



Ref /EL/SEC/Eventdisc-8/2016

Date: February 22, 2016

The Manager  
Listing Department  
**National Stock Exchange of India Limited**  
5<sup>th</sup> Floor Exchange Plaza  
Bandra Kurla Complex, Bandra East  
Mumbai -400051

NSE Code: Escorts  
BSE Code: 500495  
DSE Code: 00012

Dear Sir

**Sub: Analyst/ Investors Presentation**

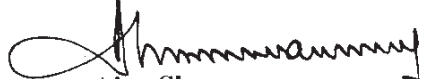
Pursuant to the *Regulation 46 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*, we are enclosing a copy of presentation to be made to the Analyst/ Investors at Kotak Global Investor Conference at Mumbai today.

Further please note that aforesaid presentation is being made available on the website of the Company i.e. [www.escortsgroup.com](http://www.escortsgroup.com).

This is for your information & record.

Thanking you.

Yours Faithfully  
For **ESCORTS LIMITED**

  
**Ajay Sharma**  
Group General Counsel  
& Company Secretary

Encl: Copy of Presentation

**Copy to:**

The Manager Listing Department <b>BSE Limited</b> 25 <sup>th</sup> Floor P J Towers Dalal Street Fort <b>Mumbai -400001</b>	The Manager Listing Department <b>The Delhi Stock exchange Association Limited</b> DSE House, 3/1 Asaf Ali Road <b>New Delhi -110002</b>
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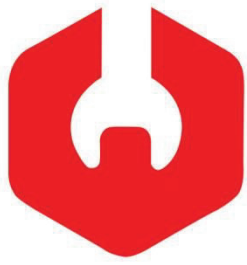
**ESCORTS LIMITED**

Registered Office: 15/5, Mathura Road, Faridabad - 121 003, India

Tel.: +91-129-2250222 Fax: +91-129-2250009

E-mail: [escortsgroup@escorts.co.in](mailto:escortsgroup@escorts.co.in) Website: [www.escortsgroup.com](http://www.escortsgroup.com)

Corporate Identification Number L74899HR1944PLC039088



**ESCORTS**



# INVESTOR PRESENTATION

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February 2016

# Content

- **Escorts Group**
- **Escorts Agri Business**
- **Escorts Construction Equipment**
- **Escorts Railway Products**
- **Escorts Auto Products**
- **Group Financials**



# Our Businesses



## Escorts Agri Machinery

Revenue (FY15): Rs. 3,211 Cr.  
**9MFY16: Rs. 2,132Cr.**



## Escorts Construction Equipment

Revenue (FY15): Rs. 516 Cr.  
**9MFY16: Rs. 337 Cr.**



## Escorts Railways Products

Revenue (FY15): Rs. 184 Cr.  
**9MFY16: Rs. 153 Cr.**



## Escorts Auto Products

Revenue (FY15): Rs. 104 Cr.  
**9MFY16: Rs. 69 Cr.**









Revenue (FY15): Rs. 3,986 Cr.  
**9MFY16: Rs. 2,682 Cr.**

Investor Presentation

\*Division revenue include other income

# Journey So Far



 <p><b>Launch of</b> Escorts Tractors</p>	 <p><b>Manufacturing of</b> Construction equipment</p>	 <p>Launch <b>Farmtrac</b> End JV with Ford</p>	<p>Divested from other business to <b>focus</b> on tractors and construction equipment</p>	 <p>Collaboration with <b>JCB</b> For backhoe</p>	 <p>JV with <b>Ford</b> motors to make Tractors</p>	<p>1961 1969</p>	<p>1971</p>	<p>1979</p>	<p>1995</p>	<p>1998</p>	<p>2005</p>	<p>2010</p>	<p>2013</p>	<p>2015</p>	 <p>Launch <b>Powertrac</b> Brand of tractors</p>	 <p>Launch <b>DIGMAX</b> Brand of Backhoe</p>	 <p>Launch <b>ALT</b> By Powertrac</p>
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# 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.

## ***Escorts Railway Products***

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***

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**

## Our Strategic Goals 2020



- #1** Achieve image Leadership in the Indian premium tractor market
- #2** Achieve Challenger position in the Indian mass markets
- #3** Significant player in Major Global Agri machinery markets
- #4** Achieve Leadership in 'Precision Farm Engg. Solutions'

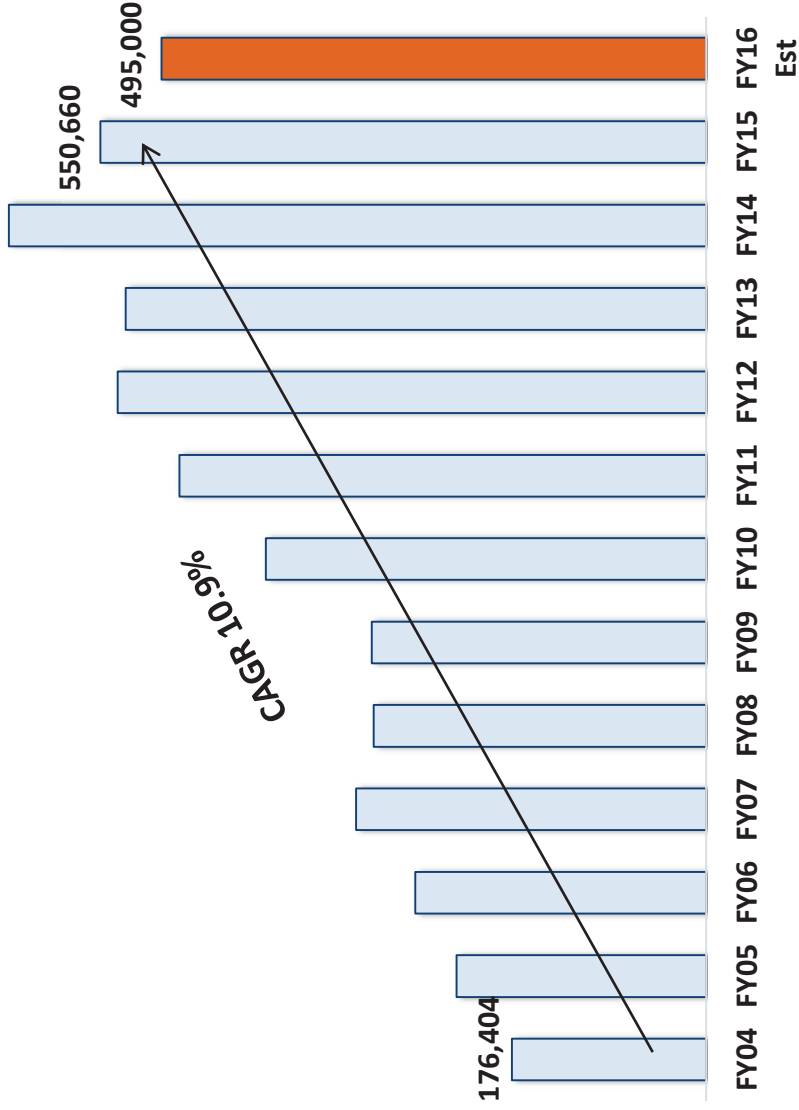




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# Domestic Tractor Industry



*Increasing trend towards Mechanisation*

*Minimum Support prices for Key Crops*

*Scarcity of Labour*

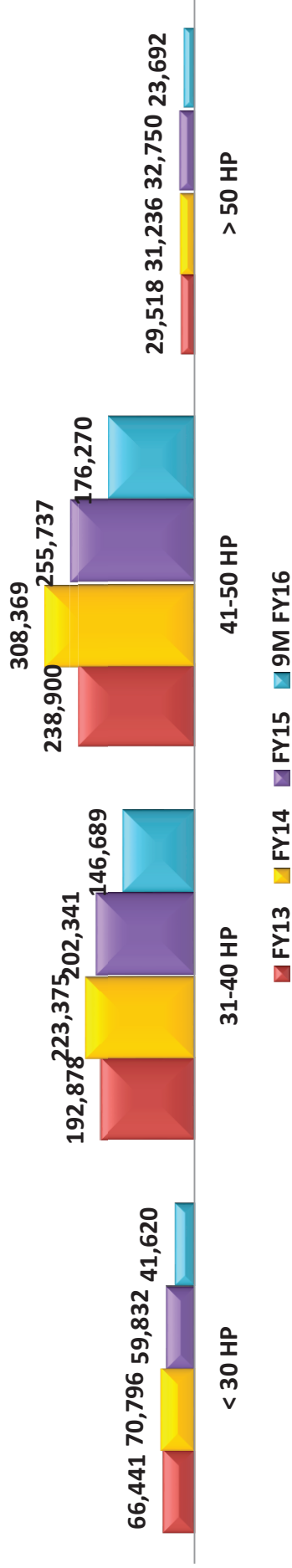
*Ease of Credit Availability from Govt.*

- FY15 tractor volumes are 13.1% down Y-o-Y on the back of lower crop prices and erratic monsoon.
- Tractor volumes in 9MFY16 are expected to be marginally better than last year.
- Industry in FY16 is expected to go down by 10-11% on YoY basis, However Industry in FY17 is expected to go up by more than 5% .
- 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

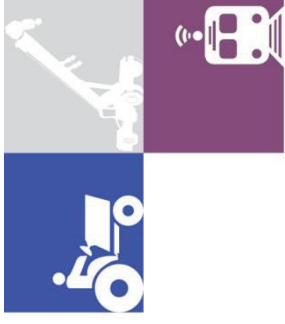


Industry Segment Market Share in %

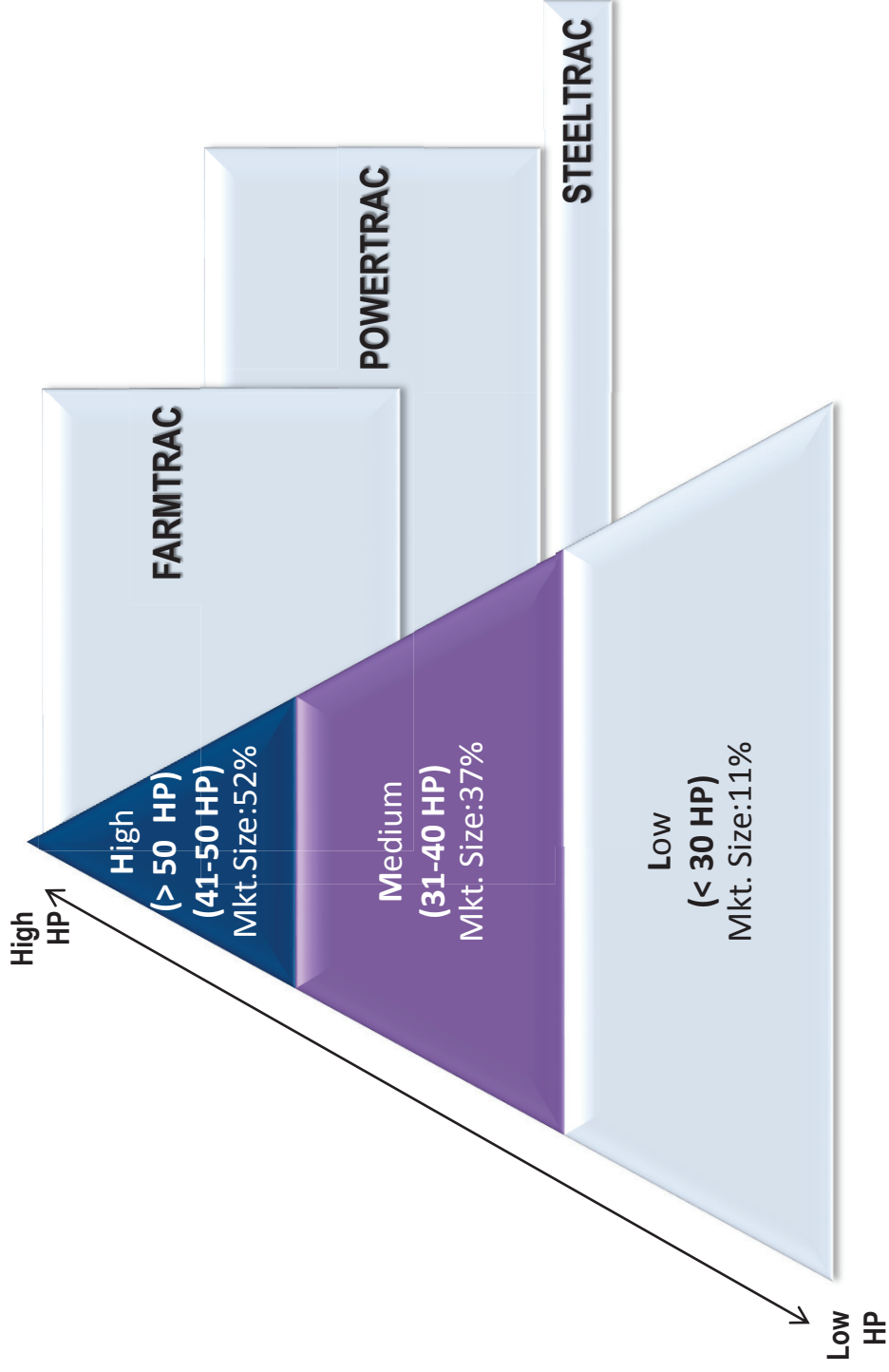


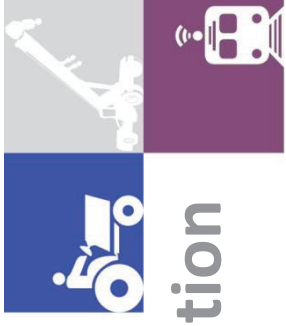
We estimate that higher HP segment will grow faster than the Industry.

# How we are positioned



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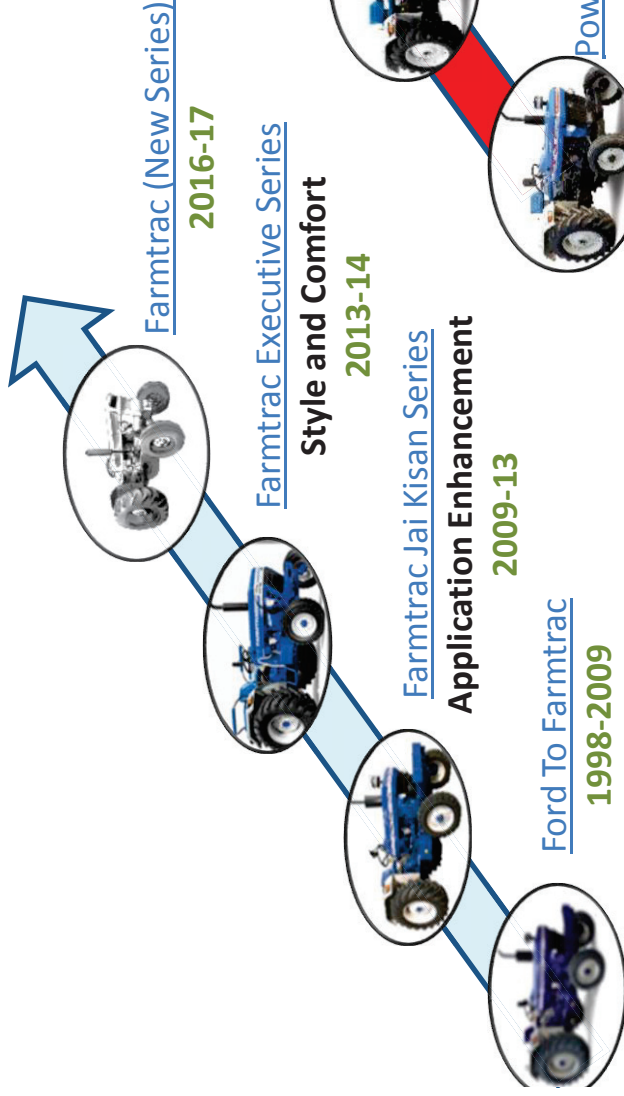


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# Strategy: Brand Led Product Innovation

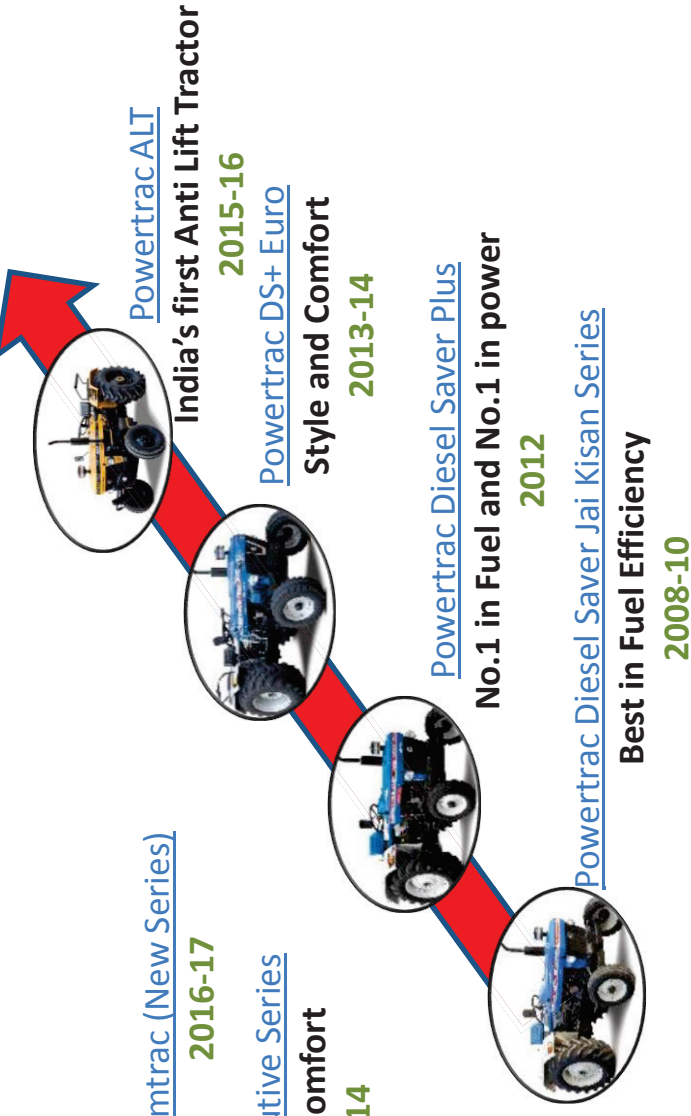
## FARMTRAC

*Prestigious, Powerful with strong Brand Legacy*



## POWERTRAC

*Efficient, Superior In-House Engineering*



**Premium Pricing**

**Superior Design,  
Comfort & Safety**

**Leader In Mileage &  
Power**

# Recent Development

(Product launches-FY16)



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## 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)



## 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.



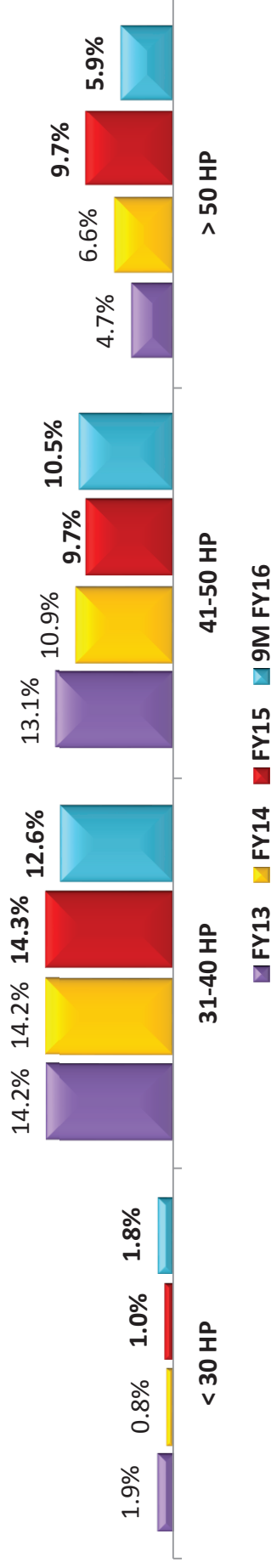
# EAM...Journey So Far



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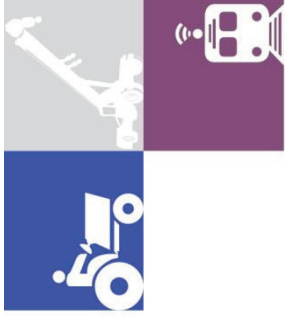


Escorts Segment Market Share in %

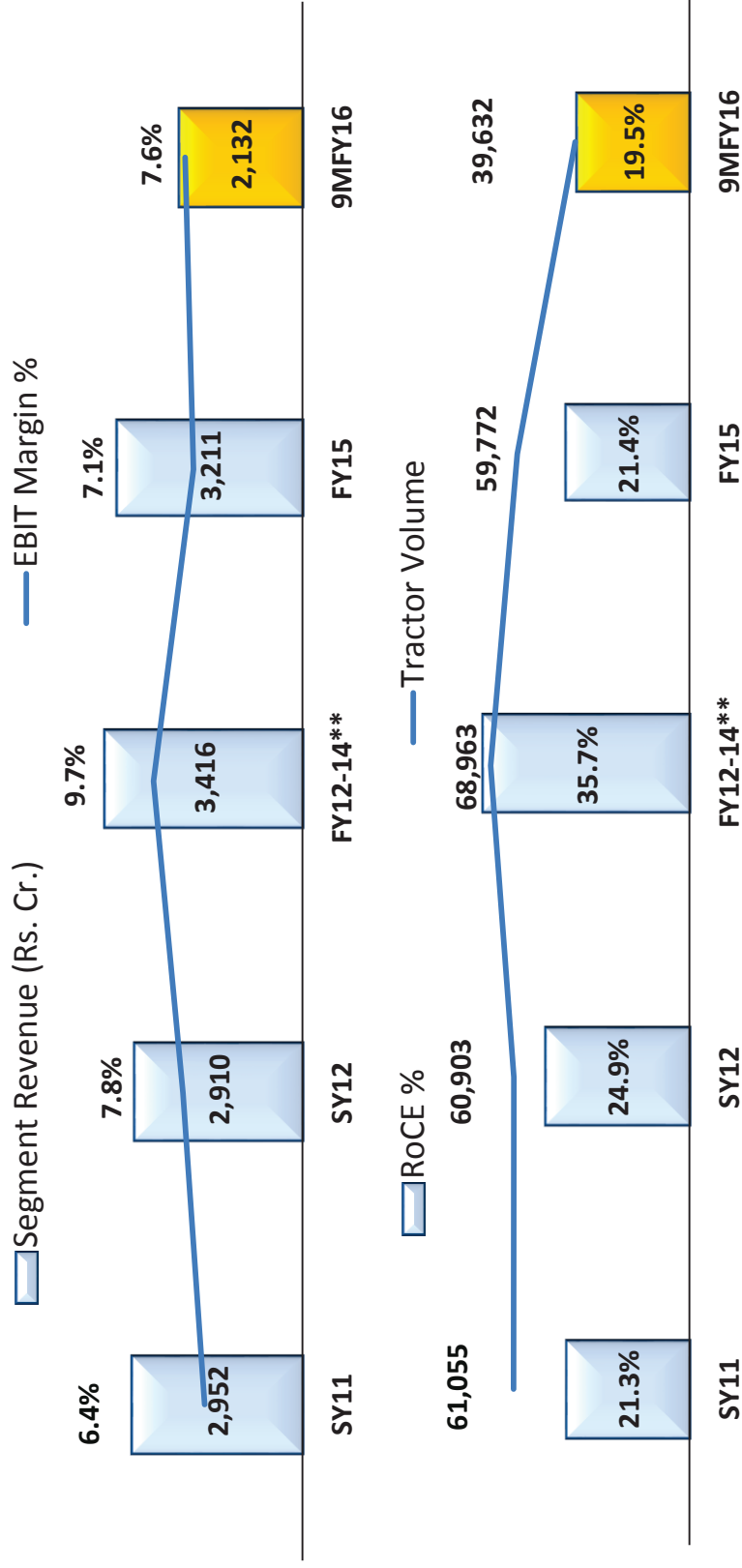


New Products	31-40 HP	41-50 HP	>50 HP
FARMTRAC	XP Series (FY15) → Classic Series (FY16)	← Executive Series (FY14)	
POWERTRAC	Euro Series (FY14) → Euro Series (FY16)	4 WD (FY15)	
	ALT Series (FY15) → New Products		

- Gaining market share in >50 HP segment in the last 3 to 4 years.
- Consolidated the market share in 31-40 HP segments on the back of new products in FY15.
- 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 are expected to improve on back on material cost reduction on constant volume basis.

\*\* Annualised Data  
Investor Presentation

Source: Internal Business Intelligence data  
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# Exports



- **Goal: To reach 10,000 tractors in exports in the medium term. ( 2,209 tractors in FY15, 909 tractors in FY14)**
- **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.**
- **Strategic Initiatives**  
*Key Senior team leading specific geographies led by CEO  
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”*

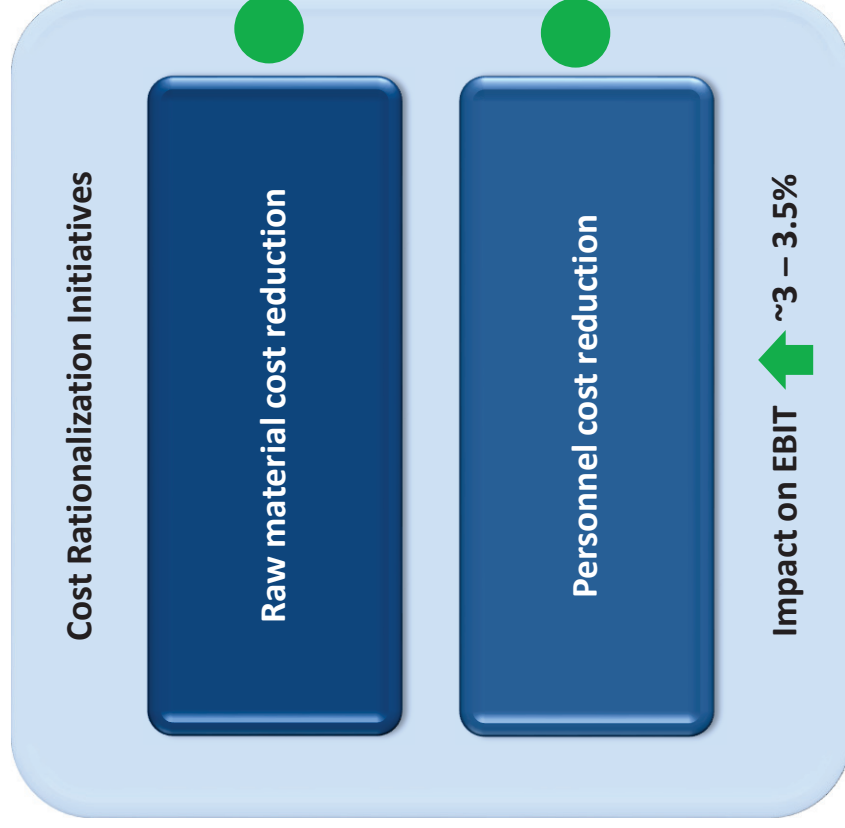
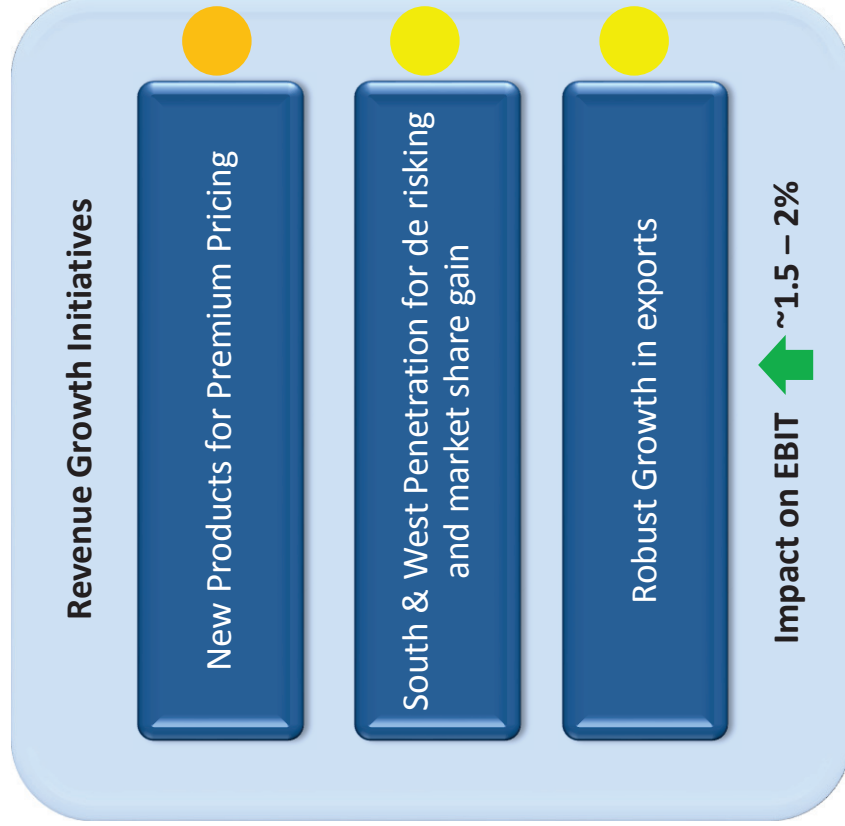
# The Next Steps....



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To achieve EBIT Margin of 15%





# Escorts Construction Equipment

**Material Handling**

**Earth Moving**

**Road Compaction**

## Domestic Construction Equipment Industry... Signs of Recovery in sight

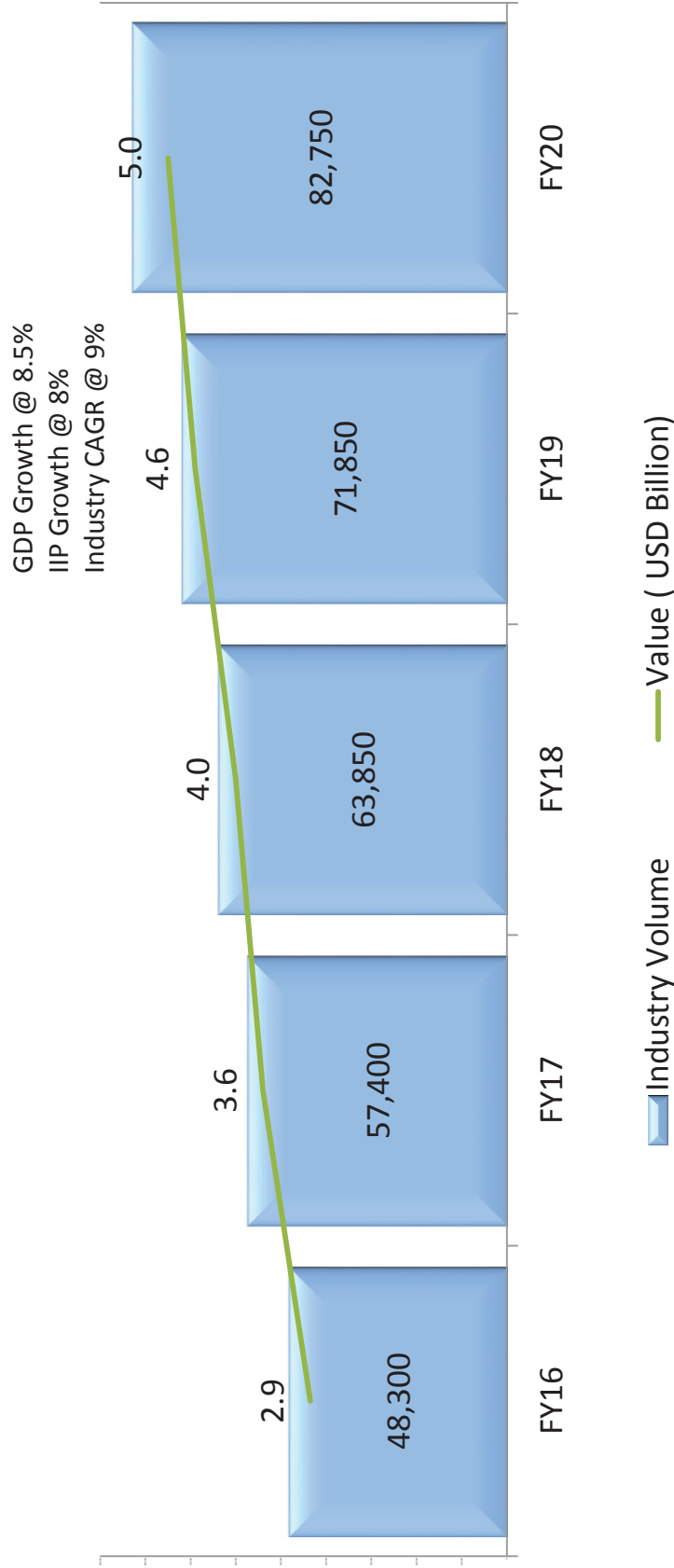
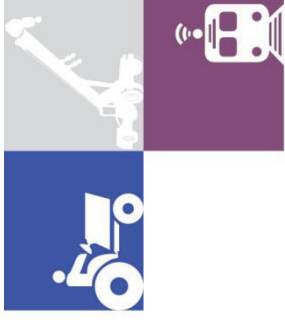


S.No.	Category	Application	Major Eqpt.	Volumes (9M FY15)	Volumes (9M FY16)	Growth (%)
1	Earthmoving	Roads	<b>Backhoe Loaders</b>	<b>16,159</b>	<b>15,086</b>	<b>-7%</b>
		Power	Excavators	7,129	8,121	14%
		Real Estate	Others	2,169	2,527	16%
2	Material Handling	Roads	<b>Pick &amp; carry Cranes</b>	<b>2,987</b>	<b>2,641</b>	<b>-12%</b>
		Power				
		Other Infra				
3	Road Building	Roads	<b>Compactors</b>	<b>1,539</b>	<b>1,783</b>	<b>16%</b>
		Airports	Others	41	237	478%
4	Concreting	Irrigation	Mixer, Pumps, Batch plants	1,322	1,848	40%
5	Material Processing	Mining	Compressors, Crushers	1,621	2,022	25%
	Total	NA	<b>Total</b>	<b>32,967</b>	<b>34,265</b>	<b>4%</b>

- The overall Industry grew by 4% and 13 out of 21 product categories witnessed growth in 9M FY16.
- In our served markets, Compactor Industry has started growing on YoY basis. PnC Cranes and Backhoe Loader market decline has reduced and is expected to grow from next year onwards.



# Domestic Construction Equipment Industry... Long Term Attractive

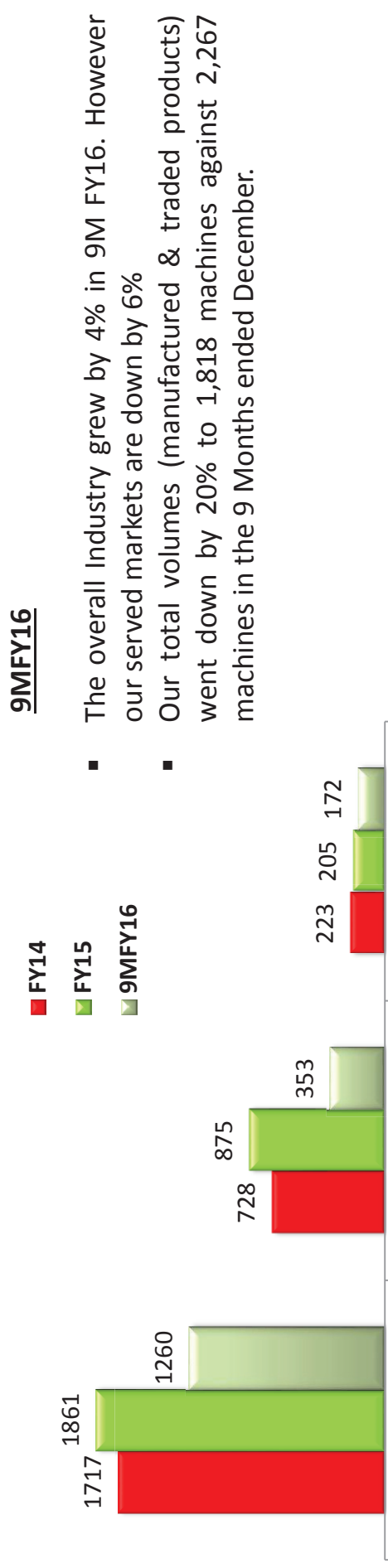


- The Govt. policy action and investment in key areas e.g. Roads, Railways, Defence and Smart cities is likely to fuel the industry.

# ECE Volumes



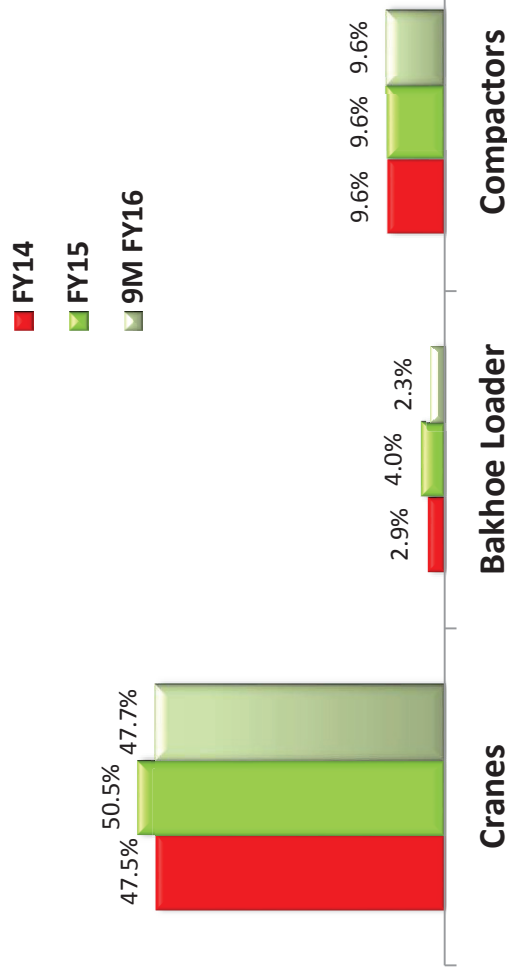
## ECE Volumes



## 9MFY16

- The overall Industry grew by 4% in 9M FY16. However our served markets are down by 6%
- Our total volumes (manufactured & traded products) went down by 20% to 1,818 machines against 2,267 machines in the 9 Months ended December.

## ECE Market Share



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

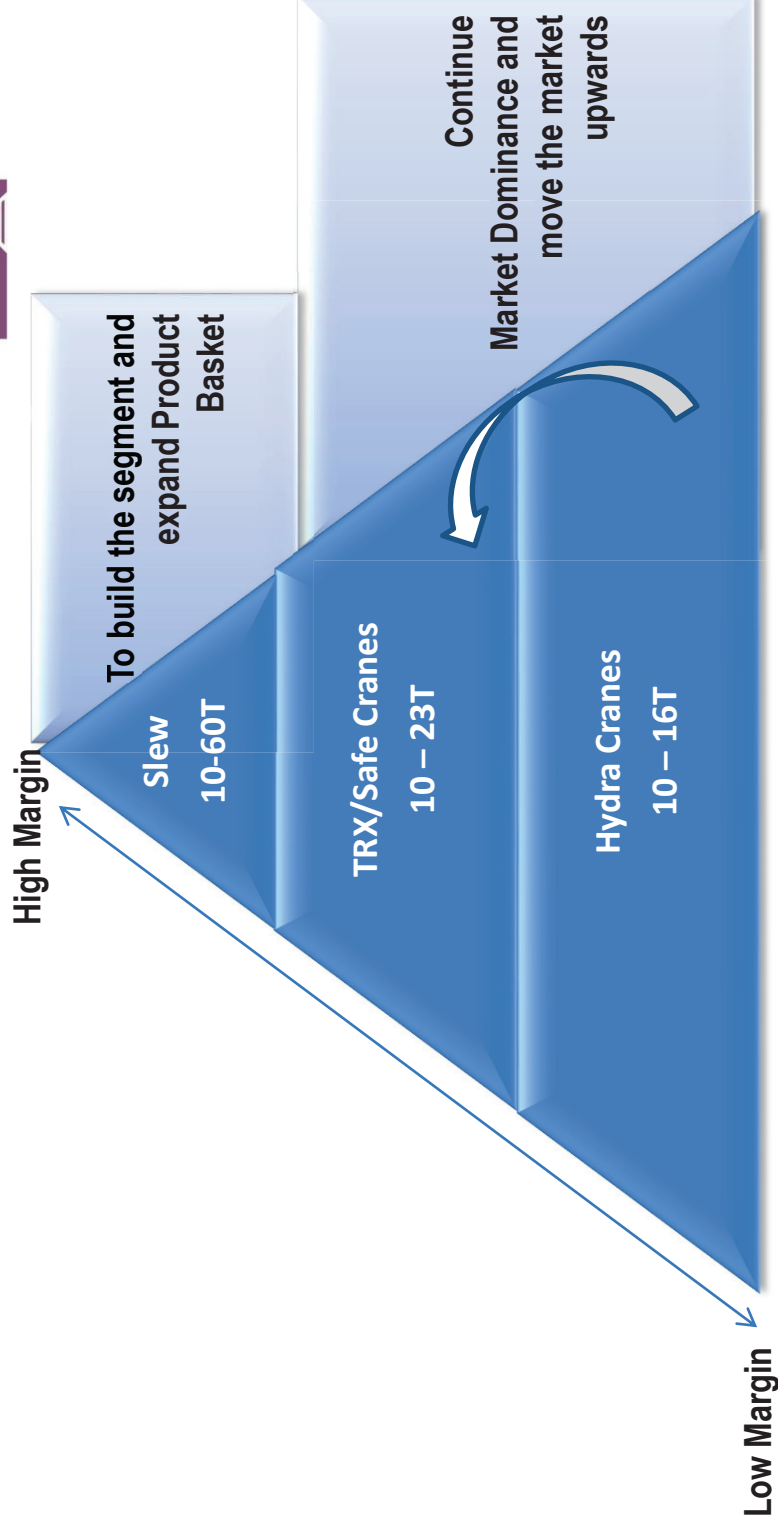
## Outlook

- As no other industry in the Indian context has seen such a prolonged decline, any recovery is only expected to happen from large policy initiatives getting implemented on the ground.
- The industry revival in our served markets is expected to start from next year.

Investor Presentation

Source : ECE volumes internal data

# Material Handling – Transform the market from a leadership position.



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.



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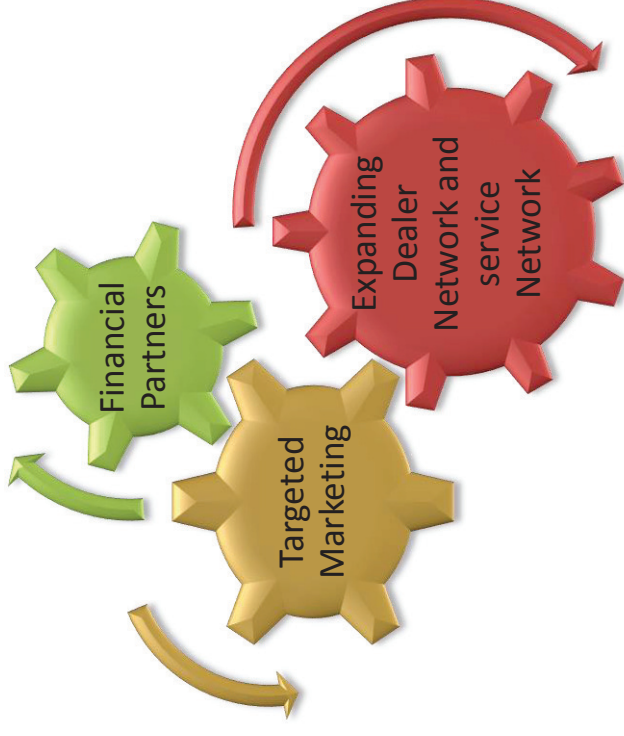
## Backhoe Loaders – Focus on specific segments

### 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

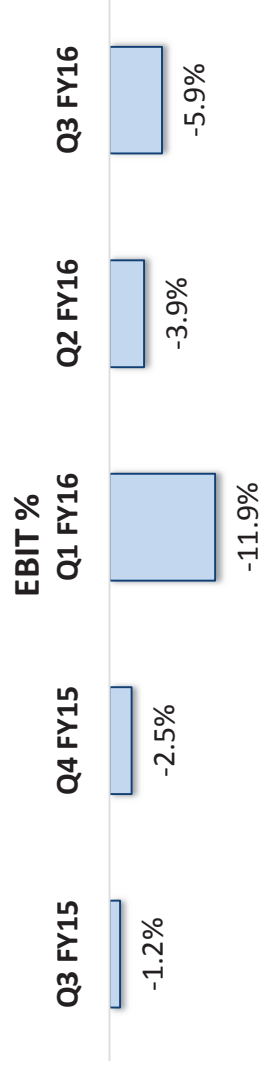
Rich product mix  
Better Revenue Realization  
Higher Parts Sales

Dealership & Outlet reach expansion  
Channel Financing

## Cost Rationalization Initiatives

Reduction in fixed cost

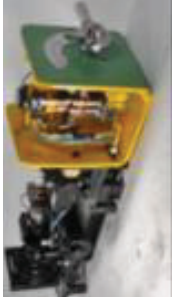
Reduction in material cost through negotiation and VAVE



**Target to break even by FY17.**



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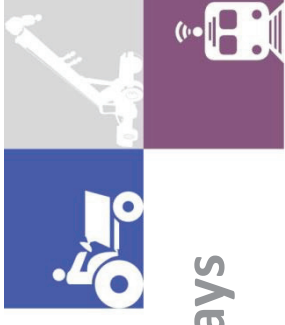


# Escorts Railway Products

**Indian Railways**

**Rapid Transport**





# Indian Railways – World’s 4<sup>th</sup> largest Railways

## Government Thrust on Railways

- Total plan expenditure during 12<sup>th</sup> 5 year plan increased to USD 70 bn. from 11<sup>th</sup> 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.**

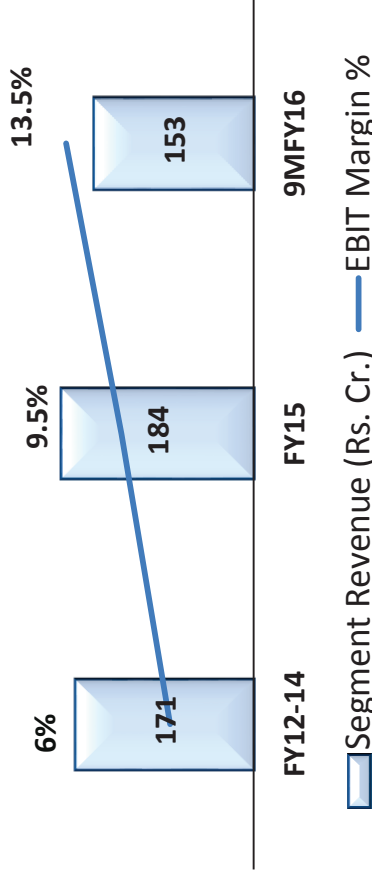
S. No.	Products	Revenue (9M FY16)	Market Size	Competition
<b>Existing Products</b>	Brakes: Air Brakes, EP Brakes Couplers: AARH coupler, SHAKU Coupler Others: Brake Pads, Suspension etc.	Rs. 153 Cr.		
<b>Product Pipeline</b>	Bogey Mounted Brake System (Completed testing) Axle Mounted Brake System ( on going testing)		Rs. 300 Cr.	One player



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## 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 Auto Products

**Shock Absorbers**

**Suspension**

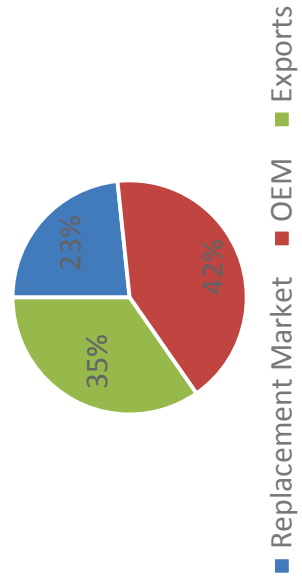
# Business Overview



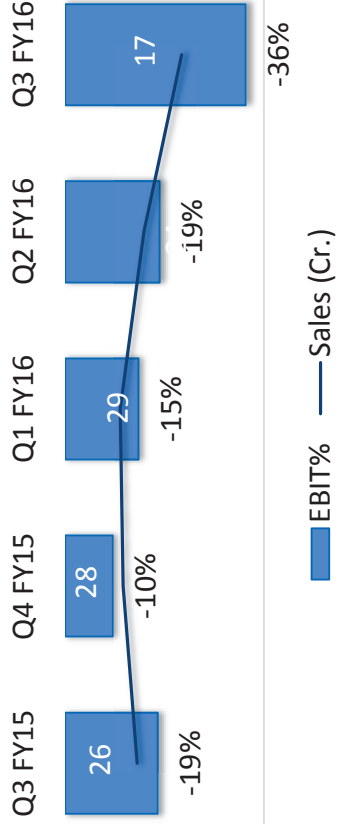
EAP pioneered the manufacturing of automotive shock absorbers in India.

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

Sales 9MFY16 (Rs. 68.3 Cr.)



Shock Absorbers    Front Forks & McPherson Struts  
 2W, 3W, PV, CV and UV    4W and LCV



Key Customers



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



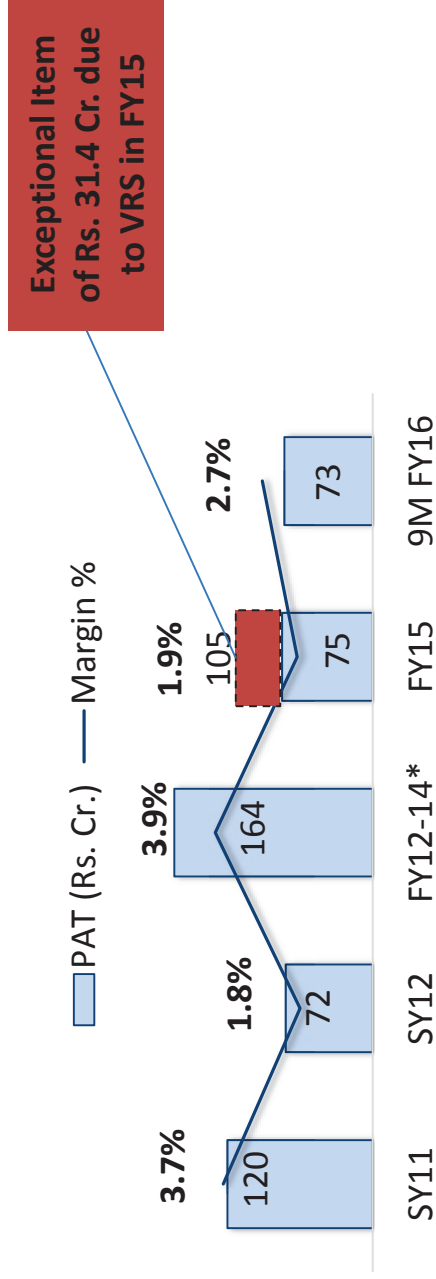
# Group Financials



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# Revenue & Profit Growth

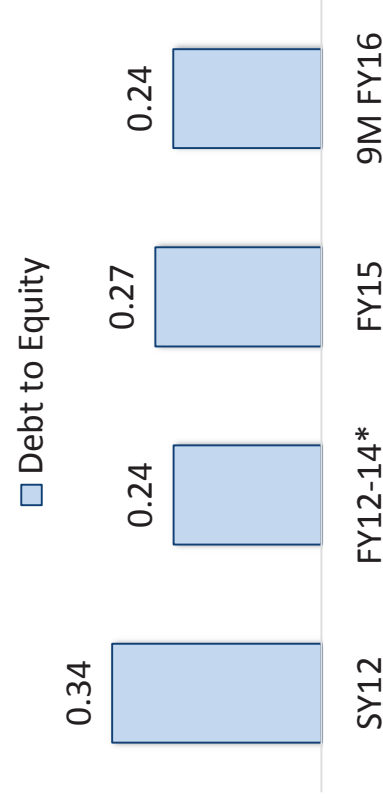
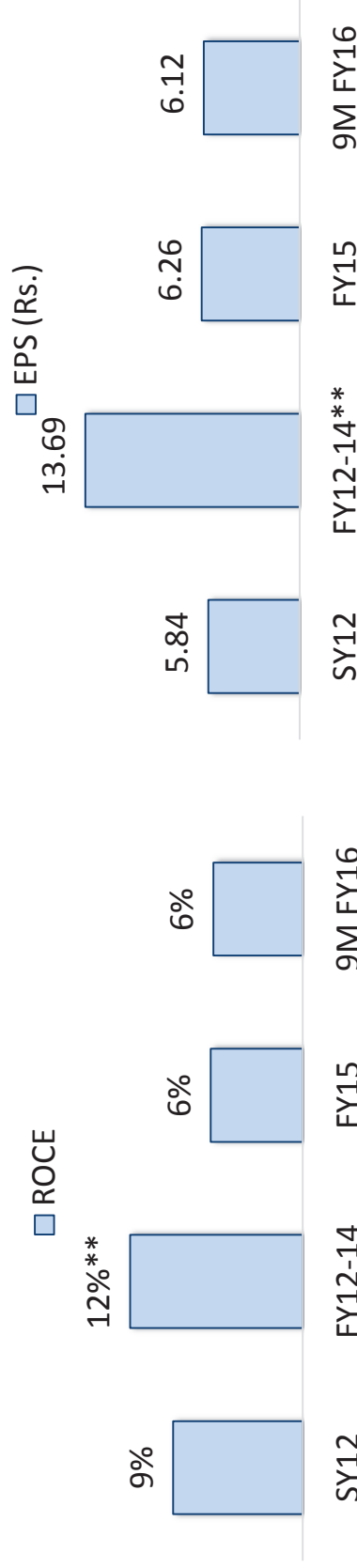


Investor Presentation

\* Annualised Data



# Key Financial Metrics



\*\* Annualised

# Shareholding Structure



	June'14	June'15	Sept'15	Dec'15
Promoter Group	41.96	43.01	43.01	43.01
FII	5.20	7.58	8.33	8.47
DII	4.03	1.63	3.39	3.75
Public	48.82	47.78	45.27	44.77

# Corporate Governance



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**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 Grand Thornton.
- **Disclosure & Shareholder Interaction:** Increased disclosures and shareholder interaction.

# Management Team



## **Mr. S Sridhar - CEO, Escorts Agri Machinery**

- He possesses over 27 years of expertise in Automotive engineering & manufacturing
- Specializes in brand and business strategies, He was former CEO and then the President of Bajaj Auto Limited

## **Mr. Sunil Saksena - CEO, Escorts Construction Equipment**

- B.Tech from IIT Kharagpur and CFA from ICFAI, Hyderabad, He has over 34 years of experience in leadership positions
- In his previous role, He was EVP – Sales & Marketing and Business Development at JCB India

## **Mr. Dipankar Ghosh - CEO, Escorts Railway & 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

## **Mr. Bharat Madan, Group Financial Controller**

- He has 25 years of rich experience in all the domains of financial management.
- In his previous role, he was AVP – Finance 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

**Mr. S.C. Bhargava, Director**

- Senior Fellow member of ICAI
- He has worked as a Technical Advisory Committee member for RBI

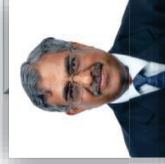
**Mr. Hardeep Singh, Director**

- 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

**Dr. S.A. Dave, Director**

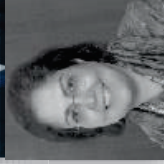
- The first Chairman of SEBI
- Acting chairman of Centre for Monitoring Indian Economy, Mumbai

# Board of Directors



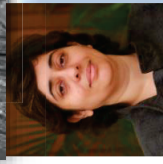
**Mr. P.H. Ravikumar, Additional Director**

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



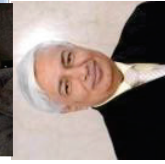
**Ms. Vibha Paul Rishi, Additional Director**

- 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



**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.

# Safe Harbour



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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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