ESCORTS

**PRESS RELEASE**

# Escorts' Q3 Profit at ₹ 35.7 crore

- ***Q3 Tractor volumes sequentially up 5.8%***
- ***Q3 Construction Equipment sequentially up 7.2%***
- ***Sequential turnover up by 5.4% to ₹1,046.4 crore***
- ***Tractor sales, however, continues to be slower than corresponding quarter***

**Q3 FY 2014-15 HIGHLIGHTS**

- **PAT** at ₹ 35.7Cr. in Q Ended Dec'14 against loss of ₹ 7.9 Cr. in Q ended Sept'14.
- **Tractor Volumes** sequentially up by 5.8% to 15,881 in Q ended Dec'14 against 15,013 in Q ended Sept'14.
- **Construction Equipment Volume** sequentially up by 7.2% to 801 in Q ended Dec'14 against 747 in Q ended Sept'14 and correspondingly up by 8.7% against 737 in Q ended Dec'13.
- **Turnover** sequentially up by 5.4% to **₹ 1,046 Cr** in Q ended Dec'14 against **₹ 992.6 Cr** in Q ended Sept'14.
- **EBIDTA** sequentially up by 46.1% at ₹ 49.0 Cr. in Q ended Dec'14.aginst ₹ 33.5 Cr. in Q ended Sept'14.

**New Delhi, February 11, 2015**: Escorts Limited today reported a net profit of ₹ 35.7 crore in the third quarter ended December 31, 2014. The third quarter saw an increase of 5.4% in turnover to ₹ 1,046 crore against ₹ 992.6 crore in the preceding quarter. EBIDTA was sequentially up by 46.1% at ₹ 49.0 Cr. in the quarter ended December 2014 as against ₹ 33.5 Cr. in the quarter ended September 2014.

Domestic tractor industry remains flat sequentially, company posted an increase of 9.5% in domestic tractor volumes to 15,455 against 14,117 tractor in preceding quarter ended September 2014. Total volume up by 5.8% to 15,881 tractor against 15,013 tractor in quarter ended September 2014. Construction Equipment posted an increase of 7.2% sequentially in volume to 801 units against 747 units in quarter ended September 2014 and correspondingly up by 8.7% from 737 units in quarter ended December 2013.

However, the downturn in the tractor industry is expected to continue due to low yield coupled with low crop prices. The turnover was down correspondingly by 9.8% to ₹ 1,046.4 crore against ₹ 1,159.6 crore last year. This was largely on account of a 16.6% drop in tractor volumes to 15,881 tractors against 19,047 tractor in the corresponding quarter ended December 2013. This impacted overall profits which correspondingly went down from ₹ 45.6 crore in the quarter ended December 2013 to ₹ 35.7 crore in the quarter ended December 2014.

***Speaking on the results, Chairman Mr. Rajan Nanda said,*** "The first three quarters have been quite tough for the tractor industry. Looking ahead, the tractor demand is expected to remain subdued in the short term, however the long term demand drivers are intact. At the same time, the signs in the construction sector seem to have turned positive and have shown an uptrend in volume for two continuous quarters for us. The optimism in the economy due to the new government is now entering a phase where the policies and actions on the ground will need to give the necessary channel for growth. "

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***Mr. Nikhil Nanda, Managing Director added,*** "Escorts has embarked on a path of enhancing the product proposition for our customers. Our strategy in the tractor market is to introduce innovative and technologically superior products and attain a dominant position in the higher HP segments. Despite the tractor Industry going down, we have launched two new products in Q3 in line with our Product strategy. The four wheel drive tractor in the Farmtrac Brand and Anti Lift Tractor in the Powertrac brand has been very well received by the customers. In ECE and EAP, we have done a considerable progress in curtailing our losses and are hopeful of getting momentum in the upcoming quarters".

## SEGMENT WISE PERFORMANCE

**Escorts Agri Machinery** volumes sequentially up by 5.8% to 15,881 tractor in the quarter ended December 2014 against 15,013 tractor in quarter ended September 2014. However, there was a 16.6% drop from the corresponding period last year. For the nine month period, tractor sales were down 8.7%. Agri machinery revenue went up by 5.6% sequentially to ₹ 847.8 crore against ₹ 803.0 crore in quarter ended September 2014. However, as opposed to the corresponding period last year, income was down 12.8%.
EBIT margin sequentially up by 70 bps to 7.8% against 7.1% in quarter ended September 2014 and correspondingly down by 165 bps against 9.4% in quarter ended December 2013.
Revenue for 9 months ended December 2014 stood at ₹ 2,597.2 crore against ₹ 2,719.4 crore last year. EBIT margin at 7.7% in 9 months ended December 2014 against 10.6% in 9 months ended December 2013.

**Escorts Construction Equipment** volume was up by 8.7% at 801 units in quarter ended December 2014 against 737 units in the corresponding quarter last fiscal. Even sequentially, sales were up by 7.2% against 747 units in the quarter ending September 2014. Revenue increased to ₹ 141.3 crore in the quarter ended December 2014 against ₹ 121.5 crore in the Quarter ended September 2014 and against ₹ 130.9 crore in the quarter ending December 2013. Positive swing at EBIT margin sequentially by 769 bps to (1.2)% against (8.9)% in quarter ended September 2014 and correspondingly up by 82 bps against (2.0)% in quarter ended December 2013. Revenue for 9 months ended December 2014 at ₹ 383.8 crore against ₹ 356.4 crore in the corresponding period in the last fiscal. EBIT margin at (5.6)% in 9 months ended December 2014 against (4.4)% in 9 months ended December 2013.

**Escorts Auto Product** revenue stood at ₹ 25.5 crore in the quarter ended December 2014 as against ₹ 26.8 crore in the previous quarter and ₹ 29.4 crore in the quarter ended December 2013. Positive swing at EBIT margin sequentially by 750 bps to (18.6)% against (26.1)% in quarter ended September 2014 and correspondingly up by 1342 bps against (32.0)% in quarter ended December 2013. Revenue for 9 months ended December 2014 stood at ₹ 75.3 crore against ₹ 98.2 crore last year. EBIT margin at (27.8)% in 9 months ended December 2014 against (18.3)% in 9 months ended December 2013.

**Escorts Railway Products** posted income of ₹ 39.1 crore in the quarter ended December 2014 up by 17.7% as against ₹ 33.2 crore in the corresponding quarter ended December 2013. However, sequentially, income was down 17.4% against ₹ 47.3 crore in quarter ended September 2014. Revenue for 9 months ended December 2014 stood at ₹ 129.2 crore against ₹ 137.4 crore last year.

***The reviewed accounts of the third quarter and nine months ended 31st December 2014 has been approved by the Board of Directors of Escorts Limited.***

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