



Ref /EL/SEC/AGM/2019

Date: July 3, 2019

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: Notice of 73<sup>rd</sup> Annual General Meeting (AGM) & Cut-off date of Remote e-Voting & Voting at the AGM.**

This is to inform you that the 73rd Annual General Meeting (AGM) of the Company is scheduled to be held on **July 27, 2019 at 10.00 a.m.** at Redisson Blu Hotel, Sector 20 B Mathura Road Faridabad - 121001 Haryana. We are sending herewith copy of Notice of the AGM & Annual Report for the Financial Year 2018-2019 for your record.

Pursuant to Regulation 44 of SEBI (*Listing Obligations and Disclosure Requirements*) Regulations, 2015, Company is providing voting facility to its members whose names are recorded in the Register of Members or in Register of Beneficial Owners maintained by the Depositories as on the **cut-off date i.e. July 20, 2019** to cast their votes through Remote e-voting or voting at the AGM through Ballot Paper. The Remote e-voting period will commence at **9.00 a.m. on Wednesday, July 24, 2019 and end at 5.00 p.m. on Friday, July 26, 2019.**

Further we wish to inform you that Company has published the enclosed Notice dated 2/07/2019 in the English & Hindi newspaper i.e. Financial Express & Jansatta edition dated 03/07/2019.

This is for your information & record.

Thanking you,

Yours Faithfully  
For **ESCORTS LIMITED**

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

Encl: As above

Copy to:

The Manager Listing Department <b>BSE Limited</b> 25 <sup>th</sup> Floor P J Towers	The Manager Listing Department <b>Delhi Stock Exchange Limited</b> DSE House, 3/1 Asaf Ali Road
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**ESCORTS LIMITED**

Corporate Secretarial & Law

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

Phone : +91 - 129-2250222, Fax : +91-129-2250060

E-mail : corpsl@escorts.co.in, Website : www.escortsgroup.com

Corporate Identification Number - L74899HR1944PLC039088

दिल्ली व विजयवाड़ा में यूआइडीएआई के आधार सेवा केंद्र शुरू

नई दिल्ली, 2 जून (भाषा)।

प्राचीन डिजिटल पाठ्यक्रम प्रतिक्रमा (यूआइडीएआई) में दिल्ली और विजयवाड़ा में अपने पहले दो आधार सेवा केंद्रों का शुरुआत हुआ है।

AXIS BANK
अपने सर्वोत्कृष्ट बैंकिंग के लिए चुनें
अपने बैंक के लिए चुनें

ब्रिटेन के हाई कोर्ट ने माल्या को प्रत्यर्पण आदेश के खिलाफ अपील की मंजूरी दी

लंदन, 2 जून (भाषा)।

ब्रिटेन के हाई कोर्ट ने माल्या को प्रत्यर्पण आदेश के खिलाफ अपील की मंजूरी दी।

हालांकि हाई कोर्ट ने माल्या को प्रत्यर्पण आदेश के खिलाफ अपील की मंजूरी दी है, लेकिन माल्या को प्रत्यर्पण आदेश के खिलाफ अपील की मंजूरी दी है।

बैंक धोखाधड़ी: सिंभावली शुगर की 110 करोड़ की संपत्ति कुर्क

नई दिल्ली, 2 जून (भाषा)।

पुणे निदेशालय (ईडी) ने बैंक कर्न धोखाधड़ी और उससे जुड़े घनशोधन मामले में सिंभावली शुगर लिमिटेड की 110 करोड़ रुपए की संपत्ति कुर्क की है।

सिंभावली शुगर लिमिटेड के तहत कर्न धोखाधड़ी के तहत कुर्क की गई संपत्ति की पहचान की गई है।

पुणे निदेशालय (ईडी) ने बैंक कर्न धोखाधड़ी और उससे जुड़े घनशोधन मामले में सिंभावली शुगर लिमिटेड की 110 करोड़ रुपए की संपत्ति कुर्क की है।

सिंभावली शुगर लिमिटेड के तहत कर्न धोखाधड़ी के तहत कुर्क की गई संपत्ति की पहचान की गई है।

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यूको बैंक
यूको बैंक

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रघु वसुली अधिग्रहण
रघु वसुली अधिग्रहण

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हिमाचल प्युसुस्टिक
हिमाचल प्युसुस्टिक

कृषि निर्यात बढ़ाने को
कृषि निर्यात बढ़ाने को
कृषि निर्यात बढ़ाने को



# Escorts Limited

CIN: L74899HR1944PLC039088

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

Tel.: 0129 – 2250222, Fax: 0129 – 2250060

E-mail: corpsl@escorts.co.in

Website: www.escortsgroup.com

## NOTICE

Notice is hereby given that 73rd Annual General Meeting (AGM) of the members of ESCORTS LIMITED will be held at Radisson Blu Hotel, Sector – 20B, Mathura Road, Faridabad - 121 001, Haryana at 10:00 a.m. on Saturday, July 27, 2019, to transact the following business:-

### A. ORDINARY BUSINESS:

1. To consider and adopt:
  - (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2019, the reports of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2019.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Ms. Nitasha Nanda (DIN 00032660), who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. G.B. Mathur (DIN 00043352), who retires by rotation and being eligible, offers himself for re-appointment.

### B. SPECIAL BUSINESS:

5. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2020 and, in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“Resolved That** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 {including any statutory modification(s) or re-enactment(s) thereof, for the time being in force}, M/s. Ramanath Iyer & Co., Cost Auditors (Firm Registration No. 000019) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, be paid a remuneration not exceeding ₹ 8.50 lacs plus applicable tax and reimbursement of out of pocket expenses.

**Resolved Further That** the Board of Directors of the Company be and is hereby authorised to do all acts and take

all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To appoint Mr. Sunil Kant Munjal (DIN 00003902) as an Independent Director and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“Resolved That** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {including any statutory modification(s) or re-enactment(s) thereof for the time being in force}, Mr. Sunil Kant Munjal, who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office upto the date of ensuing Annual General Meeting, who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a period of 5 (five) consecutive years upto the conclusion of the 78th Annual General Meeting of the Company to be convened in the calendar year 2024.”

7. To approve payment of commission to non-executive directors for a period of 5 years and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“Resolved That** pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder {including any statutory modification(s) or re-enactment(s) thereof} and subject to such approval(s) as may be required, the Non-Executive Directors of the Company (i.e. Directors who are neither in the whole-time employment of the Company nor a Managing Director) be paid Commission, for a period of five years commencing from financial year 2019-20, as may be decided by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which expression shall also include any Committee thereof or any person authorized

by the Board), from time to time provided that the total commission payable to the Non-Executive Directors, per annum, shall not exceed 1% (one percent) of the net profits of the Company as computed in the manner specified in Section 198 of the Companies Act, 2013, with authority to the Board to determine, the manner, basis and the amount of commission payable to each Non-Executive Director.

**Resolved Further That** the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, desirable or expedient to give effect to this resolution."

8. To re-appoint Mr. D.J. Kakalia (DIN 00029159) as an Independent Director and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"Resolved That** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], subject to the approval of shareholders, Mr. D.J. Kakalia, who was appointed as an Independent Director pursuant to the provisions of Section 149 of the Act and Articles of Association of the Company and who holds office upto the date of ensuing Annual General Meeting, who qualifies for being re-appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a period of 5 (five) consecutive years upto the conclusion of the 78th Annual General Meeting of the Company to be convened in the calendar year 2024.

9. To re-appoint Ms. Nitasha Nanda (DIN 00032660) as a Whole-time Director and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"Resolved That** pursuant to the provisions of Section 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded for re-appointment of Ms. Nitasha Nanda (DIN 00032660) as Whole-time Director of the Company for a period of 5 (five) years w.e.f. January 16, 2020 to January 15, 2025 on the following terms and conditions:

**(A) Basic Salary**

₹ 6.33 Lakhs per month or such amount as may be decided by the Board of Directors (hereinafter referred

to as "the Board" which term shall include 'Nomination and Remuneration Committee' of the Board) in the scale of ₹ 6,00,000/- per month to ₹ 12,00,000/- per month with such increments as may be decided by the Board from time to time.

**(B) Perquisites, allowances, retirals & other benefits, reimbursements and earned leave**

As per Company's policy and/ or as may be approved by the Board, not exceeding 200% of the Basic Salary.

**(C) Performance Linked Incentive/ Commission**

Such amount or percentage of the net profits of the Company calculated under Section 197 of the Act, as may be decided by the Board.

**(D) Sitting fees**

The Whole-time Director, so long as she functions as such, shall be paid applicable sitting fee for attending meetings of the Board of Directors and/ or any Committee(s) of the Board thereof.

**(E) Termination**

The appointment of Whole-time Director may be terminated by either party giving to the other six calendar months' notice in writing.

In the event of termination of appointment of Whole-time Director by the Company, she shall be entitled to receive compensation in accordance with provisions of Section 202 of the Act.

**(F) Ceiling on Remuneration**

The aggregate remuneration shall not exceed the limits provided in Section 197 of the Act.

Pursuant to Schedule V and other applicable provisions of the Act, if any, and subject to such approvals as may be necessary, wherein in any financial year during the tenure of her service, the Company has no profits or its profits are inadequate, the Company shall pay to Ms. Nitasha Nanda, Whole-time Director, remuneration by way of salary, perquisites and other terms as specified supra, as minimum remuneration.

**Resolved Further That** the Board of Directors of the Company be and is hereby authorised to fix, increase, vary, reduce or amend the remuneration including minimum remuneration and other terms of her appointment from time to time, as it may deem expedient or necessary during the tenure of her appointment or as may be prescribed by the authorities giving such sanction or approval."

10. To appoint Mr. Shailendra Agrawal (DIN 03108241) as an Executive Director and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"Resolved That** pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 {including any statutory modification(s) or re-enactment(s) thereof for the time being in force}, Mr. Shailendra Agrawal (DIN 03108241), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and Articles of Association of the Company and who holds office upto the date of ensuing Annual General Meeting, who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**Resolved Further That** pursuant to the provisions of Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Act and rules made thereunder {including any statutory modification(s) or re-enactment(s) thereof for the time being in force} and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded for re-appointment of Mr. Shailendra Agrawal as an Executive Director of the Company for a period of 5 (five) years w.e.f. March 22, 2019 to March 21, 2024 on the following terms and conditions:

**(A) Basic Salary**

₹ 1.28 crores per annum or such amount as may be decided by the Board of Directors (hereinafter referred to as "the Board" which term include 'Nomination and Remuneration Committee' of the Board) in the scale of ₹ 1.28 crores to ₹ 2.00 crores per annum with such increments as may be decided by the Board from time to time.

**(B) Perquisites, allowances, retivals & other benefits, reimbursements and earned leave**

₹ 1.37 crores per annum or such other amount including increments as may be decided by the Board of Directors time to time.

**(C) Performance Linked Incentive/ Commission**

₹ 0.57 crores per annum or such other amount as per Company's policy or such other amount including increments as may be decided by the Board of Directors from time to time.

**(D) Sitting fees**

The Executive Director, so long as he functions as such, shall not be paid any sitting fee for attending meetings of the Board of Directors and/ or any Committee(s) of the Board thereof.

**(E) Termination**

The appointment of Executive Director may be terminated by either party giving to the other three calendar months' notice in writing.

In the event of termination of appointment of Executive Director by the Company, he shall be entitled to receive compensation in accordance with provisions of Section 202 of the Act.

**(F) Ceiling on Remuneration**

The aggregate remuneration shall not exceed the limits provided in Section 197 of the Act.

Pursuant to Schedule V and other applicable provisions of the Act, if any, and subject to such approvals as may be necessary, wherein in any financial year during the tenure of his service, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Shailendra Agrawal, Executive Director, remuneration by way of salary, perquisites and other terms as specified supra, as minimum remuneration.

**Resolved Further That** the Board of Directors of the Company be and is hereby authorised to fix, increase, vary, reduce or amend the remuneration including minimum remuneration and other terms of his appointment from time to time, as it may deem expedient or necessary during the tenure of his appointment or as may be prescribed by the authorities giving such sanction or approval."

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE ENCLOSED FORM AND IN ORDER TO BE EFFECTIVE MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING (AGM).**

A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any shareholder.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, ("Act") which sets out details relating to Special Business at the Meeting, is annexed hereto.
3. A copy of the Annual Report containing Audited Financial Statements for the financial year ended March 31, 2019 together with the Reports of the Board of Directors and Auditors' thereon are enclosed. Members are requested to bring their copies of Annual Report to the Meeting.
4. The Corporate members intending to attend the AGM through authorised representatives are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
6. Green Initiative: The Ministry of Corporate Affairs (MCA), Government of India has allowed companies to send

documents to the shareholders electronically as part of its green initiatives. Accordingly, the Company is sending documents like the Notice of General Meeting, Financial Statements, Directors' Report, Auditors' Report and other Communication etc., at their registered mail address recorded with the Company/ your depositories. We request you to update your e-mail address with your Depository Participant(s) to ensure that the Annual Report and other documents reach you on preferred e-mail address and the shareholders holding shares in physical mode may inform their e-mail address to the Company or to Karvy Fintech Private Limited, Registrar and Share Transfer Agent of the Company ("KARVY" or "RTA").

7. The Register of Members and Share Transfer Books of the Company will remain closed from July 14, 2019 to July 27, 2019 (both days inclusive) for the purpose of payment of dividend. A dividend of ₹ 2.50/- per share has been recommended by the Board of Directors for the financial year ended March 31, 2019 (except on shares held by Escorts Benefit and Welfare Trust) and subject to the approval of Shareholders at the ensuing AGM. The dividend proposed shall be paid within 30 days from the date of declaration.
8. The dividend, if declared at the AGM, would be paid/ dispatched to those persons or their mandates:
  - a) whose names appear as beneficial owners as at the end of the business hours on July 13, 2019 in the list of beneficial owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic mode; and
  - b) whose names appear as Members in the Register of Members of the Company/ RTA after giving effect to valid share transmission/ transposition in physical form lodged with the Company on or before July 13, 2019.
9. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details of investors furnished by the Depositories/ available with the RTA for payment of dividend through National Electronic Clearing Services (NECS) to the investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion/ change in such bank account details. Further, instruction if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participant about such change, with complete details of bank account. In case the shares are held in physical form, please send NECS form available on our website [www.escortsgroup.com](http://www.escortsgroup.com) so as to reach on or before the date of Book Closure fixed for payment of dividend to Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31- 32, Gachibowli, Financial

District, Nanakramguda, Hyderabad – 500 032, Telengana; Phone: 040-67162222; Fax 040-23420814; Email – [einward.ris@karvy.com](mailto:einward.ris@karvy.com).

10. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.
11. Under the provisions of the Income Tax Act, 1961, dividend amount is tax free in the hands of shareholders except otherwise provided under the Income Tax Act, 1961.
12. In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed and/ or unpaid Equity dividends for the financial year(s) upto 1995-96 have already been transferred to the General Revenue Account of the Central Government.
13. (a) Due dates of transferring unclaimed and/or unpaid dividend declared by the Company for the financial year 2011-12 and thereafter to Investor Education and Protection Fund:

Financial Year ended	Type of Dividend	Date of declaration of Dividend	Last date for claiming unpaid/ unclaimed dividend
September 30, 2012	Final	March 22, 2013	April 21, 2020
March 31, 2014	Interim	October 2, 2013	November 1, 2020
March 31, 2014	Final	September 19, 2014	October 18, 2021
March 31, 2015	Final	September 18, 2015	October 17, 2022
March 31, 2016	Final	September 20, 2016	October 19, 2023
March 31, 2017	Final	September 21, 2017	October 20, 2024
March 31, 2018	Final	September 12, 2018	October 11, 2025

Members who have not encashed the dividend warrants so far in respect of the aforesaid periods, are requested to make their claim well in advance of the above due dates. Members are requested to check the details of unclaimed dividend amount, if any, on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information.

IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) are applicable to the Company. The objectives of the IEPF Rules is to help the shareholders ascertain the status of their unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information since the financial year 2009-10 on the website of IEPF i.e. [www.iepf.gov.in](http://www.iepf.gov.in) as well as on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.

- (b) The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2010-11, from time to time, to the IEPF established by the Central Government.

- (c) Pursuant to IEPF Rules, the Company has, during the financial year 2018-19, transferred to the IEPF Authority all dividend which had remained unpaid or unclaimed for seven consecutive years or more on the due date of transfer. Details of shares transferred to the IEPF Authority are available on the website of IEPF i.e. [www.iepf.gov.in](http://www.iepf.gov.in) as well as on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.
- (d) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back. Concerned members/ investors are advised to visit the website of [www.iepf.gov.in](http://www.iepf.gov.in) or contact Karvy for lodging claim for refund of shares and/ or dividend from the IEPF Authority.
14. Section 72 of the Act and Rule 19 of the Companies (Share Capital & Debenture) Rules, 2014 has extended nomination facility to individual shareholders holding shares in physical form. Shareholders are requested to avail the above facility by submitting prescribed Nomination Form SH-13 to the Company/ RTA. This form is also available on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com).
15. Member(s) of the Company who are holding shares in physical form and have multiple accounts in identical name(s) or are holding more than one share certificate in the same name under different Ledger Folio(s) are requested to apply for consolidation of such folio(s).
16. Pursuant to requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance and Secretarial Standards, the information required to be given in case of appointment/ re-appointment of Director, is given in the Annexure to this Notice.
17. Members of the Company had approved the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants, as the Statutory Auditors at the Seventy First AGM of the Company which is valid till Seventy Sixth AGM of the Company. In accordance with the Companies (Amendment) Act, 2017, enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.
18. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its RTA or the concerned Depository Participant, as the case may be, immediately of:-
- The change in the residential status on return to India for permanent settlement.
  - The particulars of the NRE Account with a Bank in India, if not furnished earlier.
19. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
20. Electronic copy of the Notice of 73rd AGM of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the RTA/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice is being sent in the permitted mode along with Attendance Slip and Proxy Form.
21. Members may also note that the Notice of the 73rd AGM and the Annual Report for the financial year ended on March 31, 2019 will also be available on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com). The physical copies of the aforesaid documents along with all documents referred to in the accompanying Notice and the Explanatory Statement will also be available at the Company's Registered Office in Faridabad for inspection during normal business hours on working days between 11.00 A.M. to 3.00 P.M. on all working days till July 27, 2019. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send their requests to the Company's e-mail id [corpsect@ndb.vsnl.net.in](mailto:corpsect@ndb.vsnl.net.in).
- 22. Voting through electronic means**
- Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, {including any statutory modification(s) or re-enactment(s) thereof, for the time being in force}, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 73rd AGM by electronic means and the business may be transacted through e-voting Services ("Remote e-Voting"). The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") as the Authorised Agency to provide Remote e-Voting facilities for casting the votes by the members using an electronic voting system from a place other than the AGM venue.
  - The facility for voting through Ballot Paper shall be made available at the AGM and the members attending the Meeting who have not cast their vote by Remote e-Voting, shall be able to exercise their right at the meeting through Ballot Paper.
  - The Members who have cast their votes by Remote e-Voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. It is hereby clarified that it is not mandatory for a Member to vote using the Remote e-Voting facility.
  - The process and manner for Remote e-Voting are as under:
 

**Instruction for Voting:**

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/ Depository Participant(s)]:



- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii. Enter the login credentials (i.e. User ID and password as mentioned in email). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT of ESCORTS".
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. July 20, 2019 under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/ demat accounts shall follow the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period i.e. July 24, 2019 to July 26, 2019, Members can login any number of times till they have voted on the resolution(s).
- xii. Corporate/ Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send

scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [pcs.jga@gmail.com](mailto:pcs.jga@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above-mentioned documents should be in the naming format "Escorts Limited Event No."

- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/ Depository Participant(s)]:
  - i. E-Voting Event Number, User ID and Password as provided on the Attendance Slip.
  - ii. Please follow all steps from Sl. No. 22. IV. (A) (i) to (xii) above to cast your vote by electronic means.
- V. In case of any query and/ or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Ramesh Desai, (Unit: Escorts Limited) of Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 – 67162222 or call Karvy's toll free No. 1800-3454-001 for any further clarifications.
- VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. The Remote e-Voting period commences on Wednesday, July 24, 2019 (9:00 am IST) and ends on Friday, July 26, 2019 (5:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. July 20, 2019, may cast their vote by Remote e-Voting. The Remote e-Voting Module shall be disabled by Karvy for voting thereafter from their e-Voting module.
- VIII. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the Cut-off date only shall be entitled to avail the facility of Remote e-Voting as well as voting at the AGM through Ballot Paper.
- IX. The voting rights of Members shall be in proportion to their shareholding in the Paid-up Equity Share Capital of the Company as on the cut-off date i.e. July 20, 2019.
- X. In case any person becomes member of the Company after dispatch of Notice of AGM and holds shares as on the cut-off date for e-voting i.e. July 20, 2019, he/ she may obtain the User ID and Password in the manner as mentioned below:
  - i. If the mobile number of the member is registered against shares held in demat form, the member

may send SMS: MYEPWD<space> DP ID Client ID to 9212993399

Example for NSDL:  
MYEPWD <SPACE> IN12345612345678

Example for CDSL:  
MYEPWD <SPACE> 1402345612345678

- ii. If the mobile number of the member is registered against shares held in physical form the member may send SMS: MYEPWD<space> Event no. & Folio no. to 9212993399.

Example for Physical:  
MYEPWD <SPACE> XXXX1234567890

- iii. If e-mail address or mobile number of the member is registered against Folio No./ DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iv. Member may call Karvy's toll free number 1800-3454-001.
- v. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavor to send User ID and Password to those new Members whose mail ids are available. Members can opt for only one mode of voting i.e. either by Remote e-Voting or physically at the AGM venue. In case you are opting for Remote e-Voting then do not vote by physical mode at AGM venue and vice versa. In case members cast their vote both via physical as well as Remote e-Voting then voting done through physical mode shall not prevail and voting done by Remote e-Voting shall be considered as valid vote.

XI. Mr. Jayant Gupta, Practising Company Secretary has been appointed as Scrutinizer to scrutinize the voting and Remote e-Voting process in a fair and transparent manner.

XII. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer by the use of Ballot Paper for all those Members who are present at the AGM but have not cast their votes by availing the Remote e-Voting facility.

XIII. The Scrutinizer shall, after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through Remote e-Voting in the presence of atleast 2 (two) witnesses not in the employment of the Company and shall make, not later than 3 days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XIV. The Results declared alongwith the Scrutinizer's Report shall be placed on Company's website [www.escortsgroup.com](http://www.escortsgroup.com), notice board at the registered office of the Company and on the website of Karvy immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be communicated to the Stock Exchanges where the shares of the Company are listed.

23. SEBI has decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository w.e.f. April 1, 2019. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.

24. The Company is providing following online facility to the Shareholders by login the website of Karvy:

(a) Web check-in facility:

To facilitate hassle free and quick registration/ entry at the venue of the AGM, the Company has also provided "Web Check-in" facility through Karvy's website during remote e-voting period i.e. from July 24, 2019 (9:00 a.m. IST) to July 26, 2019 (5:00 p.m. IST).

Please log in to <https://karisma.karvy.com>. Click on tab "Web Check-in for General Meetings" and follow the procedure mentioned therein.

(b) Webcast:

Your Company has also provided the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the e-voting website of Karvy at <https://evoting.karvy.com> using their secure login credentials.

Members are encouraged to use this facility of webcast.

During the live webcast of AGM, Members may post their queries in the message box provided on the screen.

25. Please send all correspondence including requests for transfer/ transmission of shares, change of address & dividend etc. to Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032; Phone: 040-67162222; Fax 040-23420814; E-mail – [einward.ris@karvy.com](mailto:einward.ris@karvy.com).

By Order of the Board  
For **Escorts Limited**

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

Place : Faridabad  
Date : May 7, 2019

## **EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS {PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013}**

### **ITEM NO. 5**

The Board of Directors of the Company, on recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Ramanath Iyer & Co., as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval of the members.

### **ITEM NO. 6**

In accordance with the provisions of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 ("the Act"), appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has recommended appointment of Mr. Sunil Kant Munjal as an Independent Director on the Board of the Company. The appointment of Mr. Sunil Kant Munjal shall be effective upon approval by the members of the Company.

Mr. Sunil Kant Munjal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a declaration from Mr. Sunil Kant Munjal that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under SEBI (Listing Obligations and Disclosure Requirements) Regulations ("the Listing Regulations"). In the opinion of the Board, Mr. Sunil Kant Munjal fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Sunil Kant Munjal is independent of the management and possesses appropriate skills, experience and knowledge.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Sunil Kant Munjal for the office of director of the Company.

Your Directors feel that his presence and participation in the deliberations of the Board would be beneficial for the Company's business.

Mr. Sunil Kant Munjal is not debarred from holding the office of Director pursuant to any SEBI order.

Particulars of his qualification, brief resume and area of expertise etc. are annexed to this Notice.

Except Mr. Sunil Kant Munjal, being appointee, none of the Directors, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

The Board commends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval of the members.

### **ITEM NO. 7**

The Non-Executive Directors have been spending considerable time and efforts in discharging their responsibilities and also contributing to the overall performance and progress made by the Company. In terms of Section 197 of the Companies Act, 2013, in case the Company has Managing or Whole-time Director, the Company can pay commission to the Non-Executive Directors (i.e. Directors other than Executive Chairman, Managing Director and other Whole-time Directors) for a sum not exceeding 1% (one percent) of the net profits of the Company, with the approval of shareholders by way of an Ordinary Resolution in a general meeting.

In recognition of their contribution, it is now proposed to authorise the Board of Directors to determine the amount, manner and basis for payment of commission to Non-Executive Directors for a period of 5 (five) years w.e.f. financial year 2019-20.

Save and except the Non-Executive Directors of the Company and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

The Board commends the Ordinary Resolution as set out at Item No. 7 of the Notice for approval of the members.

### **ITEM NO. 8**

Mr. D.J. Kakalia was appointed as an Independent Director on the Board of the Company for a period of 3 consecutive years upto the conclusion of 73rd AGM.

The Board on recommendation of Nomination and Remuneration Committee, in their meeting held on May 7, 2019, on the basis of the report of performance evaluation of Independent Directors, have recommended the re-appointment of Mr. D.J. Kakalia as an Independent Director of the Company, not liable to retire by rotation, for a further period of 5 consecutive years upto the conclusion of 78th AGM to be convened in the year 2024.

Mr. Kakalia is aged about 70 years. Your Directors feel that his presence and participation in the deliberations of the Board would be beneficial for the Company's business even though he will cross the age of 75 years during his tenure after re-appointment. The above is the justification as per the requirements of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. D.J. Kakalia for the office of director of the Company.

Mr. D.J. Kakalia is not debarred from holding the office of Director pursuant to any SEBI order.

Particulars of his qualification, brief resume and area of expertise etc. are annexed to this Notice.

Except Mr. D.J. Kakalia, being appointee, none of the Directors, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

The Board commends the Special Resolution as set out at Item No. 8 of the Notice for approval of the members.

#### **ITEM NO. 9**

The members at the Annual General Meeting (AGM) held on September 18, 2015, had appointed Ms. Nitasha Nanda as Whole-time Director of the Company for a period of 5 years w.e.f. January 16, 2015. The present tenure of Ms. Nitasha Nanda as Whole-time Director expires on January 15, 2020.

Ms. Nitasha Nanda has contributed to the overall performance and growth of the Company.

In recognition of her valuable contribution, the Nomination and Remuneration Committee and the Board of Directors in their meetings held separately on May 7, 2019 have recommended the re-appointment of Ms. Nitasha Nanda as Whole-time Director of the Company for a further period of 5 years w.e.f. January 16, 2020 to January 15, 2025 at a remuneration as given in Item No. 9.

The approval of the shareholders is also sought for payment of remuneration to Ms. Nitasha Nanda for the proposed term as specified under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Directors feel that her continued presence on the Board would be beneficial for the Company's growth.

Ms. Nitasha Nanda is not debarred from holding the office of Director pursuant to any SEBI order.

Particulars of her qualifications, brief resume, area of expertise and other details are annexed to this Notice.

Ms. Nitasha Nanda, being appointee, is directly interested in the resolution. Mr. Nikhil Nanda being relative of Ms. Nitasha Nanda may also be deemed to be interested in the resolution.

None of the other Directors, Key Managerial Personnel or their relatives, is interested in this resolution.

The Board commends the Special Resolution as set out at Item No. 9 of the Notice for approval of the members.

#### **ITEM NO. 10**

In accordance with the provisions of Sections 149 and 152 of the Companies Act, 2013 (the Act), appointment of a Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the

Board of Directors have proposed appointment of Mr. Shailendra Agrawal as a Director of the Company. The appointment of Mr. Shailendra Agrawal shall be effective upon approval by the members in the Meeting.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Shailendra Agrawal for the office of Director of the Company.

Mr. Shailendra Agrawal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

In the opinion of the Board, Mr. Shailendra Agrawal fulfills the conditions for his appointment as a Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, Mr. Shailendra Agrawal has been appointed as an Executive Director for a period of 5 years w.e.f. March 22, 2019.

Mr. Shailendra Agrawal has been associated with the Company since 2008 and designated as Group Chief Operating Officer (Group COO) of the Company prior to his appointment as an Executive Director of the Company.

In recognition of his valuable contribution, the Nomination and Remuneration Committee and the Board of Directors in their meetings held on March 22, 2019 have recommended the appointment of Mr. Shailendra Agrawal as an Executive Director of the Company for a period of 5 years w.e.f. March 22, 2019 at a remuneration as given in Item No. 10.

Your Directors feel that his presence on the Board would be beneficial for the Company's growth.

Mr. Shailendra Agrawal is not debarred from holding the office of Director pursuant to any SEBI order.

Particulars of his qualification, brief resume and area of expertise etc. are annexed to this Notice.

During the year, 67,000 options were granted to Mr. Shailendra Agrawal prior to his appointment as director on the Board. In terms of Escorts Limited Employee Stock Option Scheme, 2006, the said options having convertible right into one equity share each against one option which would be vested in four tranches of 16,750 options in each year over a period of 4 years.

Except Mr. Shailendra Agrawal, being appointee, none of the Directors, Key Managerial Personnel of the Company or their relatives, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

The Board commends the Special Resolution as set out at Item No. 10 of the Notice for approval of the members.

By Order of the Board  
For **Escorts Limited**

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

Place : Faridabad  
Date : May 7, 2019

**No gift(s), gift coupon(s) or cash in lieu of gift(s) shall be distributed to members at or in connection with the Meeting.**

## Annexure to the Notice

Information provided pursuant to requirements given under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard in respect of individuals proposed to be appointed/ re-appointed as Director(s):

Particulars	Ms. Nitasha Nanda	Mr. G.B. Mathur	Mr. D.J. Kakalia	Mr. Sunil Kant Munjal	Mr. Shailendra Agrawal
Director Identification Number	00032660	00043352	00029159	00003902	03108241
Date of Birth	November 9, 1969	July 20, 1950	December 19, 1948	December 14, 1957	September 10, 1961
Date of Appointment	January 16, 2015	January 16, 2015	May 25, 2016	May 7, 2019	March 22, 2019
Qualifications	B.Com	B.Sc, ACS, LLB	Commerce Graduate from Siddharth College of Commerce and Economics, Mumbai and a Law Graduate from Government Law College, Mumbai.	Graduate, Punjab University	BE Mech.
Brief Resume and Area of Expertise	Provided separately in the Annual Report.	Provided separately in the Annual Report.	Provided separately in the Annual Report.	Provided separately in the Annual Report.	Provided separately in the Annual Report.
Directorships held in other companies (excluding Private Limited Companies, Section 8 Companies, Foreign Companies & LLP's)	Escorts Securities Ltd. Niky Tasha Ltd.	Escorts Securities Ltd.	Reliance Power Ltd. Rosa Power Supply Company Ltd. Reliance Broadcast Network Ltd. Aditya Birla Finance Ltd. Reliance Business Broadcast Newsholdings Ltd.	DCM Shriram Ltd. Shivam Autotech Ltd. Rockman Industries Ltd. Hero Steels Ltd.	-
Committee Memberships of other Companies (includes only Audit Committee and Stakeholders Relationship Committee)			<b>Audit Committee</b>	<b>Audit Committee</b>	<b>Audit Committee</b>
			(i) Escorts Securities Ltd. (ii) Escorts Securities Ltd. (iii) Reliance Power Ltd. (iv) Rosa Power Supply Company Ltd. (v) Hero Steels Ltd. (vi) Reliance Broadcast Network Ltd. (vii) DCM Shriram Ltd. (viii) Aditya Birla Finance Ltd.	(i) Shivam Autotech Ltd. (ii) Hero Steels Ltd. (iii) DCM Shriram Ltd.	-
			<b>Stakeholders' Relationship Committee</b>		
			(i) Reliance Power Ltd. (ii) Reliance Broadcast Network Ltd.		
Number of shares held in the Company	27165	179	-	-	10000
Relationship between directors inter-se	Mr. Nikhil Nanda being relative of Ms. Nitasha Nanda may also be deemed to be interested in the resolution.	There is no inter-se relationship between Mr. G.B. Mathur and other directors.	There is no inter-se relationship between Mr. D.J. Kakalia and other directors.	There is no inter-se relationship between Mr. Sunil Kant Munjal and other directors.	There is no inter-se relationship between Mr. Shailendra Agrawal and other directors.
Terms and conditions of appointment/ re-appointment alongwith details of remuneration, if any	The Directors have been appointed in terms of the provisions of Companies Act, 2013 and are responsible to undertake the roles and responsibilities prescribed under the provisions of the Companies Act, 2013 and other laws for the time being in force. In addition, the Directors are also responsible to undertake the roles and responsibilities assigned by the Board from time to time.				

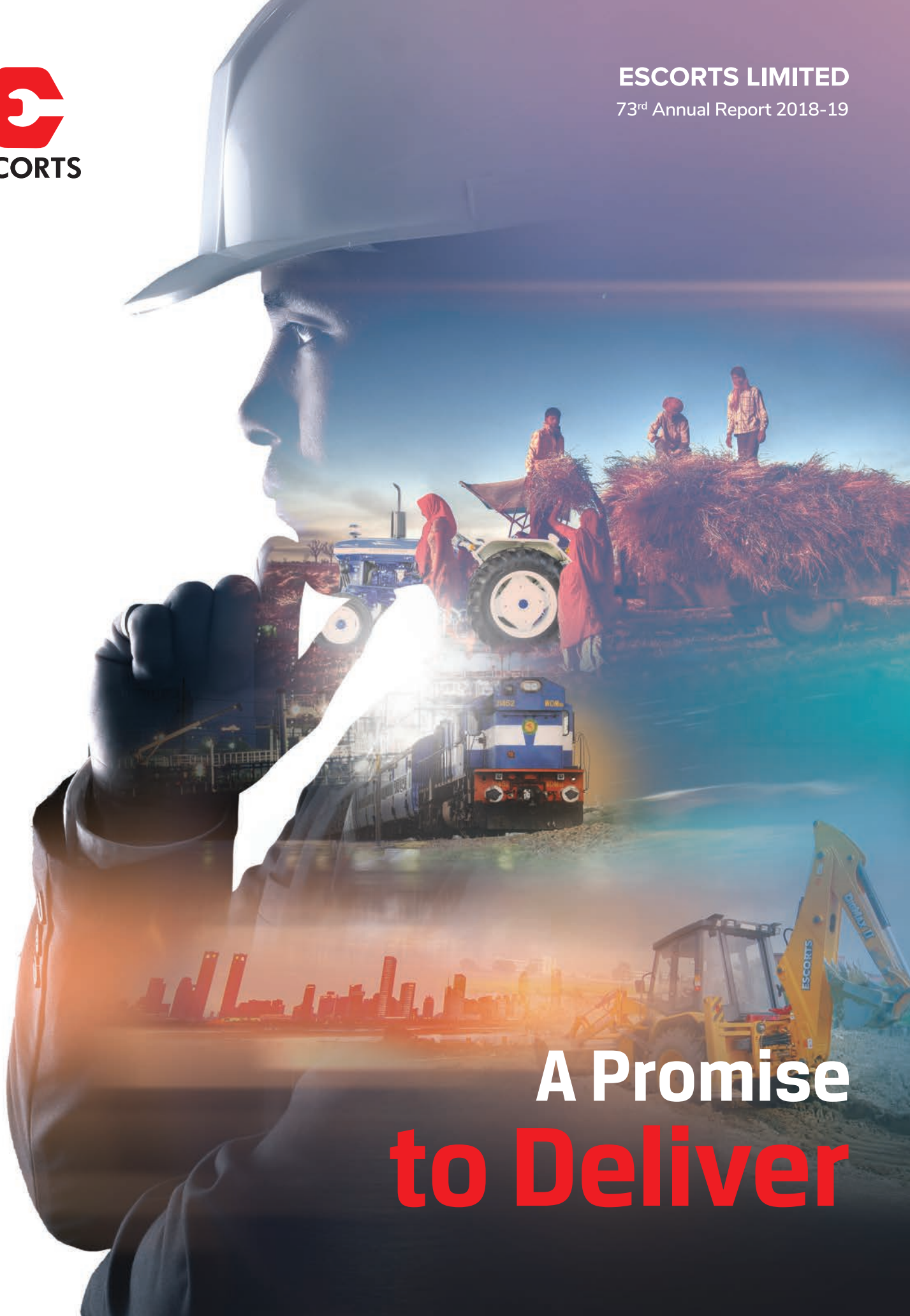






ESCORTS LIMITED

73<sup>rd</sup> Annual Report 2018-19



A Promise  
**to Deliver**



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## About Escorts

Escorts Limited (Escorts) is one of India's leading engineering conglomerates. We manufacture best-in-class equipment for agriculture, infrastructure and railways. Ever since inception, we have played an important role in helping shape the country's socio-economic progress.

Across three core businesses in which we operate, we are pursuing innovation, fostering collaborations, driving modernisation and implementing advanced manufacturing practices, to bring the best that the world has to offer to India; and take India's best capabilities to the world.

## Core divisions



### Escorts Agri Machinery (EAM)

Offers a comprehensive range of advanced farm machinery products and crop solution services, enriching agricultural productivity in India and globally.

**76.6%**  
of Revenue



### Escorts Construction Equipment (ECE)

addresses India's diverse infrastructure requirements with a wide basket of material handling, road building, earth moving and other equipment services.

**17.0%**  
of Revenue



### Railway Equipment Division (RED)

plays a key role in the evolution of the Indian Railway, with frugally engineered products, cutting-edge technology and state-of-the-art R&D.

**6.4%**  
of Revenue

## Key highlights FY 2018-19\*

Revenue  
(₹ in crores)

**6,196.4**

↑ **23.5%**

Y-o-Y growth

EBITDA  
(₹ in crores)

**733.3**

↑ **31.6%**

Y-o-Y growth

Profit  
after tax (₹ in crores)

**484.9**

↑ **40.7%**

Y-o-Y growth

Earnings  
per share (₹)

**40.58**

↑ **40.7%**

Y-o-Y growth

\*Standalone Financials

# A Promise to Deliver

Delivery for us, at Escorts, is more than just an outcome of a business strategy. It is powered by an overarching promise to create impact that enriches and elevates lives of millions of people across the social spectrum.

**We are helping farmers to facilitate food security for billions in India and the world.**

**We are now a preferred partner in nation-building, as India focuses on enhancing its infrastructure capabilities to drive its over US\$ 2 trillion economy.**

**We are ensuring safety and comfort for passengers in the world's second largest railway network.**

Our Vision 2022 inspires us to do more with less resources, and continuously build on a culture of high performance with technology and teamwork at the core. To accelerate our momentum, we are collaborating with global technology bellwethers, sharing insights and taking our indigenous value engineering to the global grandstand.

2018-19 was both an exciting and an eventful year for us at Escorts, as we saw double-digit growth across all business segments. With advanced processes, digitalisation across operations, intelligent and future-ready offerings, we are strengthening our footprint across India and other parts of the world.

Customer aspirations and nation-building fuel our ambition to grow aggressively, and we handhold our customers to 'navigate the next' with us.

We invite all our stakeholders to empower our promise to deliver.



## Escorts at a glance

# Promising progress

For seven decades, the growth of Escorts has mirrored the progress of India. Since our inception in 1948, we have helped accelerate the nation's socio-economic progress through our presence in the high-growth segments of agri-machinery, construction equipment and railway components. Our journey is a drive for empowerment for millions of people across the social spectrum.

The result is that we continue to be a preferred partner for agri-machinery, construction equipment and railway equipment in the country.

We are a multi-product business with a strong, differentiated proposition and distinguished brands. We benefit from our cross-business synergies, our in-house R&D expertise, our collaborations with global technology leaders, our pan-India outreach and most of all, our relentless focus on excellence – helping us realise our long-term objective of enriching the quality of life.

### 1,000+

Dealers, stockists and distributions

### 1,200+

Sales and service outlets

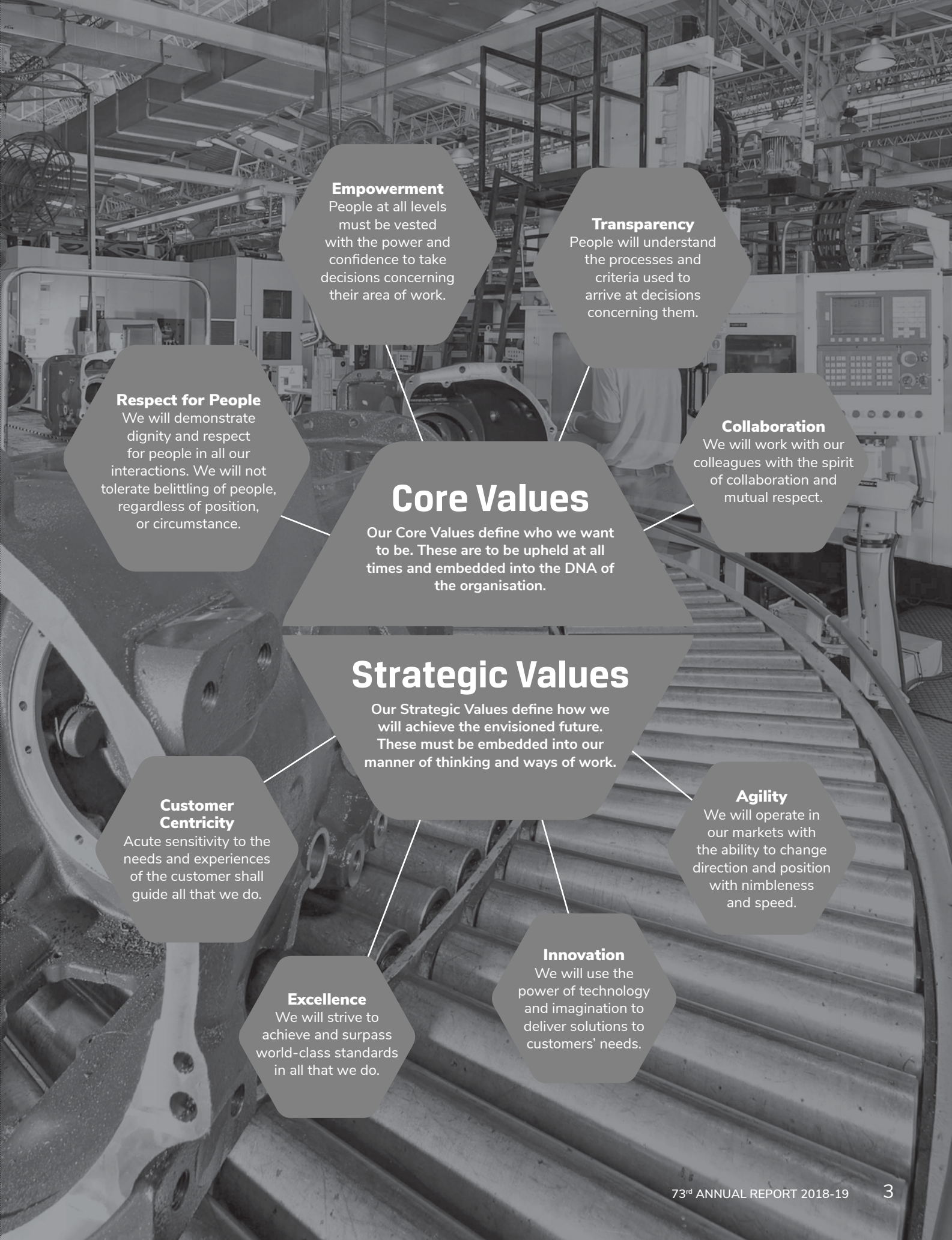
### AA- credit rating

ICRA Limited has upgraded Escorts' long-term rating from 'A+' to 'AA-', while our short-term rating remains strong at 'A1+'.

## Vision

To be among the top engineering companies in India. We shall achieve this goal by being the preferred solution provider to the needs of our customers; by practising respectful and ethical business practices; by being the employer of choice within the engineering industry; and by providing superior returns to our investors.





**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.

**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.

**Collaboration**

We will work with our colleagues with the spirit of collaboration and mutual respect.

**Core Values**

Our Core Values define who we want to be. These are to be upheld at all times and embedded into the DNA of the organisation.

**Strategic Values**

Our Strategic Values define how we will achieve the envisioned future. These must be embedded into our manner of thinking and ways of work.

**Customer Centricity**

Acute sensitivity to the needs and experiences of the customer shall guide all that we do.

**Agility**

We will operate in our markets with the ability to change direction and position with nimbleness and speed.

**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 customers' needs.

## Milestone moments

# A legacy of innovation and engineering

## 1944

Visionaries  
Mr. Yudi Nanda and  
Mr. H. P. Nanda laid the  
foundation to Escorts



## 1962

Initiated the manufacture  
of shock absorbers for  
passenger coaches with  
Boge, Germany

## 1971

- Started producing our construction equipment
- Introduced the concept of Pick-n-Carry cranes



## 1961

- Commenced the manufacture of our own brand of tractors in collaboration with URSUS, Poland
- Moved into high gear with the production of Rajdoot motorcycles

## 1969

- Entered into a Joint Venture (JV) with global giant Ford Motor Company (Ford) for producing Ford tractors
- Established our Training and Development Centre at Bangalore

## 1977

Establish an independent R&D centre to develop new technologies

## 1979

Collaborated with JCB for backhoe loaders



## 2015

- Entered into JV with Amul Group for the manufacture of speciality tractors, Steeltrac
- Partnered Cognizant Technology Solutions to digitally transform businesses and deliver superior customer experience



## 2017

- Launched India's first electric tractor concept, Farmtrac 26E, as part of the New Escorts Tractor Series (NETS), at Agritechnica, Germany
- Gained prestigious IRIS Certification for design, development and manufacture of railway components

## 2018

- Announced the Vision 2022 roadmap to align the transformational growth strategy for all three businesses
- Partnered Doosan for an exclusive distribution agreement in India



## 1995

- Launched Farmtrac brand of tractors
- Ended JV with Ford

## 1998

- Launched Powertrac brand of tractors

## 2016

Set up Escorts Skill Development Centre in Faridabad, to develop technical skills and make people more employable



## 2003

- Ended the collaboration with JCB



## 2019

- Introduced the nation's first autonomous tractor concept
- Tied up with seven technology leaders: Microsoft, Reliance Jio, Trimble, Samvardhana Motherson Group, WABCO, BOSCH and AVL
- Entered a JV with Tadano to produce specialised cranes that address high capacity use cases
- Collaborated with Kubota to develop value-oriented tractors that cater to farming requirements in India and overseas markets
- RED entered into a tech transfer collaboration with YUJIN machinery Ltd., South Korea, for high speed and metro brake systems

## 2012

Indigenously developed bogie-mounted brake systems for the Indian Railway



## Product suite

# Positioned for profitable growth

Our broad portfolio comprises international and local brands. Reaching across categories and price points, it enables us to participate where we believe the opportunity is greatest and fulfil the stated and unstated requirements of our customers.

## EAM

We are one of India's foremost tractor manufacturers, offering more than 225 variants (12 to 75 HP) in the domestic market under three marquee brands: Farmtrac, Powertrac and Steeltrac.



### Manufacturing assets

**4 plants**  
in Faridabad, Haryana

Annual capacity  
**1,00,000+** tractors

**1 plant**  
in Faridabad, Haryana  
(to be set up under a JV with Kubota)

Expected annual capacity  
**50,000** tractors

**1 plant**  
in Poland, Europe

Installed annual capacity  
**2,500** tractors

## ECE

We are a dominant player in material handling cranes, compactors and backhoe loaders of construction equipment. We are among the world's largest manufacturers of Pick and Carry (PnC) hydraulic mobile cranes.



### Manufacturing assets

**1 plant**  
(manufacturing and assembly)  
in Ballabgarh, Faridabad, Haryana

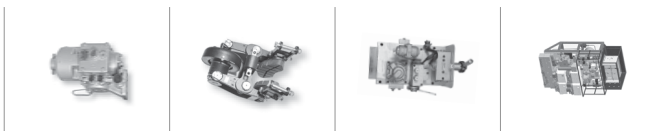
Annual capacity

**10,000** units

**1 plant**  
in Faridabad, Haryana  
(JV with Tadano)

## RED

We manufacture advanced components for Indian Railways, anchored around safety, comfort and reliability. These include brake systems, couplers, suspension systems, shock absorbers and rail fastening systems, among others.



### Manufacturing assets

**2 plants**  
in Faridabad, Haryana

Monthly capacity

**1,100** couplers (AARH and Shaku)

**1,500** air brakes

**200** EP brakes

**88,000** brake blocks



## Operational highlights

# Momentum round the year

### An exclusive distribution agreement with Korea's Doosan

Doosan Infracore appointed Escorts as its exclusive distributor for the sale and service of its products in India. Doosan is a global leader in excavators, articulated dumptrucks and wheel loaders.

### India's first automated tractor concept

Escorts launched its unique Automated Farming Solutions with an autonomous tractor concept that combines the power of futuristic digital vehicle technologies and precision-based farming. We have collaborated with global technology majors to develop a range of farm machines with electric transmissions, autonomous applications, remote vehicle management, data-based soil and crop management, and sensor-based guided farm applications.

### JV with Japan's Tadano Group for high-end cranes

Escorts entered into a JV with Tadano to manufacture Rough Terrain and Truck cranes. Tadano is one of the world's leading manufacturers of mobile cranes. The 49:51 JV combines the frugal engineering strength of Escorts and design with manufacturing expertise of Tadano to create a winning product. The product created out of this JV will help Escorts take a leading position in an expanding market for sophisticated cranes in the 20-80 tonnage category.



## A new range of construction equipment at Bauma CONEXPO 2018

Escorts unveiled three new products at Bauma CONEXPO 2018. These include the EC 5511 in the 11-tonne compactor class, the EC 3664 in the 3-tonne mini compactor class, Hydra 13T with Top jack and the next-generation Pick-n-Carry crane Hydra NXT 13. We also demonstrated an array of other offerings from our global partners Doosan and Tadano.

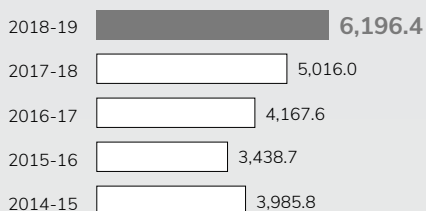
## JV with Japan's Kubota for high-end utility tractors

Escorts and Kubota formed a JV to establish a new common manufacturing line, with an initial capacity of 50,000 tractors that will be sold through their respective channels in the domestic market. Besides, Kubota will export Escorts tractors through their global distribution network in specific markets. The JV will enable both players to optimise their current and future capabilities in the segment globally.

## Key performance indicators

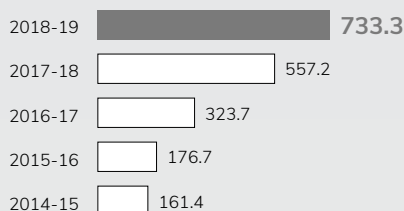
# Fast-tracking growth

### Revenue from operations (₹ in crores)



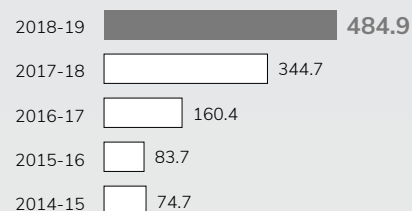
4-year CAGR  
**11.7%**

### EBITDA (₹ in crores)



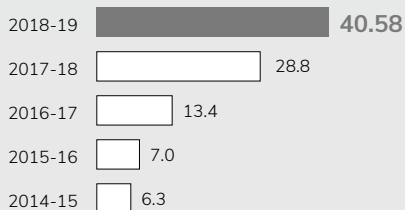
4-year CAGR  
**46.0%**

### Profit after tax (₹ in crores)



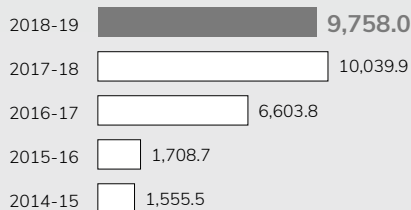
4-year CAGR  
**59.6%**

### Earnings per share (₹)



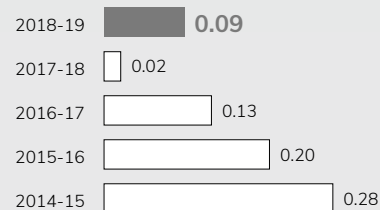
4-year CAGR  
**59.3%**

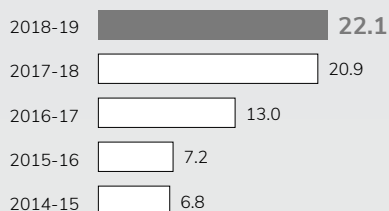
### Market capitalisation (₹ in crores)



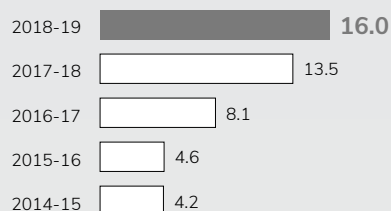
4-year CAGR  
**58.3%**

### Debt-Equity ratio (times)

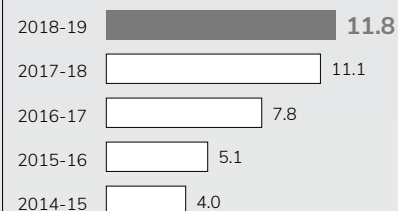


**Return on  
capital employed (%)**

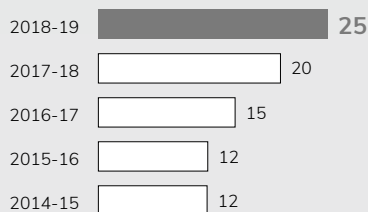
4-year CAGR  
**134.3%**

**Return on  
equity (%)**

4-year CAGR  
**139.7%**

**EBDITA  
margin (%)**

Bps improvement  
in 4 years  
**780**


**Proposed  
dividend per share (%)**

4-year CAGR  
**120.1%**

**Consistent quarter-on-quarter progress**

	Tractor volume (No.)	Construction volume (No.)	Railway revenue (₹ in crores)	Total revenue from operations (₹ in crores)	Net profit (₹ in crores)
<b>Q1</b>	24,494	1,345	88.1	1,511.3	120.7
<b>Q2</b>	21,039	1,331	105.9	1,398.4	102.7
<b>Q3</b>	25,743	1,413	96.6	1,655.1	140.1
<b>Q4</b>	25,136	1,455	103.5	1,631.7	121.4

## From the Chairman's desk

A black and white portrait of Nikhil Nanda, the Chairman and Managing Director of Escorts Limited. He is a middle-aged man with short dark hair, wearing a dark suit jacket, a light-colored shirt, and a dark tie. He is looking slightly to the right of the camera with a neutral expression. The background is dark and out of focus.

Over the years, Escorts has demonstrated tremendous grit and commitment in delivering on its promises to stakeholders. We did not just deliver strong business performance; our aspiration to be a global organisation of repute and leadership inspired us to seek strategic alliances for growth and expansion across geographies.

Nikhil Nanda  
Chairman and Managing Director

Dear Shareowners,

**Our annual stakeholder reporting is aligned to our unwavering commitment to contribute to the building of national infrastructure and community elevation by developing indigenous solutions for Indian farming, construction and railways. We, at Escorts, have a promise to deliver on our stakeholder commitments and position your Company's thought leadership globally.**

### Encouraging overall growth

2018-19 was an impressive year for your Company, achieving ₹ 6,196 crores in turnover. It is up by 23.5% vis-à-vis ₹ 5,016 crores in the previous fiscal, led by double-digit growth across all segments. Our tractor volumes went up by 19.9% to 96,412, as compared to 80,417 in the previous fiscal, emerging as the fastest growing tractor company in FY 2018-19.

Our construction equipment volumes grew by 23.5% to 5,544, as compared to 4,486 in the previous fiscal. We recorded our highest-ever EBITDA of ₹ 733.4 crores in the year, up by 31.6% vis-à-vis ₹ 557.2 crores in the previous fiscal. Our EBITDA margin now stands at 11.8% as against 11.1% in previous fiscal.

Our EBIT margin has gone up by 100bps to 11.8% against 10.8% in the previous year, in line with our guidance for this year. Finance costs declined by ₹ 10.1 crores to ₹ 18.5 crores, as against ₹ 28.6 crores in the previous fiscal. Our total debt outstanding as on March 2019 is ₹ 277 crores. It has increased due to a rise in working capital requirements. Net debt, however, continues to remain negative at ~₹ 200 crores.

In line with our Vision 2022, we have gained market share across all major states. Our share in the strong markets

went up by 70bps and in opportunity markets by 120bps, resulting in an overall domestic market share of 11.8%, as compared to 10.8% in the previous fiscal. Our market share for the quarter ended March 2019 was at 15%, a rise of 191bps, as against 13.1% in the corresponding period last year.

Our export volumes grew by 56.7% to 3,089 tractors vis-à-vis 1,971 tractors in the previous fiscal, driven by new product introductions and greater market penetration.

### Strategic alliances and global collaborations

Over the years, Escorts has demonstrated tremendous grit and commitment in delivering on its promises to stakeholders. We did not just deliver strong business performance; our aspiration to be a global organisation of repute and leadership inspired us to seek strategic alliances for growth and expansion across geographies.

In yet another stepping stone towards global leadership, your Company has collaborated with Kubota Corporation, Japan's biggest and the world's leading tractor manufacturer, for the joint manufacturing of high-end value-oriented utility tractors for domestic and export geographies. The JV will leverage ahead-of-the-curve Japanese technology from Kubota and

indigenous engineering excellence of Escorts to cater to an expanding market. aimed at global leadership. This will be made possible by establishing a new common manufacturing line with an initial capacity of 50,000 tractors, thereby increasing our overall annual capacity to over 1,50,000 tractors. As Kubota opens its worldwide channel for our products and brings with it lessons on global market supremacy, we will have a larger international playing field, offering us enormous opportunities to exponentially grow our international footprint. Both the companies will also share with each other their technology platforms for mutual growth, as well as focus on technology and process excellence integration.

I am happy to share that your Company has also announced a JV with Tadano Group, Japan's biggest and world's leading mobile crane manufacturer, to manufacture rough terrain cranes and truck mounted cranes. The JV will strengthen your Company's technology leadership and market presence in the material handling equipment space. The JV will leverage the cost-effective frugal Indian engineering excellence of Escorts and world-leading Japanese technology from Tadano to cater to an expanding market for heavier capacity and sophisticated Truck & Rough Terrain Cranes in the 20 to 80 tonnage categories. We expect to take a leading

# From the Chairman's desk

position in the high-tonnage crane segment in the medium to long term.

## Opportunities in the construction and railway segments

If we look closely at the construction equipment segment, we find encouraging momentum. Our volumes of Backhoe Loaders, Pick 'n' Carry cranes and compactors went up by 22.6% in FY 2018-19. Cranes were the most prominent gainers in FY 2018-19, with 26% growth, followed by Backhoe Loader that grew by 22.2% and compactors that grew by 20.5% in FY 2018-19. The total volumes manufactured and traded products increased by 23.6% to 5,544 against 4,486 in the previous fiscal.

Our EBIT margin for the year ended March 2019 stood at 3.6%, up by 166bps vis-à-vis 1.9% in the previous fiscal. Barring challenges on account of financing issues and an uncertain global environment, we expect to improve our margin in FY 2019-20. Going forward, we also expect that our construction equipment business will continue to grow in mid-teens in the medium- to long-term and; we will be launching an exciting array of innovative products.

Coming to the railway division, our revenue of ₹ 394.1 crores went up by 37.5%, as against ₹ 286.6 crores in the previous fiscal. Our EBIT margins went up by 600bps from 19.9% vis-à-vis 13.9% in the previous fiscal. Our order book for this division stood at more than ₹ 490 crores, which will get executed in the next 14 to 15 months. Going forward, we expect the railway equipment segment to grow at 15-20%. RED collaborated with Yujin Machinery Ltd., South Korea, for high speed brakes and metro breaks system.

## Organisational restructuring for growth

I feel privileged to lead the young, dynamic and committed workforce. We have one of the most capable teams

standing on ground to help us achieve our Vision 2022 with their sheer focus and faith. It entails a larger alignment and empowerment of internal leadership to take on larger responsibilities and diverse roles.

Aligned to the thought, your Company announced some structural changes. We have created the position of an Executive Director, a position on Board, who will be responsible for group level business growth and profitability, Mergers and Acquisitions (M&A) and other inorganic opportunities. Also, the Chief Executive Officers (CEOs) of respective businesses have been empowered to drive business growth. Our centralised R&D under the Chief Technology Officer will develop technology breakthroughs by leveraging cost optimisation.

## Innovation as a differentiator

Your Company has always strived to derive an edge in the way we work and develop technological breakthroughs for customers. Innovation thus becomes a key differentiator of us. Exclusive 2018, our annual innovation platform offered a latitude of disruptive offerings. These comprise India's first autonomous driverless tractor, our new series of safe cranes, India's first high-end locomotives brake electronic solutions and an array of smart agriculture implements.

Escorts collaborated with seven technology giants namely Microsoft, Reliance Jio, Trimble, Samvardhana Motherson Group, WABCO, BOSCH and AVL. The partnerships and relationships will enable development of a range of farm machines with electric transmissions, autonomous applications, remote vehicle management, data-based soil and crop management, and sensor-based guided farm applications.

In addition to our innovative line-up on products, we also invested in our post sale service excellence and created technology integrations for a 24X7 Care

Button for customer service across an entire range of Powertrac and Farmtrac tractors, becoming the first Indian tractor company to do so. Now our customers can press this special button on the tractor for any technical or other help and receive a call back from a trained company engineer within two minutes. Going forward, we will be launching new innovative products to help enhance the productivity and earnings of our customers.

We also launched a unique and global first online tractor sales platform, announcing our first-of-its kind digital interface tractor DIGITRAC. It is integrated with predictive forecasting, agriculture information intelligence system and agri updates for farmers through an app-based interface. We have received an overwhelming response to the platform.

Your Company has a deeply embedded innovation culture. It is well positioned to develop indigenous engineering solutions for agriculture and infrastructure and will also create a futuristic ecosystem of innovative and disruptive technologies within Escorts. We founded Rajan Nanda Innovation Lab (RNIL) to serve this objective and help create our technology future by aggregating best practices of the world. RNIL will continue to collaborate with advanced technology centres, academic excellence, research intellect and innovation labs which have created worldwide benchmark innovations in agriculture, construction equipment and advanced railways domain.

## Emerging businesses disrupting the market

Indian farming is still dominated by low and marginal farmers and weak access to advanced agri technologies. There is a huge requirement and opportunity to strengthen and provide service models, which will empower the farmers through a strong mechanisation and technology-driven agri-productivity.

Your Company has launched various initiatives like Escorts Crop Solutions (ECS), rental farming services with a range of tractors and implements, aggregation of tractor usage with TRAXI service model and readying a platform for genuine spare parts delivery under Smart Parts project.

TRAXI has already reached 1,500 villages cutting across 2,600+ farmers and creating 600+ agri-preneurs. Our Crop Solutions' Hydroponics is one of the unique initiatives in India, helping rice farmers to increase their productivity by 10%. ECS aims to become India's most reliable farm mechanisation solutions provider with end-to-end, advanced, affordable and pay-per-use solutions, as well as the largest fleet of track harvesters, paddy transplanters and other equipment. Under ECS we have already serviced 10,000+ paddy farmers delivering 30,000+ hours of farm mechanisation services.

### Macro trends ahead

Recent election results have ensured that we have a stable government in the centre with a renewed focus on agriculture, construction and railways. Escorts is well prepared to maximise this opportunity. On the full year basis, the domestic tractor industry growth is driven by monsoon and government policy initiatives about rural markets.

Further, there is a pan-India positive focus towards agriculture and infrastructure segments, which will usher in policies and facilitate the respective segments, benefiting consumption and drive business opportunities for your Company.

### Upholding good corporate governance practices

We follow a culture built on our principles of ethical business conduct. In accordance with the statutory requirements for listed companies, your Company has taken a number of corporate governance initiatives,

including adoption of a new Code of Business Conduct which amplifies our stand on Corporate Governance, Dividend Distribution Policy, Policy for Preservation of Records, Code of Conduct for Insider Trading and Prevention of Sexual Harassment (POSH), among others.

We are committed to assist the organisation in adhering to industry best practices for accomplishing its business objectives; while at the same time helping your Company formulate policies to find better balance between the interests of its many stakeholders, such as shareholders, management, patrons, providers, investors, government and the public at large.

### Future priorities

Quality excellence remains our consistent priority. We will continue to reinforce a culture of ownership and accountability in our teams to translate our vision into reality. Our strengthened distribution, domestic and export geographies are expected to extend reach and service excellence to address our customers' requirements. As a future-focused enterprise, our priorities comprise cost optimisation, adopting digitisation, and simplifying our operating architecture and process-bound operations.

Under the able guidance and direction of our strong and widely experienced Board, we will create a strengthened roadmap of profitability, expansion and brand repute. Human resource training and development remains a critical focus area for your Company; and we will continue to invest in upskilling our talent pool to realise our vision.

Your Company will also be pursuing inorganic opportunities through M&A and alliances to strengthen growth and profitability and build an innovation pipeline.

### Focused on holistic wellbeing

Your Company today is aptly positioned to achieve its Vision 2022 and beyond. The entire Board, the leadership team and each Escortian is purpose driven and committed to high performance and corporate vision.

Your faith and belief in us will strengthen our confidence to create wealth for every stakeholder and help the nation by elevating communities.

**'Nation Matters' will always be at the core of our existence.**

Warm regards,

**Nikhil Nanda**

Chairman and Managing Director



## Message from the Executive Director



**At the heart of our Vision resides a sustained focus on people, processes and partnerships as well as a constant urge to do more with less. There are key catalysts to reinvigorate our value chain, instilling frugal engineering capabilities and helping us achieve our ambitious 2022 aspirations of growing our revenue earnings by more than twice.**

**Shailendra Agrawal**  
Executive Director

Dear Shareholders,

**I am honoured to be a part of the leadership team and help strengthen our drive to offer integrated solutions and contribute to nation building. Our actions are aligned to our purpose of delivering encouraging outcomes across our business segments through relevant products, technology and innovation to create a deep and diverse impact for all stakeholders.**

2018-19 was a remarkable year for Escorts with significant growth in volumes, incremental value additions, and profitability. We are broadening our offerings, onboarding critical partners and developing products that cater to a wide range of requirements of customers across geographies. We are taking important steps to ensure that our portfolio offers best-in-class features, exclusive efficiencies, and the best user experience.

India's fast-paced socio-economic wellbeing must be underpinned by rapid agricultural growth, accelerated infrastructure creation, and safer mobility options. Across these broad segments, we have continued to reinforce our presence with greater customer engagements and technological innovations. With a stable and reforms-focused Government at the Centre, our opportunity landscape continues to grow. Powered by our innovation spectrum and commitment to agile decision-making, we are geared to convert opportunities into enduring value for all stakeholders. In the preceding five years, we have grown our market capitalisation by more than ₹ 8,000 crores, topline by ₹ 2,000 crores and bottomline by ₹ 320 crores. We have gained more than 140bps of market share during this period.

We are progressing with confidence, scaling up our business both in size and scope, and partnering with global technology bellwethers to deliver differentiated offerings to our aspiring

and discerning customers. We are ushering in excellence every step of the way from the front end to the back end. Thus, it is necessary to view our journey in the last few years with a broader lens in order to acknowledge and appreciate our endeavours.

At the heart of our Vision resides a sustained focus on people, processes and partnerships as well as a constant urge to do more with less. There are key catalysts to reinvigorate our value chain, instilling frugal engineering capabilities and helping us achieve our ambitious 2022 aspirations of growing our revenue earnings by more than twice.

As we evolve and accomplish new milestones, we are instilling the utmost respect for quality in everything that we do. We want to outperform the market and improve profitability year on year. We want to elevate every aspect of our business, including product standards, market positioning, pricing, material costs, technology muscle and so on. Our Total Productivity Maintenance (TPM) programme is yielding encouraging outcomes, as we challenge the status quo, transform our plants and practices and adopt world-class manufacturing benchmarks.

Safety is our 24X7 priority and we are implementing safer practices across our operational canvas. We are continuously investing in our talent development programmes. A highly skilled and fully engaged workforce is critical to our future success. Our people strategy aims

at strengthening our culture of teamwork and knowledge exchange to build a future-ready workforce.

We are integrating our R&D expertise, across our three divisions to strengthen synergies and optimise raw material costs. To enrich our spectrum of offerings, we are listening to our customers and embedding our operations with industry-next technologies. Also, we are drawing on the competitive benefits provided by our comprehensive service network. We work closely with domain experts to leverage emerging technologies and serve our customers with speed and precision.

As a conscientious corporate citizen, we are balancing our business priorities with our societal commitments. From supporting local community development programmes to making roads safer for citizens, we are reaching out in a variety of ways. Across the report, you will read more about how we are building competencies, elevating customer experiences and creating exceptional value for our stakeholders.

Our Vision 2022 is clearly mapped out and we invite the encouragement, support and insights of our stakeholders in helping us realise our vision and deliver on our promises.

Warm regards,

**Shailendra Agrawal**  
Executive Director

## External environment

# Macro trends that shape our business

Our operating context has a bearing on our value-creation strategy. We continuously work to evolve and expand our business horizons in step with changing times.

## Global population will cross 9.8 billion people by 2050.

Only a commensurate rise in agricultural productivity will sustainably meet food security concerns without the need to increase agricultural land.



## India sets a target of doubling of farmers' income by 2022.

The Government of India is focusing on significantly enhancing the income generation for farmers with a definite timeline. A slew of initiatives are being promoted and implemented in a major way: Soil Health Card (SHC) scheme; Neem Coated Urea (NCU); Pradhan Mantri Krishi Sinchayee Yojana (PMKSY); Paramparagat Krishi Vikas Yojana (PKVY); National Agriculture Market scheme (e-NAM); Pradhan Mantri Fasal Bima Yojana (PMFBY) and so on. These initiatives will enhance agricultural production and productivity and by extension, the income of farmers.

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### Our strategic priority

As an organisation that has played a pivotal role in driving India's farm mechanisation, we represent a brand legacy trusted across generations. We seek to empower farmers with a basket of high-yield, innovative solutions that are truly world-class and future-ready.

## India needs US\$4.5 billion in infrastructure investments over the next decade.

With the economy growing at a rapid pace in a formalised ecosystem, the country's construction equipment market will continue to be driven by infrastructure investments. The successful implementation of Goods and Services Tax (GST) regime has also bolstered the equipment demand in India by aligning tax rates across states at a single point.



## Increasing urbanisation drives a new era in Indian Railway.

With greater budgetary allocations to upgrade the railway network, the Government is emphasising on creating high-speed rail corridors and launching digital initiatives that foster transparency. It is also enabling a higher degree of safety, speed and service across the network.



## India finalises Bharat Stage IV and V emission standards for non-road engines

India is the first country outside of the European Union (EU) to enact diesel particulate filter-forcing non-road engine emission standards based on EU Stage V – ahead of other emerging market countries as well as USA and Japan. The BS IV emission standards become effective from October 2020, while the implementation of BS V standards begins in April 2024.

### Our strategic priority

We are entering new product categories and platforms, with greater R&D investments that will complement our in-house expertise and technical collaborations.

## Government focuses on developing indigenous engineering capabilities.

As of October 2018, over 664 km of urban transit rail (or metro rail) projects in 15 cities are under various stages of implementation. Over 515 km of metro lines are already operational in India. The Government aims to optimise costs and promote indigenous engineering of all parts and components, namely, rolling stock, signalling systems, electrical and electromechanical components and civil engineering structures. 50+ cities with a population in excess of 2 million is projected to soon have metro connectivity.

### Our strategic priority

Escorts fosters a zero-defect manufacturing culture, together with a strong emphasis on principles of lean and frugal engineering and operational excellence. Our relentless quality focus as a business imperative facilitates the development of standard operating procedures that stabilise and standardise our operational efficiencies. Upcoming Dedicated Freight Corridor (DFC) opens up huge possibilities for our RED.

# The Escorts way

**Our resources and relationships** drive our business initiatives.

## **Trusted brands**

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**Multi-faceted business and R&D expertise**

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**Extensive distribution reach**

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**Relentless focus on excellence**

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## **Stable financial position**

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**Cross-business synergies**

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**Global technology partnerships**

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**Diverse human assets**

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**Our strategy** addresses the changing operating context with an evolved offering.

[□](#) for more information page 18

**Our products** help us imagine and engineer change and impact lives.

[□](#) for more information page 6-7

We are driving technology-led growth across businesses and launching unique engineering solutions for mechanised agriculture and strengthened infrastructure in India and other geographies. In this grand endeavour, we are guided by our values to enrich the quality of life of people. Our rich repertoire of products and services create enduring value for all stakeholders.

## Our Strategic Values make us different

They underpin everything we do as a business and help us strengthen relationships with all our stakeholders.

They help us build trust, elevate operational excellence, mitigate risks, attract and retain talent – driving lasting, positive change.

### **Customer Centricity**

 for more information page 24

### **Excellence**


 for more information page 26

### **Innovation**

 for more information page 28

### **Agility**

 for more information page 30



**Realisation of  
sustainable,  
mechanised and  
empowered  
societies**

# Management Speak


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## Customer Centricity



“ Throughout our history, we have proactively identified the latent needs of our end-users and proposed solutions to the same. We are committed to growing our capabilities and in turn, those of our customers to make them future ready across geographies. Our key objective is to become a seamless company providing all mechanisation products and services, that customers can fully trust.

**Shenu Agarwal**  
CEO – Escorts Agri Machinery

 for more information **page 24**


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## Excellence



“ New technologies, methods and processes call for a new way of thinking. Interdisciplinary collaboration is key to our manufacturing excellence. We are developing the best quality products, optimising effectiveness, efficiency and performance.

**Bharat Madan**  
Group Chief Financial Officer and Corporate Head


 for more information **page 26**

## Innovation



We are creating more effective processes and introducing a broad array of technological innovations for Escorts' future growth. We will lead the evolution of innovative braking, coupling suspension systems across railways and metros, while also meeting the needs of customers and society in a wide range of fields.

**Dipankar Ghosh**  
CEO – Railway Equipment Division

 for more information [page 28](#)


## Agility



Escorts is moving with a high degree of dynamism and flexibility to emerge as an agile, responsive and service-focused brand. Over the past years, we have explored a wide range of business opportunities, prioritised a few areas based on business potential, identified partners and took concrete steps towards realising the same. In the existing business, based on the factual analysis, we improved our understanding on the profitable products and markets, identified the key success factors in these markets and aligned our resources towards maximising our win.

The future looks very exciting as ECE has embarked on this journey of exponential growth. Operation excellence, expanded offering and customer delight would remain our levers in sustaining this.

**Ajay Mandahr**  
CEO – Escorts Construction Equipment

 for more information [page 30](#)



## Customer Centricity



**900+**

Dealer touch points

# Being the most preferred

is staying true to our brand promise

We work closely with our customers to develop industry-leading solutions for today and for the future. From tractors that permit autonomous driving to cranes that can operate in the most hostile terrains to assembly lines for state-of-the-art railway components, there are many examples of how we, as a diversified group are providing answers to pressing challenges concerning food security, infrastructure and safer mobility.

**EAM**

**Powertrac 425**  
One of the most fuel-efficient tractors

**Farmtrac 45**  
An inverter tractor

**Farmtrac 4x4**  
A premium tractor with high-end technology

**Powertrac Anti-Lift**  
A front lift-resistant tractor range for commercial haulage operations



**Farmtrac F20**  
A tractor with literally two transmissions, which doubles the number of speeds available offering better torque when needed

**Farmtrac 6090**  
A home-grown tractor for the global market

**Farmtrac Atom**  
A compact tractor designed for every type of orchard and vineyard farming

**ECE**

**Digimax**  
An indigenously designed backhoe loader

**Jungli**  
A high-power backhoe loader for operations in hostile terrains

**Hydra NXT**  
A next-generation Pick-n-Carry crane that is preferred for its improved manoeuvrability



**CT Smart 15**  
One of the safest Pick-n-Carry cranes designed for urban use

**RED**

**BMBS**  
An indigenously developed Bogie-Mounted Brake Systems (BMBS)

**Brake Pads**  
Home-grown brake pads

**MCBS**  
Microprocessor controlled break system for locomotives



**EP Break**  
High End Electro - Pneumatic Brake System

**AARH couplers**  
High-end AARH couplers



**Excellence**

**AA-**  
Credit rating  
(ICRA)

# Pushing the envelope

is staying true to our brand promise

The reliable roadmap to remain future-ready is to deliver excellence every step of the way, starting from processes we implement, partnerships we foster and the talent pool we nurture. Overall, our culture and mindset encourage Escortians to always aspire for the next altitude and strengthen the promise of Escorts brand in an era of unprecedented change.

## Processes

World-class products need outlier capabilities. Our focus is to achieve holistic excellence by embracing Total Productive Maintenance (TPM). It is a world-renowned system of maintaining and improving the integrity of production and quality systems through machines, equipment, processes, and employees that add business value to the organisation. Our mantra is three-fold: zero accidents, zero defects and zero failures in the entire production lifecycle.

We are adapting our supply chain to create ahead-of-the-curve products through standardisation. This will deliver the scalability that the organisation requires to support its growth plans and improve product performance at lower cost.

We leverage cross-business synergies to improve material reliability and quality, optimise resource efficiency and rationalise costs. We adopt a scientific approach to augment capacity utilisation and deliver better margins. Escorts Knowledge Management Centre is our in-house R&D unit and centre of excellence where we analyse, upgrade and engineer value across the product-process spectrum. The facility includes a high-technology engine laboratory featuring fully computerised test beds with online control, data acquisition and analysis. We can test engine emissions as well as gauge engine performance, durability, reliability, tribology and fluid dynamics studies.

**Zero accidents,  
zero defects and  
zero failures in the  
entire production  
lifecycle is our mantra.**

## Partnerships

We collaborate with Doosan of Korea, Tadano of Japan and Kubota of Japan in varying capacities – all serving our overarching business objective of identifying white spaces, filling gaps in our portfolio, scaling up our market footprint and enriching our domain expertise. We have an exclusive distribution agreement for Doosan's range of construction equipment.

The manufacturing joint venture (JV) with Tadano will enable us to cater to the high-value crane segment in India. Our dedicated line to manufacture light-weight new-age tractors with Kubota will help us become the preferred tractor manufacturer worldwide.

We have also teamed up with seven other technology bellwethers to produce advanced agri-machinery and enhance farmer yield:

- 1. AVL** for a third-party design certification fulfilling homologation requirements in the indigenously developed compact electric tractor
- 2. Trimble** for sensors, controls and automated e-steering for precision farming
- 3. Samvardhana Motherson Group** for smart interface cabins and 'Escorts Care Plus', and advanced telematics system to enhance service, safety and operational experience for our valued customers
- 4. WABCO** for automating vehicle controls and developing an autonomous tractor for precision farming
- 5. Microsoft** for cloud-enabled services and artificial intelligence to help our customers access necessary information about weather, soil and optimum timings for various farming activities to enhance yield
- 6. BOSCH** for compliance with upcoming emission norms
- 7. Reliance Jio** for augmenting farm machinery lifecycles, with networked platforms, providing top-notch services and genuine spare parts across the country

## People

Our talent pool plays a key role in our commitment to deliver great products and services. They bring on board their experience, expertise, creativity, curiosity and commitment to build the Escorts of tomorrow. We invest in upskilling our teams so that we can collectively take the organisation forward in this era of rapid societal change.

### Training and development

We believe in recruiting the young and the best talent in the industry. One of our key initiatives is to connect with the best institutes through a well-defined programme. Our employees undergo a structured onboarding and induction process at Escorts Training and Development Centre (ETDC), Bangalore. We nurture our talent by offering them numerous merit-based, cross-functional and experiential opportunities. We also organise a training programme, Basics of Tractors, every two months at Faridabad to strengthen their product knowledge and its applications. In addition, we provide:

- Monthly open training calendars
- Role-based interventions for the frontline workforce
- Mobile learning platforms
- External forums, seminars, conferences and industrial visits

### Performance-driven culture of work

We facilitate a transparent, interactive and performance-oriented work culture that empowers individuals with the freedom to ideate, suggest and implement solutions that challenge the status quo. We have an open-door policy that helps employees connect with the Chairman and Managing Director and engage in a constructive discourse. Our rewards and recognition programme encourage teams to aspire for everyday operational excellence and exceed expectations.

**Innovation**

# Embracing the next

is staying true to  
our brand promise

The world of Escorts is always evolving. Our aspiration is to be a global, innovation-driven organisation of repute and we have constantly strived towards that purpose. Our brand promise is to disrupt markets and put Escorts at the vanguard of change. 'Esclusive' is our annual innovation platform to unveil pathbreaking solutions every year.

**24x7**

Service  
with Care



## Winning new markets with refreshing ideas

Escorts debuted with the launch of an array of 14 new tractors for the domestic and export markets, customised for unique applications. These comprised: the flagship New Escorts Tractor Series (NETS) with higher HP tractors (70-90HP); compact tractors (22-30HP); crossover tractors for both paddy and haulage applications; tractors with cabin options for driving comfort; EU IV emission norms compliant CRDi engines that were hitherto limited to cars; and naturally-aspirated machines that work well in slush. The launch was attended by supplier partners from 63 countries, technology partners, industrial body representatives, industry influencers and customers.

We have also strengthened our construction equipment portfolio with new-age machinery. We introduced Escorts' Digmax II Backhoe Loaders and Hydra cranes in two models: one with telematics-enabled 100 HP Perkins engines fulfilling EU IIIA/ BS III emission norms, while the other with indigenous 90 HP Escorts engines. We are leveraging synergies with our EAM business partners overseas to market and service the new range of construction equipment in global markets.



## India's first electric tractor concept

ESCORTS' INTERNATIONAL DAY 2017 WITNESSED THE LAUNCH OF THE REVOLUTIONARY ELECTRIC TRACTOR CONCEPT. THIS ECO-FRIENDLY TRACTOR CHANGES THE WAY WE LOOK AT INDIA'S DEPENDENCE ON FOSSIL FUEL IN AGRICULTURE, ELEVATING EFFICIENCY AND REDUCING ENERGY CONSUMPTION AND CARBON EMISSIONS.



## Bringing digital intelligence to Indian farmers

India's agronomic practices are largely deficient in precision-based farming methods with a vast headroom for maximising output and improving farmers' income. Innovation in farm machinery sector will drive the next phase of agricultural growth in the country. From better information on soil health, seeds and water management to advanced technologies for higher yield and earnings, digital intelligence will play a crucial role in the agricultural sector.

Escorts 2018 saw the launch of our Automated Farming Solutions, starting with India's first automated tractor concept that brings the power of next-generation vehicle technologies to farm mechanisation. We reported strategic collaborations with several technology giants to develop Escorts' prowess in agri-machinery, primarily electric transmissions, autonomous applications, remote vehicle management, data-based soil and crop management and sensor-based guided farm applications.

Besides, we showcased high-end cranes following the new JV with Tadano, as well as India's first homegrown premium electronic locomotive brake solutions.



**Agility**

# **Accelerating access to new-age solutions**

is staying true to our brand promise

**36** years

average age of Managerial leaders

**We are offering a bouquet of tailored solutions to bolster farm yield and income in India. We are learning the best that the world has to offer to help alleviate agri distress in India and at the same time taking our expertise to the global grandstand.**

Here is a review of our solutions that complement our drive towards 'tractorisisation'.

## Escorts Crop Solutions

We serve as a 'one-stop-destination' where even small and marginal farmers can also avail of state-of-the-art agri equipment under a pay-per-use rental model. These include laser levellers for saving water, RotoPuddlers for saving nutrients, Hydroponic Nursery for helping seeds mature early, Transplanters for increasing yield, Power weeders to ensure growth of healthy crops, Harvesters to lower grain loss and Balers to avoid crop burning.

**5,000+**  
customers serviced

**10,000+**  
hours serviced

**200+**  
entrepreneurs created

## TRAXI

TRAXI – our very own tractor-taxi service – signals the 'Uberisation' of tractors. The platform brings together farm equipment owners and small and marginal farmers using an app-based demand aggregation model. It will enable farmers to overcome their resource constraints and reap the benefits of mechanisation, while also helping put idle machinery to use.

## FARM POWER

A key driver of our solutions-focused approach is FARM POWER, wherein we supply a range of implements to empower farmers and help them solve critical issues such as stubble burning, pesticide spraying and imprecise labour-intensive farming, among others.

Our implements are tailored to match the tractors and machines they are used with, providing unique, scalable solutions in the cultivation of rice, sugarcane, grapes and wheat.

Our 'Happy Seeder' is one such offering; it is a single pass seeder that is mounted on a tractor. It displaces the rice rubble in a manner that prevents the need to burn or prepare field for wheat cultivation.

## DIGITRAC

This is a platform enabling transparency and efficiency with on-demand doorstep services, along with real-time actionable farming insights helping farmers make informed decisions. These doorstep services include at-home product demonstrations and maintenance, free evaluation, equipment financing aids and insurance, implements and accessories, personalised farming advice, access to mandis and others - other than buying tractors online, directly from the Company.

## Smart Parts

We offer genuine parts and skilled services at an affordable price through a digital front-end platform, Smart Parts. Customers can lower maintenance and repair costs, reduce machine down-time and increase return on equipment ownership. Supply partners,

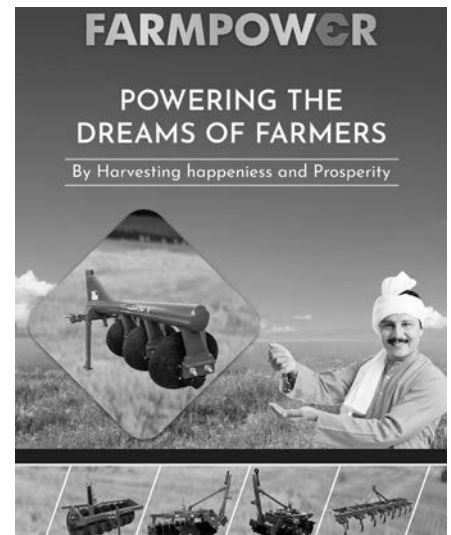
on the other hand, can minimise sales loss, and optimise days of inventory. Our technology supports us with digital-enabled devices that will facilitate transactions across all tiers.

## Mol Anmol

We identified various pain points (credibility, price, after-sales support, availing finance and warranty) when buying a pre-owned tractor to design an effective solution that provides peace of mind to the end-consumer. Mol Anmol specialises in pre-owned tractor segment, interfacing between buyers and sellers, with the aim of giving pre-owned tractor buyers all the facilities that a new tractor buyer gets.

## Creating new customer service standards

We are partnering with 500+ workshops throughout the country and upgrading their infrastructure and systems, providing them with appropriate training and certifying them to conduct service operations to our customers. Besides, we have installed a 'CARE DEVICE' in 20,000 tractors manufactured this year; it consists of a button, a microphone and a speaker. The tractor user can, in case of any problem related to the tractor, press that button and it would connect them to our service representative – who would then provide a pertinent solution.





# Board of Directors



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## 1. Mr. Nikhil Nanda

Chairman and Managing Director

Mr. Nanda joined Escorts as Director, Business Development of Escorts Yamaha Motor Ltd. (EYML) in 1998. He has contributed immensely in the areas of operations, finance and senior management functions such as strategic planning and investment decisions. He has played a central role in leveraging Escorts' inherent capabilities to strengthen its position as a company dedicated to frugal engineering. He is a member of CII's Northern Regional Council; Federation of Indian Chambers of Commerce and Industry (FICCI); the Indo American Chambers of Commerce (IACC); Young President's Organization (YPO); All India Management Association (AIMA); Young India Committee of CII; and the Science & Technology in Society (STS) Forum of Japan. He is one of the few business leaders chosen by the Government to represent India at the Indo-Spain CEOs Forum.

He is an alumnus of Wharton Business School, USA, with majors in Management and Marketing.

## 2. Mr. Hardeep Singh

Director

Mr. Singh is the Chairman of the monitoring committee on Minimum Support Price, constituted by the Niti Ayog. He has held managerial positions across leading Indian and foreign companies. He was the Former Executive Chairman of Cargill South Asia and Amalgamated Plantations Pvt. Ltd. (a Tata Group enterprise) and the Non-executive Chairman of HSBC Invest Direct India Ltd. He has been a member of National Council of CII and National Committee for Agriculture of FICCI and served as an honorary advisor on Agriculture to the Chief Minister of Punjab. He was invited to speak at the World Bank, the US Department of Agriculture's Global Summit, the International Food Policy Research Institute, the Imperial College, and Indian Institute of Management (IIM), Ahmedabad.

He is an Economics graduate from Pune University and an alumnus of Kellogg School of Management.

## 3. Mr. P. H. Ravikumar

Director

Mr. Ravikumar is, at present, the Non-executive Chairperson of Bharat Financial Inclusion Ltd.

(earlier known as SKS Microfinance Ltd.) and on the Boards of L&T Investment Management Co Ltd., Aditya Birla Capital Advisors Ltd. and Bharat Forge Ltd., among others. He is a Fellow (Honorary) of the UK's Chartered Institute of Securities and Investments (CISI) as well as the Chairperson of CISI's India Advisory Council. He has been the Founder, Managing Director and Chief Executive Officer of National Commodity and Derivatives Exchange Ltd. (NCDEX) and Invent Assets Securitisation and Reconstruction Pvt. Ltd. (an RBI-regulated asset reconstruction company). He has worked at senior level positions in ICICI Bank and Bank of India. He has been on the governing body of Entrepreneurship Development Institute of India, Ahmedabad, and Federal Bank Ltd.

He is a Commerce graduate, with a Senior Diploma in French.

## 4. Mrs. Vibha Paul Rishi

Director

Mrs. Rishi is a passionate marketing professional, specialising in Indian and international markets. She is also associated with Pratham, an NGO that works to provide education to

underprivileged children in India. She started her career with the Tata Administrative Services and was part of Titan Watches' founding team. Besides spending 17 years in PepsiCo in marketing and innovation roles for India, USA and the UK, she was the Executive Director (Brand and Human Capital) at Max India Ltd. and the Director (Marketing and Customer Strategy) at the Future Group.

She is an alumnus of Faculty of Management Studies (FMS), Delhi.

## 5. Dr. Sutanu Behuria

Director

Dr. Behuria, in an illustrious career spanning 38 years, has served in countless key positions of central and state governments. He was a Board member in more than 25 PSUs and has worked in the Asian Development Bank for over five years. He has also been Advisor to the Finance Minister of Mauritius for two years, under a Commonwealth programme.

He is a postgraduate from Delhi School of Economics, earning a second postgraduate degree as well as a doctorate in Economics from Southern Methodist University, USA. He is an Indian Administrative Services officer (1976 batch).



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### 6. Mr. G. B. Mathur

Director

Mr. Mathur possesses more than three decades of experience in corporate law. He extends crucial support to strategy decisions, corporate restructuring programmes and CSR initiatives of the Company.

He is a member of the Institute of Company Secretaries of India (ICSI) and a Bachelor of Legislative Law by profession.

### 7. Ms. Nitasha Nanda

Director

Ms. Nanda is an insightful entrepreneur and business leader with widespread experience across the areas of business strategies, financial management, operational research and managerial techniques, among others. She was responsible for managing the Company's subsidiaries, including Escorts Securities Ltd. and Escorts Asset Management Ltd. She is on the Board of Directors of companies such as Sietz Technologies, RNIS, Raksha TPA, Rimari India and Sun & Moon Travels. She worked with multinational organisations such as ANZ Grindlays Bank, PricewaterhouseCoopers (PwC) and Hewlett Packard.

She is a Commerce graduate from University of Delhi.

### 8. Mr. D. J. Kakalia

Director

Mr. Kakalia specialises in litigation for the power and manufacturing sector. At present, he is a partner in Mulla & Mulla & Craige, Blunt & Caroe, Advocates, Solicitors & Notaries. He is a Director and a member of various Board Committees for Aditya Birla Finance Ltd., Reliance Broadcast Network Ltd. and Reliance Power Ltd. He has been an advocate at Bombay High Court, since 1973, wherein he qualified as a solicitor in 1976. He also qualified as a solicitor of the Supreme Court of England in 1982.

He is a Commerce graduate from Siddharth College of Commerce & Economics, Mumbai, and a Law graduate from Government Law College, Mumbai.

### 9. Mr. Shailendra Agrawal

Executive Director

Mr. Agrawal, a strong advocate of challenging established benchmarks, is responsible for leading business operations, executing growth strategy and ensuring operational excellence. In his current role, for driving

business transformation, Mr. Agrawal is spearheading strategic growth initiatives with a focus on profitability and revenue as envisaged in Vision 2022. These include Project LEAP and TPM special award; and forging alliances with globally respected brands for inorganic growth. He was instrumental in business process engineering. He played a central role in creating a product and technology roadmap through world-class product development process and partnerships with leading technology providers.

He is a mechanical engineer with 35 years of diverse experience in Tata Motors, Hero Motors and Escorts Limited. In his past assignment as President of Hero Motors, he was instrumental in the successful turnaround of Auto component business.

### 10. Mr. Sunil Kant Munjal

Director

Mr. Munjal is one of the founder promoters of the Hero Group, India's premier automotive manufacturing group that has evolved from being the world's largest bicycle-maker to the largest two-wheeler maker. He is the Chairman of Hero Enterprise, with interests in insurance

distribution, steelmaking, real estate and corporate training. He sits on the boards of several public limited and private companies as well as premier schools and colleges. He has also served as president of the CII and AIMA; been a member of Prime Minister's Council on Trade and Industry and was on Government taskforces that prepared the ground for India's banking and insurance reforms.

He is an active business promoter, institution builder, social entrepreneur, angel investor and thought leader. He has made strategic investments in several areas ranging from e-commerce to hospitality. He supports start-ups on digital learning, community transportation, healthcare, women empowerment and education.

After his graduation, he underwent training in the field of Mechanical Engineering.

- Nomination and Remuneration Committee
- Audit Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- ESOP & Compensation Committee
- Share Transfer Committee
- Borrowing Committee

# Leadership Team



## Mr. Nikhil Nanda

Chairman and Managing Director

**Key contributions:** Designing Escorts' transformational journey from being a product-led company to being a technology-driven brand that crafts customer-centric solutions that add value to customers' lives; under his dynamic leadership, Escorts has introduced a series of innovative products that demonstrate excellence in manufacturing quality and market intelligence.

### **Skills and interests:**

Operations, finance and senior management functions such as strategic planning and investment decisions, collaborations with global technology majors and creating solutions that bring a paradigm shift in conventions.

**Background:** He is an alumnus of Wharton Business School, USA, with majors in Management and Marketing. He joined Escorts as Director, Business Development of Escorts Yamaha Motor Ltd. (EYML) in 1998.



## Mr. Shailendra Agrawal

Executive Director

**Key contributions:** Creating a product and technology roadmap; driving business transformation; spearheading strategic growth initiatives with a focus on profitability and revenue (such as Project LEAP and TPM special award); and forging alliances with globally respected brands for inorganic growth.

**Skills and interests:** Growth strategy, operational excellence and business process engineering.

**Background:** He is a mechanical engineer with 35 years of diverse experience in Tata Motors, Hero Motors and Escorts Limited. In his past assignment as President of Hero Motors.



## Mr. Bharat Madan

Group Chief Financial Officer and Corporate Head

**Key contributions:** Integrating finance and outbound supply chain functions across all business units into shared services; focus on improving Company profitability through various cost initiatives and divestment of loss-making businesses; helping businesses in their growth aspirations by entering into JVs with reputed multinational corporations; continuously evaluating inorganic opportunities for further growth; and driving investor relations to help the Company's market capitalisation cross a new peak of ₹ 12,000 crores.

**Skills and interests:** Financial and management accounting; audits; cash management and capital allocation; financial restructuring and organisation transformation; evaluation of M&A opportunities, mergers and de-mergers, and business strategy; budgeting; planning and forecasting; risk management; treasury, project finance and banking

operations; tax planning and optimisation; ERP and business intelligence tool implementation; financial modelling and analysis digitisation initiatives within finance and investors relations.

**Background:** He is a Fellow Chartered Accountant (1988), with over 30 years of experience in financial management. He joined Escorts in 2005. Prior to that, he was the Financial Controller at Electrolux Kelvinator Ltd.



### Mr. Shenu Agarwal

CEO – Escorts Agri Machinery

**Key contributions:** Driving transformative sales and marketing initiatives for Escorts Agri Machinery; discovering new growth engines for Escorts and leading our Vision 2022 programme.

#### **Skills and interests:**

Marketing and brand strategy, demand generation, distribution, new product planning, creating start-up business and scaling them.

**Background:** He is an MBA from Duke University, USA, with 26 years of industry experience. He joined the Company as a Graduate Engineering Trainee and worked in numerous key positions across sales and marketing, product development, strategy and project management.



### Mr. Ajay Mandahr

CEO – Escorts  
Construction Equipment

**Key contributions:** Steering the ECE business division of the Company.

**Skills and interests:** Sales and marketing, product development and business formulation and strategy.

**Background:** He is a management graduate, with 26 years of diverse experience in leadership positions. He previously worked with Larsen & Toubro, Indian Aluminium, Manitou South Asia Ltd. and Toyota Material Handling India.



### Mr. Dipankar Ghosh

CEO – Railway  
Equipment Division

**Key contributions:** Imbibing frugal engineering excellence in the railway segment.

**Skills and interests:** New technology and frugal innovation, full lifecycle product development, manufacturing operations, engineering management and business development.

**Background:** He is a technocrat and a management graduate from the ISB, Hyderabad. He pursued Advanced Global Leadership from London School of Economics as a British Chevening Scholar. He has more than 27 years of deep industry experience and building new businesses from scratch. He is an ex-Indian Railway Service officer and holds a Six Sigma Black Belt. Prior to Escorts, he was heading the John Deere India Tech Centre, managing the Caterpillar India Design and Bombardier Transportation Global Railway Design Centre (India).



### Mr. Ajay Sharma

Group General Counsel and  
Company Secretary

**Key contributions:** Developing and implementing statutory and legal controls that are aimed at improving compliance management

#### **Skills and interests:**

Corporate law, overseas acquisition, legal due diligence and JVs structuring, as well as international laws.

**Background:** He is an associate member of the Institute of Company Secretaries of India (ICSI) and a Law graduate with over 25 years of experience. Prior to Escorts, he worked with Bharat Forge Ltd.

## Social and environment sustainability

# Going the extra mile

Responsible corporate citizenship is deeply embedded in our business DNA; and we continue to strengthen our initiatives with prudent resource allocation and outcome mapping. Our efforts in the areas of health and wellness, education and development, environment and safety, among others, define our approach towards engineering holistic and sustainable community development.

### Health and wellness

Our programmes address primary healthcare issues around the affordability and accessibility of quality healthcare to underprivileged and economically weaker sections of the society. We strive to improve awareness and promote healthy living practices. We provide a range of healthcare services, spanning the entire patient lifecycle. We introduced general healthcare facilities through our Mobile Medical Units (MMU) for remote tribal community outreach, offering last-mile aid in Faridabad and its surrounding areas. Through these MMUs, we host free consultations and medicines with qualified doctors and medical personnel. Collectively, these MMUs have reached out to ~1 lakh patients this financial year alone.

We, along with Tajinder Singh Memorial and Escorts Medicare Foundation, operate a hub-and-spoke model in Faridabad, which is supported by various hospitals and associates and has emerged as a centre of quality and affordable care in the region by adopting the best practices in clinical care. This model facilitates the supply of services such as preventive care, super-specialty consultations and diagnostics, radiology facilities like X-Ray, ultrasound,



2D echo, mammography, dental treatment, rehabilitation centre and ophthalmologist, among others. Large number of underprivileged patients with complex medical issues have been treated here. The polyclinic organises health awareness programmes to empower people to take informed decisions on health issues. We have also initiated efforts towards early detection of tuberculosis and

screening of patients suffering from cataract and blood sugar.

### Education and development

We focus on education of underprivileged children by partnering with non-profits and intervening at the grassroots level. We partnered



RO water availability, a new ramp, furniture and flooring, full day power back up for the hostel, advanced educational aids, among others.

We also work with Arpana Trust for nurturing underprivileged children in relocated slum areas of Molar Bund area of South Delhi. This initiative helps enhance their mental abilities, sense of team spirit, concentration power and problem-solving skills. Most students consistently scored above 75% marks in their annual results, this year. We also adopted a Government primary and middle school in Sector 8, Faridabad and upgraded its existing infrastructure facilities.

With heavy rains battering Kerala in 2018, flood wreaked havoc in the state, bringing life to a standstill and causing widespread damage. Taking note of the grim situation, we supported a school in Kerala for its revival and re-building.

## Environment and safety

We are conscious of the footprint we leave on the environment and strive to sustain a positive impact overall. To that end, we are adopting and implementing

an organisation-wide environmental policy; creating awareness among associates; increasing the amount and scope of individual responsibility towards the environment; and integrating the same into the value chain of the business. Our environment sustainability strategy is aligned to mitigate climate change related risks by using scarce resources responsibly and doing more with less; and we are supported by our processes, our partners and our people in this.

We also supported and equipped Faridabad police to ensure that every single citizen can have access to services of the department, to spread awareness on road safety measures and to reduce crime and road accidents. We organised joint patrolling with Faridabad police, using three fully equipped GPS tracking enabled PCR vehicles. Additionally, we provided the department with a Scorpio vehicle and TVS Apache motorcycles, which we modified to suit their needs. All of this is part of the Escorts' overarching agenda to help confine possible crimes and road accidents in Faridabad.

with Faridabad-based NGO National Association for the Integration and Rehabilitation of the Handicapped (NAIRH) to cater to the holistic development of specially-abled children in the age group of 5-12 years. Through NAIRH, we are constructing new classrooms that have a ratio of 10 children under one educator; and completely renovating the educational complex with a new sensory room, a modern physiotherapy room, centralised



# Management Discussion and Analysis



## Macroeconomic overview

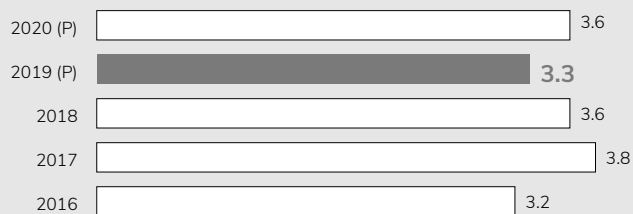
### World

Global Gross Domestic Product (GDP) witnessed strong broad-based growth in 2017 and early 2018. The momentum slowed towards the latter half of 2018 and registered an overall rate of 3.6%. Regulatory restrictions to rein in shadow banking in China, US-China trade conflicts, slowdown in advanced Western European economies and macroeconomic stress in some developing markets are some of the factors that weighed in on global demand, industrial production and private investment. Conditions have eased in 2019 after the US Federal Reserve signalled a softening of its monetary policy stance but markets remain cautious. Emerging Asian economies such as India and China show robust performance, driving global growth.

### Outlook

Global momentum is projected to further moderate to 3.3% in 2019, owing to a winding down of fiscal stimulus in USA, geo-political uncertainties, sluggish productivity growth and weakening investor confidence world over. A 'no-deal' withdrawal of the UK from the European Union and a bigger-than-anticipated slowdown in China are two key concerns in 2019. Going forward, countries will require to unite on shared policy priorities for stabilising the world economy, resolving trade disagreements and removing harmful barriers to growth that is holistic and inclusive.

## Global growth pattern (%)



P: Projections | Source: International Monetary Fund (IMF) World Economic Outlook April 2019

## India

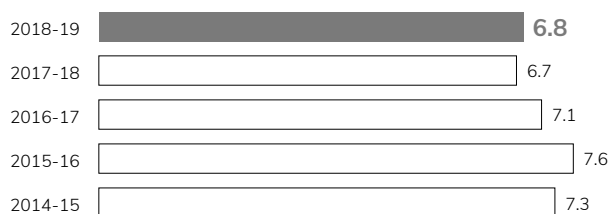
India continues to be one of the fastest growing major economies in the world. Initial half of FY 2018-19 witnessed the economy expand at par with FY 2017-18 rates. India grew by 8% in the first quarter and 7% in the second, before softening to 6.6% in the third and 5.8% in the fourth. Central Statistics Office (CSO) estimates the annualised GDP growth for FY 2018-19 at 6.8%.

Headline inflation, measured using the consumer and wholesale price indices, declined in FY 2018-19. Following this, monetary policy attempted to provide a fillip to the growth impulse through cuts in repo rate and easing of bank liquidity. That said,

inflation has firmed up slightly in recent months. During the year under review, CSO estimates that agriculture sector grew by 2.7% vis-à-vis 5% in FY 2017-18, a strong reflection of farm distress. CSO pegs the construction sector's growth in FY 2018-19 at 8.9% vis-à-vis 5.6% in FY 2017-18, on the back of infrastructure spending push by the Government. Data from the Index of Industrial Production (IIP) shows that industrial output grew by 3.6% in FY 2018-19 vis-à-vis 4.4% in FY 2017-18, indicating a slowdown in consumer durables as well as capital goods and tepid exports.

Indian economy rose 23 places further this year, to reach the 77<sup>th</sup> position on the World Bank's Ease of Doing Business Index. Positive macroeconomic drivers include strong private consumption, accommodative monetary policy stance, structural reforms such as the Real Estate Regulation Act (RERA), the Insolvency and Bankruptcy Code (IBC) and recapitalisation of Public Sector Banks (PSBs) and greater fiscal prudence. Some of the factors contributing to the moderation are rising global uncertainty, sluggish growth in farm and industrial sectors, slow pick-up in private investment and tightening lending norms.

### India's growth pattern (%)



[Source: Central Statistics Office (CSO)]

### FY 2019-20 Interim Union Budget; key takeaways

The Union Government, in its FY 2019-20 Interim Budget, pegged the year-end fiscal deficit at 3.4%. The Government projects India to be a five-trillion-dollar economy in the next five years and 10-trillion-dollar economy in the eight years post that. To that end, a 10-point roadmap was outlined that will help realise India's economic potential by 2030.

The Budget saw the Government maintain its thrust on farmer income generation, digital connectivity, electricity-for-all and housing-for-all, while also incentivising greater consumer spending. With greater allocations to modernise the railway network, the Government is emphasising on creating high-speed rail corridors and enabling a higher degree of safety, speed and service across the network.

### Outlook

Going forward, growth in income, urbanisation, favourable demographics, technology and innovation, and evolving preferences will drive private consumption. At the same time,

a stable government at the Centre, continued structural and financial reforms, fiscal consolidation and lower public debt, improved Goods and Services Tax (GST) compliance and better governance of public sector banks will support an environment conducive to business and investment.

### Industry overview

#### Tractors

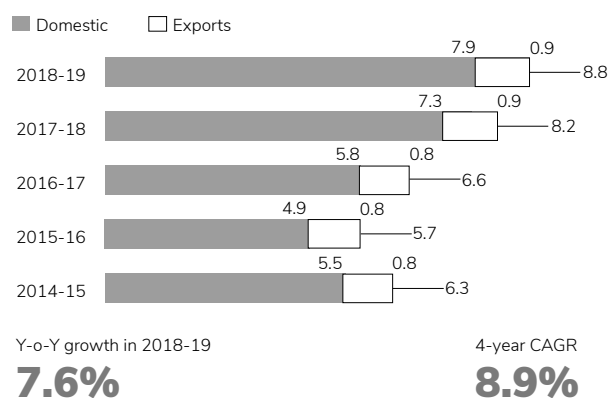
A blend of adequate monsoon, greater incidence of mechanisation, implementation of Minimum Support Price (MSP) for key crops, farm loan waivers, subsidy support for tractor purchase in some states and easier availability of retail finance drive agriculture in India.

The agricultural sector employs more than half of the nation's total workforce and contributes to 17-18% of the GDP. Central Statistics Office (CSO)'s FY 2018-19 second advance estimates placed total food grain production at 281.37 MT, ~3.5 MT lower than the FY 2017-18 fourth advance estimates of 284.83 MT.

India is the biggest manufacturer of farm equipment. The country's tractor industry accounts for almost one-third of the global market. The domestic tractor industry grew by 8%, in volume terms, to 7.9 lakh units in FY 2018-19, vis-à-vis 7.3 lakh units in FY 2017-18. India exported ~92,400 tractors in FY 2018-19 vis-à-vis 89,000 tractors in FY 2017-18.

The 41-50 Horsepower (HP) of domestic tractor industry segment, which grew by 9.2% year on year, continues to hold pole position at 47.2% share of total sales. The second major category is the 31-40 HP segment, it grew by 9% year on year, accounting for 35.6% of the domestic market. More-than-50 HP and less-than-30 HP segments make up the residual market, with a share of 7.6% and 9.5% respectively.

### Tractor industry growth TIV (in lakh units)



TIV: Total Industry Volume



## Segment growth in the domestic tractor industry

(in lakh units)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Y-o-Y growth	4-year CAGR
<30 HP	0.6	0.5	0.5	0.8	0.8	-0.3%	5.9%
31-40 HP	2.0	1.8	2.0	2.6	2.8	9.0%	8.5%
41-50 HP	2.6	2.3	2.8	3.4	3.7	9.2%	9.8%
>50 HP	0.3	0.3	0.4	0.6	0.6	7.1%	16.1%

### Escorts Agri Machinery (EAM)

EAM is the flagship business of Escorts Limited (Escorts). The domestic volume of EAM rose by 19%, to 93,323 units in FY 2018-19, as compared to 78,446 units in FY 2017-18. The division's exports rose by 56.7%, to 3,089 units in FY 2018-19 as compared to 1,971 units in FY 2017-18.



#### NETS (70-90 HP)

New Escorts Tractor Series (NETS)

- Global portfolio of tractors for the export market
- CRDi engine



#### FT 6090

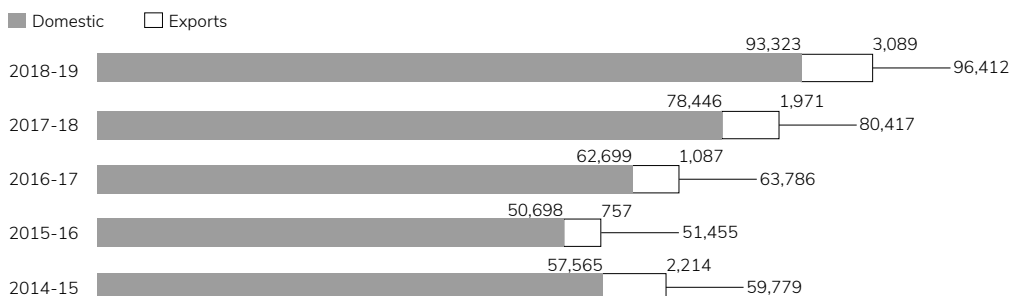
Serves the export market



#### Atom Series (21-30 HP)

Specially for use in orchards and vineyards

### EAM growth (in units)



Y-o-Y growth in 2018-19

**19.9%**

4-year CAGR

**12.7%**

### Escorts Agri Machinery Volumes (EAM)

(Units)

**96,412**

**↑ 19.9%**

Y-o-Y growth

**23%**

Growth for Powertrac, making it the fastest growing brand

**15%**

Growth for Farmtrac

**22%**

Growth for Steeltrac

**2.5**

Times faster than industry growth

**19.9%**

Overall growth and a holistic win

FY19 Y-o-Y growth

## EAM segment-wise performance

(in `000 units)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Y-o-Y growth	4-year CAGR
<30 HP	0.6	1.0	1.1	2.3	3.5	51.3%	56.4%
31-40 HP	28.9	23.0	25.4	37.0	46.2	25.0%	12.5%
41-50 HP	24.9	24.7	33.3	35.0	40.1	14.6%	12.6%
>50 HP	3.2	2.0	2.8	4.2	3.5	-15.7%	2.6%

## EAM domestic market share performance

(in `000 units)

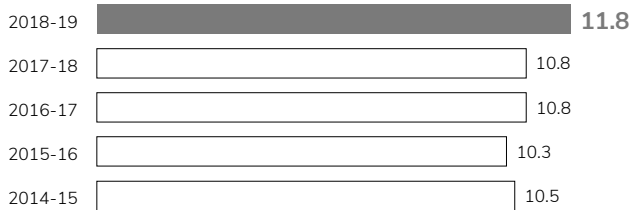
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
< 30 HP	8	1.9%	2.1%	3.5%	4.7%
31-40 HP	14.3%	12.8%	12.6%	14.5%	16.5%
41-50 HP	9.7%	10.9%	11.7%	10.4%	10.8%
> 50 HP	9.7%	6.1%	6.9%	7.9%	5.9%

## Way forward

Growing population, rapid pace of modernisation and consistent government support underpin the long-term growth fundamentals of the farm sector. The domestic tractor market, in the next decade, is expected to see double-digit growth, reaching 12-15 lakh units by 2030.

We are plugging gaps in our product portfolio and strategically tying up with global experts, to enter markets of opportunity (domestic as well as overseas) and cater to farmers with a holistic range of solutions that pre-empt their every need. We are exploring emerging allied business opportunities (such as attachments, spare parts and after-sales service, among others), under the Sprayers-Harvesters-Implements-Planters (SHIP) division, that complement our drive towards greater farm mechanisation.

## Total Domestic market share (%)



## 24X7 Care Button

We are stepping up our after-sales support with a new feature across our tractors. Our customers are now one touch away from receiving quality servicing: all they need to do is press a special button on their tractors at any time of the day and we will respond within two minutes via a callback. Either our trained executive will guide the customer to solve the problem over the call or they will be directed to the nearest dealership for a more comprehensive solution. We also facilitate doorstep repair services through this innovative helpline channel.



**केयर बटन दबाएं  
समाधान पाएं**

ट्रेक्टर पर लगा केयर बटन दबाएं  
एस्कॉर्ट्स सहायता सेंटर से तुरंत  
समाधान पाएं

## Construction equipment

The construction equipment industry in India is accelerating ahead, bolstered by the Government's focused efforts on developing infrastructure and reforming the real estate sector in India. The served application segments of earthmoving (backhoe loaders), material handling (cranes) and road building equipment (compactors) together comprise over 60% of the

industry and including excavators, the same is ~95% of total construction equipment industry. In volume terms, backhoe loaders industry grew from 38.6 thousand units in FY 2017-18 to 47.2 thousand units in FY 2018-19, cranes grew from 8.1 thousand units in FY 2017-18 to 10.2 thousand units in FY 2018-19, and compactors grew from 4.2 thousand units in FY 2017-18 to 5 thousand units in FY 2018-19.

## Served industry volume growth

(in '000 units)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Y-o-Y growth	4-year CAGR
Backhoe loaders	21.7	22.8	30.7	38.6	47.2	22.2%	21.4%
Cranes	3.6	3.4	4.5	8.1	10.2	25.9%	30.0%
Compactors	2.2	3.0	3.6	4.2	5.0	20.5%	22.6%

## Escorts Construction Equipment (ECE)

ECE is the second pillar of Escorts, catering to the country's growing infrastructure needs. The total volume (manufactured as well as traded products) of ECE grew by 23.6% from 4,486 units in FY 2017-18 to 5,544 units in FY 2018-19. Our partnerships with Doosan Infracore and Tadano are key to taking the share of the industry that we serve, from 60% to 90%.



### EC 5511

- 11-tonne compactor
- Sturdy and highest gradeability



### CTI-500XL

- 50-tonne slew crane
- 5 section full power partially synchronised telescoping boom

## Escorts Construction Equipment Volume (ECE)

(Units)

# 5,544

↑ 23.6%

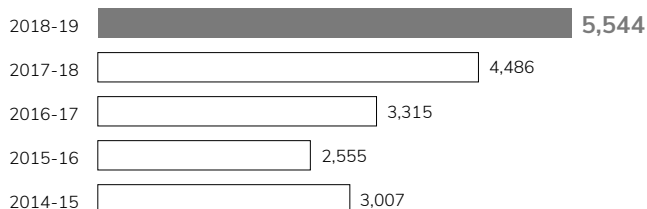
Y-o-Y growth

### Way forward

India needs an estimated US\$4.5 trillion in infrastructure investments by 2040, according to Global Infrastructure Hub. Rising income levels, economic prosperity and government spending are likely to drive significant demand in the infrastructure space in India over the next 25 years. Against this context, we are ambitiously stepping up our play in the construction equipment sector.

We are focusing on lowering material cost, expanding our dealer outreach and enhancing our export footprint. We will continue to bring in new products with frugal engineering and global technology collaborations for domestic and global markets, enabled by a strong product mix and an extensive distribution network.

## ECE growth (in units)



Y-o-Y growth in 2018-19

## 23.6%

4-year CAGR

## 16.5%

## Railway components

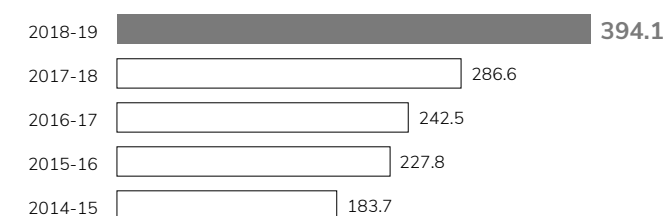
India is self-reliant on the manufacture of railway equipment. The FY 2019-20 Interim Budget allocated ₹ 1.58 lakh crores – highest ever – towards the railway sector. Terming FY 2018-19 as the safest in railways' history, the Budget reaffirmed its commitment to deliver world-class speed, safety and service to the civic society. The Budget allocated ₹ 7,255 crores for construction of new lines, ₹ 2,200 crores for gauge conversion, ₹ 700 crores for doubling of tracks, ₹ 6,114.82 crores for rolling stock and ₹ 1,750 crores for signalling and telecom.

Coming to urban transit, over 515 km of metro lines is operational in India and as of October 2018, over 664 km of metro rail projects in 15 cities was under various stages of implementation. The Government seeks to optimise costs and promote indigenous engineering of all parts and components, namely, rolling stock, signalling systems, electrical and electromechanical components and civil engineering structures.

## Railway Equipment Division (RED)

RED supplies the Indian Railway with critical products, parts and components that are peerless regarding aspects of safety, comfort and reliability. RED is an ISO 9001:2015 and ISO 14001:2015 division, with the prestigious International Railway Equipment Standard (IRIS) ISO TS/22163 certification, manufacturing products conforming to Indian Research Design and Standards Organization (RDSO) and international standards (UIC and AAR, among others).

## RED performance (in ₹ crores)



Y-o-Y growth in 2018-19

**37.5%**

4-year CAGR

**21.0%**

## Railway Equipment Division Order Book (RED)

(₹ in crores)

**490**

**↑ 40.0%**

Y-o-Y growth

## Way forward

The Government's unrelenting focus on eliminating accidents in railways is a step in the right direction. Further, with rising urban migration and shrinking availability of land, there is mounting pressure on the ease of urban-rural connectivity. In the next five years, rail infrastructure is likely to see major expenditure, and in the ten-year period thereafter, the sector will see a focus shift towards rolling stock. RED is well positioned to take advantage of these trends and expand operations, through organic and inorganic growth opportunities. Our strong in-house R&D capabilities and technical collaborations are a key enabler in helping us achieve stakeholder trust in the served segment. Going forward, we want to attain a zero-defect manufacturing culture and continue to set industry benchmarks with our product innovation.

## Rational cost structure

Cost optimisation is key to any business' bottom-line and at Escorts, we maintain a laser sharp focus on streamlining operations, including materials, manufacturing and overheads. We are consistently taking measures to build a lean organisation, benchmarking against the best. Two of our marquee projects are Projects LEAP and LAKSHYA that have helped rationalise costs and propelled Escorts' transformation as an innovation-driven future-ready enterprise. We continue to strengthen our initiatives with prudent resource allocation and outcome mapping.

## Human assets

Our articulated Vision and Values statements are the compass we follow for our decision-making processes, defining our day-to-day internal conduct as well as guiding our relationship with our important stakeholder community. We have a culture that attracts the best of talents and creates room for growth, while also embedding in each one of us a sense of ownership, a sense of sincerity as we align individual, professional and organisational goals.

We manage ~11,000 employees (including temporary, casual and contractual workers), who are involved in various responsibilities across hierarchies. We are sharply focused on ingraining the Escorts culture in our people processes and have already embarked upon this journey by incorporating our values in our new performance management system. We have a three-fold people development agenda: building a high-performance culture, creating a highly engaged workforce, and building capability and delivery. To that end, we have launched several online and offline initiatives to upskill our teams and integrate them into 'the Escorts way of doing things', transforming them into professionals and responsible citizens.

Our talent pool plays a key role in our commitment to deliver great products and services. We hire young talent in the industry, through a robust campus recruitment process across the best institutes. In addition, we also acquire talent through external agencies. The selected candidates undergo a structured induction programme, which gives them exposure

## Key highlights

~ **11,000** **Workforce**  
(including permanent, non - permanent, managers, casual and contractual employees)

~ **4%**  
Women leaders in managerial grade

**36** **Years**  
Average age of managerial grade

**4,600+** **Hours**  
of man days training

**40** **Gen Y leaders**  
certified from IIM Lucknow under EscortStars – an Executive Leaders 'Develop Leaders' programme

to different verticals. The comprehensiveness of the induction programme has been appreciated consistently. Once inducted, we nurture talent by providing them timely cross-functional training, learning and development opportunities.

### Community empowerment

Responsible corporate citizenship is deeply embedded into the DNA of Escorts. Our efforts in the areas of health and wellness, education and environment safety, among others, define our approach towards engineering holistic community development and environment. A detailed review of the initiatives undertaken by Escorts is attached in the Corporate Social Responsibility Report on Page 36 and 37 of this Report.

### Investor relations

We constantly endeavour to improve our investor services and benchmark our performance against best practices. We have a dedicated investor relations desk, which services the interest of the investing community, through regular contact and timely communication – engaging global investors and shareholders in ongoing management meetings. We conducted periodic plant visits and meetings to communicate details of performance and important developments, and to exchange information.

The Chairman and Managing Director, the Executive Director, the CEO, the Group CFO and investor relations team manage and represent our Company in interactions with investors, the media and various governments. We ensure that all critical information about our Company is available to all investors by uploading such information on our website ([www.escortsgroup.com](http://www.escortsgroup.com)). It contains a dedicated 'Investor Information' section where relevant information meant for shareholders is available, including information on the Directors, shareholding pattern, quarterly reports, financial results, annual reports, press releases, details of unpaid/unclaimed dividends

and various policies. Periodic reminders for unpaid dividends were sent to the shareholders, as per our records; they are also accessible on the website. For any queries/suggestions, one can write to [investorrelation@escorts.co.in](mailto:investorrelation@escorts.co.in) and we will revert within three working days.

The 'forward-looking statements' part of the Management Discussion and Analysis on economic indicators is based on our best estimate of the current environment. This may be subject to change, based on external macro-economic factors out of control, including, but not limited to raw material availability and prices, cyclical demand and pricing in our principal markets, and changes in Government regulations, tax and economic policies.

### Information Technology (IT)

Escorts is transforming and IT is playing a critical role in enhancing revenue and improving efficiencies that reduce costs. IT-enabled business processes leverage new technologies to deliver on digitalisation as well as digitisation. Digitised processes to improve productivity and controls and digital projects to increase customer outreach have been implemented. We upgraded our enterprise applications infrastructure to cater to the needs of increased business transactions. We integrated our dealer sales executives on our mobile learning platform to learn the latest features of products, helping increase business and customer experience.

We launched an e-commerce platform, DIGITRAC, to augment sales through alternate channels and evolved from brick-and-mortar dealership model to a Business-to-Consumer (B2C) operating model. Besides, we have successfully done the pilot run of the Escorts 24X7 Care Device (SOS button) for farmers to reinforce our customer servicing proposition.

# DIGITRAC

## Simplifying Indian Farmers' Lives

Escorts is one of the most trusted names amongst the nation's farming community. Our advanced tractors, innovative implements and thoughtful services have been enabling farmers achieve record levels of harvests over the years.

In the seven decades of our existence, we have had many firsts to our credit. And, the newest feather in our cap is Digitrac – an agri care app that aims to simplify the lives of farmers by offering them multiple breakthrough services right at their doorstep.

Here's a look at the services farmers can avail through the Digitrac App:



### Doorstep Tractor Service

Experienced engineers and mechanics visit the farmer's doorstep to service their tractors. Not the other way around.



### Farm Tagging

The app knows exactly where the farms are. And it tells farmers what's best for their farms – from the weather and soil condition to pests and more.



### Tractor Evaluation

When farmers need to sell their old tractor, the app helps them achieve the best resale value. All they need to do is put in a request through the app and our evaluation expert is sent to their doorstep to facilitate the process.



### Doorstep Demo

Farmers can choose a tractor on the app and have it delivered to their doorstep for a demo, at a time convenient to them.



### Tractor Insurance and Loans

The hassles of insurance and loans are over. With just a click, farmers can have an agent collect all the necessary papers and complete the process in the comfort of their homes.



### Expert Advice

Some of the best agricultural minds in the country advise farmers on issues that affect them.



### Mandi Prices

Farmers can get to know the best price for their harvest with a click.

In fact, the app also enables farmers in Punjab to buy India's first 'online tractor' by the same name (Digitrac). Available in four variants, the Digitrac range of tractors are incredibly affordable, yet powerful, and have been laden with a plethora of useful features.

At Escorts, we have always believed in the power of technology in transforming people's lives. Digitrac is our small yet significant step in making this an achievable reality for our farmers.

## Internal controls

A strong risk management and internal control system formed the backbone of robust corporate governance practices. We appointed Ernst & Young (EY) as our internal auditor, to deliver a reasonable assurance of recording the transactions of operations in all material respects and providing protection against significant misuse or loss of assets, among others. We have a defined risk management policy at the Board level, based on the pre-identified types of risks, the risk events or factors that require regular assessment and the probability-based responses.

## Risks and mitigation

As a multi-category business, we are exposed to a variety of risks. Amidst this, we are committed to effective risk management to grow our shareholder value sustainably. We recognise that proactive risk management is both an essential element of sound corporate governance and a crucial enabler to realise opportunities. To that end, we have in place an efficient Enterprise Risk Management System (ERMS),

which regularly analyses the internal and external environment to identify risks and decide on possible mitigation plans.

Some of the risks that we face are listed here.

**Monsoons:** Monsoons are a major risk associated with the tractor industry, since more than half of India's agricultural lands are dependent on it. The Indian Meteorological Department (IMD) predicts that on the overall, the country is expected to have well-distributed rainfall scenario during the 2019 monsoon season, which will be beneficial to farmers in the ensuing kharif season.

**Soil health:** Decline in soil fertility directly impacts our most important stakeholders, farmers, and is a threat to their livelihood and in turn, Escorts Limited.

**Government policies:** Sluggish pace of policy rollout and stringent regulatory measures directly and indirectly impact the construction equipment and railway equipment sectors that are largely dependent on public spending.

**Raw material cost:** Increasing price of metals such as steel, affect our bottom-line, since it accounts for nearly 70% of our raw material costs.

**Fuel prices:** Rising international crude oil prices exert an upward pressure on automotive fuel in India and raise the cost of equipment ownership, adversely impacting our end users.

### Financial performance

Our consolidated revenues increased by 23.3%, from ₹ 5,080 crores in FY 2017-18 to ₹ 6,262 crores in FY 2018-19. Consolidated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) stood at ₹ 724.5 crores in

FY 2018-19 vis-à-vis ₹ 553.6 crores in FY 2017-18. Profit Before Tax (PBT) stood at ₹ 715.7 crores in FY 2018-19 vis-à-vis ₹ 509.1 crores in FY 2017-18, while Profit After Tax (PAT) stood at ₹ 477.9 crores in FY 2018-19 vis-à-vis ₹ 346.6 crores in FY 2017-18.

In accordance with SEBI (Listing Obligations Disclosure Requirement 2018) (Amendment) Regulations, 2018, we are required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key sector-specific financial ratios. We have identified and listed the same below.

Particulars	Standalone		Consolidated	
	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19
Revenue	5,015.97	6,196.36	5,080.19	6,262.02
Revenue Growth (%)	20.36	23.53	20.39	23.26
Operating Profit Margin (%)	11.11	11.83	10.90	11.57
Net Profit Margin (%)	6.87	7.83	6.82	7.63
Basic EPS (₹)	28.85	40.58	41.62	55.82
Debtors Turnover (Days)	44	55	43	54
Inventory Turnover (Days)	59	71	61	73
Interest Coverage Ratio	19.05	39.44	18.50	37.34
Debt Equity Ratio	0.02	0.09	0.02	0.10
Return on net worth/Equity (%)	13.53	16.04	15.65	17.84
Market Capitalisation to revenue	1.95	1.54	1.34	1.09
Price/Earning (times)	28.37	19.69	19.66	14.31
Current Ratio	1.28	1.44	1.27	1.44

### Key highlights\*

#### Revenue from Operations

(₹ in crores)

**6,262.0**

⬆️ 23.3%

#### Operating Profit

(₹ in crores)

**724.5**

⬆️ 30.9%

#### Net Profit

(₹ in crores)

**477.9**

⬆️ 37.9%

#### EPS

(₹ in crores)

**55.82**

⬆️ 34.1%

#### ROCE

(%)

**24.7**

**63bps**

#### Proposed Dividend

(₹ Per share)

**2.5**

\*Consolidated financials

⬆️ Y-o-Y growth

**Segment performance (%)**

FY 2017-18

FY 2018-19



Revenue distribution by segment

The EAM division revenue increased by 19.9%, from ₹ 3,957.9 crores in FY 2017-18 to ₹ 4,744 crores in FY 2018-19. Tractor sales stood at 96,412 units in FY 2018-19 vis-à-vis 80,417 in FY 2017-18, representing 19.9% growth. The Earnings Before Interest and Tax (EBIT) for the division

stood at ₹ 666.6 crores in FY 2018-19 vis-à-vis ₹ 539.9 crores in FY 2017-18, growing by 23.5%.

The ECE division revenue grew by 35.1%, from ₹ 780.3 crores in FY 2017-18 to ₹ 1,054.1 crores in FY 2018-19. Construction equipment volumes rose by 23.6%, from 4,486 units in FY 2017-18 to 5,544 units in FY 2018-19. The EBIT stood at ₹ 37.8 crores in FY 2018-19, compared to ₹ 15 crores in FY 2017-18.

The RED division revenue increased by 37.5%, from ₹ 286.6 crores in FY 2017-18 to ₹ 394.1 crores in FY 2018-19. The EBIT rose by 96.9%, from ₹ 39.8 crores in FY 2017-18 to ₹ 78.3 crores in FY 2018-19.

For and on behalf of the Board of Directors  
Sd/-

Place: Faridabad  
Date: May 7, 2019

**Nikhil Nanda**  
Chairman & Managing Director



# Directors' Report

## Dear Shareholders,

Your Directors have pleasure in presenting the Seventy Third Annual Report of the Company along with Company's audited financial statements (standalone and consolidated) for the financial year ended on March 31, 2019.

## Financial Results

(₹ crores)

Particulars	Year ended on March 31, 2019	Year ended on March 31, 2018
Gross Revenue	6,277.21	5,075.38
Excise Duty	-	20.85
<b>Net Revenue</b>	<b>6,277.21</b>	<b>5,054.53</b>
Profit from continuing operations before Interest, Depreciation, Exceptional Items & Tax	814.14	616.63
Finance Cost	18.48	28.57
Profit from continuing operations before Depreciation, Exceptional Items & Tax	795.66	588.06
Depreciation & Amortisation	85.37	72.48
<b>Profit from continuing operations before Exceptional Items &amp; Tax</b>	<b>710.29</b>	<b>515.58</b>
Exceptional Item	10.91	(6.76)
<b>Profit from continuing operations before Tax</b>	<b>721.20</b>	<b>508.82</b>
Tax Expense	237.52	164.10
<b>Profit from continuing operations after Tax</b>	<b>483.68</b>	<b>344.72</b>
Profit / (Loss) from discontinued operations before Tax	1.89	-
Tax Expense of discontinued operations	0.66	-
Profit / (Loss) from discontinued operations after Tax	1.23	-
<b>Net profit for the period</b>	<b>484.91</b>	<b>344.72</b>
<b>Appropriations for the year:</b>		
Dividends	(23.90)	(17.93)
Tax on dividends	(5.04)	(3.74)
Dividend received on share held by beneficiary trust*	6.73	5.59

\* for more information please refer note 45 of the notes to accounts of standalone financial statement

## Financial Performance

The brief highlights of the Company's performance (Standalone) for the financial year ended March 31, 2019 are:-

- Net Revenue of the Company for FY 2019 of ₹ 6,277.21 crores was higher by 24.19% over the last year (₹ 5,054.53 crores in FY 2018)
- Profit from continuing operations before Interest, Depreciation, Exceptional Items & Tax stood at ₹ 814.14 crores
- Profit from continuing operations before Tax (PBT) stood at ₹ 721.20 crores and Profit from continuing operations After Tax (PAT) stood at ₹ 483.68 crores. Net profit for the period stood at ₹ 484.91 crores

- Your Company sold 96,412 tractors during the year under review as against 80,417 tractors sold during the last financial year

## Management Discussion & Analysis

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as the "SEBI Listing Regulations"), the Management Discussion and Analysis is set out in this Annual Report and provides a detailed analysis on the performance of individual businesses and their outlook.

## Dividend

Based on the Company's performance, your Directors are pleased to recommend, for approval of the members, a

Dividend of ₹ 2.50 per Equity Share (25%) on the face value of ₹ 10/- each, aggregating ₹ 22.22 crores (exclusive of tax on dividend) for the financial year ended March 31, 2019 except on the equity shares held by Escorts Benefit and Welfare Trust (EBWT). The dividend payout is subject to the approval of members at the ensuing Annual General Meeting (AGM).

The dividend payout for the period under review has been formulated in accordance with shareholders' aspirations and the Company's Dividend Distribution Policy to pay sustainable dividend linked to long-term growth objectives of the Company to be met by internal cash accruals.

During the year, the Dividend Distribution Policy was amended to specify the Dividend Range. The amended policy is available on our website at [https://www.escortsgroup.com/templates/escortsgroup\\_home/images/pdf/Dividend-Distribution-Policy.pdf](https://www.escortsgroup.com/templates/escortsgroup_home/images/pdf/Dividend-Distribution-Policy.pdf)

### Employee Stock Option Scheme

The Scheme is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there have been no material changes to the schemes during the financial year 2018-19. The Scheme has been implemented in accordance with the SBEB Regulations and the resolutions passed by the members. The auditors certificate would be available at the Annual General Meeting for inspection by members. The details as required to be disclosed under the SBEB Regulations would be available on the Company's website at [www.escortsgroup.com](http://www.escortsgroup.com).

### Directors

During the year ended March 31, 2019, Mr. Rajan Nanda, Chairman and Managing Director of the Company passed away on August 5, 2018. The Board of Directors in their meeting held on August 7, 2018 had appointed Mr. Nikhil Nanda, Managing Director as the Chairman of the Company w.e.f. August 7, 2018.

Further, Mr. Ravi Narain, Independent Director of the Company had resigned from the Board of Directors of the Company w.e.f. May 1, 2019 in view of the order passed by SEBI in the matter of National Stock Exchange of India Limited.

In accordance with the provisions of Companies Act, 2013 (hereinafter referred as "the Act") and Articles of Association of the Company, Ms. Nitasha Nanda, Whole-time Director and Mr. G.B. Mathur, Director retire by rotation at the ensuing AGM and being eligible, offers themselves for re-appointment.

The Company has on the recommendation of Nomination and Remuneration Committee (NRC) and in accordance with the provisions of the Act and SEBI Listing Regulations co-opted Mr. Shailendra Agrawal as an Additional Director on the Board of the Company and designated as the Executive Director w.e.f. March 22, 2019, liable to retire by rotation, subject to approval of the members at the AGM. He shall hold office as Director of the Company upto the date of ensuing AGM and is eligible for

appointment as a Director. His appointment is appropriate and in the best interest of the Company.

The Board of Directors on the recommendation of NRC, in their meeting held on May 7, 2019, co-opted Mr. Sunil Kant Munjal as an Additional and Independent Director on the Board of the Company. He shall hold office as Director of the Company upto the date of ensuing AGM.

The Board of Directors on the recommendation of NRC, in their meeting held on May 7, 2019, on the basis of the report of performance evaluation, had recommended the re-appointment of Ms. Nitasha Nanda as Whole-time Director for a period of 5 years w.e.f. January 16, 2020 and Mr. D.J. Kakalia as an Independent Director for a further period of 5 years for approval of members of the Company at the ensuing AGM.

Pursuant to the applicable provisions of the Act, your directors are seeking appointment of Mr. Shailendra Agrawal as an Executive Director w.e.f. March 22, 2019 for a period of 5 years and Mr. Sunil Kant Munjal as an Independent Director for a period 5 years and re-appointment of Ms. Nitasha Nanda as Whole-time Director w.e.f. January 16, 2020 for a period of 5 years and Mr. D.J. Kakalia as an Independent Director for a period of 5 years.

The brief resumes and other disclosures relating to the Directors who are proposed to be appointed/ re-appointed, as required to be disclosed pursuant to Regulation 36 of the SEBI Listing Regulations and Clause 1.2.5 of the Secretarial Standard 2 are given in the Annexure to the Notice of the 73rd AGM.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under Regulation 16(1)(b) of SEBI Listing Regulations. The policy for selection of directors and determining directors independence is attached as **Annexure – A** and forms an integral part of this Report.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive and Executive Directors. In accordance with the Policy, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors. The remuneration policy for directors, key managerial personnel and other employees is annexed as **Annexure – B** and forms an integral part of this Report.

Your Directors recommend the appointment/ re-appointment of the above said Directors at the ensuing AGM.

The Company has devised a process where various presentations/ programs are being conducted to make them familiarise with various developments at Industry level, new business initiatives and organisation strategies etc.

The details of programme for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company – [www.escortsgroup.com](http://www.escortsgroup.com).

The Company recognises and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 are provided as **Annexure – C** and forms an integral part of this Report.

### **Corporate Governance**

Corporate Governance is about maximising shareholders value, ethically and sustainable. At Escorts the goal of corporate governance is to ensure fairness for every stakeholder. We believe strong corporate governance is critical to enhancing and retaining investor trust. We also endeavor to enhance long term shareholder value and respect minority rights in all our business decisions.

Your Company reaffirms its commitment to the good corporate governance practices and has adopted the Code of Business Conduct which has set out the systems, processes and policy conforming to international standards. Pursuant to Regulation 34(3) of the SEBI Listing Regulations, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are enclosed as **Annexure – D** and forms an integral part of this Report.

### **Corporate Social Responsibility (CSR)**

The key philosophy of all CSR initiatives of the Company is to make CSR a key business process for sustainable development of the society. The initiatives aim at enhancing welfare measures of the society based on the immediate and long term social and environmental consequence of its activities.

The Company intends to undertake other need-based initiatives in compliance with Schedule VII of the Act.

The CSR Policy may be accessed on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investors Information Section. During the year, the Company has spent ₹ 6.13 crores (2.07%) of the average net profits of last three financial years on CSR activities.

The Annual Report on CSR activities is enclosed as **Annexure – E** and forms an integral part of this Report.

### **Consolidated Financial Statements**

The Consolidated Financial Statements have been prepared in accordance with the Act and Indian Accounting Standard (IND AS) - 110 applicable to the Consolidated Financial Statements read with IND AS-28 on Accounting for Investments in Associates and IND AS-31 on Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report thereon are annexed with this Report.

### **Subsidiaries, Joint Ventures and Associate Companies**

The statement in Form AOC-1 containing salient features of financial statements of subsidiaries, associate and joint venture companies prepared in accordance with Section 129 of the Act read with Rule 5 of Companies (Accounts) Rules, 2014, forms an integral part of this Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiaries, associate and joint venture companies.

During the financial year ended on March 31, 2019, the Company has infused additional equity capital in Escorts Crop Solutions Limited, subsidiary of the Company. The details of the said investment/ disinvestment is provided in the note 6(i) of the Notes to Accounts of the Standalone Financial Statements of the Company.

The Company has also entered into two Joint Ventures with Japanese companies during the year i.e. with Tadano Limited and Kubota Corporation. The Company has also made an investment of ₹ 29.40 crores being 49% stake in the Equity Capital of Tadano Escorts India Private Limited being the Joint Venture of your Company with Tadano Limited, Japan and ₹ 60 crores being 40% stake in the Equity Capital of Escorts Kubota India Private Limited being the Joint Venture of your Company with Kubota Corporation, Japan.

The Company will make available the Annual Accounts of its subsidiaries, associate and joint venture companies and related information to the members of the Company who may be interested in obtaining the same. The annual accounts of its subsidiaries, associate and joint venture companies will also be kept open for inspection at the Registered Office of the Company.

### **Contracts and Arrangements with Related Parties**

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions.

The particulars of contracts or arrangement with related parties referred to in Section 188(1) of the Act in the prescribed Form AOC-2 is appended as **Annexure – F** to this report.

The Policy on materiality of related party transactions and dealing with related party transactions may be accessed on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investors Information Section.

Your Directors draw attention of the members to Note 47 in the notes to accounts in the standalone financial statement and to Note 46 in the notes to accounts in the consolidated financial statement which sets out related party disclosures.

### **Auditors and Auditors' Report Statutory Auditors**

Pursuant to the provisions of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, the shareholders of the Company in the 71st AGM held on September 21, 2017 had appointed M/s Walker Chandio & Co LLP, Chartered Accountants, New Delhi (Firm Registration No. 001076N/ N500013) as Statutory Auditors of the Company for a period of 5 years i.e. upto the conclusion of AGM to be held in the year 2022.

In accordance with the Companies (Amendment) Act, 2017 enforced on May 7, 2018 by MCA, the appointment of Statutory Auditors is not required to be ratified by members at every AGM. The observations and comments given by M/s. Walker Chandio & Co LLP, Chartered Accountants, Statutory Auditors in their report read together with notes to Accounts for the year ended March 31, 2019 are self-explanatory and hence, do not call for any further comments under Section 134 of the Act. The Statutory Auditors of the Company have not reported any fraud as specified in Section 143(12) of the Act.

### **Cost Auditors**

The Board of Directors of the Company has re-appointed M/s. Ramanath Iyer and Co., Cost Accountants, New Delhi (Firm Registration No. 000019), Cost Auditors of the Company under Section 148 of the Act, for conducting the audit of cost records for the financial year 2019-20.

The due date of filing the Cost Audit Report for the year ended on March 31, 2018 was September 30, 2018 and the same had been filed on September 13, 2018.

### **Secretarial Auditors**

The Board of Directors of the Company had appointed M/s. Jayant Gupta and Associates, Practicing Company Secretary to conduct secretarial audit of the Company for the financial year 2018-19.

The Secretarial Audit Report for the financial year ended March 31, 2019 is enclosed as **Annexure – G** and forms an integral part of this Report.

The observations and comments given by the Secretarial Auditors in their report are self-explanatory and hence, do not call for any further comments under Section 204(3) of the Act.

The Board has also re-appointed M/s. Jayant Gupta and Associates, Practicing Company Secretary to conduct secretarial audit of the Company for the financial year 2019-20.

### **Risk Management**

The Risk Management Committee of the Board has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organisation faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

### **Internal Financial Control and its Adequacy**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Company has in place adequate internal financial controls for ensuring the orderly and efficient conduct of its business. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

### **Disclosures**

#### **Meetings of the Board**

Ten meetings of the Board of Directors were held during the year. For further details, please refer Report on Corporate Governance annexed as **Annexure – D** to this Report.

#### **Audit Committee**

For constitution and other details of the Audit Committee, please refer Report on Corporate Governance annexed as **Annexure-D** to this Report.

All the recommendations made by the Audit Committee were accepted by the Board.

#### **Extracts of Annual Return**

In terms of provisions of Section 92 of the Act read with the Companies (Management and Administration) Rules, 2014, the extracts of Annual Return in Form MGT-9 is enclosed as **Annexure – H** and forms an integral part of this Report. The Annual Return for Financial Year 2017-18 is also available on the Company's website at [www.escortsgroup.com](http://www.escortsgroup.com).

## Vigil Mechanism

The Company has adopted a Whistle Blower Policy establishing vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of effected Director(s) and Employee(s). In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is available on Company's website.

## Registrar and Share Transfer Agent

The Share Transfer and related activities are being carried out by M/s Karvy Fintech Private Limited (earlier Karvy Computershare Private Limited), Registrar and Share Transfer Agents from the following address:-

M/s Karvy Fintech Private Limited  
Karvy Selenium, Tower B, Plot No. 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad-500032, Telangana

All correspondence may kindly be sent to the above address only.

## Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient has been given elsewhere in the Annual Report and forms an integral part of this Report.

## Particulars of Employees and related disclosures

In terms of provisions of Section 197(12) of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the prescribed limits are available with the Company Secretary. Having regard to the provisions of Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company and the same will be furnished on request.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – I** and forms an integral part of this Report.

## Public Deposits

The Company has not accepted/ renewed any Fixed Deposit during the financial year and as such no amount of principal or interest was outstanding as of the Balance Sheet date.

## Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years.

Further, according to the rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company was required to transfer the unclaimed and unpaid dividends and shares as per the requirements of the IEPF rules, details of which are provided on our website.

As on March 31, 2019, no unclaimed deposits are pending for transfer to Investor Education and Protection Fund.

## Credit Rating

During the year, the credit rating of the Company have been upgraded as under:

ICRA Limited has upgraded the long-term rating from "ICRA A+/" Positive to "ICRA AA-/" Stable and short-term rating reaffirmed "ICRA A1+".

India Ratings has upgraded the long-term rating from 'IND A+/' Positive to 'IND AA-/' Positive and short-term rating reaffirmed "IND A1+".

CRISIL has assigned long term rating "CRISIL AA-/" Stable and short term rating "CRISIL A1+".

## Material Changes and Commitment affecting the financial position

There are no material changes affecting the financial position of the Company subsequent to the close of the Fiscal 2019 till the date of this report.

## Prevention of Sexual Harassment

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Secretarial Standards

The Company is in compliance with all the applicable Secretarial Standards.

### Business Responsibility Report (BRR)

The SEBI Listing Regulations mandate the inclusion of BRR as part of the Annual Report for top 500 listed entities based on market capitalisation.

In compliance with the SEBI Listing Regulations, the BRR describing the initiatives taken by the Company from an environmental, social and governance perspective is enclosed as **Annexure – J** and forms an integral part of this Report.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, your Directors, to the best of their knowledge and ability, hereby confirm that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit and loss of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts for financial year ended March 31, 2019 on a 'going concern' basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future. However, members attention is drawn to note 34 on Commitments and Contingencies in the Notes forming part of the financial statement.

### Acknowledgement

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Central Government, the Government of Haryana and Uttaranchal and Karnataka, Financial Institutions and the Company's Bankers, Customers, Dealers and all other business associates.

The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers, workers, employee unions and staff of the Company resulting in the successful performance of the Company during the year.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

For and on behalf of the Board of Directors

Place: Faridabad  
Date: May 7, 2019

Sd/-  
**Nikhil Nanda**  
Chairman & Managing Director

# Annexure – A

## to the Directors' Report

### Policy on Appointment and Removal of Director's and Members of Senior Management

#### 1. Preamble

- (i) This Policy on Appointment of Directors and Members of Senior Management (the "Policy") applies to the Board of Directors (the "Board") of Escorts Limited ("Escorts" or the "Company") and the Senior Management of Escorts. This Policy was recommended by the Nomination and Remuneration Committee of the Company ("NRC") and approved by the Board at its meeting held on January 16, 2015 and shall be subjected to periodic review by NRC.
- (ii) The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors and Members of Senior Management who should have the capacity and ability to lead Escorts towards achieving its stated goals and strategic objectives, taking into account the interest of all stakeholders.
- (iii) The Board is ultimately responsible for the appointment of Directors and recommending the appointment of Independent Directors to the shareholders for their approval.
- (iv) The Board delegates its responsibility for the assessment and selection of suitable candidates for the position of Directors of Escorts to the NRC, which will submit its recommendations to the Board, in accordance with this Policy.

#### 2. Definitions

For the purposes of this Policy:

'Executive Board' shall mean and include the Chairman and Managing Director, Managing Director and any other Whole-time Director of Escorts appointed by the Board/ Shareholders, by whatever name called.

'Senior Management' shall mean and include the following:

- Employees in the grade of Associate Vice President and above; and
- KMPs (other than Whole-time Directors).

#### 3. Criteria for Appointment as a Director and Senior Management Positions:

- (i) Matching the requirements of Escorts and enhancing the competencies of the Board are the basis for NRC to shortlist and recommend a candidate for appointment to the Board. Such candidate shall have primary or substantial strategic and balance

sheet management/ profitability management responsibilities. When recommending a candidate for such appointment, NRC shall consider:

- (a) the results of assessment of the proposed appointee against a range of criteria formulated by NRC which include but shall not be limited to skill sets, regional and industry experience, background, integrity and other qualities required to operate successfully in the position of Director, having due regard to the benefits of diversity of the Board;
  - (b) the extent to which the proposed appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors and Senior Management;
  - (c) the present and potential future needs and requirements of the Company and sector in which it conducts its business and operations;
  - (d) the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgment;
  - (e) any requirements under applicable law (including but not limited to under the Companies Act, 2013 and/or the rules and regulations made thereunder) and/or under the Listing Agreements; and
  - (f) time commitment required from a Director to properly discharge his fiduciary duties towards the Company.
- (ii) The criteria to be considered when assessing prospective candidates for appointment as Directors shall include the following:
    - (a) highest levels of personal and professional ethics and integrity;
    - (b) high quality attributes such as discipline, objectiveness, sensitivity and creativity;
    - (c) sharing and demonstrating the values of Escorts;
    - (d) qualification in relevant disciplines (e.g. finance, secretarial, management, accountancy, legal and engineers etc.) or being a recognised specialist in disciplines or areas relevant to the Company and / or its business;

- (e) experience in the management of a diverse organisation, whether located in India and/or overseas, in the Sector where the Company is already doing business or intends to enter into;
  - (f) experience in accounting and finance, secretarial, administration, corporate, engineering and strategic planning or fund management;
  - (g) demonstrable ability to work effectively with the Board;
  - (h) excellent interpersonal, communication and representational skills;
  - (i) demonstrable leadership skills;
  - (j) strong influencing and negotiating skills; and
  - (k) continuous professional development to update knowledge and skills.
- (iii) The criteria to be considered when assessing prospective candidates for a Senior Management position shall include the following:
- (a) highest levels of personal and professional ethics and integrity;
  - (b) demonstrable leadership skills;
  - (c) specialist knowledge and/or experience required for the Senior Management position in question;
  - (d) good interpersonal relationships;
  - (e) demonstrating intelligence, maturity and wisdom;
  - (f) possesses managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, etc.;
  - (g) sharing and demonstrating the values of Escorts ; and
  - (h) ability to significantly contribute towards achievement of the strategic and business objectives of the Company.
- (iv) Every person proposed to be appointed as a Director or a member of Senior Management should be able to give sufficient time and attention to the Company's affairs.
- (v) The Policy is aimed to engage Directors (including Non-Executive Directors and Independent Directors) and Members of Senior Management, who are highly

skilled, competent and experienced persons within the fields of business, finance, accounting, management, sales, marketing, administration, research, corporate governance, technical operations, law or other disciplines related to the Company's business and operations.

- (vi) In addition to such requirements as may be specified under this Policy, the Independent Directors shall also fulfill the applicable requirements prescribed under Section 149 of the Companies Act, 2013 and the rules and regulations made there under, the provisions of the Listing Agreement(s) and other applicable laws as modified or amended or supplemented, from time to time.
- (vii) Each Independent Director shall be required to duly submit/ make the stipulated declarations required to be furnished pursuant to the provisions of the Companies Act, 2013 and the rules and regulations made thereunder, the Listing Agreements, other applicable laws and the Articles of Association of the Company.
- (viii) No person shall be considered for appointment/ re-appointment as a Director of Escorts, if he is disqualified to be appointed/ re-appointed as such in terms of the provisions of Section 164 of the Companies Act, 2013 or under any other applicable law.
- (ix) No person shall be considered for appointment as a Director of Escorts, if he is already a Director in ten or more public companies or private companies, which is either a holding or subsidiary company of a public company.

#### 4. Selection Process

- (i) The selection procedure to be followed for the appointment of persons for the Board is as below:
  - (a) NRC in consultation with the Chairman and Managing Director of Escorts shall determine the selection criteria applicable for each position at the Board level ("Director Selection Criteria").
  - (b) For the positions of Whole-time Directors and based on the applicable Selection Criteria, NRC in consultation with the Chairman and Managing Director of Escorts, shall generate a potential list of candidates for the Board position in question who may meet the prescribed Director Selection Criteria.
  - (c) For the positions of Independent Directors or Non-Executive Directors, NRC shall finalise a list of potential candidate(s) who meets the applicable Director Selection Criteria and shall submit such list to the Chairman of the Board along with its recommendations.



- (d) The Chairman of the Board shall thereafter meet the short listed candidate(s) to assess their capability for the job. In the event that the Chairman may feel that no short listed candidate is suitable for appointment to the Board, the Chairman may require NRC to submit a fresh list of candidates.
  - (e) The candidate selected by the Chairman, shall be appointed in accordance with the relevant provisions of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to the approval of the Board and/ or Shareholders of Escorts at General Meeting.
- (ii) The selection procedure to be followed for the appointment of persons at the Senior Management positions is as below:
- (a) In case of vacancy of KMP (other than Whole-time Directors), the Company's HR in consultation with NRC shall identify and short list employees to fill such vacancy, who may meet the criteria mentioned in this Policy. The appointment of the successful candidate shall be made by the Board in accordance with the provisions of the Companies Act, 2013, rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company's internal rules and regulations and policies.
  - (b) In case of vacancy in other Senior Management positions, the Company's HR shall identify and short list employees to fill such vacancy. The details of appointment will be placed before NRC and/ or Board for noting only.
- (iii) No person shall be appointed as a Director whose name appears in the list of willful defaulters published by the Reserve Bank of India.
  - (iv) NRC shall ensure that the appointment/re-appointment of Directors of Escorts is as per the terms of this Policy and recommendations of candidates are made to the Board for appointment.

## 6. Term/ Tenure

### (i) Managing Director/Whole Time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole Time Director for a term not exceeding three to five years at a time with a provision for periodic review of performance. No reappointment shall be made earlier than one year before the expiry of term.

### (ii) Independent Director

An Independent Director shall hold the office for a maximum term of upto five consecutive years on the Board of the Company and will be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in the Board's report.

Independent Directors will normally have an age limit of 75 years. The Board might however in specific cases review this age limit and continue the tenure of the appointment subject to such approvals as are needed. A new appointee will therefore be at the time of appointment will not be more than 70 years old. The limit of 75 years will not apply to non-independent directors and/ or to Independent Directors re-categorised as non-independent directors, subject the composition of the Board being in conformity with the extant guidelines.

No Independent Director shall hold the office for more than two consecutive terms, but Such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not during the said period of three years, be appointed in or be associated with the Company in other capacity, either directly or indirectly. However if a person who has already served as an Independent Director for five years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of upto five years only.

## 5. Appointment Procedure

- (i) Every Director shall be appointed/ re-appointed by Escorts at Board or General Meeting as per the requirements of the Companies Act, 2013, Listing Agreement(s) or any other applicable laws.
- (ii) No person shall be appointed/ re-appointed as a Director of Escorts unless he/she has been allotted the Director Identification Number (DIN) and he furnishes to Escorts a declaration to the effect that he is not disqualified to become a Director under the provisions of the Companies Act, 2013 and rules made there under or under any other law for the time being in force and files consent to hold the office as Director.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

## 7. Letters of Appointment to Directors

Escorts shall issue a formal letter of appointment to the person appointed as a Director of Escorts. The letter of appointment to be issued to the Independent Directors shall inter alia set out the matters as stated in Schedule IV of the Companies Act, 2013.

## 8. Evaluation Procedure for Directors

- (i) NRC shall develop such assessment criteria as it shall deem fit for the purposes of undertaking performance evaluation of the Directors and the Board as a whole. NRC shall undertake an annual performance evaluation of all Directors of Escorts based on the relevant assessment criteria developed by it.
- (ii) The assessment criteria for performance evaluation of Directors shall be disclosed in accordance with the relevant provisions of the Companies Act, 2013, the rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 9. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereafter or under any

other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director or KMP subject to the provisions and compliance of said Act, rules and regulations.

## 10. Retirement

The Whole-time Directors, KMP and senior management personnel shall retire as per the Applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

The Board will have the discretion to retain the Whole-time Directors, KMP and senior Management personnel in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

## 11. Policy Review

- (i) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 and rules/regulations/ guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- (ii) NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

# Annexure – B

## to the Directors' Report

### Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees

#### 1. Preamble

The primary objective of this Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees (the "Policy") is to provide a framework for the remuneration of the Directors, Key Managerial Personnel (KMP), Members of Senior Management and other employees of the Escorts Limited ("Escorts" or the "Company").

In terms of Section 178 of the Companies Act, 2013 read with rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee of Directors of the Company (NRC) has formulated and recommended this Policy for the approval of the Board of Directors of Escorts.

The primary objectives of this Policy are as under:

- (i) To ensure that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organisational objectives.
- (ii) To ensure that a reasonable balance is maintained in terms of composition of remuneration (fixed and variable component).
- (iii) To have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees.

Based on the above objectives and broad parameters set herein, the Board of Directors of Escorts at its meeting held on January 16, 2015, has approved this Policy.

#### 2. Applicability

This Policy shall be applicable and act as a guiding principle with regard to remuneration payable by Escorts to all Directors, KMPs, Members of Senior Management and other employees of the Escorts.

#### 3. Remuneration of Non-Executive/ Independent Directors

- (i) The key elements of remuneration of Non-Executive/ Independent Directors are commission and sitting fees (except professional fee, if any), subject to overall limit as prescribed in the Companies Act, 2013 read with rules made thereunder and the approval of the

shareholders, as applicable. They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be eligible for stock options.

- (ii) Since, the Non-Executive/ Independent Directors collectively endeavor to ensure that the Company performs well and is compliant with applicable laws, rules, regulations and guidelines, they may be paid commission, subject to the approval of the Board and subject to extant legal, regulatory and other applicable provisions and adequacy of sustained profitability.

#### 4. Remuneration of Whole-time Director's including Whole-time KMP (being a Director)

- (i) The Whole-time Directors are appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by NRC/ Board and approval of the shareholders.
- (ii) The remuneration paid to Whole-time Directors is within the limits approved by the shareholders of Escorts which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Companies Act, 2013. They are also eligible for stock options as per the scheme framed/ to be framed by Escorts, from time to time.
- (iii) The Whole-time Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.
- (iv) Their annual increments shall be linked to their overall performance and as recommended by NRC and approved by the Board, from time to time.
- (v) While fixing the remuneration components, the Company will also reckon extant and emerging economic conditions, state of the sector and economy, competitive pressures for key qualified personnel not merely in the sector but also in the analogous sectors where the skill sets would be relevant; the Company will also reckon (with a lag where necessary), the multiple of the total emoluments payable to such directors vis-a-vis the mean salary paid to an employee in the organisation.

## 5. Members of Senior Management, KMP (other than whole-time directors) and other employees

- (i) Senior Management shall mean and include the following:
  - (a) Employees in the grade of Associate Vice President and above; and
  - (b) KMPs (other than Whole-time Directors).
- (ii) The key components of remuneration package of the Senior Management and other employees of Escorts shall comprise of basic salary, dearness allowance, house rent allowance, transport allowance, ex-gratia, performance bonus, contribution to provident fund and superannuation fund, premium on medical insurance and personal accident insurance, scholarship for children, gratuity, leave travel allowance, leave encashment etc., which is linked to their grade. They are also eligible for stock options as per the scheme framed/ to be framed by Escorts, from time to time.
- (iii) The remuneration, performance appraisal and rewards of Members of Senior Management and other employees, shall be in line with the stated objectives.
- (iv) The annual increments for the Senior Management and KMP (other than Whole-time Directors) and other employees shall be linked to their overall performance and as decided by the Chairman and Managing Director in consultation with their reporting managers and Company's HR. The Board, on the recommendation of NRC, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.
- (v) Employees must conduct themselves to ensure that no breach of Code of Conduct, Escorts Code of conduct for prevention of Insider trading or such other code as may be applicable from time to time, Standard Operating Procedures (SOPs) and all other relevant and applicable codes is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

- (vi) While fixing the remuneration components, the Company will also reckon extant and emerging economic conditions, state of the sector and economy, competitive pressures for key qualified personnel not merely in the sector but also in the analogous sectors where the skill sets would be relevant; the Company will also reckon (with a lag where necessary), the multiple of the total emoluments payable to such directors vis-a-vis the mean salary paid to an employee in the organisation.

## 6. Disclosures in the Board's Report

- (i) The disclosures as required under the relevant provisions of the Companies Act, 2013, rules made thereunder and the revised SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.
- (ii) This Policy shall be uploaded on the website of the Company.

## 7. Policy review

- (i) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013, rules made thereunder, the Listing Agreements, the Securities and Exchange Board of India Act, 1992 and rules/regulations/ guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- (ii) NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

# Annexure – C

## to the Directors' Report

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

#### I) Conservation of Energy

##### 1. The Steps taken or impact on conservation of energy

The Company has always been conscious of the need for the Conservation of the Energy & has been steadily making progress towards this end.

Energy Conservation measures have been implemented at all the Escorts Plants & Offices.

Company has also taken special efforts on undertaking Specific Energy Conservation Projects & achieved high level of saving through implementation.

Main focus of Conservation & Efficient use is always on low cost automation & technology improvements in existing setup.

In pursuit of the continual improvement in Energy Conservation in the Generation, Distribution & Consumption Areas, many initiatives have been taken in the year 2018-19.

The area focused is Generation, Transmission, Distribution & Consumption in all production & Non-Production Processes and for the same, following initiatives have been taken:

- a. Installed electronic controller for heaters in presses
- b. Installed Variable Frequency Drive (VFD) for air coolers
- c. Conventional lights being replaced with LED lights for power saving
- d. Impact – Approx. saving of 1247 units/day amounting to ₹ 19 lakhs/year
- e. Energy Audit for all Plants done
- f. Replacement of 2 Star Air conditioners with 5 Star Air conditioners
- g. Installed VFD panels in PT Plant paint shop
- h. Optimised shift running in all facilities
- i. Impact - Appr. 12.8% reduction in electrical energy Consumption/ Tractor

##### 2. Steps taken by the Company for utilising alternate source of energy

- a. Consuming 450 Units per day from 149 KWP Solar Plant in RED Plant leading to savings of ₹ 13 lakhs per year.
- b. Rooftop Solar Power plants installed in different plants yielded around 11 lakh units in 2018-19.

##### 3. Capital Investment on Energy Conservation Equipment's

- a. Approx. ₹ 1.23 crores in various initiatives like VFD panels, energy efficient Air conditioners, AC Plants, Electronic Controller for heaters and LED lights.

#### II) Technology Absorption

##### 1. The efforts made towards technology absorption

- a. Powertrac PT445 Plus introduced with New Hydraulic lift in 45 hp category for precision farming
- b. Introduced a new 42 hp model in Powertrac Euro series with robust backend.
- c. Introduction of cost effective 55 hp category tractor in Powertrac series for heavy duty applications like loader/dozer
- d. Introduction of new Hydrostatic transmission for Compact series tractors with New Escorts Tractor Series (NETS) Styling for Export Market.
- e. Design and development of New Compact Electric tractor
- f. Introduction of 4 wheel drive in Farmtrac 60 hp Model
- g. New Farmtrac Pro series introduced with new Engine for better performance and fuel efficiency in 50 - 55 hp model
- h. Introduction of Powertrac Euro models above 60 hp for Export Markets.
- i. Introduction of Farmtrac NETS Series Cabin tractors with CRDI Engine in 75 HP for Europe Market.
- j. Design & Development for future Engine norms with CRDi technology Stage V/Tier IV range

50-105 HP to meet 2020-21 emission norms for European & USA Market.

- k. New 13 Ton Safe hydra crane model introduced in market with features like Low turning radius for better maneuverability, additional deck to increase utility, front mounted cabin to increase visibility for safe operations & offer most cost-effective solution to customer.
  - l. Introduced new 11 Ton Soil compactor with increased utility features like Forward Neutral Reverse (FNR) joystick lever, vandal cover, IP 67 electricals & High travel speed to increase customer productivity by reducing travel time from one place to another.
  - m. New 3 Ton Tandem compactor introduced with indigenous water-cooled engine to offer more fuel-efficient solution to customer.
  - n. Introduction of New 16 Ton Hydra crane model with front pneumatic brake features to increase safety bar.
  - o. New 13 Ton Hydra crane model introduced with Top Jack features to offer ease of serviceability in field.
  - p. Design validation & analysis through Finite Element Analysis.
  - q. Filing of patents / design registrations for new and innovative designs
  - r. Design & development of New products & upgradations of existing products to meet upcoming stringent emission norms in line with government guidelines.
  - s. Initiated Design & Development of advanced Electronic Microprocessor Controlled Braking System for Electric 3 Phase Locomotives
  - t. Initiated Design & Development of Brake Disc for LHB coaches
  - u. Introduction of in-house designed Brake Pad for LHB Coaches
  - v. Initiated Air Spring design & development using Japanese technology for High Speed Passenger Trains
  - b. Introduced cost effective Powertrac 45 hp and 55 hp model with new styling to give a better value proposition for customer
  - c. Significant Material cost reduction in tractors through design optimisation and renegotiation.
  - d. Product cost optimisation through Value Engineering/Value Addition (VE/VA)
  - e. Design & development of new High-end transmission to cater to all applications
  - f. High end transmissions to meeting all emerging application (Agri, construction equipment etc)
  - g. Escorts delivered a series of new products with enhanced power and performance and made a better value proposition for customers in domestic & export market. This has given more customer & application coverage for Escorts construction products & resulted in to enhanced volumes and gain in market share.
  - h. Cost effective & customised solution will help customers to afford the solution and enable them to produce more output per unit cost of input & help them to meet emerging market challenges.
  - i. Product cost optimisation through VE/VA using different methodologies.
  - j. Use of in-house aggregates will support to offer cost effective solutions to customer.
  - k. Initiated new projects for addition of new features, reliability enhancement, upgradation of existing products & creation of new platforms to meet customer expectations and emerging future trends.
  - l. Initiated new product range for global markets. Application specific cranes for niche market was introduced for applications like mining etc.
  - m. As a part of VE/VA, complete Product cost optimisation was done for Hydraulic Dampers
- 2. Benefits derived like product improvement, cost reduction, product development or import substitution**
- a. Escorts has whole range of tractors from 20 hp to 90 hp for domestic and export market with enhanced styling, power and performance.

**3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):**

1. Technology imported	NIL
2. Year of Import	NIL
3. Has technology been fully absorbed?	N.A.
4. If not absorbed, areas, where this has not taken place, reasons therefore and future plans of action	N.A.

**4. Expenditure incurred on Research & Development**

(₹ crores)

	For the financial year ended on March 31, 2019	For the financial year ended on March 31, 2018
a) Capital Expenditure*	23.29	12.79
b) Recurring Expenditure	111.25	100.40
Total R&D Expenditure	134.54	113.19
Total R&D Expenditure as a percentage of total turnover	2.20%	2.28%

\*Does not include capital advance/ capital work in progress

**III) Foreign Exchange Earnings and Outgo Activities relating to export**

The details on activities related to exports are provided elsewhere in this Annual Report.

**Total Foreign Exchange earning and outgo**

(₹ crores)

	For the financial year ended on March 31, 2019	For the financial year ended on March 31, 2018
a) Foreign exchange outgo:		
- Imports (including capital goods)	169.67	61.87
- Others	7.07	27.69
<b>Total</b>	<b>176.75</b>	<b>89.56</b>
b) Foreign Exchange earned	233.26	184.50

For and on behalf of the Board of Directors

Sd/-

**Nikhil Nanda**

Chairman & Managing Director

Place: Faridabad

Date: May 7, 2019

## Annexure – D to the Directors' Report

# Report on Corporate Governance

### I. Company's Philosophy on Corporate Governance

Corporate Governance may be defined as a set of systems, processes and principles, which ensure that a Company is governed in the best interest of all stakeholders. It is the system that directs and controls respective companies. It is about promoting corporate fairness, transparency and accountability. In other words, 'Good Corporate Governance' is simply 'Good Business'.

In India, the question of Corporate Governance has emerged mainly in the wake of economic liberalisation and deregularisation of industry and business. The objective of any Corporate Governance system is to simultaneously improve corporate performance and accountability. These, in turn, help to attract financial and human resources on the best possible terms and prevent corporate failure.

Corporate Governance consists of procedures and processes, according to which an organisation is directed and controlled. Its structure specifies the distribution of rights and responsibilities among different pan-organisational participants, such as the Board, managers, shareholders and other stakeholders. The system helps to lay down the rules and procedures for decision making.

The objective of Good Corporate Governance is to ensure the Board's commitment towards transparent management to maximise long-term value for the Company's shareholders and all other partners. It integrates all the participants involved in a process, which is economic and, at the same time, social.

A well-defined and enforced Corporate Governance benefits everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices, as well as to applicable laws.

Corporate Governance goes beyond the practices enshrined in the laws and is imbibed in the basic business ethics and values that needs to be adhered to in letter and spirit. However, a transparent, ethical and responsible Corporate Governance framework essentially emanates from the intrinsic will and passion for good governance ingrained in the organisation.

Good Corporate Governance practices are also essential for a sustainable business model for generating long term value for all its stakeholders.

At Escorts, Corporate Governance practices aim to adhere to the highest governance standards through continuous evaluation and benchmarking.

### II. Board of Directors

The composition of the Board of Directors is in conformity with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "the Listing Regulations"), as amended from time to time.

The Board of Director(s) along with its Committee(s) provide leadership and guidance to the Company's Management and directs, supervises and controls the performance of the Company. The Board of Director(s) of the Company comprises of distinguished personalities, who have been acknowledged in their respective fields. As at the end of financial year, Five out of the Ten Directors on the Board are independent & non-executive and Two are non-independent & non-executive.

Mr. Rajan Nanda, Chairman and Managing Director of the Company passed away on August 5, 2018. Mr. Nikhil Nanda, Managing Director of the Company has been appointed as Chairman of the Company w.e.f August 7, 2018. Mr. Nikhil Nanda is in whole-time employment of the Company. Ms. Nitasha Nanda, Whole-time Director and Mr. Shailendra Agrawal, Executive Director are also in whole-time employment of the Company.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("the Act"). The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act.

The Board is of the opinion that the Independent Directors fulfil the conditions specified in these regulations and are independent of the management.

The Senior Management have made disclosure to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.



The Company has devised a process where various presentations/ programs are being conducted to make them familiarise with various developments at Industry level, new business initiatives and organisation strategies etc.

The details of programme for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company –www.escortsgroup.com.

As on March 31, 2019, the Board comprises of Ten Directors. The names and categories of Directors, the number of Directorship and Committee position(s) held by them in the companies, meetings attended by them and other relevant particulars are given below.

Name and Category	Designation	Directorship in other listed entity & Category	Relation- ship with each other	No. of Board meetings attended during the financial year	Whether attended the last AGM	No. of director- ships in Public Companies (#)	No. of Committee Memberships / (Chairman- ships) in Public Companies (Δ)
Late Sh. Rajan Nanda** Executive & Non-Independent (Promoter)	Chairman & Managing Director (Upto August 5, 2018)	N.A.	Father of Mr. Nikhil Nanda and Ms. Nitasha Nanda	1	N.A.	N.A.	N.A.
Mr. Nikhil Nanda*** Executive & Non-Independent (Promoter)	Chairman and Managing Director (W.e.f. August 7, 2018)	-	Son of Late Sh. Rajan Nanda and Brother of Ms. Nitasha Nanda	10	Y	2	-
Ms. Nitasha Nanda Executive & Non-Independent (Promoter)	Whole-time Director	-	Daughter of Late Sh. Rajan Nanda and Sister of Mr. Nikhil Nanda	10	Y	3	2(1)
Mr. Hardeep Singh Non-Executive and Non-Independent	Director	UPL Limited, Independent	*	10	Y	3	2(1)
Mr. P.H. Ravikumar Non-Executive and Independent	Director	Bharat Forge Limited, Independent IG Petrochemicals Limited, Independent Bharat Financial Inclusions Limited, Independent Aditya Birla Capital Limited, Independent	*	10	Y	9	5(1)
Mrs. Vibha Paul Rishi Non-Executive and Independent	Director	Asian Paints Limited, Independent Tata Chemicals Limited, Independent ICICI Prudential Life Insurance Company Limited, Independent The Indian Hotels Company Limited, Independent	*	10	Y	10	3(1)
Dr. Sutanu Behuria Non-Executive and Independent	Director	-	*	10	Y	3	2
Mr. G.B. Mathur Non-Executive and Non-Independent	Director	-	*	8	N	2	1
Mr. D.J. Kakalia Non-Executive and Independent	Director	Reliance Power Limited, Independent	*	9	Y	6	6

Name and Category	Designation	Directorship in other listed entity & Category	Relation- ship with each other	No. of Board meetings attended during the financial year	Whether attended the last AGM	No. of director- ships in Public Companies (#)	No. of Committee Memberships / (Chairman- ships) in Public Companies (A)
Mr. Ravi Narain Non-Executive and Independent	Director	PI Industries Limited, Independent	*	10	Y	3	2
Mr. Shailendra Agrawal (&) Executive and Non-Independent	Executive Director	-	*	1	N.A.	2	-

Y = Yes N = No

\* None of the Non-Executive Directors are related to any other director of the Company.

(#) Including Escorts Limited.

(A) In accordance with Regulation 26, Membership/ Chairmanships of Audit Committees and Stakeholders' Relationship Committees in all Public Limited companies (excluding Escorts Limited) have been considered.

\*\* Ceased to be Chairman and Managing Director of the Company w.e.f. August 5, 2018.

\*\*\* Appointed as Chairman of the Company w.e.f. August 7, 2018.

(&) Appointed as an Executive Director w.e.f. March 22, 2019. Attended one Board meeting held during his tenure.

#### Notes:

- None of the Directors represent a Lender or Equity Investor.
- None of the Non-Executive Directors have substantial shareholding in the Company.

#### Certification from Company Secretary in Practice

A certificate has been received from M/s Jayant Gupta & Associates, Practicing Company Secretaries, that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority. The said certificate is available on the website of the Company at [www.escortsgroup.com](http://www.escortsgroup.com).

#### Key Board Qualifications, Expertise and Attributes

The Board of Escorts Limited comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that Escorts Limited is in compliance with highest standards of corporate governance.

The table below provides the key qualifications, skills and attributes which are taken into consideration while nominating candidates to serve on the Board:

#### Details of directors qualifications

Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
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Leadership	Expended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long term growth.
Mergers and acquisitions	A history of leading growth through acquisitions and other business combinations, with the ability to assess build or buy decisions, analyze the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plans.
Board service and governance	Service on public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence required for it to function effectively. The Board periodically evaluates the need for change in its composition and size.

#### III. Directors' Membership in Board/ Committees of Other Companies

In terms of the provisions of the Listing Regulations, none of the Directors on the Company's Board is a member of

more than ten committees and Chairman of more than five committees (Committees being, Audit Committee and Stakeholders' Relationship Committee) across the companies in which they are associated as Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies including ten public companies (including 7 listed companies).

#### IV. Board Meetings

During the financial year ended on March 31, 2019 the Board of Directors met Ten (10) times on the following dates:-

May 17, 2018, July 30, 2018, August 7, 2018, August 16, 2018, September 12, 2018, October 31, 2018, November 28, 2018, December 10, 2018, January 28, 2019 and March 22, 2019.

The gap between any two Board Meetings did not exceed 120 days.

All the recommendation of committee(s) of the Board were accepted by the Board.

#### Board Meeting Procedures

Escorts Limited's Board is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The required information as enumerated in Part A of Schedule II of the Listing Regulations are regularly made available to the Board of Directors for discussion and consideration at Board Meetings.

#### Information supplied to the Board

Regular presentations are made to the Board of Directors covering Business Operations, Finance, Sales, Accounts, Marketing, Compliances and other important business issues.

The Annual Operating and Capital Budget(s) are approved by the Board of Directors. The Board spends considerable time in reviewing the actual performance of the Company vis-à-vis the approved budget.

#### Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is also available on the Company's website: [www.escortsgroup.com](http://www.escortsgroup.com).

The Board members and Senior Management personnel of the Company have affirmed their compliance with the code. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained hereinafter in this Report.

#### Declaration by C.E.O.

The Board of Directors,  
Escorts Limited

Dear Sir,

I hereby confirm that:

The Company has received from the members of the Board and Senior Management, a declaration of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year ended on March 31, 2019.

Sd/-

**Nikhil Nanda**

Place: Faridabad

Date: May 7, 2019

Chairman & Managing Director

#### Vigil Mechanism

The Company has adopted a Whistle Blower Policy to report instances of unethical behaviour, fraud or violation of the Ethics Policy of the Company. The Whistle Blower Policy has been circulated to all the employees and directors of the Company and the same is also available on the Company's website: [www.escortsgroup.com](http://www.escortsgroup.com).

#### V. Audit Committee Constitution

As on March 31, 2019 the Audit Committee comprises of the following Non-Executive Directors:

1. Mr. P. H. Ravikumar – Independent Director (Chairman)
2. Mr. Hardeep Singh – Non-Independent Director
3. Mrs. Vibha Paul Rishi – Independent Director
4. Dr. Sutanu Behuria – Independent Director
5. Mr. Ravi Narain – Independent Director

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Act and the Listing Regulations.

The Audit Committee assists the Board in its responsibility to oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the

Statutory Auditors, including the Cost Auditors and the performance of Internal Auditors of the Company.

During the financial year ended on March 31, 2019 the Committee met Seven (7) times on the following dates:-

May 17, 2018, July 30, 2018, August 16, 2018, September 12, 2018, October 31, 2018, January 28, 2019 and March 22, 2019.

Mr. Ajay Kumar Sharma, Group General Counsel & Company Secretary is acting as Secretary of the Audit Committee.

### Terms of Reference

The Charter of the Committee is as prescribed under Section 177 of the Act read with the Listing Regulations:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement forming part of Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Act.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgement by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditors independence & performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory & internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

18. To review the functioning of the Whistle Blower mechanism.
19. Approving the appointment of Chief Financial Officer (i.e. the Whole-time Finance Head or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
21. Carrying out any other function as may be referred to the Committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.
22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost and the Secretarial Auditors.
23. The Committee has systems and procedures in place to ensure that the Audit Committee periodically reviews:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses, if any;
  - e. Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any;
  - f. The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under the Listing Regulations;
  - g. Details of material transactions with related parties, which are not in the normal course of business; and
  - h. Details of material transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same.

- i. Statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of the Listing Regulations 32(7).

The Audit Committee is endowed with the following powers:

- a) To investigate any activity within its terms of reference.
- b) To seek information from any employee.
- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- e) To invite such of the executives, as it considers appropriate (and particularly the head of the finance) to be present at the meetings of the committee.

## Meetings & Attendance

Name of Member	No. of Meeting	
	Held	Attended
Mr. P.H. Ravikumar (Chairman)	7	7
Mr. Hardeep Singh	7	7
Dr. Sutanu Behuria	7	7
Mrs. Vibha Paul Rishi	7	7
Mr. Ravi Narain	7	7

The gap between any two Audit Committee meetings did not exceed 120 days.

## VI. Nomination and Remuneration Committee Constitution

As on March 31, 2019, the Nomination and Remuneration Committee comprises of following Non-Executive Directors:

1. Mr. P. H. Ravikumar – Independent Director (Chairman)
2. Mr. Hardeep Singh – Non-Independent Director
3. Mrs. Vibha Paul Rishi – Independent Director
4. Dr. Sutanu Behuria – Independent Director

## Terms of Reference

The Charter of the Committee is as prescribed under Section 178 of the Act read with the Listing Regulations viz.:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Evaluation Criteria and the Remuneration Policy shall form part of the Annual Report of the Company.

The Nomination and Remuneration Committee has been constituted to recommend/ review remuneration of the directors, key managerial personal and other employees, based on their performance and defined assessment criteria.

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements. It is in consonance with the existing industry practice.

Non-Executive Directors can also be paid a commission based on the performance of the Company. During the period under review there are no pecuniary relationships or material transactions of the Non-Executive Directors viz-a-viz the Company.

### Meetings & Attendance

During the financial year ended on March 31, 2019 the Committee met Three (3) times on May 17, 2018, August 7, 2018 and March 22, 2019.

Name of Member	No. of Meeting	
	Held	Attended
Mr. P.H. Ravikumar (Chairman)	3	3
Mr. Hardeep Singh	3	3
Dr. Sutanu Behuria	3	3
Mrs. Vibha Paul Rishi	3	2

### Remuneration Policy

The Company's remuneration policy for Directors, Key Managerial Personnel, Senior Management and other employees is annexed as **Annexure – B** to the Directors' Report.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

### Details of Remuneration of Directors

The Company has not paid any remuneration to any of its Non-Executive Directors, except Sitting Fees for attending meetings of the Board and all its Committees for which ₹ 50,000 per meeting was paid for Board Meeting and Audit Committee Meeting and ₹ 20,000 per meeting was paid for any other committee meeting. The aggregate amount of sitting fees paid during the financial year was ₹ 63.80 lakhs (excluding applicable taxes). The director wise payment of sitting fee is provided in Form MGT-9 attached as **Annexure – H** to the Directors' Report.

The shareholders of the Company has approved the payment of commission to Non-Executive Directors in the Annual General Meeting held on September 19, 2014 for a period of five years. Accordingly, for the financial year ended on March 31, 2019, Mr. P.H. Ravikumar, Mrs. Vibha Paul Rishi, Dr. Sutanu Behuria, Mr. D.J. Kakalia, Mr. Ravi Narain and Mr. Hardeep Singh have been paid commission of ₹ 10,00,000/- (Rupees Ten lakhs only) each, aggregating to ₹ 60,00,000/- (Rupees Sixty lakhs only) and the same is within the limits of 1% of the net profits of the Company calculated under Section 198 of the Companies Act, 2013.

The remuneration paid/ payable to Late Sh. Rajan Nanda, Chairman and Managing Director (passed away on August 5, 2018), Mr. Nikhil Nanda, Chairman and Managing Director, Ms. Nitasha Nanda, Whole-time Director and Mr. Shailendra Agrawal, Executive Director (w.e.f. March 22, 2019) of the Company for the financial year ended on March 31, 2019 are as follows:

(In ₹)				
Particulars	Late Sh. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda	Mr. Shailendra Agrawal**
Basic Salary	7432258.06	22291200.00	6000000.00	343406.13
Allowances & Perquisites	18031815.55	38193150.00	8091879.00	269251.29
Provident Fund Contribution	898839.00	2674944.00	720000.00	41208.71
Others	-	43637.00	-	-
Commission*	-	50000000.00	17500000.00	-
<b>Total</b>	<b>26362912.61</b>	<b>113202931.00</b>	<b>32311879.00</b>	<b>653866.13</b>

\*Commission paid for FY 2018-19

\*\* For the period from March 22, 2019 to March 31, 2019

The tenure of office of the Chairman and Managing Director, Whole-time Director and Executive Director is for a period of five years from their respective date of appointment. The services of said Directors with the Company can be terminated by either party giving six calendar months' notice in writing. In the event of termination of services, they shall be entitled to receive compensation in accordance with the provisions of Section 202 of the Act.

No stock options were issued to the directors during the period under report.

## VII. Shares held by Non-Executive Directors

Name	Category	No. of Equity shares held
Mr. P.H. Ravikumar	Independent	-
Mrs. Vibha Paul Rishi	Independent	-
Dr. Sutanu Behuria	Independent	-
Mr. D.J. Kakalia	Independent	-
Mr. Ravi Narain	Independent	-
Mr. Hardeep Singh	Non-Independent	500
Mr. G.B. Mathur	Non-Independent	179

## VIII. Stakeholders' Relationship Committee Constitution

As on March 31, 2019, the Stakeholders' Relationship Committee comprises of following Non-Executive Directors:-

1. Mr. Hardeep Singh – Non-Independent Director – Chairman
2. Mrs. Vibha Paul Rishi – Independent Director
3. Dr. Sutanu Behuria – Independent Director

### Terms of Reference

The Committee looks to redress shareholders and investors complaints relating to share transfer, Demat, Remat, non-receipt of declared dividends or Annual Reports etc.

The Committee additionally oversees the performance of Share Transfer Agent and recommends measures for overall improvement in the quality and promptness towards investors services.

## Meetings & Attendance

During the financial year ended on March 31, 2019, the Committee met on March 22, 2019.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Mr. Hardeep Singh	Chairman	1	1
Dr. Sutanu Behuria	Member	1	1
Mrs. Vibha Paul Rishi	Member	1	-

## Compliance Officer

Mr. Ajay Kumar Sharma, Group General Counsel & Company Secretary is the Compliance Officer as per the requirements of the Listing Regulations.

## Complaints received/ resolved

During the period under review, 191 complaints were received from investors which were replied/ resolved to the satisfaction of investors except 12 complaints pending as on 31.03.2019 which were replied/ resolved subsequently.

## Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending for redressal as on March 31, 2019.

## IX. Risk Management Committee

### Constitution

During the financial year ended on March 31, 2019 the Risk Management Committee had been reconstituted on August 7, 2018.

The Risk Management Committee comprises of following persons:-

1. Mr. Nikhil Nanda – Chairman
2. Dr. Sutanu Behuria – Member
3. Mr. Ravi Narain - Member
4. Mr. Bharat Madan – Member

### Terms of Reference

The charter of the Committee shall be as follows:

- (i) Formulation & modification of the Risk Management Policy.
- (ii) Framing, implementing and monitoring the Risk Management Plan.
- (iii) Periodic reporting to the Audit Committee on the risk and its mitigation.
- (iv) Others functions in accordance with the applicable provisions of the Act read with rules made thereunder and the Listing Regulations.

## Meetings & Attendance

During the financial year ended on March 31, 2019, the Committee met twice on January 28, 2019 and March 22, 2019.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Mr. Nikhil Nanda	Chairman	2	2
Dr. Sutanu Behuria	Chairman	2	2
Mr. Ravi Narain	Member	2	2
Mr. Bharat Madan	Member	2	2

Note: No Committee was held during the tenure of Late Sh. Rajan Nanda as Chairman of the Committee.



## Corporate Social Responsibility Constitution

During the financial year ended on March 31, 2019 the Corporate Social Responsibility (CSR) Committee had been reconstituted on August 7, 2018.

The CSR Committee comprises of following persons:

1. Mr. Nikhil Nanda - Chairman
2. Mr. Hardeep Singh - Member
3. Mrs. Vibha Paul Rishi - Member
4. Mr. G.B. Mathur - Member

## Terms of Reference

The said committee has been entrusted with the responsibility of formulating and recommending to the Board, CSR Policy indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of CSR Policy and recommending the amount to be spent on CSR activities.

## Meetings & Attendance

During the financial year ended on March 31, 2019, the Committee met twice on May 17, 2018 and March 22, 2019.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Mr. Rajan Nanda*	Chairman	1	1
Mr. Nikhil Nanda**	Chairman	2	2
Mr. Hardeep Singh	Member	2	2
Mrs. Vibha Paul Rishi	Member	2	2
Mr. G.B. Mathur	Member	2	1

\* Ceased to be Chairman and Member of the Committee w.e.f. August 5, 2018. One meeting was held during his tenure.

\*\* Appointed as Chairman of the Committee w.e.f. August 7, 2018.

## X. Functional Committee

The Board is authorised to constitute one or more functional committees delegating thereto powers and duties with respect to specific purposes for which such committee has been constituted. Meeting of such committees are held, as and when the need arises. Time schedule for holding such functional committees are finalised in consultation with the Committee members.

### Procedure of Committee Meetings

The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels, to the extent it considers appropriate, to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the next Committee and the subsequent Board Meeting for perusal and noting.

## XI. General Body Meetings

The particulars of last three Annual General Meeting(s) held by the Company are as under:

Financial Year/ Financial Period	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2017-18	September 12, 2018	10:00 A.M	Radisson Blu Faridabad, Sector – 20B, Mathura Road, Faridabad - 121 001, Haryana	One
2016-17	September 21, 2017	11.00A.M	Aravali Golf Club, NH-3, N.I.T. Faridabad – 121 001 Haryana	Three
2015-16	September 20, 2016	11.00A.M	Aravali Golf Club, NH-3, N.I.T. Faridabad – 121 001 Haryana	NIL

**XII. Special Resolution passed through Postal Ballot**

During the financial year ended on March 31, 2019, the Company has not passed any Special Resolution through Postal Ballot.

None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

**XIII. Disclosures**

a) There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.

All the related party transactions during the financial year ended on March 31, 2019 were as per the "Policy on Materiality of Related Party Transactions and dealing with Related Parties".

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years – NIL

c) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

The Ethics Counselor or the Chairman of the Audit Committee has not received any complaint/ report during the period under review and no employee was denied access to the Audit Committee.

d) Details of the compliance with mandatory requirement and adoption of the discretionary requirements as prescribed in Schedule II Part E of the Listing Regulations.

The details of mandatory requirements are mentioned in this Report. The status of adoption of the non-mandatory requirement are mentioned in Clause No. XVI.

e) Policy for determining 'Material Subsidiaries'

The Policy for determining Material Subsidiaries is available on the website of the Company [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.

f) Policy on dealing with Related Party Transactions

The Policy on dealing with Related Party Transactions is available on the website of the Company [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.

g) The Company has complied with all the compliances given under Regulation 17 to 27 and Regulation 46(2)(b) to 46(2)(i) of the Listing Regulations.

h) Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account: During the year, 47,890 Equity Shares were required to be transferred into IEPF Account in terms of provisions of the Act. The details of shares already transferred into IEPF Account are provided on the website of the Company at [www.escortsgroup.com](http://www.escortsgroup.com).

i) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

S. no.	Particulars	No.
a.	Number of complaints filed during the financial year	Nil
b.	Number of complaints disposed of during the financial year	Nil
c.	Number of complaints pending as on end of the financial year	Nil

j. The details of credit rating are provided elsewhere in this Annual Report.

K. The details of payment made to Statutory Auditors are provided at Note 33 of the notes to accounts of standalone financial statement. No other amount is paid during the year by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/ network entity of which the statutory auditor is a part.

**Subsidiary Companies**

Regulation 16 of the Listing Regulations "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Escorts Limited has 3 direct subsidiaries, 1 of them is registered outside India and 2 are in India, whose turnover does not exceed the limit prescribed under the Listing Regulations. Thus, these subsidiaries are out of the scope of the above definition.

Further pursuant to IND AS applicability, the Company has few more subsidiaries, details have been given elsewhere in the Annual Report and forms an integral part of this Report.

Since, the Company does not have any material subsidiary, it is not required to nominate an Independent Director of the Company on their Board.

Appropriate details of these subsidiaries has been given elsewhere in the Annual Report and forms an integral part of this report.

#### XIV. Means of Communication

##### Key Financial Reporting dated during the year ended on March 31, 2019

The Company has published its Financial results in the following national newspapers:

For Year ended 31.03.18: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 30.06.18: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 30.09.18: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 31.12.18: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

The Quarterly Results were displayed on Company's website viz. [www.escortsgroup.com](http://www.escortsgroup.com) in accordance with the requirement of the Listing Regulations.

The website also displays official news releases.

##### News Releases, Presentation

Official news releases, detailed presentations made to media, analysts, institutional investors etc. are displayed on the Company's website i.e. [www.escortsgroup.com](http://www.escortsgroup.com).

##### Management Discussion and Analysis

The Management Discussion and Analysis and Risk Management forms an integral part of this Annual Report.

#### XV. General Shareholder Information

##### Company Registration Details

The Company is registered in the State of Haryana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74899HR1944PLC039088.

##### Annual General Meeting (AGM)

Date : Saturday, July 27, 2019

Time : 10:00 a.m.

Venue : Radisson Blu Faridabad, Sector – 20B, Mathura Road, Faridabad - 121 001, Haryana

##### Financial Year:

April 1 to March 31

##### Appointment/ Re-appointment of Directors

In accordance with the provisions of the Act and Articles of Association of the Company, Ms. Nitasha Nanda and Mr. G.B. Mathur, Directors retires by rotation at the ensuing

Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

The Board of Directors of the Company had also sought approval of the members of the Company at the ensuing AGM for appointment/ re-appointment of directors. The details are provided in the Directors Report.

The brief resume(s) and other details relating to the Director(s) who are proposed to be appointed/ re-appointed, as required to be disclosed under the Listing Regulations are provided as Annexure to the AGM Notice.

##### Financial Calendar 2019-20 (Tentative)

Meetings of Board/ Committee thereof to take on record:

Particulars	Tentative Date
Financial results for Quarter ended 30.06.2019	14.08.2019
Financial results for Quarter ended 30.09.2019	14.11.2019
Financial results for Quarter ended 31.12.2019	14.02.2020
Financial results for Quarter/ Year ended 31.03.2020	30.05.2020

##### Annual General Meeting for the Financial Year ending March, 2019:

By September 30, 2020.

##### Cut off Date for e-voting

July 20, 2019 has been fixed as the cut off date to record entitlement of the shareholder to cast their vote electronically in the forthcoming AGM.

##### Book Closure

The members register will be closed from July 14, 2019 to July 27, 2019 (both days inclusive) for the purpose of payment of Dividend for the financial year 2018-19.

##### Dividend

- The Board of Directors of the Company have decided to recommend dividend @ ₹ 2.50 per share (being 25% of the nominal value of ₹ 10 per share) for the financial year 2018-19 (except on shares held by Escorts Benefit and Welfare Trust), subject to the approval of the shareholders in the forthcoming AGM.
- The dividend, if declared at the AGM, would be paid/ dispatched within 30 days from the date of declaration at the ensuing AGM to those persons or their mandates:-
  - whose names appear as beneficial owners as at the end of the business hours on July 13, 2019 in the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode and;

- b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transmission/ transposition in physical form lodged with the Company on or before July 13, 2019.
3. The dividend amount shall be credited in the shareholders bank account directly through NECS. Alternatively, physical warrant/ Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Company.

The intimation for credit of dividend amount through NECS shall also be sent to the shareholders through E-mail/ ordinary post thereafter.

### Dividend Payment History for Ten Years

Year	Rate	Date of Payment
2008-2009	10%	March 23, 2010
2009-2010	15%	March 10, 2011
2010-2011	15%	March 27, 2012
2011-2012	12%	March 30, 2013
2012-2014	12% (Interim)	October 21, 2013
2012-2014	6% (Final)	September 29, 2014
2014-2015	12%	September 28, 2015
2015-2016	12%	September 29, 2016
2016-2017	15%	September 29, 2017
2017-2018	20%	September 24, 2018
2018-2019	25% (Proposed)	To be paid within 30 days from the date of declaration of Dividend

### Listing

Equity Shares of Escorts Limited are listed with following Stock Exchanges:

Listing	Stock Code
<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai – 400 051	ESCORTS
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	500495
<b>Delhi Stock Exchange Limited</b> DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002	00012

### Listing Fees

The Company is upto date on the payment of its Annual Listing Fees.

### Monthly Stock Market Data

Month	National Stock Exchange of India Limited		BSE Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2018	1006.8	826.1	1006.5	826.05
May, 2018	1017.1	841.25	1018.5	848.9
June, 2018	958.85	821.35	957.95	823.1
July, 2018	943.55	827.25	943.6	827.15
August, 2018	929.15	852.25	928	841.05
September, 2018	876	601.35	875.85	602.1
October, 2018	649.6	541	649.85	542.6
November, 2018	709.8	636	710	636.2
December, 2018	719.8	601	723.9	584.05
January, 2019	764.8	630.25	764.4	630.55
February, 2019	624.85	601	693.5	600.5
March, 2019	833.9	663.4	833.5	663.65

## Share Transfer System

Escorts Limited has appointed Karvy Fintech Private Limited (earlier Karvy Computershare Private Limited) ("Karvy") as its Registrar and Share Transfer Agent (RTA). The share transfer work in both physical as well as electronic mode has been carried on by Karvy. The authority relating to share transfer has been delegated to RTA. The Share Transfer Committee of the Board of Directors take note of the Transfer, Transmission, Remat, Split & Consolidation of share certificates etc. periodically.

The RTA ensures the approval of share transfer/ transmission/ splitting and consolidation of valid request with in a period of 15 days from their receipt and also processing of valid Demat request within a week.

## Investors Relation Centers

Escorts Limited	Escorts Limited	Karvy Fintech Private Limited (earlier Karvy Computershare Private Limited)
Escorts Corporate Centre, 15/5, Mathura Road, Faridabad – 121 003 Telephone No.: (0129) 2564921 Fax No.: (0129) 2250060	Times Square A Wing, Unit No. 1, 3rd Floor, Andheri – Kurla Road, Andheri (East), Mumbai – 400 059 Telephone No.: (022) 67868607 Fax No.: (022) 67868687	Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel.: No. 040-67162222 Fax: No. 040-23420814 Email: einward.ris@karvy.com

## Investors Communication

All enquiries relating to transfer, transmission, transposition, demat, remat, split, consolidation, nomination, change of address and payment of dividend can be addressed to RTA i.e. Karvy Fintech Private Limited (earlier Karvy Computershare Private Limited) or e-mail: einward.ris@karvy.com or sent by post at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

## Nomination Facility

Shareholders can file their nominations against shares held under physical mode as well as electronic mode. The facility of nomination is not available to non-individual shareholders such as societies, trusts, bodies corporate, karta of Hindu Undivided families and holders of Powers of Attorney. The shareholders, who are holding shares in physical form and wish to avail this facility, may send prescribed Nomination Form SH-13 duly filled and signed to RTA i.e. Karvy Fintech Private Limited (earlier Karvy Computershare Private Limited) or email einward.ris@karvy.com or sent by post at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

## Shareholding Pattern as on March 31, 2019

Category of Shareholders	No. of shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	19	49130166	40.08
2. Foreign Institutional Investors	223	30156226	24.60
3. Domestic Institutional Investors, Banks & Mutual Funds	45	4059313	3.31
4. Public & Others	114129	39231173	32.01
<b>Total</b>	<b>114416</b>	<b>122576878</b>	<b>100.00</b>

## Distribution of Shareholding as on March 31, 2019

Range of holding	Number of shareholders	% of Total
1 to 5,000	108243	94.61
5,001 to 10,000	3345	2.92
10,001 to 20,000	1457	1.27
20,001 to 30,000	444	0.39
30,001 to 40,000	185	0.16
40,001 to 50,000	156	0.14
50,001 to 1,00,000	244	0.21
1,00,001 & above	342	0.30
<b>Total</b>	<b>114416</b>	<b>100.00</b>

## Dematerialisation

As on March 31, 2019 dematerialised shares accounted for 98.890% (98.738% up to March 31, 2018) of the total equity shares. Trading in Equity Shares of the Company is permitted only in dematerialised form as per the notification issued by the Securities and Exchange Board of India.

Dematerialisation of shares as on March 31, 2019			
S. No.	Mode of holding	No. of Shares	%
1.	NSDL	114602571	93.49
2.	CDSL	6613791	5.40
3.	Physical	1360516	1.11
<b>Total</b>		<b>122576878</b>	<b>100.00</b>

## Shares Liquidity

The trading volumes at major Stock Exchanges, during the financial year ended on March 31, 2019 are as follows:

Month	National Stock Exchange of India Ltd		BSE Limited	
	No. of Shares	Value (₹ In Lakhs)	No. of Shares	Value (₹ In Lakhs)
April, 2018	31789920	296928.2821	2765215	25783.3321
May, 2018	28918618	270190.5751	2626089	24524.6895
June, 2018	17647036	158781.4064	1899707	17105.2369
July, 2018	28233522	251676.5182	3091963	27501.4567
August, 2018	20852698	185051.8617	1658209	14703.3289
September, 2018	25678687	189659.8903	2694185	19487.8120
October, 2018	38475106	230239.8944	3267375	19480.2482
November, 2018	37294428	251250.9080	3007779	20216.1320
December, 2018	36809975	246906.8601	3274507	21870.0791
January, 2019	45166369	319835.7841	4093761	29164.6212
February, 2019	36166345	236229.5643	2371431	15520.2934
March, 2019	47767344	373259.7592	3045624	23689.5733
<b>Total</b>	<b>394800048</b>	<b>3010011.3039</b>	<b>33795845</b>	<b>259046.8033</b>

## Outstanding GDRs/ ADRs/ Warrants/ Stock Options etc.

There are no outstanding GDRs/ ADRs/ Warrants for conversion into equity shares except 11,21,850 stock options granted to the employees. Each stock option, upon exercise of the same, would be converted into one equity share of ₹ 10/- each fully paid-up. These options vest in four tranches after one year from date of grant as mentioned in the Letter of Grant and can be exercised during a period of three years or such extended period as the ESOP & Compensation Committee may decide. The options unexercised during the exercise period would be lapsed.

There are no other convertible instruments outstanding, which could increase the paid up equity capital of the Company

## Plant locations

The Company has its manufacturing plants at the following locations:

1. Plot No. 18/4, Mathura Road, Faridabad - 121 007, Haryana
2. Plot No. 15/5, Mathura Road, Faridabad - 121 003, Haryana
3. Plot No. 2, Sector 13, Faridabad - 121 007, Haryana
4. Plot No. 3, Sector 13, Faridabad - 121 007, Haryana
5. Plot No. 114-115, Sector 24, Faridabad - 121 005, Haryana
6. Plot No. 219, Sector – 58, Ballabgarh, Faridabad – 121 004, Haryana
7. Plot No. 9, Sector 1, Integrated Industrial Estate, Pant Nagar, Rudrapur – 263 145, Uttarakhand

The Company has its training centre at Ramakrishnapura, Chandapura - Anekal Road, Chandapura, Post Bangalore - 560 099, Karnataka.

### Address for Correspondence

#### ESCORTS LIMITED

##### Registered Office

Corporate Secretarial & Law  
15/5, Mathura Road, Faridabad – 121 003, Haryana  
Tel.: 0129 – 2250222, Extension: 4275/ 4254  
Fax: 0129 – 2250060  
E-mail: corpsect@ndb.vsnl.net.in  
Website: www.escortsgroup.com

### Registrar and Transfer Agents

#### KARVY FINTECH PRIVATE LIMITED

(earlier Karvy Computershare Private Limited)  
Karvy Selenium Tower B, Plot No. 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032  
Tel.: 040 67162222 | Fax: 040 23420814  
einward.ris@karvy.com | www.karvycomputershare.com

### XVI. NON-MANDATORY REQUIREMENTS

The status/ extent of compliance with non-mandatory requirements are as follows:

S. No.	Non Mandatory Provisions	Status
1.	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also the Managing Director of the Company.
2.	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders.	The said information is available on Company's website.
3.	Audit qualifications: The Company may move towards the regime of unqualified financial statements.	Adopted
4.	Separate Posts of Chairman and CEO	Not applicable as Chairman and Managing Director is one.
5.	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

Place: Faridabad  
Date: May 7, 2019

For and on behalf of the Board of Directors

Sd/-

**Nikhil Nanda**

Chairman & Managing Director

# CEO/CFO Certification

The Chairman and Managing Director and the Group Chief Financial Officer of the Company give annual certification to the Board on financial reporting and internal controls in terms of Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 pertaining to CEO and CFO certification for the financial year ended on March 31, 2019.

To,  
The Board of Directors  
**Escorts Limited**

Dear Sir,

We, Nikhil Nanda, Chairman and Managing Director and Bharat Madan, Group Chief Financial Officer certify to the Board of Directors that:

- a) We have reviewed financial statements and the cash flow statement of Escorts Limited for the financial year ended March 31, 2019 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the financial year;
  - ii. significant changes in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Faridabad  
Date : May 7, 2019

Sd/-  
**Bharat Madan**  
Group Chief Financial Officer

Sd/-  
**Nikhil Nanda**  
Chairman & Managing Director



# Independent Auditor's Certificate on Corporate Governance

## To the Members of Escorts Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 25 September 2018.
2. We have examined the compliance of conditions of corporate governance by Escorts Limited ('the Company') for the year ended on 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

## Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

## Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered

Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2019.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

## Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

Place: Gurugram  
Date: 6 June 2019

**Siddharth Talwar**  
Partner  
Membership No.: 512752

# Annexure – E

## to the Directors' Report

### Annual Report on Corporate Social Responsibility (CSR) Activities

#### 1. Brief CSR Policy

##### Objective:

The main objective of CSR Policy is to lay down guidelines for the Company to make CSR a key business process for sustainable development of the society. It aims at enhancing welfare measures of the society based on the immediate and long-term social and environmental consequences of its activities.

##### Review Mechanism:

The Board of Directors of Escorts will review the CSR implementation every year.

Escorts shall include in its Annual Report the CSR activities/project undertaken by the Company including the progress thereof.

The CSR Committee may require Project Appraisal of its CSR projects to be carried out by External Agencies/ Third Party Agency, if required.

Utilisation Certificate along with statement of expenditure duly certified by the respective Statutory Auditors will be submitted by the organisation/ Institution to whom CSR fund is allocated.

To undertake the above activities Committee may delegate the power of execution to persons/ officers of the Company.

#### 2. Composition of CSR Committee

During the financial year ended on March 31, 2019, the CSR Committee had been reconstituted as under:

- a. Mr. Nikhil Nanda
- b. Mr. Hardeep Singh
- c. Mrs. Vibha Paul Rishi
- d. Mr. G.B. Mathur

#### 3. Average Net Profit of the Company for last three financial years: ₹ 295.85 crores

#### 4. Prescribed CSR Expenditure: ₹ 5.92 crores

#### 5. Details of CSR spent during the financial year

- a. Total amount to be spent for the financial year: ₹ 5.92 crores
- b. Amount unspent: NIL
- c. Amount spent during the financial year is as follows: Details attached as Appendix – I to this Annexure.

#### 6. Reasons for not spending the amount: Not Applicable

#### 7. Statement of the CSR Committee: The statement of the CSR Committee of the Board of Directors of the Company, is reproduced below:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors  
Sd/-

**Nikhil Nanda**

Chairman & Managing Director

Place: Faridabad  
Date: May 7, 2019

₹ in crores

S. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs	Amount Outlay (Budget) on project or program	Amount spent on the Projects or Programs	Cumulative Amount expended up to the reporting period	Details of Implementing Agency						
							Local Area or other	Specify the State & District where projects or programs was undertaken	Direct Expenditure on projects or programs	Overheads	Through Implementing Agency		
1	Road Safety Initiative/ Education	a) Schedule VII (ii) under "promoting education". Ci. (i) promoting education - "Educating the Masses and Promotion of Road Safety awareness in all facets of road usage. Ci. (i) Promoting Health Care including preventive health care - "giving medical and Legal aid, treatment to road accident victims	Local Area and other	Haryana - Faridabad, Ballabhgarh	0.21	0.47	0.47	0.47	-	-	-	A.K. Bhutani Security Agency - Leaseplan India Private Limited - Chowdhary Auto Service - Koncept Automobiles Pvt. Ltd. - TVS Motor Company Limited - Solphin - K. S. Contractor	
2	Water Resource Evaluation Study/ Green Landscaping	(iv) Ensuring environmental sustainability & Ecological Balance	Local Area and other	Haryana – Faridabad	0.35	0.30	0.30	0.30	-	-	-	- Confederation of Indian Industry - Nurturing Green Plantation Pvt Ltd - Valiant Security Pvt Ltd	
3	Supporting education of underprivileged & Handicapped children / Kerala High School	Ci. (ii) Promoting Education including Special Education	other	Delhi	0.82	0.88	0.88	0.88	-	0.88	-	- Arpana Trust - National Association for the Integration & Rehabilitation of the Handicapped - Kerala High School Ranny-Perunad at Pathanamthit - A. K. Interior	
4	Agri Care - Digitrac	Ci. (iii) Promoting Education including Special Education	Local Area and other		0.46	0.20	0.20	0.20	-	0.20	-	- Anand Brand Partners Pvt. Ltd. - Prakshep Pvt. Ltd.	
5	Skill Development Project	Ci. (ii) Promoting Education, including special education and Employment Enhancing Vocational Skills	Local Area and Other	Haryana – Faridabad, Ballabhgarh, Paliwal, New Delhi, Maharashtra – Pune, Orissa- Bhubaneswar	1.00	1.00	1.00	1.00	-	1.00	-	Escorts Skill Development (A Section 8 Company)	
6	Tajinder Singh Memorial Trust	Ci. (i) Promoting Healthcare including Preventive Healthcare by setup of charitable hospital	Local Area and Other	Haryana - Faridabad	3.08	3.28	3.28	3.28	-	3.28	-	3.28	Tajinder Singh Memorial and Escorts Medicare Foundation
<b>Total</b>					<b>5.92</b>	<b>6.13</b>	<b>6.13</b>	<b>6.13</b>	<b>0.00</b>	<b>6.13</b>	<b>0.77</b>	<b>5.36</b>	

# Annexure – F

## to the Directors' Report

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship	NIL
(b) Nature of contracts/ arrangements/ transactions	NIL
(c) Duration of the contracts/ arrangements/ transactions	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e) Justification for entering into such contracts or arrangements or transactions	NIL
(f) Date(s) of approval by the Board	NIL
(g) Amount paid as advances, if any:	NIL
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.	NIL

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	NIL
(b) Nature of contracts/ arrangements/ transactions	NIL
(c) Duration of the contracts/ arrangements/ transactions	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	NIL
(e) Date(s) of approval by the Board, if any:	NIL
(f) Amount paid as advances, if any:	NIL

Place: Faridabad  
Date: May 7, 2019

For and on behalf of the Board of Directors  
Sd/-  
**Nikhil Nanda**  
Chairman & Managing Director

# Annexure – G

to the Directors' Report

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

(For the Financial Year ended March 31, 2019)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**ESCORTS LIMITED**  
15/5, Mathura Road,  
Faridabad – 121003, Haryana

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Escorts Limited (hereinafter called "the Company"/"EL"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Escorts Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Escorts Limited for the period ended on March 31, 2019 according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018 (Not applicable to the Company during the Audit Period);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VI. I further report that, having regard to the compliance system prevailing in the Company and based on the representation made by the management of the Company and on examination of the relevant documents and records

in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

- (a) The Motor Vehicles Act, 1988 and the Rules made thereunder;
- (b) The Petroleum Act, 1934 and the Rules made thereunder.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observation/remark that the Company is in the process of filing forms IEPF 6 and IEPF 7 due during the year 2018-19 in terms of Rule 8(1) & 8(2) and Rule 6(13), respectively of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2017, delayed due to reconciliation differences and delay in receipt of information.

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (or with requisites compliance's for holding of a Board Meeting at a shorter notice in case of urgency, if applicable), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. As per the minutes of meetings duly recorded and signed by the Chairman, the decisions of the Board were carried through with unanimous consent and no dissenting views have been recorded as part of the minutes.

**I further report that**, based on the information provided and the representation made by the Company and also on the review of compliance reports / certificates taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with my letter of even date which is annexed as Annexure and forms integral part of this report.

For **Jayant Gupta and Associates**

**(Jayant Gupta)**  
Practicing Company Secretary  
FCS : 7288  
CP : 9738

Place : New Delhi  
Date : May 7, 2019

## **Annexure to the Secretarial Audit Report of Escorts Limited for financial year ended March 31, 2019**

To,  
The Members  
**ESCORTS LIMITED**

### **Management Responsibility for Compliances**

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Jayant Gupta and Associates**

**(Jayant Gupta)**  
Practicing Company Secretary  
FCS : 7288  
CP : 9738

Place : New Delhi  
Date : May 7, 2019

# Annexure – H

## to the Directors' Report

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	L74899HR1944PLC039088
ii) Registration Date:	October 17, 1944
iii) Name of the Company:	Escorts Limited
iv) Category / Sub-Category of the Company:	Public Company/ Limited by Shares
v) Address of the Registered office and contact details:	15/5, Mathura Road, Faridabad – 121 003, Haryana, India Tel.: 0129-2250222
vi) Whether Listed Company:	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:	<b>Karvy Fintech Private Limited</b> (earlier Karvy Computershare Private Limited) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph No 040-67162222 Fax 040-23420814 Email – einward.ris@karvy.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Agricultural Tractors	28211	76.75
2	Construction Equipments	2824	16.91

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Escorts Securities Limited Premises No.- 2/90, Block-P, Connaught Circus, New Delhi – 110 001	U74899DL1994PLC062140	Subsidiary	51.26%	2(87)(i)
2	Escorts Crop Solutions Limited (earlier known as Eddal Credit Limited) 18/4, Mathura, Road, Faridabad – 121 007, Haryana	U65929HR1995PLC032681	Subsidiary	100%*	2(87)(ii)
3	Escorts Finance Limited SCO-64-65, Third Floor, Sector – 17A, Chandigarh – 160017	L65910CH1987PLC033652	Subsidiary	69.42%	2(87)(ii)
4	Farmtrac Tractors Europe Sp. Zo.o Ul. Przemyslowa 11, 11-700 Mragowo, Poland	N.A.	Subsidiary	100%	2(87)(ii)



S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
5	Adico Escorts Agri Equipments Private Limited Galaxy Oil Compound, Suvey No. 211/1-2, Kothariaya, Rajkot – 360 003, Gujarat	U29211GJ2011PTC065867	Joint Venture	40%	2(6)
6	Tadano Escorts India Private Limited (earlier Optunia Power India Private Limited) 15/5, Mathura Road, Faridabad, Haryana – 121 003	U29309HR2018PTC075923	Joint Venture	49%	2(6)
7	Escorts Kubota India Private Limited 18/4, Mathura Road, Faridabad, Haryana – 121007	U34300HR2019FTC078790	Joint Venture	40%	2(6)
8	Escorts Consumer Credit Limited C-30, Friends Colony (East), New Delhi – 110 065	U65991DL1991PLC174993	Associate	29.41%	2(6)
9	Pancha Sakha Agri Services LLP Darada, Basta, Balasore, Baleshwar, Orissa – 756022	AAG-9093	Subsidiary**	100%	2(87)(ii)
10	Babachandaneswar Agri Services LLP Garsahi, Muntunia, Jaleswar, Balasore, Baleshwar, Orissa – 756033	AAG-9090	Subsidiary**	100%	2(87)(ii)
11	Jayjagannath Agri Services LLP Ganja, Langaleswar, Baliapal, Balasore, Baleshwar, Orissa – 756026	AAG-9091	Subsidiary**	100%	2(87)(ii)
12	Revanpalli Raytu Sangam Agri Services LLP 18/4, Mathura Road, Faridabad, Haryana – 121007	AAG-0840	Subsidiary**	100%	2(87)(ii)
13	Haritha Raithu Mithra Agri Services LLP 18/4, Mathura Road, Faridabad, Haryana – 121007	AAG-3463	Subsidiary**	100%	2(87)(ii)

\*rounded off to 100%

\*\* cease to be subsidiary w.e.f. March 22, 2019

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	1419225	0	1419225	1.16	1436753	0	1436753	1.17	0.01
b) Central Govt	0	0	0	-	0	0	0	-	-
c) State Govt (s)	0	0	0	-	0	0	0	-	-
d) Bodies Corp.	13993382	0	13993382	11.42	13993382	0	13993382	11.42	-
e) Banks / FI	0	0	0	-	0	0	0	-	-
f) Any Other - Trust	33700031	0	33700031	27.49	33700031	0	33700031	27.49	-
<b>Sub-total (A) (1)</b>	<b>49112638</b>	<b>0</b>	<b>49112638</b>	<b>40.07</b>	<b>49130166</b>	<b>0</b>	<b>49130166</b>	<b>40.08</b>	<b>0.01</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	0	0	0	-	0	0	0	-	-
b) Other – Individuals	0	0	0	-	0	0	0	-	-
c) Bodies Corp.	0	0	0	-	0	0	0	-	-
d) Banks / FI	0	0	0	-	0	0	0	-	-
e) Any Other	0	0	0	-	0	0	0	-	-
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>49112638</b>	<b>0</b>	<b>49112638</b>	<b>40.07</b>	<b>49130166</b>	<b>0</b>	<b>49130166</b>	<b>40.08</b>	<b>0.01</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/UTI	6242933	665	6243598	5.09	4867423	677	4868100	3.97	(1.12)
b) Banks / FI	269363	2855	272218	0.22	6348	2843	9191	0.01	(0.21)
c) Central Govt	0	0	0	-	0	0	0	-	-
d) State Govt(s)	0	0	0	-	0	0	0	-	-
e) Venture Capital Funds	0	0	0	-	0	0	0	-	-
f) Insurance Companies	85729	300	86029	0.07	85729	300	86029	0.07	-
g) FIs	29876652	450	29877102	24.38	30155776	450	30156226	24.60	0.23
h) Foreign Venture Capital Funds	0	0	0	-	0	0	0	-	-
i) Others	0	0	0	-	0	0	0	-	-
<b>Sub-total (B)(1)</b>	<b>36474677</b>	<b>4270</b>	<b>36478947</b>	<b>29.76</b>	<b>35115276</b>	<b>4270</b>	<b>35119546</b>	<b>28.65</b>	<b>(1.11)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	2732372	18061	2750433	2.24	4231815	17176	4248991	3.47	1.23
ii) Overseas	0	0	0	-	0	0	0	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	14313251	1453415	15766666	12.87	14801147	1265192	16066339	13.10	0.23
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	16614564	10153	16624717	13.56	15676933	10153	15687086	12.80	(0.76)
c) Others	0	0	0	-	0	0	0	-	-
i) Clearing Members	261079	0	261079	0.21	673381	0	673381	0.55	0.34
ii) IEPF	455637	0	455637	0.37	455637	0	455637	0.37	-
iii) NBFC	9377	0	9377	0.01	49423	0	49423	0.04	0.03
iv) Non Resident Indian	619019	15110	634129	0.52	658444	14610	673054	0.55	0.03
v) NRI Non-Repatriation	260094	12541	272635	0.22	268268	12541	280809	0.23	0.01
vi) NRI Repatriation	0	41074	41074	0.03	0	36574	36574	0.03	-
vii) Trusts	169546	0	169546	0.14	155872	0	155872	0.13	(0.01)
d) Qualified Foreign Investor	0	0	0	-	0	0	0	-	-
<b>Sub-total (B)(2)</b>	<b>35434939</b>	<b>1550354</b>	<b>36985293</b>	<b>30.17</b>	<b>36970920</b>	<b>1356246</b>	<b>38327166</b>	<b>31.27</b>	<b>1.10</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>71909616</b>	<b>1554624</b>	<b>73464240</b>	<b>59.93</b>	<b>72086196</b>	<b>1360516</b>	<b>73446712</b>	<b>59.92</b>	<b>(0.01)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	-	0	0	0	-	-
<b>Grand Total (A+B+C)</b>	<b>121022254</b>	<b>1554624</b>	<b>122576878</b>	<b>100.00</b>	<b>121216362</b>	<b>1360516</b>	<b>122576878</b>	<b>100.00</b>	<b>-</b>

## (ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered/ to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered/ to total shares	
1	Rajan Nanda	1039196	0.85	0.00	3502	0.00	0.00	(0.84)
2	Nikhil Nanda	212875	0.17	0.00	1248569	1.02	0.00	0.84
3	Ritu Nanda	100000	0.08	0.00	111763	0.09	0.00	0.01
4	Hardeep Singh	1000	0.00	0.00	500	0.00	0.00	(0.00)
5	Girish Behari Mathur	179	0.00	0.00	179	0.00	0.00	-
6	Navya Naveli Nanda	18000	0.01	0.00	18000	0.01	0.00	-
7	Nitasha Nanda	20900	0.02	0.00	27165	0.02	0.00	-
8	Shweta Nanda	17000	0.01	0.00	17000	0.01	0.00	-
9	Agastya Nanda	10000	0.01	0.00	10000	0.01	0.00	-
10	Rachna Mathur	75	0.00	0.00	75	0.00	0.00	-
11	Big Apple Clothing Pvt. Ltd.	1771837	1.45	0.00	1771837	1.45	0.00	-
12	Charak Ayurvedic Treatments Pvt. Ltd.	2000	0.00	0.00	2000	0.00	0.00	-
13	Sutanu Behuria, Trustee of Escorts Benefit and Welfare Trust	33700031	27.49	0.00	33700031	27.49	0.00	-
14	Har Parshad and Company Pvt. Ltd.	10526308	8.59	0.00	10526308	8.59	0.00	-
15	Escorts Finance Ltd.	31	0.00	0.00	31	0.00	0.00	-
16	AAA Portfolios Pvt. Ltd.	1687280	1.38	0.00	1687280	1.38	0.00	-
17	Niky Tasha Energies Pvt. Ltd.	1250	0.00	0.00	1250	0.00	0.00	-
18	Niky Tasha Communications Pvt. Ltd.	3850	0.00	0.00	3850	0.00	0.00	-
19	Sietz Technologies India Pvt. Ltd.	826	0.00	0.00	826	0.00	0.00	-
<b>Total</b>		<b>49112638</b>	<b>40.07</b>	<b>0.00</b>	<b>49130166</b>	<b>40.08</b>	<b>0.00</b>	<b>0.01</b>

## (iii) Change in Promoters' Shareholding

SI No.	Name	Shareholding at the beginning (01-04-2018) and at the end of the year (31-03-2019)				Cumulative Shareholding during the year		
		No. of Shares	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Nitasha Nanda	20900	0.02	01/04/2018	0		20900	0.02
				06/09/2018	1265	Purchase	22165	0.02
				21/09/2018	5000	Purchase	27165	0.02
		27165	0.02	31/03/2019			27165	0.02
2	Ritu Nanda	100000	0.08	01/04/2018			100000	0.08
				28/09/2018	10000	Purchase	110000	0.09
				31/12/2018	1763	Received by Will	111763	0.09
		111763	0.09	31/03/2019			111763	0.09
3	Hardeep Singh	1000	0.00	01/04/2018	0		1000	0.00
					-500	Sold during the year	500	0.00
		500	0.00	31/03/2019			500	0.00

**(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl No.	Name	Shareholding at the beginning (01-04-2018) and at the end of the year (31-03-2019)				Cumulative Shareholding during the year		
		No. of Shares	% of total shares of the Company	Date	Increase/Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Jhunjhunwala Rakesh Radheshyam	10000000	8.16	01/04/2018			10000000	8.16
				25/05/2018	50000	Transfer	10050000	8.20
				01/06/2018	-30000	Transfer	10020000	8.17
				01/06/2018	30000	Transfer	10050000	8.20
				01/06/2018	-50000	Transfer	10000000	8.16
				08/06/2018	-50000	Transfer	9950000	8.12
				22/06/2018	7632	Transfer	9957632	8.12
				06/07/2018	42368	Transfer	10000000	8.16
				20/07/2018	15000	Transfer	10015000	8.17
				27/07/2018	750000	Transfer	10765000	8.78
				27/07/2018	-365000	Transfer	10400000	8.48
				27/07/2018	-385000	Transfer	10015000	8.17
				03/08/2018	-15000	Transfer	10000000	8.16
				21/09/2018	500000	Transfer	10500000	8.57
				21/09/2018	-500000	Transfer	10000000	8.16
				12/10/2018	5000	Transfer	10005000	8.16
				12/10/2018	-5000	Transfer	10000000	8.16
				02/11/2018	80000	Transfer	10080000	8.22
				02/11/2018	-80000	Transfer	10000000	8.16
				04/01/2019	-75000	Transfer	9925000	8.10
		04/01/2019	75000	Transfer	10000000	8.16		
		29/03/2019	450000	Transfer	10450000			
		29/03/2019	-450000	Transfer	10000000	8.16		
		31/03/2019			10000000	8.16		
2	Girish Behari Mathur, Trustee OF ESOS	3074512	2.51	01/04/2018			3074512	2.51
		3074512	2.51	31/03/2019			3074512	2.51
3	T. Rowe Price International Discovery Fund	2977140	2.43	01/04/2018			2977140	2.43
		2977140	2.43	31/03/2019			2977140	2.43
4	UTI Long Term Equity Fund (Tax Saving)	2965196	2.42	01/04/2018			2965196	2.42
				06/04/2018	-11000	Transfer	2954196	2.41
				13/04/2018	96120	Transfer	3050316	2.49
				13/04/2018	-90700	Transfer	2959616	2.41
				20/04/2018	300	Transfer	2959916	2.41
				27/04/2018	-271700	Transfer	2688216	2.19
				01/06/2018	55000	Transfer	2743216	2.24
				13/07/2018	-14300	Transfer	2728916	2.23
				20/07/2018	9590	Transfer	2738506	2.23
				20/07/2018	-33000	Transfer	2705506	2.21
				27/07/2018	50684	Transfer	2756190	2.25
				17/08/2018	3271	Transfer	2759461	2.25
				24/08/2018	28559	Transfer	2788020	2.27
				24/08/2018	-82082	Transfer	2705938	2.21
				31/08/2018	-7700	Transfer	2698238	2.20
				14/09/2018	-19603	Transfer	2678635	2.19
				21/09/2018	-80500	Transfer	2598135	2.12
				28/09/2018	16133	Transfer	2614268	2.13
				28/09/2018	-301400	Transfer	2312868	1.89

SI No.	Name	Shareholding at the beginning (01-04-2018) and at the end of the year (31-03-2019)			Cumulative Shareholding during the year			
		No. of Shares	% of total shares of the Company	Date	Increase/Decrease in shareholding	Reason	No. of Shares	% of total shares of the Company
				05/10/2018	3457	Transfer	2316325	1.89
				19/10/2018	-2200	Transfer	2314125	1.89
				26/10/2018	1100	Transfer	2315225	1.89
				30/11/2018	11000	Transfer	2326225	1.90
				14/12/2018	-4400	Transfer	2321825	1.89
				21/12/2018	-16500	Transfer	2305325	1.88
				04/01/2019	381771	Transfer	2687096	2.19
				18/01/2019	-4400	Transfer	2682696	2.19
				01/02/2019	253286	Transfer	2935982	2.40
				22/02/2019	17359	Transfer	2953341	2.41
				01/03/2019	135298	Transfer	3088639	2.52
		3088639	2.52	31/03/2019			3088639	2.52
5.	Goldman Sachs India Fund Limited	2824327	2.30	01/04/2018			2824327	2.30
				22/06/2018	-202514	Transfer	2621813	2.14
				29/06/2018	-28952	Transfer	2592861	2.12
				06/07/2018	-47072	Transfer	2545789	2.08
				13/07/2018	-16267	Transfer	2529522	2.06
				07/09/2018	-302608	Transfer	2226914	1.82
				28/09/2018	554614	Transfer	2781528	2.27
				04/01/2019	-331034	Transfer	2450494	2.00
				18/01/2019	-463956	Transfer	1986538	1.62
				25/01/2019	-246611	Transfer	1739927	1.42
				01/02/2019	-260000	Transfer	1479927	1.21
				15/03/2019	-173772	Transfer	1306155	1.07
				22/03/2019	-100000	Transfer	1206155	0.98
		1206155	0.98	31/03/2019			1206155	0.98
6	RWC Emerging Markets Equity Master Fund Limited	2136310	1.74	01/04/2018			2136310	1.74
				06/04/2018	150000	Transfer	2286310	1.87
				20/04/2018	-65036	Transfer	2221274	1.81
				27/04/2018	-365964	Transfer	1855310	1.51
				04/05/2018	225000	Transfer	2080310	1.70
				11/05/2018	-121115	Transfer	1959195	1.60
				18/05/2018	-231985	Transfer	1727210	1.41
				08/06/2018	97400	Transfer	1824610	1.49
				06/07/2018	110206	Transfer	1934816	1.58
				03/08/2018	139307	Transfer	2074123	1.69
				10/08/2018	-396096	Transfer	1678027	1.37
				17/08/2018	-207920	Transfer	1470107	1.20
				24/08/2018	-242899	Transfer	1227208	1.00
				31/08/2018	-306436	Transfer	920772	0.75
				07/09/2018	-81234	Transfer	839538	0.68
				12/10/2018	-374947	Transfer	464591	0.38
				19/10/2018	-279562	Transfer	185029	0.15
				26/10/2018	-185029	Transfer	0	-
		0	-	31/03/2019			0	-
7	Serum Institute of India Pvt. Ltd.	0	-	01/04/2018			0	-
				26/10/2018	826603	Transfer	826603	0.67
				02/11/2018	814100	Transfer	1640703	1.34
		1640703	1.34	31/03/2019			1640703	1.34

SI No.	Name	Shareholding at the beginning (01-04-2018) and at the end of the year (31-03-2019)			Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date			No. of Shares	% of total shares of the Company
8	Lazard Emerging Markets Small Cap Equity Trust	0	-	01/04/2018			0	-
				18/01/2019	621465	Transfer	621465	0.51
				01/02/2019	273213	Transfer	894678	0.73
				08/02/2019	570638	Transfer	1465316	1.20
		1465316	1.20	31/03/2019			1465316	1.20
9	RWC Funds - RWC Global Emerging Markets Fund	1158685	0.95	01/04/2018			1158685	0.95
				13/04/2018	11587	Transfer	1170272	0.95
				20/04/2018	-30002	Transfer	1140270	0.93
				27/04/2018	-147998	Transfer	992272	0.81
				04/05/2018	56600	Transfer	1048872	0.86
				11/05/2018	-64600	Transfer	984272	0.80
				18/05/2018	-42200	Transfer	942072	0.77
				25/05/2018	24400	Transfer	966472	0.79
				01/06/2018	-9660	Transfer	956812	0.78
				29/06/2018	48200	Transfer	1005012	0.82
				06/07/2018	17515	Transfer	1022527	0.83
				13/07/2018	20800	Transfer	1043327	0.85
				20/07/2018	17947	Transfer	1061274	0.87
				27/07/2018	20000	Transfer	1081274	0.88
				03/08/2018	22350	Transfer	1103624	0.90
				10/08/2018	-202506	Transfer	901118	0.74
				17/08/2018	-106300	Transfer	794818	0.65
				24/08/2018	-110840	Transfer	683978	0.56
				31/08/2018	-177420	Transfer	506558	0.41
				07/09/2018	-51161	Transfer	455397	0.37
		12/10/2018	-203417	Transfer	251980	0.21		
		19/10/2018	-151598	Transfer	100382	0.08		
		26/10/2018	-100382	Transfer	0	-		
		31/03/2019			0	-		
10	Copthall Mauritius Investment Limited	81784	0.07	01/04/2018			81784	0.07
				06/04/2018	1670	Transfer	83454	0.07
				25/05/2018	467	Transfer	83921	0.07
				01/06/2018	-467	Transfer	83454	0.07
				08/06/2018	7847	Transfer	91301	0.07
				20/07/2018	15218	Transfer	106519	0.09
				28/09/2018	21879	Transfer	128398	0.10
				02/11/2018	-128398	Transfer	0	-
				25/01/2019	11424	Transfer	11424	0.01
				01/02/2019	86875	Transfer	98299	0.08
				08/02/2019	9953	Transfer	108252	0.09
				15/02/2019	260649	Transfer	368901	0.30
				22/02/2019	303721	Transfer	672622	0.55
				01/03/2019	125950	Transfer	798572	0.65
				08/03/2019	231227	Transfer	1029799	0.84
		22/03/2019	85841	Transfer	1115640	0.91		
		29/03/2019	33486	Transfer	1149126	0.94		
		31/03/2019			1149126	0.94		

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl No.	Name	Shareholding at the beginning (01-04-2018) and at the end of the year (31-03-2019)			Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date			No. of Shares	% of total shares of the Company
1	Rajan Nanda Chairman & Managing Director	1039196	0.85	01/04/2018	0		1039196	0.85
		3502	0.00	31/03/2019	-1035694	Transmission	3502	0.00
2	Nikhil Nanda Chairman & Managing Director	212875	0.17	01/04/2018	0		212875	0.17
		1248569	1.02	31/03/2019	1035694	Transmission	1248569	1.02
3	Nitasha Nanda Whole-time Director	20900	0.02	01/04/2018	0		20900	0.02
				06/09/2018	1265	Purchase	22165	0.02
				21/09/2018	5000	Purchase	27165	0.02
		27165	0.02	31/03/2019			27165	0.02
4	Hardeep Singh, Director	1000	0.00	01/04/2018	0		1000	0.00
				22/03/2019	-500	Sale	500	0.00
		500	0.00	31/03/2019			500	0.00
5	Girish Behari Mathur, Director	179	0.00	01/04/2018		Nil Movement during the year	179	0.00
		179	0.00	31/03/2019			179	0.00
6	P H Ravikumar, Director	0	0	01/04/2018	0	Nil Movement during the year	0	0
		0	0	31/03/2019			0	0
7	Vibha Paul Rishi, Director	0	0	01/04/2018	0	Nil Movement during the year	0	0
		0	0	31/03/2019			0	0
8	Sutanu Behuria, Director	0	0	01/04/2018	0	Nil Movement during the year	0	0
		0	0	31/03/2019			0	0
9	Darius Jehangir Kakalia, Director	0	0	01/04/2018	0	Nil Movement during the year	0	0
		0	0	31/03/2019			0	0
10	Ravi Narain, Director	0	0	01/04/2018	0	Nil Movement during the year	0	0
		0	0	31/03/2019			0	0
11	Shailendra Agrawal Executive, Director	10000	0.01	22/03/2019	0	Nil Movement during the year	10000	0.01
		10000	0.01	31/03/2019			10000	0.01
<b>B Key Managerial Personnel (KMP's)</b>								
	Bharat Madan Group Chief Financial Officer	8800	0.01	01/04/2018	0		8800	0.01
				28/12/2018	-1300	Transfer	7500	0.01
		7500	0.01	31/03/2019			7500	0.01
	Ajay Kumar Sharma Group General Counsel & Company Secretary	0	-	01/04/2018	0		0	-
				Various Dates	800	Transfer	800	0.00
				26/09/2018	4650	Transfer	5450	0.00
				Various Dates	650	Transfer	6100	0.00
		6100	0.00	31/03/2019			6100	0.00

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	49.94	0.12	-	50.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>49.94</b>	<b>0.12</b>	<b>-</b>	<b>50.06</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	106.83	120.00	-	226.83
• Reduction	-	-	-	-
<b>Net Change</b>	<b>106.83</b>	<b>120.00</b>	<b>-</b>	<b>226.83</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	156.77	120.12	-	276.89
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>156.77</b>	<b>120.12</b>	<b>-</b>	<b>276.89</b>

**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole-time Directors and / or Manager**

(₹ in crores)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total Amount
		Mr. Rajan Nanda*	Mr. Nikhil Nanda	Ms. Nitasha Nanda**	Mr. Shailendra Agrawal***	
1	Gross Salary					
a.	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.424	6.019	1.403	0.654	10.500
b.	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.060	0.004	0.004	0.000	0.068
c.	Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	-as % of profit	-	-	-	-	-
	-others****	-	5.000	1.750	-	6.750
5	Others	0.152	0.297	0.074	0.000	0.523
	<b>Total</b>	<b>2.636</b>	<b>11.320</b>	<b>3.231</b>	<b>0.654</b>	<b>17.841</b>
	Ceiling as per the Act	₹ 71.82 crores (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

\* Ceased to be Director w.e.f. August 5, 2018

\*\* Sitting fee paid to Nitasha Nanda is not included in above calculation. The amount paid towards sitting fee was ₹ 0.056 crores.

\*\*\* Appointed w.e.f. March 22, 2019

\*\*\*\* proposed commission



## B. Remuneration to Other Directors

(₹ in crores)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount	
		Mr. P.H. Ravikumar	Mrs. Vibha Paul Rishi	Dr. Sutanu Behuria	Mr. D.J. Kakalia	Mr. Ravi Narain	Mr. Hardeep Singh		Mr. G.B. Mathur*
<b>1</b>	<b>Independent Directors</b>								
	• Fee for attending Board/ Committee Meetings	0.095	0.093	0.103	0.049	0.091	-	-	0.431
	• Commission	0.100	0.100	0.100	0.100	0.100	-	-	0.500
	• Others	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>0.195</b>	<b>0.193</b>	<b>0.203</b>	<b>0.149</b>	<b>0.191</b>	<b>-</b>	<b>-</b>	<b>0.931</b>
<b>2</b>	<b>Other Non-Executive Directors</b>								
	• Fee for attending Board/ Committee Meetings	-	-	-	-	-	0.109	0.042	0.151
	• Commission	-	-	-	-	-	0.100	-	0.100
	• Others	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.209</b>	<b>0.042</b>	<b>0.251</b>
	<b>Total (B) = (1+2)</b>	<b>0.195</b>	<b>0.193</b>	<b>0.203</b>	<b>0.149</b>	<b>0.191</b>	<b>0.209</b>	<b>0.042</b>	<b>1.182</b>
	<b>Total Managerial Remuneration (A+B)</b>								<b>19.023</b>
	Overall Ceiling as per the Act	₹ 79.00 crores (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							

\*Professional fee paid to Mr. G.B. Mathur under Section 197(4) of the Act, is not included in above calculation. An amount of ₹ 0.998 crores was paid during financial year.

## C. Remuneration to Key Managerial Personnel (KMP) other than MD/ Manager/ WTD

(₹ in crores)

Sl. No.	Particulars of Remuneration	Name of KMP		Total Amount
		Mr. Bharat Madan	Mr. Ajay Sharma	
<b>1</b>	<b>Gross Salary</b>			
a.	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.098	1.334	3.432
b.	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.002	0.002	0.004
c.	Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-
<b>4</b>	<b>Commission</b>	-	-	-
	-as % of profit	-	-	-
	-others	-	-	-
<b>5</b>	<b>Others</b>	0.193	0.140	0.333
	<b>Total</b>	<b>2.293</b>	<b>1.476</b>	<b>3.769</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>COMPANY/ DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

## Annexure – I

### to the Directors' Report

#### Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (I) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2018-19 (₹ in cores)	% Increase in Remuneration in the financial year 2018-19	Ratio of remuneration of each Director/ to the median remuneration of employees
1.	Late Sh. Rajan Nanda, Chairman and Managing Director*	2.64	*	*
2.	Nikhil Nanda, Chairman and Managing Director	11.32	10.55	121.88
3.	Nitasha Nanda, Whole-time Director	3.23	8.43	34.79
4.	G.B. Mathur, Non-Executive Director	0.04	40.00	0.45
5.	Hardeep Singh, Non-Executive Director	0.21	16.11	2.25
6.	P.H. Ravikumar, Independent and Non-Executive Director	0.20	14.71	2.10
7.	Vibha Paul Rishi, Independent and Non-Executive Director	0.19	28.67	2.08
8.	Dr. Sutanu Behuria, Independent and Non-Executive Director	0.20	19.41	2.19
9.	D.J. Kakalia, Independent and Non-Executive Director	0.15	24.17	1.60
10.	Ravi Narain, Independent and Non-Executive Director	0.19	73.64	2.06
11.	Shailendra Agrawal, Executive Director	0.07	*	*
12.	Bharat Madan, Group Chief Financial Officer	2.29	13.50	Not Applicable
13.	Ajay Sharma, Group General Counsel & Company Secretary	1.48	16.22	Not Applicable

\*Details not given as Late Sh. Rajan Nanda was director only for part of financial year 2018-19 i.e. upto August 5, 2018

\*\*Details not given as Mr. Shailendra Agrawal was director only for part of financial year 2018-19 i.e. from March 22, 2019

- (II) Increase in median remuneration of employees for the previous financial year. There is a decline in median remuneration of employees over previous year.
- (III) Average percentage increase made in salaries of employees other than the managerial personnel in the last financial year: N.A. There is a decline in the average remuneration in last financial year.
- (IV) Comparison with the percentage increase in the managerial remuneration and justification thereof: Percentage increase in remuneration in the financial year 2018-19 is due to increase in commission paid to Directors taking into account the substantially improved performance of the Company during the financial year 2018-19.
- (V) Exception circumstances for increase in the managerial remuneration: Percentage increase in remuneration in the financial year 2018-19 is due to increase in commission paid to Directors taking into account the substantially improved performance of the Company during the financial year 2018-19.
- (VI) There were 3823 permanent employees on the rolls of the Company as on March 31, 2019.
- (VII) It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees.

# Annexure – J

to the Directors' Report

## Business Responsibility Report

### SECTION A

Sl. No	General Information about the Company	Details
1.	Corporate Identity of the Company	L74899HR1944PLC039088
2.	Name of the Company	Escorts Limited
3.	Registered Address	15/5, Mathura Road, Faridabad 121003, Haryana, India.
4.	Website	www.escortsgroup.com
5.	E-Mail id	statutoryfiling@escorts.co.in
6.	Financial year reported	2018-19
7.	Sectors that Company is engaged in	Agri Machinery, Construction & Machinery Handling and Railway Equipment
8.	List three products/services that the Company manufactures (as in balance sheet)	Agriculture Tractors, Construction Equipment, Railway Equipment and spares thereof
9.	Total No. of Locations where business activity is undertaken by the Company	9
i.	No. of International Locations	1 (Poland)
ii.	No. of National Locations	Business locations – 8, Escorts conducts its operations through a network of area offices located all over the India.
10.	Markets served by the Company –local/ State/ National/ International	National: Across India International: - <b>Agriculture Tractors</b> Afghanistan, Algeria, Angola, Argentina, Australia, Bangladesh, Benin, Botswana, Brazil, Burkina Faso, Cambodia, Cameroon, Chile, Colombia, Congo, Cote De Ivoire, Egypt, Ethiopia, France, Gabon, Gambia, Georgia, Germany, Ghana, Guyana, Haiti, Indonesia, Iran, Israel, Italy, Japan, Jordan, Kenya, Lebanon, Liberia, Libya, Macedonia, Madagascar, Malawi, Malaysia, Mexico, Morocco, Mozambique, Myanmar, Namibia, New Zealand, Nicaragua, Nigeria, Oman, Pakistan, Philippines, PNG, Poland, Saudi Arabia, Senegal, South Africa, Spain, Sri Lanka, Sudan, Suriname, Syria, Tajikistan, Tanzania, Thailand, Togo, Tunisia, Turkey, Uruguay, Uganda, USA, Vietnam, Zambia and Zimbabwe <b>Construction and Machinery Handling</b> Nepal, Bangladesh, Bhutan, Sri Lanka, Myanmar, Indonesia, Malaysia, Philippines, Vietnam, Thailand, Oman, Kuwait, UAE, Bahrain, Saudi Arabia, Turkey, Yemen, Algeria, Tunisia, Tanzania, Kenya, South Africa, Nigeria, Ghana, Argentina and Mexico <b>Railway Equipment</b> Sri Lanka, Bangladesh, Myanmar, Thailand, Malaysia, Indonesia, China, Vietnam, New Zealand, Egypt, Tanzania, Gabon, Ghana, Cameroon, Ivory cost, Senegal and Spain

**SECTION B**

Sl. No	Particulars	Details
1.	Paid up capital (₹)	122.58 crores
2.	Total Turnover (₹)	6277.21 crores
3.	Total Profit after Taxes (₹)	484.91 crores
4.	Total CSR spent (₹)	6.13 crores
5.	Total spending on CSR as percentage of profit after tax (%)	1.26%
6.	Total spending on CSR as percentage of average Net profits of the previous three years as per Companies Act 2013	2.07%
7.	List of Activities in which expenditure in 4 above has been incurred	Detailed list of CSR activities is mentioned in Annexure - E of the Annual Report of the Company.

**SECTION C**

Sl. No	Other Details	Details
1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the Number of such subsidiary company(s)	The Company has 10 direct and indirect subsidiary, associate & joint venture companies as on March 31, 2019. Given the current size and scale of operations, subsidiary companies as of now, are not engaged in BR initiatives process of the Company.
3.	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? (Less than 30%, 30%-60%, More than 60%)	The other entities with whom the Company does business with viz. suppliers, distributors, etc. are not directly included in the BR initiatives of the Company.

**SECTION D: BR Information****1. Details of Director/ Directors responsible for BR**

a) Details of the Director responsible for implementation of the BR policy/ policies.

DIN Number	Name	Designation
00043432	Nikhil Nanda	Chairman & Managing Director

b) Details of the BR head

No.	Particulars	Details
1.	DIN Number (if applicable)	-
2.	Name	Ajay Kumar Sharma
3.	Designation	Group General Counsel and Company Secretary
4.	Telephone Number	0129-2564696
5.	E-mail ID	statutoryfiling@escorts.co.in

## 2. Principle-wise (as per NVGs) BR Policy/policies

<b>1</b> PRINCIPLE	<b>2</b> PRINCIPLE	<b>3</b> PRINCIPLE
Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Businesses should promote the wellbeing of all employees.
<b>4</b> PRINCIPLE	<b>5</b> PRINCIPLE	<b>6</b> PRINCIPLE
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Businesses should respect and promote human rights.	Business should respect, protect, and make efforts to restore the environment.
<b>7</b> PRINCIPLE	<b>8</b> PRINCIPLE	<b>9</b> PRINCIPLE
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Businesses should support inclusive growth and equitable development	Businesses should engage with and provide value to their customers and consumers in responsible manner.

### a) Details of Compliance (Reply in Y/N)

No. Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2 Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3 Does the policy conform to any national/International standards? If yes, specify? (50words)	The policies are in conformance to the spirit of international standards like ISO 14001, ISO 45001 and meets the national regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also, guidelines as per NVG on social, environment and economic responsibility of business have been considered for formulation of some policies.								
4 Has the policy being approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5 Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6 Indicate the link for the policy to be viewed online?	Code of Business Conduct is available on our website- <a href="http://www.escortsgroup.com">www.escortsgroup.com</a> and other policies related to the employees are accessible to all employees.								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8 Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9 Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10 Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, the Internal Auditor of the Company periodically reviews and evaluates the working of the policies of the Company.								

**b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick upto 2 options)**

No. Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2. The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3. The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4. It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5. It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6. Any other reason {please specify}	-	-	-	-	-	-	*	-	-

\*Policy Advocacy: The Company doesn't have a separate policy on policy advocacy. For advocacy on policies related to the automobile industry, the Company works through various Industry associations such as Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), PHD Chambers of Commerce & Industry (PHDCCI), Indian Manufacturers Association, Indo-American Chambers of Commerce (IACC), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Tractors and Mechanization Association, Faridabad Industries Association and Indian Construction Equipment Manufacturers Association (ICEMA). In Escorts, there are particular group of persons, specifically dedicated in the Company for interacting with these Industry bodies and Managing Government Affairs.

### 3. Governance related to BR

**a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually, More than 1 year**

The Managing Director and senior management periodically review the BR performance of the Company. Besides them, the CSR Committee of the Board also reviews the social performance of the Company as per provisions of the Companies Act, 2013.

**b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

From the year 2016-17, the Company has decided to make Business Responsibility Report an integral part of the Annual Report. The report is published on an annual basis. Such report can be viewed by anyone on [www.escortsgroup.com](http://www.escortsgroup.com)

All employees sign a code of business conduct at the time of joining the Company. The employees sign the Code of Business Conduct every year. The Company also has in place a Whistle Blower Policy.

All joint ventures, suppliers and contractors of the Company are Independent entities. Therefore, the Company's code of business conduct and Whistle Blower Policy do not apply to them.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.**

During the year under review, the Company has not received any complaint in connection with the following:

1. Ethics, bribery or corruption
2. Sexual Harassment

The details of the investors complaints are provided in the Annexure - D to the Directors' Report i.e. in the Corporate Governance Report.

## SECTION E- Principle-wise performance

### PRINCIPLE 1

**Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group / Joint Ventures/ Suppliers/ Contractors / NGOs/ Others?**

The Company considers Corporate Governance as an integral part of good management. The Company's policy relating to ethics, bribery and corruption is covered under Escorts Limited Code of Business Ethics and Business Policies, which are applicable to all personnel of the Company.

### PRINCIPLE 2

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.**

**1. List upto 3 of your products or services whose design has incorporated social or environmental**

### concerns, risks and/or opportunities.

The following products/ services have been designed to incorporate social or environmental concerns as well as benefit from the available opportunities:

#### A. Product

- i. New Farmtrac Pro series introduced with new Engine for better performance and fuel efficiency in 50 - 55 hp model
- ii. New 3 Ton Tandem compactor introduced with indigenous water-cooled engine to offer more fuel-efficient solution to customer.

#### B. Electrical Energy Saving

- i. Installation of Automatic 4 x 75KVAr Capacitor panels to reduce the load by 16kw per hr, will result in saved 10K-11K Units of Electrical Grid Power per month.
- ii. Installation of Latest Variable Refrigerant Flow (VRF) system on Heat Ventilation and Air Conditioning (HVAC) for Engine test lab no 01, resulting in reduction of 10K-11K units per month.
- iii. Maintaining the Solar Power Plant of capacity 58.32 KW at R&D to generate electricity, will result in saved 6K- 7K Units of Electrical Grid Power per month.
- iv. Replaced 40kw high watt Conventional Light Fixture into 12kw energy efficient LED Light as R&D area. Resulting in reduction of 10K-11K units per month.
- v. Replacement of Star delta starter on 20hp Power Take Off (PTO) lab with Variable Frequency Drive (VFD) starter automatic controls as per all 04 test cells. Resulting in reduction of 4.5K units per month and operation as per PTO testing requirement.
- vi. As a continual saving, maintaining Motion/Occupancy Sensors in labs/Offices for auto switching of lights when not in use, resulting in saving of 20-30% power saving in the related areas.

#### C. Underground Water Saving

- i. Waterless Urinals installed, saving of ~1.2 Lacs Ltr of potable water per month.
- ii. Installation of rain water harvesting system near new Weigh bridge area to increase in underground water table.
- iii. STP Treated Water reused for Gardening, saving of ~600KL Potable Water per month.

- iv. Recirculation of water in Vibration test rig in R&D resulting saving of ~40KL Potable Water per day.

#### D. Environmental improvement:

- i. Plantation work carried out across the Company on Environment day i.e. on 5th June 2018.
- ii. Development of lawn area/ Hedges within and outside boundary wall of R&D premises.
- iii. An initiative to isolate our inhouse testing area to reduce bad effects of vibrations on nearby buildings/ constructions & human beings. The work on said initiative is under progress.

#### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

##### a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

As production lines at the Company are flexible and produce multiple models, there is practical difficulty in isolating model-wise resource utilisation data. The detailed information related to resource conservation is given elsewhere in the Annual Report.

##### b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The end users of the vehicles produced by the Company are Individual customers. Therefore, it is difficult for the Company to determine the reduction in energy and water during usage of vehicles.

#### 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

##### a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has around 450 Nos. of component suppliers. Nearly, 50% of supplier base by value is within 50 Km radius of the Company. The Company strives to procure components without compromising on Quality. The Company has been encouraging and supporting its suppliers towards Green Supply Chain. We direct suppliers to prohibit use of banned substances as per law in component manufacturing.

#### 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

##### a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Majority of small parts which are used in Manufacturing process are coming from local producers only. Services, whether related to Plant maintenance or

giving contracts related to cleaning/ maintaining are preferred to be taken from local suppliers only.

The Company undertakes initiatives to build capabilities of the suppliers. In 2018-19, the Company strengthened its efforts towards quality across the value chain. Following initiatives were taken in this direction:

- i. Supplier selection is as per integrated Health card index that includes assessment on 4 major pillars (A) Overall health & track record (B) Technical & Manufacturing capability (C) Quality management (D) Management capacity.
  - ii. The Company supports supplier in building Capacity and Capability through regular assessment and guiding the improvement areas in the field of machine requirements, infrastructure, quality system, process improvement, transportation and packaging.
5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as < 5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like:

- i. Usage of sewage treatment plant output water for maintenance of greenery in the Plant & washing facilities
- ii. Installation of monitoring system for ETP discharge
- iii. Implementation of rain water harvesting.
- iv. 100% of hazardous waste sent to authorised party.
- v. Processing of waste of Canteen & Horticulture for producing compost through Composting machine for maintenance of greenery in plant.
- vi. Reuse of neat cutting oil collected in process

### PRINCIPLE 3

#### Businesses should promote the wellbeing of all employees.

We have a constructive work environment wherein the employees are motivated to understand their talent and potential by providing challenging work opportunities. This also helps in their professional growth. We are committed to providing our employees with a safe and healthy work environment. We employ various talents through different platforms thus setting up a strong foundation for the future.

The Company has organised various safety training programs during the year which has developed employee participation

and involvement in safety promotional activities. 100% safety induction programs were conducted for all newly recruited employees and contractor workmen. Senior management visibility and commitment towards safety has changed the safety culture. Due to above efforts, the Company has recorded reduction in overall incidents. Regular safety audits and inspection were conducted by statutory authorities and auditors as well. The Company has also conducted regular mock drills for emergency planning, preparedness & response plan. Hazard identification, Risk Assessment & Control study for all critical processes & operations affecting safety were done.

1. Please Indicate the Total number of employees.

Approximately there are total 11126 employees in the Company which includes casuals and Contractual also.

2. Please Indicate the Total number of employees hired on temporary/ contractual/ Casual basis.

As on March 31, 2019, the Company have approx. 7303 employees on temporary & Contractual basis.

3. Please Indicate the Number of permanent women employees.

There are approximately 100 permanent women employees employed with the Company.

4. Please Indicate the Number of permanent employees with disabilities.

Three (3).

5. Do you have an employee association that is recognised by management?

The Company has an integral Employee Union named as "All Escorts Employee Union" and all workmen are the members of such union and the same is recognised by the Management.

6. What percentage of your permanent employees is members of this recognised employee association?

The Company's unions represent 100% of workers.

7. Please indicate the Number of complaints relating to child labour, forced labour, Involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour forced labour involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL



8. What percentage of your undermentioned employees were given safety & skill up gradation training in the last year?

- I. Permanent Employees
- II. Permanent Women Employees
- III. Casual/ temporary/Contractual
- IV. Employees with Disabilities

The Company strives to impart training to all its employees under various training programmes. For the year 2018-19, following percentage of employees are covered under the safety & skill up gradation training:

- 1. Permanent Employees/ workmen - 100%
- 2. Permanent Women Employees - 100%
- 3. Casual temporary/Contractual Employees - 100%
- 4. Employees with Disabilities -100%

## PRINCIPLE 4

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

The Company follows very high standard of Corporate Governance which covers all stakeholders. The Company is especially sensitive to needs of the underprivileged segment of the community around us and is working in improving their lifestyle. These are covered in greater detail under Principle 8.

1. Has the Company mapped its internal and external stakeholders?

Yes, the principal stakeholders of the Company are its employees, shareholders, suppliers, customers, vendors, partners, government and regulatory authorities, trade union, associates, etc. These stakeholders are mapped in a structured manner through systematic communication platforms which helps us to understand the customer needs and the improvement opportunities for the Company in all prospects.

2. Out of the above, has the Company Identified the disadvantaged, vulnerable & Marginalised stakeholder

The Company has identified following two vulnerable sections:

- 1. Local community
- 2. Socio-economically disadvantaged sections of the society.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders.

The Company covers a wide range of social issues both at local as well as national level. The three main CSR areas are:

- 1. Community Development
- 2. Skill Development
- 3. Road safety

Yes, programs have been conducted under the CSR and environment protection initiatives, so as to have positive social impact on the disadvantaged, vulnerable and marginalised stakeholders.

## PRINCIPLE 5

**Businesses should respect and promote human rights.**

The Company fosters a culture of working with respect and dignity for its employees and all the stakeholders. We are committed to respect the dignity of every person associated with us and take every possible effort to promote this philosophy. The Company strictly prohibits any harassment (mental or physical) or discrimination on race, color, sex, language, religion, etc. and strives to render a fair treatment and equal opportunity to everyone. We strongly support the ideology of human rights and comply with applicable laws related to the employees and associates.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

The Company does not have a standalone policy for human rights, however, the Company's internal policies on Code of Business Conduct, Ethics and CSR recognises all the key aspects of human rights and we provide equal opportunity to all the sections of the society without any discrimination. These policy covers all the employees of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company did not receive any stakeholder complaint during the past financial year regarding human rights.

## PRINCIPLE 6

**Businesses should respect, protect and make efforts to restore the environment.**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

Our companies in the group are committed to achieve the global standards of health, safety and environment. We believe in sharing process and product innovations within the group and extending its benefits to the Industry. We believe in safeguarding environment for long term.

The Company has following international certifications w.r.t Environment Management System and Occupational Health & Safety Management System:

1. ISO 14001: 2015 – Environment Management System
2. ISO 45001: 2018 – Occupational Health & Safety Management System
3. TUV SUD Certification

**2. Does the Company have strategies/ Initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.**

Yes. The Company has taken following initiatives to address global environmental issues:

1. The Company has in place system for rainwater harvesting. Further, the Company is also planning to increase such systems.
2. Maintaining the Solar Power Plant of capacity 58.32 KW to generate electricity, will results in saving 6K- 7K Units of Electrical Grid Power per month.
3. No industrial solid waste is allowed to go out of plant(s) without proper identification in storage & is only recycled to authorised vendors.
4. Introduced system of collecting waste paper for recycling.
5. Escorts Research and development Center has achieved Zero Liquid Discharge (ZLD) Company since last 3 years.
6. Green Area has been developed beyond the Company's factory location.

**3. Does the Company Identify and assess potential environmental risks?**

The Company is taking care of all statutory potential risks.

Escorts Limited is an ISO14001-2015 (Environmental Management System) certified Company for which Aspect Impact Analysis have been done and controls as SOP, Kaizen have also been developed. The study is reviewed every year or when it is required & suitable controls are taken. All processes and operations are studied for its aspect and impact on environment and for significant aspects periodical objective and targets are set, operate and monitored.

**For example:**

1. Waste oils or used oils are collected, stored, recycle reused and ultimate waste oils are disposed to Pollution Control Board (PCB) authorised Vendors.
2. Paint sludge is collected, stored and disposed to PCB authorised Vendors.
3. All stacks are monitored for their emissions for defined parameters set by PCB & HSPCB
4. Company has Effluent Treatment Plant (ETP) for effluent treatment at all locations to treat it's effluent.
5. Company has Sewage Treatment Plant (STP) for sewage treatment at all locations to treat it's sewage.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects. Further, the Company has installed composting machine for processing Waste of Canteen & Horticulture. This machine converts all Canteen & Horticulture waste into Compost that used for Plant & Grass.

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.**

Yes, the Company has taken the following initiatives on clean technology, energy efficiency, renewable energy, etc.

**1) Initiatives on renewable energy**

- i. Consuming 450 Units per day from 149 KWP Solar Plant in RED Plant.
- ii. Rooftop Solar Power plants installed in 2017 yielded around 11 lac units in 2018-19. Long term Solar Power Purchase Contract is under finalisation.

**2) Initiatives on energy efficiency**

- i. Installed electronic controller for heaters in presses
- ii. Installed VFD for air coolers
- iii. Conventional lights being replaced with LED lights for power saving

- iv. Replacement of 2 Star Air conditioners with 5 Star Air conditioners
- v. Installed VFD panels in PT Plant paint shop

### 3) Initiatives on clean Technology

- i. Design and development of New Compact Electric tractor
- ii. New Farmtrac Pro series introduced with new Engine for better performance and fuel efficiency in 50 - 55 hp model
- iii. Design & Development for future Engine norms with CRDi technology Stage V/Tier IV range 50-105 HP to meet 2020-21 emission norms for European & USA Market.
- iv. New 3 Ton Tandem compactor introduced with indigenous water-cooled engine to offer more fuel-efficient solution to customer.
- v. Up-gradation of Design, Development and testing infrastructure at R&D to develop & absorb new contemporary technologies in a most cost-effective manner to offer products at a competitive price. Also, working on some safety features & fuel-efficient technologies / Products to offer more to the customer & enhance their expectations.
- vi. Design & development of New products & upgradations of existing products to meet upcoming stringent emission norms in line with government guidelines.

### 6. Are the Emissions/ Waste generated by the Company within the permissible limits given by CPCBI/SPCB for the financial year being reported?

All emissions and waste generated by the Company are within the limits defined by CPCB/SPCB in 2018-19.

### 7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.

One show cause notice has been received from SPCB for Plastic Waste management during the year 2018-19 and has been suitably responded by the Company.

## PRINCIPLE 7

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those

### major ones that your business deals with:

Following is the list of major industry bodies and expert agencies with whom Escorts engages for policy making activities. This list is indicative:

- I. Confederation of Indian Industry (CII)
- II. Federation of Indian Chambers of Commerce & Industry (FICCI)
- III. PHD Chambers of Commerce & Industry
- IV. Indo-American Chambers of Commerce (IACC)
- V. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- VI. Tractors and Mechanization Association
- VII. Faridabad Industries Association
- VIII. Indian Construction Equipment Manufacturers Association (ICEMA)
- IX. National Safety Council, North Zone Chapter, Chandigarh

### 2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Escorts Limited is an active participant in committees set up by the CII, FICCI, IACC, Tractor and Mechanization Association, Faridabad Industries Association, Indian Construction Equipment Manufacturers Association (ICEMA) and the Government on various subjects pertaining to policy and regulation with various policy makers for framing new regulations and policies.

The Company's engagements include areas such as agriculture, R&D, technology, international collaborations and more.

## PRINCIPLE 8

**Businesses should support inclusive growth and equitable development**

### 1. Does the Company have specified programmes/ Initiatives/ projects In pursuit of the policy related to Principle 8? If yes details thereof.

Yes, The Company supports inclusive growth and equitable development through various training and development programmes for its employees as well as its key stakeholders.

1. The Company's approach and projects are given in the CSR Policy.

2. Social Projects implemented in 2018-19 and the details thereof is given in the Annual Report.
3. Escorts organised Blood Donation drive in which employees of Escorts participated and donated the blood.
4. Escorts organised various medical check-up camps and camps for increasing awareness on heart, eye and health for employees.
5. Contributed for the flood affected people through basic medicines, food items and clothes contributed by local team.
6. Escorts had taken an initiative of Road Safety whose information is provided in the annual report of the Company.
7. Conducted employee family gathering to create awareness on Home Safety, Road Safety & Environment Protection.

**2. Are the programmes/ projects undertaken through in-house team/own foundation/ External NGO/ government structures/ any other organisation?**

The Company is directly involved in the needs assessment process, project design, execution and sustainability of its projects. Over the years Company has initiated various programmes which mainly focus on good health, Skill Development and Road Safety and the same have also implemented to the large extent.

For better execution of the CSR Plans, the programmes were undertaken both, through in-house teams as well as in co-ordination with external NGOs.

**3. Have you done any impact assessment of your initiative?**

On a periodic basis, we measure the direction of our initiatives and their impact. The assessment helps in focusing our efforts and achieving better results.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

During the year under review, the Company has spent ₹ 6.13 crores towards various CSR activities. The project wise details are provided in Annexure – E of the Annual Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company is striving for a favorable behavioral change among communities towards the facilities developed. To bring about the change in behavior and build capabilities

of the Community, the Company has tied with few agencies and these agencies are engaging with the community for educating them on adopting and maintaining the common community assets constructed by the Company.

## PRINCIPLE 9

**Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

In 2018-19, Escorts Agri Machinery sold 96,412 vehicles and Escorts Construction Equipment sold 5,544 units. During the year 2018-19, total customer cases registered under Escorts Agri Machinery were Twenty Five (25) and under Escorts Construction Equipment Two (2) cases were registered.

Total customer cases pending as on March 31, 2019 under Escorts Agri Machinery are 120, 0.12% (of total sales) and under Escorts Construction Equipment these are 28, 0.51% (of total sales). These cases are under process of resolution and the same are not significant in comparison to total sales volume.

**2. Does the Company display product Information on the product label, over and above what is mandated as per local laws?**

Yes. The Company complies with disclosure requirements relating to its products and services. Further, the Company also displays Customer Code & Delivery No., the child part details and scheme details, if any.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, Irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

No court case is pending against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior as on the end of Financial year 2018-19.

**4. Did Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the Company does various consumer satisfaction survey by using the many methodologies from time to time to know the consumer satisfaction levels.

# Independent Auditor's Report

To the members of Escorts Limited

## Report on the audit of the standalone financial statements

### Opinion

1. We have audited the accompanying standalone financial statements of Escorts Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date

### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>We refer to the Company's significant accounting policies in note 2.2(a) and the revenue related disclosures in note 48 (i) of the standalone financial statements.</p> <p>Owing to the multiplicity of the Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention.</p> <p>Further, Ind AS 115, "Revenue from Contracts with Customers", effective from 1 April 2018, requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers (such as after sales maintenance services and product warranties), determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.</p> <p>This matter is considered to be of most significance given the extent of industry knowledge and skills needed to apply audit procedures to address the matter and evaluate the results of those procedures.</p>	<p>Our audit procedures, related to revenue recognition, included, but were not limited, to the following:</p> <ol style="list-style-type: none"> <li>a) assessed the design and operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts);</li> <li>b) assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115;</li> <li>c) scrutinized sales ledgers to verify completeness of sales transactions;</li> <li>d) on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/deliveries (as the case may be), and approved incentives/discounts schemes;</li> <li>e) tested the appropriateness of accruals for various rebates and discounts as at the year-end;</li> <li>f) assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;</li> <li>g) circularised balance confirmations to a sample of customers and reviewed the reconciling items, if any; and</li> <li>h) tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations.</li> </ol>

### Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the standalone financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
  16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
  17. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:
    - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 7 May 2019 as per Annexure II expressed an unmodified opinion;
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in note 34 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;
    - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Regn No. 001076N/N500013

**Siddharth Talwar**  
Partner  
Membership No.: 512752

Place: Faridabad  
Date: 7 May 2019

## Annexure I to the Independent Auditor's Report of even date to the members of Escorts Limited, on the standalone financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and discrepancies noticed on physical verification have been properly dealt with in the books of account.
- (iii) The Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;
  - (b) the schedule of repayment of principal has been stipulated wherein the principal amounts are repayable on demand and the repayment/receipts of the principal amount and the interest are regular;
- (c) there is no overdue amount in respect of loan granted to such company.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:



## Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Haryana Local Area Development Tax, 2000	Local Area Development Tax	52.80	39.90	2000-2008	High Court
Sales Tax Acts	Sales Tax	5.62	0.25	1988-2012	High Court
Sales Tax Acts	Sales Tax	11.97	1.02	1992-2015	Appellate Tribunal
Sales Tax Acts	Sales Tax	58.13	4.67	1997-2017	Appellate authority till Commissioner level
Central Excise Act, 1944	Excise Duty	19.65	-	2013-2015	CESTAT
Central Excise Act, 1944	Excise Duty	448.83	50.68	2004-2016	CESTAT
Central Excise Act, 1944	Excise Duty	1.12	0.02	1992-2015	Appellate authority till Commissioner level
Finance Act, 1994	Service Tax	1.69	0.01	2005-2012	CESTAT
Finance Act, 1994	Service Tax	1.81	1.13	2007-2015	Appellate authority till Commissioner level
Income Tax Act, 1961	Income Tax	22.67	2.50	2006-2017	CIT (Appeals)
Income Tax Act, 1961	Income Tax	1.41	-	2008-2016	ITAT
The Customs Act, 1962	Custom Duty	6.97	6.97	2007-2008	CESTAT

viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation were invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Regn No. 001076N/N500013

**Siddharth Talwar**  
Partner  
Membership No.: 512752

Place: Faridabad  
Date: 7 May 2019

## Annexure II to the Independent Auditor's Report of even date to the members of Escorts Limited on the standalone financial statements for the year ended 31 March 2019

### Independent auditor's report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Escorts Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

#### Management's responsibility for internal financial controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### Meaning of internal financial controls over financial reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Regn No. 001076N/N500013

**Siddharth Talwar**  
Partner  
Membership No.: 512752

Place: Faridabad  
Date: 7 May 2019

# Balance Sheet

as at 31 March 2019

(₹ crores)

	Note	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 (i)	1,577.02	1,521.95
Capital work-in-progress	3 (ii)	53.07	46.79
Investment property	4	23.09	23.23
Intangible assets	5 (i)	30.36	35.87
Intangible assets under development	5 (ii)	23.41	17.27
<b>Financial assets</b>			
Investments	6 (i)	465.52	409.44
Loans	7 (i)	5.40	4.41
Other financial assets	8 (i)	-	-
Income tax assets (net)		16.56	16.78
Other non-current assets	10 (i)	94.64	79.26
<b>Total non-current assets</b>		<b>2,289.07</b>	<b>2,155.00</b>
<b>Current assets</b>			
Inventories	11	821.93	541.06
<b>Financial assets</b>			
Investments	6 (ii)	391.09	484.89
Trade receivables	12	931.96	599.98
Cash and cash equivalents	13	85.80	148.74
Bank balances other than above	14	144.27	163.16
Loans	7 (ii)	5.51	5.94
Other financial assets	8 (ii)	14.48	12.14
Other current assets	10 (ii)	298.91	149.58
<b>Total current assets</b>		<b>2,693.95</b>	<b>2,105.49</b>
Assets held for sale	15	13.92	9.00
<b>Total assets</b>		<b>4,996.94</b>	<b>4,269.49</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	122.58	122.58
Other Equity	17	2,900.28	2,425.53
<b>Total Equity</b>		<b>3,022.86</b>	<b>2,548.11</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	18 (i)	0.15	13.68
Other financial liabilities	19 (i)	17.33	14.09
Provisions	21 (i)	24.45	15.32
Deferred tax liabilities (net)	9 (i)	52.87	19.71
Other non-current liabilities	20 (i)	10.80	9.40
<b>Total non-current liabilities</b>		<b>105.60</b>	<b>72.20</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	18 (ii)	269.23	-
Trade payables	22		
(a) Total outstanding dues of micro enterprises and small enterprises		32.98	32.94
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,179.52	1,192.53
Other financial liabilities	19 (ii)	135.57	148.44
Other current liabilities	20 (ii)	131.19	124.91
Provisions	21 (ii)	119.99	132.83
Current tax liabilities		-	17.53
<b>Total current liabilities</b>		<b>1,868.48</b>	<b>1,649.18</b>
<b>Total equity and liabilities</b>		<b>4,996.94</b>	<b>4,269.49</b>

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

(Firm Regn No. 001076N/N500013)

**Siddharth Talwar**

Partner

**Nikhil Nanda**

Chairman and Managing Director  
(DIN: 00043432)

**P.H. Ravikumar**

Director  
(DIN: 00280010)

**Shailendra Agrawal**

Executive Director  
(DIN: 03108241)

**Bharat Madan**

Group Chief Financial  
Officer & Corporate Head

**Hardeep Singh**

Director  
(DIN: 00088096)

**Ajay Sharma**

Group General Counsel &  
Company Secretary

(Membership No. A9127)

Place : Faridabad

Date : 7 May 2019

Place : Faridabad

Date : 7 May 2019

# Statement of Profit and Loss

for the year ended 31 March 2019

(₹ crores)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
<b>Income</b>			
Revenue from operations	23	6,196.36	5,015.97
Other income	24	80.85	59.41
<b>Total income</b>		<b>6,277.21</b>	<b>5,075.38</b>
<b>Expenses</b>			
Cost of materials consumed	25 (i)	4,040.28	3,156.04
Purchases of stock-in-trade		403.99	232.80
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25 (ii)	(203.62)	(20.74)
Excise duty		-	20.85
Employee benefits expense	26	471.74	431.08
Finance costs	27	18.48	28.57
Depreciation and amortisation expense	28	85.37	72.48
Other expenses	29	750.68	638.72
<b>Total expenses</b>		<b>5,566.92</b>	<b>4,559.80</b>
<b>Profit before exceptional items and tax</b>		<b>710.29</b>	<b>515.58</b>
Exceptional items	30	10.91	(6.76)
<b>Profit before tax from continuing operations</b>		<b>721.20</b>	<b>508.82</b>
Tax expense	9(ii)		
Current tax		198.63	98.98
Deferred tax charge		38.89	65.12
<b>Total tax expense</b>		<b>237.52</b>	<b>164.10</b>
<b>Profit for the period from continuing operations</b>		<b>483.68</b>	<b>344.72</b>
<b>Discontinued operations</b>			
Profit from discontinued operations	31 (ii)	1.89	-
Tax expense of discontinued operations	31 (ii)	0.66	-
Profit from discontinued operations after tax		<b>1.23</b>	-
<b>Net profit for the year</b>		<b>484.91</b>	<b>344.72</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		4.03	12.04
Re-measurements of defined employee benefit plans		(1.74)	0.58
Income tax relating to items that will not be reclassified to profit or loss		5.73	(1.63)
<b>Items that will be reclassified to profit or loss</b>			
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total other comprehensive income for the year</b>		<b>8.02</b>	<b>10.99</b>
<b>Total comprehensive income for the year</b>		<b>492.93</b>	<b>355.71</b>
<b>Earnings per equity share (for continuing operations):</b>	32		
Basic (₹)		40.48	28.85
Diluted (₹)		40.48	28.85
<b>Earnings per equity share (for discontinued operations):</b>			
Basic (₹)		0.10	-
Diluted (₹)		0.10	-
<b>Earnings per equity share (for discontinued and continuing operations):</b>			
Basic (₹)		40.58	28.85
Diluted (₹)		40.58	28.85

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Walker Chandio & Co LLP**

Chartered Accountants

(Firm Regn No. 001076N/N500013)

**Siddharth Talwar**

Partner

**Nikhil Nanda**

Chairman and Managing Director  
(DIN: 00043432)

**P.H. Ravikumar**

Director  
(DIN: 00280010)

**Shailendra Agrawal**

Executive Director  
(DIN: 03108241)

**Bharat Madan**

Group Chief Financial  
Officer & Corporate Head

**Hardeep Singh**

Director  
(DIN: 00088096)

**Ajay Sharma**

Group General Counsel &  
Company Secretary  
(Membership No. A9127)

Place : Faridabad

Date : 7 May 2019

Place : Faridabad

Date : 7 May 2019

# Cash Flow Statement

for the year ended 31 March 2019

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A Cash flow from operating activities</b>		
<b>Profit before tax from</b>		
Continuing operations	721.20	508.82
Discontinued operations	1.89	-
<b>Profit before tax including discontinued operations</b>	<b>723.09</b>	<b>508.82</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	85.37	72.48
Bad debts and advances written off, allowance for doubtful trade receivable, write backs and others (net)	(22.04)	19.02
Interest expense	10.67	21.44
Unwinding of discount on provisions and financial liabilities carried at amortised cost	4.19	2.23
Interest income	(33.70)	(23.95)
Gain on disposal of property, plant and equipment (net)	(1.53)	(2.79)
Gain on sale of investments (net)	(12.46)	(7.18)
Gain on fair valuation of investments carried at fair value through profit or loss (net)	(21.18)	(10.56)
Exceptional items	(10.91)	-
Share based payment to employees	4.03	-
Unrealised foreign exchange (gain)/loss	1.54	(1.78)
<b>Operating profit before working capital changes</b>	<b>727.07</b>	<b>577.73</b>
<b>Movement in working capital</b>		
Inventories	(274.56)	(123.18)
Trade receivables	(323.98)	(142.53)
Other financial assets	(1.55)	(4.72)
Other assets	(158.01)	(105.08)
Trade payables	(1.08)	347.47
Other financial liabilities	6.61	27.41
Other liabilities	1.36	(2.94)
<b>Cash (used in)/ flow from operating activities post working capital changes</b>	<b>(24.14)</b>	<b>574.16</b>
Income tax paid (net)	(216.54)	(101.96)
<b>Net cash (used in)/ flow from operating activities (A)</b>	<b>(240.68)</b>	<b>472.20</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital advances)	(133.22)	(99.57)
Sale of property, plant and equipment	8.91	14.14
Purchase of intangible assets	(16.65)	(15.12)
Sale of intangible assets	1.88	-
Proceeds from sale of non current investment	50.08	3.00
Investment in subsidiaries and joint ventures	(104.40)	(17.34)
Proceeds on maturity/(purchase) of current investment (net)	127.44	(298.35)
Bank deposit (having original maturity of more than 3 months)	26.00	15.87
Margin/bank deposits	(8.24)	(5.56)
Interest received	34.57	24.55
<b>Net cash used in investing activities (B)</b>	<b>(13.63)</b>	<b>(378.38)</b>

# Cash Flow Statement

for the year ended 31 March 2019

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>C Cash flows from financing activities (refer note 18(iii))</b>		
Proceeds from options exercised during the year	-	0.23
Repayment of long term borrowings	(42.45)	(54.15)
Proceeds from/ (repayment of) short term borrowings (net)	269.23	(158.98)
Interest paid	(12.88)	(20.92)
Amount received as beneficiary of treasury stock sold by Escorts Benefit and Welfare Trust	-	250.34
Dividend (net) and tax thereon paid	(22.21)	(16.08)
<b>Net cash flow from financing activities (C)</b>	<b>191.69</b>	<b>0.44</b>
Increase in cash and cash equivalents (A+B+C)	(62.62)	94.26
Cash and cash equivalents at the beginning of the year (refer note 13)	148.74	54.51
Exchange difference on translation of foreign currency cash and cash equivalents	(0.32)	(0.03)
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>85.80</b>	<b>148.74</b>

Note: The above statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

As per our Report of even date attached  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Siddharth Talwar**  
Partner

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)

**Hardeep Singh**  
Director  
(DIN: 00088096)

**P.H. Ravikumar**  
Director  
(DIN: 00280010)

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head

**Ajay Sharma**  
Group General Counsel &  
Company Secretary  
(Membership No. A9127)  
Place : Faridabad  
Date : 7 May 2019

Place : Faridabad  
Date : 7 May 2019

# Statement of changes in equity

for the year ended 31 March 2019

## A Equity share capital

(₹ crores)		
Balance as at 1 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
122.58	-	122.58

## B Other equity

(₹ crores)									
	Treasury shares	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Employees' stock options outstanding	Retained earnings	Equity instruments through other comprehensive income	Total
<b>Balance as at 1 April 2018</b>	(25.99)	97.40	4.00	456.69	730.95	-	1,123.01	39.47	2,425.53
Profit for the year	-	-	-	-	-	-	484.91	-	484.91
Dividends paid	-	-	-	-	-	-	(23.90)	-	(23.90)
Tax on dividends	-	-	-	-	-	-	(5.04)	-	(5.04)
Dividend received on shares held by beneficiary trusts	-	-	-	-	-	-	6.73	-	6.73
Employee stock option charge for the year	-	-	-	-	-	4.03	-	-	4.03
Transfer from equity instruments classified through other comprehensive income in respect of gain on sale of equity instruments	-	-	-	-	-	-	48.00	(48.00)	-
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	(1.13)	-	(1.13)
Other comprehensive income for the year	-	-	-	-	-	-	-	9.15	9.15
<b>Balance as at 31 March 2019</b>	(25.99)	97.40	4.00	456.69	730.95	4.03	1,632.58	0.62	2,900.28

As per our Report of even date attached  
For **Walker Chandok & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Siddharth Talwar**  
Partner

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)

**Shailendra Agrawal**  
Executive Director  
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**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head

**Ajay Sharma**  
Group General Counsel &  
Company Secretary  
(Membership No. A9127)  
Place : Faridabad  
Date : 7 May 2019

Place : Faridabad  
Date : 7 May 2019

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 1. Company overview

Escorts Limited ("the Company") is a public limited company incorporated and domiciled in India and having its registered office at 15/5, Mathura Road, Faridabad (Haryana). The Company's shares are listed with Bombay Stock Exchange, National Stock Exchange and Delhi Stock Exchange. The Company is engaged in the business of manufacturing of agricultural tractors, engines for agricultural tractors, construction, earth moving and material handling equipment, round and flat tubes, heating elements, double acting hydraulic shock absorbers for railways coaches, center buffer couplers, automobile shock absorbers, telescopic front fork & Mcpherson struts, brake block, internal combustion engines and all types of brake used by railways. It also trades in oils & lubricants, implements, trailers, tractors, compressor accessories and spares, construction, earth moving and material handling equipment and aero business.

## 2. Basis of preparation, measurement and significant accounting policies

### 2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2019 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 07 May 2019.

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under historical cost convention basis except for the following –

- Certain financial assets which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;
- Share based payments which are measured at fair value of the options; and
- Assets held for sale – measured at lower of carrying amount and fair value less cost to sell.

## 2.2 Summary of significant accounting policies

### a) Revenue recognition

Revenue arises mainly from the sale of manufactured and traded goods, after-sales maintenance and extended warranty services.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST) etc. In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see note 20 (ii)). Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

## Sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

The Company provides 1 to 5 years' product warranty on its goods sold to the buyer. Under the terms of this warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under Ind AS 37.

## After-sale services

The Company enters into fixed price maintenance and extended warranty contracts with its customers for terms between one and two years in length. Customers are required to pay in advance for the services along with the contractual amount paid for the purchase of goods.

- **Maintenance contracts** – The Company enters into agreements with its customers to perform regularly scheduled maintenance services on goods purchased from the Company. Revenue is recognised over time based on the ratio between the number of services provided/lapsed in the current period and the total number of such services expected to be provided under each contract. This method best depicts the transfer of services to the customer because details of the services to be provided are specified by management in advance as part of its published maintenance program.

- **Extended warranty program** – The Company enters into agreements with its customers to perform necessary repairs falling outside the Company's standard warranty period. As this service involves an indeterminate number of acts, the Company is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognised on a straight-line basis over the term of the contract and matched to related costs. This method best depicts the transfer of services to the customer as (a) the Company's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

## Other income

Income from export incentives are recognised on accrual basis.

## Rental income

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.

## Interest Income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost (refer 'h' below), interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

## Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

## b) Foreign currency translation

### Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') and are rounded to two decimal places of crores, which is also the functional and presentation currency of the Company.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

## c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

## d) Property, plant and equipment

### Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses

included in deferred payment is recognised as interest expense and not included in cost of asset.

### Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives mentioned below:

Asset category	Estimated useful life (in years)
Factory buildings	30
Office buildings	60
Tubewells and fencing	5
Roads	10
Sheds	3
Plant and machinery	3-15*
Furniture and fixtures	5-10*
Office equipment	3-10
Vehicles	8-10
Leasehold improvements	Over the effective term of the lease
Electrical appliances	10
IT equipment	6
Computers	3

\*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for certain items within these classes of assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised

# Notes forming part of the Financial Statements

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upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

## e) Investment properties

### Recognition and initial measurement

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

### Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant

components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

## f) Intangible assets

### Recognition and initial measurement

Purchased intangible assets are stated at cost less accumulated amortisation and impairment, if any.

### Internally developed intangible assets

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

## Subsequent measurement (amortisation)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset

Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

Asset category	Estimated useful life (in years)
Software	6
Prototypes	4
Technical	6

## g) Leases

### Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Company obtains ownership of the asset at the end of the lease term. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Assets held under finance leases (including land) are depreciated over their estimated useful lives. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion

of the outstanding capital balance and is charged to statement of profit and loss, as finance costs over the period of the lease.

Refer note 2.2 (d) for the depreciation methods and useful lives for assets held under finance leases.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

### Operating lease

All leases other than finance leases are treated as operating leases. Where the Company is a lessee, lease rentals are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Where the Company is a lessor, the respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs. Refer note 2.2 (e) for the depreciation methods and useful lives for assets given on operating lease.

## h) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

## Financial assets

### *Classification and subsequent measurement*

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- i. **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. **Financial assets at fair value**

- **Investments in equity instruments (other than subsidiaries/ associates/ joint ventures)** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

### **De-recognition of financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

### **Financial liabilities**

#### *Subsequent measurement*

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

#### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

# Notes forming part of the Financial Statements

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## Derivative financial instruments

### *Initial and subsequent measurement*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## i) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## Trade receivables

(i) **For debtors that are not past due** – The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL

are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Life time expected credit losses are assessed and accounted based on company's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

(ii) **For debtors considered past due** – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Company writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Company.

## Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring

# Notes forming part of the Financial Statements

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on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

## j) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current

market assessment of the time value of money and asset-specific risk factors.

## k) Fair value measurement

The Company measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 37 for fair value hierarchy.

## l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed using weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

## m) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

# Notes forming part of the Financial Statements

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Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (Minimum alternate tax credit entitlement) or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

## n) Investment in subsidiaries, joint ventures and associates

In accordance with Ind AS 27 – Separate Financial Statements, investments in equity instruments of subsidiaries, joint ventures and associates can be measured at cost or at fair value in accordance with Ind AS 109. The Company has opted to measure such investments at cost at initial recognition.

Subsequently, such investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

## o) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments.

## p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

## q) Post-employment, long term and short term employee benefits

The Company provides post-employment benefits through various defined contribution and defined benefit plans.

### Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution,



# Notes forming part of the Financial Statements

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which are recognised as an expense in the year in which the related employee services are received.

## Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity and pension are post-employment benefits and are in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity and pension is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

## Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

## Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

## r) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded

as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

## s) Share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

# Notes forming part of the Financial Statements

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Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

## t) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

### Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

## u) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

## v) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity

shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.3 Significant management judgements in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts recognised in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Significant management estimates

**Allowance for doubtful debts** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

**Allowance for obsolete and slow-moving inventory**- The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognised in the financial statements.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

**Product warranties** - The Company makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Company seeks to improve vehicle quality and minimise warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

**Useful lives of depreciable/amortisable assets** - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

**Defined benefit obligations (DBO)** - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

## Significant management judgments

**Capitalisation of internally developed intangible assets** - Distinguishing the research and development phases for new products and design enhancements determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalised costs may be impaired.

**Evaluation of indicators for impairment of assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

**Contingent liabilities** - The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to

the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

## 2.4 Standards issued but not yet effective

**Ind AS 116- Leases:** On 30 March 2019, MCA has notified Ind AS 116, Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application

Ind AS 116, which is effective for annual periods beginning on or after 01 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Company is evaluating the requirements of this new standard and it is expected to have a material impact on the financial statements.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatment:** The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one

or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The interpretation is effective for annual reporting periods beginning on or after 01 April 2019. The Company is evaluating the impact of this amendment on its financial statements.

**Amendments to Ind AS 109, Prepayment Features with Negative Compensation:** Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 01 April 2019, with earlier application permitted. The Company does not expect any impact on its financial statements of such amendment.

**Amendments to Ind AS 28, Long-term interests in associates and joint ventures:** The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 01 April 2019, with early application permitted. The Company is evaluating the impact of this amendment on its financial statements.

**Amendments to Ind AS 19, Plan Amendment, Curtailment or Settlement:** The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 01 April 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company. The Company does not expect any impact on its financial statements of such amendment.

**Amendments to Ind AS 23 Borrowing Costs:** The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 01 April 2019, with early application permitted. The Company does not expect any effect of this amendment on its financial statements.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 3(i) Property, plant and equipment

(₹ crores)

Description	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
<b>Gross carrying value</b>										
As at 1 April 2017	1,049.02	8.89	380.91	0.05	772.51	64.83	40.36	12.43	7.39	2,336.39
Additions	-	-	5.97	-	53.30	4.25	7.42	2.39	1.93	75.26
Disposals	-	-	(0.22)	-	(33.66)	(0.74)	(3.29)	(2.58)	(0.11)	(40.60)
<b>As at 31 March 2018</b>	<b>1,049.02</b>	<b>8.89</b>	<b>386.66</b>	<b>0.05</b>	<b>792.15</b>	<b>68.34</b>	<b>44.49</b>	<b>12.24</b>	<b>9.21</b>	<b>2,371.05</b>
Additions	-	-	5.00	-	106.78	7.07	6.47	4.14	1.26	130.72
Disposals	-	-	-	-	(21.43)	(1.81)	(0.37)	(0.03)	(0.35)	(23.99)
<b>As at 31 March 2019</b>	<b>1,049.02</b>	<b>8.89</b>	<b>391.66</b>	<b>0.05</b>	<b>877.50</b>	<b>73.60</b>	<b>50.59</b>	<b>16.35</b>	<b>10.12</b>	<b>2,477.78</b>
<b>Accumulated depreciation</b>										
As at 1 April 2017	-	0.91	242.00	0.01	493.89	45.69	32.31	4.76	6.33	825.90
Charge for the year	-	0.10	6.73	-	40.87	5.05	3.39	1.46	0.71	58.31
Adjustment for disposals	-	-	(0.13)	-	(29.05)	(0.71)	(3.28)	(1.83)	(0.11)	(35.11)
<b>As at 31 March 2018</b>	<b>-</b>	<b>1.01</b>	<b>248.60</b>	<b>0.01</b>	<b>505.71</b>	<b>50.03</b>	<b>32.42</b>	<b>4.39</b>	<b>6.93</b>	<b>849.10</b>
Charge for the year	-	0.10	7.11	-	49.98	4.17	6.95	1.88	0.90	71.09
Adjustment for disposals	-	-	-	-	(17.03)	(1.66)	(0.36)	(0.03)	(0.35)	(19.43)
<b>As at 31 March 2019</b>	<b>-</b>	<b>1.11</b>	<b>255.71</b>	<b>0.01</b>	<b>538.66</b>	<b>52.54</b>	<b>39.01</b>	<b>6.24</b>	<b>7.48</b>	<b>900.76</b>
<b>Net block as at 31 March 2018</b>	<b>1,049.02</b>	<b>7.88</b>	<b>138.06</b>	<b>0.04</b>	<b>286.44</b>	<b>18.31</b>	<b>12.07</b>	<b>7.85</b>	<b>2.28</b>	<b>1,521.95</b>
<b>Net block as at 31 March 2019</b>	<b>1,049.02</b>	<b>7.78</b>	<b>135.95</b>	<b>0.04</b>	<b>338.84</b>	<b>21.06</b>	<b>11.58</b>	<b>10.11</b>	<b>2.64</b>	<b>1,577.02</b>

Notes:

### (i) Property, plant and equipment include assets in use for in house research and development

Refer note 36 for details.

### (ii) Contractual obligations

Refer note 34A for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### (iii) Property, plant and equipment pledged as security

Refer note 46 for information on property, plant and equipment pledged as security by the Company.

### (iv) Finance leases

The Company has a land on finance lease. Refer note 41 for contractual commitments for lease payments in respect of leasehold land.

(v) Depreciation for the year has been included in "Depreciation and amortisation expense" line item in statement of profit and loss.

## 3 (ii) Capital work-in-progress

(₹ crores)

	31 March 2019	31 March 2018
Capital work-in-progress	53.07	46.79

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

Movement in capital work-in-progress during the year:

		(₹ crores)
Particulars		Amount
<b>Capital work-in-progress as at 1 April 2017</b>		<b>26.56</b>
Add: additions during the year		95.49
Less: capitalisation during the year		(75.26)
<b>Capital work-in-progress as at 31 March 2018</b>		<b>46.79</b>
Add: additions during the year		138.26
Less: capitalisation during the year		(130.72)
Less: written off during the year		(1.26)
<b>Capital work-in-progress as at 31 March 2019</b>		<b>53.07</b>

## 4 Investment property

				(₹ crores)
Description	Freehold land	Building		Total
<b>Gross carrying value</b>				
<b>As at 1 April 2017</b>	<b>19.70</b>	<b>4.86</b>		<b>24.56</b>
Additions	-	-		-
Disposals	-	-		-
<b>As at 31 March 2018</b>	<b>19.70</b>	<b>4.86</b>		<b>24.56</b>
Additions	-	-		-
Disposals	-	-		-
<b>As at 31 March 2019</b>	<b>19.70</b>	<b>4.86</b>		<b>24.56</b>
<b>Accumulated depreciation</b>				
<b>As at 1 April 2017</b>	-	<b>1.18</b>		<b>1.18</b>
Charge for the year	-	0.15		0.15
Adjustment for disposals	-	-		-
<b>As at 31 March 2018</b>	-	<b>1.33</b>		<b>1.33</b>
Charge for the year	-	0.14		0.14
Adjustment for disposals	-	-		-
<b>As at 31 March 2019</b>	-	<b>1.47</b>		<b>1.47</b>
<b>Net block as at 31 March 2018</b>	<b>19.70</b>	<b>3.53</b>		<b>23.23</b>
<b>Net block as at 31 March 2019</b>	<b>19.70</b>	<b>3.39</b>		<b>23.09</b>

### (i) Amount recognised in profit and loss for investment property

			(₹ crores)
	31 March 2019	31 March 2018	
Rental income	0.35	0.34	
Direct operating expenses that generated rental income	-	-	
Direct operating expenses that did not generate rental income	-	-	
<b>Profit from leasing of investment properties</b>	<b>0.35</b>	<b>0.34</b>	

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 17 "Leases".

## (iii) Fair value of investment property

(₹ crores)

Particulars	31 March 2019	31 March 2018
Fair value	25.99	23.88

The Company obtains independent valuations for its investment property annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer considers information from a variety of sources including:

- In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.
- in case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2010-12/1997 have been taken as the basis of valuation. These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account.

## 5 (i) Intangible assets

(₹ crores)

Description	Prototypes	Technical know how	Software	Total
<b>Gross carrying value</b>				
<b>As at 1 April 2017</b>	<b>31.56</b>	<b>17.86</b>	<b>36.25</b>	<b>85.67</b>
Additions	0.06	-	5.94	6.00
Disposals	-	-	-	-
<b>As at 31 March 2018</b>	<b>31.62</b>	<b>17.86</b>	<b>42.19</b>	<b>91.67</b>
Additions	3.48	0.93	6.10	10.51
Disposals	-	(3.47)	-	(3.47)
<b>As at 31 March 2019</b>	<b>35.10</b>	<b>15.32</b>	<b>48.29</b>	<b>98.71</b>
<b>Accumulated amortisation</b>				
As at 1 April 2017	9.00	8.93	23.85	41.78
Charge for the year	7.14	1.91	4.97	14.02
Adjustment for disposals	-	-	-	-
<b>As at 31 March 2018</b>	<b>16.14</b>	<b>10.84</b>	<b>28.82</b>	<b>55.80</b>
Charge for the year	7.66	1.72	4.76	14.14
Adjustment for disposals	-	(1.59)	-	(1.59)
<b>As at 31 March 2019</b>	<b>23.80</b>	<b>10.97</b>	<b>33.58</b>	<b>68.35</b>
<b>Net block as at 31 March 2018</b>	<b>15.48</b>	<b>7.02</b>	<b>13.37</b>	<b>35.87</b>
<b>Net block as at 31 March 2019</b>	<b>11.30</b>	<b>4.35</b>	<b>14.71</b>	<b>30.36</b>



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

Notes:

**(i) Contractual obligations**

Refer note 34 for disclosure of contractual commitments for the acquisition of intangible assets.

**(ii) Expenses incurred and assets in use for in house research and development :**

During the year, expenditure of ₹ 92.22 crores (31 March 2018: ₹ 82.72 crores) was incurred on research and development (excluding depreciation) and recognised in statement of profit and loss.

Refer note 36 for detail.

**(iii)** Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

## 5 (ii) Intangible assets under development

	(₹ crores)	
	31 March 2019	31 March 2018
Intangible assets under development	23.41	17.27

### Movement in intangible assets under development during the year :

	(₹ crores)	
Particulars	Amount	
<b>Intangible assets under development as at 1 April 2017</b>	<b>8.14</b>	
Add: additions during the year	15.13	
Less: capitalisation during the year	(6.00)	
<b>Intangible assets under development as at 31 March 2018</b>	<b>17.27</b>	
Add: additions during the year	16.65	
Less: capitalisation during the year	(10.51)	
<b>Intangible assets under development as at 31 March 2019</b>	<b>23.41</b>	

## 6 Investments

**(i) Investments - non-current**

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
<b>Investments carried at cost</b>		
<b>Subsidiary companies</b>		
Fully paid equity shares (quoted)	1.17	1.77
Fully paid equity shares (unquoted)	365.97	353.37
<b>Joint ventures and associates</b>		
Fully paid equity shares (unquoted)	97.80	6.00
<b>Investments carried at fair value through OCI</b>		
Fully paid equity shares (quoted)	0.58	0.76
Fully paid equity shares (unquoted)	-	47.54
	<b>465.52</b>	<b>409.44</b>
Market value of quoted investments	1.75	2.53
Aggregate amount of provision for impairment	2.95	2.35

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (ii) Investments - current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Investment carried at fair value through profit or loss</b>		
Mutual funds (quoted)	391.08	484.88
Bonds (unquoted)	0.01	0.01
	<b>391.09</b>	<b>484.89</b>

The market value of quoted investments is equal to the carrying value.

Details of investments are as follows:

### Non-current investments

(₹ crores)

	Number of shares		Amount	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>In equity instruments*</b>				
<b>Subsidiaries (quoted)</b>				
Escorts Finance Limited	38,19,700	38,19,700	3.12	3.12
less: provision for impairment			(1.95)	(1.35)
			<b>1.17</b>	<b>1.77</b>
<b>Subsidiaries (unquoted)</b>				
Escorts Securities Limited	54,60,000	54,60,000	5.46	5.46
Farmtrac Tractors Europe SP Z.o.o, Poland (face value of 1000 PLN each)	15,500	15,500	18.68	18.68
Escorts Crop Solution Limited (formerly known as EDDAL Credit Limited)	1,61,50,000	35,50,000	16.15	3.55
Sole beneficiary interest in Escorts Benefit and Welfare Trust	-	-	325.68	325.68
			<b>365.97</b>	<b>353.37</b>
<b>Joint ventures and associates (unquoted)</b>				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
less: provision for impairment			(1.00)	(1.00)
			-	-
Adico Escorts Agri Equipment Private Limited	84,00,000	60,00,000	8.40	6.00
Tadano Escorts India Private Limited	2,94,00,000	-	29.40	-
Escorts Kubota India Private Limited (face value of ₹ 100 each)	60,00,000	-	60.00	-
			<b>97.80</b>	<b>6.00</b>
<b>Others (quoted)</b>				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	0.49	0.63
Godavari Drugs Limited	19,700	19,700	0.05	0.06
Twenty First Century Medicare Limited	19,400	19,400	0.04	0.07
Tamilnadu Newsprints & Papers Limited	100	100	-	-
			<b>0.58</b>	<b>0.76</b>
<b>Others (unquoted)</b>				
Escorts Skill Development <sup>^</sup>	9,500	9,500	-	-
Hughes Communications India Limited (refer (i) below)	-	20,74,492	-	45.90
Escorts Motors Limited (refer (ii) below)	-	1,00,000	-	1.64
			-	<b>47.54</b>
<b>In preference shares</b>				
<b>Subsidiaries</b>				
Escorts Finance Limited (10%, cumulative)	95,00,000	95,00,000	-	-

\*All equity shares are of ₹ 10 each unless otherwise stated.

<sup>^</sup>Amount less than ₹ 1 lakh

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(₹ crores)

	31 March 2019	31 March 2018
<b>Current investments</b>		
<b>Mutual funds (quoted)</b>		
Axis Liquid Fund (Direct) (Growth)	-	20.03
Axis Strategic Bond Fund (Direct) (Growth)	21.64	20.02
Aditya Birla Sun Life Credit Risk Fund (Direct) (Growth) (earlier Corporate Bond Fund)	0.94	0.88
Aditya Birla Sun Life Corporate Bond Fund (Regular) Growth	-	2.92
Aditya Birla Sun Life Cash Plus Fund (Direct) (Growth)	-	26.96
Aditya Birla Sun Life Medium Term Plan (Regular) (Growth)	-	0.05
Aditya Birla Sun Life Medium Term Plan (Direct) (Growth)	15.57	40.80
BSL Corporate Bond Fund (Direct) (Growth)	16.22	15.02
Edelweiss EAF Sr I Opt IV_1603 (Direct) (Growth)	-	10.06
Edelweiss Finvest Private Limited Structure Product	10.21	-
HDFC Credit Risk Fund (Direct) (Growth) (earlier Corporate Debt Opp. Fund)	21.30	14.01
HDFC Fmp - Series 39-1208 Days (Direct) (Growth)	26.74	25.13
HDFC Corporate Bond Fund (Direct) (Growth)	23.72	21.98
HDFC Short Term Debt Fund (Direct) (Growth)	21.58	20.02
ICICI Equity Arbitrage Fund (Direct) (Growth)	-	12.46
ICICI Fmp - Series 82 - 1136 Days (Direct) (Growth)	26.81	25.06
ICICI Bond Fund (Direct) (Growth)	42.50	39.80
ICICI Pru Money Market Fund (Direct) (Growth)	-	11.05
ICICI Pru Credit Risk Fund (Direct) (Growth)	10.78	-
IDFC Credit Risk Fund (Direct) (Growth)	32.09	6.01
IIFL - LWFEC825-140520 Structured Product	16.28	15.14
IIFL Capital Enhancer Fund	3.16	-
Kotak Equity Arbitrage Fund (Direct) (Growth)	-	15.00
Kotak Medium Term Fund (Direct) (Growth)	23.37	21.90
Kotak Floater ST Direct (Growth)	-	20.03
Kotak Standard Multicap Fund	1.35	-
L&T Resurgent India Bond Fund (Direct) (Growth)	23.22	15.01
SBI Premier Liquid Fund	-	15.03
UTI Fixed Term Income Fund Series XXVIII-XIII - 1134 Days (Direct) (Growth)	26.39	25.08
UTI Money Market Fund (Direct) (Growth)	-	20.03
UTI Short Term Income Fund (Direct) (Growth)	27.21	25.40
	<b>391.08</b>	<b>484.88</b>
<b>Bonds (unquoted)</b>		
ICICI deep discount bonds	0.01	0.01
	<b>0.01</b>	<b>0.01</b>
<b>Total</b>	<b>391.09</b>	<b>484.89</b>

Notes:

- (i) Investment in equity shares of Hughes Communications India Limited was sold during the year for a consideration of ₹ 50.08 crores to HNS-India VSAT, Inc. Monies received on account of this transaction has been included under note 13.
- (ii) Investment in equity shares of Escorts Motors Limited has been classified as held for sale during the year. Refer note 15 for details.
- (iii) Refer note 37 - Financial instruments for disclosure of fair value of investments and underlying assumptions.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 7 Loans

### (i) Non-current loans

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Loans receivables considered good-unsecured		
Security deposits	5.40	4.41
	<b>5.40</b>	<b>4.41</b>

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### (ii) Current loans

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Loans receivables considered good-unsecured		
Security deposits	5.51	5.94
	<b>5.51</b>	<b>5.94</b>

The carrying values are considered to be a reasonable approximation of their fair values.

## 8 Other financial assets

### (i) Non-current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Advances to related parties	-	2.93
Allowance for doubtful advances	-	(2.93)
	-	-

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### (ii) Current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Export incentives receivable	9.99	7.47
Claims receivable	0.60	0.91
Other recoverable		
-from related parties (refer note 47 for related party balances)	2.31	2.30
-from others	1.58	1.46
	<b>14.48</b>	<b>12.14</b>

The carrying values are considered to be a reasonable approximation of their fair values.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 9 (i) Deferred tax assets (net)

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset arising on account of :</b>		
Financial assets and financial liabilities at amortised cost	28.31	40.41
Provision for employee benefits and other liabilities deductible on actual payment	24.04	28.48
MAT credit entitlement	-	11.38
<b>Deferred tax liability arising on account of :</b>		
Property, plant and equipment, investment property and intangible assets	(92.48)	(89.52)
Investments carried at fair value	(12.74)	(10.46)
<b>Net deferred tax assets/(liabilities)</b>	<b>(52.87)</b>	<b>(19.71)</b>

Notes:

### (a) Movement in deferred tax assets for the year ended 31 March 2019 is as follows:

(₹ crores)

	Opening balance	Deferred tax (charge)/credit in profit and loss	Deferred tax (charge)/credit in other comprehensive income	Closing balance
<b>Deferred tax assets/(liabilities) in relation to:</b>				
Property, plant and equipment, investment property and intangible assets	(89.52)	(2.96)	-	(92.48)
Financial assets and financial liabilities at amortised cost	40.41	(12.10)	-	28.31
Provision for employee benefits and other liabilities deductible on actual payment	28.48	(5.05)	0.61	24.04
MAT credit entitlement	11.38	(11.38)	-	-
Investments carried at fair value	(10.46)	(7.40)	5.12	(12.74)
<b>Net deferred tax assets/(liabilities)</b>	<b>(19.71)</b>	<b>(38.89)</b>	<b>5.73</b>	<b>(52.87)</b>

### (b) Movement in deferred tax assets for the year ended 31 March 2018 is as follows:

(₹ crores)

	Opening balance	Deferred tax (charge)/credit in profit and loss	Deferred tax (charge)/credit in other comprehensive income	Closing balance
<b>Deferred tax assets/(liabilities) in relation to:</b>				
Property, plant and equipment, investment property and intangible assets	(78.99)	(10.53)	-	(89.52)
Financial assets and financial liabilities at amortised cost	36.35	4.06	-	40.41
Provision for employee benefits and other liabilities deductible on actual payment	31.56	(2.89)	(0.19)	28.48
MAT credit entitlement	63.43	(52.05)	-	11.38
Investments carried at fair value	(5.31)	(3.71)	(1.44)	(10.46)
<b>Net deferred tax assets/(liabilities)</b>	<b>47.04</b>	<b>(65.12)</b>	<b>(1.63)</b>	<b>(19.71)</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 9 (ii) Tax expense

The income tax expense consists of the following:

	(₹ crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Current tax</b>		
Current tax expense	198.63	98.98
Deferred tax expense / (credit)	38.89	65.12
<b>Total income tax expense recognised for continuing operations</b>	<b>237.52</b>	<b>164.10</b>
Tax expense of discontinued operations	0.66	-
<b>Total tax expense</b>	<b>238.18</b>	<b>164.10</b>

### Notes:

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	(₹ crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Profit before income tax from continuing and discontinued operations	723.09	508.82
Statutory income tax rate	34.94%	34.61%
Expected income tax expense	252.68	176.09
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense</b>		
Tax on expense not eligible for deduction	2.21	1.37
Weighted and standard deduction for certain expenditure under Income Tax Act, 1961	(13.30)	(10.30)
Adjustment for tax expense/(benefit) pertaining to prior years	2.68	(6.34)
Impact of different tax rate on certain items	-	0.32
Utilisation of capital tax losses for which no deferred tax asset was recognised in the previous years	(3.81)	-
Others	(2.28)	2.96
<b>Total income tax expense</b>	<b>238.18</b>	<b>164.10</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 10 Other assets

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>(i) Non-current</b>		
Prepaid expenses	5.21	0.27
Capital advances	23.53	15.54
Deposits with statutory authorities*	67.98	65.49
	<b>96.72</b>	<b>81.30</b>
Allowance for doubtful advances	(2.08)	(2.04)
	<b>94.64</b>	<b>79.26</b>

\* includes deposit paid under protest with statutory authorities.

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>(ii) Current</b>		
Advances to suppliers	18.36	13.25
Prepaid expenses	4.62	11.23
Balances with statutory authorities	280.58	129.48
Other advances	21.76	23.14
	<b>325.32</b>	<b>177.10</b>
Allowance for doubtful advances	(26.41)	(27.52)
	<b>298.91</b>	<b>149.58</b>

## 11 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Raw materials and components</b>	267.00	221.95
Goods-in-transit	51.39	18.52
	<b>318.39</b>	<b>240.47</b>
<b>Work-in-progress</b>	<b>35.07</b>	<b>36.52</b>
<b>Finished goods</b>	302.67	150.34
Goods-in-transit	64.63	26.07
	<b>367.30</b>	<b>176.41</b>
<b>Stock-in-trade</b>	80.11	64.82
Goods-in-transit	0.32	1.43
	<b>80.43</b>	<b>66.25</b>
<b>Stores and spares</b>	13.56	13.52
<b>Loose tools</b>	7.18	7.89
	<b>821.93</b>	<b>541.06</b>

(i) Refer note 18 and 46 for inventories pledged as security for liabilities .

(ii) Amount of write down and reversal of write down of inventories recognised in statement of profit and loss:

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(₹ crores)

Particulars	Amount
<b>Allowance for obsolete and slow moving inventories as at 1 April 2017</b>	<b>26.21</b>
Add: write-down recognised during the year	13.62
Less: reversal of write-down during the year	(0.32)
Less: write-off against allowance during the year	(5.69)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2018</b>	<b>33.82</b>
Add: write-down recognised during the year	17.07
Less: write-off against allowance during the year	(21.74)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2019</b>	<b>29.15</b>

## 12 Trade receivables

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Trade receivables considered good - secured	87.27	85.53
Trade receivables considered good - unsecured	854.74	532.57
Trade receivables credit impaired	38.77	41.07
	<b>980.78</b>	<b>659.17</b>
Allowance for doubtful receivables		
Unsecured, considered good (expected credit loss)	(10.05)	(18.12)
Credit impaired	(38.77)	(41.07)
	<b>(48.82)</b>	<b>(59.19)</b>
	<b>931.96</b>	<b>599.98</b>

- (i) Refer note 18 and 46 for trade receivables pledged as security for liabilities.
- (ii) Refer note 37 - Financial instruments for assessment of expected credit losses.
- (iii) The carrying values are considered to be a reasonable approximation of their fair values.
- (iv) Trade receivables include ₹ 23.35 crores (31 March 2018 ₹ 24.37 crores) due from related parties. For details refer note 47 - related party disclosures

## 13 Cash and cash equivalents

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Balances with banks in current accounts	27.74	39.69
Remittance in transit	50.08	-
Cash on hand	-	0.01
Debit balance in cash credit accounts	5.08	67.04
Bank deposits with maturity less than 3 months	2.90	42.00
	<b>85.80</b>	<b>148.74</b>

The carrying values are a reasonable approximation of their fair values.



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 14 Other bank balances

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
Earmarked bank balances	1.28	1.40
Fixed deposits with maturity of more than 3 months but less than 12 months	0.19	27.52
Margin money deposits	0.12	0.12
Escrow account	142.68	134.12
	<b>144.27</b>	<b>163.16</b>

- (i) Earmarked balances with banks largely pertain to unclaimed dividends.
- (ii) ₹ 0.19 crores (31 March 2018: ₹ Nil) represents deposits with original maturity for more than 3 months but less than 12 months, held by the entity and are not available for use by the Company, as these are pledged against loans.
- (iii) Balance in Escrow account is not available for use by the Company, refer note 21 (ii) for details.
- (iv) ₹ 0.12 crores (31 March 2018: ₹ 0.12 crores) represent margin money pledged with various authorities.
- (v) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the reporting year and prior year.
- (vi) The carrying values are a reasonable approximation of their fair values.

## 15 Assets held for sale

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
Assets held for sale	13.92	9.00
	<b>13.92</b>	<b>9.00</b>

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
<b>Details of assets held for sale:</b>		
Land	9.00	9.00
Investment in equity instruments of Hughes Communications India Limited	3.25	-
Investment in equity instruments of Escorts Motors Limited	1.67	-
<b>Total</b>	<b>13.92</b>	<b>9.00</b>

Notes:

### (i) Details of assets held for sale :

- a. The Company executed an agreement to sell in earlier years, for transfer of 25 acres of land at Plot No. 219, Sector 58, Ballabgarh, Haryana for a consideration of ₹ 9.00 crores. The said transfer is subject to necessary approval from HUDA and accordingly the consideration amount of ₹ 9.00 crores is being classified in other current liabilities. Owing to the inordinate delay in obtaining approval from HUDA, the transfer has been delayed for more than a year that was not originally envisaged. However, the Company is taking necessary action to respond to the current conditions and favorable resolution is expected. Therefore, such land continues to be classified as held for sale.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

- b. During the year, the Company purchased 135,000 equity instruments of Hughes Communications India Limited from Escorts Employee Welfare Limited at a purchase price of ₹ 3.25 crores. Also, the Company has entered into an agreement with HNS-India VSAT, Inc. for the sale of these equity shares at a consideration of ₹ 3.25 crores. Therefore, such equity shares have been classified as 'held for sale'.
- c. During the year, the Company has entered into a agreement with HNS-India VSAT, Inc. for the sale of equity shares of Escorts Motors Limited at a consideration of ₹ 1.67 crores. Therefore, such equity shares have been classified as 'held for sale'.

## (ii) Non-recurring fair value measurements

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹ 0.76 crores was made in earlier years on account of such measurement for land. This is Level 3 measurement as per fair value hierarchy set out in fair value measurement disclosures (refer note 37). For other investments in equity shares classified as 'held for sale', expected sale value is higher or equal to the carrying value. Therefore, no write down was required.

## 16 Equity Share Capital

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Authorised</b>		
40,10,00,000 (previous year 40,10,00,000) Equity shares of ₹ 10 each	401.00	401.00
88,80,00,000 (previous year 88,80,00,000) Unclassified shares of ₹ 10 each	888.00	888.00
	<b>1,289.00</b>	<b>1,289.00</b>
<b>Issued, subscribed and fully paid-up</b>		
12,25,76,878 (previous year 12,25,76,878) Equity shares of ₹ 10 each	122.58	122.58
	<b>122.58</b>	<b>122.58</b>

## (a) Reconciliation of number of shares

(₹ crores)

	As at 31 March 2019		As at 31 March 2018	
	No of shares	₹ crores	No of shares	₹ crores
Equity shares at the beginning of the year	12,25,76,878	122.58	12,25,76,878	122.58
Changes during the year	-	-	-	-
<b>Equity shares at the end of the year</b>	<b>12,25,76,878</b>	<b>122.58</b>	<b>12,25,76,878</b>	<b>122.58</b>

## (b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of shares, i.e., equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (c) Details of shareholders holding more than 5% shares in the Company

(₹ crores)

	As at 31 March 2019		As at 31 March 2018	
	No of shares	% holding	No of shares	% holding
Escorts Benefit and Welfare Trust	3,37,00,031	27.49	3,37,00,031	27.49
Harprasad and Company Private Limited	1,05,26,308	8.59	1,05,26,308	8.59
Jhunjhunwala Rakesh Radheyshyam	1,00,00,000	8.16	1,00,00,000	8.16

(d) The Company has issued total 5,37,100 (31 March 2018: 5,37,100) equity shares to employees (through Escorts Employees Benefit and Welfare Trust) on exercise of option granted under the Employee Stock Option Scheme 2006, wherein part consideration was received in form of employee services.

## (e) Shares reserved for issue under options

(₹ crores)

	As at	As at
	31 March 2019	31 March 2018
	No of shares	No of shares
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	30,74,512	30,74,512

For terms and other details refer note 40

## 17 Other equity

(₹ crores)

	As at	As at
	31 March 2019	31 March 2018
<b>Capital reserve</b>	97.40	97.40
Capital redemption reserve	4.00	4.00
<b>General reserve</b>		
Opening balance	730.95	513.86
Add: amount received as beneficiary of treasury stock sold by Escorts Benefit and Welfare Trust (refer note 45)	-	217.09
	<b>730.95</b>	<b>730.95</b>
<b>Securities premium</b>		
Opening balance	456.69	456.59
Add: transferred from employees' stock option outstanding account against options exercised during the year	-	0.10
	<b>456.69</b>	<b>456.69</b>
<b>Employees' stock option outstanding account</b>		
Opening balance	-	0.10
Add: charge for the year	4.03	-
Less: transferred to Securities premium against options exercised during the year	-	(0.10)
	<b>4.03</b>	<b>-</b>
<b>Treasury shares</b>		
Opening balance	(25.99)	(26.22)
Less: adjustment for options exercised during the year	-	0.23
	<b>(25.99)</b>	<b>(25.99)</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Retained earnings</b>		
Opening balance	1,123.01	793.98
Add: net profit for the year	484.91	344.72
Less: equity dividend (during FY 2018-19: ₹ 2.00 per share paid for FY 2017-18) (during FY 2017-18: ₹ 1.50 per share paid for FY 2016-17)	(23.90)	(17.93)
Less : tax on equity dividend	(5.04)	(3.74)
Add: dividend received on beneficial interest of Company in shares held by Escorts Benefit and Welfare Trust (refer note 45)	6.73	5.59
Add : transferred to Retained Earnings on account of disposal of investment in equity instruments classified as fair value through other comprehensive income	48.00	-
Add: remeasurement of defined benefit plans (net of tax)	(1.13)	0.39
	<b>1,632.58</b>	<b>1,123.01</b>
<b>Other comprehensive income, net of tax</b>		
<b>Equity instruments measured at fair value through other comprehensive income</b>		
Opening balance	39.47	28.87
Add : changes during the year	9.15	10.60
Less: transfer to retained earnings	(48.00)	-
	<b>0.62</b>	<b>39.47</b>
	<b>2,900.28</b>	<b>2,425.53</b>

## Nature and purpose of reserves:

### (i) Securities premium

Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

### (ii) Employee's stock options outstanding account

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

### (iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

### (iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of consideration paid at the time of amalgamation done in earlier years. This reserve is not available for the distribution to the shareholders.

### (v) Treasury shares

Treasury shares represents Company's own equity shares held by Escorts Employees Benefit and Welfare Trust, which is created for the purpose of issuing equity shares to employees under Company's stock option plan.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (vi) General reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

## (vii) Other comprehensive income (OCI)

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## 18 Borrowings

### (i) Non-current borrowings

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Term loans from banks	-	13.38
Other loans from financial institutions	0.03	0.18
Finance lease obligations (refer note 41)	0.12	0.12
	<b>0.15</b>	<b>13.68</b>
Current maturities of long-term borrowings (refer note 19)	7.51	36.38
	<b>7.66</b>	<b>50.06</b>

Notes:

**a. Rate of interest** - The Company's borrowings from banks are at an effective weighted average rate of 9.98 % (31 March 2018: 10.26%)

### b. Other terms

(₹ crores)

Nature of security	31 March 2019	31 March 2018
(i) Term loan from IDBI Bank is secured by first charge by way of equitable mortgage of freehold immovable property being a part of Site no.2, Sector-13, Faridabad. The same stands fully repaid by July 2018.	-	17.50
(ii) Term loan from State Bank of India is secured by exclusive first charge on the plant and machinery acquired/to be acquired out of the said term loan and exclusive charge by way of equitable mortgage of freehold immovable property being a part of Site no.2, Sector-13, Faridabad. The same is repayable in equal quarterly instalments starting from 31 December 2017.	7.34	32.14
(iii) Finance lease obligations are secured by the hypothecation of assets financed. Refer note 41 for repayment schedule for these obligations.	0.12	0.12
(iv) Vehicle and other loans are secured by the hypothecation of respective equipment and vehicles and are repayable in equal monthly installments.	0.20	0.35
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	-	(0.05)
	<b>7.66</b>	<b>50.06</b>

**c. Refer note 37** - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (ii) Current borrowings

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Cash Credit and other working capital facilities from banks	269.23	-
	<b>269.23</b>	<b>-</b>

### (a) Security details

Cash Credit and other working capital facilities from banks are secured against first pari passu charge on current assets and second charge on moveable fixed assets (excluding assets specifically charged to other term loan lenders). These facilities carried interest in the range of 5.50% - 9.65% p.a. in year ended 31 March 2019 (31 March 2018: 6.75%-10.75% p.a).

(b) The carrying values are considered to be reasonable approximation of their fair values.

### (iii) Reconciliation of financial liabilities arising from financing activities:

(₹ crores)

	Non-current borrowings and Current maturities of long-term borrowings	Current borrowings
<b>Opening balance as at 1 April 2017</b>	<b>103.79</b>	<b>159.02</b>
<b>Cash flows:</b>		
Repayments	(54.15)	(158.98)
Interest paid	(12.08)	(8.84)
Interest expenses	12.50	8.80
<b>Closing balance as at 31 March 2018</b>	<b>50.06</b>	<b>-</b>
<b>Cash flows:</b>		
Proceeds/(repayments)	(42.45)	269.23
Interest paid	(4.89)	(7.99)
Interest expenses	4.94	7.99
<b>Closing balance as at 31 March 2019</b>	<b>7.66</b>	<b>269.23</b>

## 19 Other financial liabilities

### (i) Other non-current financial liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Security deposits	17.33	14.09
	<b>17.33</b>	<b>14.09</b>

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (ii) Other current financial liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (refer note 18)	7.51	36.38
Capital creditors	32.07	20.33
Security deposits	0.85	1.00
Unpaid dividends*	1.28	1.40
Payable to related parties (refer note 47)	2.39	1.79
Employee related payables	71.23	66.65
Retention money	0.63	0.77
Other payables	19.61	20.12
	<b>135.57</b>	<b>148.44</b>

\*Investor Education and Protection Fund will be credited as and when due

The carrying values are considered to be a reasonable approximation of their fair values.

## 20 Other liabilities

### (i) Other non-current liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Deferred income	10.80	9.40
	<b>10.80</b>	<b>9.40</b>

### (ii) Other current liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Advances received from customers	41.15	38.28
Advance against sale of property, plant and equipment	9.00	9.00
Payable to statutory authorities	32.91	38.79
Deferred income	22.84	13.55
Others	25.29	25.29
	<b>131.19</b>	<b>124.91</b>

## 21 Provisions

### (i) Non-current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Provision for employee benefits</b>		
Provision for compensated absences	13.82	12.72
Provision for pension	4.80	-
<b>Others</b>		
Provision for warranty	5.83	2.60
	<b>24.45</b>	<b>15.32</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (ii) Current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Provision for employee benefits</b>		
Provision for gratuity	38.88	45.51
Provision for compensated absences	2.09	2.93
Provision for pension	0.67	-
<b>Others</b>		
Provision for warranty	13.35	11.99
Provision for claims	65.00	72.40
	<b>119.99</b>	<b>132.83</b>

Notes:

### 1 Information about individual provisions:

#### Provision for claims

- a) During the year 2004-05, the Company sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated 25 September 2005. At the time of sale, EHIRCL had certain pending income-tax demands. For this purpose and in terms of said SPA, an amount of ₹ 64.99 crores had been kept under Escrow as fixed deposit by the Company, which after renewal(s) along with interest cumulatively amounts to ₹ 142.68 crores as on 31 March 2019 (31 March 2018: ₹ 134.12 crores). In accordance with the terms of said SPA, the Company has undertaken to indemnify the purchaser against the aforesaid tax demands arising on EHIRCL upon final adjudication in law, to the maximum extent of funds lying in the Escrow Account plus one-third of the remaining tax demand in excess of the balance in the Escrow Account or as may be finally settled between the parties. Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹ 65.00 crores on 31 March 2019 (31 March 2018: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the appeals in their favour. The income-tax department has filed second appeal(s) before the Appellate Tribunal where these are pending.
- b) Farmtrac North America, LLC (FNA), previously subsidiary of the Company had entered into a distribution agreement for distribution of tractors manufactured by M/s L S Mtron (LSC). During 2006-07, FNA however defaulted in making payments to LSC for the tractors supplied to them. LSC initiated International Arbitration conducted by ICC against the Company. FNA is currently under receivership and its assets had been disposed off by the Receiver and proceeds were distributed to secured creditors. A settlement agreement was executed between the Company and LSC during FY 2015-16 and according to such settlement agreement, out of the total amount payable ₹ 47.67 crores, 50% was paid during FY 2015-16 and balance was payable in three equal yearly installments, thereafter. In terms of the settlement agreement, the Company has made the entire payment during the year with the last installment of ₹ 7.40 crores.

#### Provision for warranty

The Company gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/replacement. The timing of outflows is expected to be within a period of one to five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to incur the related expenditure over the future periods.



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 2 Movement in other provisions :

(₹ crores)

	Provision for claims	Provision for warranty
<b>Provision at 1 April 2017</b>	<b>78.93</b>	<b>11.18</b>
Additions during the year	-	12.92
Amount utilised during the year	(7.75)	(9.65)
Unwinding of discount and effect of change in discount rate	1.21	0.14
Exchange fluctuation	0.01	-
<b>Provision at 31 March 2018</b>	<b>72.40</b>	<b>14.59</b>
Additions during the year	-	18.02
Amount utilised during the year	(8.24)	(13.43)
Unwinding of discount and effect of change in discount rate	0.46	-
Exchange fluctuation	0.38	-
<b>Provision at 31 March 2019</b>	<b>65.00</b>	<b>19.18</b>

3 For disclosures on employee benefits, refer note 39.

## 22 Trade payables

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Acceptances	184.31	180.69
Trade payables		
-due to micro, small and medium enterprises (refer note 43)	32.98	32.94
-due to others	798.34	803.90
Other accrued liabilities	196.87	207.94
	<b>1,212.50</b>	<b>1,225.47</b>

The carrying values are considered to be a reasonable approximation of their fair values.

## 23 Revenue from operations

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Operating revenue</b>		
Sale of products*		
Export	221.46	187.58
Domestic	5,895.30	4,786.57
	<b>6,116.76</b>	<b>4,974.15</b>
<b>Other operating revenue</b>		
Sale of services	14.01	15.17
Export incentives	10.58	10.35
Scrap sales	30.28	13.98
Liabilities no longer required written back	21.79	-
Others	2.94	2.32
	<b>79.60</b>	<b>41.82</b>
	<b>6,196.36</b>	<b>5,015.97</b>

\* including excise duty till 30 June 2017

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 24 Other income

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest from</b>		
Bank deposits	10.54	9.10
Other financial assets carried at amortised cost	23.16	13.74
Others	-	1.11
	<b>33.70</b>	<b>23.95</b>
<b>Other income</b>		
Gain on foreign currency transactions (net)	2.03	5.91
Lease rentals	1.80	2.44
Gain on sale of investments (net)	12.46	7.18
Gain on fair valuation of investments carried at fair value through profit or loss (net)	21.18	10.56
Gain on disposal of property, plant and equipment (net)	1.53	2.79
Miscellaneous income	8.15	6.58
	<b>47.15</b>	<b>35.46</b>
	<b>80.85</b>	<b>59.41</b>

## 25 Cost of materials consumed

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>(i) Cost of material consumed</b>		
Opening stock	240.47	148.96
Purchases	4,118.19	3,251.39
	<b>4,358.66</b>	<b>3,400.35</b>
Closing stock	(318.39)	(240.47)
Add: cost of material consumed for discontinued operations	0.01	(3.84)
	<b>4,040.28</b>	<b>3,156.04</b>
<b>(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods</b>		
<b>Opening stock</b>		
Finished goods	176.41	163.89
Work-in-progress	36.52	35.16
Stock-in-trade	66.25	59.39
	<b>279.18</b>	<b>258.44</b>
<b>Closing stock</b>		
Finished goods	(367.30)	(176.41)
Work-in-progress	(35.07)	(36.52)
Stock-in-trade	(80.43)	(66.25)
	<b>(482.80)</b>	<b>(279.18)</b>
	<b>(203.62)</b>	<b>(20.74)</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 26 Employee benefits expense

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	407.37	381.05
Share based payments to employees (refer note 40)	4.03	-
Post-employment and other long term benefits expense (refer note 39)	13.46	10.68
Contribution to provident and other funds (refer note 39)	17.19	16.63
Staff welfare	29.69	22.72
	<b>471.74</b>	<b>431.08</b>

## 27 Finance costs

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on		
Long term loans	2.42	8.86
Cash credit and short term loans	7.99	8.84
Others	0.26	3.74
Finance and bank charges	3.62	4.90
Unwinding of discount on provisions and financial liabilities carried at amortised cost	4.19	2.23
	<b>18.48</b>	<b>28.57</b>

## 28 Depreciation and amortisation

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Depreciation on</b>		
Property, plant and equipment	71.09	58.31
Investment property	0.14	0.15
<b>Amortisation on</b>		
Intangible assets	14.14	14.02
	<b>85.37</b>	<b>72.48</b>

## 29 Other expenses

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Stores and spares consumed	48.84	37.62
Power, fuel and electricity	42.15	37.18
Repair and maintenance		
Building	10.55	8.05
Machinery	14.55	12.49
Others	27.42	23.46
Outsourcing expenses	36.28	30.87
Warranties and after sale service	36.43	18.50

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Rent	10.55	7.61
Research and development expense on projects	6.60	11.86
Rates and taxes	2.66	2.64
Insurance	5.93	4.52
Traveling and conveyance	56.35	51.48
Postage and telephones	5.90	6.19
Manpower hiring on contract	106.71	84.87
Legal and professional (refer note 33)	56.47	51.63
Commission, discounts and sales incentive	10.13	12.71
Advertisement and promotional expenses	86.68	49.84
Royalty paid	30.58	24.77
Packing, freight and forwarding	103.62	102.01
Security charges	5.87	5.80
Printing and stationery	4.44	3.67
Director's sitting fees and commission	7.99	11.23
Corporate social responsibility (CSR) expenditure *	6.13	3.25
Provision for doubtful debts/advances and deposits	0.79	10.45
Bad debts and inventory written off	19.13	5.63
Less : Provision already held	(19.13)	(5.63)
Assets written off	1.08	0.13
Miscellaneous expenses	25.98	25.89
	<b>750.68</b>	<b>638.72</b>
<b>* CSR Expenditure</b>		
(i) Gross amount required to be spent by the Company during the year	5.92	3.08
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	6.13	3.25

## 30 Exceptional items

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Voluntary retirement scheme expenses	-	(6.76)
Income from transfer of assets under Business Transfer Agreement (refer note 44 (b))	10.91	-
	<b>10.91</b>	<b>(6.76)</b>

## 31 Discontinued operations

### (i) Description

Pursuant to approval of the Board and execution of the Asset Purchase Agreement (Agreement) dated 11 August 2016, the Company had divested its OEM and Export business of its Auto Product Division. The said divestment became effective w.e.f. 6 December 2016 upon completion of defined actions and covenants as per the Agreement. The Company shall continue to pursue its sale of auto products in after market operations.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (ii) Financial performance and cash flow information

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Total income	2.82	5.88
Total expenses	0.93	5.88
Profit before exceptional items and tax	1.89	-
Income tax expense	0.66	-
Profit for the year from discontinued operations	<b>1.23</b>	-

\*This includes income/expenses on providing/writing off/writing back various unrecoverable/unpayable amounts in respect to various items of inventories, trade receivables, other assets, trade payables and other liabilities

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Net cash outflow from operating activities	-	-
Net cash inflow from investing activities	-	-
Net cash outflow from financing activities	-	-
Net cash inflow/(outflow) from discontinued operation	-	-

## 32 Earnings per share (EPS)

(₹ crores)

	For year ended 31 March 2019	For year ended 31 March 2018
<b>Net profit from</b>		
Continuing operations	483.68	344.72
Discontinued operation	1.23	-
<b>Net profit for the year from continuing and discontinued operations</b>	<b>484.91</b>	<b>344.72</b>
Profit from continuing operations (A)	483.68	344.72
<b>Total shares issued</b>	<b>12,25,76,878</b>	<b>12,25,76,878</b>
less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust at the beginning of the year	30,74,512	31,01,612
add: weighted average number of options exercised during the year	-	23,165
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>11,95,02,366</b>	<b>11,94,98,431</b>
Effect of dilution :		
Weighted average number of share options granted to employees	-	-
<b>Weighted average number of equity shares adjusted for the effect of dilution (C)</b>	<b>11,95,02,366</b>	<b>11,94,98,431</b>
Basic EPS (Amount in ₹) (A/B)	40.48	28.85
Diluted EPS (Amount in ₹) (A/C)	40.48	28.85
Profit from discontinued operations (A)	1.23	-
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>11,95,02,366</b>	<b>11,94,98,431</b>
Effect of dilution :		
Weighted average number of share options granted to employees	-	-
<b>Weighted average number of equity shares adjusted for the effect of dilution (C)</b>	<b>11,95,02,366</b>	<b>11,94,98,431</b>
Basic EPS (Amount in ₹) (A/B)	0.10	-
Diluted EPS (Amount in ₹) (A/C)	0.10	-
Profit from continuing operations and discontinued operations (A)	484.91	344.72
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>11,95,02,366</b>	<b>11,94,98,431</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(₹ crores)

	For year ended 31 March 2019	For year ended 31 March 2018
Effect of dilution :		
Weighted average number of share options granted to employees	-	-
<b>Weighted average number of equity shares adjusted for the effect of dilution (C)</b>	<b>11,95,02,366</b>	<b>11,94,98,431</b>
Basic EPS (Amount in ₹) (A/B)	40.58	28.85
Diluted EPS (Amount in ₹) (A/C)	40.58	28.85

### 33 Legal and professional expenses includes payments to auditor

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>As Auditor:</b>		
Audit fee	1.00	0.90
Tax audit fee	0.10	0.10
Certification and other services	0.05	0.05
For reimbursement of expenses	0.06	0.06

### 34 Commitments and contingencies\*\*

(₹ crores)

	As At 31 March 2019	As At 31 March 2018
<b>A. Capital commitments</b>		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	190.21	91.12
- Letter of Credit/guarantees executed in favour of others	29.23	34.35
<b>B. Contingencies</b>		
(i) Taxation related contingencies		
Excise duty/ customs duty /service tax demands	460.42	459.05
Sales tax and other demands	75.72	82.11
Demand raised by income tax department, disputed by the Company and pending in appeal*	65.91	64.54
(ii) Others		
Cases under litigation relating to :		
- Personnel	4.52	4.09
- Others	29.89	33.45
(iii) Claims not acknowledged as debts	0.55	0.60
(iv) ESI additional demand not acknowledged as liability	-	0.13
(v) Demand raised by Faridabad Municipal Corporation for external development charges where the Company is in litigation	2.38	2.38

Notes:

\*Contingencies for demand raised by income tax department, disputed by the Company and pending in appeal does not include income tax cases pending w.r.t. Escorts Heart Institute and Research Center Limited. Since the amount is indeterminable (refer note 21 for details). Further the amount includes ₹ 32.17 crores (31 March 2018 ₹ 32.17 crores) in respect of matters which have been decided in favour of the Company, however the income tax department has preferred appeals at the next levels.

\*\* The amounts indicated as contingent liability or claims against the Company only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered. Also the penalties wherever quantified have not been included, since the Company believes that there has been no concealment of income and accordingly, any liability on this account is considered remote.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

The management has determined the impact of recent judgment of Hon'ble Supreme Court of India in relation to interpretation of definition of "basic wages" under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and as per its assessment, that is not significant.

## 35 Loss from agricultural business :

	(₹ crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Expenses	0.27	0.23
Sales and other income	-	0.02
<b>Net loss from agricultural activities</b>	<b>(0.27)</b>	<b>(0.21)</b>

## 36 Research and development

(i) Research and development costs on in house R&D centers amounting to ₹ 111.25 crores (31 March 2018: ₹ 100.40 crores) were incurred during the year.

	(₹ crores)			
Particulars	Tractor		Construction equipment	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Cost of materials consumed	8.29	0.84	0.02	-
Employee benefits expense	50.13	42.46	6.69	5.48
Other expenses	25.40	31.62	1.69	2.32
Depreciation	17.08	16.03	1.95	1.65
<b>Total</b>	<b>100.90</b>	<b>90.95</b>	<b>10.35</b>	<b>9.45</b>

(ii) Assets purchased/capitalised for research and development centers\*:

	(₹ crores)	
Description	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
<b>Gross carrying value</b>		
<b>As at 1 April 2017</b>	<b>255.53</b>	<b>10.30</b>
Additions	11.69	1.10
Disposals	(3.80)	-
<b>As at 31 March 2018</b>	<b>263.42</b>	<b>11.40</b>
Additions	21.29	2.00
Disposals	(4.37)	(0.01)
<b>As at 31 March 2019</b>	<b>280.34</b>	<b>13.39</b>
<b>Accumulated depreciation and amortisation</b>		
<b>As at 1 April 2017</b>	<b>80.71</b>	<b>5.01</b>
Depreciation and amortisation for the year	16.03	1.65
Disposals	(3.75)	-
<b>As at 31 March 2018</b>	<b>92.99</b>	<b>6.66</b>
Depreciation and amortisation for the year	17.08	1.95
Disposals	(4.28)	-
<b>As at 31 March 2019</b>	<b>105.79</b>	<b>8.61</b>
<b>Net block as at 31 March 2018</b>	<b>170.43</b>	<b>4.74</b>
<b>Net block as at 31 March 2019</b>	<b>174.55</b>	<b>4.78</b>

\* Exclude capital advance/capital work-in-progress

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(iii) Expenses on research and development as percentage to gross turnover is:

	31 March 2019	31 March 2018
Tractor	1.65%	1.83%
Construction equipment	0.17%	0.19%

## 37 Financial instruments

### A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

	Note	As At 31 March 2019	As At 31 March 2018
(₹ crores)			
<b>Financial assets measured at fair value</b>			
Investments measured at			
Fair value through other comprehensive income	6 (i)	0.58	48.30
Fair value through profit and loss	6 (ii)	391.09	484.89
<b>Financial assets measured at amortised cost</b>			
Trade receivables	12	931.96	599.98
Loans	7	10.91	10.35
Cash and cash equivalents	13	85.80	148.74
Other bank balances	14	144.27	163.16
Other financial assets	8	14.48	12.14
<b>Total</b>		<b>1,579.09</b>	<b>1,467.56</b>
<b>Financial liabilities measured at amortised cost</b>			
Borrowings (including current maturities of long-term borrowings)	18, 19 (ii)	276.89	50.06
Trade payables	22	1,212.50	1,225.47
Other financial liabilities	19	145.39	126.15
<b>Total</b>		<b>1,634.78</b>	<b>1,401.68</b>

Investment in subsidiaries, joint ventures and associates are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

### B Fair values hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crores)				
As at 31 March 2019	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
Investments measured at				
Fair value through other comprehensive income	0.58	-	-	0.58
Fair value through profit and loss	391.09	-	-	391.09

(₹ crores)				
As at 31 March 2018	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
Investments measured at				
Fair value through other comprehensive income	0.76	-	47.54	48.30
Fair value through profit and loss	484.89	-	-	484.89

### a. Valuation process and technique used to determine fair value

- (i) The fair value of quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.
- (ii) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- (iii) In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. The techniques used by the valuer are as follows:
  - a) Asset approach - Net assets value method
  - b) Income approach - Discounted cash flows ("DCF") method
  - c) Market approach - Enterprise value/Sales multiple method

### b. Significant unobservable inputs used in Level 3 fair values and sensitivity of the closing values as at end of reporting period to such inputs is as below :

#### *Unquoted equity shares*

(₹ crores)		
Description	31 March 2019	31 March 2018
<b>Impact on fair value if change in earnings growth rate</b>		
- Impact due to increase of 0.00 % for 2019 and 0.50 % for 2018	-	0.36
- Impact due to decrease of 0.00 % for 2019 and 0.50 % for 2018	-	(0.36)
<b>Impact on fair value if change in risk adjusted discount rate</b>		
- Impact due to increase of 0.00 % for 2019 and 0.50 % for 2018	-	(1.79)
- Impact due to decrease of 0.00 % for 2019 and 0.50 % for 2018	-	1.84

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

c. The following table presents the changes in level 3 items for the periods ended 31 March 2019 and 31 March 2018:

(₹ crores)	
Particulars	Unquoted equity shares
<b>As at 1 April 2017</b>	<b>35.73</b>
Gain recognised in other comprehensive income	11.81
<b>As at 31 March 2018</b>	<b>47.54</b>
Gain recognised in other comprehensive income	4.21
Investments sold during the year (refer note 6 for details)	(50.08)
Investments classified as held for sale during the year (refer note 15 for details)	(1.67)
<b>As at 31 March 2019</b>	<b>-</b>

## B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ crores)		
	Carrying value	Fair value
<b>As at 31 March 2019</b>		
Loans given	5.40	5.41
Security deposits received	17.33	18.65

(₹ crores)		
	Carrying value	Fair value
<b>As at 31 March 2018</b>		
Loans given	4.41	4.43
Security deposits received	14.09	15.68

The management assessed that fair values of current loans, other current financial assets, cash and cash equivalents, other bank balances, trade receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.
- (ii) The fair values of the Company's fixed interest-bearing loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2019 was assessed to be insignificant.
- (iii) All the other long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## C Financial Risk Management

### Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageng analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

### C.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

The Company provides for expected credit loss on financial assets other than trade receivables based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	Other financial assets - 12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss
High credit risk	Other financial assets	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher

\*As the Company's trade receivables do not contain significant financing component, it measures the loss allowance in respect thereof at an equal amount equal to lifetime expected credit losses

## *Financial assets (other than trade receivables) that expose the entity to credit risk\* –*

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
<b>(i) Low credit risk on financial reporting date</b>		
Loans	10.91	10.35
Cash and cash equivalents	85.80	148.74
Other bank balances	144.27	163.16
Other financial assets	14.48	12.14
<b>(ii) High credit risk</b>		
Other financial assets	-	2.93

\*These represent carrying values of financial assets, without deduction for expected credit losses

## *Cash and cash equivalents and bank deposits*

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

## *Trade receivables*

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. In case of trade receivables, default is considered to have occurred when amounts receivable become one year past due.

## *Other financial assets measured at amortised cost*

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place ensure the amounts are within defined limits.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

b) **Expected credit losses for financial assets**

i) **Financial assets (other than trade receivables)**

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The details of expected credit loss recorded for all sub categories of financial assets (other than trade receivables) are disclosed below.

## 31 March 2019

(₹ crores)				
Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	85.80	0%	-	85.80
Other bank balances	144.27	0%	-	144.27
Loans	10.91	0%	-	10.91
Other financial assets	14.48	0%	-	14.48

## 31 March 2018

(₹ crores)				
Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	148.74	0%	-	148.74
Other bank balances	163.16	0%	-	163.16
Loans	10.35	0%	-	10.35
Other financial assets	15.07	19.4%	2.93	12.14

ii) **Expected credit loss for trade receivables under simplified approach**

The Company recognises lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default (net of any recoveries from the insurance companies) relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for).

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## Agri machinery

(₹ crores)

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-365 days past due	More than 365 days past due	Total
Gross carrying amount- trade receivables	545.74	60.08	72.16	15.61	1.72	10.25	705.56
Expected loss rate	0.02%	0.47%	1.38%	2.16%	37.11%	100.00%	
Expected credit loss (loss allowance provision net off trade receivables secured by insurance)	0.11	0.28	0.99	0.34	0.64	10.25	12.61

## Construction equipment

(₹ crores)

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-365 days past due	More than 365 days past due	Total
Gross carrying amount- trade receivables	139.46	21.30	7.60	1.64	1.72	19.73	191.45
Expected loss rate	0.48%	5.11%	23.53%	42.30%	68.33%	100.00%	
Expected credit loss (loss allowance provision net off trade receivables secured by insurance)	0.67	1.09	1.79	0.69	1.17	19.73	25.14

Particulars	31 March 2019	
	Auto products*	Railway products
Gross sales in respect of customers where no specific default has occurred	-	67.90
Expected loss rate	-	9.57%
Expected credit loss (loss allowance provision)	4.30	6.50

(₹ crores)

Particulars	31 March 2018			
	Agri machinery	Auto products*	Construction equipment	Railway products
Gross sales in respect of customers where no specific default has occurred	3,784.46	-	741.86	284.12
Expected loss rate	0.40%	-	4.26%	2.50%
Expected credit loss (loss allowance provision)	15.11	5.42	31.57	7.09

\* Auto products business was discontinued and all assets & liabilities were transferred under a sale agreement executed in FY 2016-17 (refer note 31), except certain receivables and other assets which remained with the Company.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## Reconciliation of loss allowance provision from beginning to end of reporting period:

	(₹ crores)	
Reconciliation of loss allowance	Trade receivables	Other financial assets
<b>Loss allowance on 1 April 2017</b>	<b>57.47</b>	<b>2.93</b>
Assets originated or purchased	8.01	-
Loss allowance written back	(4.97)	-
Write – offs	(1.32)	-
<b>Loss allowance on 1 April 2018</b>	<b>59.19</b>	<b>2.93</b>
Loss allowance written back	(10.37)	2.93
<b>Loss allowance on 31 March 2019</b>	<b>48.82</b>	<b>-</b>

## C.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

### a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	(₹ crores)	
Floating rate	31 March 2019	31 March 2018
- Expiring within one year (cash credit and other facilities)	206	425
- Expiring beyond one year (bank loans)	-	-
	<b>206</b>	<b>425</b>

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, there were no undrawn facilities as at 31 March 2019.

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

31 March 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	276.74	0.03	-	-	276.77
Finance lease obligation	0.01	0.01	0.01	1.03	1.06
Trade payables	1,212.50	-	-	-	1,212.50
Security deposits	0.85	-	-	27.02	27.87
Other financial liabilities	127.21	-	-	-	127.21
<b>Total</b>	<b>1,617.31</b>	<b>0.04</b>	<b>0.01</b>	<b>28.05</b>	<b>1,645.41</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

31 March 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	47.50	14.35	-	-	61.85
Finance lease obligation	0.01	0.01	0.01	1.04	1.07
Trade payables	1,225.47	-	-	-	1,225.47
Security deposits	1.05	-	-	22.85	23.90
Other financial liabilities	111.06	-	-	-	111.06
<b>Total</b>	<b>1,385.09</b>	<b>14.36</b>	<b>0.01</b>	<b>23.89</b>	<b>1,423.35</b>

## C.3 Market risk

### a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO, GBP and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the volume of foreign currency transactions, the Company has taken forward contracts to manage its exposure. The Company does not use forward contracts and swaps for speculative purposes.

#### (i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ crores)		
Particulars	31 March 2019	31 March 2018
Financial assets	15.56	14.65
Financial liabilities	9.06	12.81
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>6.50</b>	<b>1.84</b>

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)		
Particulars	31 March 2019	31 March 2018
<b>USD sensitivity</b>		
INR/USD- increase by 6.82% (31 March 2018 -4.07%)*	0.44	0.08
INR/USD- decrease by 6.82% (31 March 2018 -4.07%)*	(0.44)	(0.08)

\* Holding all other variables constant

#### (ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

(₹ crores)		
Particulars	31 March 2019	31 March 2018
Financial assets	23.29	21.52
Financial liabilities	10.96	1.67
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>12.33</b>	<b>19.85</b>



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2019	31 March 2018
<b>EURO sensitivity</b>		
INR/EURO- increase by 7.26% (31 March 2018 -6.89%)*	0.90	1.84
INR/EURO- decrease by 7.26% (31 March 2018 -6.89%)*	(0.90)	(1.84)

\* Holding all other variables constant

## (iii) Foreign currency risk exposure in JPY:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ crores)

Particulars	31 March 2019	31 March 2018
Financial assets	-	-
Financial liabilities	0.05	3.00
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(0.05)</b>	<b>(3.00)</b>

## Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2019	31 March 2018
<b>JPY sensitivity</b>		
INR/JPY- increase by 5% (31 March 2018 -5%)*	-	(0.15)
INR/JPY- decrease by 5% (31 March 2018 -5%)*	-	0.15

\* Holding all other variables constant

## (iv) Foreign currency risk exposure in GBP:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ crores)

Particulars	31 March 2019	31 March 2018
Financial assets	-	-
Financial liabilities	0.08	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(0.08)</b>	<b>-</b>

## Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2019	31 March 2018
<b>GBP sensitivity</b>		
INR/GBP- increase by 8.82% (31 March 2018 -8.7%)*	(0.01)	-
INR/GBP- decrease by 8.82% (31 March 2018 -8.7%)*	0.01	-

\* Holding all other variables constant

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## b) Interest rate risk

### *i) Liabilities*

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At 31 March 2019 and 31 March 2018, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

#### *Interest rate risk exposure*

Below is the overall exposure of the Company to interest rate risk:

(₹ crores)		
Particulars	31 March 2019	31 March 2018
Variable rate borrowing	134.51	49.58
Fixed rate borrowing	142.38	0.48
<b>Total borrowings</b>	<b>276.89</b>	<b>50.06</b>
<b>Amount disclosed under other current financial liabilities</b>	<b>7.51</b>	<b>36.38</b>
<b>Amount disclosed under borrowings</b>	<b>269.38</b>	<b>13.68</b>

#### *Sensitivity*

Below is the sensitivity of profit or loss in interest rates.

(₹ crores)		
Particulars	31 March 2019	31 March 2018
<b>Interest sensitivity*</b>		
Interest rates – increase by 100 basis points (100 bps)	1.35	0.50
Interest rates – decrease by 100 basis points (100 bps)	(1.35)	(0.50)

\* Holding all other variables constant

### *ii) Assets*

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## c) Price risk

### *i) Exposure*

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

### *ii) Sensitivity*

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

#### *Impact on profit before tax*

(₹ crores)		
Particulars	31 March 2019	31 March 2018
<b>Mutual funds</b>		
Net assets value – increase by 100 bps (100bps)	3.91	4.85
Net assets value – decrease by 100 bps (100bps)	(3.91)	(4.85)

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## Impact on other comprehensive income before tax

	(₹ crores)	
Particulars	31 March 2019	31 March 2018
<b>Unquoted equity instruments</b>		
Value per share – increase by 500 bps (500bps)	-	2.38
Value per share – decrease by 500 bps (500bps)	-	(2.38)
<b>Quoted equity instruments</b>		
Market price – increase by 500 bps (500bps)	0.03	0.04
Market price – decrease by 500 bps (500bps)	(0.03)	(0.04)

## 38 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

### (a) Debt equity ratio

	(₹ crores)	
Particulars	31 March 2019	31 March 2018
Net debts	276.89	50.06
Total equity	3,022.86	2,548.11
<b>Net debt to equity ratio</b>	<b>9%</b>	<b>2%</b>

### (b) Dividends

	(₹ crores)	
Particulars	31 March 2019	31 March 2018
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March 2018 of ₹ 2.0 per share (excluding tax)	24.52	-
Final dividend for the year ended 31 March 2017 of ₹ 1.5 per share (excluding tax)	-	18.39
<b>(ii) Dividends proposed</b>		
In addition to the above, dividends, if any recommended by the Board of Directors post end of relevant reporting year shall be accrued and distributed in the year of approval in annual general meeting.	30.65	24.52

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 39 Employee benefits

### A Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

#### (i) Amount recognised in the balance sheet is as under:

(₹ crores)

	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
<b>Gratuity :</b>				
Present value of defined benefit obligation	77.77	-	81.93	-
Fair value of plan assets	38.89	-	36.42	-
<b>Net value of defined benefit obligation</b>	<b>38.88</b>	<b>-</b>	<b>45.51</b>	<b>-</b>

#### (ii) Amount recognised in the statement of profit and loss is as under:

(₹ crores)

Description	31 March 2019	31 March 2018
Current service cost	4.52	4.44
Past service cost including curtailment gains/losses	-	2.74
Net interest cost	3.52	3.50
<b>Net impact on profit (before tax)</b>	<b>8.04</b>	<b>10.68</b>
<b>Continuing operations</b>	<b>8.04</b>	<b>10.68</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>
Actuarial loss/(gain) recognised during the year (Continuing operations)	1.74	(0.58)
<b>Amount recognised in the statement of profit and loss</b>	<b>9.78</b>	<b>10.10</b>

#### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2019	31 March 2018
<b>Present value of defined benefit obligation as at the start of the year</b>	<b>81.93</b>	<b>82.61</b>
Current service cost	4.52	4.44
Past service cost	-	2.74
Interest cost	6.33	6.21
Actuarial loss/(gain) recognised during the year	1.74	(0.58)
Benefits paid	(16.75)	(13.49)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>77.77</b>	<b>81.93</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(iv) Movement in the plan assets recognised in the balance sheet is as under:

(₹ crores)		
Description	31 March 2019	31 March 2018
<b>Fair value of plan assets at beginning of year</b>	<b>36.42</b>	<b>36.98</b>
Expected return on plan assets	2.80	2.71
Employer's contribution	16.42	10.22
Benefits paid	(16.74)	(13.49)
Actuarial gain/(loss) on plan assets	(0.01)	-
<b>Fair value of plan assets at the end of the year</b>	<b>38.89</b>	<b>36.42</b>
Actual return on plan assets	2.80	2.71

(v) Breakup of actuarial (gain)/loss:

(₹ crores)		
Description	31 March 2019	31 March 2018
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	0.35	(0.91)
Actuarial (gain)/loss on arising from experience adjustment	1.39	0.33
<b>Total actuarial (gain)/loss</b>	<b>1.74</b>	<b>(0.58)</b>

(vi) Actuarial assumptions

Description	31 March 2019	31 March 2018
Discount rate	7.65%	7.73%
Future salary increase	5.00%	5.00%
<b>Expected average remaining working lives of employees (years)</b>	<b>18.50</b>	<b>17.57</b>

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vii) Sensitivity analysis for gratuity liability

(₹ crores)		
Description	31 March 2019	31 March 2018
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	77.77	81.93
- Impact due to increase of 0.50 %	(2.07)	(2.09)
- Impact due to decrease of 0.50 %	2.19	2.22
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	77.77	81.93
- Impact due to increase of 0.50 %	2.23	2.26
- Impact due to decrease of 0.50 %	(2.13)	(2.16)

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

## (viii) Maturity profile of defined benefit obligation

(₹ crores)

Description	31 March 2019	31 March 2018
Within next 12 months	10.19	14.63
Between 1-5 years	11.08	15.94
Beyond 5 years	56.50	51.36

## (ix) Category of plan assets :

(₹ crores)

Particulars	31 March 2019	31 March 2018
LIC of India - Group Gratuity Cash Accumulation Fund	38.64	35.90
Others	0.25	0.52
<b>Total</b>	<b>38.89</b>	<b>36.42</b>

(x) The Company expects to contribute ₹ 8.11 crores (previous year ₹ 6.72 crores) to its gratuity plan for the next year.

## B Compensated absences (unfunded)

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹ 5.96 crores (previous year: ₹ 5.25 crores) has been recognised in the statement of profit and loss.

(₹ crores)

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	2.09	13.82	2.93	12.72

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## C Pension

Amount of ₹ 6.24 crores (previous year: ₹ 0.83 crores) has been recognised in the statement of profit and loss.

(i) Amount recognised in the balance sheet is as under:

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
(₹ crores)				
<b>Pension:</b>				
Present value of defined benefit obligation	0.67	4.80	-	-
Fair value of plan assets	-	-	-	-
<b>Net value of defined benefit obligation</b>	<b>0.67</b>	<b>4.80</b>	<b>-</b>	<b>-</b>

(ii) Amount recognised in the statement of profit and loss is as under:

Description	31 March 2019	31 March 2018
	(₹ crores)	
Current service cost	-	-
Past service cost including curtailment gains/losses	5.79	-
Net interest cost	0.45	-
<b>Net impact on profit (before tax)</b>	<b>6.24</b>	<b>-</b>
<b>Continuing operations</b>	<b>5.56</b>	<b>-</b>
<b>Discontinued operations</b>	<b>0.68</b>	<b>-</b>
Actuarial loss/(gain) recognised during the year (Continuing operations)	-	-
<b>Amount recognised in the statement of profit and loss</b>	<b>6.24</b>	<b>-</b>

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	31 March 2019	31 March 2018
	(₹ crores)	
<b>Present value of defined benefit obligation as at the start of the year</b>	<b>-</b>	<b>-</b>
Current service cost	-	-
Past service cost	5.79	-
Interest cost	0.45	-
Actuarial loss/(gain) recognised during the year	-	-
Benefits paid	(0.77)	-
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>5.47</b>	<b>-</b>

(iv) Breakup of actuarial (gain)/loss:

Description	31 March 2019	31 March 2018
	(₹ crores)	
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	0.03	(0.91)
Actuarial (gain)/loss on arising from experience adjustment	(0.03)	0.33
<b>Total actuarial (gain)/loss</b>	<b>-</b>	<b>(0.58)</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (v) Actuarial assumptions

Description	31 March 2019	31 March 2018
Discount rate	7.65%	-
Future salary increase	-	-
Expected average remaining working lives of employees (years)	-	-

Pension liability arises on account of future payments, which are required to be made after retirement. It is a special plan in which selective retired employees are getting some fix amount of pension on quarterly and annual basis.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation.

## (vi) Sensitivity analysis for pension liability

(₹ crores)

Description	31 March 2019	31 March 2018
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	5.47	-
- Impact due to increase of 0.50 %	(0.12)	-
- Impact due to decrease of 0.50 %	0.12	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

## (vii) Maturity profile of defined benefit obligation

(₹ crores)

Description	31 March 2019	31 March 2018
Within next 12 months	0.67	-
Between 1-5 years	2.32	-
Beyond 5 years	2.48	-

## D Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ 16.92 crores (Previous year: ₹ 16.32 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.22 crores (Previous year: ₹ 0.26 crores).

E The Company has taken an insurance policy for medical benefits in respect of its retired and working employees. The insurance policy for on-roll employees is fully funded by the Company.



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 40 Share-based payments

The option plan is designed to provide incentives to employees of the Company. Under the plan, participants have been granted options which will vest as follows:

Employees Stock Option Scheme, 2006	Vesting conditions	Exercise period	Exercise price per share (₹)
31 March 2019	Vested equally over 4 years from the date of grant	Three years from the date of vesting	870.00
31 March 2018	Vested after one year from the date of grant	Two years from the date of vesting	85.00

Options are granted under the plan for a consideration of ₹ 870 per share and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

### Set out below is a summary of options granted under the plan::

Particulars	31 March 2019	31 March 2018
	Number of options	Number of options
Opening balance	-	27,100
Granted during the year	1,170,000	-
Exercised during the year*	-	27,100
Lapsed during the year	48,150	-
<b>Closing balance</b>	<b>11,21,850</b>	<b>-</b>

\* The weighted average share price at the date of exercise of options during the year ended 31 March 2018 was ₹ 595.35.

Weighted average remaining contractual life of options as at 31 March 2019 4.88 years (31 March 2018 : Nil).

### Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Vesting date	Expiry date	Share options 31 March 2019
16 August 2018	15 August 2019	15 August 2022	2,80,462
16 August 2018	15 August 2020	15 August 2023	2,80,462
16 August 2018	15 August 2021	15 August 2024	2,80,463
16 August 2018	15 August 2022	15 August 2025	2,80,463
			<b>11,21,850</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## Fair value of options granted

The fair value at grant date of options granted during the year ended 31 March 2019 was ₹ 212.42.

The value of the options has been determined by an independent valuer. The following assumptions were used for calculation of fair value of options in Black Scholes model:

- a) Options vest upon completion of service over a period of four years as mentioned above. Vested options are exercisable for a period of three years after vesting.
- b) Exercise price: ₹ 870.00
- c) Grant date: 16 August 2018
- d) Expiry date: as per the details above.
- e) Share price at grant date: ₹ 870
- f) Expected price volatility of the company's shares: 26.86%
- g) Expected dividend yield: 0.29%
- h) Risk free rate: 7.56% - 7.97%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility as per publicly available information.

## 41 Leases

### Operating leases – Assets taken on lease

The Company has leased certain land and buildings under cancellable and non-cancellable operating lease arrangements. The leases have varying terms, escalation clauses and renewable rights. Total lease payments recognised in the statement of profit and loss is ₹ 10.55 crores (31 March 2018 : ₹ 7.61 crores).

Minimum lease payments in relation to non- cancellable operating leases are payable as follows:

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
Within one year	5.48	2.99
Later than one year but not later than five years	17.44	11.46
Later than five years	-	1.35
<b>Total</b>	<b>22.92</b>	<b>15.80</b>

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## Finance leases – Assets taken on lease

The Company has a leasehold land at Rudrapur which has been taken on a lease for a period of 90 years in the year 2004. Initial land premium of ₹ 1.7 crores has been paid. In addition to the land premium, the Company pays an annual rent of ₹ 0.02 every year. Also, the management has revalued the amount of land in 2009 and has created a revaluation reserve of ₹ 7.13 crores pertaining to the same. The said lease of land was considered to be finance lease by the Company.

The disclosures for minimum lease payments in respect of such finance lease are as follows:

(₹ crores)				
31 March 2019				
Minimum lease payments due				
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	0.01	0.06	0.99	1.06
Finance charges	-	0.02	0.92	0.94
<b>Net present values</b>	<b>0.01</b>	<b>0.04</b>	<b>0.07</b>	<b>0.12</b>

(₹ crores)				
31 March 2018				
Minimum lease payments due				
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	0.01	0.06	1.01	1.08
Finance charges	-	0.02	0.94	0.96
<b>Net present values</b>	<b>0.01</b>	<b>0.04</b>	<b>0.07</b>	<b>0.12</b>

## 42

During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgment dated 1 October 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which was disposed of by the Hon'ble Supreme Court by nine Hon'ble Judges of Constitution Bench and hence that Compensator issue is no more relevant as it does not arise out of the Constitution but imaginary. Matters are not decided by Division Bench by making an order that the interested parties may prefer writs before the High Court. Hence the matter remains pending till its decision. Based on the legal advice received by the Company no further provision on this account is considered necessary after 31 March 2008.

**43** Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ crores)		
	As at 31 March 2019	As at 31 March 2018
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	32.98	32.94
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.79	0.73
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 44

- (a) The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated 4 March 2011.

Escorts Benefit Trust which inherited the funds and shares from Hardship Committee constituted under directions of the High Court has sufficient funds to meet the payment obligations towards Escorts Finance Limited's deposit holders.

- (b) The Company has entered into an Investment and Shareholders Agreement dated 27 August 2018 ('Agreement') with Tadano Limited, Japan (Tadano) for manufacturing of rough terrain (RT) cranes in India. Under the said Agreement, joint venture company with the name Tadano Escorts India Private Limited (formerly Optunia Power Infrastructure Private Limited) ('TEI') has been incorporated wherein the equity capital of ₹ 60 crores have been contributed by the JV partners in the ratio of 51:49 by Tadano and Escorts respectively.

Under the Business Transfer Agreement dated 7 December 2018 executed between Escorts Limited and TEI, the Company has sold its existing RT Crane Business on a slump sale basis for a sum of ₹ 25 crores plus inventory as mutually agreed between the parties.

- (c) The Company has entered into Business Collaboration Agreement dated 10 December 2018 ('Agreement') with Kubota Corporation, Japan (Kubota) for manufacturing of tractors in India. Under the said Agreement, A joint venture company has been incorporated under the name and style of Escorts Kubota India Private Limited wherein the equity capital of ₹ 150 crores have been contributed by the JV partners in the ratio of 60:40 by Kubota and Escorts respectively.

- 45** A Scheme of Arrangement and Amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Escorts Construction Equipment Limited ('ECEL'), a subsidiary company and Escotracs Finance and Investments Private Limited ('Escotracs') and Escorts Finance Investments and Leasing Private Limited ('EFILL'), joint ventures of the Company (together referred to as 'transferor companies'), was sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh vide its order dated 9 August 2012 (hereinafter referred to as 'the Scheme'). Upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana by the Transferor Companies and Transferee Company, the Scheme became effective on 12 October 2012. In accordance with the Scheme, 37,300,031 equity shares of the Company comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Company were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Company in EBWT, has been accounted for as an Investment by the Company in the manner prescribed in the Scheme.

EBWT presently holds 33,700,031 (31 March 2018: 33,700,031) equity shares of the Company and 23,497,478 (31 March 2018: 23,497,478) equity shares of Escorts Finance Limited (subsidiary of the Company). The Company is the sole beneficiary of the Trust. The dividend received by the trust on the Company's shares is credited directly in "Retained earnings" in note 17 - Other equity. Market value of outstanding shares held by Trust on 31 March 2019 is ₹ 2,685.39 crores (31 March 2018: ₹ 2,768.72 crores).

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 46 Assets pledged as security for borrowings

		(₹ crores)	
	Notes	31 March 2019	31 March 2018
<b>Current</b>			
<b>Financial assets</b>			
<i>First charge</i>			
Trade receivables	12	931.96	599.98
<b>Non financial assets</b>			
<i>First charge</i>			
Inventories	11	821.93	541.06
<b>Total current assets pledged as security</b>		<b>1,753.89</b>	<b>1,141.04</b>
<b>Non-current</b>			
<i>First charge</i>			
Land and Building	3 (i)	66.59	66.63
Plant and machinery	3 (i)	35.81	41.55
<i>Second Charge</i>			
Other movable assets (other than specifically charged to other term lenders)	3 (i)	348.44	285.42
<b>Total non-currents assets pledged as security</b>		<b>450.84</b>	<b>393.60</b>
<b>Total assets pledged as security</b>		<b>2,204.73</b>	<b>1,534.64</b>

## 47 Related party transactions

The Company's related party transactions and outstanding balances are with its subsidiaries, associates and joint venture, key management and others as described below.

### A Relationships

#### Subsidiaries

Domestic	Overseas
Escorts Crop Solutions Limited (earlier known as EDDAL Credit Limited)	Farmtrac Tractors Europe Sp. Z.o.o, Poland
Escorts Asset Management Limited (cease to be subsidiary w.e.f. 20 February 2018)	
Escorts Securities Limited	
Escorts Benefit and Welfare Trust	
Escorts Finance Limited	
Escorts Benefit Trust	
<b>Joint venture</b>	
Adico Escorts Agri Equipment Private Limited	
Escorts Kubota India Private Limited (incorporated on 23 February 2019)	
Tadano Escorts Private Limited (formerly known as Optunia Power Infrastructure Private Limited) (incorporated on 20 September 2018)	
<b>Associates</b>	
Escorts Consumer Credit Limited	

### B Key management personnel

Late Mr. Rajan Nanda (date of demise 5 August 2018)	
Mr. Nikhil Nanda <sup>#</sup>	Chairman and Managing Director
Mr. Shailendra Agrawal (w.e.f. 22 March 2019)	Executive Director
Mr. Bharat Madan <sup>#</sup>	Group Chief Financial Officer & Corporate Head
Mr. Ajay Sharma <sup>#</sup>	Group General Counsel and Company Secretary

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

Ms. Nitasha Nanda	Director
Mr. Hardeep Singh	Director
Mr. Darius Jehangir Kakalia	Director
Mr. G. B. Mathur	Director
Mr. P.H Ravikumar	Director
Mr. Ravi Narain	Director
Mr. Sutanu Behuria	Director
Ms. Vibha Paul Rishi	Director

# Key Managerial Personnel (KMP) as defined under Section 2 (51) of the Companies Act, 2013

## Enterprises over which key management personnel and relatives of such personnel exercise significant influence

AAA Portfolios Private Limited	Niky Tasha Energies Private Limited
Big Apple Clothing Private Limited	Raksha Health Insurance TPA Private Limited (formerly known as Raksha TPA Private Limited)
Escorts Employees Welfare Limited	Rimari India Private Limited
Escorts Skill Development	Ritu Nanda Insurance Service Private Limited
Har Parshad And Company Private Limited	Sietz Technologies India Private Limited
Momento Communications Private Limited	Sun & Moon Travels (India) Private Limited
Niky Tasha Communications Private Limited	

## List of other related parties

Mrs. Ritu Nanda (relative of key managerial personnel)
Escorts Limited Employees' Group Gratuity Fund Trust (refer note 39 for transaction)

Key management personnel remuneration includes the following expenses:

(₹ crores)

	31 March 2019	31 March 2018
Short-term employee benefits:	22.35	26.10
Other long term benefits	0.40	0.05
Post-employment benefits:	0.59	0.91
<b>Total remuneration</b>	<b>23.34</b>	<b>27.06</b>

## C Transactions with related party

### (i) Transactions with joint ventures

(₹ crores)

Nature of transactions*	Purchase of goods	Rent Paid	Interest Income	Expenses recovered	Rent Received	Expenses reimbursed	Sale of goods	Advance given	Refund of advance	Business transfer	Investments made	Advance given/other recoverable	Payables
Adico Escorts Agri Equipment Private Limited	52.44 (42.74)	- (0.01)	- (0.12)	0.07	-	-	0.13	- (1.50)	- (1.50)	-	2.40	-	3.49 (2.64)
Escorts Kubota India Private Ltd.	-	-	-	0.26	-	2.47	-	-	-	-	60.00	0.47	-
Tadano Escorts India Private Ltd.	5.74	-	-	0.10	0.21	1.18	1.73	-	-	29.71	29.40	7.13	4.45
	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Numbers in brackets represents financial year ending 31 March, 2018.

### (ii) Transactions with associates

There is a payable outstanding on account of transactions as at 31 March 2019 of ₹ 2.09 crores (31 March 2018: ₹ 2.09 crores) against Escorts Consumer Credit Limited.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (iii) Transactions with Subsidiaries :

(₹ crores)

Nature of transactions*	Sale of goods	Interest expense/ Discounting Charges	Lease income	Rendering of services	Reimbursement of expenses	Purchase of goods	Warranty reimbursements	Investments made	Dividend paid**	Advance given/other recoverable	Debtors / receivables	Payables
Farmtrac	25.90	-	-	-	0.13	0.11	-	-	-	-	22.07	0.35
Tractors Europe Sp. Z.o.o, Poland	(28.20)	-	-	-	(0.15)	(0.31)	(0.77)	(10.33)	-	-	(21.57)	(0.34)
Escorts Crop Solutions Limited	0.60	-	0.72	-	-	-	-	12.60	-	-	0.17	-
Escorts Securities Limited	(0.77)	(0.04)	(0.15)	(0.31)	-	-	-	(3.50)	-	-	(1.22)	(0.21)
Escorts Benefit Trust	-	-	-	-	-	-	-	-	-	-	-	-
Escorts Benefit and Welfare trust	-	-	-	-	-	-	-	(250.34)	6.73	0.41	-	-
Escorts Asset Management Limited	-	-	-	-	-	-	-	(3.00)	-	-	-	-

\*Numbers in brackets represents financial year ending 31 March 2018

\*\* The Company receives the same dividend back from Escorts Benefit and Welfare Trust in the same year as the Company is the sole beneficiary of this trust (refer note 45)

## (iv) Transactions with key management personnel, their relatives and entities in which they exercise control/ significant influence

(₹ crores)

Nature of transactions*	Royalty	Remuneration	Rent received	Commission received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Debtors	Payables
Rajan Nanda	-	2.64	-	-	-	-	-	-	0.21	-	-	-
Ritu Nanda	-	(9.61)	-	-	0.38	-	-	-	(0.16)	-	-	(4.25)
Nikhil Nanda	-	-	-	-	(0.36)	-	-	-	(0.01)	-	-	-
Nitasha Nanda	-	11.32	0.49	-	-	-	-	-	0.04	-	-	5.00
Bharat Madan	-	(10.24)	(0.46)	-	-	-	-	-	(0.03)	-	-	(4.50)
Ajay Sharma	-	3.23	-	-	0.51	-	-	0.06	-	0.06	-	1.75
Girish Bihari Mathur**	-	(2.98)	-	-	(0.46)	-	-	(0.05)	-	(0.06)	-	(1.50)
Shailendra Agrawal	-	2.29	-	-	-	-	-	-	-	-	-	-
Hardeep Singh**	-	(2.02)	-	-	-	-	-	-	-	-	-	-
	-	1.48	-	-	-	-	-	-	-	-	-	-
	-	(1.27)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	1.12	0.00	-	-	0.15
	-	-	-	-	-	-	-	(1.08)	(0.00)	-	-	(0.08)
	-	0.07	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	0.10	-	-	-	-	-	0.11	0.00	-	-	0.10
	-	(0.09)	-	-	-	-	-	(0.09)	-	-	-	(0.09)

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

(₹ crores)

Nature of transactions*	Royalty	Remuneration	Rent received	Commission received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Debtors	Payables
P.H Ravikumar	-	0.10	-	-	-	-	-	0.10	-	-	-	0.10
	-	(0.09)	-	-	-	-	-	(0.08)	-	-	-	(0.09)
Vibha Paul Rishi	-	0.10	-	-	-	-	-	0.09	-	-	-	0.10
	-	(0.09)	-	-	-	-	-	(0.06)	-	-	-	(0.09)
Sutanu Behuria	-	0.10	-	-	-	-	-	0.10	-	-	-	0.10
	-	(0.09)	-	-	-	-	-	(0.08)	-	-	-	(0.09)
Darius Jehangir Kakalia	-	0.10	-	-	-	-	-	0.05	-	-	-	0.10
	-	(0.09)	-	-	-	-	-	(0.03)	-	-	-	(0.09)
Ravi Narain	-	0.10	-	-	-	-	-	0.09	-	-	-	0.10
	-	(0.09)	-	-	-	-	-	(0.02)	-	-	-	(0.09)
Harpashad & Co. Private Limited	30.58	-	-	-	-	-	-	-	2.11	-	-	0.28
	(24.77)	-	-	-	-	-	-	-	(1.58)	-	-	(0.33)
Raksha Health Insurance TPA Private Limited	-	-	0.74	-	-	-	-	-	-	0.52	-	-
	-	-	(0.72)	-	-	-	-	-	-	(0.58)	-	-
Rimari India Private Limited	-	-	-	-	-	-	-	0.08	-	0.12	-	-
	-	-	-	-	-	-	-	(0.08)	-	(0.12)	-	-
Momento Communications Private Limited	-	-	-	-	-	-	-	0.45	-	-	-	-
	-	-	-	-	-	-	-	(0.15)	-	-	-	-
AAA Portfolios Private. Limited	-	-	-	-	-	-	-	-	0.34	-	-	-
	-	-	-	-	-	-	-	-	(0.25)	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	-	0.35	-	-	-
	-	-	-	-	-	-	-	-	(0.27)	-	-	-
Niky Tasha Communications Private Limited**	-	-	-	-	-	-	-	-	0.00	-	-	-
	-	-	-	-	-	-	-	-	(0.00)	-	-	-
Niky Tasha Energies Private Limited**	-	-	-	-	-	-	-	-	0.00	-	-	-
	-	-	-	-	-	-	-	-	(0.00)	-	-	-
Sietz Technologies India Private Limited	-	-	0.35	1.44	1.27	264.32	3.49	0.31	-	0.90	1.11	11.64
	-	-	(0.34)	-	(1.22)	(277.29)	(1.65)	(0.02)	-	(1.23)	(1.58)	(31.23)
Sun & Moon Travels (India) Private Limited	-	-	0.02	-	-	-	-	12.41	-	0.02	-	0.10
	-	-	(0.02)	-	-	-	-	(15.22)	-	(0.02)	-	(0.11)
Escorts Employee Welfare Limited (Gross of provisions)	-	-	-	-	-	-	-	-	-	0.35	-	0.30
	-	-	-	-	-	-	-	(0.06)	-	(3.20)	-	-
Escorts Skill Development	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(1.05)	-	-	-	-
Ritu Nanda Insurance Service Private Limited	-	-	-	-	-	-	-	-	-	0.08	-	-
	-	-	-	-	-	-	-	-	-	(0.08)	-	-

\*Numbers in brackets represents financial year ending 31 March 2018

\*\* Nil amount represents dividend paid less than a lakh



# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## 48 (i) New standards adopted - Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

The Company has adopted the standard on 1 April 2018 on a modified retrospective basis with a cumulative catch-up adjustment booked to retained earnings as at 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at 1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any material adjustments to the Company's net income. In case of certain contracts with customers, the Company arranges the logistics of the goods to customers' premises and charges the freight on actual basis (actuals as levied by the transporter). In such cases, the Company acts as an agent in arranging such logistics services. Hence, revenue from such services are netted off with the expenses as levied by the transporter. Such expenses were earlier grouped under 'other expenses' upto 31 March 2018. There is no impact on the retained earnings as at 1 April 2017 and on the profit for the year ended 31 March 2018.

For the year ended 31 March 2019, the revenue from operations is lower by ₹ 35.27 crores and total expense lower by ₹ 35.27 crores, on account of the change in accounting practice outlined above.

## (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	Goods	Services	Other operating revenue*	Total
<b>Revenue by geography</b>				
Domestic	5,890.04	5.26	79.60	5,974.90
Export	221.46	-	-	221.46
<b>Total</b>	<b>6,111.50</b>	<b>5.26</b>	<b>79.60</b>	<b>6,196.36</b>
<b>Revenue by time</b>				
Revenue recognised at point in time				6,191.10
Revenue recognised over time				5.26
<b>Total</b>				<b>6,196.36</b>

\* Export benefit has been included in domestic revenue

# The Company provide warranties on product sold by them and majority of these are in nature of assurance that the related product will function as the parties intended because it complies with agreed-upon specifications and hence accounted for in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets.

# Notes forming part of the Financial Statements

for the year ended 31 March 2019

## (b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	21.62
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

## (c) Assets and liabilities related to contracts with customers

Description	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
<b>Contract liabilities related to sale of goods</b>				
Advance from customers	-	41.15	-	38.28
Deferred income	10.80	22.84	9.40	13.55

## (d) Reconciliation of revenue recognised in Statement of Profit and Loss with contract price

Description	Year ended 31 March 2019
Contract price	6,572.16
Less: Discount, rebates, credits etc.	375.80
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>6,196.36</b>

48 (ii) Previous year figures have been re-grouped/reclassified wherever necessary, to conform to current year's classification.

49 The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in these financial statements.

As per our Report of even date attached  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Siddharth Talwar**  
Partner

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)

**Hardeep Singh**  
Director  
(DIN: 00088096)

**P.H. Ravikumar**  
Director  
(DIN: 00280010)

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head

**Ajay Sharma**  
Group General Counsel &  
Company Secretary  
(Membership No. A9127)

Place : Faridabad  
Date : 7 May 2019

Place : Faridabad  
Date : 7 May 2019

# Independent Auditor's Report

To the members of Escorts Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Escorts Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint ventures, which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group, its associate and its joint ventures as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>We refer to the Group's significant accounting policies in note 2.2 (a) and the revenue related disclosures in note 48(i) of the consolidated financial statements.</p> <p>Owing to the multiplicity of the Holding Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention.</p> <p>Further, Ind AS 115, "Revenue from Contracts with Customers", effective from 1 April 2018, requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers (such as after sales maintenance services and product warranties), determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.</p> <p>This matter is considered to be of most significance given the extent of industry knowledge and skills needed to apply audit procedures to address the matter and evaluate the results of those procedures.</p>	<p>Our audit procedures, related to revenue recognition by the Holding Company, included, but were not limited, to the following:</p> <ol style="list-style-type: none"> <li>a) assessed the design and operating effectiveness of Holding Company's controls (including the automated controls) around revenue recognition (including rebates / discounts);</li> <li>b) assessed the appropriateness of Holding Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115;</li> <li>c) scrutinized sales ledgers to verify completeness of sales transactions;</li> <li>d) on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/deliveries (as the case may be), and approved incentives/ discounts schemes;</li> <li>e) tested the appropriateness of accruals for various rebates and discounts as at the year-end;</li> <li>f) assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;</li> <li>g) circularised balance confirmations to a sample of customers and reviewed the reconciling items, if any; and</li> <li>h) tested the related disclosures made in notes to the consolidated financial statements in respect of the revenue from operations.</li> </ol>

### Information other than the consolidated financial statements and auditor's report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the consolidated financial statements

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, and its associate company and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial

statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other matter**

15. We did not audit the financial statements of eleven subsidiaries (including five step-down subsidiaries dissolved during the year), whose financial statements reflect total assets of ₹ 116.40 crores and net liabilities of ₹ 124.22 crores as at 31 March 2019, total revenues of ₹ 92.20 crores and net cash inflows amounting to ₹ 1.86 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.97 crores for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of one associate and two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose

reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint ventures, is based solely on the reports of the other auditors.

Further, of these subsidiaries, one subsidiary is located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in its country and which has been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.99 crores for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of one joint venture whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

### Report on other legal and regulatory requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of the subsidiaries, associates and joint ventures, we report that the Holding Company and two subsidiaries companies covered under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to eight subsidiaries companies (including five step-down subsidiaries dissolved during the year) and three joint venture companies covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act. Further, we report that one subsidiary company and one associate company covered under the Act have not paid or provided for any managerial remuneration during the year.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint ventures, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate company and joint venture companies covered under the Act, none of the directors of the Group companies, its associate company and joint venture company covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, associate company and joint venture companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint ventures:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint ventures as detailed in Note 34 to the consolidated financial statements;
    - ii. The Group, its associate and joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. Escorts Finance Limited, subsidiary of the Company has not deposited sum of ₹ 10.85 crores against various due dates upto 7 May 2019 to the Investor Education and Protection Fund;
    - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Regn No. 001076N/N500013

**Siddharth Talwar**  
Partner  
Membership No.: 512752

Place : Faridabad  
Date : 7 May 2019

# Annexure – A

## Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Escorts Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary companies, its associate company and its joint venture company, which are companies covered under the Act, as at that date.

### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company and its joint venture company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate company and its joint venture company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies, its associate company and its joint venture company, as aforesaid.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, associate company and joint venture company, the Holding Company, its subsidiary companies, its associate company and its joint venture company, which are companies covered

under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance note issued by the ICAI.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Regn No. 001076N/N500013

**Siddharth Talwar**  
Partner  
Membership No.: 512752

Place : Faridabad  
Date : 7 May 2019



# Consolidated Balance Sheet

as at 31 March 2019

(₹ crores)

	Note	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 (i)	1,593.11	1,528.00
Capital work-in-progress	3 (ii)	56.55	48.45
Investment property	4	23.09	23.23
Intangible assets	5 (i)	31.03	36.57
Intangible assets under development	5 (ii)	23.41	17.27
Investments accounted for using equity method	6 (i)	85.15	0.65
<b>Financial assets</b>			
Investments (other than investment accounted using equity method)	6 (iii)	1.97	49.65
Loans	7 (i)	9.01	9.17
Other financial assets	8 (i)	-	8.49
Deferred tax assets (net)	9 (i)	1.22	0.81
Income tax assets (net)		17.38	17.73
Other non current assets	10 (i)	96.31	80.47
<b>Total non-current assets</b>		<b>1,938.23</b>	<b>1,820.49</b>
<b>Current assets</b>			
Inventories	11	857.42	565.73
<b>Financial assets</b>			
Investments	6 (iii)	403.67	498.74
Trade receivables	12	931.05	592.00
Cash and cash equivalents	13	93.05	154.13
Bank balances other than above	14	150.25	163.16
Loans	7 (ii)	5.63	6.04
Other financial assets	8 (ii)	14.95	12.75
Other current assets	10 (ii)	300.02	151.30
<b>Total current assets</b>		<b>2,756.04</b>	<b>2,143.85</b>
Assets held for sale	15	13.92	9.00
<b>Total assets</b>		<b>4,708.19</b>	<b>3,973.34</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	16	122.58	122.58
Other equity	17	2,550.91	2,092.56
<b>Total of Equity (for shareholders of parent)</b>		<b>2,673.49</b>	<b>2,215.14</b>
Non-controlling interests	18	5.64	(0.40)
<b>Total equity</b>		<b>2,679.13</b>	<b>2,214.74</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	19 (i)	3.53	14.71
Other financial liabilities	20 (i)	17.46	14.08
Provisions	22 (i)	25.72	16.62
Deferred tax liabilities (net)	9 (i)	52.87	19.70
Other non-current liabilities	21 (i)	10.80	9.41
<b>Total non-current liabilities</b>		<b>110.38</b>	<b>74.52</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	19 (ii)	269.23	-
Trade payables	23		
(a) Total outstanding dues of micro enterprises and small enterprises		32.98	32.94
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,215.76	1,201.55
Other financial liabilities	20 (ii)	148.60	173.87
Other current liabilities	21 (ii)	131.97	125.17
Provisions	22 (ii)	120.04	132.92
Current tax liabilities		0.10	17.63
<b>Total current liabilities</b>		<b>1,918.68</b>	<b>1,684.08</b>
<b>Total equity and liabilities</b>		<b>4,708.19</b>	<b>3,973.34</b>

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Walker Chandiook & Co LLP**

Chartered Accountants  
(Firm Regn No. 001076N/N500013)

**Siddharth Talwar**  
Partner

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)

**P.H. Ravikumar**  
Director  
(DIN: 00280010)

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head

For and on behalf of the Board of Directors

**Hardeep Singh**  
Director  
(DIN: 00088096)

**Ajay Sharma**  
Group General Counsel &  
Company Secretary  
(Membership No. A9127)  
Place : Faridabad  
Date : 7 May 2019

Place : Faridabad  
Date : 7 May 2019

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(₹ crores)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
<b>Income</b>			
Revenue from operations	24	6,262.02	5,080.19
Other income	25	92.40	65.32
<b>Total income</b>		<b>6,354.42</b>	<b>5,145.51</b>
<b>Expenses</b>			
Cost of materials consumed	26 (i)	4,077.48	3,193.98
Purchases of stock-in-trade		403.99	232.80
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26 (ii)	(204.54)	(19.36)
Excise duty		-	20.85
Employee benefits expense	27	484.73	442.45
Finance costs	28	19.54	29.49
Depreciation and amortisation expense	29	87.21	73.22
Other expenses	30	775.83	655.87
<b>Total expenses</b>		<b>5,644.24</b>	<b>4,629.30</b>
<b>Profit before exceptional items, share of net profit of investment accounted for using the equity method and tax</b>		<b>710.18</b>	<b>516.21</b>
Share of loss of equity accounted investments		(1.96)	(0.37)
<b>Profit before exceptional items and tax</b>		<b>708.22</b>	<b>515.84</b>
Exceptional items	31	5.56	(6.76)
<b>Profit before tax from continuing operations</b>		<b>713.78</b>	<b>509.08</b>
Tax expense:	9(ii)		
Current tax		198.63	97.24
Deferred tax charge		38.48	65.25
<b>Total tax expense</b>		<b>237.11</b>	<b>162.49</b>
<b>Profit for the year from continuing operations</b>		<b>476.67</b>	<b>346.59</b>
<b>Discontinued operations</b>			
Profit from discontinued operations	32 (ii)	1.89	-
Tax expense of discontinued operations	32 (ii)	0.66	-
Profit from discontinued operations after tax		<b>1.23</b>	-
<b>Net profit for the year</b>		<b>477.90</b>	<b>346.59</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		4.03	12.04
Re-measurements of defined employee benefit plans		(1.72)	0.61
Income tax relating to items that will not be reclassified to profit or loss		5.72	(1.65)
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		0.28	0.32
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total other comprehensive income for the year</b>		<b>8.31</b>	<b>11.32</b>
<b>Total comprehensive income for the year</b>		<b>486.21</b>	<b>357.91</b>
<b>Profit attributable to:</b>			
(i) Owners		478.93	347.02
(ii) Non-controlling interests		(1.03)	(0.43)
<b>Other comprehensive income attributable to:</b>			
(i) Owners		8.29	11.32
(ii) Non-controlling interests		0.02	-
<b>Total comprehensive income attributable to:</b>			
(i) Owners		487.22	358.34
(ii) Non-controlling interests		(1.01)	(0.43)
<b>Earnings per equity share (for continuing operations):</b>	33		
Basic (₹)		55.68	41.62
Diluted (₹)		55.68	41.62
<b>Earnings per equity share (for discontinued operations):</b>			
Basic (₹)		0.14	-
Diluted (₹)		0.14	-
<b>Earnings per equity share (for discontinued &amp; continuing operations):</b>			
Basic (₹)		55.82	41.62
Diluted (₹)		55.82	41.62

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Walker Chandiok & Co LLP**

For and on behalf of the Board of Directors

Chartered Accountants  
(Firm Regn No. 001076N/N500013)

**Siddharth Talwar**  
Partner

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)

**P.H. Ravikumar**  
Director  
(DIN: 00280010)

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head

**Hardeep Singh**  
Director  
(DIN: 00088096)

**Ajay Sharma**  
Group General Counsel &  
Company Secretary  
(Membership No. A9127)  
Place : Faridabad  
Date : 7 May 2019

Place : Faridabad  
Date : 7 May 2019

# Consolidated Cash Flow Statement

for the year ended 31 March 2019

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A Cash flow from operating activities</b>		
<b>Profit before tax from</b>		
Continuing operations	713.78	509.08
Discontinued operation	1.89	-
<b>Profit before tax including discontinued operations</b>	<b>715.67</b>	<b>509.08</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	87.21	73.22
Bad debts and advances written off, allowance for doubtful trade receivable, write backs & others (net)	(20.75)	19.22
Interest expense	11.64	21.98
Unwinding of discount on provisions and financial liabilities carried at amortised cost	4.20	2.55
Interest income	(35.36)	(24.55)
Share of loss of equity accounted investments	1.96	0.37
Gain on disposal of property, plant and equipment (net)	(1.53)	(2.79)
Loss on disposal of subsidiary	-	0.12
Gain on sale of investments (net)	(12.50)	(7.64)
Gain on investments carried at fair value through profit or loss (net)	(21.74)	(11.24)
Exceptional Items	(5.56)	-
Share based payment to employees	4.03	-
Unrealised foreign exchange gain	(0.13)	(0.06)
<b>Operating profit before working capital changes</b>	<b>727.14</b>	<b>580.26</b>
<b>Movement in working capital</b>		
Inventories	(286.30)	(127.07)
Trade receivable	(330.05)	(138.26)
Other financial assets	8.65	(5.91)
Other assets	(157.85)	(106.43)
Trade payables	26.17	340.52
Other financial liabilities	(6.34)	22.68
Other liabilities and provisions	0.86	(3.66)
<b>Cash (used in)/ flow from operating activities post working capital changes</b>	<b>(17.72)</b>	<b>562.13</b>
Income tax paid (net)	(216.59)	(102.05)
<b>Net cash (used in) flow from operating activities (A)</b>	<b>(234.31)</b>	<b>460.08</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital advances)	(147.05)	(104.64)
Sale of property, plant and equipment	9.13	14.21
Purchase of intangible assets	(16.90)	(15.51)
Sale of intangible assets	1.88	-
Proceeds from disposal of subsidiary	-	7.90
Proceeds from sale/(purchase) of non current investment	50.08	(4.65)
Investment in joint ventures	(91.80)	-
Proceeds on maturity/(purchase) of current investment (net)	129.31	(306.57)
Bank deposit (having original maturity of more than 3 months)	20.02	16.63
Margin/bank deposits	(8.24)	(6.74)
Interest received	36.22	25.15
Dividend received	-	0.02
<b>Net cash used in investing activities (B)</b>	<b>(17.35)</b>	<b>(374.20)</b>

# Consolidated Cash Flow Statement

for the year ended 31 March 2019

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>C Cash flows from financing activities (refer note 19 (iii))</b>		
Proceeds from treasury shares	-	250.57
Proceeds/(Repayment) of shares	2.80	(0.50)
Repayment of long term borrowings	(42.45)	(54.15)
Proceeds from long term borrowings	4.08	-
Proceeds from/(repayment of) short term borrowings (net)	269.23	(159.27)
Interest paid	(13.83)	(21.57)
Dividend and tax thereon paid	(28.94)	(16.07)
<b>Net cash flow/(used in) financing activities (C)</b>	<b>190.89</b>	<b>(0.99)</b>
Increase/(decrease) in cash and cash equivalents (A+B+C)	(60.77)	84.89
Cash and cash equivalents at the beginning of the year (refer note 13)	154.13	69.22
Exchange difference on translation of foreign currency cash and cash equivalents	(0.31)	0.02
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>93.05</b>	<b>154.13</b>

Note: The above statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

As per our Report of even date attached  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Siddharth Talwar**  
Partner

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)

**Hardeep Singh**  
Director  
(DIN: 00088096)

**P.H. Ravikumar**  
Director  
(DIN: 00280010)

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head

**Ajay Sharma**  
Group General Counsel &  
Company Secretary  
(Membership No. A9127)  
Place : Faridabad  
Date : 7 May 2019

Place : Faridabad  
Date : 7 May 2019



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 1 Group information

The Company, its subsidiaries, its joint venture and associates (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

### A. Subsidiaries

Name of the entity	Principal activities	Country of incorporation	% equity Interest	
			31 March 2019	31 March 2018
Escorts Finance Limited	Recovery of delinquent loan assets	India	69.42%	69.42%
Escorts Asset Management Limited*	Management and administrative services to deploy funds	India	-	-
Escorts Securities Limited	Provide security trading services	India	51.26%	98.86%
Escorts Benefit & Welfare Trust	Holding stocks on behalf of Settlor Escorts Limited	India	100%	100%
Escorts Benefit Trust	Holding fund for payment of dues of fixed deposit holders of Escorts Finance Limited	India	100%	100%
Farmtrac Tractors Europe Spolka z.o.o	Production, development and import of parts and accessories, sale of agricultural tractors and organisation of services in respect of agricultural tractors	Poland	100%	100%
Escorts Crop Solution Limited	Crop solution services	India	**100%	**100%
Haritha Raithu Mithra Agri Services LLP (LLP)	Crop solution services	India	***	100%
Revanpalli Raytu Sangam Agri Services LLP (LLP)	Crop solution services	India	***	100%
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	Crop solution services	India	***	100%
Pancha Sakha Agri Services LLP, Balasore (LLP)	Crop solution services	India	***	100%
Jay Jagannath Agri Services LLP, Balipal (LLP)	Crop solution services	India	***	100%

\* Escorts Asset Management Limited cease to be subsidiary w.e.f 20 February 2018.

\*\* Rounded off to 100%

\*\*\* LLP mentioned above ceased to be subsidiary w.e.f. following date

Haritha Raithu Mithra Agri Services LLP (LLP)	22 March 2019
Revanpalli Raytu Sangam Agri Services LLP (LLP)	22 March 2019
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	22 March 2019
Pancha Sakha Agri Services LLP, Balasore (LLP)	22 March 2019
Jay Jagannath Agri Services LLP, Balipal (LLP)	22 March 2019

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## B. Interests in associates and joint ventures

Name of the entity	Principal activities	Country of incorporation	31 March 2019	31 March 2018	Relationship	Accounting method
			% Ownership Interest	% Ownership Interest		
Adico Escorts Agri Equipment Private Limited	Manufacturing and trading of agricultural equipments and its spares and implements	India	40%	40%	Joint venture	Equity method
Tadano Escorts India Private Limited*	Manufacturing and selling of RT cranes	India	49%	-	Joint venture	Equity method
Escorts Kubota India Private Limited**	Manufacturing and selling of tractors	India	40%	-	Joint venture	Equity method
Escorts Consumer Credit Limited	Financing Activity	India	29.4%	29.4%	Associate	Equity method
Haritha Raithu Mithra Agri Services LLP (LLP)	Crop solutions services	India	-	****	Associate	Equity method
Revanpalli Raytu Sangam Agri Services LLP (LLP)	Crop solutions services	India	-	****	Associate	Equity method
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	Crop solutions services	India	-	****	Associate	Equity method
Pancha Sakha Agri Services LLP, Balasore (LLP)	Crop solutions services	India	-	****	Associate	Equity method
Jay Jagannath Agri Services LLP, Balipal (LLP)	Crop solutions services	India	-	****	Associate	Equity method

\* Tadano Escorts India Private Limited (formerly known as Optunia Power Infrastructure Private Limited), a Joint Venture of the Company was incorporated on 20 September 2018.

\*\* Escorts Kubota India Private Limited, a Joint Venture of the Company was incorporated on 23 February 2019.

\*\*\* Investment in Escorts Consumer Credit Limited as been provided for completely in previous years. Hence, it has not been consolidated in the financials.

\*\*\*\* LLP mentioned above become subsidiary of the Company w.e.f. following date

Haritha Raithu Mithra Agri Services LLP (LLP)	21 March 2018
Revanpalli Raytu Sangam Agri Services LLP (LLP)	21 March 2018
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	14 July 2017
Pancha Sakha Agri Services LLP, Balasore (LLP)	14 July 2017
Jay Jagannath Agri Services LLP, Balipal (LLP)	14 July 2017

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## C. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated net assets	Amount (₹ crores)
<b>Parent</b>								
Escorts Limited	112.83%	3,022.86	101.47%	484.91	96.51%	8.02	101.38%	492.93
<b>Indian subsidiaries</b>								
Escorts Crop Solutions Limited	0.52%	13.80	(0.85)%	(4.09)	-	-	(0.84)%	(4.09)
Escorts Securities Limited	0.50%	13.52	(0.52)%	(2.49)	0.24%	0.02	(0.50)%	(2.47)
Escorts Benefit and Welfare Trust	-	0.02	1.41%	6.73	-	-	1.38%	6.73
Escorts Finance Limited	(6.66)%	(178.50)	0.01%	0.07	(4.69)%	(0.39)	(0.07)%	(0.32)
Escorts Benefit Trust	0.41%	11.07	-	0.01	-	-	-	0.01
Haritha Raithu Mithra Agri Services LLP ^	-	-	-	^	-	-	-	^
Revanpalli Raytu Sangam Agri Services LLP	-	-	0.01%	0.04	-	-	0.01%	0.04
Baba Chadaneswar Agri Services LLP (Balasore)^	-	-	-	^	-	-	-	^
Pancha Sakha Agri Services LLP (Balasore)^	-	-	-	^	-	-	-	^
Jay Jagannath Agri Services LLP (Baliapal)^	-	-	-	^	-	-	-	^
<b>Foreign subsidiary</b>								
Farmtrac Tractors Europe Sp. Z.o.o, Poland	0.21%	5.74	(0.17)%	(0.81)	3.31%	0.28	(0.11)%	(0.53)
<b>Joint venture and associate (investment as per the equity method)</b>								
<b>Indian</b>								
Adico Escorts Agri Equipment Private Limited	0.11%	2.82	(0.05)%	(0.23)	-	-	(0.05)%	(0.23)
Tadano Escorts India Private Limited	0.87%	23.32	(0.15)%	(0.74)	-	-	(0.15)%	(0.74)
Escorts Kubota India Private Limited	2.20%	59.01	(0.21)%	(0.99)	-	-	(0.20)%	(0.99)
<b>Non-controlling interest in all subsidiaries</b>	0.21%	5.64	(0.22)%	(1.03)	0.24%	0.02	(0.21)%	(1.01)
<b>Intercompany elimination and consolidation adjustment</b>	(11.20)%	(300.17)	(0.73)%	(3.48)	4.39%	0.36	(0.64)%	(3.12)
<b>Total</b>	<b>100%</b>	<b>2,679.13</b>	<b>100%</b>	<b>477.90</b>	<b>100%</b>	<b>8.31</b>	<b>100%</b>	<b>486.21</b>

^Amount less than ₹ 1 lakh



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 2. Basis of preparation, measurement, consolidation and significant accounting policies

### 2.1 Overall consideration

#### Basis of preparation and measurement

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The consolidated financial statements for the year ended 31 March 2019 were approved for issue by the Board of Directors on 7 May 2019.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention basis except for the following –

- Certain financial assets which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;
- Share based payments which are measured at fair value of the options; and
- Assets held for sale – measured at lower of carrying amount and fair value less cost to sell

#### Basis of consolidation

##### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profit/ (loss) and Other Comprehensive

Income ('OCI') of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting date of 31 March 2019.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/(loss) and each component of OCI are attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

##### Associates

Investment in entities in which there exists significant influence but not a controlling interest are accounted for under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

## Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

Joint ventures – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## 2.2 Summary of significant accounting policies

### a) Revenue recognition

Revenue arises mainly from the sale of manufactured and traded goods, after-sales maintenance and extended warranty services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as Goods and Services Tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see note 21). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

### Sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

The Group provides 1 to 5 years' product warranty on its goods sold to the buyer. Under the terms of this warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under Ind AS 37.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## After-sale services

The Group enters into fixed price maintenance and extended warranty contracts with its customers for terms between one and two years in length. Customers are required to pay in advance for the services along with the contractual amount paid for the purchase of goods.

- **Maintenance contracts** – The Group enters into agreements with its customers to perform regularly scheduled maintenance services on goods purchased from the Group. Revenue is recognised over time based on the ratio between the number of services provided/lapsed in the current period and the total number of such services expected to be provided under each contract. This method best depicts the transfer of services to the customer because details of the services to be provided are specified by management in advance as part of its published maintenance program.
- **Extended warranty program** – The Group enters into agreements with its customers to perform necessary repairs falling outside the Group's standard warranty period. As this service involves an indeterminate number of acts, the Group is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognised on a straight-line basis over the term of the contract and matched to related costs. This method best depicts the transfer of services to the customer as (a) the Group's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

## Rental income

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.

## Other income

Income from export incentives are recognised on accrual basis.

## Interest Income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised

cost (refer 'h' below), interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

## Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

## b) Foreign currency translation

### Functional and presentation currency

The financial statements are presented in Indian Rupee (₹) and are rounded to two decimal places of crores, which is also the functional and presentation currency of the Group.

### Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

### Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the statement of profit or loss and are recognised as part of the gain or loss on disposal.

## c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

## d) Property, plant and equipment

### Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

### Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment of the Group is provided on the straight-line method except for Adico Escorts Agri Equipment Private Limited (Joint Venture) which provided depreciation on written down

value method, computed on the basis of useful lives mentioned below:

Asset category	Estimated useful life (in years)
Factory buildings	30
Office buildings	60
Tubewells and fencing	5
Roads	10
Sheds	3
Plant and machinery	3-15*
Furniture and fixtures	5-10*
Office equipment	3-10
Vehicles	8-20
Leasehold improvements	Over the effective term of the lease
Electrical appliances	10
IT equipments	6
Computers	3

\*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for certain items within these classes of assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

In case of one of the subsidiary (Farmtrac Tractors Europe Spolka Z.O.O). No depreciation of the land with perpetual usufruct right is made by the Company.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as

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the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

## e) Investment properties

### Recognition and initial measurement

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

### Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition

or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

## f) Intangible assets

### Recognition and initial measurement

Purchased intangible assets are stated at cost less accumulated amortisation and impairment, if any.

### Internally developed intangible assets

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

# Notes forming part of the Consolidated Financial Statements

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## Subsequent measurement (amortisation)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset

Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

Asset category	Estimated useful life (in years)
Software	2-6
Prototypes	4
Technical know how	6

## g) Leases

### Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Group obtains ownership of the asset at the end of the lease term. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Assets held under finance leases (including land) are depreciated over their estimated useful lives. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of profit and loss, as finance costs over the period of the lease.

Refer note 2.2 (d) for the depreciation methods and useful lives for assets held under finance leases.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

### Operating lease

All leases other than finance leases are treated as operating leases. Where the Group is a lessee, lease rentals are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Where the Group is a lessor, the respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight line basis over the lease term except where scheduled increase in rent compensates the Group with expected inflationary costs. Refer note 2.2 (e) for the depreciation methods and useful lives for assets given on operating lease.

## h) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

# Notes forming part of the Consolidated Financial Statements

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Subsequent measurement of financial assets and financial liabilities is described below.

## Financial assets

### *Classification and subsequent measurement*

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- i. **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

- ii. **Financial assets at fair value**

- **Investments in equity instruments other than above** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

## De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

## Financial liabilities

### *Subsequent measurement*

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

## Derivative financial instruments

### *Initial and subsequent measurement*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

# Notes forming part of the Consolidated Financial Statements

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## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### *i) Impairment of financial assets*

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### *Trade receivables*

- (i) For debtors that are not past due – The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Life time expected credit losses are assessed and accounted based on group's historical counter party default rates and forecast of

macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

The Group defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

- (ii) For debtors considered past due – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Group writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Group.

### **Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.



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## j) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

## k) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is

based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 35 for fair value hierarchy.

## l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

## m) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (Minimum alternate tax credit entitlement) or deductible temporary difference will be utilised against future taxable income. This is assessed based on the

# Notes forming part of the Consolidated Financial Statements

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Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity..

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

## n) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments.

## o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and

short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

## p) Post-employment, long term and short term employee benefits

The Group provides post-employment benefits through various defined contribution and defined benefit plans

### Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which related employee services are received.

### Defined benefit plans

The defined benefit plans sponsored by the Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group.

Gratuity and pension are post-employment benefits and are in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity and pension is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

### Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

# Notes forming part of the Consolidated Financial Statements

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Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

## Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

## q) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

## r) Share based payments

The Group has equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

## s) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

# Notes forming part of the Consolidated Financial Statements

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## Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

## t) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

## u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors assess the financial performance and position of the Group, and makes strategic decisions and therefore the board would be the chief operating decision maker.

The Group has the following operating/reportable segments: Agri machinery, Construction equipment, Railway equipment and Auto ancillary products (Discontinued in financial year 2016-17). In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

## v) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.3 Significant management judgements in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Group's accounting policies and that may have the most significant effect on the amounts recognised in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Significant management estimates

**Allowance for doubtful debts** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on the Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

**Allowance for obsolete and slow-moving inventory** – The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience

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and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognised in the financial statements.

**Product warranties-** The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimise warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

**Useful lives of depreciable/ amortisable assets –** Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

## Significant management judgments

**Capitalisation of internally developed intangible assets-** Distinguishing the research and development phases for new products and design enhancements determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

**Evaluation of indicators for impairment of assets –** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Recognition of deferred tax assets -** The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

## Non-consolidation of Farmtrac North America LLC (FNA)

– At the behest of the creditors of FNA the authorities had appointed receiver who has taken over all the assets, books and records of FNA. Therefore, the Group has lost its control on the relevant activities of FNA, hence the Group has not considered FNA for consolidation in these financial statements.

**Contingent liabilities –** The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

## 2.4 Standards issued but not yet effective

**Ind AS 116- Leases:** On 30 March 2019, MCA has notified Ind AS 116, Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17.

# Notes forming part of the Consolidated Financial Statements

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Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application

Ind AS 116, which is effective for annual periods beginning on or after 01 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Company is evaluating the requirements of this new standard and it is expected to have a material impact on the financial statements.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatment:** The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The interpretation is effective for annual reporting periods beginning on or after 01 April 2019. The Group is evaluating the impact of this amendment on its financial statements.

**Amendments to Ind AS 109, Prepayment Features with Negative Compensation:** Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 01 April 2019, with earlier application permitted. The Group does not expect any impact on its financial statements of such amendment.

**Amendments to Ind AS 28, Long-term interests in associates and joint ventures:** The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 01 April 2019, with early application permitted. The Group is evaluating the impact of this amendment on its financial statements.

**Amendments to Ind AS 19, Plan Amendment, Curtailment or Settlement:** The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan

assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 01 April 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group. The Group does not expect any impact on its financial statements of such amendment.

**Amendments to Ind AS 23 Borrowing Costs:** The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 01 April 2019, with early application permitted. The Group does not expect any effect of this amendment on its financial statements.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 3 (i) Property, plant and equipment

(₹ crores)

Description	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers	Vehicles	Office Equipment	Total
<b>Gross carrying value</b>										
As at 1 April 2017	1,049.04	9.28	382.89	0.05	772.71	65.15	41.27	12.64	8.14	2,341.17
Additions	-	-	5.97	0.28	53.79	4.32	7.57	4.87	1.88	78.68
Adjustment on disposal of subsidiary	-	-	-	-	-	(0.07)	-	-	(0.38)	(0.45)
Disposals	-	-	(0.21)	-	(33.69)	(0.74)	(3.29)	(2.67)	(0.11)	(40.71)
Exchange differences	-	0.06	0.31	-	0.03	0.03	-	0.03	-	0.46
<b>As at 31 March 2018</b>	<b>1,049.04</b>	<b>9.34</b>	<b>388.96</b>	<b>0.33</b>	<b>792.84</b>	<b>68.69</b>	<b>45.55</b>	<b>14.87</b>	<b>9.53</b>	<b>2,379.15</b>
Additions	-	-	5.00	-	108.43	7.07	6.75	14.15	1.29	142.69
Disposals	-	-	-	(0.28)	(21.44)	(1.82)	(0.37)	(0.03)	(0.35)	(24.29)
Exchange differences	-	(0.02)	(0.11)	-	(0.01)	(0.01)	-	(0.01)	-	(0.16)
<b>As at 31 March 2019</b>	<b>1,049.04</b>	<b>9.32</b>	<b>393.85</b>	<b>0.05</b>	<b>879.82</b>	<b>73.93</b>	<b>51.93</b>	<b>28.98</b>	<b>10.47</b>	<b>2,497.39</b>
<b>Accumulated depreciation</b>										
As at 1 April 2017	-	0.91	242.18	0.01	494.01	45.77	33.14	4.87	6.85	827.74
Charge for the year	-	0.10	6.83	0.08	40.93	5.11	3.44	1.59	0.77	58.85
Adjustment for disposals	-	-	(0.13)	-	(29.07)	(0.71)	(3.27)	(1.84)	(0.11)	(35.13)
Adjustment on disposal of subsidiary	-	-	-	-	-	(0.03)	-	-	(0.37)	(0.40)
Exchange differences	-	-	0.04	-	0.02	0.01	-	0.02	-	0.09
<b>As at 31 March 2018</b>	<b>-</b>	<b>1.01</b>	<b>248.92</b>	<b>0.09</b>	<b>505.89</b>	<b>50.15</b>	<b>33.31</b>	<b>4.64</b>	<b>7.14</b>	<b>851.15</b>
Charge for the year	-	0.10	7.21	-	50.20	4.20	6.95	2.94	1.07	72.67
Adjustment for disposals	-	-	-	(0.06)	(17.03)	(1.67)	(0.36)	(0.03)	(0.35)	(19.50)
Exchange differences	-	-	(0.02)	-	(0.01)	-	-	(0.01)	-	(0.04)
<b>As at 31 March 2019</b>	<b>-</b>	<b>1.11</b>	<b>256.11</b>	<b>0.03</b>	<b>539.05</b>	<b>52.68</b>	<b>39.90</b>	<b>7.54</b>	<b>7.86</b>	<b>904.28</b>
<b>Net block as at 31 March 2018</b>	<b>1,049.04</b>	<b>8.33</b>	<b>140.04</b>	<b>0.24</b>	<b>286.95</b>	<b>18.54</b>	<b>12.24</b>	<b>10.23</b>	<b>2.39</b>	<b>1,528.00</b>
<b>Net block as at 31 March 2019</b>	<b>1,049.04</b>	<b>8.21</b>	<b>137.74</b>	<b>0.02</b>	<b>340.77</b>	<b>21.25</b>	<b>12.03</b>	<b>21.44</b>	<b>2.61</b>	<b>1,593.11</b>

Notes:

### (i) Contractual obligations

Refer note 34 A for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### (ii) Property plant and equipment pledged as security

Refer note 45 for information on property, plant and equipment pledged as security by the Group.

### (iii) Finance leases

The Group has certain properties taken on lease. Refer note 41 for contractual commitments for lease payments in respect of these assets.

### (iv) Property, plant and equipment include assets in use for in house research and development

Refer note 44 for details.

### (v) Depreciation for the year has been included in "Depreciation and amortisation expense" line item in the statement of profit and loss.



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 3 (ii) Capital work-in-progress

	(₹ crores)	
	31 March 2019	31 March 2018
Capital work-in-progress	56.55	48.45

Movement in capital work in progress:

	(₹ crores)
Particulars	Amount
<b>Capital work-in-progress as at 1 April 2017</b>	<b>26.56</b>
Add: additions during the year	97.16
Less: capitalisation during the year	(75.27)
<b>Capital work-in-progress as at 31 March 2018</b>	<b>48.45</b>
Add: additions during the year	140.17
Less: capitalisation during the year	(130.81)
Less: written off during the year	(1.26)
<b>Capital work-in-progress as at 31 March 2019</b>	<b>56.55</b>

## 4 Investment property

	(₹ crores)		
Description	Freehold land	Building	Total
<b>Gross carrying value</b>			
As at 1 April 2017	19.70	4.86	24.56
Additions	-	-	-
Disposals	-	-	-
<b>As at 31 March 2018</b>	<b>19.70</b>	<b>4.86</b>	<b>24.56</b>
Additions	-	-	-
Disposals	-	-	-
<b>As at 31 March 2019</b>	<b>19.70</b>	<b>4.86</b>	<b>24.56</b>
<b>Accumulated depreciation</b>			
As at 1 April 2017	-	1.18	1.18
Charge for the year	-	0.15	0.15
Adjustment for disposals	-	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>1.33</b>	<b>1.33</b>
Charge for the year	-	0.14	0.14
Adjustment for disposals	-	-	-
<b>As at 31 March 2019</b>	<b>-</b>	<b>1.47</b>	<b>1.47</b>
<b>Net block as at 31 March 2018</b>	<b>19.70</b>	<b>3.53</b>	<b>23.23</b>
<b>Net block as at 31 March 2019</b>	<b>19.70</b>	<b>3.39</b>	<b>23.09</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (i) Amount recognised in profit and loss for investment property

(₹ crores)

	31 March 2019	31 March 2018
Rental income	0.35	0.34
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
<b>Profit from leasing of investment properties</b>	<b>0.35</b>	<b>0.34</b>

## (ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given as required by Ind AS 17 "Leases".

## (iii) Fair value of investment property

(₹ crores)

Particulars	31 March 2019	31 March 2018
Fair value	25.99	23.88

The Group obtains independent valuations for its investment property annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer consider information from a variety of sources including:

- In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.
- In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2010-12/1997 have been taken as the basis of valuation. These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account.

## 5 (i) Intangible assets

(₹ crores)

Description	Prototypes	Technical know how	Software	Total
<b>Gross carrying value</b>				
As at 01 April 2017	31.56	18.68	37.04	87.28
Additions	0.06	0.32	6.00	6.38
Adjustment on disposal of subsidiary	-	-	(0.19)	(0.19)
Exchange differences	-	0.15	-	0.15
<b>As at 31 March 2018</b>	<b>31.62</b>	<b>19.15</b>	<b>42.85</b>	<b>93.62</b>
Additions	3.48	1.18	6.10	10.76
Disposals	-	(3.47)	-	(3.47)
Exchange differences	-	(0.06)	-	(0.06)
<b>As at 31 March 2019</b>	<b>35.10</b>	<b>16.80</b>	<b>48.95</b>	<b>100.85</b>
<b>Accumulated amortisation</b>				
As at 01 April 2017	9.00	9.35	24.60	42.95
Charge for the year	7.14	2.07	5.01	14.22
Adjustment on disposal of subsidiary	-	-	(0.19)	(0.19)
Exchange differences	-	0.07	-	0.07
<b>As at 31 March 2018</b>	<b>16.14</b>	<b>11.49</b>	<b>29.42</b>	<b>57.05</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

Description	Prototypes	Technical know how	Software	Total
Charge for the year	7.66	1.95	4.79	14.40
Adjustment for disposals	-	(1.59)	-	(1.59)
Exchange differences	-	(0.04)	-	(0.04)
<b>As at 31 March 2019</b>	<b>23.80</b>	<b>11.81</b>	<b>34.21</b>	<b>69.82</b>
<b>Net block as at 31 March 2018</b>	<b>15.48</b>	<b>7.66</b>	<b>13.43</b>	<b>36.57</b>
<b>Net block as at 31 March 2019</b>	<b>11.30</b>	<b>4.99</b>	<b>14.74</b>	<b>31.03</b>

Notes:

**(i) Contractual obligations**

Refer note 34A for disclosure of contractual commitments for the acquisition of intangible assets.

**(ii) Expenses incurred and assets in use for in house research and development :**

During the year, expenditure of ₹ 92.22 crores (31 March 2018: ₹ 82.72 crores) was incurred on research and development (excluding depreciation) and recognised in statement of profit and loss.

Refer note 44 for details.

**(iii)** Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

**5 (ii) Intangible assets under development**

(₹ crores)

	31 March 2019	31 March 2018
Intangible assets under development	23.41	17.27

**Movement in intangible assets under development :**

(₹ crores)

Particulars	Amount
<b>Intangible assets under development as at 1 April 2017</b>	<b>8.14</b>
Add: additions during the year	15.12
Less: capitalisation during the year	(5.99)
<b>Intangible assets under development as at 31 March 2018</b>	<b>17.27</b>
Add: additions during the year	16.65
Less: capitalisation during the year	(10.51)
<b>Intangible assets under development as at 31 March 2019</b>	<b>23.41</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 6 Investments Investments - non-current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>(i) Investments accounted for using equity method</b>		
Fully paid equity shares (unquoted)	85.15	0.65
	<b>85.15</b>	<b>0.65</b>
Aggregate amount of provision for impairment :	1.00	1.00

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>(ii) Investments (other than investment accounted using equity method)</b>		
<b>(A) Investments carried at fair value through OCI</b>		
Fully paid equity shares (quoted)	0.58	0.76
Fully paid equity shares (unquoted)	-	47.54
<b>(B) Investment carried at fair value through profit and loss</b>		
Fully paid equity shares (quoted)	0.01	0.02
<b>(C) Debt instruments quoted at amortised cost</b>		
Fully paid preference shares (unquoted)	1.38	1.33
	<b>1.97</b>	<b>49.65</b>

The market value of quoted investments is equal to the carrying value.

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>(iii) Investments - Current</b>		
<b>(A) Investment carried at fair value through profit or loss</b>		
Investment in equity shares (quoted)	0.61	0.90
Mutual funds (quoted)	403.05	497.83
Bonds (unquoted)	0.01	0.01
	<b>403.67</b>	<b>498.74</b>

The market value of quoted investments is equal to the carrying value.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

Details of investments are as follows:

Non-current investments

(₹ crores)				
	Number of shares		Amount	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>In equity instruments<sup>^</sup></b>				
<b>Joint ventures and associates (unquoted)</b>				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
Less: provision for impairment			(1.00)	(1.00)
			-	-
Adico Escorts Agri Equipment Private Limited	84,00,000	60,00,000	2.82	0.65
Tadano Escorts India Private Limited	2,94,00,000	-	23.32	-
Escorts Kubota India Private Limited (face value of ₹ 100 each)	60,00,000	-	59.01	-
			<b>85.15</b>	<b>0.65</b>
<b>Others (quoted)</b>				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	0.49	0.63
Godavari Drugs Limited	19,700	19,700	0.05	0.06
Twenty First Century Medicare Limited	19,400	19,400	0.04	0.07
Tamilnadu Newsprints & Papers Limited *	100	100	-	-
Gujarat State Financial Corporation Limited	93,600	93,600	0.01	0.02
			<b>0.59</b>	<b>0.78</b>
<b>Others (unquoted)</b>				
Escorts Skill Development*	9,500	9,500	-	-
Hughes Communications India Limited (refer note (i) below)	-	20,74,492	-	45.90
Escorts Motors Limited (refer note (ii) below)	-	1,00,000	-	1.64
			-	<b>47.54</b>
<b>In preference shares</b>				
Allgrow Finance & Investment Private Limited. (face value of ₹ 10 each, 10% redeemable non-cumulative preference share)	7,30,000	7,30,000	0.16	0.14
Allgrow Finance & Investment Private Limited (face value of ₹ 100 each, 4% redeemable non-cumulative preference share)	1,97,000	1,97,000	1.22	1.19
			<b>1.38</b>	<b>1.33</b>

<sup>^</sup>All equity shares are of ₹ 10 each unless otherwise stated.

\*Amount less than ₹ 1 lakh

(₹ crores)		
	As at 31 March 2019	As at 31 March 2018
<b>Current investments</b>		
<b>Mutual funds and others (quoted)</b>		
Axis Liquid Fund (Direct) (Growth)	-	20.03
Axis Strategic Bond Fund (Direct) (Growth)	21.64	20.02
Aditya Birla Sun Life Credit Risk Fund (Direct) (Growth) (earlier Corporate Bond Fund)	0.94	0.88
Aditya Birla Sun Life Corporate Bond Fund (Regular) Growth	-	2.92
Aditya Birla Sun Life Cash Plus Fund (Direct) (Growth)	-	26.96
Aditya Birla Sun Life Medium Term Plan (Regular) (Growth)	-	0.05

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Aditya Birla Sun Life Medium Term Plan (Direct) (Growth)	15.57	40.80
BSL Corporate Bond Fund (Direct) (Growth)	16.22	15.02
Edelweiss EAF Sr I Opt IV_1603 (Direct) (Growth)	-	10.06
Edelweiss Finvest Private Limited Structure Product	10.21	-
HDFC Credit Risk Fund (Direct) (Growth) (earlier Corporate Debt Opp. Fund)	21.30	14.01
HDFC Fmp - Series 39-1208 Days (Direct) (Growth)	26.74	25.13
HDFC Corporate Bond Fund (Direct) (Growth)	23.72	21.98
HDFC Short Term Opp. Fund (Direct) (Growth)	21.58	20.02
ICICI Equity Arbitrage Fund (Direct) (Growth)	-	12.46
ICICI Fmp - Series 82 - 1136 Days (Direct) (Growth)	26.81	25.06
ICICI Bond Fund (Direct) (Growth)	42.50	39.80
ICICI Pru Money Market Fund (Direct) (Growth)	-	11.05
ICICI Pru Credit Risk Fund (Direct) (Growth)	10.78	-
IDFC Credit Risk Fund (Direct) (Growth)	32.09	6.01
IIFL - LWFEC825-140520 Structured Product	16.28	15.14
IIFL Capital Enhancer Fund	3.16	-
Kotak Equity Arbitrage Fund (Direct) (Growth)	-	15.00
Kotak Medium Term Fund (Direct) (Growth)	23.37	21.90
Kotak Floater ST (Direct) (Growth)	-	20.03
Kotak Standard Multicap Fund	1.35	-
L&T Resurgent Corporate Bond Fund (Direct) (Growth)	23.22	15.01
SBI Premier Liquid Fund (Direct) (Growth)	-	15.03
UTI Fixed Term Income Fund Series XXVIII-XIII - 1134 Days (Direct) (Growth)	26.39	25.08
UTI Money Market Fund (Direct) (Growth)	-	20.03
UTI Short Term Income Fund (Direct) (Growth)	27.21	25.40
Escorts Mutual Fund	-	1.41
Aditya Birla SL Corporate Bond (Regular) (Growth)	4.27	3.62
ABSL Credit Risk Fund (Regular) (Growth)	3.68	4.12
HDFC Corporate Debt Opportunities (Regular) (Growth)	4.02	3.80
	<b>403.05</b>	<b>497.83</b>
<b>Bonds (unquoted)</b>		
ICICI Deep Discount Bonds	0.01	0.01
	<b>0.01</b>	<b>0.01</b>
<b>Others</b>		
Equity shares (refer note (iii) below)	0.61	0.90
<b>Total</b>	<b>403.67</b>	<b>498.74</b>

## Notes:

- (i) Investment in equity shares of Hughes Communications India Limited was sold during the year for a consideration of ₹ 50.08 crores to HNS-India VSAT, Inc. Monies received on account of this transaction has been included under note 13.
- (ii) Investment in equity share of Escorts Motors Limited has been classified as held for sale during the year. Refer note 15 for detail.
- (iii) This item contains investment in multiple companies which have been held by the group to earn short term capital appreciation, hence these investments are carried at FVTPL. The individual amounts of investment in each company is considered insignificant by the management, hence not disclosed.
- (iv) Refer note 35 - Financial Instruments for disclosure of fair value of investments and underlying assumptions.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 7 Loans

### (i) Non-current loans

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Loans receivable considered good - Unsecured		
Security deposits	9.01	9.17
	<b>9.01</b>	<b>9.17</b>

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### (ii) Current loans

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Loans receivable considered good - Unsecured		
Security deposits	5.63	6.04
	<b>5.63</b>	<b>6.04</b>

The carrying values are considered to be a reasonable approximation of their fair values.

## 8 Other financial assets

### (i) Non-current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Deposits with remaining maturity more than 12 months	-	8.49
Advances to related parties	-	2.93
Others	-	2.54
	-	<b>13.96</b>
Allowance for doubtful advances	-	(5.47)
	-	<b>8.49</b>

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses.

### (ii) Current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Export incentives receivable	9.99	7.47
Claims receivable	0.60	0.90
Other recoverable		
-from related parties (refer note 46 for related party balances)	2.46	2.30
-from others	1.90	2.08
	<b>14.95</b>	<b>12.75</b>

The carrying values are considered to be a reasonable approximation of their fair values.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 9 (i) Deferred tax assets/liabilities (net)

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax asset arising on account of :</b>		
Receivables, financial assets and financial liabilities at amortised cost	28.63	40.93
Provision for employee benefits and other liabilities deductible on actual payment	24.14	28.71
MAT credit entitlement	0.16	11.55
Unabsorbed losses	0.71	0.08
<b>Deferred tax liability arising on account of :</b>		
Investments carried at fair value	(12.84)	(10.56)
Property, plant and equipment, investment property and intangible assets	(92.45)	(89.60)
<b>Net deferred tax (liabilities)/assets</b>	<b>(51.65)</b>	<b>(18.89)</b>

Notes:

**(a) Movement in deferred tax assets/(liabilities) for the year ended 31 March 2019 is as follows:**

(₹ crores)

	Opening balance deferred Tax assets	Opening balance deferred tax liabilities	Recognised / (reversed) through profit and loss	Recognised / (reversed) in other comprehensive income	Closing balance deferred tax liabilities	Closing balance deferred tax assets
<b>Deferred tax assets/(liabilities) in relation to:</b>						
Property, plant and equipment, investment property and intangible assets	(0.08)	(89.52)	(2.85)	-	(92.48)	0.03
Receivables, financial assets and liabilities at amortised cost	0.39	40.54	(12.30)	-	28.44	0.19
Provision for employee benefits and other liabilities deductible on actual payment	0.24	28.47	(5.17)	0.60	24.02	0.12
MAT credit entitlement	0.17	11.38	(11.39)	-	-	0.16
Unrealised gain on investment carried at fair value	0.01	(10.57)	(7.40)	5.12	(12.85)	0.01
Unabsorbed losses	0.08	-	0.63	-	-	0.71
<b>Net deferred tax assets/(liabilities)</b>	<b>0.81</b>	<b>(19.70)</b>	<b>(38.48)</b>	<b>5.72</b>	<b>(52.87)</b>	<b>1.22</b>

**(b) Movement in deferred tax assets for the year ended 31 March 2018 is as follows:**

(₹ crores)

	Opening balance	Recognised / (reversed) through profit and loss	Recognised / (reversed) in other comprehensive income/equity	Closing balance deferred tax liabilities	Closing balance deferred tax assets
<b>Deferred tax assets/(liabilities) in relation to:</b>					
Property, plant and equipment, investment property and intangible assets	(79.00)	(10.59)	(0.01)	(89.52)	(0.08)
Receivables, financial assets and liabilities at amortised cost	38.04	3.90	(1.01)	40.54	0.39
Provision for employee benefits and other liabilities deductible on actual payment	31.81	(2.77)	(0.33)	28.47	0.24
MAT credit entitlement	63.60	(52.05)	-	11.38	0.17
Unrealised gain on investment carried at fair value	(5.30)	(3.82)	(1.44)	(10.57)	0.01
Unabsorbed losses	2.35	0.08	(2.35)	-	0.08
<b>Net deferred tax assets/(liabilities)</b>	<b>51.50</b>	<b>(65.25)</b>	<b>(5.14)</b>	<b>(19.70)</b>	<b>0.81</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 9 (ii) Tax expense

The income tax expense consists of the following:

	(₹ crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
<b>Current tax</b>		
Current tax expense	198.63	97.24
Deferred tax expense/ (credit)	38.48	65.25
<b>Total income tax expense for continuing operations</b>	<b>237.11</b>	<b>162.49</b>
Tax expense for discontinued operations	0.66	-
<b>Total income tax expense</b>	<b>237.77</b>	<b>162.49</b>

(a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	(₹ crores)	
	Year ended 31 March 2019	Year ended 31 March 2018
Profit before income tax from continuing and discontinued operations	715.67	509.08
Statutory income tax rate	34.61%	34.61%
Expected income tax expense	247.68	176.18
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense</b>		
Tax effect of expenses not eligible for deduction	2.21	1.37
Weighted and standard deduction for certain expenditures under Income Tax Act, 1961	(13.30)	(10.30)
Adjustment for tax expense/(benefit) pertaining to prior years	2.68	(8.11)
Impact of different tax rate on certain items	-	0.32
Addition/(utilisation) of tax losses on which no deferred tax is recognised	(1.97)	1.03
Brought forward loss on which earlier deferred tax not created adjust during the year	-	(0.25)
Others	0.47	2.25
<b>Total income tax expense</b>	<b>237.77</b>	<b>162.49</b>

## (b) Unused tax losses and credits

### Minimum alternate tax (MAT)

The Group has unutilised MAT credit amounting to ₹ 0.16 crores as at 31 March 2019 (31 March 2018 ₹ 11.55 crores). Tax credits have been recognised on the basis that recovery is probable in the foreseeable future. This recognised MAT credit expires, if unutilised, based on the year of origination as follows:

### Financial year ending

(₹ crores)		
Year of origination	Year of expiry	Amount
31 March 2014	31 March 2029	0.05
31 March 2015	31 March 2030	0.04
31 March 2016	31 March 2031	0.07
		<b>0.16</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## Unrecognised temporary difference

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Temporary difference relating to investment in subsidiaries for which deferred tax liability have not been recognised		
Undistributed earnings	-	1.40
Unrecognised deferred tax liabilities relating to the above temporary difference	-	0.28

A subsidiary of the group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from a subsidiary and is not expected to distribute these profits in the foreseeable future.

## 10 Other assets

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>(i) Non-current</b>		
Prepaid expenses	6.45	1.47
Capital advances	23.56	15.55
Deposits with statutory authorities*	68.38	65.49
	<b>98.39</b>	<b>82.51</b>
Allowance for doubtful advances	(2.08)	(2.04)
	<b>96.31</b>	<b>80.47</b>

\* includes deposit paid under protest with statutory authorities.

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>(ii) Current</b>		
Advances to suppliers	19.05	14.52
Prepaid expenses	4.88	11.42
Balances with statutory authorities	280.74	129.50
Others	21.76	23.38
	<b>326.43</b>	<b>178.82</b>
Allowance for doubtful advances	(26.41)	(27.52)
	<b>300.02</b>	<b>151.30</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 11 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
<b>Raw materials and components</b>	296.74	241.55
Goods-in-transit	51.39	18.52
	<b>348.13</b>	<b>260.07</b>
<b>Work-in-progress</b>	<b>37.10</b>	<b>38.44</b>
<b>Finished goods</b>	306.52	153.64
Goods-in-transit	64.64	26.07
	<b>371.16</b>	<b>179.71</b>
<b>Stock-in-trade</b>	79.97	64.67
Goods-in-transit	0.32	1.43
	<b>80.29</b>	<b>66.10</b>
<b>Stores and spares</b>	13.56	13.52
	<b>13.56</b>	<b>13.52</b>
<b>Loose tools</b>	7.18	7.89
	<b>7.18</b>	<b>7.89</b>
	<b>857.42</b>	<b>565.73</b>

### Note:

- (i) Inventories have been pledged as security for liabilities, for details refer note 19 and 45  
(ii) Amount of write down and reversal of write down of inventories recognised in statement of profit and loss:

	(₹ crores)
Particulars	Amount
<b>Allowance for obsolete and slow moving inventories as at 1 April 2017</b>	<b>26.41</b>
Add: write-down recognised during the year	13.64
Less: reversal of write-down during the year	(0.32)
Less: write-off against allowance during the year	(5.68)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2018</b>	<b>34.05</b>
Add: write-down recognised during the year	17.07
Less: write-off against allowance during the year	(21.74)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2019</b>	<b>29.38</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 12 Trade receivables

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Trade receivables considered good - Secured	101.04	97.77
Trade receivables considered good - Unsecured	840.07	512.35
Trade receivables credit impaired	46.38	51.68
	<b>987.49</b>	<b>661.80</b>
Allowance for doubtful receivables		
Unsecured, considered good (expected credit loss)	(10.06)	(18.12)
Credit impaired	(46.38)	(51.68)
	<b>(56.44)</b>	<b>(69.80)</b>
	<b>931.05</b>	<b>592.00</b>

Notes:

- (i) Trade receivables have been pledged as security for liabilities, for details refer note 19 and 45
- (ii) Refer note 35 - Financial instruments for assessment of expected credit losses.
- (iii) The carrying values are considered to be a reasonable approximation of their fair value.
- (iv) Trade receivables include ₹ 1.11 crores (31 March 2018 ₹ 1.58 crores) due from related parties. For details refer note 46 - related party disclosures

## 13 Cash and cash equivalents

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Balances with banks in current accounts	33.92	44.46
Remittance in transit	50.08	-
Cash on hand	0.10	0.15
Debit balance in cash credit accounts	5.08	67.04
Bank deposits with maturity less than 3 months	3.87	42.48
	<b>93.05</b>	<b>154.13</b>

The carrying values are a reasonable approximation of their fair values.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 14 Other bank balances

(₹ crores)		
	As at 31 March 2019	As at 31 March 2018
Earmarked bank balances	1.28	1.40
Fixed deposits with maturity of more than 3 months but less than 12 months	6.17	27.52
Margin money deposits	0.12	0.12
Escrow account	142.68	134.12
	<b>150.25</b>	<b>163.16</b>

### Notes:

- (i) Earmarked balances with banks largely pertains to unclaimed dividends.
- (ii) ₹ 0.19 crores (31 March 2018: ₹ Nil) represents deposits with original maturity for more than 3 months but less than 12 months, held by the entity that are not available for use by the Group, as these are pledged against loans.
- (iii) Balance in Escrow account is not available for use by the Group, refer note 22 (ii) for details.
- (iv) ₹ 0.12 crores (31 March 2018: ₹ 0.12 crores) represent margin money pledged with various authorities.
- (v) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the reporting year and prior year.
- (vi) The carrying values are considered to be a reasonable approximation of their fair value.

## 15 Assets held for sale

(₹ crores)		
	As at 31 March 2019	As at 31 March 2018
Assets held for sale	13.92	9.00
	<b>13.92</b>	<b>9.00</b>

(₹ crores)		
Details of assets held for sale:	As at 31 March 2019	As at 31 March 2018
Land	9.00	9.00
Investment in equity instruments of Hughes Communications India Limited	3.25	-
Investment in equity instruments of Escorts Motors Limited	1.67	-
<b>Total</b>	<b>13.92</b>	<b>9.00</b>

### Notes:

#### (i) Details of assets held for sale :

- a. The Group executed an agreement to sell in earlier years, for transfer of 25 acres of land at Plot No. 219, Sector 58, Balabgarh, Haryana for a consideration of ₹ 9.00 crores. The said transfer is subject to necessary approval from HUDA and accordingly the consideration amount of ₹ 9.00 crores is being classified in other current liabilities. Owing to the

# Notes forming part of the Consolidated Financial Statements

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inordinate delay in obtaining approval from HUDA, the transfer has been delayed beyond one year that was not originally envisaged. However, the Group is taking necessary action to respond to the current conditions and favorable resolution is expected. Therefore, such land continues to be classified as held for sale.

- b. During the year, Group purchased 135,000 equity instruments of Hughes Communications India Limited from Escorts Employee Welfare Limited at a purchase price of ₹ 3.25 crores. Also, the Group has entered into a agreement with HNS-India VSAT, Inc. for the sale of these equity shares at a consideration of ₹ 3.25 crores. Therefore, such equity shares have been classified as 'held for sale'.
- c. During the year, Group has entered into a agreement with HNS-India VSAT, Inc. for the sale of equity shares of Escorts Motors Limited at a consideration of ₹ 1.67 crores. Therefore, such equity shares have been classified as 'held for sale'.

## (ii) Non-recurring fair value measurements

Asset classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹ 0.76 crores was made in earlier years on account of such measurement for land. This is Level 3 measurement as per fair value hierarchy set out in fair value measurement disclosures (refer note 35). For other investments in equity shares classified as 'held for sale', expected sale value is higher or equal to the carrying value. Therefore, no write down was required.

## 16 Equity Share Capital

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Authorised</b>		
401,000,000 (previous year 401,000,000) Equity shares of ₹ 10 each	401.00	401.00
888,000,000 (previous year 888,000,000) Unclassified shares of ₹ 10 each	888.00	888.00
	<b>1,289.00</b>	<b>1,289.00</b>
<b>Issued, Subscribed and Fully paid-up</b>		
122,576,878 (previous year 122,576,878) Equity shares of ₹ 10 each	122.58	122.58
	<b>122.58</b>	<b>122.58</b>

## (a) Reconciliation of number of shares

	As at 31 March 2019		As at 31 March 2018	
	No of shares	(₹ crores)	No of shares	(₹ crores)
Equity shares at the beginning of the year	12,25,76,878	122.58	12,25,76,878	122.58
Changes during the year	-	-	-	-
<b>Equity shares at the end of the year</b>	<b>12,25,76,878</b>	<b>122.58</b>	<b>12,25,76,878</b>	<b>122.58</b>

## (b) Rights/preferences/restrictions attached to equity shares

The Parent Company has only one class of shares, i.e. equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. In the event of liquidation of the Parent Company, equity shareholders will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (c) Details of shareholders holding more than 5% shares in the company

	As at 31 March 2019		As at 31 March 2018	
	No of shares	% holding	No of shares	% holding
Escorts Benefit and Welfare Trust	3,37,00,031	27.49	3,37,00,031	27.49
Harprasad and Company Private Limited	1,05,26,308	8.59	1,05,26,308	8.59
Jhunjhunwala Rakesh Radheyshyam	1,00,00,000	8.16	1,00,00,000	8.16

(d) The Parent company has issued total 537,100 (31 March 2018: 537,100) equity shares to employees (through Escorts Employees Benefit and Welfare Trust) on exercise of option granted under the Employee Stock Option Scheme 2006, wherein part consideration was received in form of employee services.

## (e) Shares reserved for issue under options

	As at	As at
	31 March 2019	31 March 2018
	No of shares	No of shares
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	30,74,512	30,74,512

For terms and other details refer note 40

## 17 Other equity

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
<b>Capital reserve</b>	<b>97.40</b>	<b>97.40</b>
<b>Capital redemption reserve</b>	<b>6.00</b>	<b>6.00</b>
<b>General reserve</b>		
Opening balance	729.95	513.33
Less: adjustment on disposal of subsidiary	-	(0.47)
Less: adjustment on transaction between shareholders	(0.09)	-
Add: amount received as beneficiary of treasury stock sold during the year	-	217.09
	<b>729.86</b>	<b>729.95</b>
<b>Securities premium reserve</b>		
Opening balance	456.69	456.59
Add: transferred from employees' stock option outstanding account against options exercised during the year	-	0.10
	<b>456.69</b>	<b>456.69</b>
<b>Employee stock option outstanding account</b>		
Opening balance	-	0.10
Add: charge for the year	4.03	-
Less: transferred to Securities premium reserve against options exercised during the year	-	(0.10)
	<b>4.03</b>	<b>-</b>
<b>Treasury Shares</b>		
Opening balance	(337.23)	(370.71)
Less: adjustment for treasury stock sold during the year	-	33.25
Less: adjustment for options exercised during the year	-	0.23
	<b>(337.23)</b>	<b>(337.23)</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Retained earnings</b>		
Opening balance	1,095.49	758.09
Add: net profit for the year	478.93	347.02
Less: Equity dividend (net of dividend on treasury shares)	(23.90)	(12.33)
Less : tax on equity dividend	(5.04)	(3.74)
Add : transferred to retained earnings on account of disposal of investment in equity instruments classified as fair value through other comprehensive income	48.00	-
Add: adjustment on disposal of subsidiary	-	6.00
Add: remeasurement of defined benefit plans (net of tax)	(1.12)	0.40
Add: gain on transaction between shareholders against dilution of non-controlling stake in subsidiaries	(0.88)	0.05
	<b>1,591.48</b>	<b>1,095.49</b>
<b>Additional paid in capital</b>		
Opening balance	3.76	7.97
Add: changes during the year	(3.07)	1.32
Add: Adjustment on transaction between shareholders	0.06	-
Less: adjustment on disposal of subsidiary	-	(5.53)
	<b>0.75</b>	<b>3.76</b>
<b>Special reserve</b>		
Opening balance	0.07	0.07
Add: changes during the year	-	-
	<b>0.07</b>	<b>0.07</b>
<b>Other comprehensive income, net of tax</b>		
<b>Equity instruments measured as fair value through other comprehensive income</b>		
Opening balance	39.47	28.87
Add: changes during the year	9.15	-
Less: transfer to retained earnings	(48.00)	10.60
	<b>0.62</b>	<b>39.47</b>
<b>Foreign currency translation reserve</b>		
Opening balance	0.96	0.64
Add: changes during the year	0.28	0.32
	<b>1.24</b>	<b>0.96</b>
<b>Total</b>	<b>2,550.91</b>	<b>2,092.56</b>

## Nature and purpose of other reserves

### (i) Securities premium

Securities premium represents premium received on issue of shares. The securities premium is utilised in accordance with the provisions of the Companies Act, 2013.

### (ii) Employee's stock options outstanding account

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

### (iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of consideration paid at the time of amalgamation done in earlier year. This reserve is not available for the distribution to the shareholders.

## (v) Treasury shares

This reserve represents the cost of Parent Company's own equity shares held by the Escorts Employees Benefit and Welfare Trust, which is created under the Employee Stock Option Plan, Escorts Benefit and Welfare Trust and Escorts Benefit Trust which has been consolidated in these financial statements. During the previous year, shares held by Escorts Benefit and Welfare Trust were sold and the surplus funds were transferred to the Parent Company. The excess realisation over and above the cost of such treasury stock was credited to general reserve.

## (vi) General reserve

The Group has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with Provision of Companies Act, 2013.

## (vii) Other Comprehensive Income (OCI) reserve

(i) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(ii) The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

## 18 Non-controlling interest

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
Opening balance	(0.40)	1.74
Add: Equity Share issued during the year	6.50	-
Less: adjustment for disposal of subsidiary	-	(1.76)
Less: adjustment on transaction between shareholders for loss realised on dilution of stake in certain subsidiaries	0.91	(0.05)
Add: equity component of financial instrument carried at amortised cost attributed to non-controlling interest	(0.34)	0.10
Less: share of loss for the year	(1.03)	(0.43)
<b>Closing non-controlling interest</b>	<b>5.64</b>	<b>(0.40)</b>

Refer note 38 for summarised financial information of subsidiary that has non-controlling interest that are material to the Group

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 19 Borrowings

### (i) Non-current borrowings

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Term loans from banks	-	13.38
Other loans from financial institutions	3.41	0.18
Finance lease obligations (refer note 41)	0.12	0.12
<b>Unsecured</b>		
Liability portion of compound instruments	-	1.03
	<b>3.53</b>	<b>14.71</b>
Current maturities of long-term borrowings (refer note 20)	8.20	36.38
	<b>11.73</b>	<b>51.09</b>

#### Notes:

a. **Rate of interest** - The Group's borrowings from banks are at an effective weighted average rate of 9.98% (31 March 2018: 10.26%)

#### b. Other terms

(₹ crores)

Nature of security	31 March 2019	31 March 2018
(i) Term loan from IDBI Bank is secured by first charge by way of equitable mortgage of freehold immovable property being a part of Site no.2, Sector-13, Faridabad. The same stands fully repaid by July 2018.	-	17.50
(ii) Term loan from State Bank of India is secured by exclusive first charge on the plant and machinery acquired/to be acquired out of the said term loan and exclusive charge by way of equitable mortgage of freehold immovable property being a part of Site no.2, Sector-13, Faridabad. The same is repayable in equal quarterly instalments starting from 31 December 2017.	7.34	32.14
(iii) Finance lease obligations are secured by the hypothecation of assets financed. Refer note 41 for repayment schedule for these obligations.	0.12	0.12
(iv) Vehicle and other loans are secured by the hypothecation of respective equipment and vehicles and are repayable in equal monthly installments.	0.20	0.35
(v) Other loans from financial institutions are secured by the hypothecation of respective equipments and are repayable in half yearly installments	4.07	-
(vi) Unsecured - liability portion of compound instruments in respect to :-	-	
- 8.5% non cumulative redeemable preference shares issued to Allgrow Finance and Investment Private Limited, payable in November 2036	-	0.63
- 7.0% non cumulative redeemable preference shares issued to Charak Ayurvedic Treatments Private Limited, payable in February 2036	-	0.16
- 7.0% non cumulative redeemable preference shares issued to AAA Portfolio Private Limited, payable in December 2034	-	0.24
<b>Less:</b> Adjustment for processing fees on long term loans recognised using effective interest rate	-	(0.05)
	<b>11.73</b>	<b>51.09</b>

(c) **Refer note 35** - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (ii) Current borrowings

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Cash credit and other working capital facilities from banks	269.23	-
	<b>269.23</b>	<b>-</b>

### (a) Security details

Cash Credit and other working capital facilities from banks are secured against first pari passu charge on current assets and second charge on moveable fixed assets (excluding assets specifically charged to other term loan lenders) . These facilities carried interest in the range of 5.50%.- 9.65% p.a. in year ended 31 March 2019(31 March 2018: 6.75%-10.75% p.a).

(b) The carrying values are considered to be reasonable approximation of their fair values.

### (iii) The reconciliation of movement in net debt is as follows:

(₹ crores)

	Non-current borrowings and Current maturities of long-term borrowings	Preference shares	Current borrowings
<b>Opening balance as at 1 April 2018</b>	<b>103.79</b>	<b>2.34</b>	<b>159.30</b>
<b>Cash flows:</b>			
Repayments	(54.15)	(0.50)	(159.27)
Interest paid	(12.73)	-	(8.84)
Interest expenses	13.15	0.11	8.84
Other non cash transactions	-	(0.92)	(0.03)
<b>Closing balance as at 31 March 2019</b>	<b>50.06</b>	<b>1.03</b>	<b>0.00</b>
<b>Cash flows:</b>			
Repayments	(42.45)	-	-
Proceeds	4.08	-	269.23
Interest paid	(5.84)	-	(7.99)
Interest expenses	5.88	0.01	7.99
Other non cash transactions	-	(1.04)	-
<b>Closing balance as at 31 March 2019</b>	<b>11.73</b>	<b>-</b>	<b>269.23</b>

## 20 Other financial liabilities

### (i) Other non-current financial liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Security deposits	17.46	14.08
	<b>17.46</b>	<b>14.08</b>

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (ii) Other current financial liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (refer note 19)	8.20	36.38
Capital creditors	32.07	20.33
Security deposits	1.88	7.36
Unpaid dividends*	1.28	1.40
Payable to related parties (refer note 46)	2.39	1.49
Employee related payables	71.47	67.12
Retention money	0.63	0.77
Liability against fixed deposit holders	10.85	10.95
Other payables	19.83	28.07
	<b>148.60</b>	<b>173.87</b>

\*Investor Education and Protection Fund will be credited as and when due

The carrying values are considered to be a reasonable approximation of their fair values.

## 21 Other liabilities

### (i) Other non-current liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Deferred income	10.80	9.41
	<b>10.80</b>	<b>9.41</b>

### (ii) Other current liabilities

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Advances received from customers	41.74	38.39
Advance against sale of property, plant and equipment	9.00	9.00
Payable to statutory authorities	33.09	38.95
Deferred income	22.85	13.54
Others	25.29	25.29
	<b>131.97</b>	<b>125.17</b>

## 22 Provisions

### (i) Non-current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Provision for employee benefits</b>		
Provision for gratuity	0.25	0.35
Provision for compensated absences	14.84	13.67
Provision for pension	4.80	-
<b>Others</b>		
Provision for warranty	5.83	2.60
	<b>25.72</b>	<b>16.62</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (ii) Current

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
<b>Provision for employee benefits</b>		
Provision for gratuity	38.90	45.56
Provision for compensated absences	2.12	2.97
Provision for pension	0.67	-
<b>Others</b>		
Provision for warranty	13.35	11.99
Provision for claims	65.00	72.40
	<b>120.04</b>	<b>132.92</b>

### 1 Information about individual provisions

#### Provision for claims

- a) During the year 2004-05, Group sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated 25 September 2005. At the time of sale, EHIRCL had certain pending income-tax demands. For this purpose and in terms of said SPA, an amount of ₹ 64.99 crores had been kept under Escrow as fixed deposit by the Group, which after renewal(s) along with interest cumulatively amounts to ₹ 142.68 crores as on 31 March 2019 (31 March 2018: ₹ 134.12 crores). In accordance with the terms of said SPA, the Group has undertaken to indemnify the purchaser against the aforesaid tax demands arising on EHIRCL upon final adjudication in law, to the maximum extent of funds lying in the Escrow Account plus one-third of the remaining tax demand in excess of the balance in the Escrow Account or as may be finally settled between the parties. Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹ 65.00 crores on 31 March 2019 (31 March 2018: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the appeals in their favour. The income-tax department has filed second appeal(s) before the Appellate Tribunal where these are pending.
- b) Farmtrac North America, LLC (FNA), previously subsidiary of the Company had entered into a distribution agreement for distribution of tractors manufactured by M/s L S Mtron (LSC). During 2006-07, FNA however defaulted in making payments to LSC for the tractors supplied to them. LSC initiated International Arbitration conducted by ICC against the Company. FNA is currently under receivership and its assets had been disposed off by the Receiver and proceeds were distributed to secured creditors. A settlement agreement was executed between the Company and LSC during FY 2015-16 and according to such settlement agreement, out of the total amount payable ₹ 47.67 crores, 50% was paid during FY 2015-16 and balance was payable in three equal yearly installments, thereafter. In terms of the settlement agreement, the Company has made the entire payment during the year with the last installment of ₹ 7.40 crores.

#### Provision for warranty

The Group gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/replacement. The timing of the outflows is expected to be within a period of one to five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the related expenditure over the future periods.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 2 Movement in provisions :

(₹ crores)

	Provision for claims	Provision for warranty
<b>Provision at 1 April 2017</b>	<b>78.93</b>	<b>11.18</b>
Additions during the year	-	12.92
Amount utilised during the year	(7.75)	(9.65)
Unwinding of discount and effect of change in discount rate	1.21	0.14
Exchange fluctuation	0.01	-
<b>Provision at 31 March 2018</b>	<b>72.40</b>	<b>14.59</b>
Additions during the year	-	18.02
Amount utilised during the year	(8.24)	(13.43)
Unwinding of discount and effect of change in discount rate	0.46	-
Exchange fluctuation	0.38	-
<b>Provision at 31 March 2019</b>	<b>65.00</b>	<b>19.18</b>

3 For disclosures on employee benefits, refer note 39.

## 23 Trade Payables

(₹ crores)

	As at 31 March 2019	As at 31 March 2018
Acceptances	184.31	180.69
Trade payables		
- due to micro, small and medium enterprises (refer note 43)	32.98	32.94
- due to others	832.69	810.36
Other accrued liabilities	198.76	210.50
	<b>1,248.74</b>	<b>1,234.49</b>

The carrying values are considered to be a reasonable approximation of their fair values.

## 24 Revenue from operations

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Operating revenue</b>		
Sale of products*		
Export	195.03	159.39
Domestic	5,974.81	4,868.41
	<b>6,169.84</b>	<b>5,027.80</b>
<b>Other operating revenue</b>		
Sale of services	14.94	15.17
Export incentives	10.58	10.35
Scrap sales	30.27	13.98
Management fee/brokerage income	3.99	6.19
Liabilities no longer required written back	21.79	-
Others	10.61	6.70
	<b>92.18</b>	<b>52.39</b>
	<b>6,262.02</b>	<b>5,080.19</b>

\*including excise duty till 30 June 2017

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 25 Other income

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest from :</b>		
Bank deposits	11.26	9.71
Other financial assets carried at amortised cost	23.91	13.73
Others	0.19	1.11
	<b>35.36</b>	<b>24.55</b>
<b>Other income</b>		
Gain on foreign currency transactions (net)	4.79	5.91
Lease rentals	1.47	2.59
Gain on sale of investments (net)	12.50	7.65
Gain on fair valuation of investments carried at fair value through profit or loss (net)	21.74	11.24
Gain on disposal of property, plant and equipment (net)	1.53	2.79
Miscellaneous income	15.01	10.59
	<b>57.04</b>	<b>40.77</b>
	<b>92.40</b>	<b>65.32</b>

## 26 Cost of materials consumed

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>(i) Cost of material consumed</b>		
Opening stock	260.07	163.75
Purchases	4,166.65	3,292.57
	<b>4,426.72</b>	<b>3,456.32</b>
Closing stock	(348.13)	(260.07)
Foreign currency translation	(1.12)	1.57
Add: cost of material consumed for discontinued operations	0.01	(3.84)
	<b>4,077.48</b>	<b>3,193.98</b>
<b>(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods</b>		
<b>Opening stock</b>		
Finished goods	179.71	168.92
Work-in-progress	38.44	36.15
Stock-in-trade	66.10	59.39
	<b>284.25</b>	<b>264.46</b>
<b>Closing stock</b>		
Finished goods	(371.16)	(179.71)
Work-in-progress	(37.10)	(38.44)
Stock-in-trade	(80.29)	(66.10)
	<b>(488.55)</b>	<b>(284.25)</b>
Foreign currency translation	(0.24)	0.43
	<b>(204.54)</b>	<b>(19.36)</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 27 Employee benefit expense

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	416.69	392.11
Share based payments to employees (refer note 40)	4.03	-
Post-employment and other long term benefits expense (refer note 39)	13.52	10.79
Contribution to provident and other funds (refer note 39)	17.30	16.74
Staff welfare	33.19	22.81
	<b>484.73</b>	<b>442.45</b>

## 28 Finance costs

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on		
Long term loans	2.56	8.86
Cash credit and short term loans	7.99	8.84
Others	1.09	4.27
Finance and bank charges	3.70	4.97
Unwinding of discount on provisions and financial liabilities carried at amortised cost	4.20	2.55
	<b>19.54</b>	<b>29.49</b>

## 29 Depreciation and amortisation

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>(i) Depreciation on</b>		
Property, plant and equipment	72.67	58.85
Investment property	0.14	0.15
<b>(ii) Amortisation on</b>		
Intangible assets	14.40	14.22
	<b>87.21</b>	<b>73.22</b>

## 30 Other expenses

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Stores and spares consumed	52.21	37.64
Power, fuel and electricity	45.44	38.20
Repair and maintenance		
Building	10.55	8.05
Machinery	15.36	12.67
Others	27.77	24.04
Outsourcing expenses	36.44	30.87



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Warranties and after sale service	37.29	18.92
Rent	11.25	8.08
Research and Development expense on projects	6.60	11.86
Rates and taxes	3.02	3.13
Insurance	6.07	4.59
Traveling and conveyance	57.69	52.11
Postage and telephones	6.64	6.80
Manpower hiring on contract	109.54	85.01
Legal and professional	57.26	53.65
Commission, discounts and sales incentive	11.43	14.22
Advertisement and promotional expenses	88.42	51.03
Royalty paid	30.58	24.77
Packing, freight and forwarding	104.44	102.87
Security charges	6.04	5.92
Printing and stationery	4.73	4.05
Director's sitting fees and commission	8.03	11.26
Corporate social responsibility (CSR) expenditure *	6.13	3.25
Provision for doubtful debts/advances and deposits	0.30	11.13
Bad debts & inventory written off	19.13	19.22
Less : Provision already held	(19.13)	(19.22)
Loss on disposal of subsidiary	-	0.12
Assets written off	2.05	0.23
Miscellaneous expenses	30.55	31.40
	<b>775.83</b>	<b>655.87</b>
<b>* CSR Expenditure</b>		
(i) Gross amount required to be spent by the Group during the year	5.92	3.08
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	6.13	3.25

## 31 Exceptional items

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Voluntary retirement scheme expenses	-	6.76
Income from transfer of assets under Business Transfer Agreement (refer note 42 (c))	(5.56)	-
	<b>(5.56)</b>	<b>6.76</b>

## 32 Discontinued operations

### (i) Description

Pursuant to approval of the Board and execution of the Asset Purchase Agreement (Agreement) dated 11 August 2016, the Group had divested its OEM and Export business of its Auto Product Division. The said divestment became effective w.e.f. 6 December 2016 upon completion of defined actions and covenants as per the Agreement. The Company shall continue to pursue its sale of auto products in after market operations.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (ii) Financial performance and cash flow information

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Total income</b>	<b>2.82</b>	<b>5.88</b>
<b>Total expenses</b>	<b>0.93</b>	<b>5.88</b>
<b>Profit before exceptional items and tax</b>	<b>1.89</b>	-
Income tax expense	0.66	-
<b>Profit for the year from discontinued operations</b>	<b>1.23</b>	-

This includes income/expenses on providing/writing off/writing back various unrecoverable/unpayable amounts in respect to various items of inventories, trade receivables, other assets, trade payables and other liabilities

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Net cash outflow from operating activities	-	-
Net cash inflow from investing activities	-	-
Net cash outflow from financing activities	-	-
Net cash inflow/(outflow) from discontinued operation	-	-

## 33 Earnings per share (EPS)

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Net profit from:</b>		
Continuing operations attributable to owners of the Company (₹ in crores)	477.70	347.02
Discontinued operation (₹ in crores)	1.23	-
<b>Net profit for the year from continuing and discontinued operations</b>	<b>478.93</b>	<b>347.02</b>
Profit from continuing operations attributable to owners of the Company (A) (₹ in crores)	477.70	347.02
<b>Computation of weighted average number of shares for EPS</b>		
Total shares issued	12,25,76,878	12,25,76,878
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust at the beginning of the year	30,74,512	31,01,612
Less: shares held by Escorts Benefit and Welfare Trust at the beginning of the year	3,37,00,031	3,73,00,031
Add: weighted average number of options exercised during the year	-	23,165
Add: weighted average number of treasury shares sold during the year	-	11,83,562
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>8,58,02,335</b>	<b>8,33,81,962</b>
Effect of Dilution :		
Weighted average number of share options granted to employees	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution (C)</b>	<b>8,58,02,335</b>	<b>8,33,81,962</b>
Basic EPS (Amount in ₹) (A/B)	55.68	41.62
Diluted EPS (Amount in ₹) (A/C)	55.68	41.62
<b>Profit from discontinued operations attributable to owners of the Company (A)</b>	<b>1.23</b>	-
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>8,58,02,335</b>	<b>8,33,81,962</b>
Effect of Dilution :		
Weighted average number of share options granted to employees	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution (C)</b>	<b>8,58,02,335</b>	<b>8,33,81,962</b>

# Notes forming part of the Consolidated Financial Statements

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(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
Basic EPS (Amount in ₹) (A/B)	0.14	-
Diluted EPS (Amount in ₹) (A/C)	0.14	-
Profit from continuing operations and discontinued operations attributable to owners of the Company (A) (₹ in crores)	478.93	347.02
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>8,58,02,335</b>	<b>8,33,81,962</b>
Effect of Dilution :		
Weighted average number of share options granted to employees	-	-
<b>Weighted average number of equity shares adjusted for the effect of dilution ( C )</b>	<b>8,58,02,335</b>	<b>8,33,81,962</b>
Basic EPS (Amount in ₹) (A/B)	55.82	41.62
Diluted EPS (Amount in ₹) (A/C)	55.82	41.62

## 34 Commitments and contingencies\*\*

(₹ crores)

	As At 31 March 2019	As At 31 March 2018
<b>A. Commitments</b>		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	190.21	91.13
- Letter of Credit/guarantees executed in favour of others	29.23	34.35
<b>B. Contingencies</b>		
<b>(i) Taxation related contingencies</b>		
Excise duty/ customs duty /service tax demands	460.42	459.05
Sales Tax & other demands	75.75	82.14
Demand raised by Income Tax department, disputed by the Group and pending in appeal*	70.01	64.54
<b>(ii) Others</b>		
Cases under litigation relating to:		
- Personnel	4.52	4.09
- Others	29.89	33.45
(iii) Claims not acknowledged as debts	0.55	0.60
(iv) ESI additional demand not acknowledged as liability	-	0.13
(v) Demand raised by Faridabad Municipal Corporation for external development charges where the Group is in litigation	2.38	2.38

Notes:

\*Contingencies for demand raised by income tax department, disputed by the Group and pending in appeal does not include Income tax cases pending w.r.t. Escorts Heart Institute and Research Centre Limited since the amount is indeterminable (refer note 22 for details). Further the amount includes ₹ 32.17 crores (31 March 2018 ₹ 32.17 crores) in respect of matters which have been decided in favour of the Group, however the income tax department has preferred appeals at the next levels.

\*\* The amounts indicated as contingent liability or claims against the Group only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered. Also the penalties wherever quantified have not been included, since the Group believes that there has been no concealment of income and accordingly, any liability on this account is considered remote.

The management has determined the impact of recent judgment of Hon'ble Supreme Court of India in relation to interpretation of definition of "basic wages" under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and as per its assessment, that is not significant.

# Notes forming part of the Consolidated Financial Statements

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## 35 Financial Instruments

### A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

(₹ crores)

	Note	As At 31 March 2019	As At 31 March 2018
<b>Financial assets measured at fair value</b>			
Investments measured at			
Fair value through other comprehensive income	6 (ii)	0.58	48.30
Fair value through profit and loss	6 (ii) (iii)	403.68	498.76
<b>Financial assets measured at amortised cost</b>			
Investments			
Trade receivables	12	931.05	592.00
Loans	7	14.64	15.21
Cash and cash equivalents	13	93.05	154.13
Other bank balances	14	150.25	163.16
Others	8	14.95	21.24
<b>Total</b>		<b>1,609.58</b>	<b>1,494.13</b>
<b>Financial liabilities measured at amortised cost</b>			
Borrowings (including current maturities of long term borrowings)	19, 20 (ii)	280.96	51.09
Trade payables	23	1,248.74	1,234.49
Other financial liabilities	20	157.86	151.57
<b>Total</b>		<b>1,687.56</b>	<b>1,437.15</b>

Investment in joint ventures and associates are measured using equity method and hence, not presented here.

### B Fair values hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

# Notes forming part of the Consolidated Financial Statements

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Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crores)				
As at 31 March 2019	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
Investments measured at				
Fair value through other comprehensive income	0.58	-	-	0.58
Fair value through profit and loss	403.68	-	-	403.68

(₹ crores)				
As at 31 March 2018	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
Investments measured at				
Fair value through other comprehensive income	0.76	-	47.54	48.30
Fair value through profit and loss	498.76	-	-	498.76

### Valuation process and technique used to determine fair value

- (i) The fair value of quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.
- (ii) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- (iii) In order to arrive at the fair value of unquoted investments, the Group obtains independent valuations. The techniques used by the valuer are as follows:
  - a) Asset approach - Net assets value method
  - b) Income approach - Discounted cash flows ("DCF") method
  - c) Market approach - Enterprise value/Sales multiple method

Significant unobservable inputs used in Level 3 fair values and sensitivity of the closing values as at end of reporting period to such inputs is as below :

### Unquoted equity shares

(₹ crores)		
Description	31 March 2019	31 March 2018
<b>Impact on fair value if change in earnings growth rate</b>		
- Impact due to increase of 0.00 % for 2019 and 0.50 % for 2018	-	0.36
- Impact due to decrease of 0.00 % for 2019 and 0.50 % for 2018	-	(0.36)
<b>Impact on fair value if change in risk adjusted discount rate</b>		
- Impact due to increase of 0.00 % for 2019 and 0.50 % for 2018	-	(1.79)
- Impact due to decrease of 0.00 % for 2019 and 0.50 % for 2018	-	1.84

# Notes forming part of the Consolidated Financial Statements

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The following table presents the changes in level 3 items for the periods ended 31 March 2019 and 31 March 2018:

(₹ crores)	
Particulars	Unquoted equity shares
<b>As at 1 April 2017</b>	<b>35.73</b>
Gains recognised in other comprehensive income	11.81
<b>As at 31 March 2018</b>	<b>47.54</b>
Gains recognised in other comprehensive income	4.21
Investment sold during the year (refer note 6 for details)	(50.08)
Investments classified as held for sale during the year (refer note 15 for details)	(1.67)
<b>As at 31 March 2019</b>	<b>-</b>

## B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ crores)		
	Carrying value	Fair value
<b>As at 31 March 2019</b>		
Loans	9.01	9.02
Investments	1.38	1.38
Security deposits received	17.46	18.78

(₹ crores)		
	Carrying value	Fair value
<b>As at 31 March 2018</b>		
Loans	9.17	9.18
Liability portion of compound instruments	1.03	1.20
Investments	1.33	1.33
Security deposits received	14.08	15.68

The management assessed that fair values of current loans, other current financial assets, cash and cash equivalents, other bank balances, trade receivables, other receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.
- (ii) The fair values of the Group fixed interest-bearing loans and receivables are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2019 was assessed to be insignificant.
- (iii) All the other long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from

# Notes forming part of the Consolidated Financial Statements

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market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

## C Financial Risk Management Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Group's risk management is carried out by a central treasury department (of the Group) under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

### C.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

The Group provides for expected credit loss on financial assets other than trade receivables based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	Other financial assets - 12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher

As the Group's trade receivables do not contain significant financing component, it measures the loss allowance in respect thereof at an amount equal to lifetime expected credit losses.

*'Financial assets (other than trade receivables) that expose the entity to credit risk\* –*

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
<b>(i) Low credit risk on financial reporting date</b>		
Loans	14.64	15.21
Investments	1.38	1.33
Cash and cash equivalents	93.05	154.13
Other bank balances	150.25	163.16
Other financial assets	14.95	21.24
<b>(ii) High credit risk</b>		
Other financial assets	-	5.47

\*These represent carrying values of financial assets, without deduction for expected credit losses

### **Cash & cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

### **Trade receivables**

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. In case of trade receivables, default is considered to have occurred when amounts receivable become one year past due.

### **Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place ensure the amounts are within defined limits.

### **b) Expected credit losses for financial assets other than trade receivables**

i) The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

- For cash & cash equivalents and other bank balances - Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.
- For other financial assets - Credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The details of expected credit loss recorded for all sub categories of financial assets (other than trade receivables) are disclosed below.

## 31 March 2019

(₹ crores)				
Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	93.05	0%	-	93.05
Other bank balances	150.25	0%	-	150.25
Loans	14.64	0%	-	14.64
Other financial assets	14.95	0%	-	14.95

## 31 March 2018

(₹ crores)				
Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	154.13	0%	-	154.13
Other bank balances	163.16	0%	-	163.16
Loans	15.21	0%	-	15.21
Other financial assets	26.71	20.5%	5.47	21.24

### ii) *Expected credit loss for trade receivables under simplified approach*

The Group recognises lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analysing historical trend of default (net of any recoveries from the insurance companies) relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for).

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## Agri machinery

(₹ crores)

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-365 days past due	More than 365 days past due	Total
Gross carrying amount-trade receivables	535.02	53.78	66.61	15.61	1.72	10.25	682.99
Expected loss rate	0.02%	0.53%	1.49%	2.16%	37.11%	100.00%	
Expected credit loss (loss allowance provision net off trade receivables secured by insurance)	0.11	0.28	0.99	0.34	0.64	10.25	12.61

## Construction equipment

(₹ crores)

Ageing	Not Due	0-90 days past due	91-180 days past due	181-270 days past due	271-365 days past due	More than 365 days past due	Total
Gross carrying amount-trade receivables	139.46	21.30	7.60	1.63	1.72	19.73	191.45
Expected loss rate	0.48%	5.09%	23.53%	42.43%	68.33%	100.00%	
Expected credit loss (loss allowance provision net off trade receivables secured by insurance)	0.67	1.09	1.79	0.69	1.17	19.73	25.14

(₹ crores)

Particulars	31 March 2019		
	Auto products*	Railway products	Financing & Others
Gross sales in respect of customers where no specific default has occurred	-	67.90	-
Expected loss rate	0.0%	9.57%	-
Expected credit loss(loss allowance provision)	4.30	6.50	7.89

(₹ crores)

Particulars	31 March 2018				
	Agri machinery	Auto products*	Construction equipment	Railway products	Financing & Others
Gross amount of trade receivables where no default (as defined above) has occurred	3,784.46	-	741.86	284.12	-
Expected loss rate	0.40%	0.00%	4.26%	2.50%	-
Expected credit loss( loss allowance provision)	15.11	5.42	31.57	7.09	10.61

\* Auto Products business was discontinued and all assets liabilities were transferred under a sale agreement executed in 'FY 2016-17' (refer note-32), except certain receivables and other assets which remained with the Group.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ crores)		
Reconciliation of loss allowance	Trade receivables	Other financial assets
<b>Loss allowance on 1 April 2017</b>	<b>67.68</b>	<b>16.51</b>
Assets originated or purchased	8.52	-
Loss allowance written back	(5.09)	-
Write – offs	(1.31)	(11.04)
<b>Loss allowance on 31 March 2018</b>	<b>69.80</b>	<b>5.47</b>
Assets originated or purchased	-	-
Loss allowance written back	(10.36)	(2.93)
Write – offs	(3.00)	(2.54)
<b>Loss allowance on 31 March 2019</b>	<b>56.44</b>	<b>-</b>

## C.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Group liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

### (a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ crores)		
Floating rate	31 March 2019	31 March 2018
- Expiring within one year (cash credit and other facilities)	206.00	425.00
- Expiring beyond one year (bank loans)	-	-
	<b>206.00</b>	<b>425.00</b>

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, there were no undrawn facilities as at 31 March 2019.

### (b) Maturities of financial liabilities

The tables below analyse the Group financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

(₹ crores)					
31 March 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	277.85	1.14	1.11	2.23	282.34
Finance lease obligation	0.01	0.01	0.01	1.03	1.06
Trade payable	1,248.74	-	-	-	1,248.74
Security deposits	1.88	-	-	27.15	29.03
Other financial liabilities	138.52	-	-	-	138.52
<b>Total</b>	<b>1,667.01</b>	<b>1.15</b>	<b>1.12</b>	<b>30.41</b>	<b>1,699.69</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

31 March 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	47.50	14.35	-	3.70	65.55
Finance lease obligation	0.01	0.01	0.01	1.04	1.07
Trade payable	1,234.49	-	-	-	1,234.49
Security deposits	7.41	-	-	22.85	30.26
Other financial liabilities	130.13	-	-	-	130.13
<b>Total</b>	<b>1,419.54</b>	<b>14.36</b>	<b>0.01</b>	<b>27.59</b>	<b>1,461.50</b>

## C) Market risk

### a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO, GBP and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. Considering the low volume of foreign currency transactions, the Groups has taken forward contracts to manage its exposure. The Group does not use forward contracts and swaps for speculative purposes.

#### (i) Foreign currency risk exposure in USD:

The Group exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows

(₹ crores)

Particulars	31 March 2019 USD	31 March 2018 USD
Financial assets	15.56	14.66
Financial liabilities	9.06	12.81
<b>Net exposure to foreign currency risk assets/(liabilities)</b>	<b>6.50</b>	<b>1.85</b>

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2019	31 March 2018
<b>USD sensitivity</b>		
INR/USD- increase by 6.82% (31 March 2018 4.07%)*	0.44	0.08
INR/USD- decrease by 6.82% (31 March 2018 4.07%)*	(0.44)	(0.08)

\* Holding all other variables constant

#### (ii) Foreign currency risk exposure in EURO:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

(₹ crores)

Particulars	31 March 2019 EURO	31 March 2018 EURO
Financial assets	8.23	2.36
Financial liabilities	24.94	1.96
<b>Net exposure to foreign currency risk assets/(liabilities)</b>	<b>(16.71)</b>	<b>0.40</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)		
Particulars	31 March 2019	31 March 2018
<b>EURO sensitivity</b>		
INR/EURO- increase by 7.26% (31 March 2018 6.89%)*	(1.21)	0.03
INR/EURO- decrease by 7.26% (31 March 2018 6.89%)*	1.21	(0.03)

\* Holding all other variables constant

## (iii) Foreign currency risk exposure in JPY:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows

(₹ crores)		
Particulars	31 March 2019 JPY	31 March 2018 JPY
Financial assets	-	-
Financial liabilities	0.05	3.00
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(0.05)</b>	<b>(3.00)</b>

## Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)		
Particulars	31 March 2019	31 March 2018
<b>JPY sensitivity</b>		
INR/JPY- increase by 5% (31 March 2018 5%)*	(0.00)	(0.15)
INR/JPY- decrease by 5% (31 March 2018 5%)*	0.00	0.15

\* Holding all other variables constant

## (iv) Foreign currency risk exposure in GBP:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in are as follows

(₹ crores)		
Particulars	31 March 2019 GBP	31 March 2018 GBP
Financial assets	0.18	0.19
Financial liabilities	0.83	0.19
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(0.65)</b>	<b>-</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2019	31 March 2018
<b>GBP sensitivity</b>		
INR/GBP- increase by 8.82% (31 March 2018 8.7%)*	(0.06)	-
INR/GBP- decrease by 8.82% (31 March 2018 8.7%)*	0.06	-

\* Holding all other variables constant

## b) Interest rate risk

### i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits carry fixed interest rates.

### Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

(₹ crores)

Particulars	31 March 2019	31 March 2018
Variable rate borrowing	134.51	49.57
Fixed rate borrowing	146.45	1.52
<b>Total borrowings</b>	<b>280.96</b>	<b>51.09</b>
<b>Amount disclosed under other current financial liabilities</b>	<b>8.20</b>	<b>36.38</b>
<b>Amount disclosed under borrowings</b>	<b>272.76</b>	<b>14.71</b>

## Sensitivity

Below is the sensitivity of profit or loss in interest rates.

(₹ crores)

Particulars	31 March 2019	31 March 2018
<b>Interest sensitivity*</b>		
Interest rates – increase by 100 basis points (100 bps)	1.35	0.50
Interest rates – decrease by 100 basis points (100 bps)	(1.35)	(0.50)

\* Holding all other variables constant

### ii) Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## c) Price risk

### i) Exposure

The Group's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

### ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period :

#### Impact on profit after tax

(₹ crores)		
Particulars	31 March 2019	31 March 2018
<b>Equity Share (quoted)</b>		
Net assets value – increase by 100 bps (100bps)	0.01	0.01
Net assets value – decrease by 100 bps (100bps)	(0.01)	(0.01)
<b>Mutual funds</b>		
Net assets value – increase by 100 bps (100bps)	4.03	4.98
Net assets value – decrease by 100 bps (100bps)	(4.03)	(4.98)

#### Impact on other comprehensive income

(₹ crores)		
Particulars	31 March 2019	31 March 2018
<b>Unquoted equity instruments</b>		
Value per share – increase by 500 bps (500bps)	-	2.38
Value per share – decrease by 500 bps (500bps)	-	(2.38)
<b>Quoted equity instruments</b>		
Market price – increase by 500 bps (500bps)	0.03	0.04
Market price – decrease by 500 bps (500bps)	(0.03)	(0.04)

## 36 Capital management

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (a) Debt equity ratio

(₹ crores)

Particulars	31 March 2019	31 March 2018
Net debts	280.96	51.09
Total equity	2,679.13	2,214.74
<b>Net debt to equity ratio</b>	<b>10%</b>	<b>2%</b>

## (b) Dividends

(₹ crores)

Particulars	31 March 2019	31 March 2018
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March 2018 of ₹ 2.00 per share (excluding tax)	24.52	-
Final dividend for the year ended 31 March 2017 of ₹ 1.50 per share (excluding tax)	-	18.39
<b>(ii) Dividends proposed</b>		
In addition to the above, the dividends if any recommended by the Board of Directors post end of relevant reporting year shall be accrued and distributed in the year of approval in annual general meeting.	30.65	24.52

## 37 Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Adico Escorts Agri Equipment Private Limited	
	31 March 2019	31 March 2018
<b>Current assets</b>		
Cash and cash equivalents	0.01	1.72
Other assets	13.01	13.29
<b>Total current assets</b>	<b>13.02</b>	<b>15.01</b>
<b>Total non-current assets</b>	<b>6.89</b>	<b>7.98</b>
<b>Current liabilities</b>		
Financial liabilities	10.13	13.54
Other liabilities	2.67	7.75
<b>Total current liabilities</b>	<b>12.80</b>	<b>21.29</b>
<b>Non-current liabilities</b>		
Financial liabilities	-	-
Other liabilities	0.08	0.09
<b>Total non-current liabilities</b>	<b>0.08</b>	<b>0.09</b>
<b>Net assets</b>	<b>7.03</b>	<b>1.61</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

Reconciliation to carrying amounts	Adico Escorts Agri Equipment Private Limited	
	31 March 2019	31 March 2018
Opening net assets	1.61	2.54
Loss for the year	(0.58)	(0.93)
Proceeds from equity share capital enhancement	6.00	-
<b>Closing net assets</b>	<b>7.03</b>	<b>1.61</b>
Group's share in %	40%	40%
Group's share in Indian Rupees	2.82	0.65
<b>Carrying amount</b>	<b>2.82</b>	<b>0.65</b>

(₹ crores)

Summarised statement of profit and loss	Adico Escorts Agri Equipment Private Limited	
	31 March 2019	31 March 2018
Revenue	43.12	38.01
Loss for the year	(0.58)	(0.93)
<b>Total comprehensive loss</b>	<b>(0.58)</b>	<b>(0.93)</b>

## 37 Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Tadano Escorts India Private Limited
	31 March 2019
<b>Current assets</b>	
Cash and cash equivalents	33.45
Other assets	11.32
<b>Total current assets</b>	<b>44.77</b>
<b>Total non-current assets</b>	<b>21.84</b>
<b>Current liabilities</b>	
Financial liabilities	7.79
Other liabilities	0.29
<b>Total current liabilities</b>	<b>8.08</b>
Non-current liabilities	
Financial liabilities	-
Other liabilities	0.04
<b>Total non-current liabilities</b>	<b>0.04</b>
<b>Net assets</b>	<b>58.49</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

Reconciliation to carrying amounts	Tadano Escorts India Private Limited
	31 March 2019
Opening net assets	-
Loss for the year	(1.51)
Proceeds from issue of equity share capital	60.00
<b>Closing net assets</b>	<b>58.49</b>
Less: Adjustment on account of Business Transfer Agreement	(10.91)
<b>Closing net assets</b>	<b>47.58</b>
Group's share in %	49%
Group's share in Indian Rupees	23.32
<b>Carrying amount</b>	<b>23.32</b>

(₹ crores)

Summarised statement of profit and loss	Tadano Escorts India Private Limited
	31 March 2019
Revenue	4.87
Loss for the year	(1.51)
<b>Total comprehensive loss</b>	<b>(1.51)</b>

## 37 Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Escorts Kubota India Private Limited
	31 March 2019
<b>Current assets</b>	
Cash and cash equivalents	148.01
Other assets	0.00
<b>Total current assets</b>	<b>148.01</b>
<b>Total non-current assets</b>	<b>0.05</b>
<b>Current liabilities</b>	
Financial liabilities	0.47
Other liabilities	0.06
<b>Total current liabilities</b>	<b>0.53</b>
Non-current liabilities	
Financial liabilities	-
Other liabilities	-
<b>Total non-current liabilities</b>	<b>-</b>
<b>Net assets</b>	<b>147.53</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

Reconciliation to carrying amounts	Escorts Kubota India Private Limited	
	31 March 2019	
Opening net assets	-	
Loss for the year	(2.47)	
Proceeds from issue of equity share capital	150.00	
<b>Closing net assets</b>	<b>147.53</b>	
Group's share in %	40%	
Group's share in Indian Rupees	59.01	
<b>Carrying amount</b>	<b>59.01</b>	

(₹ crores)

Summarised statement of profit and loss	Escorts Kubota India Private Limited	
	31 March 2019	
Revenue	-	
Loss for the year	(2.47)	
<b>Total comprehensive loss</b>	<b>(2.47)</b>	

### 38 Summarised financial information for subsidiary that has non-controlling interest that is material to the Group:

The Group has non-controlling interest in the following subsidiaries:

1. Escorts Finance Limited
2. Escorts Securities Limited
3. Escorts Asset Management Limited (cease to be subsidiary w.e.f 20 February 2018)

Out of above, the non-controlling interest considered material to the Group is in Escorts Securities Limited, whose summarised financial information is produced below.

(₹ crores)

Summarised balance sheet	Escorts Securities Limited	
	31 March 2019	31 March 2018
Current assets	18.17	16.08
Current liabilities	12.02	15.24
<b>Net current assets</b>	<b>6.15</b>	<b>0.84</b>
Non-current assets	7.89	13.24
Non-current liabilities	0.52	1.71
<b>Net non-current assets</b>	<b>7.37</b>	<b>11.53</b>
<b>Net assets</b>	<b>13.52</b>	<b>12.36</b>
<b>Accumulated NCI</b>	<b>6.59</b>	<b>0.14</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

Summarised statement of profit and loss	Escorts Securities Limited	
	31 March 2019	31 March 2018
Revenue	3.89	6.52
Loss for the year	(2.49)	(0.13)
Other comprehensive income	0.02	0.03
<b>Total comprehensive loss</b>	<b>(2.47)</b>	<b>(0.10)</b>
Loss allocated to NCI	(0.93)	-

(₹ crores)

Summarised cash flows	Escorts Securities Limited	
	31 March 2019	31 March 2018
Cash flows from operating activities	(4.26)	(2.00)
Cash flows from investing activities	3.83	0.32
Cash flows from financing activities	2.60	3.77
<b>Net increase in cash and cash equivalents</b>	<b>2.17</b>	<b>2.09</b>

## 39 Employee benefits

### Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

(i) Amount recognised in the balance sheet is as under:

(₹ crores)

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Gratuity	38.90	0.25	45.56	0.35

(ii) Amount recognised in the statement of profit and loss is as under:

(₹ crores)

Description	31 March 2019	31 March 2018
Current service cost	4.55	4.47
Past service cost including curtailment gains/losses	-	2.79
Net interest cost	3.56	3.53
<b>Net impact on profit (before tax)</b>	<b>8.11</b>	<b>10.79</b>
<b>Continuing operations</b>	<b>8.11</b>	<b>10.79</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>
Actuarial loss/(gain) recognised during the year (Continuing operations)	1.72	(0.61)
<b>Amount recognised in the statement of profit and loss</b>	<b>9.82</b>	<b>10.18</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

(₹ crores)		
Description	31 March 2019	31 March 2018
<b>Present value of defined benefit obligation as at the start of the year</b>	<b>82.30</b>	<b>83.09</b>
Current service cost	4.55	4.47
Past service cost	-	2.79
Interest cost	6.36	6.24
Actuarial loss/(gain) recognised during the year	1.72	(0.61)
Benefits paid	(16.88)	(13.51)
Adjustment on disposal of subsidiary	-	(0.17)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>78.05</b>	<b>82.30</b>

(iv) Movement in the plan assets recognised in the balance sheet is as under:

(₹ crores)		
Description	31 March 2019	31 March 2018
<b>Fair value of plan assets at beginning of year</b>	<b>36.42</b>	<b>36.98</b>
Expected return on plan assets	2.81	2.71
Employer's contribution	16.58	10.22
Benefits paid	(16.90)	(13.49)
Actuarial gain/(loss) on plan assets*	(0.01)	-
<b>Fair value of plan assets at the end of the year</b>	<b>38.90</b>	<b>36.42</b>
Actual return on plan assets	2.80	2.71

\*Amount less than ₹ 1 lakh

(v) Breakup of actuarial (gain)/loss:

(₹ crores)		
Description	31 March 2019	31 March 2018
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	0.32	(0.94)
Actuarial (gain)/loss on arising from experience adjustment	1.39	0.33
<b>Total actuarial (gain)/loss</b>	<b>1.72</b>	<b>(0.61)</b>

(vi) Actuarial assumptions

Description	31 March 2019	31 March 2018
Discount rate	7.65%	7.73%
Future salary increase	5.00%	5.00%
Expected average remaining working lives of employees (years)	18.50	17.57

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (vii) Sensitivity analysis for gratuity liability

(₹ crores)

Description	31 March 2019	31 March 2018
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	78.05	82.30
- Impact due to increase of 0.50 %	(2.07)	(2.09)
- Impact due to decrease of 0.50 %	2.19	2.22
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	78.05	82.30
- Impact due to increase of 0.50 %	2.23	2.26
- Impact due to decrease of 0.50 %	(2.13)	(2.16)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

## (viii) Maturity profile of defined benefit obligation

(₹ crores)

Description	31 March 2019	31 March 2018
Within next 12 months	10.19	14.63
Between 1-5 years	11.08	15.94
Beyond 5 years	56.50	51.36

## (ix) Category of plan assets :

(₹ crores)

Particulars	31 March 2019	31 March 2018
LIC of India-Group gratuity cash accumulation fund	38.64	35.90
Others	0.26	0.52
<b>Total</b>	<b>38.90</b>	<b>36.42</b>

(x) The Group expects to contribute ₹ 8.11 crores (previous year ₹ 6.72 crores) to its gratuity plan for the next year.

## B Compensated absences (unfunded)

The leave obligations cover the Group's liability for sick and earned leaves. The Group does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹ 6.01 crores (previous year: ₹ 5.25 crores) has been recognised in the statement of profit and loss.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	2.12	14.85	2.97	13.67

## C Pension

Amount of ₹ 6.24 crores (previous year: ₹ 0.83 crores) has been recognised in the statement of profit and loss.

(i) Amount recognised in the balance sheet is as under:

(₹ crores)

Particulars	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
<b>Pension:</b>				
Present value of defined benefit obligation	0.67	4.80	-	-
Fair value of plan assets	-	-	-	-
<b>Net value of defined benefit obligation</b>	<b>0.67</b>	<b>4.80</b>	-	-

(ii) Amount recognised in the statement of profit and loss is as under:

(₹ crores)

Description	31 March 2019	31 March 2018
Current service cost	-	-
Past service cost including curtailment gains/losses	5.79	-
Net interest cost	0.45	-
<b>Net impact on profit (before tax)</b>	<b>6.24</b>	-
<b>Continuing operations</b>	5.56	-
<b>Discontinued operations</b>	0.68	-
Actuarial loss/(gain) recognised during the year (Continuing operations)	-	-
<b>Amount recognised in the statement of profit and loss</b>	<b>6.24</b>	-

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2019	31 March 2018
<b>Present value of defined benefit obligation as at the start of the year</b>	-	-
Current service cost	-	-
Past service cost	5.79	-
Interest cost	0.45	-
Actuarial loss/(gain) recognised during the year	-	-
Benefits paid	(0.77)	-
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>5.47</b>	-

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (iv) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	31 March 2019	31 March 2018
Actuarial (gain)/loss on arising from change in financial assumption	0.03	-
Actuarial (gain)/loss on arising from experience adjustment	(0.03)	-
<b>Total actuarial (gain)/loss</b>	-	-

## (v) Actuarial assumptions

Description	31 March 2019	31 March 2018
Discount rate	7.65%	-

Pension liability arises on account of future payments, which are required to be made after retirement. It is a special plan in which selective retired employees are getting some fix amount of pension on quarterly and annual basis.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation.

## (vi) Sensitivity analysis for pension liability

(₹ crores)

Description	31 March 2019	31 March 2018
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	5.47	-
- Impact due to increase of 0.50 %	(0.12)	-
- Impact due to decrease of 0.50 %	0.12	-

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

## (vii) Maturity profile of defined benefit obligation

(₹ crores)

Description	31 March 2019	31 March 2018
Within next 12 months	0.67	-
Between 1-5 years	2.32	-
Beyond 5 years	2.48	-



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## C Defined contribution plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ 17.01 crores (previous year: ₹ 16.42 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.23 crores (previous year: ₹ 0.27 crores).

D The Group has taken an insurance policy for medical benefits in respect of its retired and working employees. The Insurance policy for on-roll employees is fully funded by the Group.

## 40 Share-based payments

The option plan is designed to provide incentives to employees of the Group. Under the plan, participants have been granted options which will vest as follows –

Employees Stock Option Scheme, 2006	Vesting conditions	Exercise period	Exercise price per share (₹)
31 March 2019	Vested equally over 4 years from the date of grant	Three years from the date of vesting	870.00
31 March 2018	Vested after one year from the date of grant	Two years from the date of vesting	85.00

Options are granted under the plan for the consideration of ₹ 870.00 per share and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan:

Particulars	31 March 2019	31 March 2018
	Number of options	Number of options
Opening balance	-	27,100
Granted during the year	11,70,000	-
Exercised during the year*	-	27,100
Lapsed during the period	48,150	-
<b>Closing balance</b>	<b>11,21,850</b>	<b>-</b>

\* The weighted average share price at the date of exercise of options during the year ended 31 March 2018 ₹ 595.35.

Weighted average remaining contractual life of options as at 31 March 2019 4.88 years (31 March 2018 : Nil).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Vesting date	Expiry date	Share options 31 March 2019
16 August 2018	15 August 2019	15 August 2022	2,80,462
16 August 2018	15 August 2020	15 August 2023	2,80,462
16 August 2018	15 August 2021	15 August 2024	2,80,463
16 August 2018	15 August 2022	15 August 2025	2,80,463
			<b>11,21,850</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## Fair value of options granted

The fair value at grant date of options granted during the year ended 31 March 2019 was ₹ 212.42.

The value of the options has been determined by an independent valuer. The following assumptions were used for calculation of fair value of options in accordance with Black Scholes model :

- Options vest upon completion of service over a period of four years as mentioned above. Vested options are exercisable for a period of three years after vesting.
- Exercise price: ₹ 870.00
- Grant date: 16 August, 2018.
- Expiry date: as per the details shared above.
- Share price at grant date: ₹ 870.00
- Expected price volatility of the company's shares: 26.86%
- Expected dividend yield: 0.29%
- Risk free rate: 7.56% - 7.97%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility as per publicly available information.

## 41 Leases - Assets taken on lease

### (A) Operating leases

The Group has leased certain land and buildings under cancellable and non-cancellable operating lease arrangements. The leases have varying terms, escalation clauses and renewable rights. Total lease payments recognised in the statement of profit and loss is ₹ 11.25 crores (31 March 2018 : ₹ 8.08 crores).

Minimum lease payments in relation to non- cancellable operating leases are payable as follows:

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
Within one year	5.83	3.06
Later than one year but not later than five years	17.71	11.63
Later than five years	-	1.36
<b>Total</b>	<b>23.54</b>	<b>16.05</b>

### (B) Finance leases

The Group has a leasehold land at Rudrapur which has been taken on a lease for a period of 90 years in the year 2004. Initial land premium of ₹ 1.7 crores has been paid. In addition to the land premium, the Group pays an annual rent of ₹ 0.02 crores every year.

Also, the management has revalued the amount of land in 2009 and has created a revaluation reserve of ₹ 7.13 crores pertaining to the same. The said lease of land was considered to be finance lease by the Group.

# Notes forming part of the Consolidated Financial Statements

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The disclosures for minimum lease payments in respect of such finance lease are as follows:

(₹ crores)				
31 March 2019				
Minimum lease payments due				
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	0.01	0.06	0.99	1.06
Finance charges	0.00	0.02	0.92	0.94
<b>Net present values</b>	<b>0.01</b>	<b>0.04</b>	<b>0.07</b>	<b>0.12</b>

(₹ crores)				
31 March 2018				
Minimum lease payments due				
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	0.01	0.06	1.00	1.07
Finance charges	-	0.02	0.93	0.95
<b>Net present values</b>	<b>0.01</b>	<b>0.04</b>	<b>0.07</b>	<b>0.12</b>

**42 (a)** During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgment dated 1 October 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which was disposed of by the Hon'ble Supreme Court by nine Hon'ble Judges of Constitution Bench and hence that Compensator issue is no more relevant as it does not arise out of the Constitution but imaginary. Matters are not decided by Division Bench by making an order that the interested parties may prefer writs before the High Court. Hence the matter remains pending till its decision. Based on the legal advice received by the Group no further provision on this account is considered necessary after 31 March 2008.

**(b)** A Scheme of Arrangement and Amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Escorts Construction Equipment Limited ('ECEL'), a subsidiary company and Escotrac Finance and Investments Private Limited ('Escotrac') and Escorts Finance Investments and Leasing Private Limited ('EFILL'), joint ventures of the Company (together referred to as 'transferor companies'), was sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh vide its order dated 9 August 2012 (hereinafter referred to as 'the Scheme'). Upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana by the Transferor Companies and Transferee Company, the Scheme became effective on 12 October 2012. In accordance with the Scheme, 37,300,031 equity shares of the Company comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Company were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Company in EBWT, has been accounted for as an Investment by the Company in the manner prescribed in the Scheme.

EBWT presently holds 33,700,031 (31 March 2018: 33,700,031) equity shares of the Company and 23,497,478 (31 March 2018: 23,497,478) equity shares of Escorts Finance Limited (subsidiary of the Company). The Company is the sole beneficiary of the Trust. The dividend received by the trust on the Company's shares is credited directly in "Retained earnings" in note 17 - Other equity. Market value of outstanding shares held by Trust on 31 March 2019 is ₹ 2,685.39 crores (31 March 2018: ₹ 2768.72 crores).

**(c)** The Company has entered into an Investment and Shareholders Agreement dated 27 August 2018 ('Agreement') with Tadano Limited, Japan (Tadano) for manufacturing of rough terrain cranes in India. Under the said Agreement, a joint

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

venture company with the name Tadano Escorts India Private Limited (formerly Optunia Power Infrastructure Private Limited) ('TEI') has been incorporated wherein the equity capital of ₹ 60 crores have been contributed by the JV partners in the ratio of 51:49 by Tadano and Escorts respectively.

Under the Business Transfer Agreement dated 7 December 2018 executed between Escorts Limited and TEI, the Company has sold its existing RT Crane Business on a slump sale basis for a sum of ₹ 25 crores plus inventory as mutually agreed between the parties.

- (d) The Company has entered into Business Collaboration Agreement dated 10 December 2018 ('Agreement') with Kubota Corporation, Japan (Kubota) for manufacturing of tractors in India. Under the said Agreement, a joint venture company has been incorporated under the name and style of Escorts Kubota India Private Limited wherein the equity capital of ₹ 150 crores have been contributed by the JV partners in the ratio of 60:40 by Kubota and Escorts respectively.

**43** Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

	(₹ crores)	
	As at 31 March 2019	As at 31 March 2018
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	32.98	32.94
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.79	0.73
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

## 44 Research and development

- (i) Research and development costs on in house R&D centres amounting to ₹ 111.25 crores (31 March 2018: ₹ 100.40 crores) were incurred during the year.

	(₹ crores)			
Particulars	Tractor		Construction equipment	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Cost of materials consumed	8.29	0.84	0.02	-
Employee benefits expenses	50.13	42.46	6.69	5.48
Other expenses	25.40	31.62	1.69	2.32
Depreciation	17.08	16.03	1.95	1.65
<b>Total</b>	<b>100.90</b>	<b>90.95</b>	<b>10.35</b>	<b>9.45</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(ii) Assets purchased/capitalised for research and development centres\*:

Description	(₹ crores)	
	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
<b>Gross carrying value</b>		
<b>As at 1 April 2017</b>	<b>255.53</b>	<b>10.30</b>
Additions	11.69	1.10
Disposals	(3.80)	-
<b>As at 31 March 2018</b>	<b>263.42</b>	<b>11.40</b>
Additions	21.29	2.00
Disposals	(4.37)	(0.01)
<b>As at 31 March 2019</b>	<b>280.34</b>	<b>13.39</b>
<b>Accumulated depreciation</b>		
<b>As at 1 April 2017</b>	<b>80.71</b>	<b>5.01</b>
Depreciation and amortisation for the year	16.03	1.65
Disposals	(3.75)	-
<b>As at 31 March 2018</b>	<b>92.99</b>	<b>6.66</b>
Depreciation and amortisation for the year	17.08	1.95
Disposals	(4.28)	-
<b>As at 31 March 2019</b>	<b>105.79</b>	<b>8.61</b>
<b>Net block as at 31 March 2018</b>	<b>170.43</b>	<b>4.74</b>
<b>Net block as at 31 March 2019</b>	<b>174.55</b>	<b>4.78</b>

\* Exclude capital advance/capital work-in-progress

(iii) Expenses on research and development as percentage to gross turnover is:

	31 March 2019	31 March 2018
Tractors	1.64%	1.81%
Construction equipment	0.17%	0.19%

## 45 Assets pledged as security

	(₹ crores)		
	Notes	31 March 2019	31 March 2018
<b>Current</b>			
<b>Financial assets</b>			
<i>First charge</i>			
Trade receivables	12	931.96	599.98
<b>Non Financial assets</b>			
<i>First charge</i>			
Inventories	11	821.93	541.06
<b>Total current assets pledged as security</b>		<b>1,753.89</b>	<b>1,141.04</b>
<b>Non-current</b>			
<i>First charge</i>			
Land & Building	3 (i)	66.59	66.63
Plant & machinery	3 (i)	35.81	41.55
<i>Second Charge</i>			
Other movable Assets (other than specifically charged to other term lenders)	3 (i)	348.44	285.42
<b>Total non-currents assets pledged as security</b>		<b>450.84</b>	<b>393.60</b>
<b>Total assets pledged as security</b>		<b>2,204.73</b>	<b>1,534.64</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 46 Related party transactions

### A Joint venture in the Group

Adico Escorts Agri Equipment Private Limited

Escorts Kubota India Private Limited (incorporated on 23 February 2019)

Tadano Escorts India Private Limited (formerly known as Optunia Power Infrastructure Private Limited) (incorporated on 20 September 2018)

### B Associates in the Group

Escorts Consumer Credit Limited

### C Key management personnel

Late Mr. Rajan Nanda (date of demise 5 August 2018)

Mr. Nikhil Nanda <sup>#</sup>	Chairman and Managing Director
Mr. Shailendra Agrawal (w.e.f 22 March 2019)	Executive Director
Mr. Bharat Madan <sup>#</sup>	Group Chief Financial Officer and Corporate Head
Mr. Ajay Sharma <sup>#</sup>	Group General Counsel and Company Secretary
Dr. Ashok Aggarwal	Whole Time Director (cease to be Director w.e.f 3 November 2018)
Mrs. Ritu Nanda	Director (cease to be Director w.e.f 3 November 2018)
Ms. Nitasha Nanda	Director
Mr. Hardeep Singh	Director
Mr. P.H Ravikumar	Director
Ms. Vibha Paul Rishi	Director
Mr. Sutanu Behuria	Director
Mr. Darius Jehangir Kakalia	Director
Mr. Ravi Narain	Director
Mr. G. B. Mathur	Director
Mr. Deba Prasad Roy	Director (appointed as Director w.e.f 11 May 2018)
Mr. Amal Dattkumar Dhru	Director (appointed as Director w.e.f 11 May 2018)
Mr. Pawan Bhalla	Director (appointed as Director w.e.f 3 Nov 2018)
Mr. Vinod Dixit <sup>#</sup>	Director (appointed as Director w.e.f 3 Nov 2018)
Mr. Ashish Kumar Bhattacharya	Director
Mr. Priyank Kalra	Director
Mr. Shenu Agarwal	Director
Mr. Sridhar Sambandam	Director
Mr. Arbindo Biswas	Director
Mr. Pritam Narang <sup>#</sup>	Director
Ms. Preeti Chauhan	Director
Mr. Sumit Raj	Director (appointed as Director w.e.f 16 May 2018)
Mr. Sachin Tyagi	Director (cease to be Director w.e.f 9 February 2018)
Ms. Rupinder Kaur <sup>#</sup>	Company Secretary
Mr. Vicky Chauhan <sup>#</sup>	Company Secretary
Mr. Pradeep kumar Jain <sup>#</sup>	Company Secretary (cease to be Company Secretary w.e.f 5 December 2017)
Mr. Donald Fernandez <sup>#</sup>	Chief Financial Officer
Mr. Sushant Arora <sup>#</sup>	Financial Controller (cease to be Financial Controller w.e.f 30 November 2017)

<sup>#</sup> Key managerial personnel (KMP) as defined under Section 2(51) the Companies Act, 2013.

# Notes forming part of the Consolidated Financial Statements

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## Enterprises over which key management personnel and relatives of such personnel exercise significant influence

Rimari India Private Limited

AAA Portfolios Private Limited

Escorts Skill Development

Niky Tasha Energies Private Limited

Momento Communications Private Limited

Harpashad and Company Private Limited

Raksha Health Insurance TPA Private Limited

(formerly known as Raksha TPA Private Limited)

Ritu Nanda Insurance Service Private Limited

Sun & Moon Travels (India) Private Limited

Big Apple Clothing Private Limited

Sietz Technologies India Private Limited

Niky Tasha Communications Private Limited

Escorts Employees Welfare Limited

## List of other related parties in the Group

Mrs. Ritu Nanda (relative of Key Managerial Personnel)

Escorts Limited Employees' Group Gratuity Fund Trust (refer note 39 for transaction)

Key management personnel remuneration includes the following expenses:

	(₹ crores)	
	31 March 2019	31 March 2018
Short-term employee benefits:	23.86	28.08
Other long-term benefits:	0.40	0.05
Post-employment benefits:	0.64	0.91
<b>Total remuneration</b>	<b>24.90</b>	<b>29.04</b>

## (i) Transactions with joint ventures

	(₹ crores)												
Nature of transactions*	Purchase of goods	Rent Paid	Interest Income	Expenses recovered	Rent Received	Expenses reimbursed	Sale of goods	Advance given	Refund of advance	Business transfer	Investments made	Advance given/other recoverable	Payables
Adico Escorts Agri Equipment Private Limited	52.44	-	-	0.07	-	-	0.13	-	-	-	2.40	-	3.49
	(42.74)	(0.01)	(0.12)	-	-	-	-	(1.50)	(1.50)	-	-	-	(2.64)
Escorts Kubota India Private Limited	-	-	-	0.26	-	2.47	-	-	-	-	60.00	0.47	-
Tadano Escorts India Private Limited (formerly known as Optunia Power Infrastructure Private Limited)	5.74	-	-	0.10	0.21	1.18	1.73	-	-	29.71	29.40	7.13	4.45
	-	-	-	-	-	-	-	-	-	-	-	-	-

\* Numbers in brackets represents financial year ending 31 March, 2018.

## (ii) Transactions with associates

There is a payable outstanding on account of transactions as at 31 March 2019 of ₹ 2.09 crores (31 March 2018: ₹ 2.09 crores) against Escorts Consumer Credit Limited.

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(iii) Transactions with key management personnel, their relatives and entities in which they exercise control/  
significant influence

(₹ crores)												
Nature of transactions*	Royalty	Remuneration / commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Commission received	Dividend paid	Advance given	Debtors / Receivables	Payables
Rajan Nanda	-	2.64	-	-	-	-	-	-	0.21	-	-	-
	-	(9.61)	-	-	-	-	-	-	(0.16)	-	-	(4.25)
Ritu Nanda**	-	-	-	0.38	-	-	**	-	0.01	-	-	-
	-	-	-	(0.36)	-	-	(**)	-	(0.01)	-	-	-
Nikhil Nanda	-	11.32	0.49	-	-	-	-	-	0.04	-	-	5.00
	-	(10.24)	(0.46)	-	-	-	-	-	(0.03)	-	-	(4.50)
Nitasha Nanda	-	3.23	-	0.51	-	-	0.06	-	-	0.06	-	1.75
	-	(2.98)	-	(0.46)	-	-	(0.06)	-	-	(0.06)	-	(1.50)
Bharat Madan	-	2.29	-	-	-	-	-	-	-	-	-	-
	-	(2.02)	-	-	-	-	-	-	-	-	-	-
Ajay Sharma	-	1.48	-	-	-	-	-	-	-	-	-	-
	-	(1.27)	-	-	-	-	-	-	-	-	-	-
Girish Bihari Mathur**	-	-	-	-	-	-	1.13	-	**	-	-	0.15
	-	(0.01)	-	-	-	-	(1.09)	-	(**)	-	-	(0.08)
Ravi Narain	-	0.10	-	-	-	-	0.09	-	-	-	-	0.10
	-	(0.09)	-	-	-	-	(0.02)	-	-	-	-	(0.09)
Shailendra Agrawal	-	0.07	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Hardeep Singh **	-	0.10	-	-	-	-	0.11	-	**	-	-	0.10
	-	(0.09)	-	-	-	-	(0.09)	-	(**)	-	-	(0.09)
P.H Ravikumar	-	0.10	-	-	-	-	0.10	-	-	-	-	0.10
	-	(0.09)	-	-	-	-	(0.08)	-	-	-	-	(0.09)
Vibha Paul Rishi	-	0.10	-	-	-	-	0.09	-	-	-	-	0.10
	-	(0.09)	-	-	-	-	(0.06)	-	-	-	-	(0.09)
Sutanu Behuria	-	0.10	-	-	-	-	0.10	-	-	-	-	0.10
	-	(0.09)	-	-	-	-	(0.08)	-	-	-	-	(0.09)
Darius Jehangir Kakalia	-	0.10	-	-	-	-	0.05	-	-	-	-	0.10
	-	(0.09)	-	-	-	-	(0.03)	-	-	-	-	(0.09)
Harpashad & Co. Private Limited	30.58 (24.77)	-	-	-	-	-	-	-	2.11 (1.58)	-	-	0.28 (0.33)
Raksha Health Insurance TPA Private Limited	-	-	0.74 (0.72)	-	-	-	-	-	-	0.52 (0.58)	-	-
Rimari India Private Limited	-	-	-	-	-	-	0.08 (0.08)	-	-	0.12 (0.12)	-	-
Momento Communications Private Limited	-	-	-	-	-	-	0.45 (0.15)	-	-	-	-	-
AAA Portfolios Private Limited	-	-	-	-	-	-	-	-	0.34 (0.25)	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	-	0.35 (0.27)	-	-	-



# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

(₹ crores)

Nature of transactions*	Royalty	Remuneration / commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Commission received	Dividend paid	Advance given	Debtors / Receivables	Payables
Niky Tasha Communications Private Limited**	-	-	-	-	-	-	-	-	**	-	-	-
Niky Tasha Energies Private Limited**	-	-	-	-	-	-	-	-	**	-	-	-
Sietz Technologies India Private Limited	-	-	0.35	1.27	264.32	3.49	0.31	1.44	-	0.90	1.11	11.64
Sun & Moon Travels (India) Private Limited	-	-	(0.34)	(1.22)	(277.29)	(1.65)	(0.02)	-	-	(1.23)	(1.58)	(31.23)
Escorts Employee Welfare Limited (Gross of provisions)	-	-	0.02	-	-	-	12.41	-	-	0.02	-	0.10
Escorts Employee Welfare Limited (Gross of provisions)	-	-	(0.02)	-	-	-	(15.22)	-	-	(0.02)	-	(0.11)
Escorts Skill Development	-	-	-	-	-	-	(0.06)	-	-	(3.20)	-	-
Ritu Nanda Insurance Service Private Limited	-	-	-	-	-	-	-	-	-	0.08	-	-
Ashok Aggarwal	-	0.42	-	-	-	-	-	-	-	-	-	-
Pradeep Kumar Jain	-	(0.34)	-	-	-	-	-	-	-	-	-	-
Sushant Arora	-	(0.15)	-	-	-	-	-	-	-	-	-	-
Priyank Kalra	-	(0.09)	-	-	-	-	-	-	-	-	-	-
Sachin Tyagi	-	0.92	-	-	-	-	-	-	-	-	-	-
Donald Fernandez	-	(0.86)	-	-	-	-	-	-	-	-	-	-
Rupinder Kaur	-	(0.43)	-	-	-	-	-	-	-	-	-	-
Amal Dattkumar Dhru**	-	0.07	-	-	-	-	-	-	-	-	-	-
Deba Prasad Roy**	-	(0.07)	-	-	-	-	-	-	-	-	-	-
Pawan Bhalla**	-	0.06	-	-	-	-	-	-	-	-	-	-
Vinod Dixit **	-	(0.01)	-	-	-	-	-	-	-	-	-	-
Ashish Kumar Bhattacharya	-	-	-	-	-	-	**	-	-	-	-	-
	-	0.05	-	-	-	-	**	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	0.01	-	-	-	-	-
	-	-	-	-	-	-	(**)	-	-	-	-	-

\*Numbers in brackets represents financial year ending 31 March 2018

\*\* Amount less than a ₹1 lakh

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## 47 Segment information

The Group has determined following reportable segments based on the information reviewed by the Group's management:

- i Agri machinery products
- ii Construction equipments
- iii Railway equipments
- iv Auto ancillary products (discontinued operation)
- v Others

## A Segment revenue and results

Particulars	31-Mar-19					31-Mar-18								
	Agri machinery products	Construction equipments	Railway equipments	Auto ancillary products (discontinued operation)	Unallocated	Inter segment adjustment	Total	Agri machinery products	Construction equipments	Railway equipments	Auto ancillary products (discontinued operation)	Unallocated	Inter segment adjustment	Total
<b>Revenue</b>	4,798.51	1,054.07	394.07	-	15.90	(0.53)	6,262.02	4,012.88	780.34	286.60	-	10.17	(9.80)	5,080.19
<b>Segment Result before interest income unallocable, exceptional items, finance cost and tax</b>	666.04	37.81	78.32	1.89	(63.08)	-	720.98	540.35	15.01	39.77	-	(59.65)	-	535.48
Add: Interest income unallocable														10.22
Less: Finance cost														(29.49)
Add: Exceptional items														(6.76)
Add: Share of profit or loss from associates and joint ventures														(0.37)
<b>Profit before tax</b>														509.08
Less: Tax expense														162.49
<b>Profit after tax</b>														346.59
Other comprehensive income														11.32
<b>Total comprehensive income</b>														<b>357.91</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## B Other information

(₹ crores)

Segment	Segment assets		Segment liabilities	
	As on 31 March 2019	As on 31 March 2018	As on 31 March 2019	As on 31 March 2018
Agri machinery products	3,005.26	2,354.60	1,431.76	1,233.38
Construction equipments	420.54	345.67	277.09	263.20
Railway equipments	214.69	166.25	80.70	88.20
Auto ancillary products (discontinued operation)	1.10	0.46	7.56	7.33
Unallocated	1,066.60	1,106.36	231.95	166.49
<b>Total</b>	<b>4,708.19</b>	<b>3,973.34</b>	<b>2,029.06</b>	<b>1,758.60</b>

## C Additional information by geographies

(₹ crores)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue by geographical market</b>		
India	5,986.02	4,837.60
Outside India	276.00	242.59
	<b>6,262.02</b>	<b>5,080.19</b>
<b>Carrying amount of segment assets</b>		
India	4,639.42	3,923.73
Outside India	68.77	49.61
	<b>4,708.19</b>	<b>3,973.34</b>

Notes:

- i Operating segments have been identified by the Group taking into account nature of services, associated risks and returns and internal reporting system that reflects the manner in which operating results are regularly reviewed by the Chief Operating Decision Maker for purpose of making decisions on resources to be allocated to such segments and assess their performance.
- ii Segment revenue, segment results, segment assets and segment liabilities include the respective amount identifiable for each operating segment.

### 48 (i) New standards adopted - Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

The Group has adopted the standard on 1 April 2018 on a modified retrospective basis with a cumulative catch-up adjustment booked to retained earnings as at 1 April 2018 as if the standard had always been in effect. The standard is applied only to contracts that are not completed as at 1 April 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard did not result in any material adjustments to the Group's net income. In case of certain contracts with customers, the Group arranges the logistics of the goods

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

to customers' premises and charges the freight on actual basis (actuals as levied by the transporter). In such cases, the Group acts as an agent in arranging such logistics services. Hence, revenue from such services are netted off with the expenses as levied by the transporter. Such expenses were earlier grouped under 'other expenses' upto 31 March 2018. There is no impact on the retained earnings as at 1 April 2017 and on the profit for the year ended 31 March 2018.

For the year ended 31 March 2019, the revenue from operations is lower by ₹ 35.27 crores and total expense lower by ₹ 35.27 crores, on account of the change in accounting practice outlined above.

## (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	Goods	Services	Other operating revenue*	Total
<b>Revenue by geography</b>				
Domestic	5,969.55	5.26	92.18	6,066.99
Export	195.03	-	-	195.03
<b>Total</b>	<b>6,164.58</b>	<b>5.26</b>	<b>92.18</b>	<b>6,262.02</b>
<b>Revenue by time</b>				
Revenue recognised at point in time				6,256.76
Revenue recognised over time				5.26
<b>Total</b>				<b>6,262.02</b>

\* Export benefit has been included in domestic revenue

The Company provide warranties on product sold by them and majority of these are in nature of assurance that the related product will function as the parties intended because it complies with agreed upon specifications and hence accounted for in accordance with Ind As 37, Provisions, Contingent Liabilities and Contingent Assets.

## (b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	(₹ crores) Year ended 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	21.62
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## (c) Assets and liabilities related to contracts with customers

(₹ crores)

Description	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
<b>Contract liabilities related to sale of goods</b>				
Advance from customers	-	41.74	-	38.39
Deferred income	10.80	22.85	9.41	13.54

## (d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

(₹ crores)

Description	Year ended 31 March 2019
Contract price	6,637.82
Less: Discount, rebates, credits etc.	375.80
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>6,262.02</b>

48 (ii) Previous year figures have been re-grouped/reclassified wherever necessary, to conform to current year's classification.

49 The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated 4 March 2011.

Escorts Benefit Trust which inherited the funds and shares from Hardship Committee constituted under directions of the High Court has sufficient funds to meet the payment obligations towards Escorts Finance Limited deposits.

As per our Report of even date attached  
For **Walker Chandiok & Co LLP**

Chartered Accountants  
(Firm Regn No. 001076N/N500013)

**Siddharth Talwar**  
Partner

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)

**P.H. Ravikumar**  
Director  
(DIN: 00280010)

Place : Faridabad  
Date : 7 May 2019

For and on behalf of the Board of Directors

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head

**Hardeep Singh**  
Director  
(DIN: 00088096)

**Ajay Sharma**  
Group General Counsel &  
Company Secretary  
(Membership No. A9127)  
Place : Faridabad  
Date : 7 May 2019

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2019

## Statement containing salient features of the consolidated financial statements of subsidiaries/joint venture for the year 2018-19 Subsidiaries

Name of the subsidiaries	(₹ crores)					
	Escorts Finance Limited	Famtrac Tractors Europe Sp. Z.o.o, Poland *	Escorts Securities Limited	Escorts Crop Solution Limited	Escorts Benefit and Welfare Trust	Escorts Benefit Trust
Reporting period	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 March 2019
Capital	40.17	25.87	13.50	16.15	-	-
Reserves & Surplus	(218.67)	(20.13)	0.02	(2.35)	0.02	11.07
Total assets	4.87	54.12	26.06	19.21	0.43	11.07
Total liability	183.37	48.38	12.54	5.41	0.41	^
Investments	2.84	-	0.81	-	-	11.06
Turnover	0.05	80.55	3.89	7.67	-	-
Profit/(loss) before taxation	0.07	(0.81)	(2.91)	(4.09)	6.73	^
Provision for taxation	-	-	0.42	-	-	-
Profit/(loss) after taxation	0.07	(0.81)	(2.49)	(4.09)	6.73	^
Proposed dividend	-	-	-	-	-	-
% of shareholding	69.42%	100%	51.26%	100%#	100%	100%

\* Note : Exchange rate 1 PLN = 18.06 ₹ (i.e. closing rate)

^ Amount less than ₹ 1 lakh

# Rounded off to 100%

## Joint venture

Name of the Joint venture	(₹ crores)		
	Adico Escorts Agri Equipment Private Limited	Tadano Escorts India Private Limited	Escorts Kubota India Private Limited
Latest audited balancesheet date	31st March, 2019	31st March, 2019	Not applicable
Shares held by company	84,00,000	2,94,00,000	60,00,000
Numbers	8.40	29.40	60.00
Amount of investment (₹ crores)	40%	49%	40%
Holding %	Joint venture agreement	Joint venture agreement	Joint venture agreement
Description of how there is significant influence	Not applicable	Not applicable	Not applicable
Reason for not considered for consolidation	2.82	23.32	59.01
Networth attributable to shareholding	(0.58)	(1.51)	(2.47)
Profit/(loss) for the Year	(0.23)	(0.74)	(0.99)
Considered in consolidation	(0.35)	(0.77)	(1.48)
Not considered in consolidation	-	-	-

## For and on behalf of the Board of Directors

**Nikhil Nanda**

Chairman and Managing Director  
(DIN: 00043432)

**P.H. Ravikumar**

Director  
(DIN: 00280010)

Place : Faridabad  
Date : 7 May 2019

**Shailendra Agrawal**

Executive Director  
(DIN: 03108241)

**Bharat Madan**

Group Chief Financial Officer & Corporate Head

**Hardeep Singh**

Director  
(DIN: 00088096)

**Ajay Sharma**

Group General Counsel & Company Secretary  
(Membership No. A9127)

Place : Faridabad  
Date : 7 May 2019









# Corporate Information

**Mr. Nikhil Nanda**

Chairman and Managing Director

**Mr. Hardeep Singh**

Director

**Mr. P.H. Ravikumar**

Director

**Dr. Sutanu Behuria**

Director

**Mrs. Vibha Paul Rishi**

Director

**Mr. D. J. Kakalia**

Director

**Mr. Sunil Kant Munjal**

Director

**Ms. Nitasha Nanda**

Whole-time Director

**Mr. Shailendra Agrawal**

Executive Director

**Mr. G. B. Mathur**

Director

**Group Chief Financial Officer & Corporate Head**

**Mr. Bharat Madan**

**Group General Counsel and Company Secretary**

**Mr. Ajay Sharma**

**Secretarial Auditors**

**M/s. Jayant Gupta & Associates**

**Internal Auditors**

**M/s. Ernst & Young LLP**

**Statutory Auditors**

**M/s Walker Chandiok & Co LLP**

**Cost Auditors**

**M/s. Ramanath Iyer & Co.**

**Corporate Centre & Registered Office**

15/5, Mathura Road,  
Faridabad - 121003, Haryana, India

**Bankers**

IDBI Bank

Axis Bank

State Bank of India

ICICI Bank

IndusInd Bank

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank



**Escorts Limited**

Corporate Centre & Registered Office  
15/5, Mathura Road, Faridabad -121003, Haryana (India)

[www.escortsgroup.com](http://www.escortsgroup.com)