



PRESS RELEASE

Escorts Q2 Profit at ₹ 16.2 Cr

Net profit for half year up 100% at ₹ 52.5 crore

Material cost correspondingly down by more than 3% at 68%

Construction Equipment volume sequentially up by 20.5%

EBIT for ERP sequentially up by 2% at 14.9%

New Delhi, November 2, 2015: Escorts Limited today reported a profit of ₹ 16.2 crore in the quarter ending September 30, 2015 as against a loss of ₹ 7.9 crore in the corresponding quarter in the previous fiscal. The net profit for the half year ending September 2015 was up by 100 per cent at ₹ 52.5 crore as against ₹ 26.3 crore in the corresponding period last year.

Q2 FY 2015-16 HIGHLIGHTS

Half yearly profit up 100%
over previous year

Domestic Tractor market
share up at 10.6%

Railway Products revenue up
at ₹ 53.5 crore. Current order
book of ₹ 65 crores

Quarterly revenue from
Construction Equipment up at
₹ 124.5 crore on the back of
20.5% sequential growth

Escorts Auto Products
recorded an increase in
revenue for the half year
from ₹ 49.7 crore in the
previous fiscal to ₹ 53.2 crore
in this year.

The company recorded tractor sales of 11,438 units for current quarter. For the first half of the year, tractor sales stood at 26,313 units. However, tractor volumes were sequentially down by 23.1% against the previous quarter due to the cyclical nature of the industry, uneven monsoons and the impact of low crop prices. Sales of construction equipment went up by 20.5% at 612 units as against 508 units in the preceding quarter.

Speaking on the results, **Chairman Mr. Rajan Nanda** said, "The tractor industry has been adversely impacted by the poor and uneven monsoon. The impact of poor monsoons has been accentuated by the cyclical nature of the industry. There is farm distress that is getting reflected in the overall industry recording steep drop in tractor sales though there are indications that the second half will show better results. At a macro level, the farm economy would do well with more government engagement in areas such as a strong and effective crop insurance regime, easing of loans for seeds and inputs. The market is still to echo the good effects of grand plans in infrastructure. The ambitions in railways, however, has started to percolate to the manufacturers, albeit very feebly. For increased industrial confidence, sustained growth across sectors would be a welcome boost."

According to **Mr. Nikhil Nanda, Managing Director, Escorts Ltd**, "The adverse market situation due to poor monsoons and sluggish infrastructure investment has impacted the entire industry. The focus continues to be maintaining profitability through growth and

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cost management. In a tough market with dropping volumes, we have increased our market share in tractors which is a small but significant win. The 20% increase in construction equipment over the previous quarter needs to be maintained. The focus for the second half of this fiscal will be to consolidate markets, strengthen presence in existing geographies while expanding reach in new segments and markets. As the economy picks up, we expect greater traction in the Railways and Construction business. There are also a number of initiatives to improve brand recall, strengthen customer engagement and engage employees in transformational endeavours.”

SEGMENT WISE PERFORMANCE

Escorts Agri Machinery

Due to the seasonal nature of the industry, tractor volumes were down by 23.8% to 11,438 tractors in quarter ending September 2015 as against 15,013 tractors in the corresponding quarter. Escorts was particularly impacted by the slowdown in the industry as the maximum impact of reduced demand took place in the regions where Escorts is traditionally strong. However, due to aggressive marketing initiatives, domestic market share was up at 10.6% in the current quarter as against 10.2% in the previous quarter.

Escorts Auto Products

The division recorded an increase in revenue for the half year from ₹ 49.7 crore in the previous fiscal to ₹ 53.2 crore in this year. Revenues for the quarter was ₹ 24.2 crore as against ₹ 28.9 crore in the quarter ending June 2015 and ₹ 26.8 crore in corresponding quarter in the last fiscal.

Escorts Railway Products

Revenues from the Railways division was ₹ 53.5 crore in the quarter ending September 2015, an increase of 9.7% as against ₹ 48.8 crore in the previous quarter. The current order book is around ₹ 65 crores to be executed over the next 3 to 4 months.

Escorts Construction Equipment

Construction equipment volumes at 612 units was up by 20.5%% against 508 in the preceding quarter. Income from the division stood at ₹ 124.5 crore, up by 33.2% against ₹ 93.4 crore in the previous quarter.

The reviewed accounts of the second quarter and first six months ended 30th September 2015 has been approved by the Board of Directors of Escorts Limited.

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