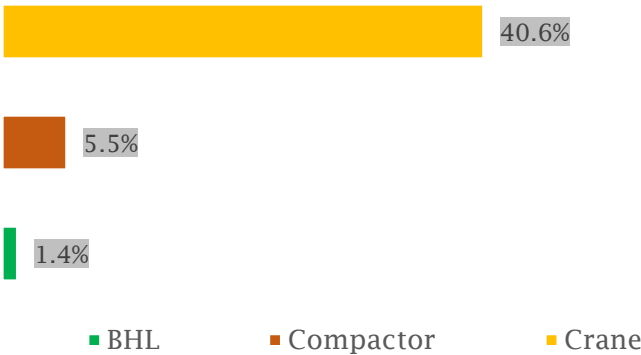
 **-224 bps**  
(Y-o-Y)

**~38%**  
Capacity Utilization

## Revenue Break up



## Product wise Market Share



rounded off to nearest single decimal

# Railway Equipment Division



**Mobility Solutions**  
Of the future

**ENSURING SAFETY AND COMFORT IN RAIL TRANSPORT**


# Railway Equipment Division Performance - Q2FY23


**₹ 182.0 Crore**  
Segmental Revenue

 **7.0%**  
(Y-o-Y)

 **5.0%**  
(Q-o-Q)

**14.6%**  
EBIT margin

 **-262 bps**  
(Y-o-Y)

 **109 bps**  
(Q-o-Q)

More than **₹ 900 Crore**  
Of Order Book

(as of 30<sup>th</sup> September 2022)

**62:38**

NPD : conventional Sales Ratio

**64:36**  
(In Q2FY22)

**67:33**  
(In Q1FY23)

**31.2%**

Return on Capital Employed  
(Annualized)




rounded off to nearest single decimal

# Railway Equipment Division Performance - H1FY23

**₹ 355.4 Crore**  
Segmental Revenue

 22.7%  
(Y-o-Y)

**14.1%**  
EBIT margin

 -205 bps  
(Y-o-Y)

More than **₹ 900 Crore**  
Of Order Book

(as of 30<sup>th</sup> September 2022)

**65:35**  
NPD : conventional Sales Ratio

64:36  
(In H1FY22)

**31.1%**

Return on Capital Employed  
(Annualized)



rounded off to nearest single decimal

# Shareholding Pattern

Shareholding Trend					
Category	Sept'2021	Dec'2021	Mar'2022 <sup>^</sup>	June'2022	Sept'2022
Promoters	36.6	30.3	28.1	72.9	72.9
Kubota Corporation	9.1	10.0	16.4	*	*
Escrow Account (open offer)			39.4		
Institutions#	29.1	28.7	4.0	11.3	12.4
Public	23.2	28.8	10.3	14.0	13.0
Non Promoter Non Public	2.1	2.2	1.8	1.8	1.7
<b>Total</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 from 11 April 2022.

# FPI/Financial Institutions/ Banks/Insurance Companies/QIB/AIF



rounded off to nearest single decimal

# Consolidated Q2FY23 at a Glance

Particulars	Unit	Q2FY23	Q2FY22	YoY (Change)	Q1FY23	QoQ (Change)
Revenue from operations	₹ Cr.	1,890.8	1,690.4	● 11.9%	2,032.1	● -7.0%
Material Cost	%	72.4%	65.6%	● 675 bps	72.0%	● 40 bps
Manpower Cost	%	8.0%	8.4%	● -43 bps	6.9%	● 114 bps
EBIDTA	₹ Cr.	149.4	226.8	● -34.1%	203.6	● -26.6%
EBIDTA Margin	%	7.9%	13.4%	● -552 bps	10.0%	● -212 bps
PBT Before Exceptional Item	₹ Cr.	182.9	234.4	● -22.0%	191.5	● -4.5%
PAT	₹ Cr.	98.8	173.5	● -43.0%	140.6	● -29.7%
EPS	₹	9.14	17.62	● -48.2%	13.01	● -29.8%

● Positive   ● Neutral   ● Negative



rounded off to nearest single decimal

# Consolidated H1FY23 at a Glance

Particulars	Unit	H1FY23	H1FY22	YoY (Change)
Revenue from operations	₹ Cr.	3,922.9	3,397.7	● 15.5%
Material Cost	%	72.2%	66.8%	● 538 bps
Manpower Cost	%	7.4%	8.3%	● -90 bps
EBIDTA	₹ Cr.	353.0	468.7	● -24.7%
EBIDTA Margin	%	9.0%	13.8%	● -480 bps
PBT Before Exceptional Item	₹ Cr.	374.4	473.8	● -21.0%
PAT	₹ Cr.	239.4	351.9	● -32.0%
EPS	₹	22.14	35.75	● -38.1%

● Positive    ● Neutral    ● Negative



rounded off to nearest single decimal

# Narrations

- **EKL** - Escorts Kubota Limited
- **FY** - Fiscal Year represents the 12 months period from 1<sup>st</sup> April to 31<sup>st</sup> March.
- **Q2FY22** - Represents the 3 months period from 1<sup>st</sup> July 2021 to 30<sup>th</sup> Sept 2021.
- **Q1FY23** - Represents the 3 months period from 1<sup>st</sup> April 2022 to 30<sup>th</sup> June 2022.
- **Q2FY23** - Represents the 3 months period from 1<sup>st</sup> July 2022 to 30<sup>th</sup> Sept 2022.
- **H1FY22** - Represents the 6 months period from 1<sup>st</sup> April 2021 to 30<sup>th</sup> Sept 2021.
- **H1FY23** - Represents the 6 months period from 1<sup>st</sup> April 2022 to 30<sup>th</sup> Sept 2022.
- **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
- **NSE** - National Stock Exchange of India
- **BSE** - Bombay Stock Exchange
- **DSE** - Delhi Stock Exchange
- **EBIDTA** - Earnings Before Interest, Depreciation & Taxes
- **EBIT** - Earnings Before Interest & Taxes
- **PBT** - Profit Before Tax
- **PAT** - Profit After Tax
- **ROE** - Return on Equity, Calculated as PAT divided by Average capital employed.
- **ROCE** - Return on Capital Employed, calculated as EBIT divided by Average capital Employed for the quarter.



# 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 Kubota 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 Kubota 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 |

