ESCORTS

# ANALYST & INVESTORS MEET

07 – Feb -2018

# Escorts Ltd.

## Mr. Bharat Madan
## Group CFO

# KEY TAKEAWAYS: UNION BUDGET 2018

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- Rural focussed budget
- ‘**2X** Farmers income by FY2022’ - Govt.
- **1.5X** Production cost = Kharif MSP
- Crop Insurance Allocation
- Horticulture development
- 2 years of on-time Normal Monsoon
- ₹ 2000 Cr for Rural infrastructure
- Housing for all by FY2022
- ₹ 1.49 Lacs Cr CAPEX for Indian Railway
- Bharat Mala Pariyojana

# PROUD PARTNER IN NATIONAL DEVELOPMENT

Many **firsts**

Bringing World's Best to India and offering India's Best to the World


More than **60 year** of collaboration with Indian Railways

**>1 million** satisfied customers

**Dominant** Player in Crane Segment

**1st** to bring Backhoe Loader in India

# JOURNEY SO FAR !

# Report Card Of 2016 Meet...

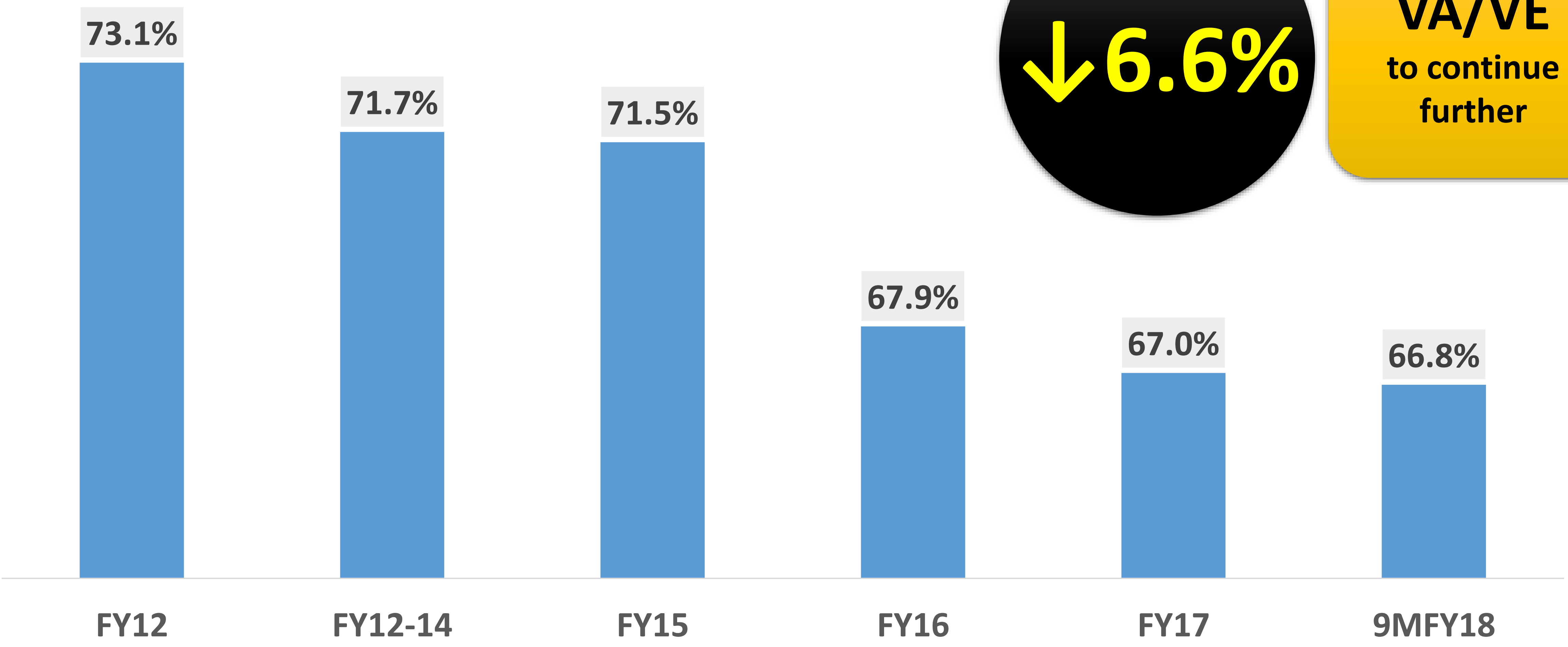
| | |
|---|---|
| Focus on Cost Reduction: Material Cost | ✓ |
| Divestment of Auto Part Division | ✓ |
| ECE Turnaround | ✓ |
| EAM EBIT Margin: 13~15% | ✓ |
| RED Organic Growth | ✓ |

# ...Report Card Of 2016 Meet

| | |
|---|---|
| Exports Growth | ✓ |
| Region-wise domestic market share gain has started… | ✓ |
| Focus on Manpower Cost Reduction | ✓ |
| Improving Corporate Governance | ✓ |

# ↓ Material Cost

**<u>Project Shikhar:</u>** Completed in FY17




↓6.6%

**VA/VE**
**to continue further**

# ↓ Manpower Cost

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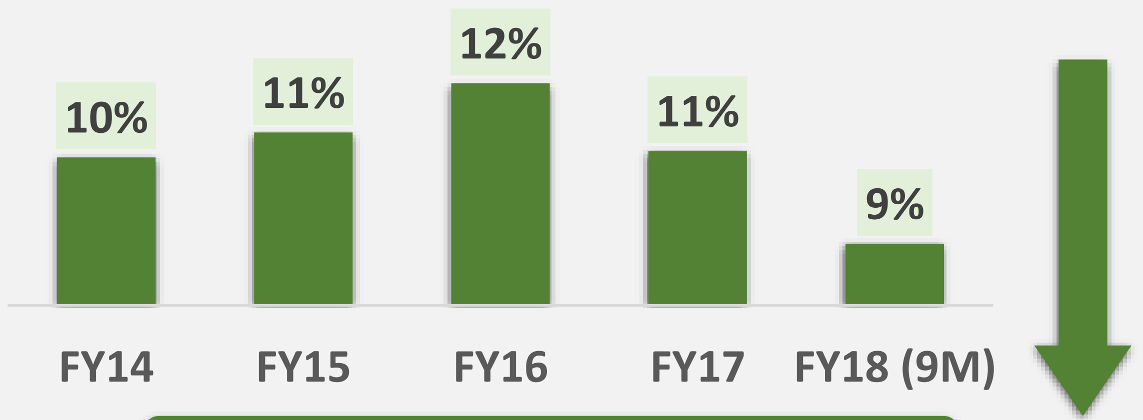
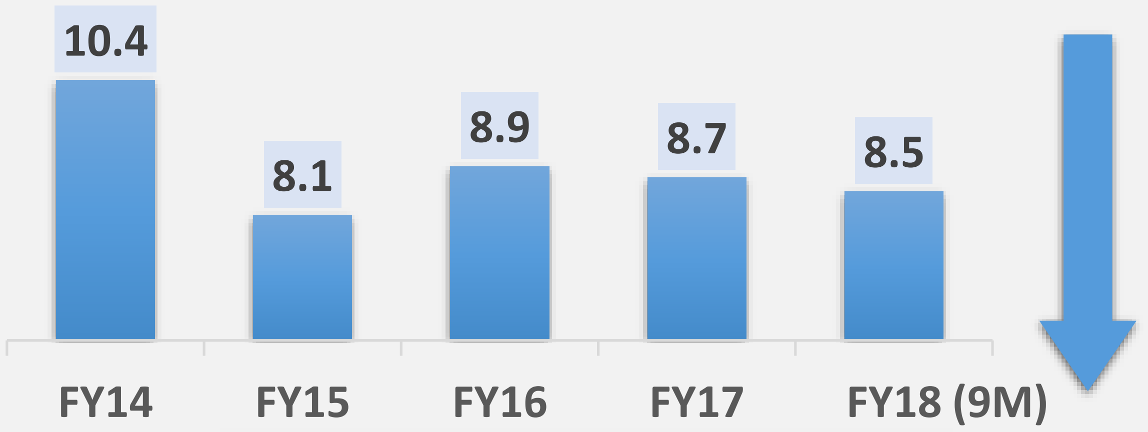
MANAGERIAL MANPOWER
IS CONSISTENTLY
GOING DOWN

- Creation of centers of excellence
- Shared services
- Outsourcing (Non-core jobs)
- Natural attrition




PERSONNEL COST / REVENUE (%)




TOTAL MANPOWER (Nos. in '000)

# ↑ Key Financial Metrics

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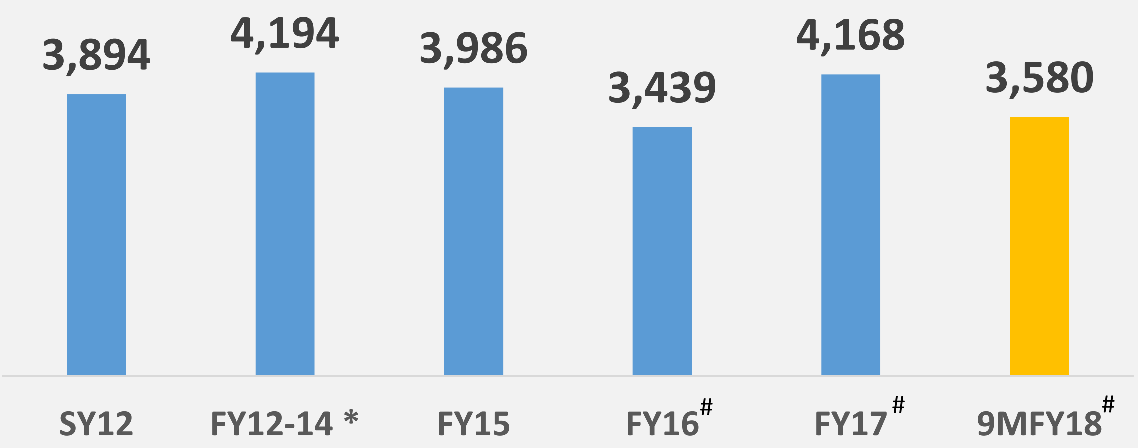
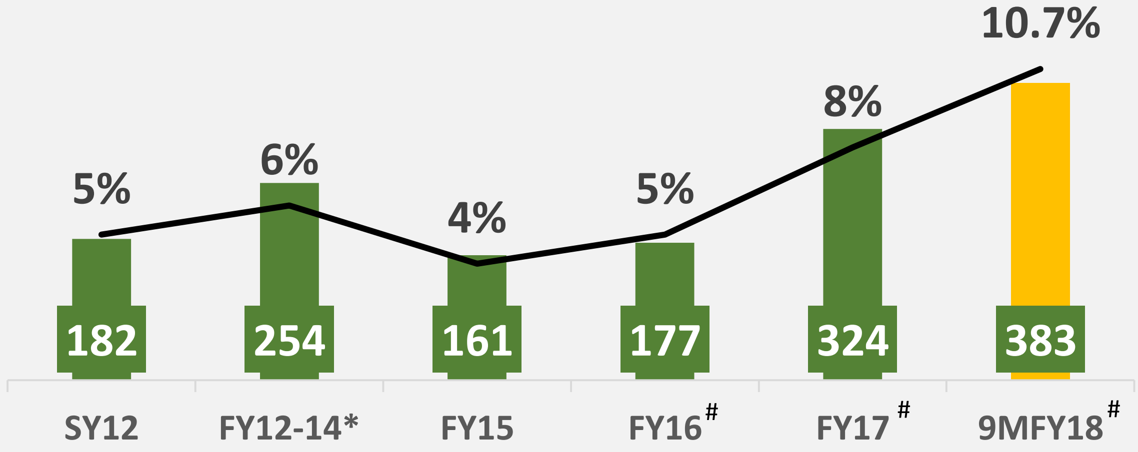
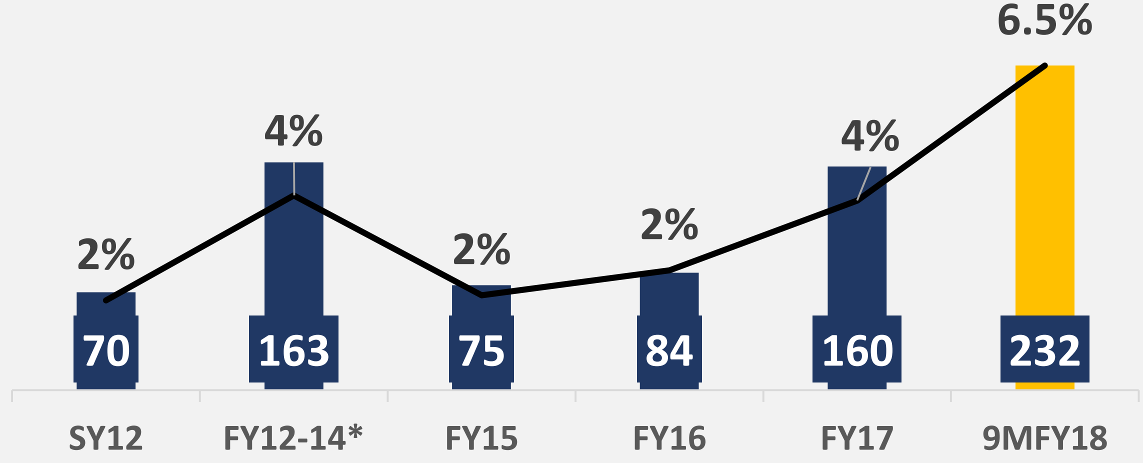
## REVENUE (Cr)



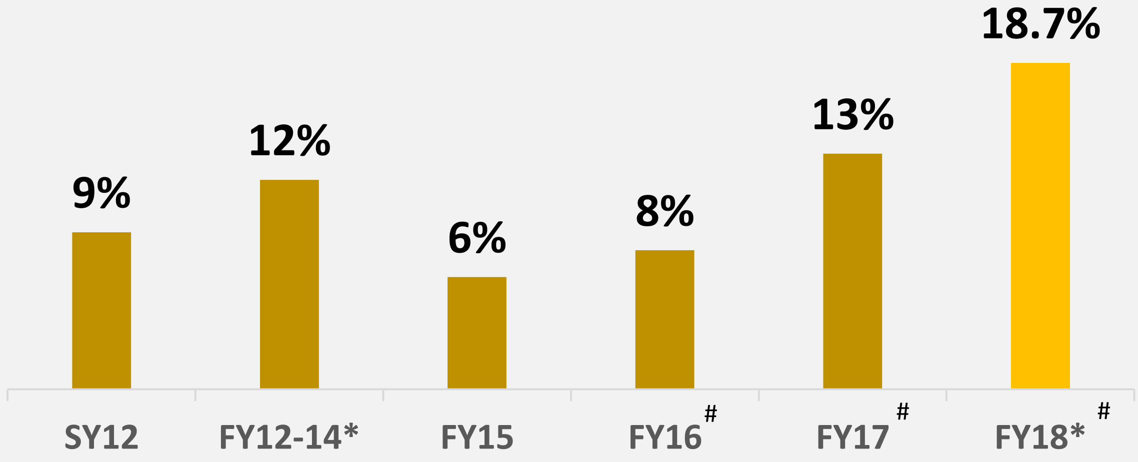

## EBITDA (Cr)




## PAT (Cr)

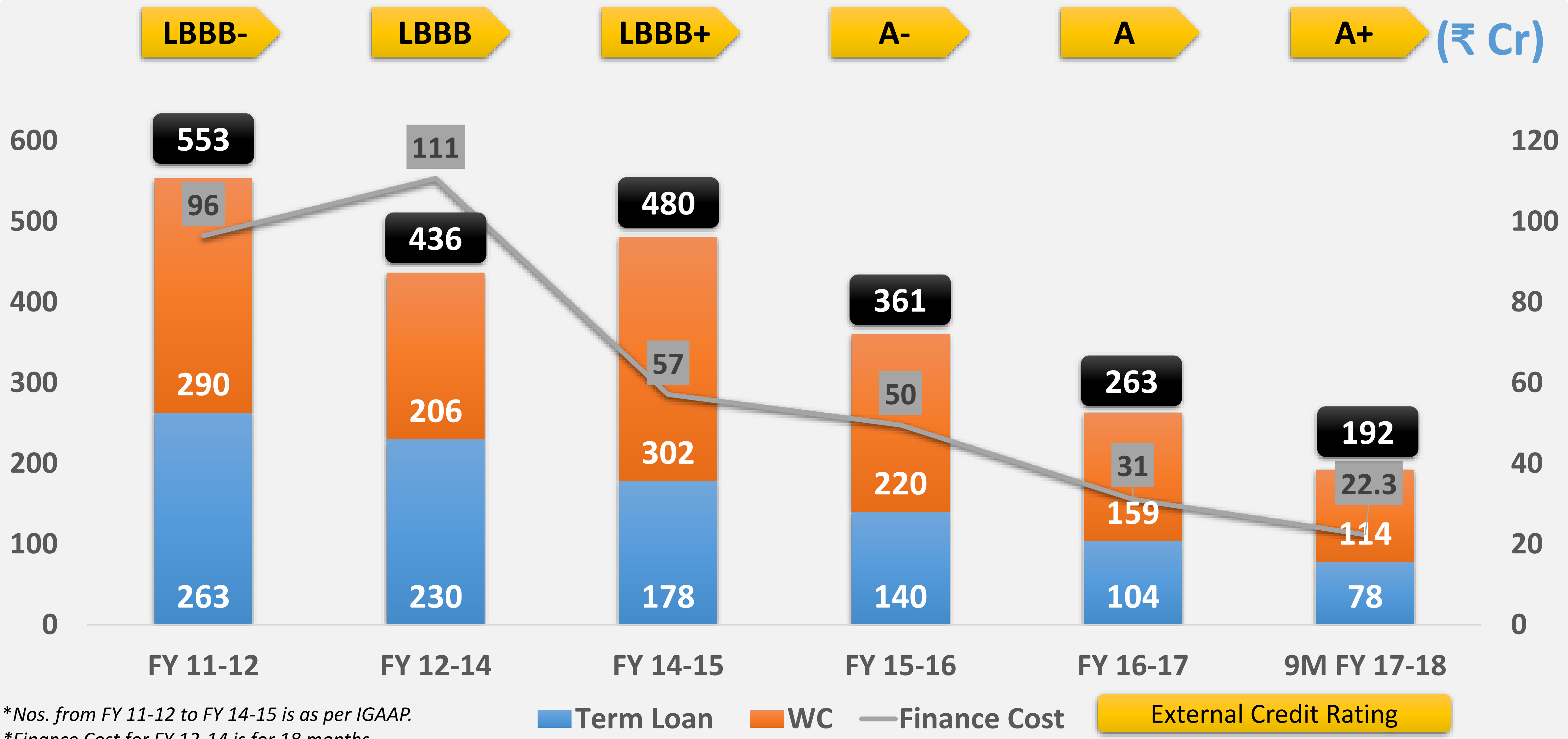



## ROCE



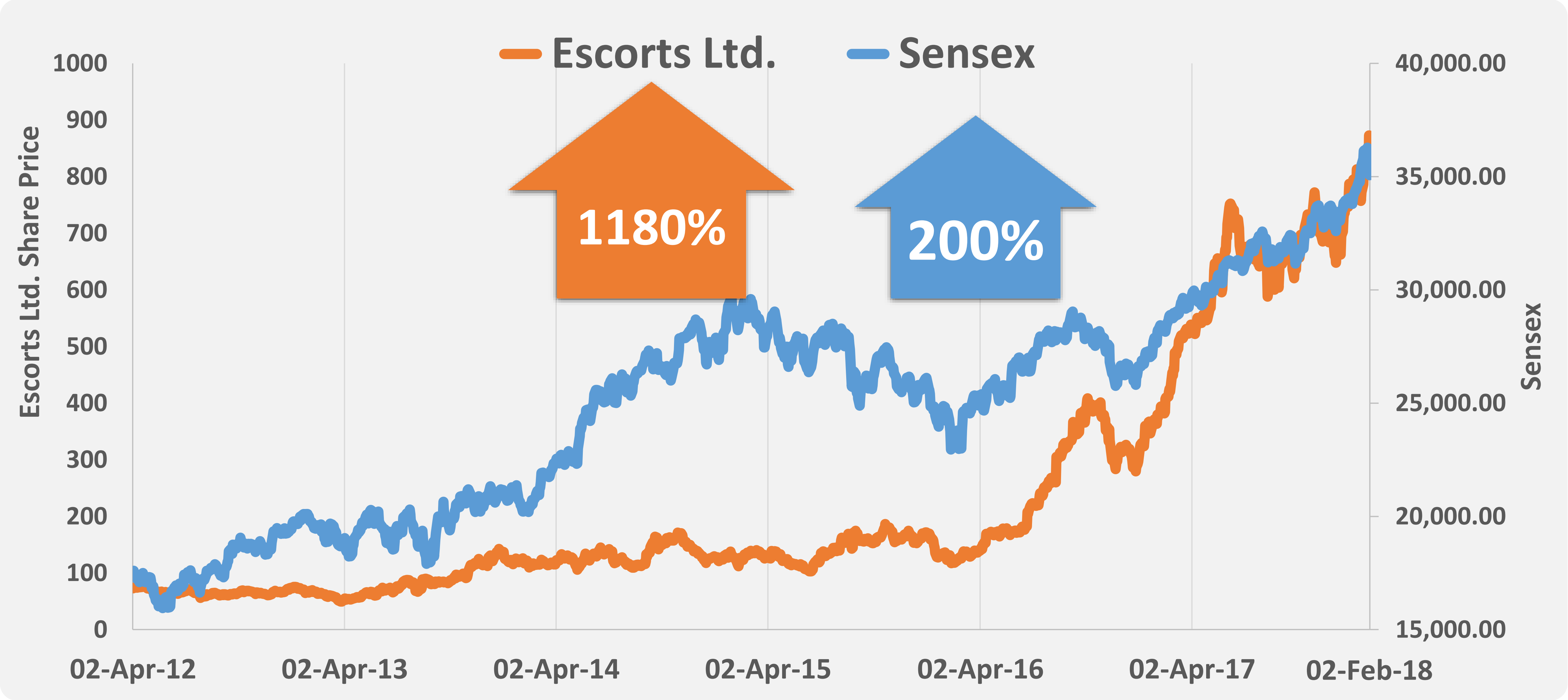

  

# ↑ Consistent Rating Upgrades




**Nos. from FY 11-12 to FY 14-15 is as per IGAAP.*
**Finance Cost for FY 12-14 is for 18 months.*

# Thank You For Your Trust In Us…



# VALUE CREATION FOR SHAREHOLDERS

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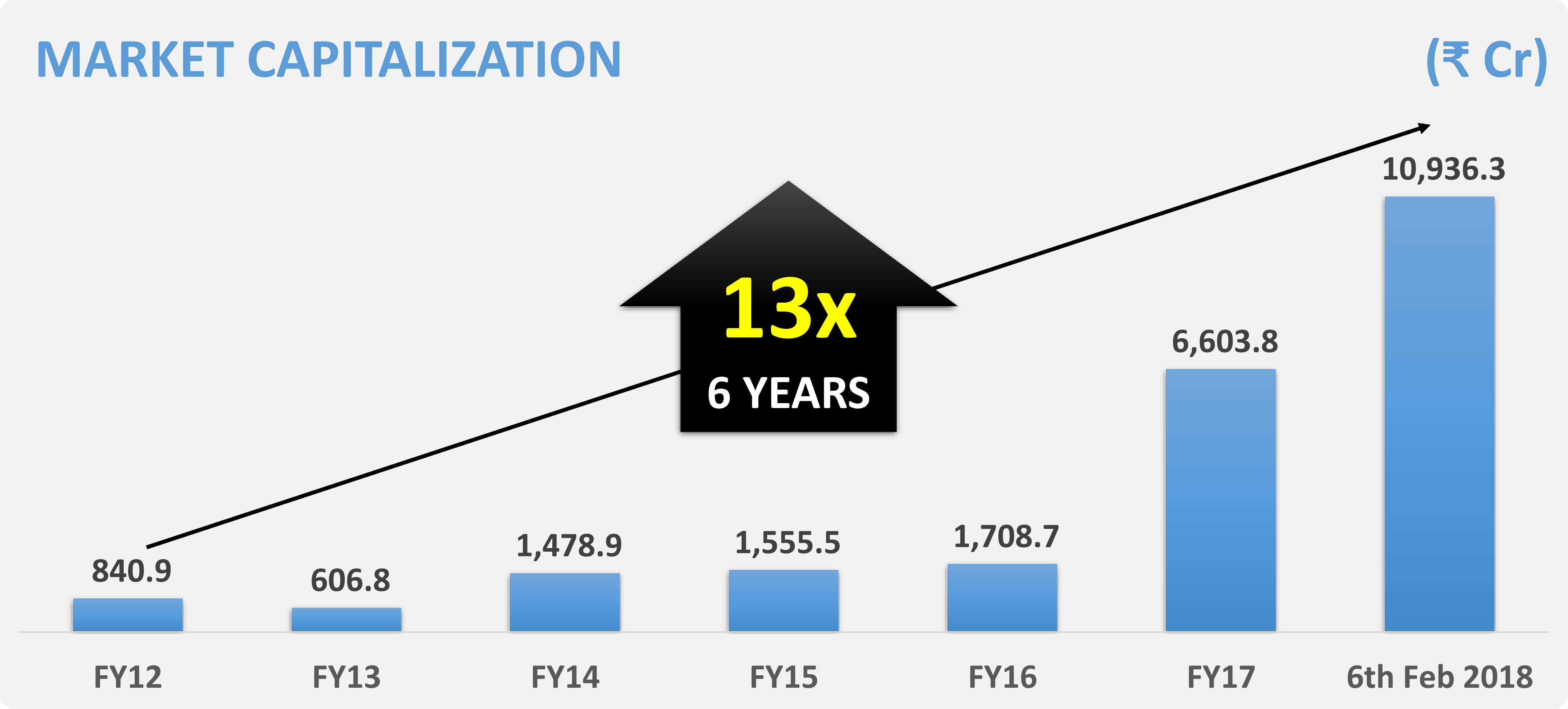


# ↑ CORPORATE GOVERNANCE

## 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.

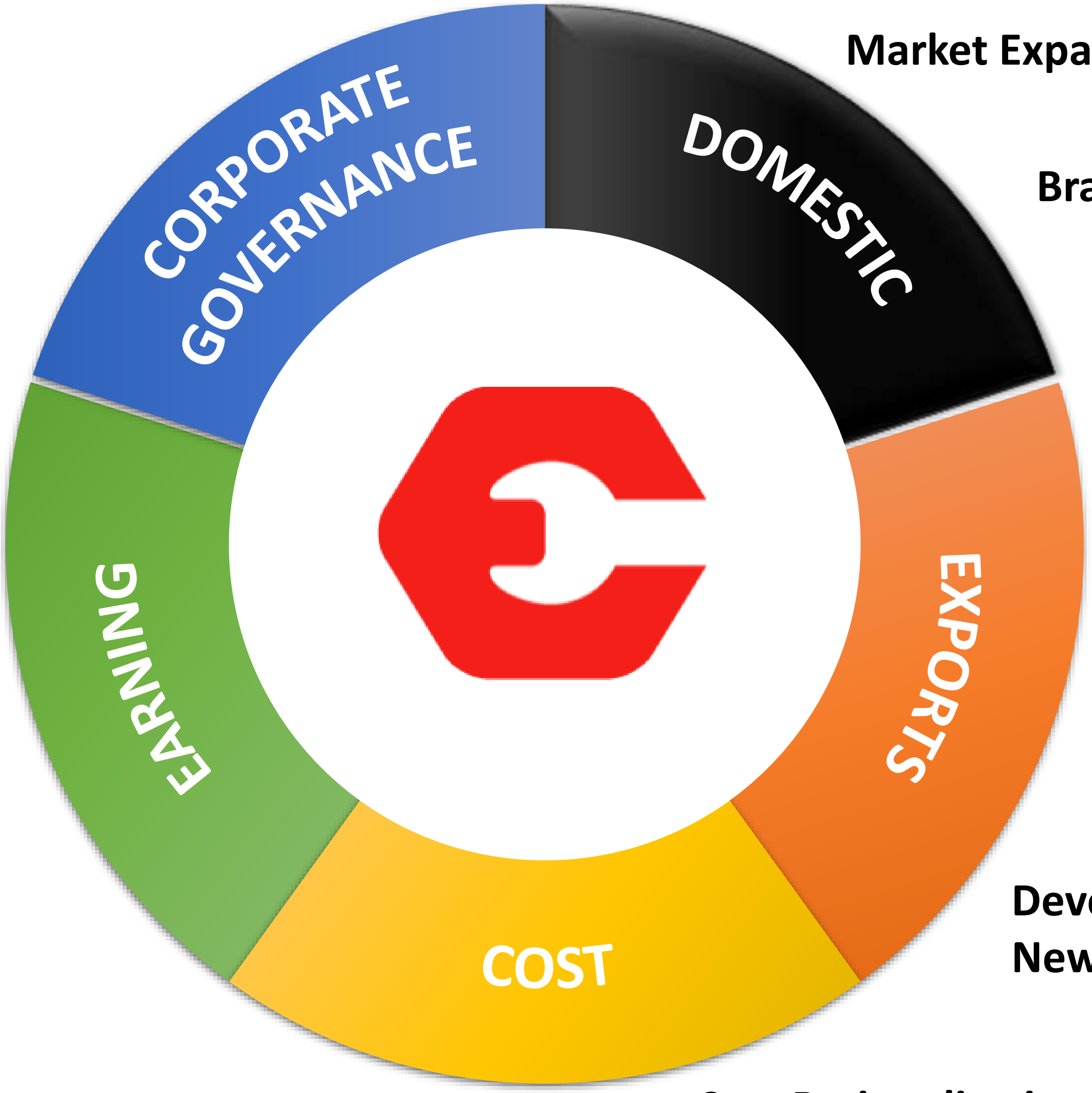
**EXCELLENCE**
We will strive to achieve and surpass world class standards in all that we do.

**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
- Big 4 as I-Auditor
- Monthly Tractor Volume Disclosure
- Young leadership
- Launches update
- Quarterly Earnings Con-calls

# THE WAY FORWARD




Focus on
Corporate Governance,
Compliances
& Control

Market Expansion

Brand Development

Developing
Emerging Businesses

Leveraging Construction and
Railway Business

Developing
New Products

Developing
New Markets

Cost Rationalization

Earnings Growth &
Investor Return
Profit & Cash focus;
Capital Allocation

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# Mr. Shenu Agarwal - CSMO

# Tractor Sowing For Bumper Harvest

India Holds the 2nd Largest Agricultural Land in The World

Improve Retail Finance

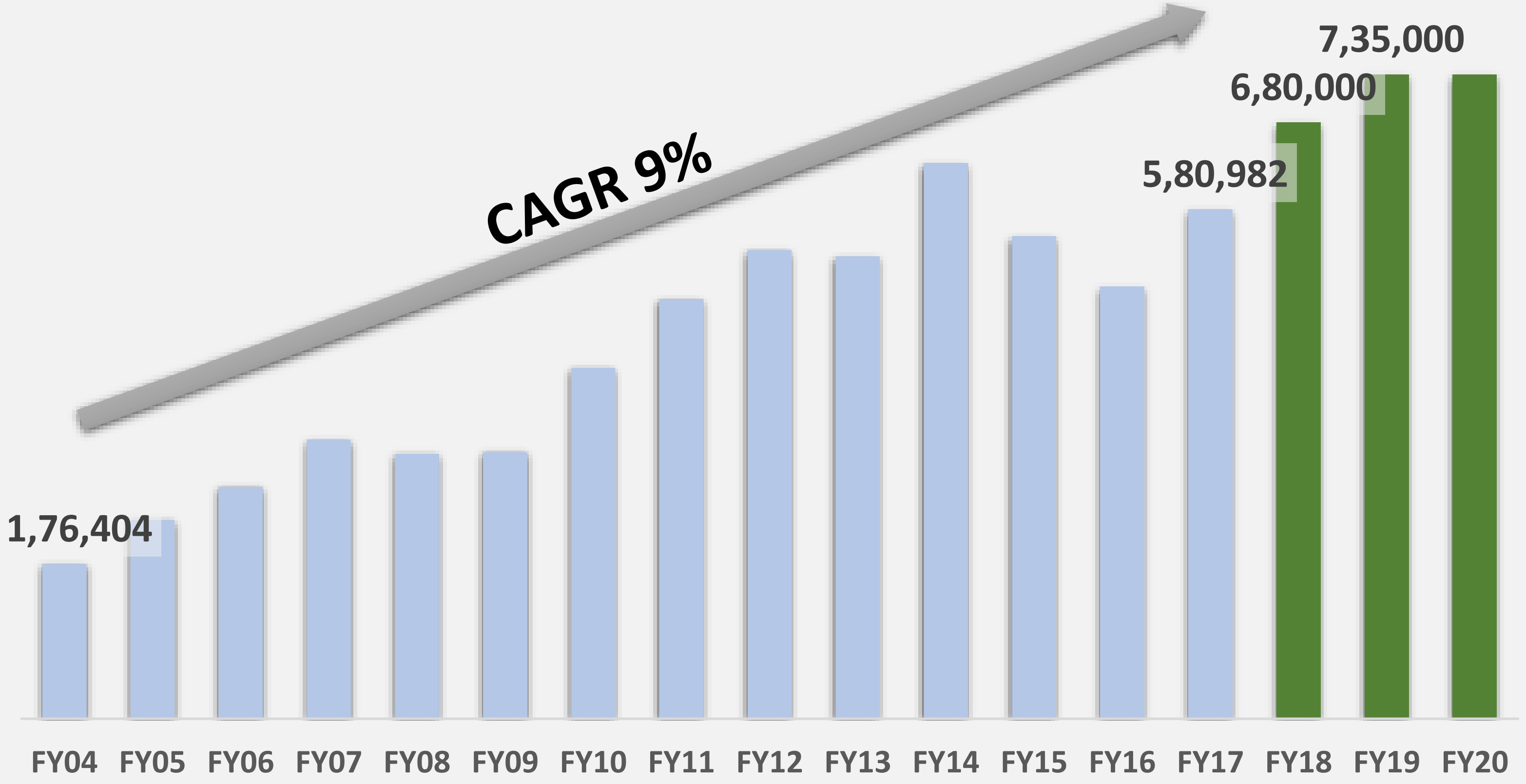
Rural Focussed Budget

Bumper Food Grain Production

2 Years of on-time Normal Monsoon

Government Focus to Double the Agri-Income of Farmers By 2022

# ↑ Domestic Tractor Industry




- Increasing Trend towards Mechanisation
- Minimum Support Prices for Key Crops
- Scarcity of Labour
- Ease of Credit Availability from Govt.

❖ India is the **largest** manufacturer of farm equipment

❖ India accounts for nearly **1/3rd** of the overall tractor production globally

❖ **0.6 million** units in **FY17** and reach to approx. **1.2-1.5 million** units by **2030**

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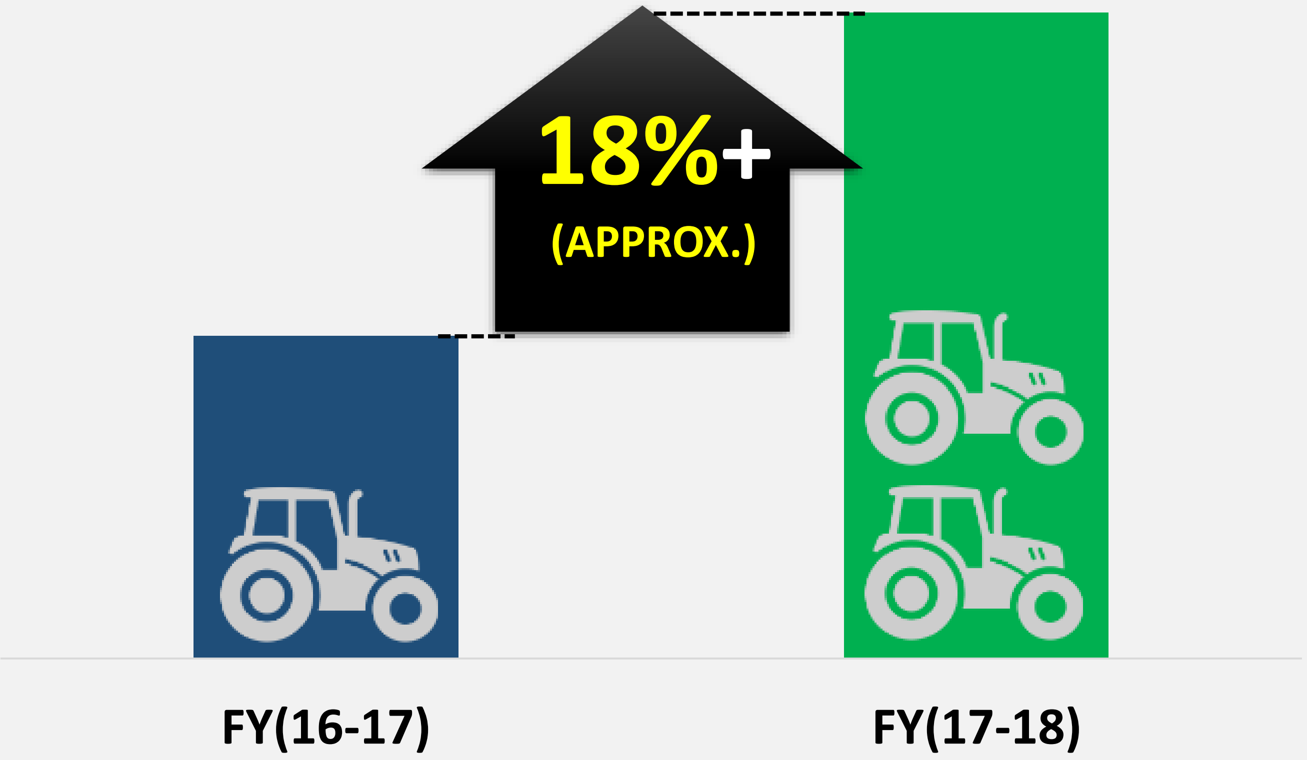
# TEEN...DO...EK
# JEETEGA HAREK

# DOMESTIC (TRACTORS)

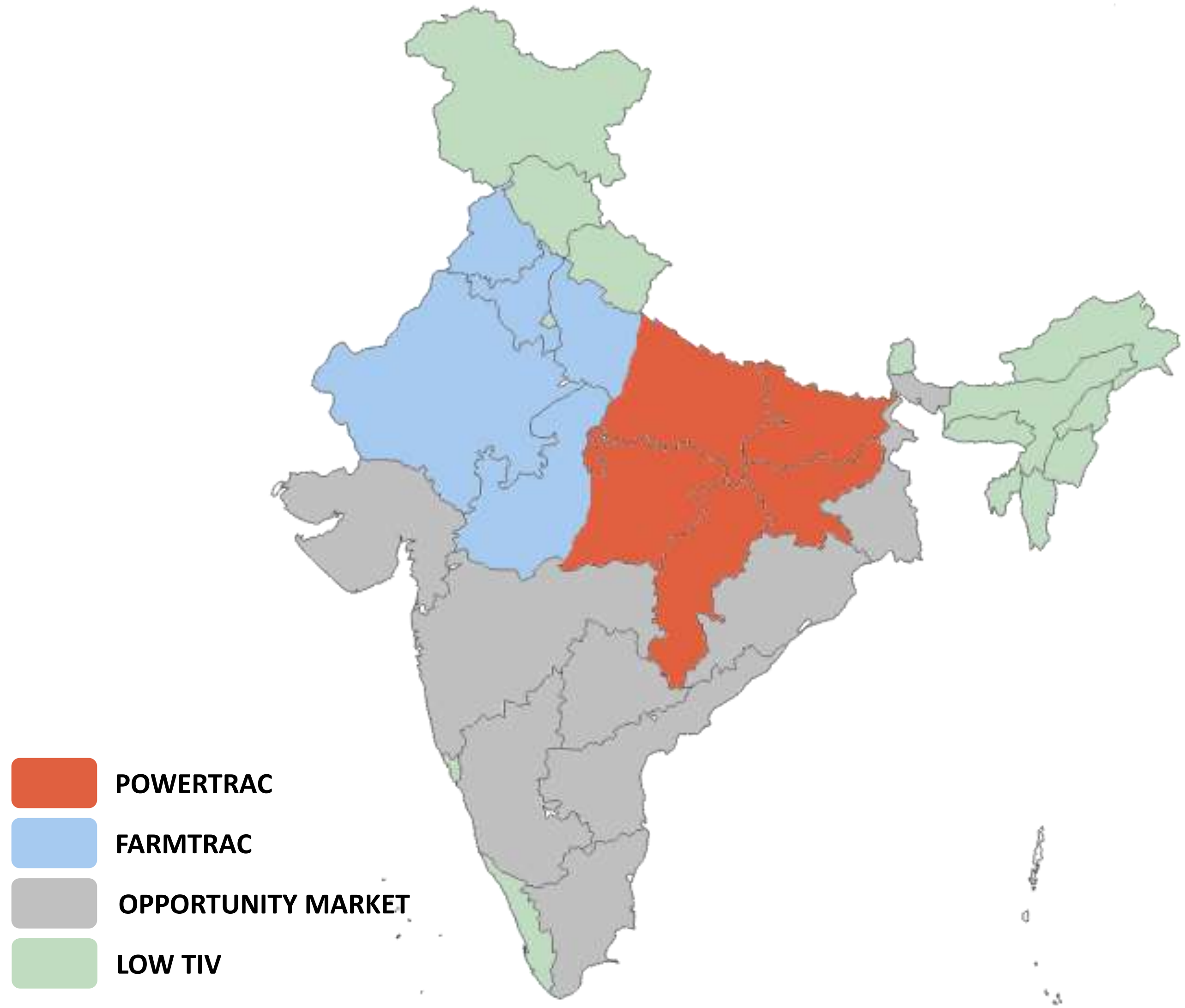
VOLUME



# Brand Led Product Innovation

| | <30 HP | 31-40 HP | 41-50 HP | > 50 HP |
|---|---|---|---|---|
| **FARMTRAC**<br>Prestigious & Powerful & strong Brand Legacy | <br>Atom Series | <br>FarmTrac XP | <br>FarmTrac Classic | <br>FarmTrac Executive |
| **POWERTRAC**<br>Efficient & Superior In-House Engineering | <br>Steeltrac | <br>PowerTrac DS+ | <br>PowerTrac Euro | <br>PowerTrac Euro |
| **POWERTRAC-ALT** | | <br>PowerTrac ALT 3500 | <br>PowerTrac ALT 4000 | Products introduced in the last 3 years contribute ~75 % of total volumes in 9MFY18 |

# Winning Market




① Strong Market, Strong Brand

(11%) 12% → 14%

② Strong Market, Weak Brand

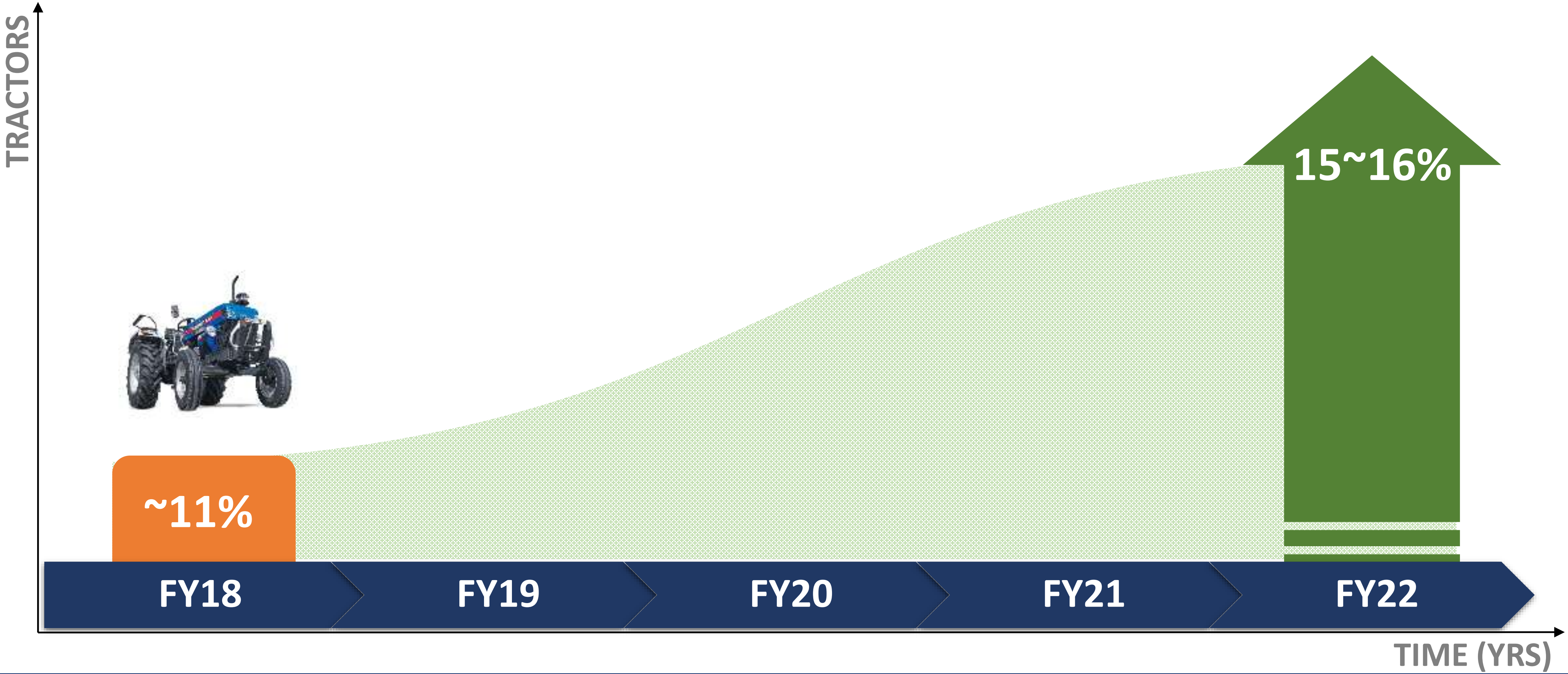
(1%) 2.7% → 8%

③ Opportunity Market

(4.5%) 5.7% → 10%

Map is for illustrative purposes

# FY'22 OUTLOOK



# Ingredients For Growth

**Dual Distribution**
Strong Brand Coverage: 90 → 99%
Weak Brand Coverage: 33 → 80%

**South/West Focus**
Channel Coverage: 55 → 80%
Compact tractor
Rice tractor

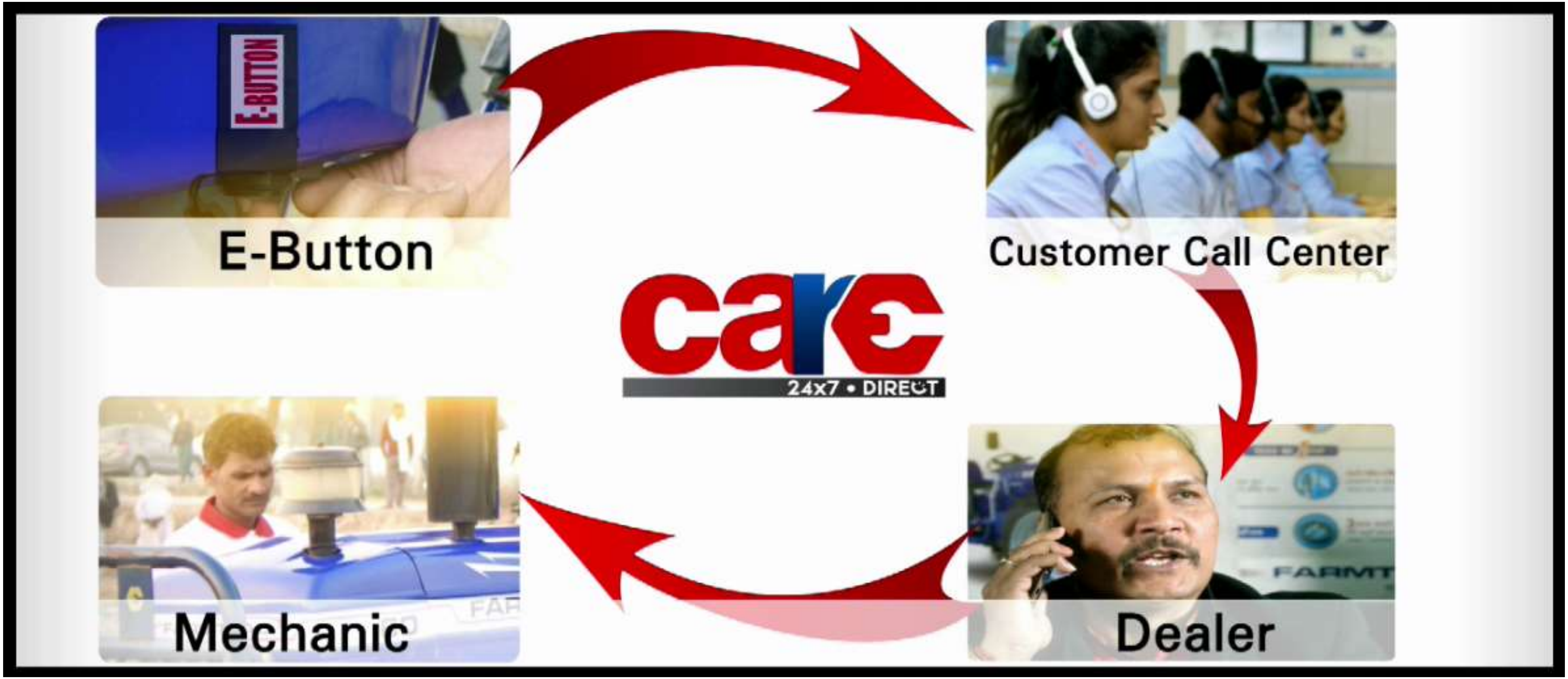
**Product Portfolio**
Farmtrac: 52% → 95%
Powertrac: 74% → 90%
Steeltrac: 25% → 75%

**Escorts Credit**
6% Penetration → 40%

**Customer Centricity**
48-Hours Parts
Care Button
TRAXI
ETC
Mol Anmol

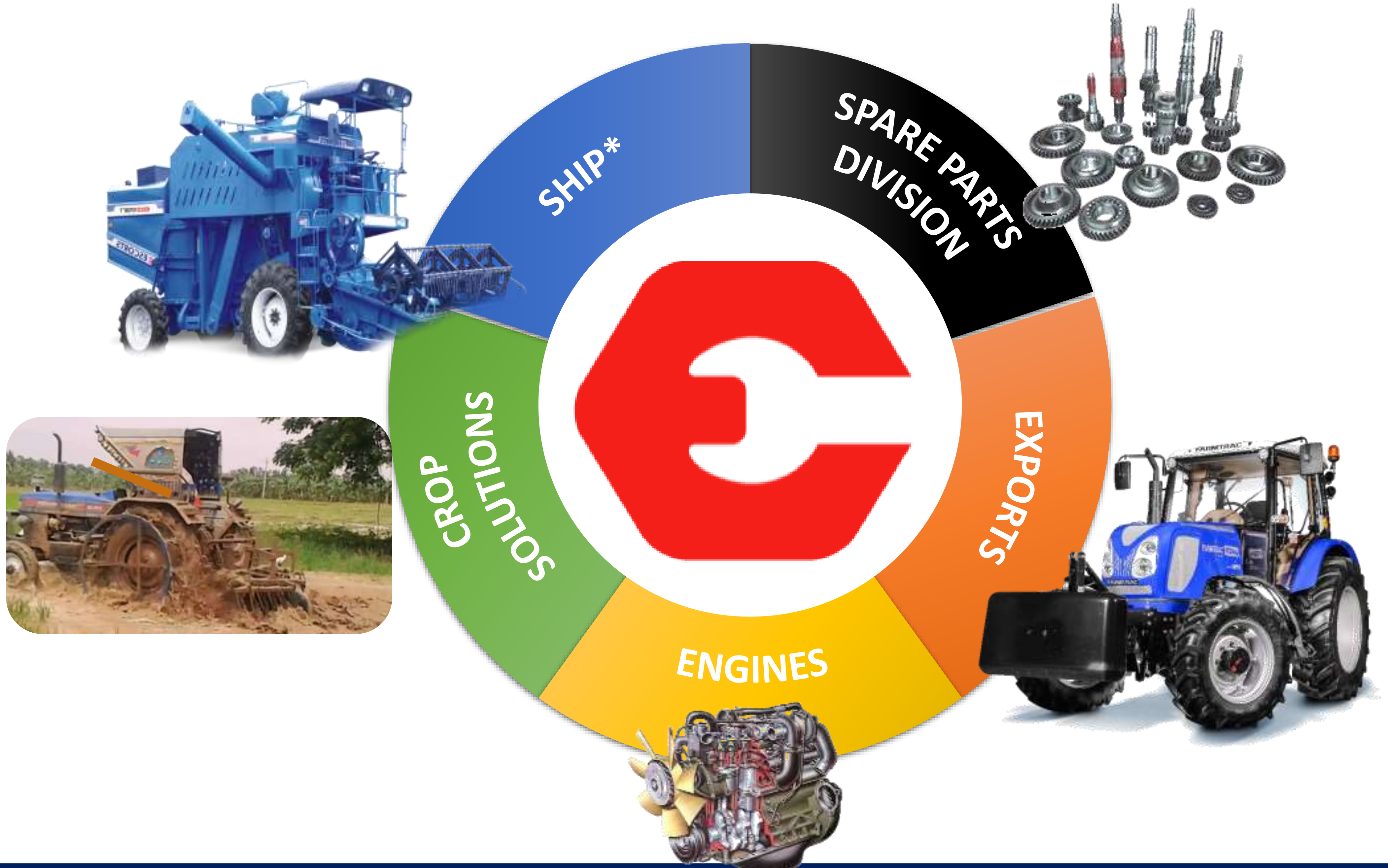
**Scientific Sales Management**

# 24X7 Customer Support

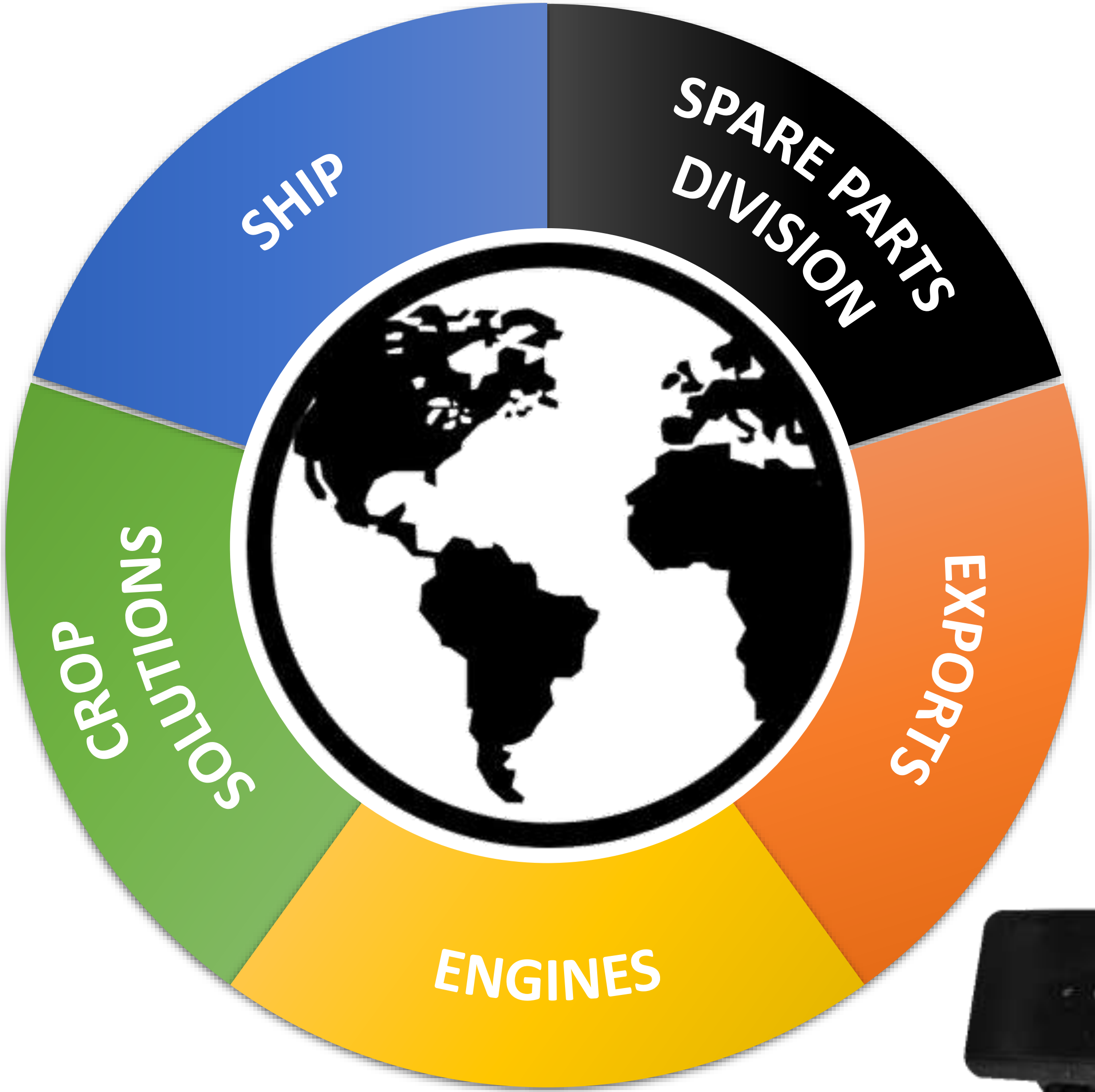


# EMERGING BUSINESSES & INTERNATIONAL MARKETS

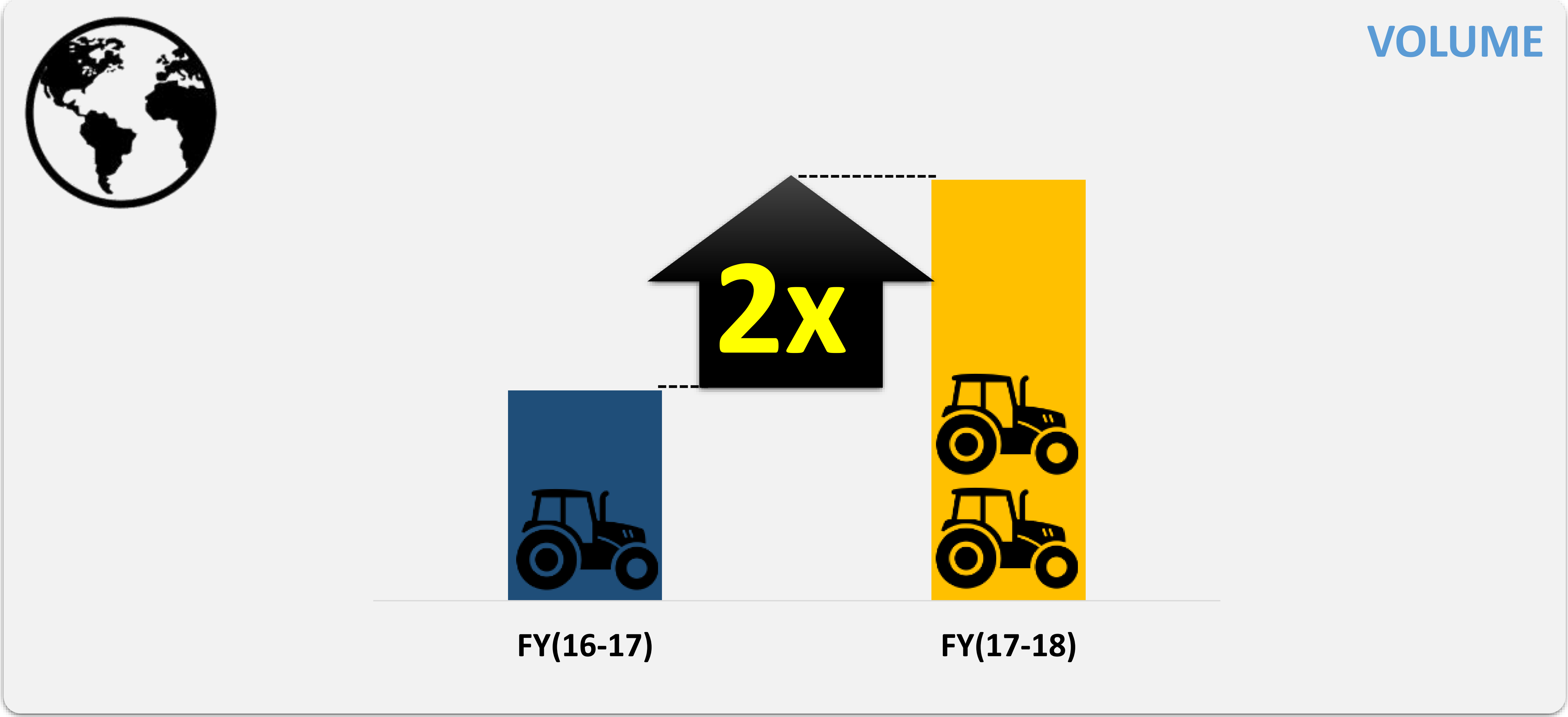
Mr. Ravi Menon – Chief Executive



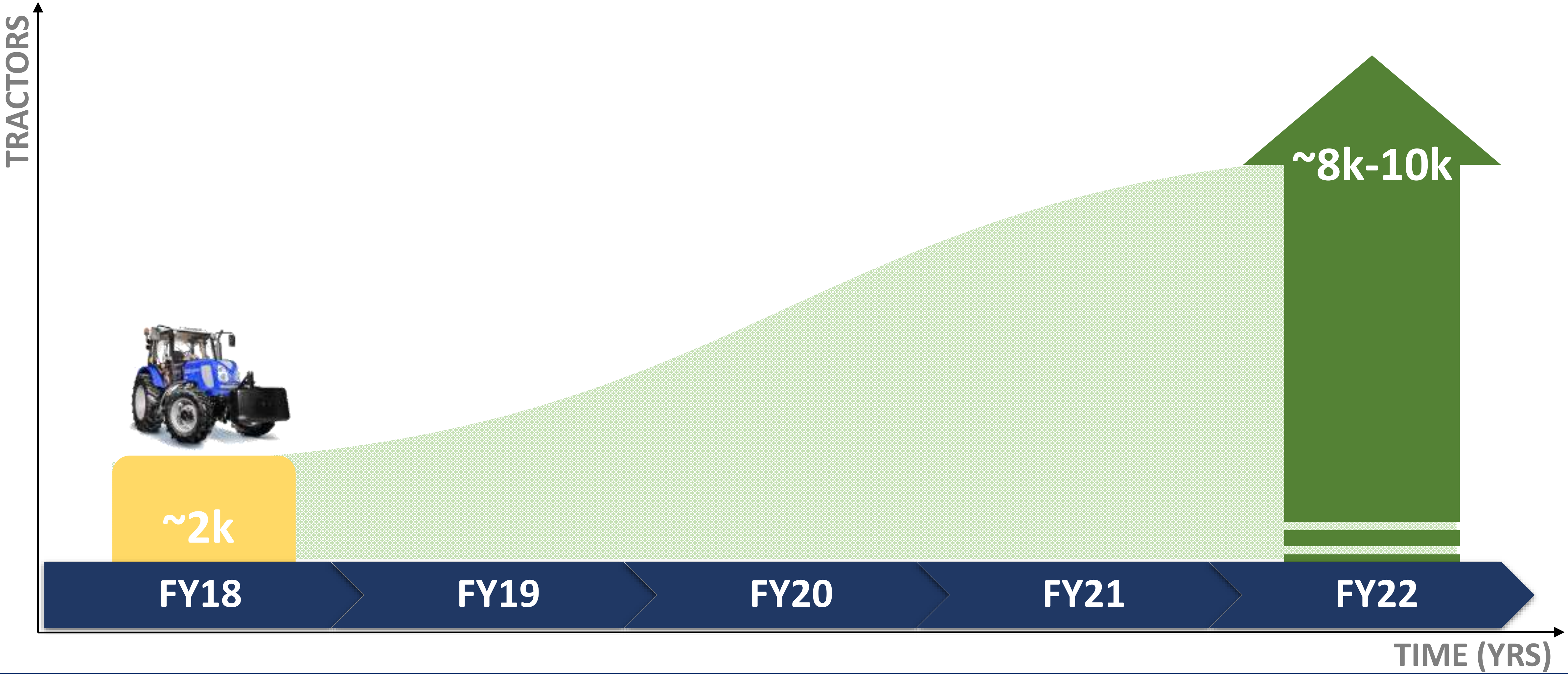

 *SHIP = Sprayers, Harvesters, Implements & Planters Business  


SHIP
SPARE PARTS DIVISION
EXPORTS
ENGINES
CROP SOLUTIONS

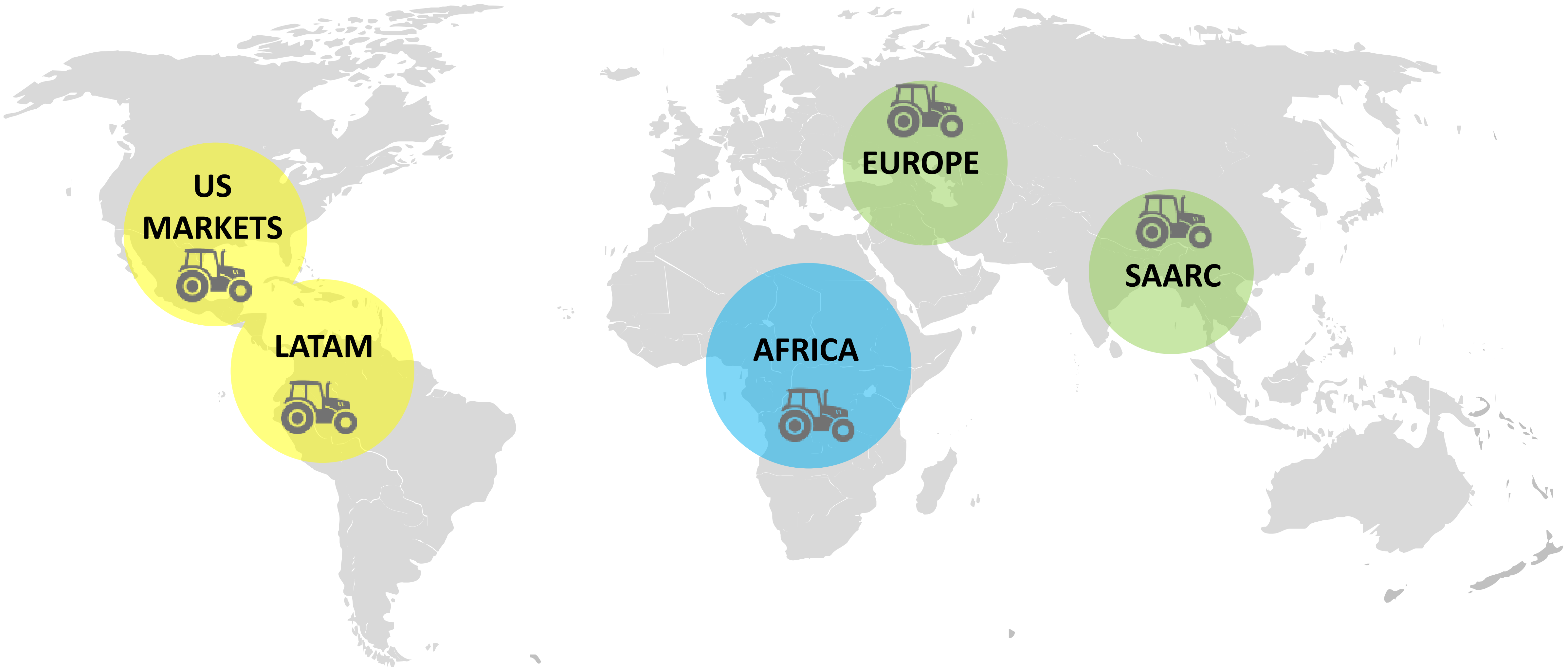
# EXPORTS (TRACTORS)



# FY'22 Outlook



# Focus Markets



# Innovative Products

## NEW COMPACT SERIES



AGRITECHNICA, Hannover, Germany

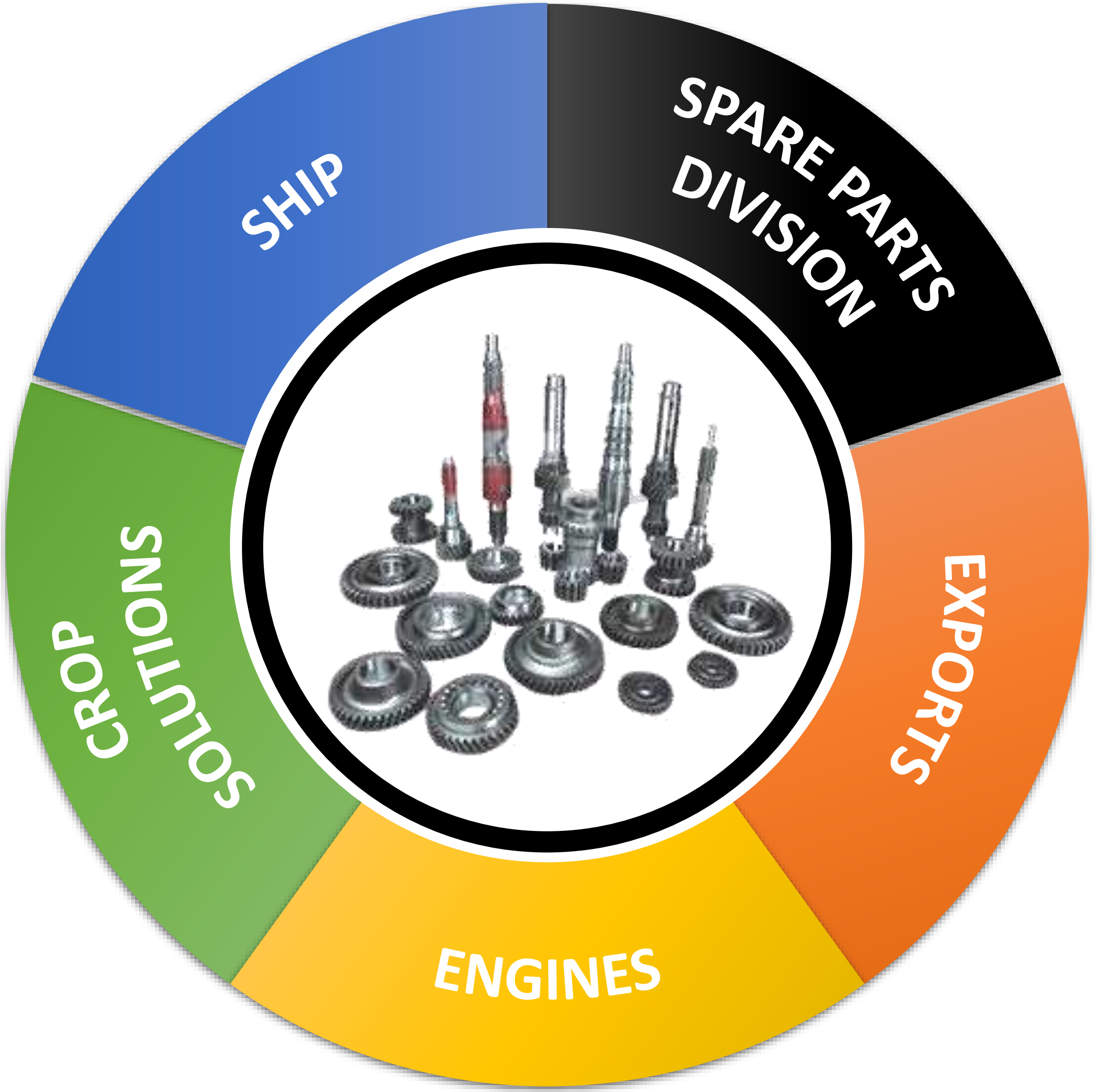
# Innovative Products

## FARMTRAC 6075 CRDi


EPA United States Environmental Protection Agency

US – EPA Tier IV Norms & European 3b Standards

## FTES - 9120


SHIP
SPARE PARTS DIVISION
EXPORTS
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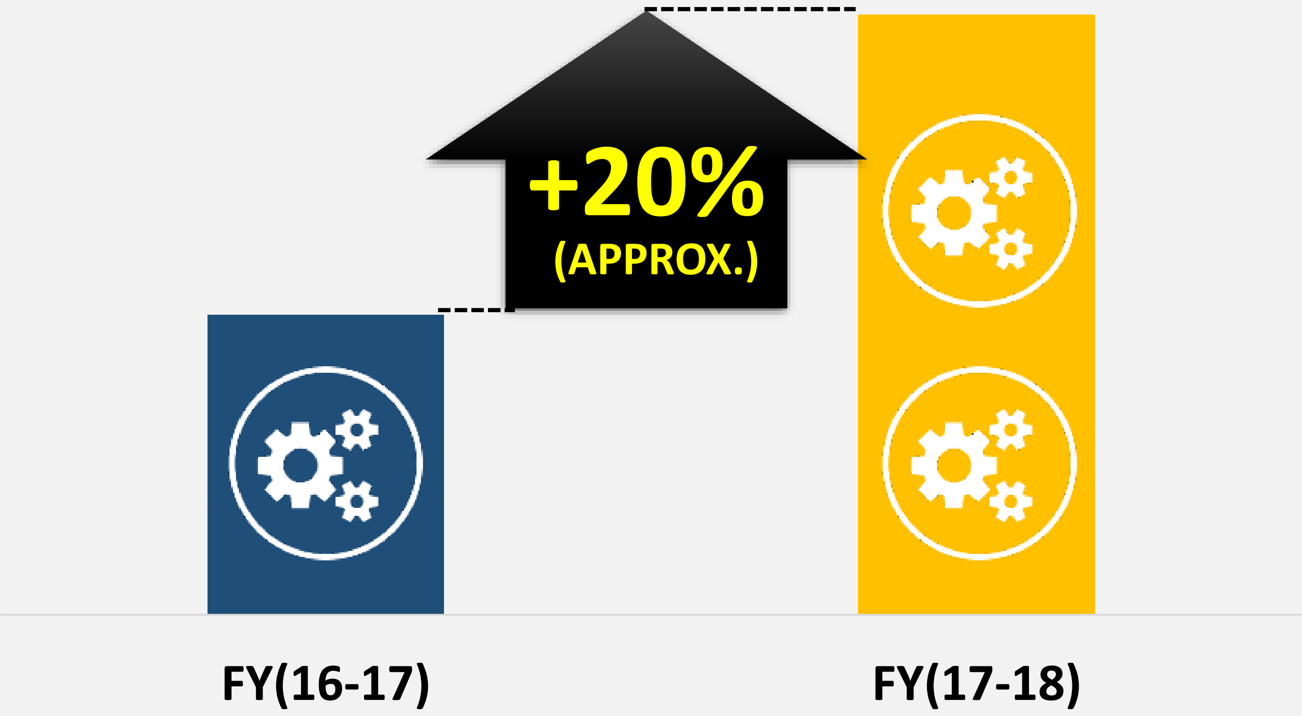
# Revenue (Parts & Lubes)



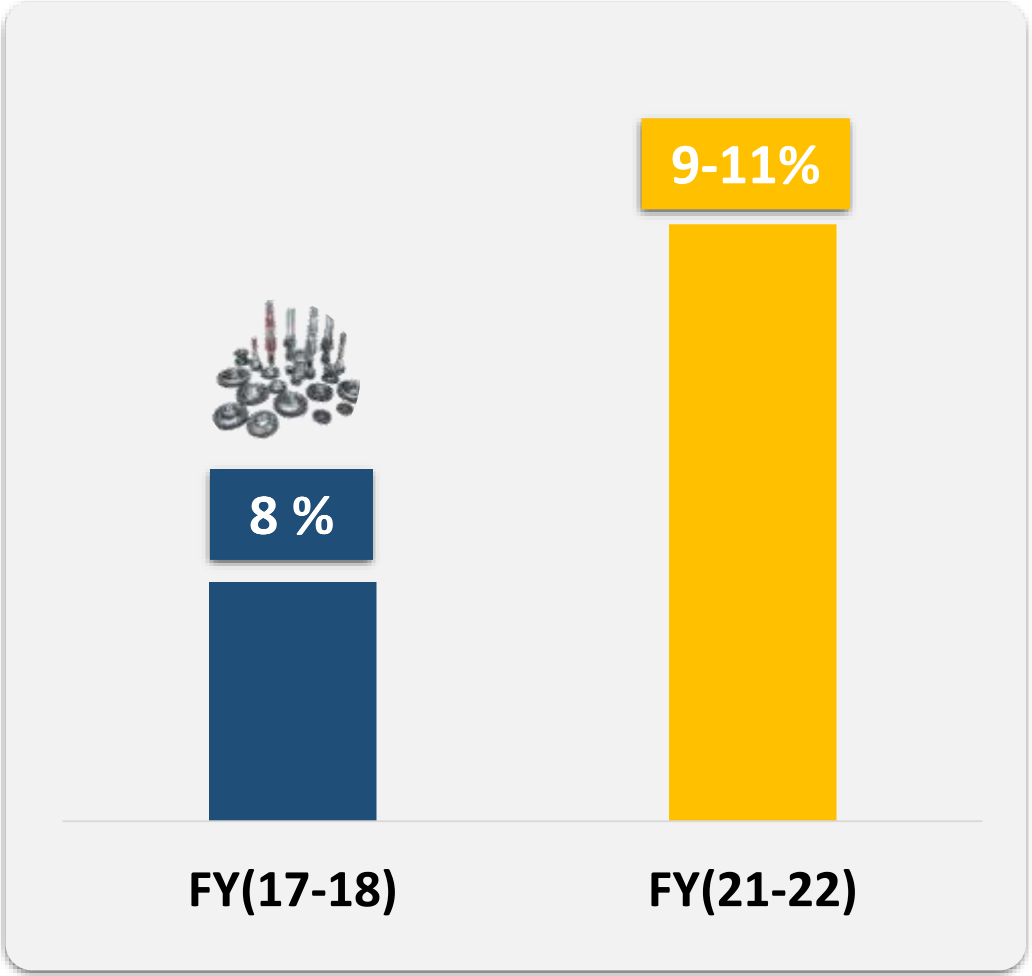

# OUTLOOK FY'22

SPARES REVENUE

₹

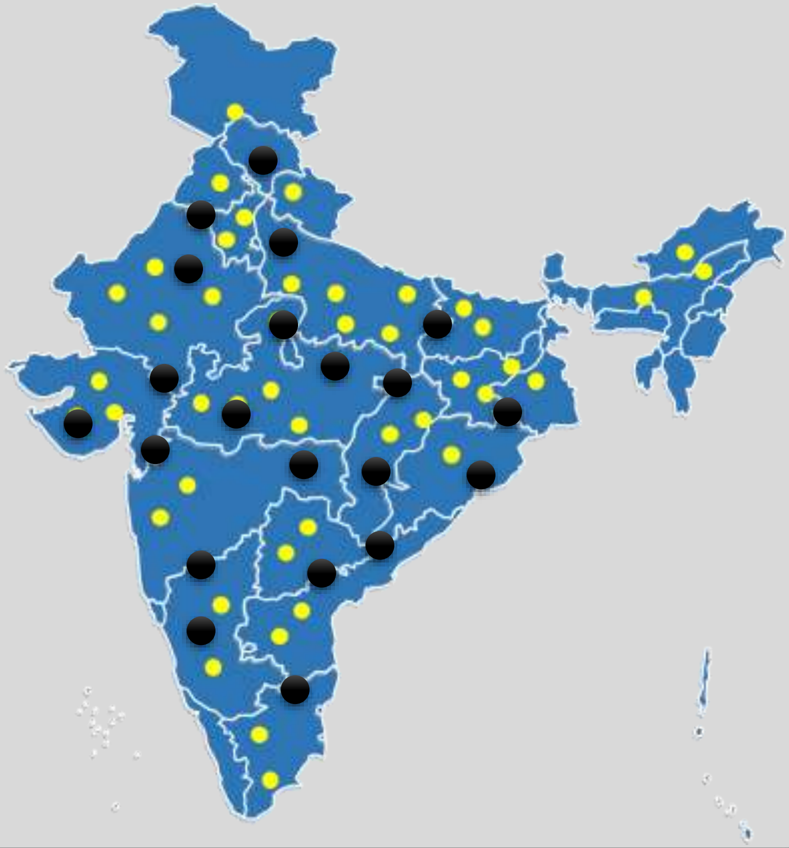
TRACTOR REVENUE

₹

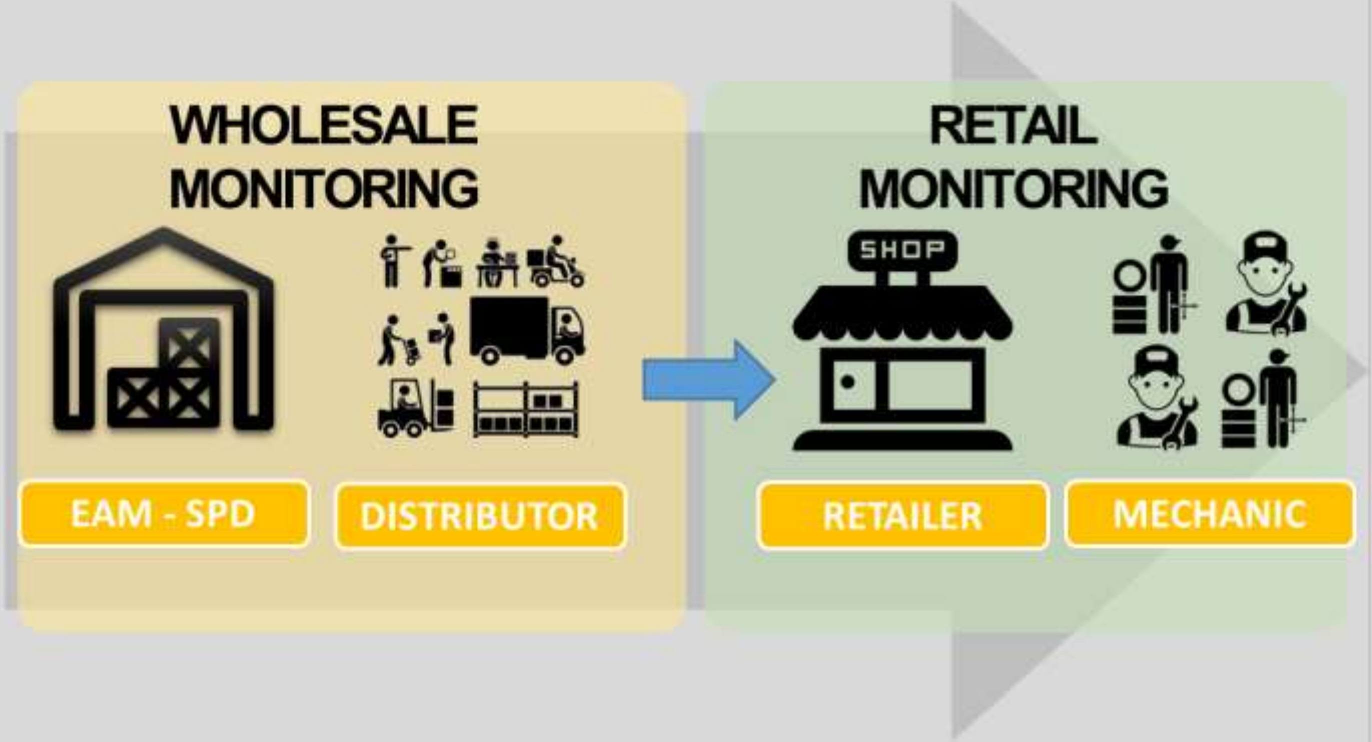


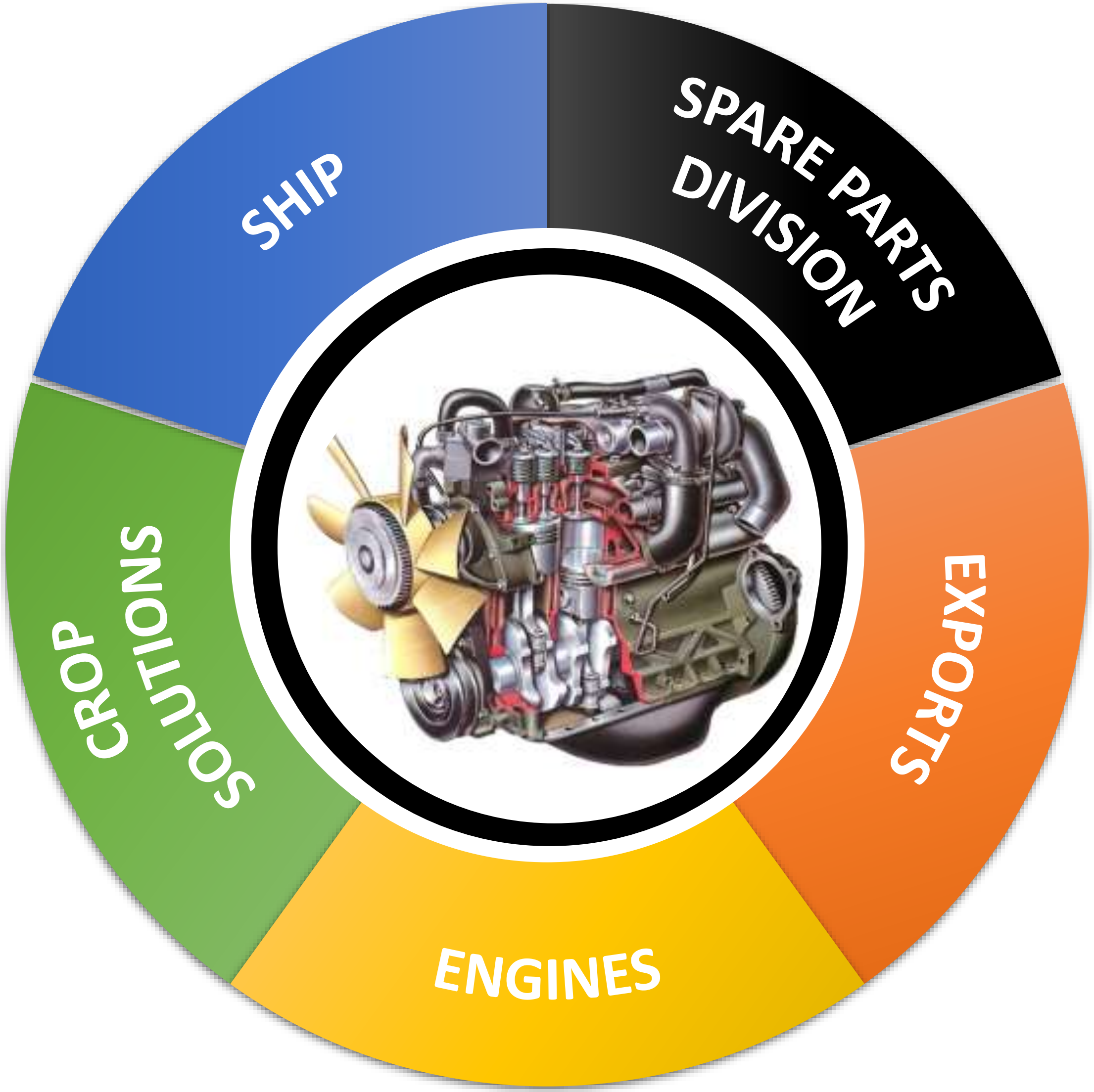
# FOCUS AREAS

## DISTRIBUTION NETWORK



## SECONDARY SALES TO DRIVE PRIMARY SALES




SHIP
SPARE PARTS DIVISION
EXPORTS
ENGINES
CROP SOLUTIONS

# ENGINES

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~4000 UNITS

ENGINE SALES FY (17-18)


KOHLER

GREAVES
SINCE 1859

sterling
generators

PAI KANE
GROUP

# GENSET → MULTI-APPLICATON FOCUS


SELF PROPELLED HARVESTERS

CONSTRUCTION EQUIPMENTS

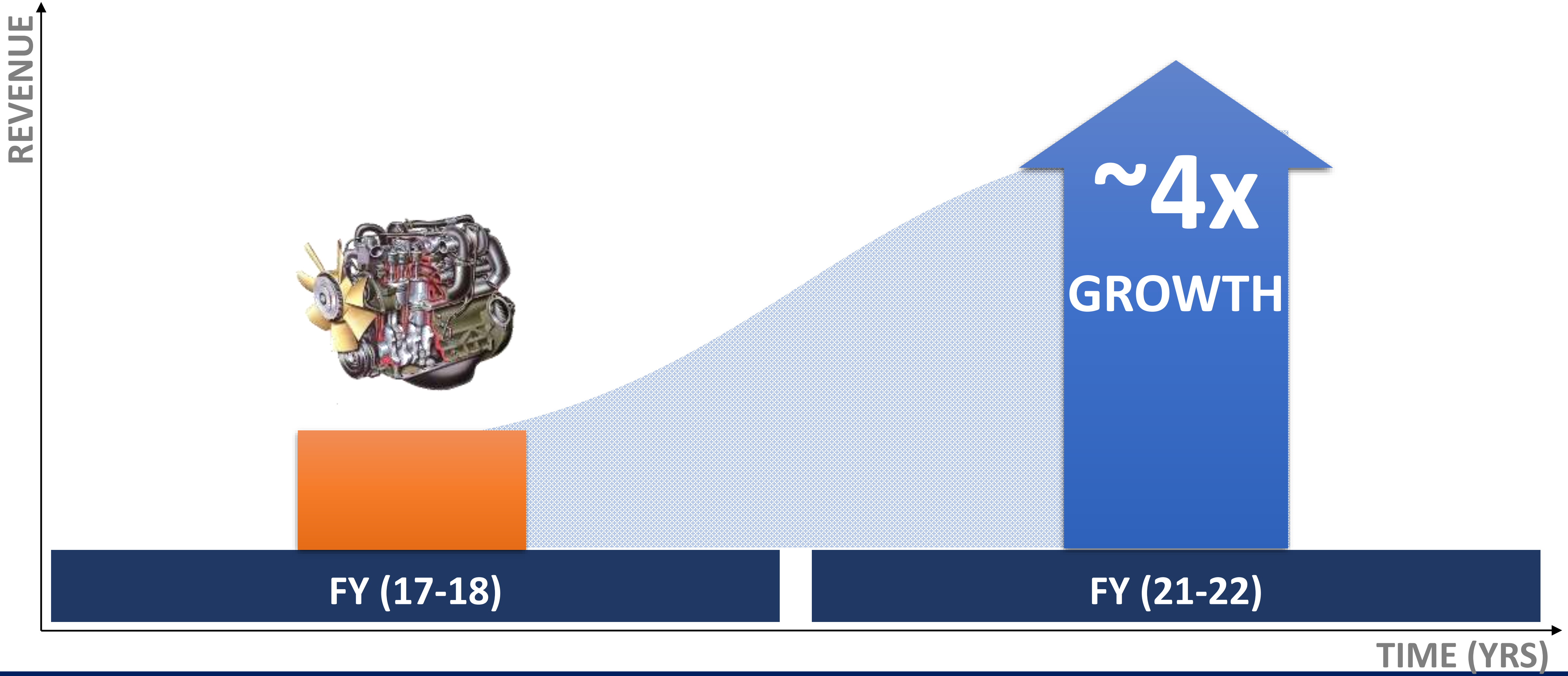
BITUMEN SPRAYERS

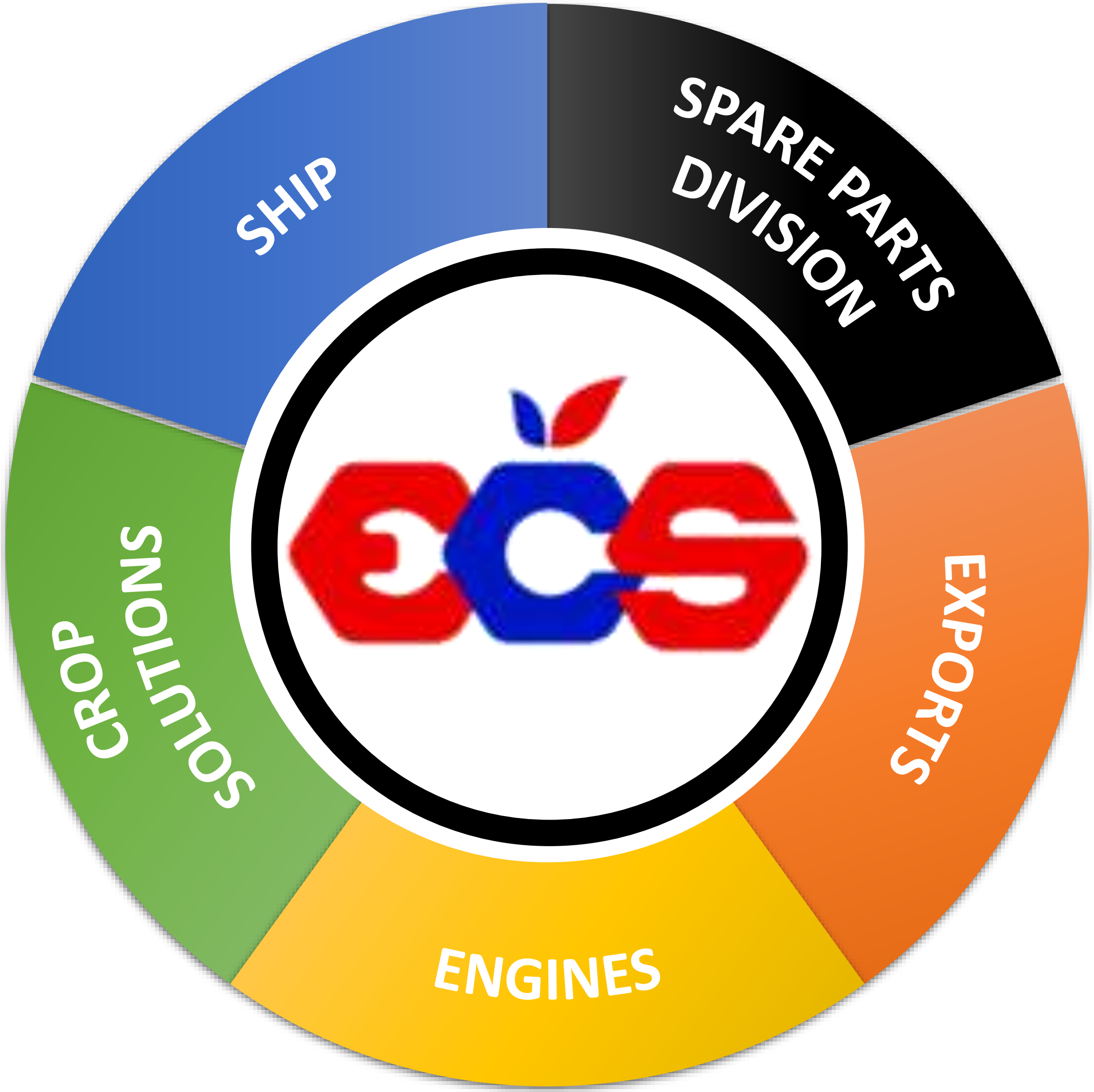
AC BUS AUXILLIARY ENGINE

MARINE ENGINES

FIRE PUMP

# FY’22 OUTLOOK




SHIP
SPARE PARTS DIVISION
EXPORTS
ENGINES
CROP SOLUTIONS
ECS

# OWNING VS. HIRING

85%

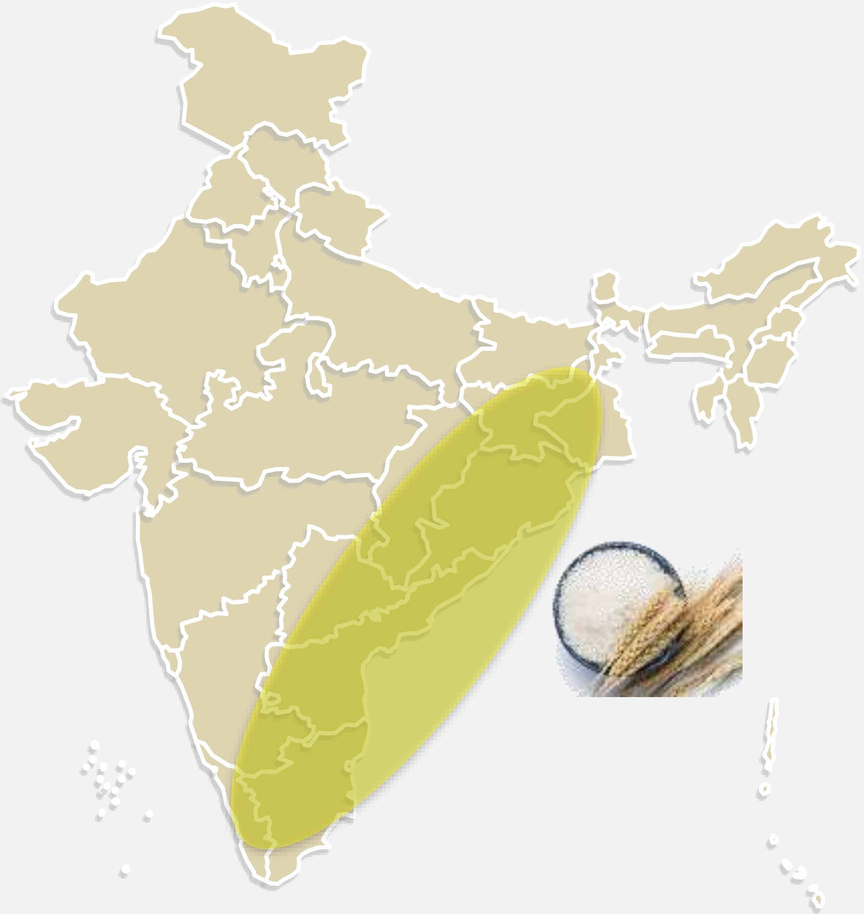
FARMERS HOLD
<2HA OF LAND

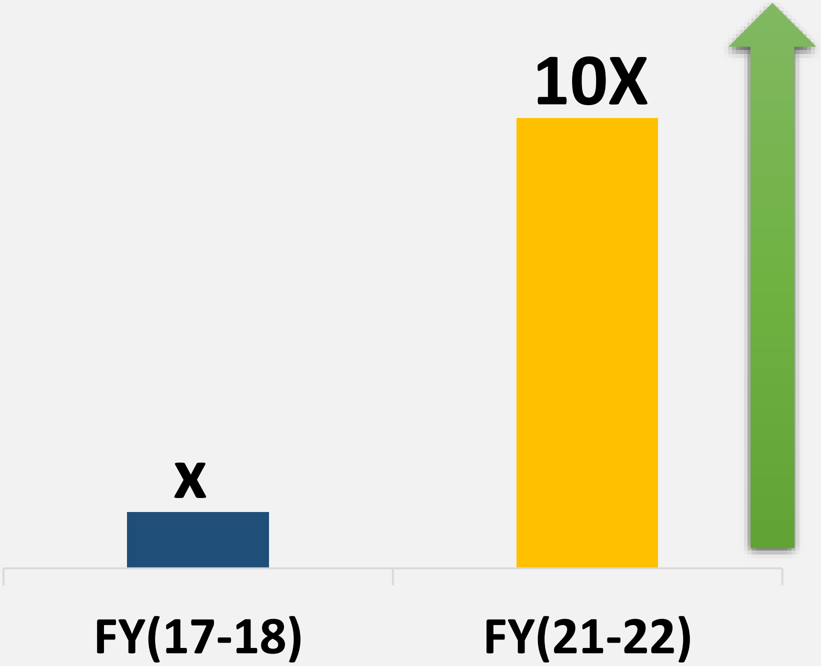
MARGINAL LAND HOLDING

“ I CAN HIRE FARM MACHINES
AS PER MY NEED ”

# MANUFACTURER → SERVICE PROVIDER

**3 STATES** → **PAY PER USE MODEL** → **COMPLETE FARM SERVICES**






**We are going to expand rapidly in next 2-3 years**

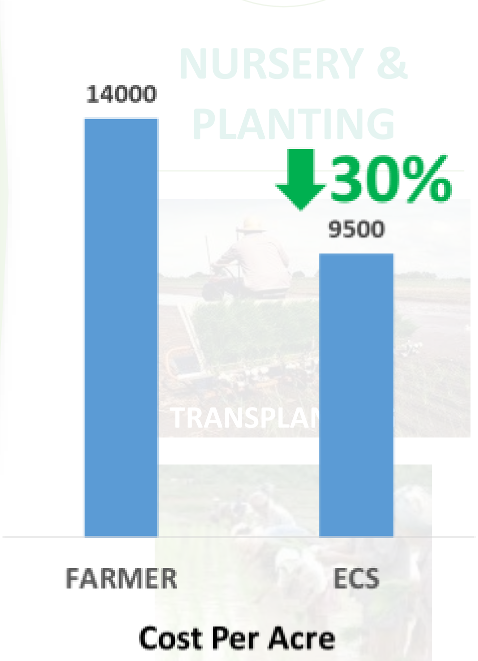


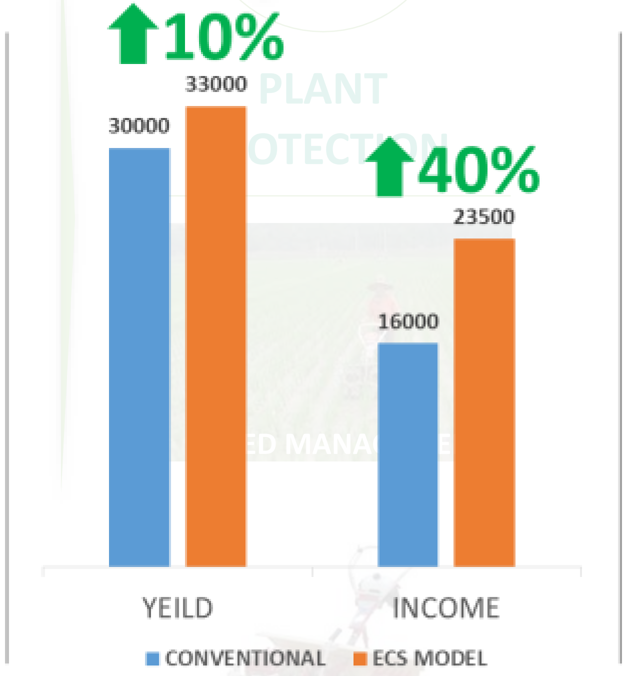
Map is for illustrative purposes

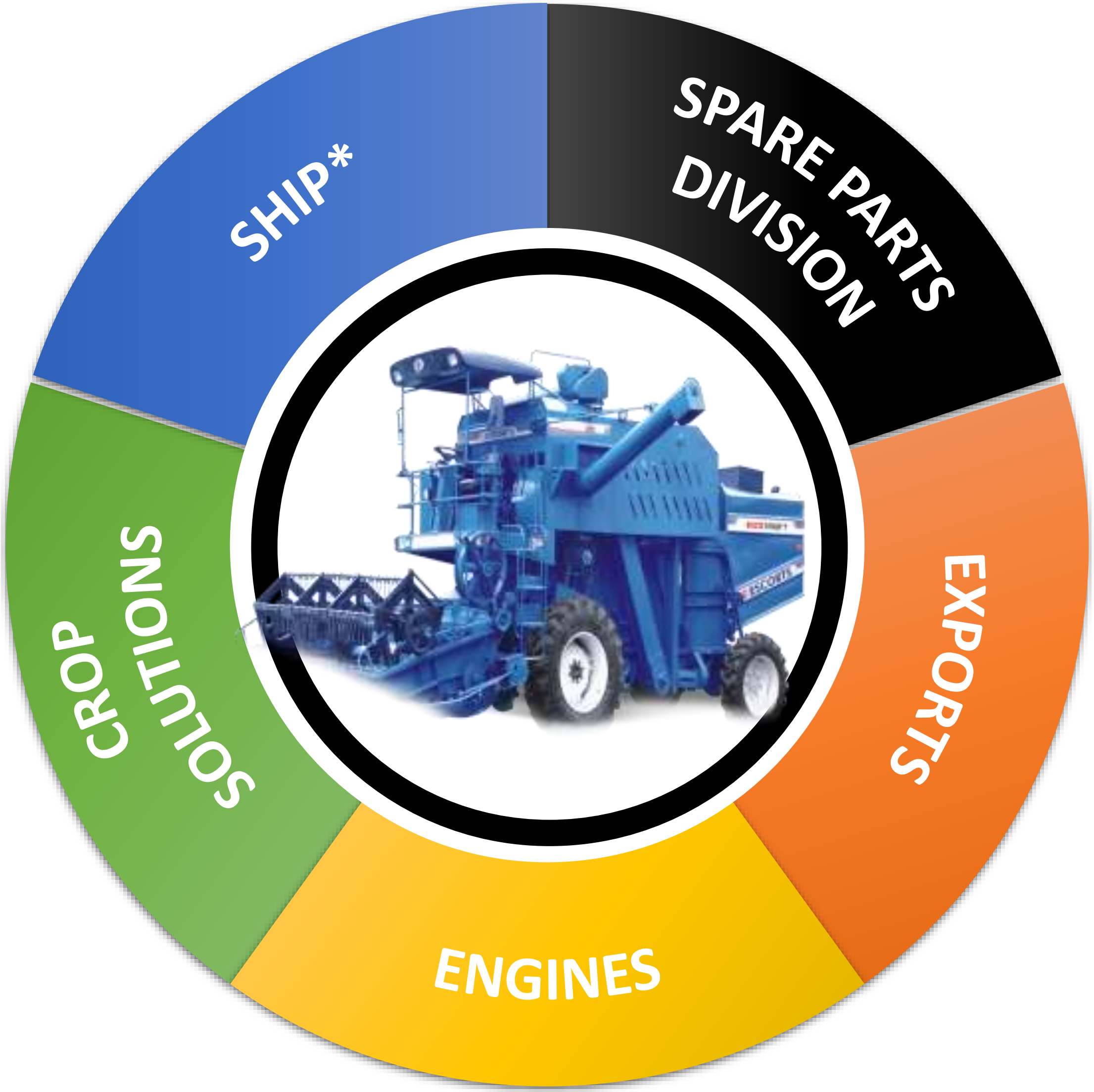
# SERVICES

## CROP VALUE PROPOSITION: PADDY

**COST ADVANTAGE** | **QUALITY & YIELD OUTPUT**






## SPRAYERS, HARVESTERS, IMPLEMENTS & PLANTERS

# TRACTOR IS AS GOOD AS ITS ATTACHMENTS

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**~2500 Cr Industry**

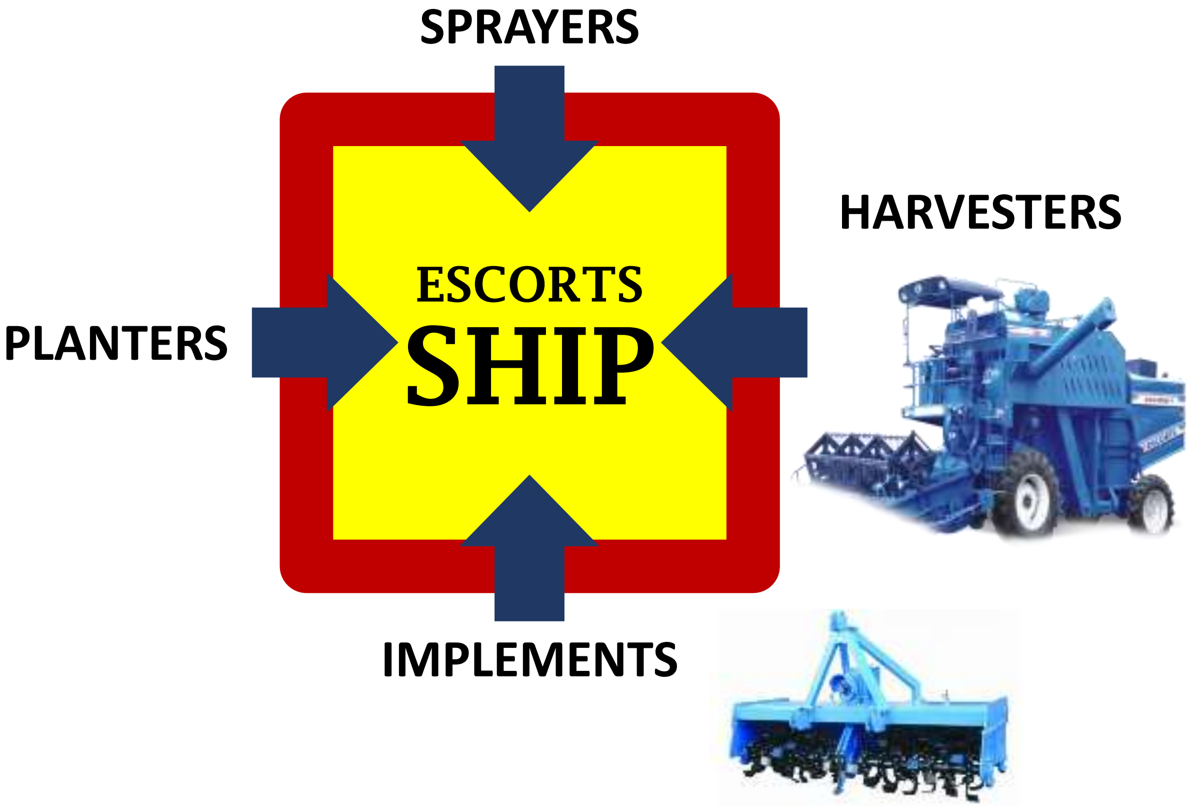
# SHIP* BUSINESS

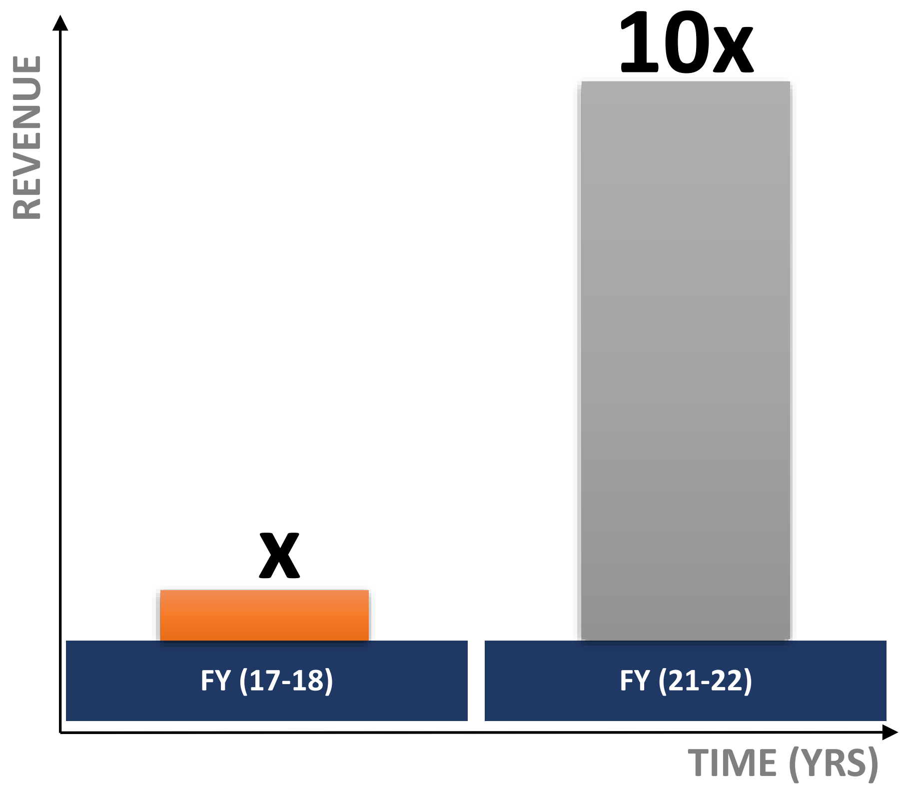
TECHNOLOGY

PRODUCT RANGE

SUPPLY CHAIN

DISTRIBUTION NETWORK





*SHIP = Sprayers, Harvesters, Implements & Planters Business

ESCORTS

TRACTORS SOLUTIONS




# ESCORTS CONSTRUCTION EQUIPMENT (ECE)

Mr. AJAY MANDAHR – Chief Executive

# INFRASTRUCTURE ON THE VERGE OF A TAKEOFF!!

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GDP growth of 7%


100 Smart Cities

Bharatmala

Bullet Trains

Digital India

Housing For all

NHAI 15km to 30km a day

Powered by Thermal and Solar Energy

49% FDI in Defence

Power for all

Swach Bharat

10 New Metros & 25 Airports

# Indian Construction Equipment (ICE) Industry

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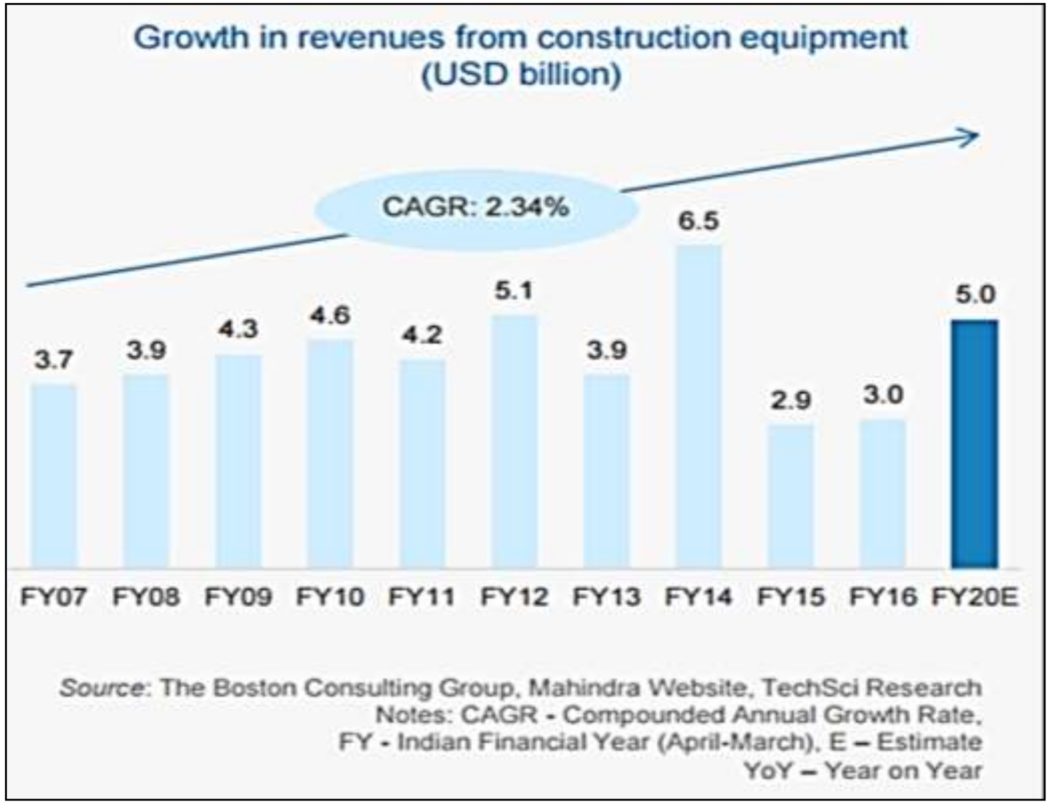
## Industry Revenue Estimates




**Estimated Industry's Revenue by FY 20**

**5 billion US $**

## Industry Growth Levers

| | |
|---|---|
| Rising Infrastructure Investment | 9% of GDP (FY 17) |
| Increasing Private Sector Involvement | In Roads / Communication Power / Airports / etc.. |
| Growth in Rear Estate Sector | US $ 180 Billion by FY 20 From US $ 126 in FY 15 |

2022: Infrastructure Potential – 1.0 trillion US $

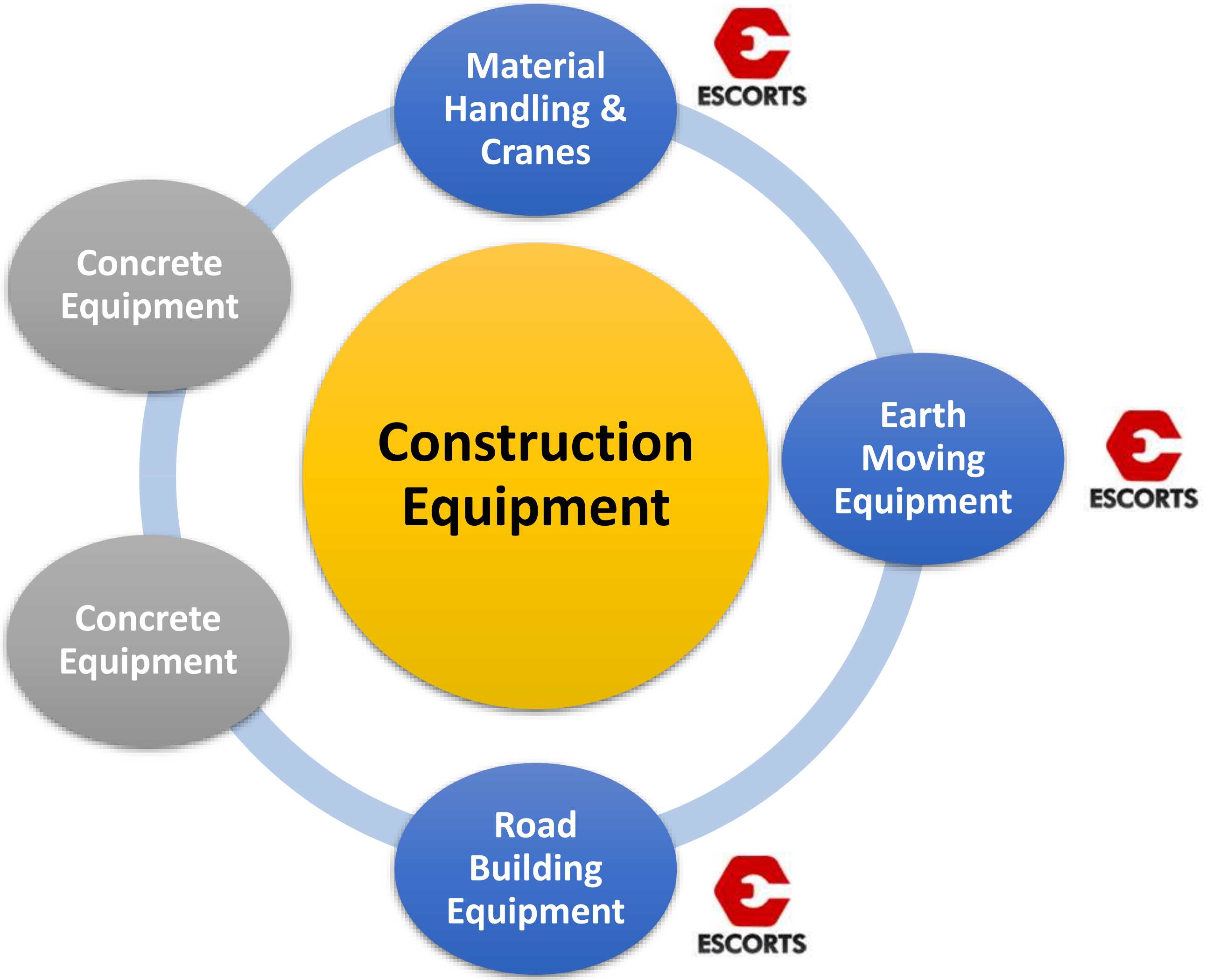
2025: Infrastructure Potential – 6.6 trillion US $

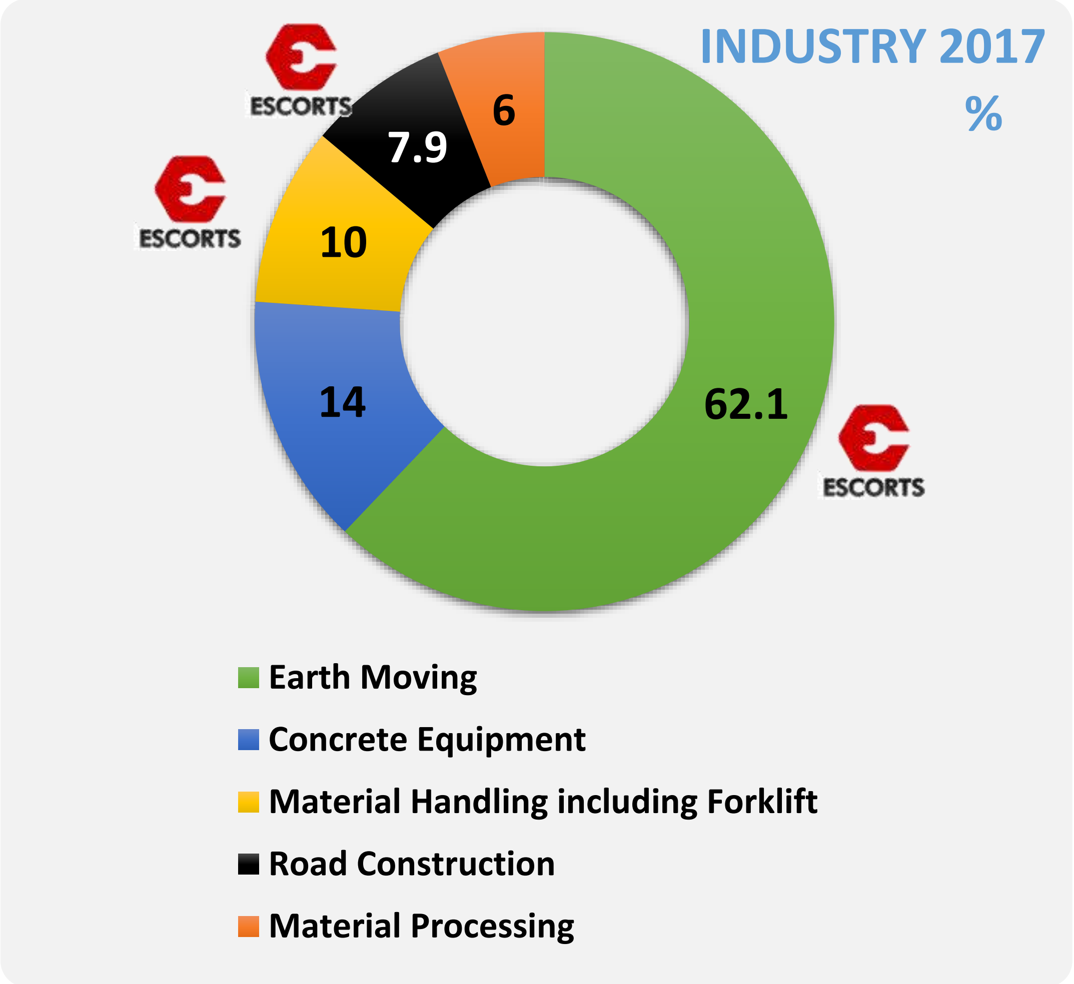
50,000 units By 2007

66,000 units By 2016

97,000 units By 2020

# Construction Equipment Segments




**ECE present in 40 % Revenue Potential of the Construction Equipment Industry – Strategic Partnership and Distribution Agreement make it to 80% in Value Terms**

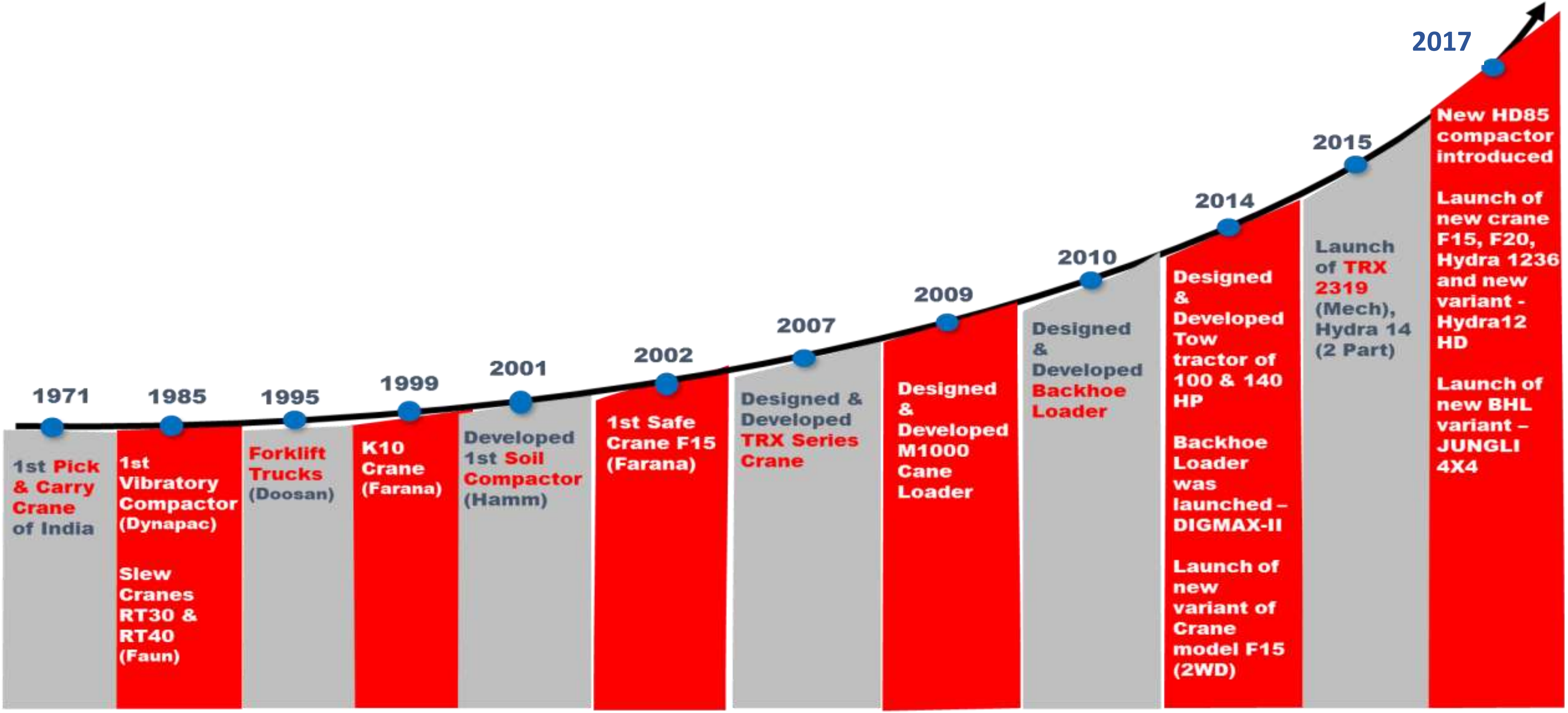
# Segments Application & Users

| | Segment | Major equipment types | Application Segment | User | |
|---|---|---|---|---|---|
| 1 | Earthmoving Equipment | A - Backhoe loader,<br>B - Excavator,<br>C - Wheeled loader | • Mining<br>• Roads<br>• Real Estate/Land Development<br>• Power<br>• Railways/Metros | Small/ Individual | 70% |
| | | | | Medium fleet owners | 20% |
| | | | | Institutional/corporate | 10% |
| 2 | Material Handling & Cranes | Pick and Carry cranes | • Erection work in projects<br>• Power<br>• Steel<br>• Mining<br>• Railway/metros | Government | 5% |
| | | | | Institutional/corporate | 20% |
| | | | | Medium fleet | 20% |
| | | | | Small / Individual | 55% |
| 3 | Road building equipment | Compactors, pavers, asphalt finishers | • Highways<br>• Rural roads<br>• Airports<br>• Land Reclamation<br>• Motor Graders | Rental hirers | 7% |
| | | | | Contractors | 76% |
| | | | | Corporate Buyers | 3% |
| | | | | Govt Bodies | 14% |
| 4 | Concrete equipment | Mixers, pumps, batching plants | • Irrigation Canals<br>• Road construction<br>• Building construction<br>• Airports<br>• Precast/In situ | | |
| 5 | Material processing | Compressors, Crushers | • Stone Quarries<br>• Mining<br>• Over ground blue metal crushing | | |



Source: ICEMA, Off-Highway Research, Escorts Data

# Over 45 Years Of Rich Engineering History



# Product Portfolio

1) Material Handling



2) Earth Moving



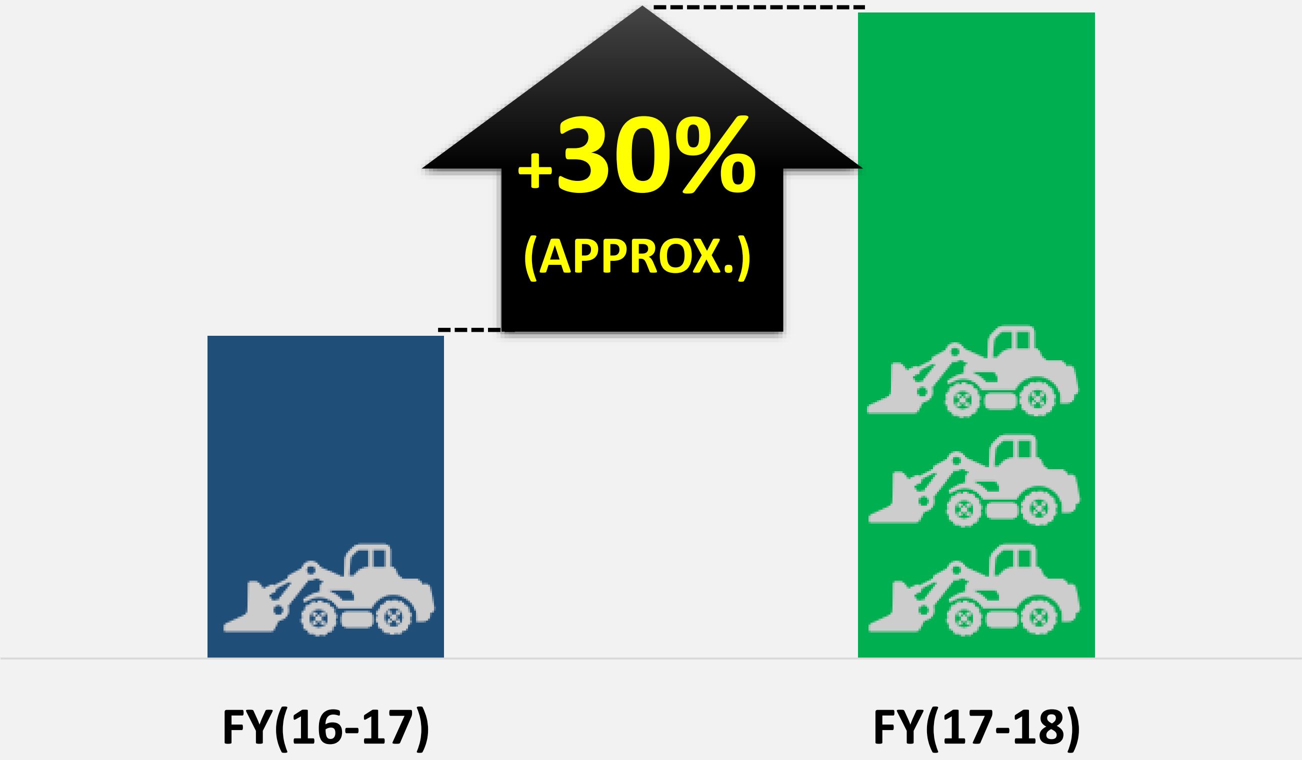
NEW




3) Road Construction



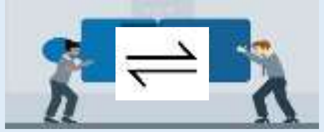
# VOLUMES



# What We Did In Last 3-4 Years

**New Product Launches**
- City Crane
- Jungli
- HYDRA 14EX Plus
- F17

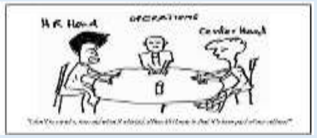


**Backward integration of Construction Operations with Tractors**

**Operations Excellence through Total Productive Maintenance**

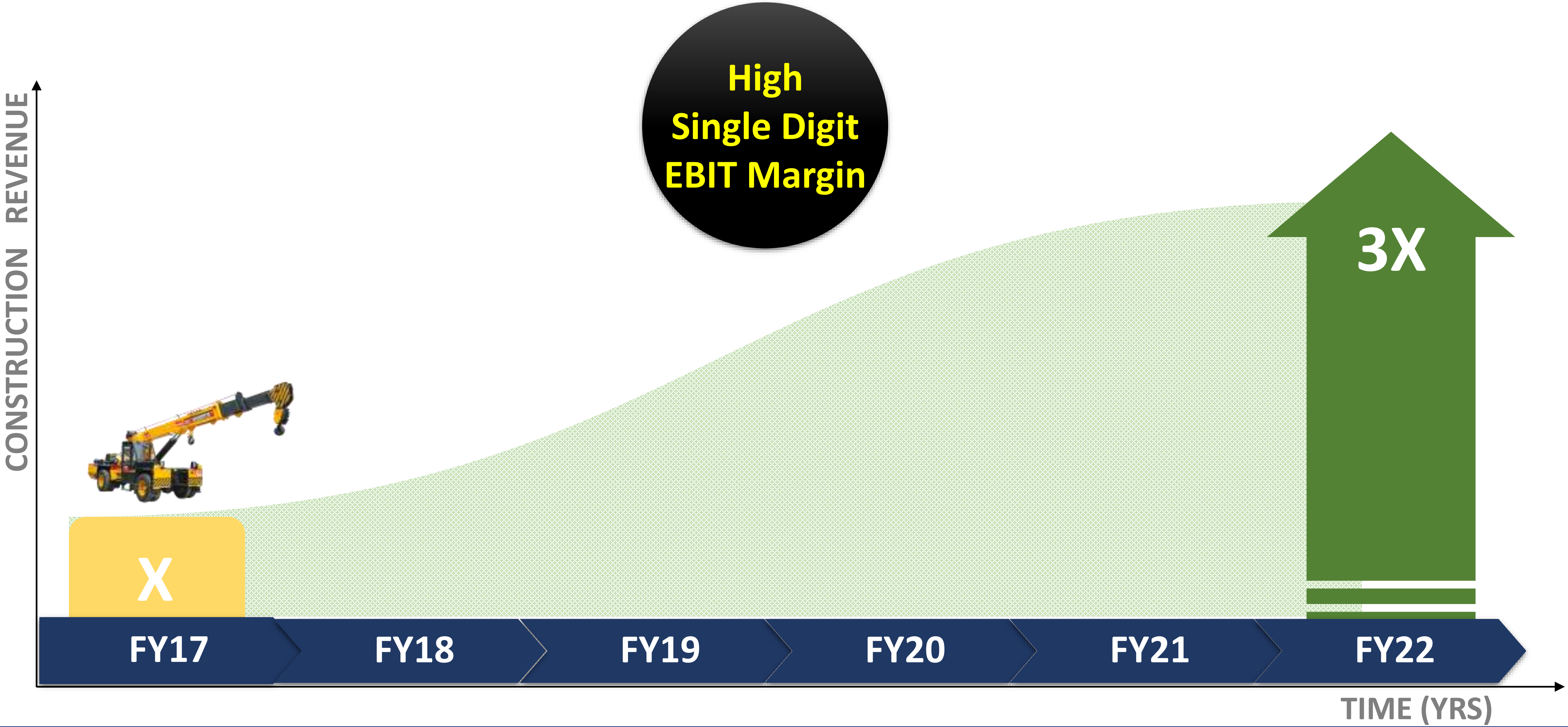
**White Collar Manpower Optimization (30% reduction)**



**Cultural transformation ~Customer Centric, Open Office, training and development**

**Break even point reduction leading to EBIDTA break even**

# FY'22 Outlook



# Levers For Exponential Growth

Strategic Tie ups

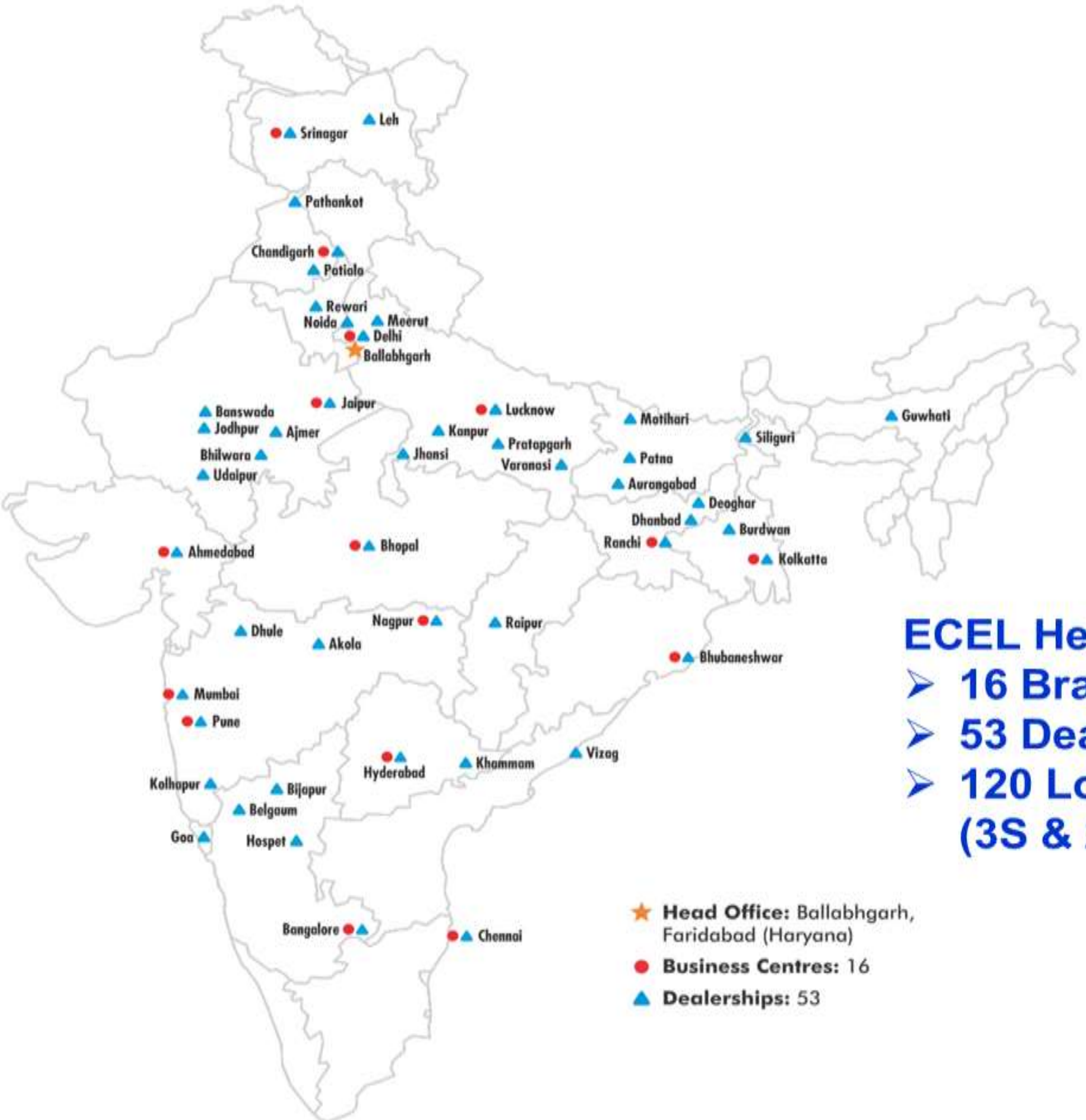
Focus on Cost Reduction : Material Cost

Focus on Export reach Enhancement

Channel Financing

Dealership & Outlet reach expansion

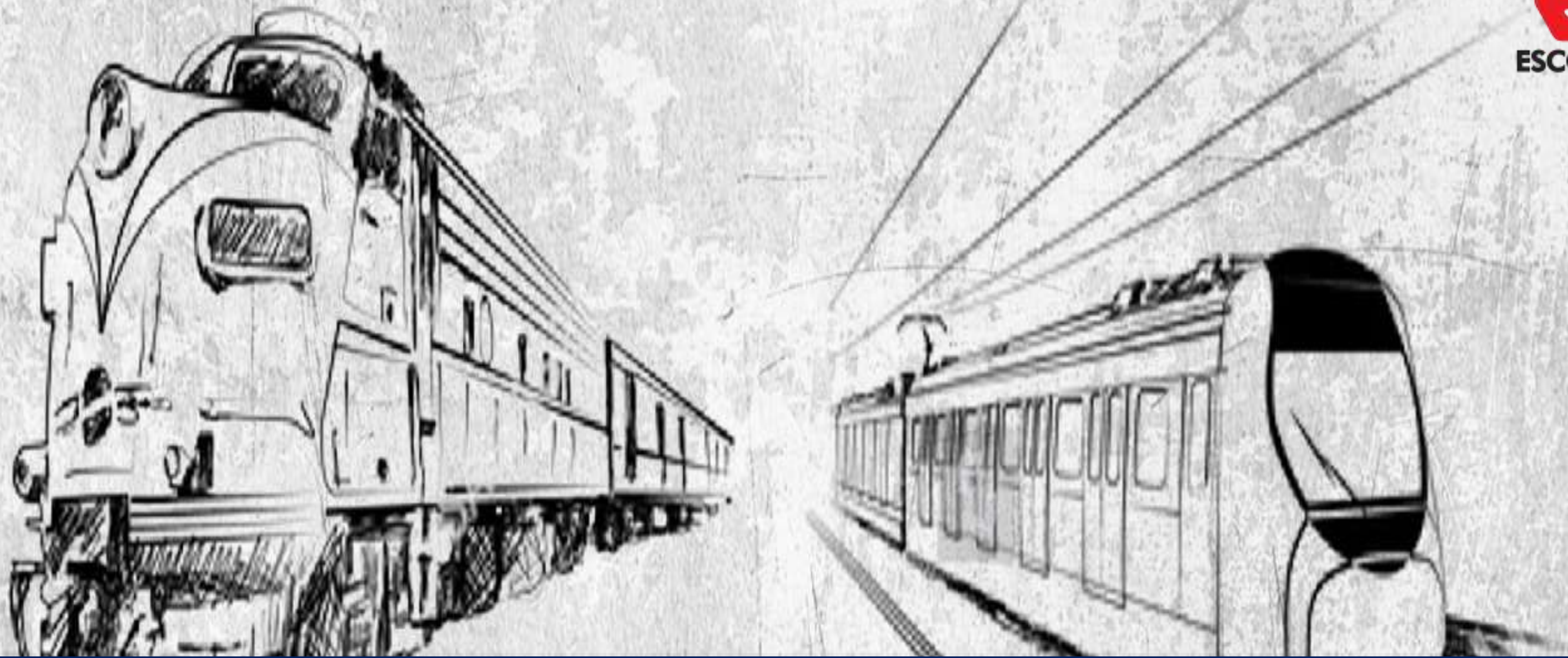
# NETWORK




## ECEL Head Office – Near DELHI

- 16 Branch Offices
- 53 Dealerships (3S)
- 120 Locations/Touch Points (3S & 2S)

ESCORTS



# RAILWAY EQUIPMENT DIVISION (RED)

Mr. DIPANKAR GHOSH - Chief Executive

# MAJOR INVESTMENT IN RAILWYAS

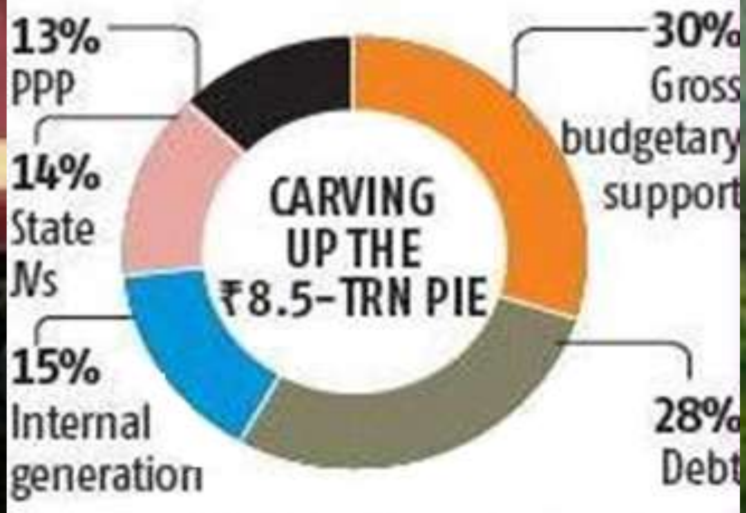
ESCORTS

Estimates of infrastructure investments, (₹lakh crore)

| | Power | Railways | Roads & Highways | Urban | Ports & Aviation | Others | Total |
|---|---|---|---|---|---|---|---|
| FY07-12 Actual | 7.8 | 2.0 | 4.6 | 1.1 | 0.8 | 7.4 | 23.8 |
| FY13-17 RE Niti Aayog | 12.7 | 3.8 | 7.6 | 1.9 | 0.9 | 10.2 | 37.2 |
| FY17-22 E CRISIL | 14.7 | 8.0 | 10.0 | 5.5 | 1.0 | 11 | 50.2 |

Source: NITI Aayog, CRISIL analysis & estimates; RE = Revised estimate; E = Estimate

- For a Plan outlay of ₹1.46 trillion that the railways has proposed for 2018-19, ₹600 billion is expected to come from gross budgetary support
- Of the ₹8.56 trillion five-year mega investment Plan started 2014-15, close to ₹4 trillion has been done so far




JV: Joint venture; PPP: Public-private partnership
Source: Indian Railways

**Strong Demand and Govt Policy Support to drive Mega Investments in the coming years**

# ADVANTAGE INDIAN RAILWAYS

- Increasing urbanization & Rising Incomes ( both urban & rural ) are driving the passenger segment
- Growing Industrialization across the country driving freight traffic

- Freight Traffic set to increase significantly with private sector participation
- Metro rail projects for 50 cities with more than 1 Mn population

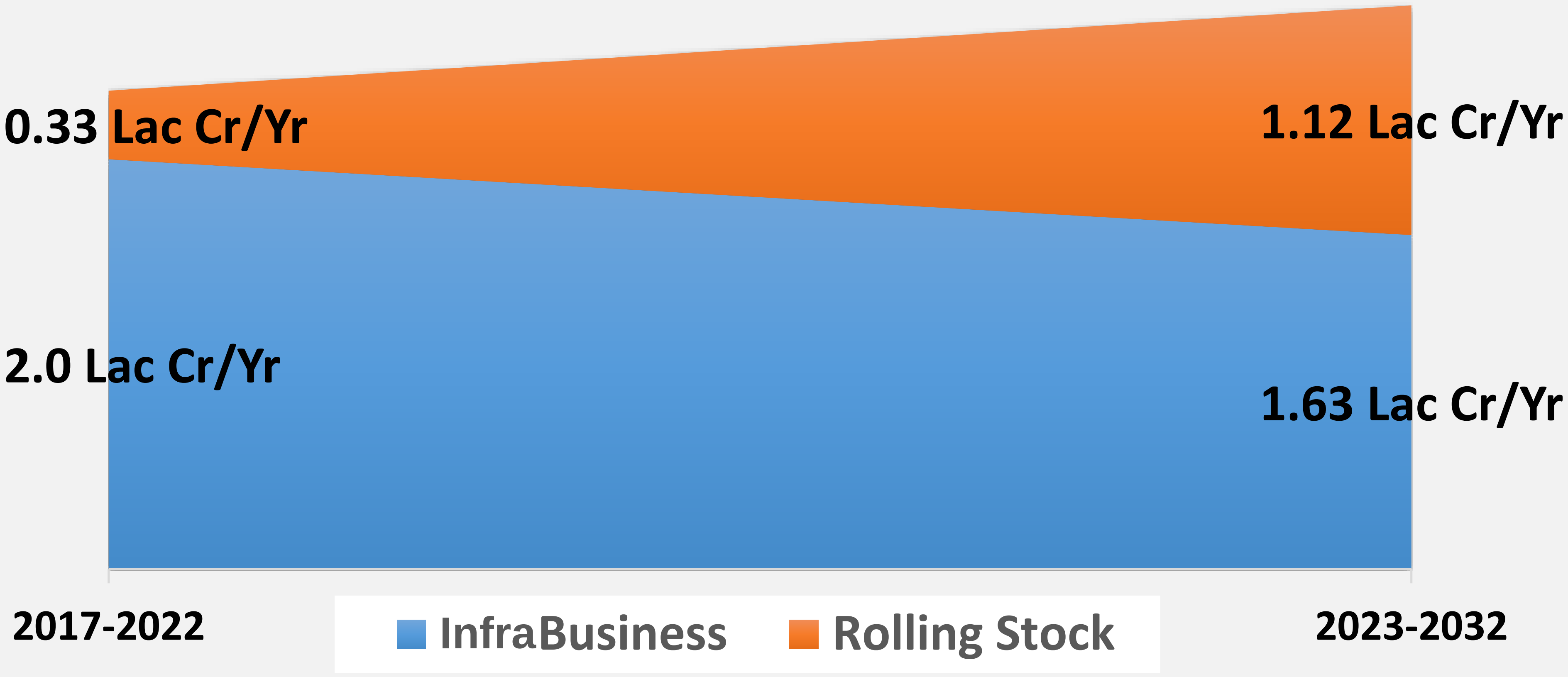

- Massive Investments in the 5-10 years Railway Infrastructure upgradation
- Cumulative FDI Inflows in Railway Related Components from April 2000 to June ‘17 stood at 12.21 Bn USD

- GOI policy support for more PPPs for many Railway Infrastructure projects
- GOI has allowed 100 percent FDI in Railway sector

*Notes: 2017F – MRTS - Mass Rapid Transit System, Forecast 2017, MT - Million Tonnes, FDI - Foreign Direct Investment, FY is Indian Financial Year (April–March), F – Forecast*
*Source: Railway Budget 2014-15, Press Information Bureau, Department of Industrial Policy and Promotion; Aranca Research*

# RAILWAY INDUSTRY SPEND (NEXT 5 TO 15 YEARS)

ESCORTS




First 5 years maximum spend will be in Infrastructure enhancement.
Then after for next 10 years there will be a shift toward spends in Rolling Stock

# GROWTH OPTIONS

Rail Operators

Project, EPC, Infra Companies

OEM: Rolling Stock Manufacturer

Component Manufacturer



## Railway Investment Plan

a) **Rolling Stock**

- > 0.33 Lac Cr/Yr for initial 5 Yrs
- > 1 Lac Cr/ Yr from 6th Yr onwards.

b) **Railway Infrastructure**

- > 2 Lac Cr/Yr for initial 5 Yrs
- > 1.6 Lac Cr/ Yr from 6th Yr onwards.

# ESCORTS RAILWAYS:
## MANUFACTURING SAFETY & COMFORT



ESCORTS
RAILWAY EQUIPMENT DIVISION

**To achieve Leadership position in Indian Railways Components Industry in the defined segment**

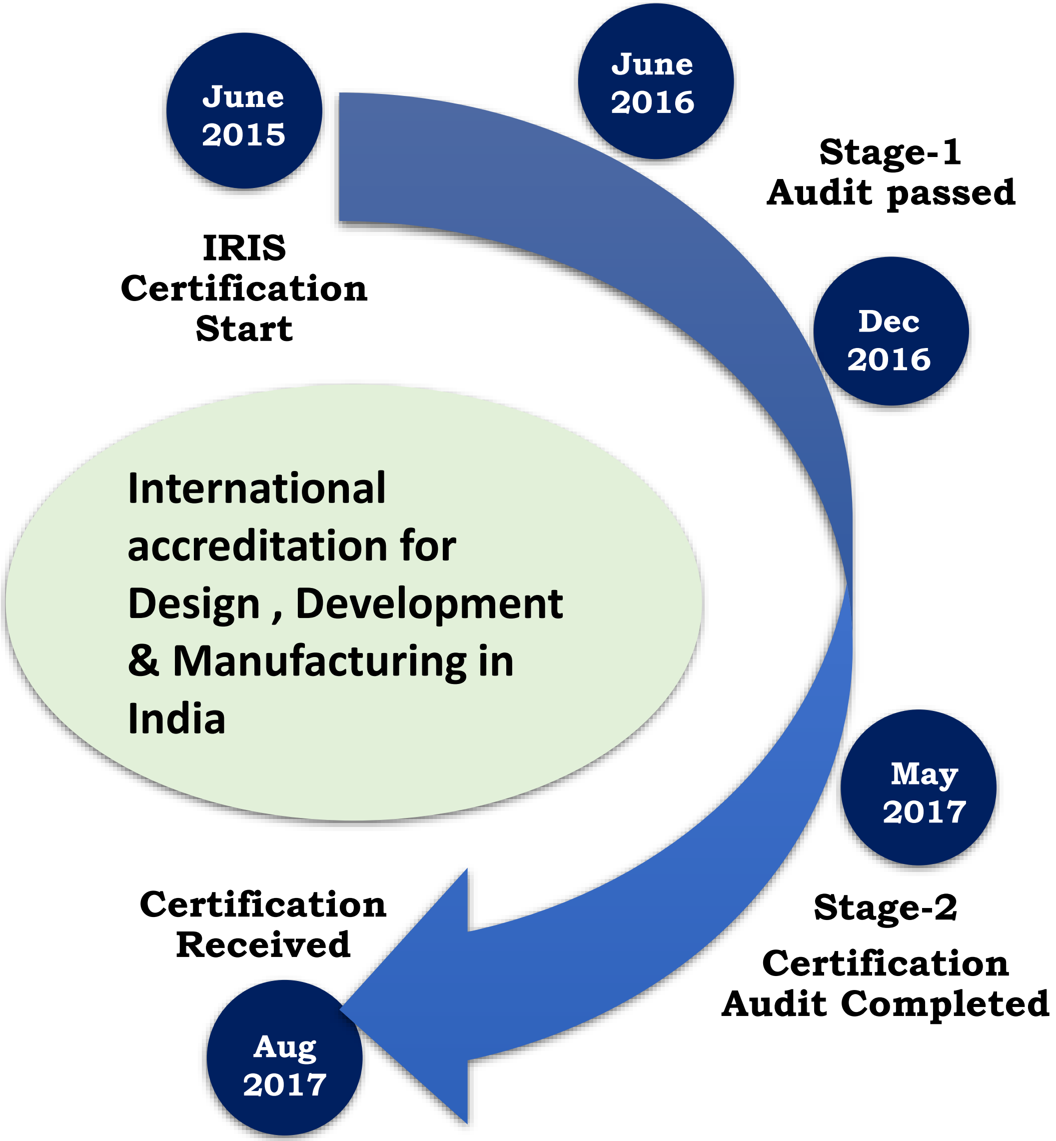
**Major Sourcing partner for global Rolling Stock OEMs & Operators**

# JOURNEY SO FAR

ESCORTS

- **1962** – **Shock absorbers for passenger coaches** (Rhinemettal (Boge), Germany)
- **1966** – **Semi permanent couplers for EMUs** (Scharfenberg, Germany)
- **1968** – **Direct admission Valves for Vacuum brake coaches & wagons** (Knorr Bremse, Germany)
- **1969** – **Electro pneumatic brake for EMUs** (Knorr Bremse, Germany)
- **1978** – **Air brake system** (Knorr Bremse, Germany)
- **1997** – **Composition brake blocks** (ICER, Spain)
- **2012**
  - **AAR H couplers for LHB coaches** (Indigenous)
  - **Fire retardant vestibules for coaches** (Indigenous)
- **2013** – **Bogie mounted brake systems for wagons** (Indigenous)
- **2015** – **Axle Mounted Brake Systems for LHB**
- **NEW DEVELOPMENT**
  - **Brake Electronics, Locomotive Brake System** (In-house)
  - **Locomotive couplers** (Indigenous)
  - **Composition brake pads** (Federal Mogul, US)
  - **Air Spring** (Toyo Tires, Japan)
  - **Brake Disc for LHB Coach**
  - **Brake System for Metro/High Speed**
  - **Door Systems/PSD ( TC)**

# IRIS CERTIFICATION




DNV·GL

C E R T I F I C A T E

awarded to

**Escorts Limited, Railway Equipment Division**
**Plot no. 115, Sector 24**
**121005, Faridabad (Haryana)**
**India**

**DNV GL Business Assurance Zertifizierung & Umweltgutachter GmbH**

confirms, as an IRIS approved certification body, that the Management System of the above organization has been assessed and found to be in accordance with the

**International Railway Industry Standard (IRIS)**
**Revision 02, June 2009**

for the activities of Design and Development and Manufacturing

for the scopes of certification: 2 (Carbody fittings), 3 (Guidance), 7 (Braking system), 17 (Coupler), 20 (Single railway components)

Design, Development, Manufacturing & Supply of Braking Systems, Brake Blocks, Couplers, Dampers.
Manufacturing & Supply of Rubber Products & Rubber to Metal Bonded Components including Gangway Bellows

Certificate valid from: 04/08/2017

Certificate valid until: 25/05/2020*

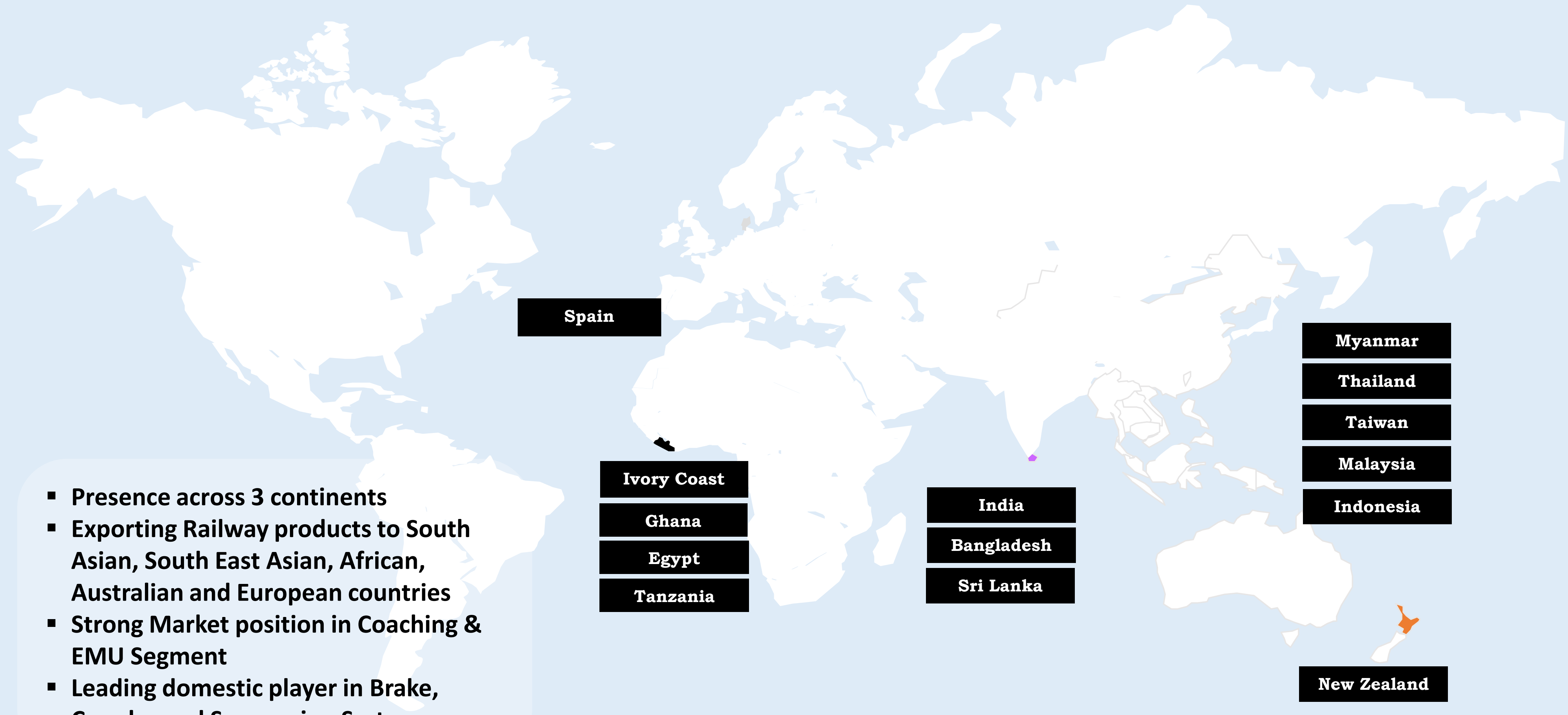
IRIS Certification

Current date: 10/08/2017
Certificate-Register-No: 211508-2016-AQ-IND-UNIFE

* Providing that the subsequent surveillance audits are successful before the validity date of the previous audit.
Certification body address: Schnieringshof 14, 45329 Essen, Germany


1/1

# Providing Cost Effective Solution To World Railways & Metros




- Presence across 3 continents
- Exporting Railway products to South Asian, South East Asian, African, Australian and European countries
- Strong Market position in Coaching & EMU Segment
- Leading domestic player in Brake, Coupler and Suspension Systems



Map is for illustrative purposes

# Global Customers With Whom We Are Working

ESCORTS

Working closely with new global customers for theirs upcoming projects in INDIA

BOMBARDIER

CAF

Talgo

CRCC 中国铁建

ALSTOM

HYUNDAI Rotem

STADLER

SIEMENS

Working closely with new global customers for theirs upcoming projects in INDIA

# On Growth Track

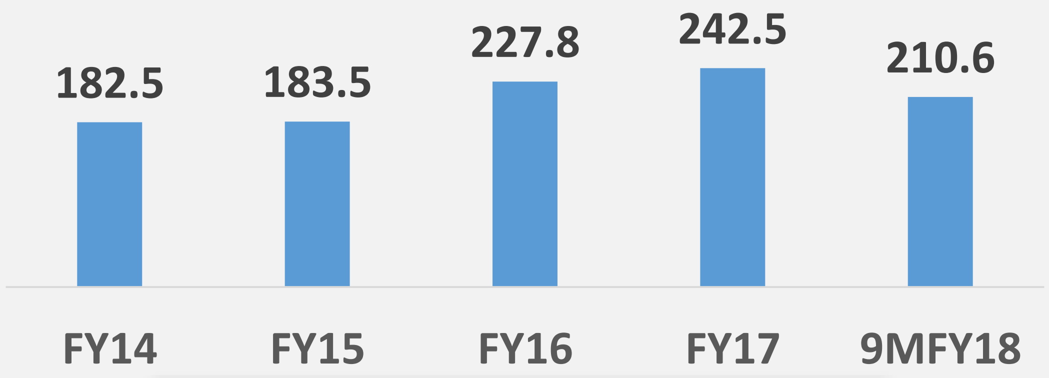
ESCORTS

## YOY EBIT GROWTH of more than 25 % from FY15

- ✓ Manpower Cost, Productivity Improvements
- ✓ Material Cost improvements
- ✓ New Product Revenue boost
- ✓ Building Strong Inhouse R&D

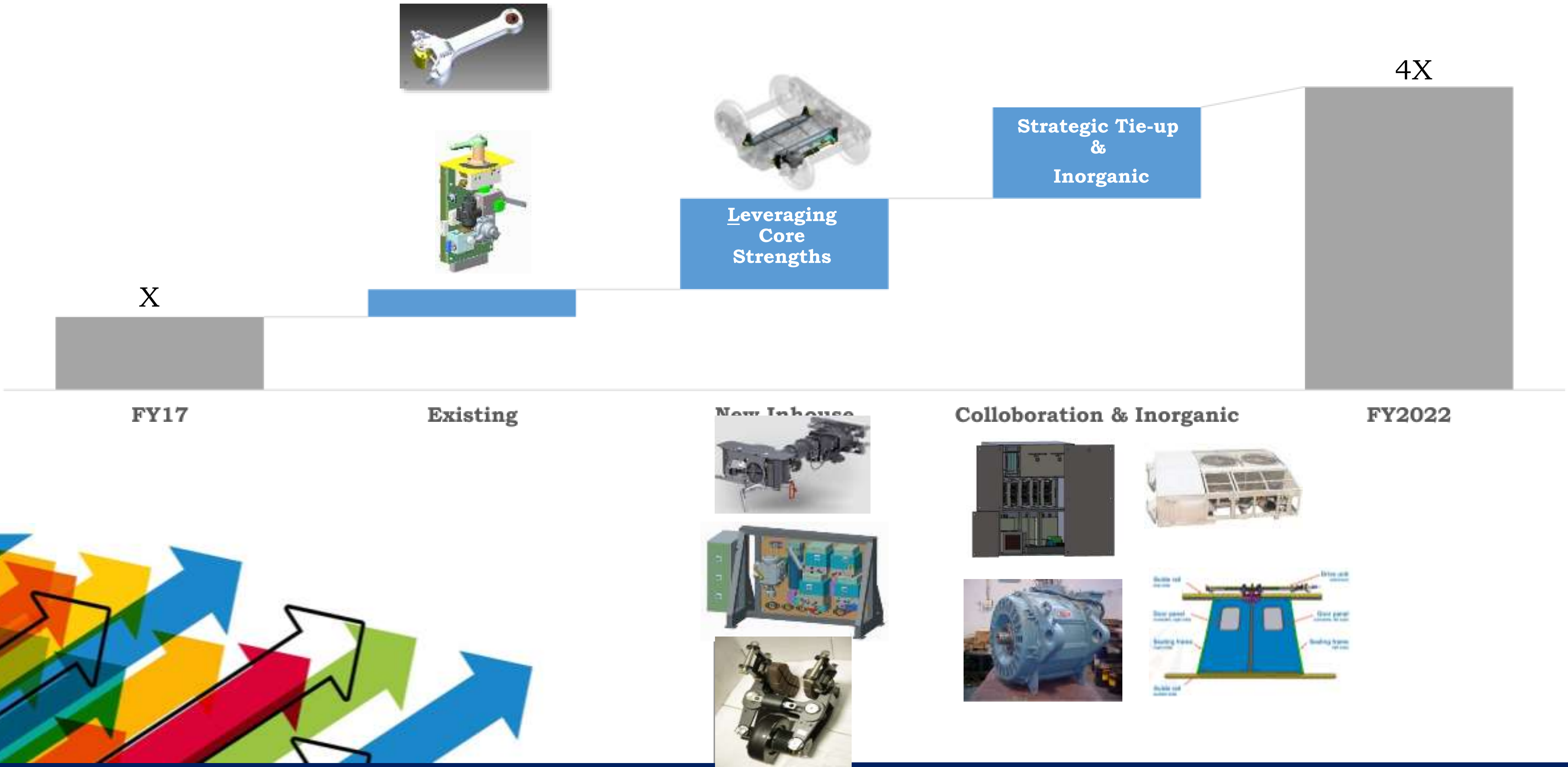
## CONSISTENT ORDER BOOK GROWTH

**₹ 330 Crs. – DEC’17**




REVENUE (₹ Crs.)

# Growth momentum to continue



ESCORTS


# HUMAN RESOURCES (HR)

Mr. Amanppreet Singh Bhatia

# CULTURAL TRANFORMATION @ ESCORTS

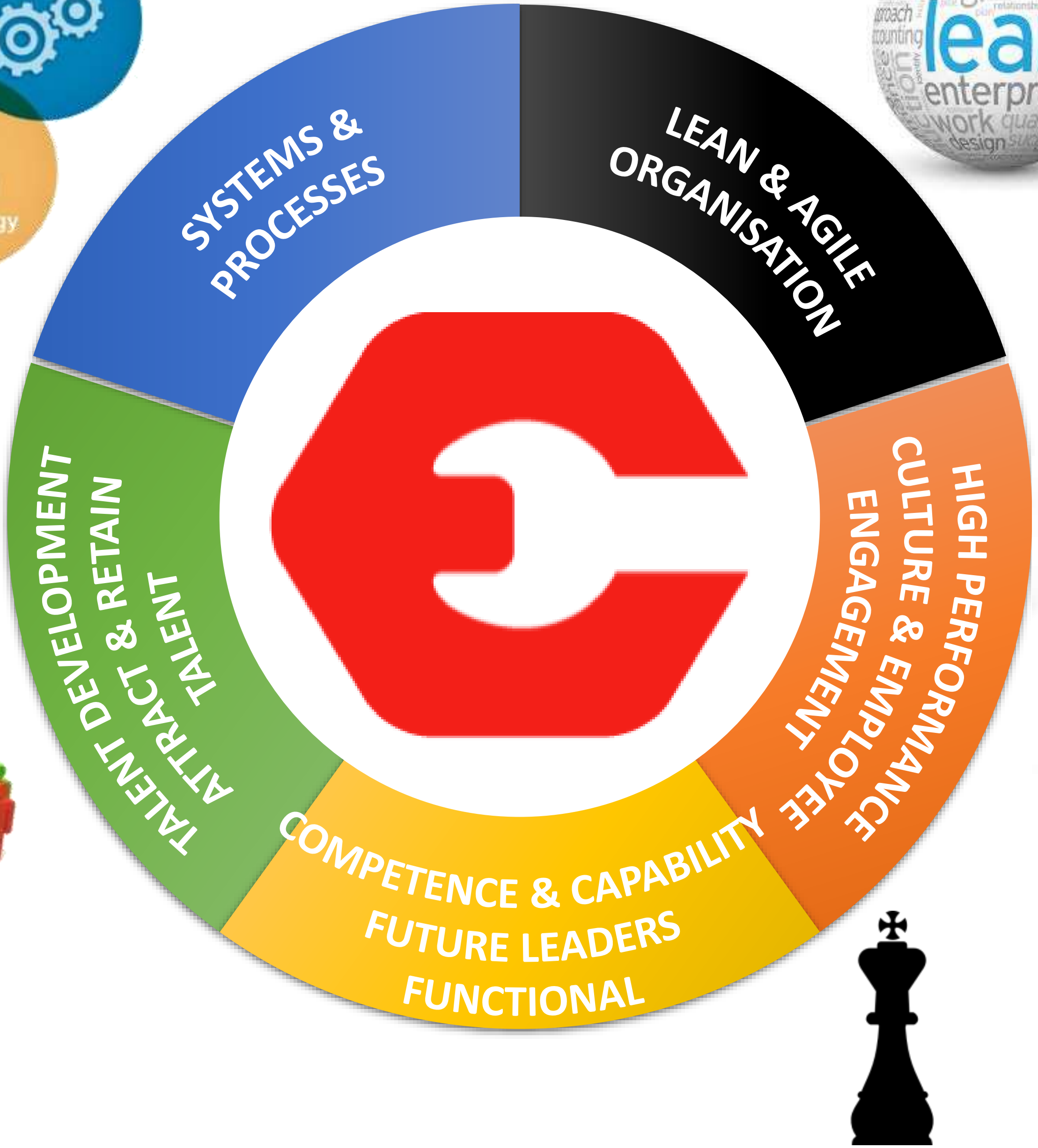
**BUSINESS OBJECTIVE**

Be a "Significant Player" in the markets where we operate with a "Healthy" bottom line

# Levers


People
Process
Technology


service
target
lean
enterprise
work
quality
design
growth
process


SYSTEMS & PROCESSES
LEAN & AGILE ORGANISATION
HIGH PERFORMANCE CULTURE & EMPLOYEE ENGAGEMENT
COMPETENCE & CAPABILITY
FUTURE LEADERS
FUNCTIONAL
TALENT DEVELOPMENT
ATTRACT & RETAIN TALENT

# LEVERS


Integration of structures at backend and frontend across EL

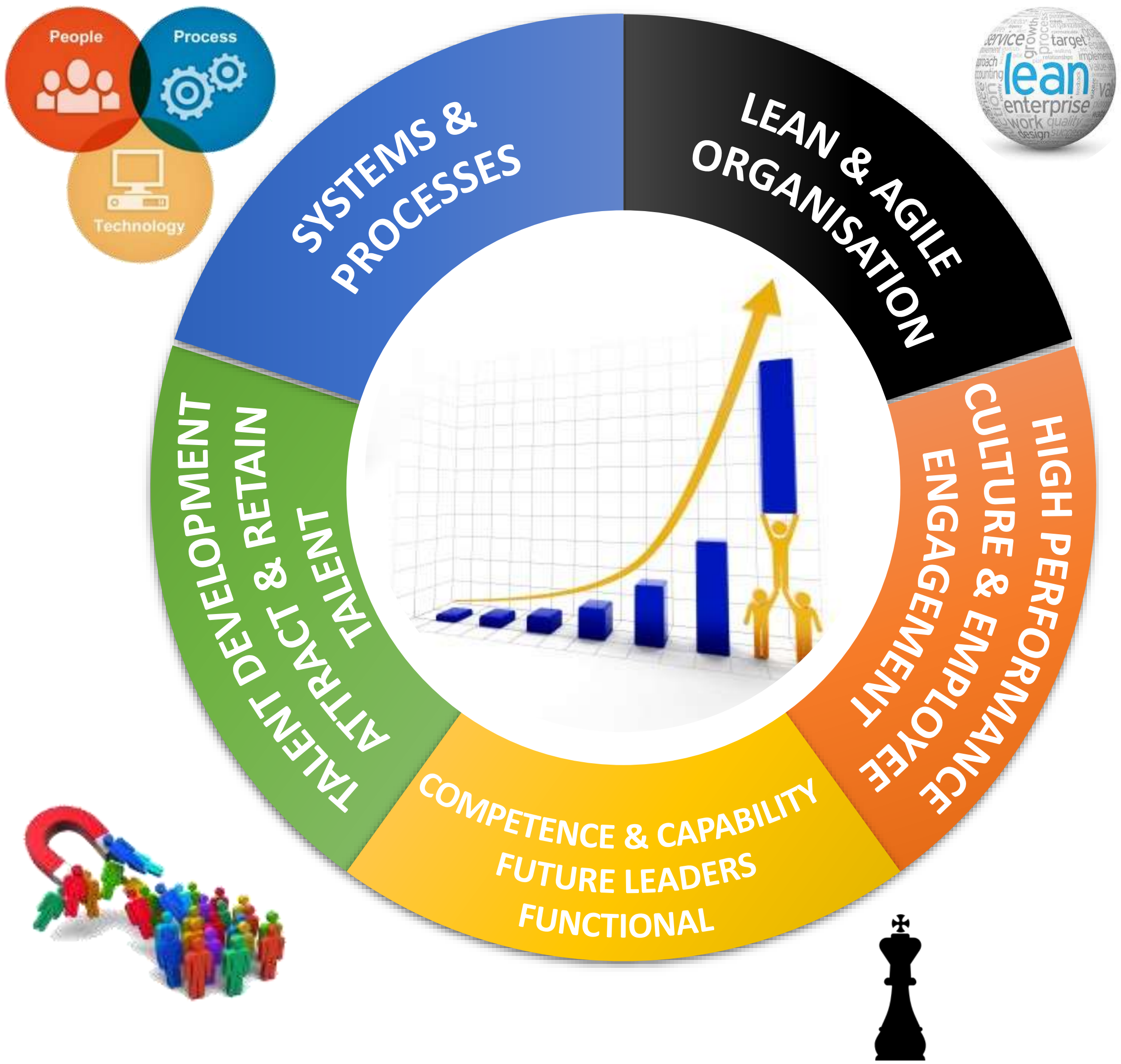
Functional organization with clear-cut accountabilities bringing about ownership

Clubbing of roles / jobs – removing duplication of roles

Optimizing span of control

**Rationalising Manpower Cost**

# LEVERS



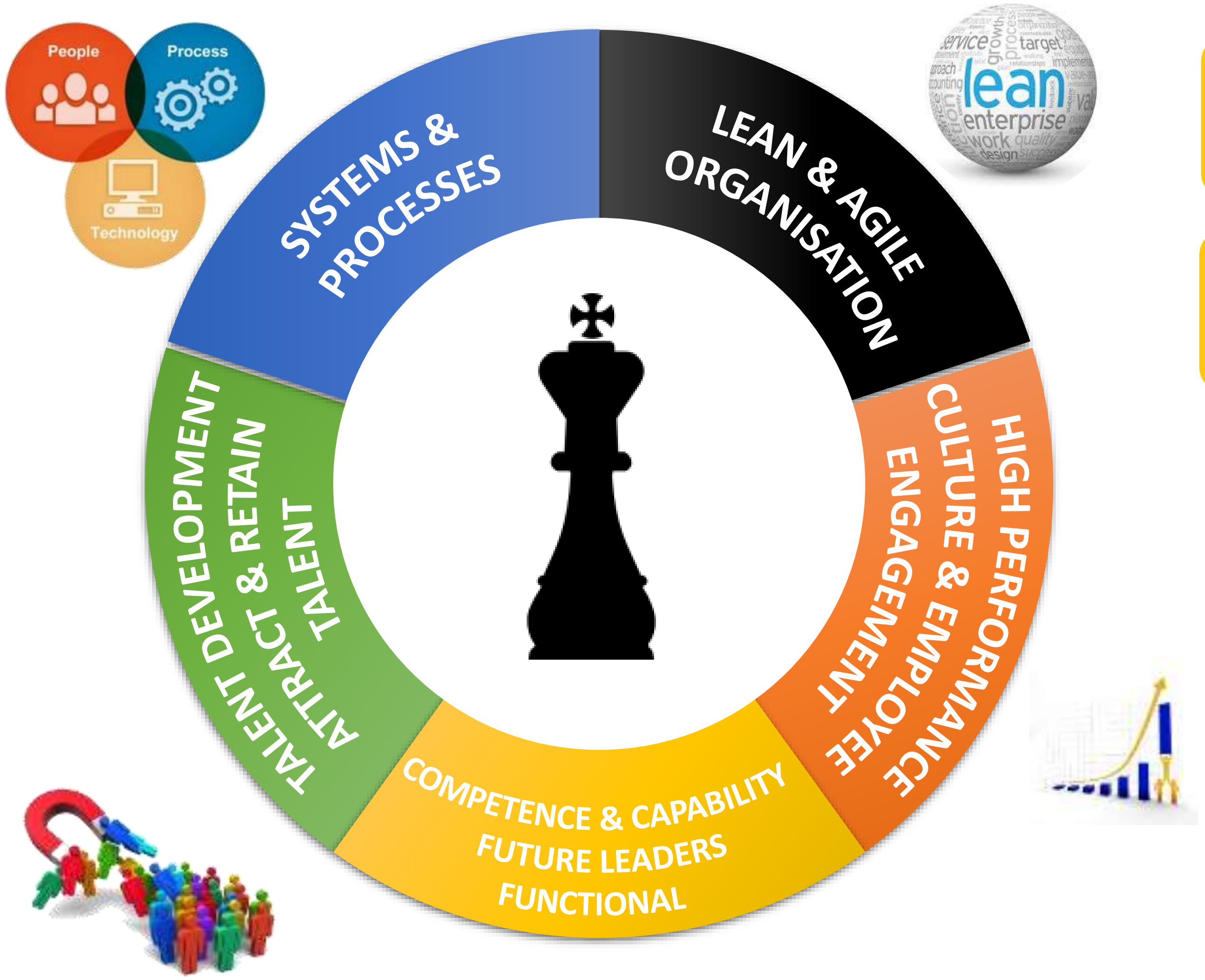

Redefining the Performance Management Process – Change the narrative from **"Managing Performance"** to **"Enabling Performance"**

360 degree feedback of Leadership team to build a culture of **Transparency** for better **Governance** and **Performance**

Introduction of GPTW – Take the engagement score from 63% to 80+%

To be the employer of choice for right talent attraction and retention

# LEVERS




Identify and Groom internal **"Critical talent"** and **"Successors"** – Creating internal talent pool of future leaders in the organization – Fill 60% - 70% positions from within the organization

Creating **"Functional Specialist"** for key roles – R&D, Operations and Sales & Marketing

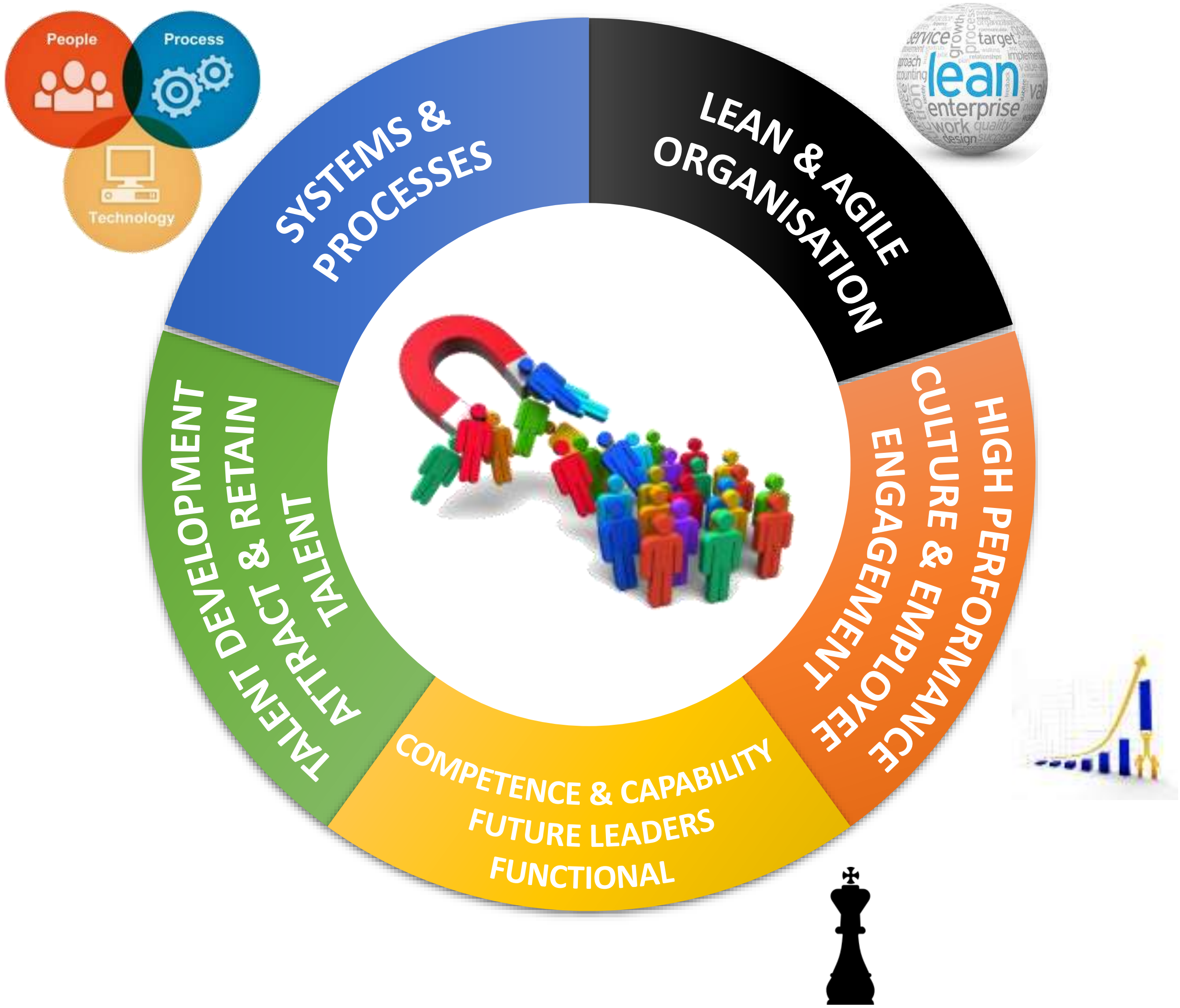
Building frontline capabilities at Dealer Sales Executives and Sales Managers

Dealership Clinics for focused individual development of channel partners

Build the Culture of Coaching at Leadership levels in the organization – Create internal certified coaches

**Enhance Competence at backend, Frontend including Channel and sustenance**

# Levers




- Hire the right talent at the grass root level – Focus on Campus hiring
- Provide internal opportunities – Career Path
- Focus on Employee Engagement and Benefits
- Building opportunities to learn and grow
- Identification of High Potential Talent and creating internal talent for Succession

# LEVERS


Transition from **"Transactional"** focused HR to **"Transformational"** role of HR focusing on Business outcome

Digitization HR process with best in class technology platform

Impactful HR analytics for driving Performance Culture and Talent Management

Real time Information at finger tips

# CULTURE BUILDING FRAMEWORK @ ESCORTS

ESCORTS


**CULTURE IS A JOURNEY,**
**NOT A DESTINATION**

Process

Employee Friendly &
Technology Driven

# Future Transformation Journey

ESCORTS LTD.

**Mr. Shailendra Agarwal**

Chief Transformation Officer (CTO)

# Escorts Business Transformation

## PERFORMANCE

- Outperforming Industry in OE Sales
- Additional revenue streams – Spares, Trading and Services
- Cost Competitiveness - Material, Manpower and fixed costs

## CAPABILITY BUILDING

- Enhancing Product portfolio
- Agile and responsive Processes
- Plant capability - 2 X within existing space
- Building and strengthening alliances with competent Partners
- Performance culture through People development

# Outperforming Industry In Sales Growth

ESCORTS

## Investing in Brands - Farmtrac and Powertrac

- Separate channels for Farmtrac & Powertrac to enhance sales & Marketing focus
- Widening & deepening pan-India distribution channels for Customer reach

## New way of working for Sales acceleration

- "Triplet Based Strategy" of Micro-markets (Geography-Application-Product) -60 Triplets with annual TIV of 10-15 k each
- Winning proposition for each cluster with matching products and positioning against competition
- Unlocking of entire ecosystem for cluster thro' strengthening of Channel funding, Retail financing and Dealer development
- Escorts Sales academy for Dealer sales executives as well as our Sales force

# New Products (FY 2016→2018) – DOMESTIC MARKET

ESCORTS

FARMTRAC

POWERTRAC

## COMPACT SEGMENT

Compact Series
22 & 26 HP

STEELTRAC

PT 425 N (PS, OIB)

## SUB UTILITY SEGMENT

Classic Series
35 to 45 HP

PT 434 PLUS

PT 439 PLUS

EURO 41 PLUS

EURO 45 PLUS 4WD

## UTILITY SEGMENT

Classic Series
45 to 55 HP
- F20 Technology
- T20 Technology

FT 6080 PRO

EURO 55

EURO 60

EURO 75

12 HP — 12 HP to 80 HP PRODUCTS RANGE — 80HP

# NEW PRODUCTS (FY 2016 TO 2018) – EXPORT MARKET

ESCORTS

## Compact Segment

22 HP 25 HP
26 HP 30 HP
Mechanical & HST

## Sub Utility Segment

FT 6045

FT 6050 C

## Utility Segment

FT 6075 PRO

EURO 60/75 4WD

FT 6080 PRO

FT 6090 PRO

FT 6090 X PRO

FT 6090 X PRO CAB

22 HP **22 HP to 90 HP PRODUCTS RANGE** 90HP

# Transformational Products – ECE


CT SMART 15


Jungli 4 x 4

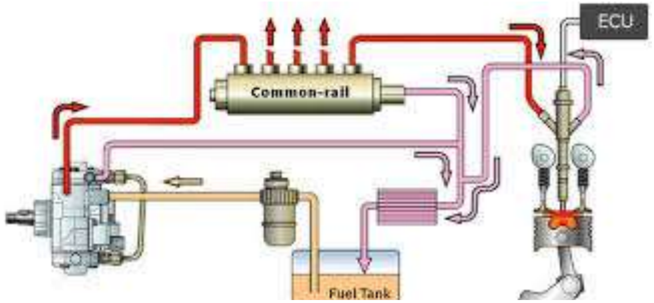

New EC 5250 with Water Cooled Engine

RT 40 POWER BOOM

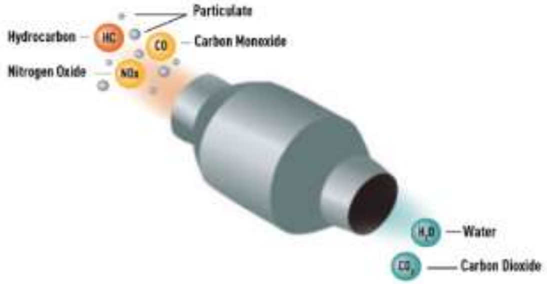
# FUTURE PRODUCT MAP - 2022

EMISSIONS

- STAGE IV - EU
- TIER IV - USA
- STAGE V - EU
- BHARAT TREM IV - INDIA



COMMON RAIL DIRECT INJECTION



DISEL OXIDATION CATALIST- DOC

LEVERS FOR SUPPORT

AVL

BOSCH

ARAI
Progress through Research

CARRARO

DANA

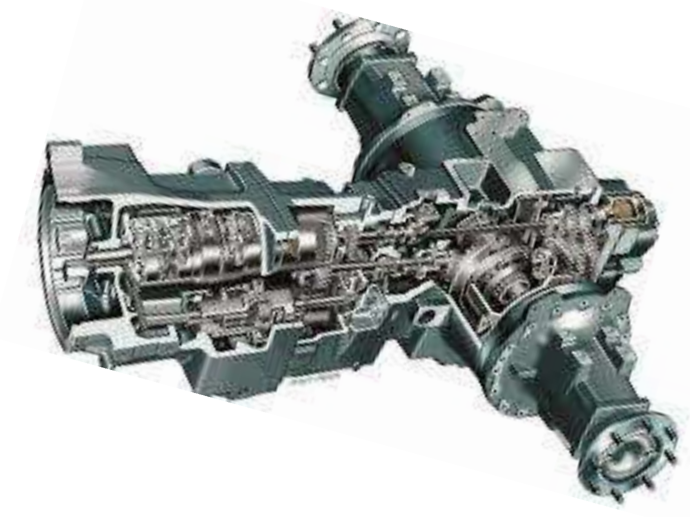
MAGNA STEYR

DRIVE TRAINS

- HYDRO STATIC
- SYNCHRO SHUTTLE
- POWER SHIFT
- MULTIPLE SPEEDS

(AS PER DIFF SOIL & APP.)


HYDROSTATIC TRANSMISSION


POWERSHIFT TRANSMISSION

# FUTURE PRODUCT MAP - 2022

PRODUCTS

- TARGETING LOWER & HIGHER HP SEGMENT
- ALTERNATE FUEL PRODUCTS

ESCORTS

COMPACT SEGMENT

18 HP

35 HP

- LOWER HP FOR BASIC ORCHARD NEEDS
- HIGHER HP TO MEET MECHANIZATION NEEDS

SUB UTILITY SEGMENT

45 HP

55 HP

- 45-50 HP LIGHT WEIGHT OFFERING TO MEET RICE REQUIREMENTS
- INCREASED POWER RANGE IN SAME HP SEGMENT

UTILITY SEGMENT

60 HP

110 HP

- NEW STYLING & PLATFORMS
- HYBRID & AUTONOMOUS

LEVERS FOR SUPPORT

PORSCHE DESIGN

Trimble

TATA

TATA TECHNOLOGIES

WABCO

# Agile And Responsive Processes

ESCORTS

## New way of working for Sales acceleration

- Digitization of processes and advanced analytics – Lead generation, lead prioritisation and recommendation to Dealer Sales executive
- ESMS (Escorts Sales Management ) & EDMS (Escorts Dealer Management )

## TPM as a Core methodology

- TPM Excellence award from Japan Institute of Plant Maintenance in March, 2017
- Culture of workmen ownership for Safety, Quality and Cost (Zero ABCD)
- Journey towards TPM World class status with extension of TPM to partners

## Product Development Process

- Concurrent working and Supplier collaboration for lead time reduction

# COST COMPETITIVENESS

ESCORTS

## Material Cost : Targeting for Best in Industry Cost structure

- Alternate Vendors, Alternate technologies and Alternate materials
- Supplier suggested Value engineering with benefit sharing
- Design levers – Feature value analysis, Model specific tear down for high volume – low contribution models

## Fixed Cost : Optimisation & variablisation of costs for flexibility in down cycles

- **Manpower Cost**
  - Philosophy of zero based Org redesign for white collar
  - Blue collar productivity through multiskilling and zero defect processes
  - Consolidation of backend and support functions
- **Energy Cost** – Use of solar power, new technologies for energy efficiency
- **Administrative overheads** - Zero based working and renegotiations for Travel, Telecom, Logistics and job contracts, Office consolidation

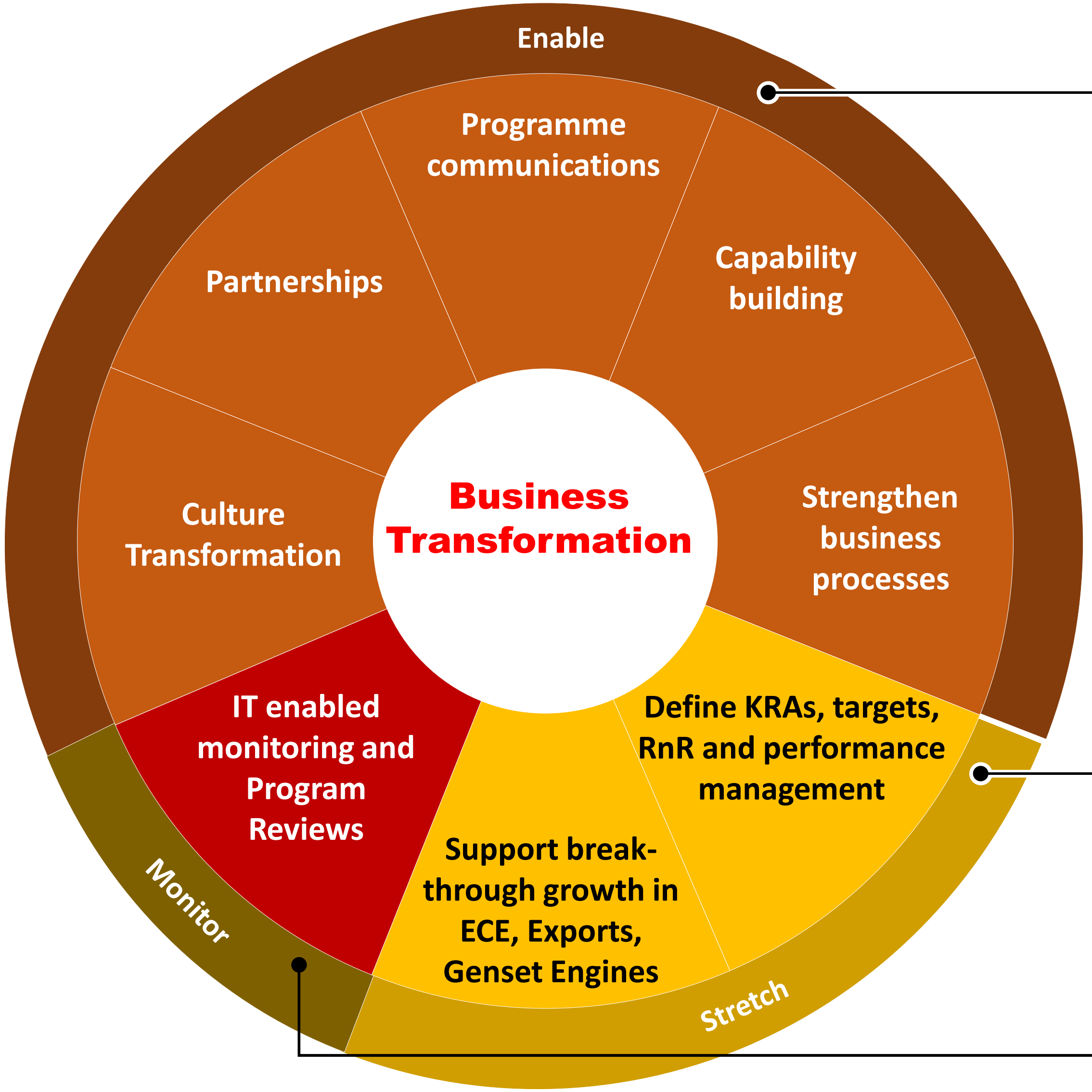
# Plant Capability

## Plant Capability for 150,000 Tractors in existing space

- Lean Inhouse Manufacturing with focus on Strategic and critical to Quality activities
- Building flexibility in manufacturing lines for changing model mix
- New tooling technology for cycle time reduction
- Overall equipment efficiency improvement through Kaizens by employees

# Building Performance Culture

ESCORTS




- **Enable** through Capability building, Communication and Strengthening Business Processes
- **Stretch** through audacious goals and targets, Input-output Performance Indicators and Recognition of top performers
- **Monitor** through reviews for providing support

# Plan To 2022

## CAPABILITY BUILDING

- Enhancing **Product** portfolio
- Agile and responsive **Processes** - Sales lead gen to conversion, Product development, Quality
- **Plant** capability - 2 X within existing space
- Building and strengthening alliances with competent **Partners**
- Performance culture through **People** development

ESCORTS

## Our Aspiration for 2022

**EAM (Escorts Agri Machinery)**

- ✓ To create standards & Lead Indian Farm Mechanization Services Industry
- ✓ To achieve challenger position (No.2) in Indian Tractor Industry

**ECE (Escorts Construction Equipment)**

- ✓ To achieve Dominant Leadership position in Indian Crane Industry

**RED (Railways Equipment Division)**

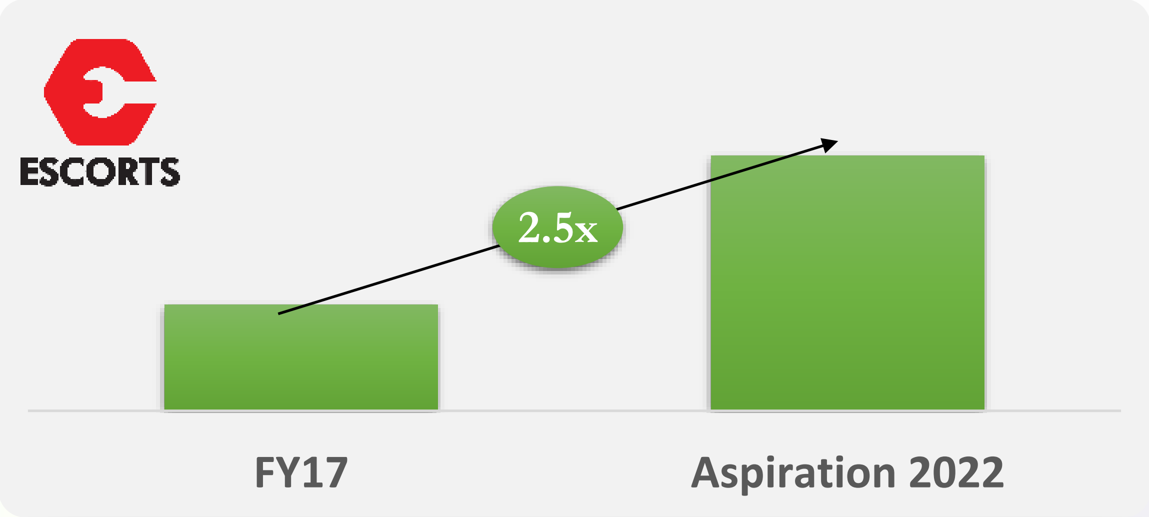
- ✓ To achieve Leadership position in Indian Railways Components Industry in the defined segments

ESCORTS

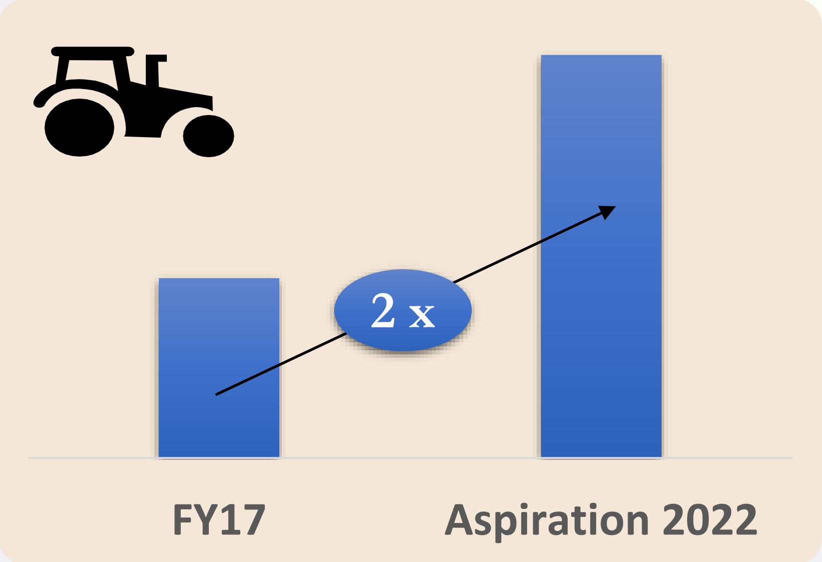
# Vision

## By 2022

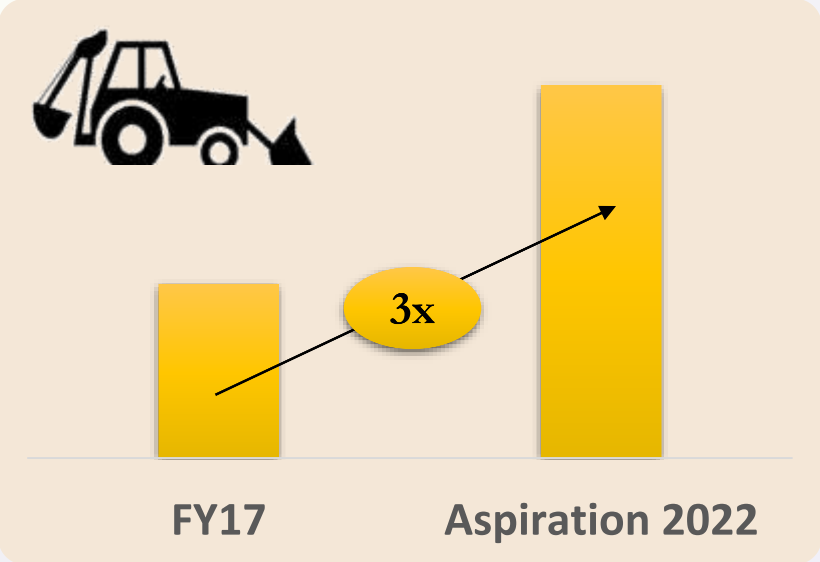
# REVENUE (₹ CR.)



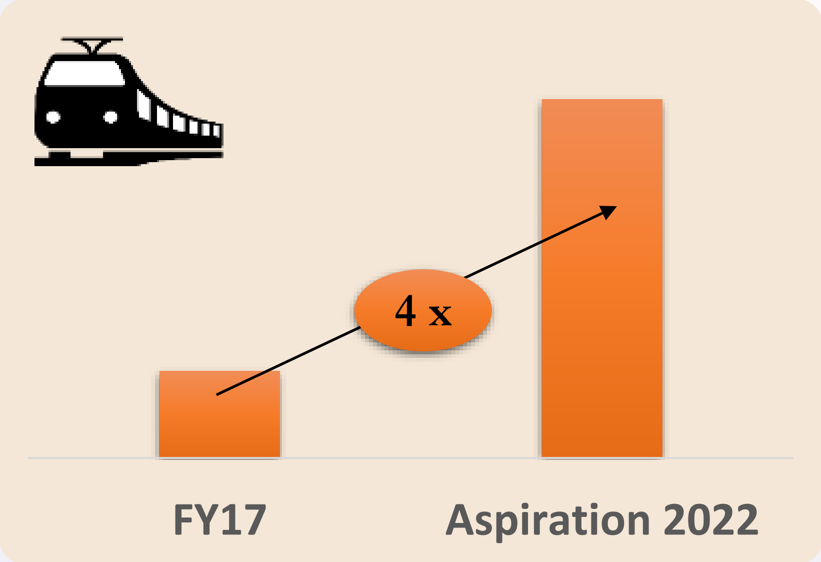
2.5x
FY17
Aspiration 2022

2 x
FY17
Aspiration 2022

3x
FY17
Aspiration 2022

4 x
FY17
Aspiration 2022

# VISION 2022

2.5X Revenue


10% Plus


Margin 13~14%


25% - 30%

# SAFE HARBOR

ESCORTS

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 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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# THE NEW ESCORTS




## TOGETHER 2022