



PRESS RELEASE

Escorts' Q1 Sequential Profit up 184% at ₹ 36.3 Cr

Q1 FY 2015-16 HIGHLIGHTS

Profit at ₹ 36.3 crore up sequentially by 184% and by 6.3% against corresponding quarter.

Turnover sequentially up by 19.6%

Tractor margins up by 446 bps sequentially at 9.0%.

Auto Division revenue flat sequentially but up by 26.3 % from corresponding quarter

Railway division rise in income to ₹ 48.8 crore as against ₹ 42.7 crore in the corresponding quarter.

Profit up 6.3% against corresponding quarter

Tractor volumes sequentially up by 35% to 14,887 tractors

Turnover sequentially up by 19.6% to ₹ 977.7 Cr

EBIDTA sequentially up by 161.2% to ₹ 57.5 Cr.

New Delhi, August 6, 2015: Escorts Limited today reported an increase in net profit by 184% from ₹ 12.8 crore in the previous quarter (ended March 2015) to ₹ 36.3 crore in the first quarter of the current fiscal ending June 30, 2015. Profits were up by 6.3 per cent from ₹ 34.1 crore in the corresponding quarter

The company recorded a sequential increase in tractor volumes of 35% to 14,887 tractors in the first quarter of the current fiscal as against 11,036 tractors in the preceding quarter. However, as compared to the corresponding quarter, tractor volumes were down by 16.6% due to decline in the industry.

The turnover was sequentially up by 19.6 per cent to ₹ 977.7 crore as against ₹ 817.7 crore in the preceding quarter. However, year-on-year performance showed a decline with revenue lower by 13.4% from the corresponding quarter in the previous fiscal.

EBIDTA sequentially went up by 161.2% at ₹ 57.5 crore as against ₹ 22 crore in the previous quarter and was up by 1.2% from ₹ 56.9 crore in the corresponding quarter in the last fiscal.

Speaking on the results, Chairman & Managing Director, Mr. Rajan Nanda said, "The tractor industry has shown some recovery since the last quarter and the growth in volumes reflect that change in trend. However, when compared to the levels of the corresponding year, it is apparent that the combination of the cyclical impact of the industry and uncertain monsoon situation continues to impact overall market volumes. The big picture remains of the need for more government engagement in areas such as a strong and effective crop insurance regime, easing of loans for seeds and inputs. The uncertainty extends equally to the construction sector which continues to show growth in spurts. For industrial confidence, it is important to see sustained growth across sectors and that is yet to kick in."

According to Mr. Nikhil Nanda, Managing Director, Escorts Ltd, "The fact that Escorts bettered its comparable profits despite the negative market conditions is a result of a lot of efforts going into driving long term profitability. The increase in profits has been driven by cost compression, change in product mix, better inventory management and measures taken to curtail material cost. The focus for the coming quarters will be to drive profitability, introduce more premium products, drive innovation and increase our market reach. In tractors, we will continue to strengthen our premium offerings and market world class products in India and abroad. In the ongoing fiscal, we hope to see consistent growth in the construction equipment market and improvement in railways and auto products business. In the agri machinery sector, a lot will of course depend on how the Monsoon season finishes.

SEGMENT WISE PERFORMANCE

Escorts Agri Machinery

Tractor volumes were up sequentially by 35% to 14,887 tractors as against 11,036 tractors in the last quarter of the preceding fiscal while it was down by 16.6% compared to the corresponding quarter. Revenues for the quarter consequently went up sequentially by 32.4% to ₹ 812.2 crore in the quarter ended June 2015 as against ₹ 613.6 crore in the previous quarter. However, revenues were down by 14.2% from ₹ 946.4 Crore in the corresponding quarter. Segment margins showed significant improvement with EBIT up by 446 bps sequentially at 9.0% as compared to 4.6% in the previous quarter and 8.3% in the corresponding quarter due to cost reduction and product mix change.

Escorts Construction Equipment

Construction Equipment volumes were at 508 as opposed 740 in the previous quarter and 719 in the corresponding quarter. As a result, income stood at ₹ 93.4 crore in the quarter ended June 2015 as against ₹ 121.1 crore in the corresponding quarter.

Escorts Auto Products

Escorts Auto Products revenue was sequentially flat at ₹ 29 crore as against ₹ 28.4 crore in the previous quarter. Revenue was, however, up by 26.3 per cent as against ₹ 22.9 crore in the quarter ended June 2014.

Escorts Railway Products

Escorts Railway Products recorded a rise in income to ₹ 48.8 crore in the current quarter as against ₹ 42.7 crore in the corresponding quarter. The division had reported income of ₹ 54.6 crore in the previous quarter. The current order book is around ₹ 59 crore which will stand executed over the next 3-4 months.

The reviewed accounts of 3 months ended 30th June 2015 has been approved by the Board of Directors of Escorts Limited.

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