



Escorts Kubota Limited

June 21, 2022

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 051 BSE – 500495	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 NSE – ESCORTS	Delhi Stock Exchange Limited DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002 DSE – 00012
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Dear Sirs,

Sub: Annual General Meeting – Integrated Annual Report 2021-22

This is to inform you that the Seventy Sixth Annual General Meeting (“AGM”) of the Company will be held on Thursday, July 14, 2022 at 12.00 Noon IST through Video Conferencing/ Other Audio Visual Means in compliance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Integrated Annual report 2021-22 of the Company along with the Notice of AGM for the financial year 2021-22, being sent through electronic mode to the Members, is attached.

Pursuant to Regulation 44 of Listing Regulations, Company is providing facility for remote e-Voting to its members whose names are recorded in Register of Members or Register of Beneficial Owner maintained by the Depositories as on the cut-off date i.e. Thursday, July 7, 2022 as the “Cut-off Date”. The remote e-Voting shall commence at 9:00 a.m. on Monday, July 11, 2022 and shall end at 5:00 P.M. on Wednesday, July 13, 2022.

The notice of AGM and Integrated Annual report 2021-22 is also uploaded on the website of the Company i.e. www.escortsgroup.com.

You are requested to disseminate the above intimation on your website.

Thanking You,

Yours Faithfully
For Escorts Kubota Limited


Satyendra Chauhan
Company Secretary & Compliance Officer



Encl: Notice of AGM & Integrated Annual report 2021-22

ESCORTS KUBOTA LIMITED
(Formerly Escorts Limited)

Registered Office: 15/5, Mathura Road, Faridabad 121 003, India
Tel.: +91-129-2250222

E-mail: escortsgroup@escorts.co.in Website: www.escortsgroup.com
Corporate Identification Number L74899HR1944PLC039088



Escorts Kubota Limited
(Formerly 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 76th Annual General Meeting (“AGM”) of the members of ESCORTS KUBOTA LIMITED (“Company”) will be held through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) on Thursday, July 14, 2022, at 12:00 Noon (Indian Standard Time) to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2022, 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, 2022, and the report of auditors thereon.

and, in this regard, to consider and if thought fit, to pass, with or without modification (s), the following resolutions as an **Ordinary Resolutions:**

- a) “**Resolved That** the audited standalone financial statement of the Company for the financial year ended March 31, 2022, and the report of Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.”
- b) “**Resolved That** the audited consolidated financial statement of the Company for the financial year ended March 31, 2022, and the report of Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.”

2. To declare a dividend on equity shares for the financial year ended March 31, 2022, 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** a dividend at the rate of ₹ 7/- (Rupees Seven only) per equity share of face value of ₹ 10/- (Rupees Ten) each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2022, and the same be paid out of the profits of the Company.”

3. To appoint Mr. Hardeep Singh (DIN 00088096), who retires by rotation as a 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** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Hardeep Singh (DIN 00088096), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company.”

4. To appoint Mr. Dai Watanabe (DIN 08736520), who retires by rotation as a 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** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Dai Watanabe (DIN 08736520), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company.”

5. To re-appoint auditors and fix their remuneration 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** in accordance with the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with 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

Walker Chandio & Co LLP, Chartered Accountants (Firm Registration No. 001076N/ N500013) be and is hereby re-appointed as Statutory Auditors of the Company, for another term of 5 consecutive years, to hold office from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the 81st AGM to be held in the year 2027, at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the said Auditors.

Resolved Further That the Board of Directors of the Company ("Board" which term shall be deemed to include any committee thereof) be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms or submission of documents with any authority or accepting any modifications to the clauses as required by such authorities, for the purpose of giving effect to this resolution and for matters connected therewith, or incidental thereto.

SPECIAL BUSINESS:

- 6. To ratify the remuneration of Cost Auditor for the financial year ending March 31, 2023 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** in accordance with the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Ramanath Iyer & Co., Cost Auditors (Firm Registration No. 000019), appointed by the Board of Directors as cost auditors, to conduct the audit of cost records of the Company for the financial year ending March 31, 2023, being ₹ 8, 50,000/- plus applicable tax and reimbursement of out of pocket expenses that may be incurred by them in connection with the aforesaid audit, be and is hereby ratified."

- 7. To approve the re-appointment of Mr. Nikhil Nanda (DIN: 00043432) as Managing Director of the Company 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** subject to the approval of the Central Government, if required, and in accordance with the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (Act) and rules made thereunder [including any statutory modification(s) or re-enactments thereof for the time being in force] and as per the recommendations of the Nomination,

Remuneration and Compensation Committee, the members of the Company, do hereby approve the re-appointment of Mr. Nikhil Nanda (DIN: 00043432) as Managing Director of the Company for a period of five years w.e.f. September 19, 2022 to September 18, 2027, not liable to retire by rotation.

Resolved Further That the Board be and is hereby authorized to execute all such documents and do all acts, deeds and things which are necessary or desirable in order to give effect to the aforesaid resolution including, but not limited to, making applications, reporting and filing of requisite forms with the Registrar of Companies and any other authorities as may be required.

- 8. To approve the remuneration payable to Mr. Nikhil Nanda (DIN: 00043432) pursuant to his re-appointment as Managing Director of the Company 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** subject to the approval of the central government, if required, and in accordance with the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and as per the recommendations of the Nomination, Remuneration and Compensation Committee, the Board and subject to such approvals as may be necessary, the approval of the members of the Company, be and is hereby accorded for fixing of remuneration of Mr. Nikhil Nanda (DIN: 00043432) as Managing Director of the Company for a period of five years w.e.f. September 19, 2022 to September 18, 2027, as per the following terms and conditions:

A. Basic Salary

₹ 24.54 lacs per month with such increments as may be decided by the Board of Directors of the Company from time to time ("Board" which term shall be deemed to include any Committee thereof, including the 'Nomination, Remuneration and Compensation Committee' of the Board) in the scale of ₹ 20 Lacs to ₹ 50 Lacs per month.

B. Perquisites, Allowances, Retirals & Other Benefits, Reimbursements and Earned Leave

As per the Company's policy and/ or as may be recommended by the Nomination, Remuneration and

Compensation Committee and approved by the Board from time to time, subject to a maximum of 250% (Two Hundred and Fifty Percent) of the Basic Salary (in terms of paragraph (A) above).

C. Performance Linked Incentive/ Commission

As per the Company's policy and/ or as may be recommended by the Nomination, Remuneration and Compensation Committee and approved by the Board, subject to a maximum of upto 1% of adjusted net profits (PBT) with cap of max 125% of Fixed Pay (Basic plus Perquisites, Allowances & Retirals plus Benefits)

D. Sitting fees

The Managing Director 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 Managing Director may be terminated by either party giving to the other 6 (six) calendar months' notice in writing.

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

F. Ceiling on Remuneration

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. Nikhil Nanda, remuneration by way of salary, perquisites and other terms as specified supra, as minimum remuneration.

Resolved Further That the Board be and is hereby authorized to fix, increase, vary, reduce or amend the remuneration and other terms as it may deem expedient or necessary from time to time during the tenure of his appointment, subject to the limits specified herein above and prescribed under Section 197 of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

Resolved Further That the Board be and is hereby also authorized to execute all such documents and do all acts, deeds and things which are necessary or desirable in order to give effect to the aforesaid resolution including, but not limited to, making applications, reporting and filing of requisite forms with

the Registrar of Companies and any other authorities as may be required."

9. To approve the appointment of Mr. Seiji Fukuoka (DIN: 08786470) as a Whole Time Director, designated as Deputy Managing 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 196, 197, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("Act), other provision of the Act and rules framed thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and the Securities and Exchange Board of India (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 the approval of the Central Government, wherever necessary and subject to the provisions of Articles of Association of the Company and as per the recommendations of the Nomination, Remuneration and Compensation Committee and the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded for appointment of Mr. Seiji Fukuoka (DIN- 08786470), who was appointed as an Additional Director, effective from May 13, 2022, in accordance with the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold office up to the date of this Meeting, and who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing, under Section 160 of the Act, from Kubota Corporation, a member of the Company, proposing his candidature for the office of Director, be and is hereby appointed as a the Whole Time Director, designated as Deputy Managing Director of the Company, not liable to retire by rotation, for a period of 5 (Five) years, effective from May 13, 2022 till May 12, 2027.

Resolved Further That the Board be and is hereby authorized to execute all such documents and do all acts, deeds and things which are necessary or desirable in order to give effect to the aforesaid resolution including, but not limited to, making applications, reporting and filing of requisite forms with the Registrar of Companies and any other authorities as may be required."

10. To approve the remuneration of Mr. Seiji Fukuoka (DIN: 08786470) as a Whole Time Director, designated as Deputy Managing 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 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and the Securities and Exchange Board of India (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 the approval of the Central Government, wherever necessary and as per the recommendations of the Nomination, Remuneration and Compensation Committee and the Board, the approval of the members of the Company be and is hereby accorded for fixing of remuneration of Mr. Seiji Fukuoka (DIN: 08786470) in the capacity of Whole Time Director and Designated as Deputy Managing Director of the Company for a period of five years w.e.f. May 13, 2022 to May 12, 2027, as per the following detailed terms and conditions:

A. Basic Salary

₹ 4,01,093/- per month with such increments as may be decided by the Board of Directors of the Company from time to time ("Board" which term shall be deemed to include any Committee thereof, including the 'Nomination, Remuneration and Compensation Committee' of the Board) in the scale of ₹ 4 lacs per month to ₹ 10 lacs per month. In addition to this, Mr. Seiji Fukuoka will also be paid salary in Japan by Kubota Corporation in his Japanese bank account.

B. Perquisites, Allowances, Retirals & Other Benefits, Reimbursements and Earned Leave

As per the Company's policy and/ or as may be recommended by the Nomination and Remuneration Committee and approved by the Board from time to time subject to a maximum of 200% (Two Hundred Percent) of the Basic Salary (in term of paragraph (A) above.

Additionally, the company will also bear the applicable taxes arising in India as per the provisions of Income-tax Act, 1961.

C. Performance Linked Incentive/ Commission

As per the Company's policy and/ or as may be recommended by the Nomination, Remuneration and Compensation Committee and approved by the Board,

subject to a maximum of 100% of annual Fixed Pay (Basic plus Perquisites, Allowances & Retirals plus Benefits)

D. Sitting fees

Mr. Seiji Fukuoka, as long as he functions as Whole Time Director, Designated as Deputy Managing Director, shall not be paid 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, designated as Deputy Managing Director may be terminated by either party giving to the other 6 (six) calendar months' notice in writing.

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

F. Ceiling on Remuneration

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. Seiji Fukuoka, remuneration by way of salary, perquisites and other terms as specified supra, as minimum remuneration.

Resolved Further That the Board be and is hereby authorized to fix, increase, vary, reduce or amend the remuneration and other terms as it may deem expedient or necessary from time to time during the tenure of his appointment, subject to the limits specified herein above.

Resolved Further That the Board be and is hereby authorized to execute all such documents and do all acts, deeds and things which are necessary or desirable in order to give effect to the aforesaid resolution including, but not limited to, making applications, reporting and filing of requisite forms with the Registrar of Companies and any other authorities as may be required."

11. To appoint Mr. Shiro Watanabe (DIN: 09588547) as a Non-Executive 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 Section 152 read with other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable laws, rules, regulations (including any

statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Shiro Watanabe (DIN: 09588547), who was appointed as an Additional Director, effective from May 13, 2022 as non-executive Director, in accordance with the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold office up to the date of this Meeting, and who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing, under Section 160 of the Act, from Kubota Corporation, a member of the Company, 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 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."

12. To appoint Mr. Ravindra Chandra Bhargava (DIN: 00007620) 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, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Ravindra Chandra Bhargava (DIN: 00007620), who was appointed as an Additional Director, effective from May 13, 2022, in accordance with the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold the office upto the date of this Meeting, who has submitted a declaration that he meets the criteria for independence as provided under the Act and the SEBI Listing Regulations, and in respect of whom the Company has received a notice in writing, under Section 160 of the Act, from a member proposing his candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years w.e.f. May 13, 2022 or upto the conclusion of the AGM to be held in the calendar year 2027, whichever is earlier.

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

13. To appoint Mr. Kenichiro Toyofuku (DIN: 08619076), 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, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Kenichiro Toyofuku (DIN: 08619076), who was appointed as an Additional Director, effective from May 13, 2022, in accordance with the provisions of Section 161(1) of the Act and the Articles of Association of the Company, to hold the office upto the date of this Meeting, who has submitted a declaration that he meets the criteria for independence as provided under the Act and the SEBI Listing Regulations, and in respect of whom the Company has received a notice in writing, under Section 160 of the Act, from a member proposing his candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director, not liable to retire by rotation, and to hold office for a period of 5 (five) consecutive years w.e.f. May 13, 2022 or upto the conclusion of the AGM to be held in the calendar year 2027, whichever is earlier.

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

14. To appoint Mr. Vimal Bhandari (DIN: 00001318), 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, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Vimal Bhandari (DIN: 00001318), who has submitted a declaration that he meets the criteria for independence as provided under the Act and the SEBI Listing Regulation, and in respect of whom the Company has received a notice in writing, under

Section 160 of the Act, from a member proposing his candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director, not liable to retire by rotation, from the conclusion of the 76th Annual General Meeting (AGM) for a term of 5 (five) consecutive years or conclusion of the AGM to be held in the calendar year 2027, whichever is earlier.

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

15. To appoint Ms. Reema Rameshchandra Nanavati (DIN: 00690270), 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 Special Resolution:

“**Resolved That** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Reema Rameshchandra Nanavati (DIN: 00690270), who has submitted a declaration that she meets the criteria for independence as provided under the Act and the SEBI Listing Regulations, and in respect of whom the Company has received a notice in writing, under Section 160 of the Act, from a member proposing her candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director, not liable to retire by rotation, from the conclusion of the 76th Annual General Meeting (AGM) for a term of 5 (five) consecutive years or conclusion of the AGM to be held in the calendar year 2027, whichever is earlier.

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, proper or expedient to give effect to this resolution.”

16. To appoint Mr. Yasukazu Kamada (DIN: 09634701) as a Non-Executive 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 Section 152 read with other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable laws, rules, regulations

(including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in accordance with the Articles of Association of the Company, Mr. Yasukazu Kamada (DIN: 09634701), who qualifies for being appointed as a Director and in respect of whom the Company has received a notice in writing, under Section 160 of the Act, from Kubota Corporation, a member of the Company, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation, w.e.f. July 14, 2022.

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.”

17. To appoint Mr. Manish Sharma (DIN: 06549914), 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 Special Resolution:

“**Resolved That** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Manish Sharma (DIN: 06549914), who has submitted a declaration that he meets the criteria for independence as provided under the Act and the SEBI Listing Regulation, and in respect of whom the Company has received a notice in writing, under Section 160 of the Act, from a member proposing his candidature for the office of Director, being eligible, be and is hereby appointed as an Independent Director, not liable to retire by rotation, from the conclusion of the 76th Annual General Meeting (AGM) for a term of 5 (five) consecutive years or conclusion of the AGM to be held in the calendar year 2027, whichever is earlier.

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, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors
For Escorts Kubota Limited

Sd/-

Place: Faridabad
Date: June 20, 2022

Satyendra Chauhan
Company Secretary &
Compliance Officer

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 08, 2021 December 14, 2021 and May 5, 2022 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" or "e-AGM") through video conferencing (VC) or other Audio Visual Means ('OAVM;) without the physical presence of the Members of the Company at a common venue. In accordance with MCA Circulars, provisions of the Companies Act, 2013 ('Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. The Explanatory Statement pursuant to Section 102(1) of the Act, relating to Special Business to be transacted at the AGM, is annexed hereto.
3. Pursuant to requirements of **SEBI Listing Regulations** in relation to corporate governance and the applicable Secretarial Standards, the information required to be provided in case of retiring by rotation/seeking appointment/ re-appointment of Directors, is set out at the **Annexure-I** to this Notice.
4. The Company has engaged the services of M/s Kfin Technologies Limited, Registrar & Transfer Agent of the Company ("KFIN" or "RTA") as the Authorised Agency for providing remote e-voting facility/e-voting/Insta poll facility for casting the votes by the members using an electronic voting system.
5. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC/ OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed thereto.
6. Since the AGM will be held through VC/ OAVM, the Route Map of the venue of the meeting is not annexed hereto.
7. In terms of the provisions of Section 152 of the Act, Mr. Hardeep Singh and Mr. Dai Watanabe, Directors, retire by rotation at this Meeting. The Board of Directors of the Company commend their respective re-appointments. Mr. Hardeep Singh and Mr. Dai Watanabe are interested in the Ordinary Resolutions set out at Item Nos. 3 and 4, respectively, of the Notice with regard to their re-appointment. The relatives of Mr. Hardeep Singh and Mr. Dai Watanabe may be deemed to be interested in the resolutions set out at Item Nos. 3 and 4 respectively of the Notice to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 4 of the Notice.
8. Members attending the AGM through VC/ OAVM shall be counted for the purpose of quorum under Section 103 of the Companies Act, 2013.
9. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Integrated Annual Report 2021-22 (IAR or Annual Report) is being sent only through electronic mode to those members whose email addresses are registered with the RTA/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website www.escortsgroup.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFIN at <https://evoting.kfintech.com>.
10. In order to enable the Company to comply with MCA circulars and to participate in the green initiative in Corporate Governance, members are requested to register their email addresses in respect of shares held in electronic form with their Depository Participant(s) and in respect of shares held in physical form by clicking at <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> or by writing to the RTA with details of folio number and self-attested copy of PAN card at Kfin Technologies Limited, Unit: Escorts Kubota Limited, Selenium Building, Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032, India or by sending email to einward.ris@kfintech.com. Members are advised to receive the Notice convening the 76th AGM and Annual Report for FY 2021-22 via e-mail, by updating their email ID by accessing the link <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>.
11. For receiving all communication (including Annual Report) from the Company electronically:
 - a) Members holding shares in physical mode and who have not registered/ updated their e-mail address with the Company are requested to register/ update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at corpsl@escorts.co.in or to KFIN at einward.ris@kfintech.com.

- b) Members holding shares in dematerialised mode are requested to register/ update their e-mail address with the relevant Depository Participant.
12. The Institutional/ Corporate members intending to attend the AGM through authorised representatives are requested to send to KFIN/ Scrutinizer a certified true copy of the Board Resolution (PDF/ JPG format) authorising their representative to attend the AGM through VC/ OAVM and vote on their behalf, by an email through its registered email address to pcs.jga@gmail.com with a copy to evoting@kfintech.com.
13. 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.
14. Members can also temporarily update their email address and mobile number with KFIN, by complying with the procedure given below:
- (i) Visit the link <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>
 - (ii) Select the company name: Escorts Kubota Limited
 - (iii) Enter DPID Client ID (in case shares are held in electronic form)/Physical Folio No. (in case shares are held in physical form) and Permanent Account Number (PAN).
 - (iv) In case shares are held in physical form, if PAN is not available in the records, please enter any one of the Share Certificate No. in respect of the shares held by you.
 - (v) Enter the email address and mobile number.
 - (vi) System will check the authenticity of the DPID Client ID/Physical Folio No. and PAN/Certificate No., as the case may be and send the OTPs to the said mobile number and email address, for validation.
 - (vii) Enter the OTPs received by SMS and Email to complete the validation process. (Please note that the OTPs will be valid for 5 minutes only).
 - (viii) In case the shares are held in physical form and PAN is not available, the system will prompt you to upload the self-attested copy of your PAN.
 - (ix) System will confirm the email address for the limited purpose of serving the Notice of the AGM, the Annual Report of the Company for the financial year 2021-22 and the e-voting instructions along with the User ID and Password.

Alternatively, Members may send an email request to einward.ris@kfintech.com along with the scanned copy of their request letter duly signed by the 1st shareholder, providing the email address, mobile number, self-attested copy of PAN and Client Master copy in case shares are held in electronic form or copy of the share certificate in case shares are held in physical form, to enable KFIN to temporarily register their email address and mobile number so as to enable the Company to issue the Notice of the AGM, the Annual Report of the Company for the financial year 2021-22 and the e-voting instructions along with the User ID and Password, through electronic mode.

However, Members holding shares in electronic form, will have to once again register their email address and mobile number with their DPs, to permanently update the said information.

In case of any queries, in this regard, Members are requested to write to einward.ris@kfintech.com or evoting@kfintech.com or contact KFIN at toll free number: 1800-309-4001.

15. The Register of Members and Share Transfer Books of the Company will remain closed from July 2, 2022 to July 14, 2022 (both days inclusive) for the purpose of payment of dividend.

The Board recommended the Final Dividend @ 70% per share i.e. ₹ 7.00/- per equity share payable on all outstanding shares, other than Shares held by Escorts Benefit & Welfare Trust (Treasury Shares), subject to the approval of shareholders at the ensuing AGM.

The dividend proposed shall be paid within 30 days from the date of declaration.

The dividend after deduction of tax at source, 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 1, 2022 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 1, 2022.
16. 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 so as to reach on or before the date of Book Closure fixed for payment of dividend to Kfin Technologies Limited, Selenium Building, Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana; Phone: 040-67162222; Toll Free Number: 1800-309-4001 Email – einward.ris@kfintech.com. Dividend warrants/ demand drafts will be despatched to the registered address of the shareholders who have not updated their bank account details.

17. 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.
18. To enable compliance with TDS requirement on Dividend, Members are requested to complete and/ or update their Residential Status, PAN, Category as per the Income Tax Act, 1961 with their Depository Participants or in case shares are held in physical form, with the RTA by sending email to the KFIN’s email address at einward.ris@kfintech.com. For details, Members may refer to the “Communication on TDS on Dividend Distribution” appended to this notice as **Annexure-II**.
- 19.(a) Due dates of transferring unclaimed and/ or unpaid dividend declared by the Company for the financial year ended March 31, 2015, and thereafter to Investor Education and Protection Fund Authority (IEPF):

Financial Year ended	Type of Dividend	Date of declaration of Dividend	Last date for claiming unpaid/ unclaimed dividend
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
March 31, 2019	Final	July 27, 2019	August 26, 2026
March 31, 2020	Final	August 24, 2020	September 23, 2027
March 31, 2021	Final	July 27, 2021	August 26, 2028

Members who have not uncashed 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 under Investor Information.

Members may please note that the unclaimed dividend in respect of the financial year ended March 31, 2015 must be claimed by the concerned members on or before October 17, 2022, failing which it will be transferred to the Investor Education & Protection Fund Authority, in accordance with the relevant provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”). Members are requested to write to Company/ KFIN, for claiming unclaimed dividend.

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 as well as on the Company’s website www.escortsgroup.com under Investor Information Section.

- (b) The Company has transferred the unpaid or unclaimed dividends declared up to March 31, 2014, from time to time, to the IEPF established by the Central Government.
- (c) Pursuant to IEPF Rules, the Company has, during the financial year 2021-22, transferred to the IEPF Authority all dividend which had remained unpaid or unclaimed for 7 (seven) consecutive years or more on the due date of transfer. Details of shares transferred to the IEPF are available on the website of IEPF i.e. www.escortsgroup.com.

- iepf.gov.in as well as on the Company's website www.escortsgroup.com under Investor Information Section.
- (d) Members may note that shares as well as unclaimed dividends transferred to IEPF can be claimed back. Concerned members/ investors are advised to visit the website of www.iepf.gov.in or contact KFIN for lodging claim for refund of shares and/ or dividend from the IEPF.
20. 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.
21. 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).
22. 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 dematerialized 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.
23. Attention is seeking towards the SEBI Circular no-SEBI/ HO/ MIRSD/ MIRSD_RTAMB/ P/ CIR/ 2021/ 655 dated November 3, 2021 w.r.t to the shareholders holding shares in physical form, it is mentioned that if the documents are not given by shareholders on or after April 01, 2023, the securities shall be frozen by the RTA and the same shall be referred by the RTA/ Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.
24. Members holding shares in electronic form are requested to intimate all changes pertaining to their Company details, ECS mandates, email addresses, nominations, power of attorney, change of address/ name etc. to their DPs. Any changes effected by the DPs will be automatically reflected in the record maintained by the Depositories. Members holding shares in physical form are requested to notify changes to the said information to KFIN, by sending an email to inward.ris@kfintech.com or to corpsl@escorts.co.in, quoting their Folio number(s) along with supporting documents.
25. Please send all correspondence including requests for transfer/ transmission of shares, change of address & dividend etc. to Kfin Technologies Limited, Selenium Building, Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032; Phone: 040-67162222; Toll Free Number : 1800-309-4001; E-mail – inward.ris@kfintech.com.
26. 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.
27. 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.
28. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which directors are interested, maintained under Section 189 of the Act and the relevant documents referred to in the notice and Annual Report will be available for inspection electronically by the members of the Company during the AGM. All other documents referred to in the Notice and Annual Report will also be available for electronic inspection without payment of any fee by the members from the date of circulation of this notice upto the date of AGM i.e. July 14, 2022. Members seeking to inspect such documents can send an email to corpsl@escorts.co.in.
29. A certificate from the Secretarial Auditor of the Company certifying that the Company's Employee Stock Option Plans are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and in accordance with the resolutions passed at the general meeting(s) will be available electronically for inspection by the members during the AGM.
30. **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 its members the facility to exercise their right to vote on resolutions proposed to be considered at the 76th AGM by electronic means and the business may be transacted through e-voting Services (“Remote e-Voting”).

The members who have cast their votes by Remote e-Voting prior to the AGM may also participate in the AGM through VC/ OAVM via link provided in their login ids but shall not be entitled to cast their vote again.

II. The process and manner for Remote e-Voting are as under:

A. Information and Instructions for Remote e-Voting by Individual Shareholders holding shares of the Company in Demat Mode:

As per the SEBI circular dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

NSDL	CDSL
1. User already registered for IDeAS facility:	1. Existing user who have opted for Easi/ Easiest
I. Type in the browser/ click on the following URL: https://eservices.nsd.com	I. Type in the browser/ click on the following URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com
II. Click on the “Beneficial Owner” icon under ‘IDeAS’ section.	II. Click on New System Myeasi
III. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting”	III. Login with user id and password
IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period	IV. Option will be made available to reach e-Voting page without any further authentication
	V. Click on e-Voting service provider name to cast your vote.
2. User not registered for IDeAS e-Services	2. User not registered for Easi/ Easiest
I. To register, type in browser/ click on link: https://eservices.nsd.com	I. To register, type in browser/ click on link: https://web.cdslindia.com/myeasi/Registration/EasiRegistration
II. Select “Register Online for IDeAS”	II. Proceed with completing the required fields.
III. Proceed with completing the required fields.	III. After registration, please follow steps given above to cast your vote.
IV. After registration, please follow steps given above to cast your vote.	
3. By visiting the e-Voting website of NSDL	3. By visiting the e-Voting website of CDSL
I. Type in the browser/ click on the following URL: https://www.evoting.nsd.com/	I. Type in the browser/ click on the following URL: www.cdslindia.com
II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section.	II. Provide demat account number and PAN
III. On the login page, enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.	III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account
IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.	IV. After successful authentication, user will be provided links for the respective e-Voting service provider where the e- Voting is in progress
V. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.	

Individual Shareholders (holding securities in demat mode) login through their demat accounts/ website of depository participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on company name or

e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password options available on the websites of Depositories/ Depository Participants.

Members facing any technical issue - NSDL	Members facing any technical issue – CDSL
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

B. Information and Instructions for Remote e-Voting by Shareholders other than Individuals holding shares of the Company in Demat Mode and all shareholders holding shares in Physical Mode:

- a. In case a member receives an email from KFIN {for members whose email IDs are registered with the Company/ Depository Participant(s)}:
 - i. Launch internet browser by typing the URL: <https://evoting.kfintech.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 Kfin 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" i.e. 6650.
- 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 7, 2022 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 11, 2022 to July 13, 2022 (till 5:00 PM) 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 with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format "Escorts Kubota Limited Event No."

In case of members whose email IDs are not registered with the RTA/ Depository Participant(s) shall first register the same in the following manner:

- **Members holding shares in physical form**

Members holding shares in physical mode, who have not registered/ updated their email addresses with the RTA, are requested to register/update the same by clicking on <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> or by writing to the RTA with details of folio number and attaching a self-attested copy of PAN card at inward.ris@Kfintech.com.

- **Members holding shares in electronic mode**

Members are required to register their e-mail address with their respective Depository Participant “DPs” for receiving all communications from the Company electronically.

After due verification, KFIN will forward your login credentials to your registered email address.

After registration of e-mail address members would be required to follow steps 30 (II) (B) (a) (i) to (xii).

- III. 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.kfintech.com> (KFIN Website) or contact Mr. Raj Kumar Kale, (Unit: Escorts Kubota Limited) of Kfin Technologies Limited, Selenium Building, Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telengana or at evoting@kfintech.com or phone no. 040 – 67162222 or call KFIN’s toll free No. 1800-309-4001 for any further clarifications.
- IV. 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 communications.
- V. The Remote e-Voting period commences on Monday, July 11, 2022 (9:00 am IST) and ends on Wednesday, July 13, 2022 (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 7, 2022, may cast their vote by Remote e-Voting. The Remote e-Voting Module shall be disabled by KFIN for voting thereafter from their e-Voting module.
- VI. 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 during the AGM through Insta Poll. A person who is not the member on cut-off date should treat this notice for information purpose only.
- VII. 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 7, 2022
- VIII. 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 remote e-Voting i.e. July 7 2022, 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.kfintech.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 KFIN’s toll free number 1800-309-4001 or Member may send an e-mail request to evoting@kfintech.com.
 - v. However, KFIN shall endeavour to send User ID and Password to those new members whose mail ids are available. Members can only vote once either during the Remote e-Voting period or during the AGM.
- IX. **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/ OAVM ARE AS UNDER:**
 - a. Members will be able to attend the AGM through VC/ OAVM at <https://emeetings.kfintech.com> by using their Remote e-Voting login credentials and selecting the EVEN for Company’s AGM.

- b. Members are requested to follow the procedure given below:
- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e. User ID and password for Remote e-voting)
 - iii. After logging in, click on "Video Conference" option
 - iv. Then click on camera icon appearing against AGM event of Escorts Kubota Limited to attend the meeting
- c. Members who do not have the User ID and Password for Remote e-Voting or have forgotten the User ID and Password may retrieve the same by following the Remote e-Voting instructions mentioned elsewhere in the Notice. Further, members can also use the OTP based login for logging into the e-voting system.
- d. Members are encouraged to join the Meeting through Laptops for better experience.
- e. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- f. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- g. Facility to join the e-AGM shall be opened 30 minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of the AGM.
- h. Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the speaker registration option available on the screen after log in. The speaker registration will be open during Monday, 9.00 a.m. July 11, 2022 to Tuesday, 5.00 p.m. July 12, 2022. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers depending upon availability of time as appropriate for smooth conduct of the AGM.
- i. Members can also ask questions from the Auditors of the Company. The questions can be emailed at investorrelation@escorts.co.in with special mention of 'question for auditors'. The query(ies) will be forwarded to the respective Auditors for their response.
- j. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company so as to reach them atleast 7 (seven) days before the date of the AGM, through e-mail on investorrelation@escorts.co.in. The same will be replied by the Company suitably.
- k. Facility of joining the AGM through VC/OAVM shall be available for 1000 members on first come first serve basis. However, participation of members holding 2% or more shares, Promoters and Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
- l. In case of any queries/ grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFIN on 1800-309-4001 (toll free).
- m. Members who need assistance before or during the AGM, can contact KFIN on inward.ris@kfintech.com or call on toll free numbers 1800-309-4001. Kindly quote your name, DP ID – Client ID/ Folio no. and E-voting Event Number in all your communications.
- X. Instructions for members for e-voting during the AGM ("Insta Poll"):**
- a. Facility to cast through Insta Poll will be made available on the Video Conferencing screen and will be activated once the Insta Poll is announced at the meeting.
 - b. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "Insta Poll" page.
 - c. Members to click on the "Insta Poll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
 - d. Only those shareholders, who are present in the e-AGM and have not casted their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.

- XI. Mr. Jayant Gupta, Company Secretary in Practice (CP No. 9738) has been appointed as Scrutinizer to scrutinize the Remote e-Voting and Insta Poll process in a fair and transparent manner.
- XII. The Scrutinizer shall, immediately after the conclusion of voting through Insta Poll at the AGM, unblock the votes cast through Remote e-Voting and Insta Poll and shall make, not later than 48 hours 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.
- XIII. The results declared alongwith the Scrutinizer's Report shall be placed on Company's website [www.](http://www.escortsgroup.com)

escortsgroup.com and on the website of KFIN at <https://evoting.kfintech.com> 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.

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

Sd/-

Satyendra Chauhan
Company Secretary &
Compliance Officer

Place: Faridabad
Date: June 20, 2022

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

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT 2013 READ WITH SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATION 2015

Item No. 5

The Statutory Auditors, M/s Walker Chandiook & Co. LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), have been appointed till the conclusion of the Annual General Meeting (AGM) to be held in the year 2022.

In terms of the provisions of Section 139 of the Companies Act, 2013 (Act), the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the Company can appoint or reappoint an audit firm as statutory auditors for not more than two (2) terms of five (5) consecutive years. M/s Walker Chandiook & Co. LLP is eligible for reappointment for a further period of five years.

M/s Walker Chandiook & Co LLP have consented to their appointment as Statutory Auditors and have confirmed that, if re-appointed, their re-appointment will be in accordance with Section 139 read with Section 141 of the Act.

Based on the recommendations of the audit committee, the Board of Directors, at its meeting held on May 13, 2022, approved the re-appointment of M/s Walker Chandiook & Co. LLP as the statutory auditors of the Company to hold office for a second term of five consecutive years effective from the conclusion of this meeting until the conclusion of the AGM to be held in the year 2027.

Besides the audit services, the Company would also obtain certification(s) from the statutory auditors under various statutory regulations and certifications required by clients, banks, statutory authorities, audit related services and other permissible non-audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board of Directors in consultation with the audit committee.

The Board of Directors, in consultation with the audit committee, may alter and vary the terms and conditions of the appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors.

Considering the evaluation of the past performance, experience and expertise of M/s Walker Chandiook & Co. LLP and based on the recommendation of the audit committee, it is proposed to appoint M/s Walker Chandiook & Co. LLP as statutory auditors of the Company for a second term of five consecutive years till the conclusion of the AGM to be held in the year 2027 of the Company in terms of the aforesaid provisions.

None of the Directors and/or Key Managerial Personnel of the Company and/or 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 set out at Item No. 5 of the Notice for approval by the Members.

Item No. 6

The Board of Directors of the Company, based 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, 2023.

In terms of the provisions of the 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, is required to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending March 31, 2023 as set out at item no 6 of the notice.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

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

Item No. 7 and 8

Mr. Nikhil Nanda is Managing Director (MD) of the Company since 2007 and was re-appointed in 2017 for a period of five years, and his present term shall expire on September 18, 2022.

Mr. Nikhil Nanda is responsible for business diversification, business process re-engineering and organizational development of the Company and has contributed significantly to the overall performance and growth of the Company.

In recognition of his valuable contribution, the Nomination, Remuneration and Compensation Committee (NRC) has considered it appropriate to recommend his re-appointment, for a period commencing from September 19, 2022 and ending on September 18, 2027 ("**Proposed Term**"), to the Board, on the terms and conditions, including the remuneration as given in the Item No. 7 and 8 of the Notice.

Accordingly, the Board of Directors, based on the recommendation of the NRC, at its meeting held on May 13, 2022, has approved the re-appointment of Mr. Nikhil Nanda, as MD of the Company for the Proposed Term and the remuneration along with the terms and conditions as set out in the resolution at Item No. 7 and 8 respectively, subject to approval of members of the Company and other necessary approval(s), as may be required, under the applicable laws.

In this regard, the Company has received all statutory disclosures/ declarations/ consent from Mr. Nikhil Nanda and Mr. Nanda also satisfies all the conditions set out in Part-I of Schedule V to the Act and also conditions set out under sub section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Your directors feel that his continued presence in the deliberations of the Board would be beneficial for the Company's growth.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Nikhil Nanda under Section 190 of the Act.

Details of Mr. Nikhil Nanda are provided in the "Annexure-I" to the Notice, pursuant to the provisions of (i) SEBI Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Ms. Nitasha Nanda, Director of the Company, being relative of Mr. Nikhil Nanda, may be deemed to be interested in the resolution set out in Item No. 7 and 8 of the notice. The other relative of Mr. Nikhil Nanda may be deemed to be interested in the resolution set out at Item No. 7 and 8 of the Notice, to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors and/ or Key Managerial Personnel of the Company and/or their relatives are, except Mr. Nikhil Nanda, being appointee, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 and 8 of the Notice.

The Board commends the Ordinary Resolution and Special Resolution, as set out in the Item No. 7 and 8 of the Notice respectively, for the approval of the members.

Item No. 9 and 10

In terms of the Shareholders Agreement ("SHA"), executed among and between Kubota Corporation, Escorts Benefit and Welfare Trust ("EBWT"), certain other promoters as mentioned in SHA and the Company read with Articles of Association (AOA), Kubota Corporation has a right to nominate a director on the Board of the Company. Accordingly, Kubota has nominated Mr. Seiji Fukuoka and also provided requisite notice under section 160 of the Act.

The Nomination, Remuneration and Compensation Committee (NRC) in its meeting held on May 11, 2022 has considered it appropriate to recommend his appointment, for a period commencing from May 13, 2022 and ending on May 12, 2027 ("**Proposed Term**"), to the Board, on the terms and conditions, including the remuneration as given in the Item No. 9 and 10 of the Notice. In addition to the above, Mr. Seiji Fukuoka will also be paid salary in Japan by Kubota Corporation in his Japanese bank account, on such terms and conditions as agreed between Mr. Seiji Fukuoka and Kubota Corporation.

Subsequently, the Board of Directors, based on the recommendation of the NRC, at its meeting held on May 13, 2022, has approved the appointment of Mr. Seiji Fukuoka, as Whole Time Director, designated as Deputy Managing Director of the Company, for the Proposed Term and the remuneration along with the terms and conditions as set out in the resolution at Item No. 9 and 10 respectively.

Further, appointment of Mr. Seiji Fukuoka as a Whole Time Director designated as Deputy Managing Director is subject to the approval of members of the Company and Central Government and other necessary approval(s), as may be required, under the applicable laws. However, remuneration is subject to approval of the members and other necessary approval(s), as may be required, under the applicable laws.

In this regard, the Company has received all statutory disclosures/ declarations/ consent from Mr. Seiji Fukuoka and he, being a Foreign National and a Non-Resident of India also satisfies all the conditions set out in Part-I of Schedule V to the Act except clause (e) of Part I of Schedule V of the Act. Hence, the appointment of Mr. A as the Whole-time Director of the Company is subject to the approval of Central Government. He has also satisfied all the conditions as set out under subsection (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Your directors feel that his continued presence in the deliberations of the Board would be beneficial for the Company's growth.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Seiji Fukuoka under Section 190 of the Act.

Details of Mr. Seiji Fukuoka are provided in the "Annexure-I" to the Notice, pursuant to the provisions of (i) SEBI Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Mr. Seiji Fukuoka, being appointee, is directly interested in the resolution. Relatives of Mr. Seiji Fukuoka and Mr. Dai Watanabe, Mr. Yuji Tomiyama and Mr. Shiro Watanabe, being nominee of M/s Kubota Corporation, may also be

deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors and/or Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 and 10 of the Notice.

The Board commends the Special Resolutions, as set out in the Item No. 9 and 10 of the Notice, for the approval of the members.

Item No. 11

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors of the Company, in accordance with the provisions of Section 161(1) of the Companies Act, 2013 (“Act”) and the Articles of Association of the Company, had appointed Mr. Shiro Watanabe (DIN 09588547) as an Additional Director of the Company with effect from May 13, 2022. Pursuant to Section 161(1) of the Act, Mr. Shiro Watanabe holds office up to the date of this meeting.

Mr. Shiro Watanabe 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.

Details of Mr. Shiro Watanabe are provided in the “Annexure-I” to the Notice, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

The Company has received requisite notice in writing from a member proposing the appointment of Mr. Shiro Watanabe as a candidate for the office of Directors of the Company.

Mr. Shiro Watanabe, being appointee, is directly interested in the resolution. Relatives of Mr. Shiro Watanabe and Mr. Dai Watanabe, Mr. Yuji Tomiyama and Mr. Seiji Fukuoka, being nominee of M/s Kubota Corporation, may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution. This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board commends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the members.

Item No. 12 and 13

Since number of non-independent directors on the Board of the Company have been increased, accordingly it is proposed that the number of independent directors be increased i.e., it is proposed that a minimum 50% (fifty percent) of the directors of the Company on Board should be independent directors.

Accordingly, based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors of the Company, in accordance with the provisions of Section 161(1) of the Companies Act, 2013 (“Act”) and the Articles of Association of the Company, had appointed Mr. Ravindra Chandra Bhargava (DIN: 00007620) and Mr. Kenichiro Toyofuku (DIN: 08619076) as an Additional Independent Directors, on the Board of the Company with effect from May 13, 2022 subject to the approval of the shareholders in this Annual General Meeting, for a period of 5 (five) years, not liable to retire by rotation. However pursuant to Section 161(1) of the Act, Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku hold office up to the date of this meeting.

Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku are not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013 (“Act”) and have given their consent to act as a director. The Company has also received declaration from Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku that they meet the criteria of independence as prescribed, both, under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). In the opinion of the Board, Mr. Ravindra Chandra Bhargava (DIN: 00007620) and Mr. Kenichiro Toyofuku (DIN: 08619076) fulfil the conditions for appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations. Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku are independent of the management.

Details of Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku are provided in the “Annexure-I” to the Notice, pursuant to the provisions of (i) SEBI Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

The Company has received requisite notices in writing from a member proposing the appointment of Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku as a candidate for the office of Directors of the Company.

Copy of draft letters of appointment of Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku setting out the terms and conditions of appointment are available electronically for inspection by the Members.

Mr. Ravindra Chandra Bhargava having very rich and vast experience of more than 50 years in the field of administrative, marketing and sales. Mr. Bhargava possesses appropriate skills, experience and knowledge and your directors feel that having Mr. Bhargava on the Board of the Company will help in overall effective administration of the affairs of the Company. Accordingly, Board has strongly recommended to appoint him as independent director of the Company.

Mr. Toyofuku possesses appropriate skills, experience and knowledge, thus, in the opinion of the Directors of the Company, his presence and participation in the deliberations of the Board would be beneficial for the Company.

Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku are interested in the resolution set out at Item No. 12 and 13 respectively of the Notice with regard to their respective appointment. Relatives of Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution(s).

This statement may also be regarded as an appropriate disclosure under the Act and the SEBI Listing Regulations. The Board commends the Special Resolutions set out at Item No. 12 and 13 of the Notice for approval by the Members.

Item No. 14 and 15

Since the second term of Mr. P.H Ravikumar and Ms. Vibha Paul Rishi, independent directors of the Company, is going to be completed in this Meeting, therefore, based on the recommendation of NRC, the Board of Directors of the Company, pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 ("**Act**") and the Articles of Association of the Company, had recommended the appointment of Mr. Vimal Bhandari (DIN: 00001318) and Ms. Reema Rameshchandra Nanavati (DIN: 00690270) as an Independent Directors, not liable to retire by rotation, on the Board of the Company, with effect from conclusion of this AGM, subject to the approval of the shareholders in the General Meeting, for a period of 5 (five) years.

Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013 ("**Act**"), and have given their consent to act as directors. The Company has also received declarations from Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati that they meet the criteria of independence as prescribed, both, under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").

In the opinion of the Board, Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati fulfil the conditions for appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations. Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati are independent of the management.

Mr. Bhandari and Ms. Nanavati possesses appropriate skills, experience and knowledge, thus, in the opinion of the Directors of the Company, their presence and participation in the deliberations of the Board would be beneficial for the Company.

Details of Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati are provided in the Annexure-I to the Notice, pursuant to the provisions of (i) SEBI Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Company has received requisite notices in writing from a member proposing the appointment of Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati as a candidate for the office of Directors of the Company.

Copy of draft letters of appointment of Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati setting out the terms and conditions of appointment are available electronically for inspection by the Members.

Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati are interested in the resolution set out at Item No. 14 and 15 respectively of the Notice with regard to their appointment. Relatives of Mr. Vimal Bhandari and Ms. Reema Rameshchandra Nanavati may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions.

This statement may also be regarded as an appropriate disclosure under the Act and the SEBI Listing Regulations. The Board commends the Special Resolutions set out at Item No. 14 and 15 of the Notice for approval by the Members.

Item No. 16

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, the Board of Directors of the Company, in accordance with the provisions of Section 152 of the Companies Act, 2013 ("**Act**") and the Articles of Association of the Company, had recommended the appointment of Mr. Yasukazu Kamada (DIN: 09634701) as a Director of the Company with effect from conclusion of 76th Annual General Meeting.

Mr. Yasukazu Kamada 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.

Details of Mr. Yasukazu Kamada are provided in the Annexure-I to the Notice, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India.

The Company has received requisite notice in writing from a member proposing the appointment of Mr. Yasukazu Kamada as a candidate for the office of Directors of the Company.

Mr. Yasukazu Kamada, being appointee, is directly interested in the resolution. Relatives of Mr. Yasukazu Kamada and Mr. Dai Watanabe, Mr. Yuji Tomiyama, Mr. Seiji Fukuoka and Mr. Shiro Watanabe, being nominee of M/s Kubota Corporation, may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution. This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board commends the Ordinary Resolution set out at Item No. 16 of the Notice for approval by the members.

Item No. 17

Based on the recommendation of Nomination, Remuneration and Compensation Committee (NRC), the Board of Directors of the Company, pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 (“**Act**”) and the Articles of Association of the Company, had recommended the appointment of Mr. Manish Sharma (DIN: 06549914) as an Independent Director, not liable to retire by rotation, on the Board of the Company, with effect from conclusion of this Annual General Meeting (AGM), subject to the approval of the shareholders in the ensuing AGM, for a period of 5 (five) years.

Mr. Manish Sharma is not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013 (“**Act**”), and have given his consent to act as director. The Company has also received declarations from Mr. Manish Sharma that he meets the criteria of independence

as prescribed under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”).

In the opinion of the Board, Mr. Manish Sharma fulfil the conditions for appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations. Mr. Manish Sharma is independent of the management.

Mr. Sharma possesses appropriate skills, experience and knowledge, thus, in the opinion of the Directors of the Company, his presence and participation in the deliberations of the Board would be beneficial for the Company.

Details of Mr. Manish Sharma is provided in the Annexure-I to the Notice, pursuant to the provisions of (i) SEBI Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

The Company has received requisite notice in writing from a member proposing the appointment of Mr. Manish Sharma as a candidate for the office of Directors of the Company.

Copy of draft letter of appointment of Mr. Manish Sharma setting out the terms and conditions of appointment is available electronically for inspection by the Members.

Mr. Manish Sharma is interested in the resolution set out at Item No. 17 of the Notice with regard to his appointment. Relatives of Mr. Manish Sharma may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the SEBI Listing Regulations. The Board commends the Special Resolution set out at Item No. 17 of the Notice for approval by the Members.

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

Sd/-

Place: Faridabad
Date: June 20, 2022

Satyendra Chauhan
Company Secretary &
Compliance Officer

Annexure-I to the Notice

Information provided pursuant to requirements given under Regulation 36(3) of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on the General Meetings in respect of Individuals Proposed to be appointed/ re-appointed as Director(s):

Particulars	Mr. Hardeep Singh	Mr. Dai Watanabe
Director Identification Number	00088096	0008736520
Date of Birth (Age)	September 8, 1954 (67 years)	October 2, 1958 (63 years)
Date of Appointment	November 28, 2011	July 16, 2020
Qualifications	Graduate in Economics from Pune University & Alumnus of Kellogg School of Management	Graduation from the Department of Economics, Kyoto University. MBA from Kobe University.
Brief Resume, experience and Expertise in specific functional areas	Mr. Hardeep Singh was the Former Executive Chairman of Cargill South Asia and Amalgamated Plantations Private Limited (A Tata Enterprise) and non executive Chairman of HSBC Invest Direct India Limited. He is having experience of more than 40 years. He has served as the Chairman of the monitoring committee on Minimum Support Price constituted by Planning Commission, Govt. of India. He has been a member of National Council of CII, National Committee for Agriculture of FICCI and served as an honorary advisor on Agriculture to the Chief Minister of Punjab.	Mr. Dai Watanabe is, at present, Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Consolidated Division and General Manager of Innovation Center. Mr. Watanabe is having experience of more than 30 years. Mr. Watanabe has been associated with Kubota Corporation since April 1984 and has served in its various departments/ entities such as Farm and Industrial Machinery International Planning and Control Dept, Kubota Europe, S.A.S, Kubota Farm Machinery Europe, S.A.S, Kverneland AS, Agricultural Implement Business Unit, Agricultural Implement Division, Farm and Industrial Machinery Strategy and Operations Headquarters and Innovation Centre etc.
Directorships held in other companies (excluding Private Limited Companies, Section 8 Companies, Foreign Companies & LLP's)	UPL Limited Mahindra Agri Solutions Limited	NIL
Committee Memberships of other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	(i) Mahindra Agri Solutions Limited - Audit Committee - Member (ii) UPL Limited - Audit Committee - Chairman	NIL
Number of shares held in the Company	500	NIL
Number of meetings of the Board attended during the year	8	8
Relationship between directors inter-se and with key managerial personnel of the Company	There is no inter-se relationship between Mr. Hardeep Singh and other directors or key managerial personnel of the Company.	There is no inter-se relationship between Mr. Dai Watanabe and other directors or key managerial personnel of the Company.
Terms and conditions of appointment/ re-appointment	The Directors have been appointed in terms of the provisions of Act and are responsible to undertake the roles and responsibilities prescribed under the provisions of the Act and other laws for the time being in force. In addition, they are also responsible to undertake the roles and responsibilities assigned by the Board from time to time.	
Details of remuneration and the remuneration last drawn, if any	The non-executive director(s) will be entitled to sitting fee and commission, if any, approved by the Board/ shareholders from time to time.	NA
	Details of last remuneration is mentioned in the Integrated Annual Report for the financial year 2021-2022.	
Date of first appointment on the Board	28/11/2011	16/07/2020

Particulars	Mr. Nikhil Nanda	Mr. Seiji Fukuoka
Director Identification Number	00043432	08786470
Date of Birth (Age)	March 18, 1974 (48 years)	October 25, 1969 (52 years)
Date of Appointment	October 17, 2005	May 13, 2022
Qualifications	Alumnus of Wharton Business School, Philadelphia	Graduation from Kobe University, Japan.
Brief Resume, experience and Expertise in specific functional areas	Mr. Nikhil Nanda is a third generation entrepreneur and the driving force behind the Group's diversified business portfolio. He has played a vital role in monitoring the Company's performance and steering the operations to greater heights. His overall contribution spanning more than 15 years has been immeasurable, particularly in the areas of operations, finance and senior management functions such as strategic planning and investment decisions. Mr. Nanda is an alumnus of Wharton Business School, Philadelphia, with majors in Management and Marketing.	Mr. Seiji Fukuoka, an Economics graduate from Kobe University, Japan, has been working with Kubota Corporation for around 30 years. Mr. Fukuoka has got rich and varied expertise in business planning and strategy. Mr. Fukuoka entered into Kubota Corporation in 1993 and in last 3 decades he has worked across various business divisions such as accounting at Sakai plant, business administration and control at Hirakata plant, construction machinery planning & sales promotion department, farm and industrial machinery International Planning and Control Dept. Before moving to India and joining Escorts, he was the general manager of the tractor business administration and control department.
Directorships held in other companies (excluding Private Limited Companies, Section 8 Companies, Foreign Companies & LLP's)	Niky Tasha Limited	NIL (None of listed entities from which he has resigned in the past three years).
Committee Memberships of other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL	NIL
Number of shares held in the Company	1203091	NIL
Number of meetings of the Board attended during the year	8	NA
Relationship between directors inter-se and with key managerial personnel of the Company	There is no inter-se relationship between Mr. Nikhil Nanda and other directors or key managerial personnel of the Company except Ms. Nitasha Nanda, Director of the Company, being Sister of Mr. Nikhil Nanda.	There is no inter-se relationship between Mr. Seiji Fukuoka and other directors or key managerial personnel of the Company.
Terms and conditions of appointment/ re-appointment	The Directors have been appointed in terms of the provisions of Act and are responsible to undertake the roles and responsibilities prescribed under the provisions of the Act and other laws for the time being in force. In addition, they are also responsible to undertake the roles and responsibilities assigned by the Board from time to time.	Mr. Seiji Fukuoka is being appointed as Whole Time Director in the capacity of Deputy Managing Director for 5 years w.e.f. 13 May 2022 vide employment contract dated May 13, 2022 at a remuneration recommended by NRC and approved by the Board of Directors in their meeting held May 13, 2022.
Details of remuneration and the remuneration last drawn, if any	Remuneration details of Mr. Nikhil Nanda (as recommended by NRC and approved by Board of Directors) are provided in Resolution No. 8 to the Notice of AGM. Details of last remuneration is mentioned in the Integrated Annual Report for the financial year 2021-2022.	Remuneration details of Mr. Seiji Fukuoka (as recommended by NRC and approved by Board of Directors) are provided in Resolution No. 10 to the Notice of AGM. Mr. Seiji Fukuoka was not in receipt of any remuneration earlier from the Company.
Date of first appointment on the Board	17/10/2005	13/05/2022

Particulars	Mr. Shiro Watanabe
Director Identification Number	09588547
Date of Birth (Age)	August 11, 1964 (57 years)
Date of Appointment	May 13, 2022
Qualifications	Bachelor of Department of Agriculture, Kobe University
Brief Resume, experience and Expertise in specific functional areas	Mr. Shiro Watanabe has completed his education in March 1988 under bachelor of Department of Agriculture, Kobe University. He has joined Kubota Corporation in April 1988 and at present he is holding the position of Executive officer of Kubota Corporation.
Directorships held in other companies (excluding Private Limited Companies, Section 8 Companies, Foreign Companies & LLP's)	NIL
Committee Memberships of other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL
Number of shares held in the Company	NIL
Number of meetings of the Board attended during the year	NA
Relationship between directors inter-se and with key managerial personnel of the Company	There is no inter-se relationship between Mr. Shiro Watanabe and other directors or key managerial personnel of the Company.
Terms and conditions of appointment/ re-appointment	The Directors have been appointed in terms of the provisions of Act and are responsible to undertake the roles and responsibilities prescribed under the provisions of the Act and other laws for the time being in force. In addition, they are also responsible to undertake the roles and responsibilities assigned by the Board from time to time.
Details of remuneration and the remuneration last drawn, if any	NA
Date of first appointment on the Board	13/05/2022

Particulars	Mr. Ravindra Chandra Bhargava	Mr. Kenichiro Toyofuku
Director Identification Number	00007620	08619076
Date of Birth (Age)	July 30, 1934 (87 years)	October 24, 1969 (52 years)
Date of Appointment	May 13, 2022	May 13, 2022
Qualifications	M. Sc (Mathematics) from University of Allahabad (1954) M.A. (Development Economics) from Williams College, Mass. USA (1964)	Bachelor of Arts (BA) in Economics (Environmental Economics), Keio university, Japan
Brief Resume, experience and Expertise in specific functional areas	<p>Mr. R. C. Bhargava joined the Indian Administrative Service in 1956, on the basis of an All-India competitive examination and secured the number one position in India. Mr. Bhargava joined Maruti Udyog Limited, soon after its incorporation in 1981 as Director (Marketing and Sales). Mr. Bhargava was appointed as the Managing Director (CEO) in 1985. He continued on this post till he retired in 1997. He was re-inducted to the Board in 2003 when the Company was listed. He was appointed as the non-executive Chairman in 2007, a position he continues to hold to date.</p> <p>He has been the Chairman of IIM, Ranchi and IIT, Kanpur, besides being on the board of other educational institutions.</p> <p>Mr. Bhargava was awarded the Padma Bhushan in 2016. In November 2011, the Emperor of Japan had conferred on Mr. Bhargava the "Order of the Rising Sun Gold and Silver Star". He has been accorded Lifetime Award for Management by the Economic Times and the All India Management Association. Mr. Bhargava is the recipient of Forbes India Leadership Award for Lifetime Achievement.</p>	<p>Mr. Kenichiro Toyofuku is Bachelor of Arts (BA) in Economics (Environmental Economics), Keio university, Japan. He has joined METI (Ministry of Economy, Trade & Industry) Japan in 1993. He has also joined Embassy of Japan in India: First Secretary (Commercial Attaché) in May 2004, METI: Deputy Director, Asia & Oceania Division in August 2008, JETRO in India (Japan External Trade Organization), in July 2010, Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion: Coordinator, Japan Plus cell in October 2014, World Bank (India office): Senior Private Sector Specialist, Finance, Competitiveness & Innovation Global Practice in October 2017 and Suzuki Motor Corporation (SMC) in November 2019.</p> <p>His area of specialization is Carbon Neutrality, India-Japan relationship, regional development, industrial policy, trade policy, skill development</p>
Skill and capabilities required and the manner to meet such requirements	Being an Independent Director of the Company, ethical and high standards of conduct is the utmost importance which enables director to provide the challenge and rigour required to help the Board achieve a comprehensive understanding of information and options, as well as high standards of decision-making. Keeping in view the above requirement, Board is in the view that Mr. Ravindra Chandra Bhargava will contribute to the Company which will ultimately benefit the Company at a large.	Being an Independent Director of the Company, ethical and high standards of conduct is the utmost importance which enables director to provide the challenge and rigour required to help the Board achieve a comprehensive understanding of information and options, as well as high standards of decision-making. Keeping in view the above requirement, Board is in the view that Mr. Kenichiro Toyofuku will contribute to the Company which will ultimately benefit the Company at a large.
Directorships held in other companies (excluding Private Limited Companies, Section 8 Companies, Foreign Companies & LLP's)	Dabur India Limited Maruti Suzuki India Limited Thomson Press Limited Infrastructure Leasing and Financial services Limited- resigned w.e.f 01.10.2018	Maruti Suzuki India Limited
Committee Memberships of other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Dabur India Limited - Audit Committee - Member Maruti Suzuki India Limited- Stakeholders Relationship Committee-Chairperson	NIL
Number of shares held in the Company	NIL	NIL
Number of meetings of the Board attended during the year	NA	NA

Particulars	Mr. Ravindra Chandra Bhargava	Mr. Kenichiro Toyofuku
Relationship between directors inter-se and with key managerial personnel of the Company	There is no inter-se relationship between Mr. Ravindra Chandra Bhargava and other directors or key managerial personnel of the Company.	There is no inter-se relationship between Mr. Kenichiro Toyofuku and other directors or key managerial personnel of the Company.
Terms and conditions of appointment/re-appointment	The Directors have been appointed in terms of the provisions of Act and are responsible to undertake the roles and responsibilities prescribed under the provisions of the Act and other laws for the time being in force. In addition, they are also responsible to undertake the roles and responsibilities assigned by the Board from time to time.	
Details of remuneration and the remuneration last drawn, if any	The non-executive director(s) will be entitled to sitting fee and commission, if any, approved by the Board/ shareholders from time to time.	NA
	Last drawn remuneration - NA	
Date of first appointment on the Board	13/05/2022	13/05/2022
Particulars	Mr. Vimal Bhandari	Ms. Reema Rameshchandra Nanavati
Director Identification Number	00001318	00690270
Date of Birth (Age)	August 23, 1958 (63 years)	May 22, 1964 (58 years)
Date of Appointment	July 14, 2022	July 14, 2022
Qualifications	Commerce Graduate from Mumbai University (Sydenham College) and Chartered Accountant from the Institute of Chartered Accountants of India	Masters in Environmental Microbiology from Gujarat University
Brief Resume, experience and Expertise in specific functional areas	Mr. Vimal Bhandari is accomplished, dedicated and focused professional with experience of over 35 years in a range of businesses in the financial services industry, of which twenty-five years have been at the Board of Directors level. He is a Commerce graduate from Mumbai University (Sydenham College) and Chartered Accountant from the Institute of Chartered Accountants of India.	Ms. Reema Rameshchandra Nanavati has been working with the SEWA since over 35 years expanding its membership to over 2.1 million members, making it the single largest union of informal sector women workers. Ms. Reema oversees 4813 self-help groups (SHG), 160 co-operatives and 15 economic federations, pan India including 16 states, and also in 7 South-Asian countries, focusing on women's economic empowerment by building women owned enterprises, building women led supply chains, introducing modern ICT-based tools and facilitating Green-Energy initiatives and livelihoods.
Skill and capabilities required and the manner to meet such requirements	Being an Independent Director of the Company, ethical and high standards of conduct is the utmost importance which enables director to provide the challenge and rigour required to help the Board achieve a comprehensive understanding of information and options, as well as high standards of decision-making. Keeping in view the above requirement, Board is in the view that Mr. Vimal Bhandari will contribute to the Company which will ultimately benefit the Company at a large.	Being an Independent Director of the Company, ethical and high standards of conduct is the utmost importance which enables director to provide the challenge and rigour required to help the Board achieve a comprehensive understanding of information and options, as well as high standards of decision-making. Keeping in view the above requirement, Board is in the view that Ms. Reema Rameshchandra Nanavati will contribute to the Company which will ultimately benefit the Company at a large.

Particulars	Mr. Vimal Bhandari	Ms. Reema Rameshchandra Nanavati
Directorships held in other companies (excluding Private Limited Companies, Section 8 Companies, Foreign Companies & LLP's)	Kalpataru Power Transmission Limited DCM Shriram Limited JK Tyre Industries Limited Bharat Forge Limited RBL Bank Limited HDFC Trustee Company Limited Arka Fincap Limited Bayer Cropscience Limited- Resigned w.ef. 01.04.2019	Rudi Multi Trading Company Limited
Committee Memberships of other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Kalpataru Power Transmission Limited - Audit Committee - Member HDFC Trustee Company Limited - Audit Committee - Member RBL Bank Limited - Audit Committee - Member	NIL
Number of shares held in the Company	NIL	NIL
Number of meetings of the Board attended during the year	NA	NA
Relationship between directors inter-se and with key managerial personnel of the Company	There is no inter-se relationship between Mr. Vimal Bhandari and other directors or key managerial personnel of the Company.	There is no inter-se relationship between Ms. Reema Rameshchandra Nanavati and other directors or key managerial personnel of the Company.
Terms and conditions of appointment/ re-appointment	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, they are also responsible to undertake the roles and responsibilities assigned by the Board from time to time.	
Details of remuneration and the remuneration last drawn, if any	The non-executive director(s) will be entitled to sitting fee and commission, if any, approved by the Board/ shareholders from time to time. Last drawn remuneration - NA	The non-executive director(s) will be entitled to sitting fee and commission, if any, approved by the Board/ shareholders from time to time. Last drawn remuneration - NA
Date of first appointment on the Board	NA	NA

Particulars	Mr. Yasukazu Kamada	Mr. Manish Sharma
Director Identification Number	09634701	06549914
Date of Birth (Age)	January 5, 1960 (62 years)	August 3, 1972 (49 years)
Date of Appointment	July 14, 2022	July 14, 2022
Qualifications	Bachelor of Faculty of Engineering, Osaka City University, Osaka, Japan	Bhilai Institute of Technology, MP
Brief Resume, experience and Expertise in specific functional areas	Mr. Yasukazu Kamada entered Kubota Corporation in 1983, and has been working for Kubota for almost 40 years in various management positions in Japan, the United States and currently resides in Europe. In the period 2017-2021 he was Managing Executive Officer and General Manager of the Engine Division and since January 2022 he holds the positions of President of Kubota Holdings Europe B.V. and President & CEO of implement manufacturer Kverneland AS in Europe. He is based in Amsterdam, the Netherlands.	Mr. Manish Sharma has extensive professional experience of over 25 years, driving sustainable growth along with strategy planning and business development. His versatile experience has spanned from hands-on operations to strategic product and business planning in various electronic majors like LG Hotline, Samsung India and Haier India. Manish was appointed as youngest Executive Officer to Panasonic Corporation and has played an active role in group wide strategic affairs. He currently chairs the board for Panasonic India.
Skill and capabilities required and the manner to meet such requirements	-	Being an Independent Director of the Company, ethical and high standards of conduct is the utmost importance which enables director to provide the challenge and rigour required to help the Board achieve a comprehensive understanding of information and options, as well as high standards of decision-making. Keeping in view the above requirement, Board is in the view that Mr. Manish Sharma will contribute to the Company which will ultimately benefit the Company at a large.
Directorships held in other companies (excluding Private Limited Companies, Section 8 Companies, Foreign Companies & LLP's)	NIL	Panasonic India Private Limited
Committee Memberships of other Companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL	NIL
Number of shares held in the Company	NIL	NIL
Number of meetings of the Board attended during the year	NA	NA
Relationship between directors inter-se and with key managerial personnel of the Company	There is no inter-se relationship between Mr. Yasukazu Kamada and other directors or key managerial personnel of the Company.	There is no inter-se relationship between Mr. Manish Sharma and other directors or key managerial personnel of the Company.
Terms and conditions of appointment/ re-appointment	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, they are also responsible to undertake the roles and responsibilities assigned by the Board from time to time	
Details of remuneration and the remuneration last drawn, if any	NA	The non-executive director(s) will be entitled to sitting fee and commission, if any, approved by the Board/ shareholders from time to time. Last drawn remuneration - NA
Date of first appointment on the Board	NA	NA

Annexure-II

Communication on Tax Deduction at Source (TDS) on Dividend Distribution

Please take note of the below TDS provisions and information/document(s) requirement for each shareholder:

Section 1: For all Members – Details that should be completed and /or updated, as applicable:-

All Members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective Demat Account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Registrar & Transfer Agent ("RTA") of the Company. Please note that these details as available on Book Closure Date in the Register of Members/Register of Beneficial Ownership will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

- I. Valid Permanent Account Number (PAN).
- II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2022-23.
- III. Category of the Member:
 - i. Mutual Fund
 - ii. Insurance Company
 - iii. Alternate Investment Fund (AIF) Category I and II
 - iv. AIF Category III
 - v. Government (Central/State Government)
 - vi. Foreign Portfolio Investor (FPI) /Foreign Institutional Investor (FII): Foreign Company
 - vii. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
 - viii. Individual
 - ix. Hindu Undivided Family (HUF)
 - x. Firm
 - xi. Limited Liability Partnership (LLP)
 - xii. Association of Persons (AOP), Body of individuals (BOI) or Artificial Juridical Person (AJP)
 - xiii. Trust
 - xiv. Domestic company
 - xv. Foreign company.
- IV. Email Address.
- V. Address.

Section 2: TDS provisions and documents required, as applicable for relevant category of Members

I. For Resident Members:

- i. **Mutual Funds:** No TDS is required to be deducted as per section 196(iv) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- ii. **Insurance companies:** No TDS is required to be deducted as per section 194 of the IT Act subject to specified conditions. Self- attested copy of valid IRDA registration certificate needs to be submitted.
- iii. **Category I and II Alternative Investment Fund:** No TDS is required to be deducted as per section 197A (1F) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- iv. **Recognised Provident funds:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self- attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the IT Act, or Self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.

- v. **Approved Superannuation fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.
- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Business Trust:** No TDS is required to be deducted as per Sec 194 of the IT Act. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- x. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- xi. **Other resident Members:**
 - a) TDS is required to be deducted at the rate of 10% under u/s 194 of the IT Act.
 - b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual shareholder does not exceed ₹ 5000.

No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income). (Format of Form 15G and Form 15H are available on website of Income Tax i.e. <https://www.incometaxindia.gov.in/forms/income-tax%20rules/103120000000007845.pdf> & <https://www.incometaxindia.gov.in/forms/income-tax%20rules/103120000000007846.pdf> respectively)

Please note that Declaration under Form No. 15G or 15H shall not be valid if it does not contain the PAN of the declarant. In such cases TDS shall be deducted at the rate of 20% u/s 206AA(2) of the IT Act.

- a) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the shareholder is not available.
- b) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.

II. For Non-resident Members:

i. FPI and FII:

- a. TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess).

Shareholder may be entitled to avail lower TDS rate as per Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, on furnishing the below specified documents: -

1. Self-attested copy of PAN;
 2. Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident;
 3. Self-declaration in Form 10F (Format of Form 10F is available on income tax website at <https://www.incometaxindia.gov.in/forms/income-tax%20rules/103120000000007197.pdf>); and
 4. Self-declaration on letter head of having no Permanent Establishment in India, Beneficial ownership of shares and eligibility to claim treaty benefits (as per **Appendix-1** to this Communication).
- b. In case the dividend is payable to 'Specified Fund' referred to in [Clause (c) of Explanation to Section 10(4D)], TDS rate would be 10% (plus applicable surcharge and cess). The reduced rate of TDS would be subject to the availability of requisite documents demonstrating that the person is covered under the aforesaid category of 'Specified Fund'.
- ### ii. Any entity entitled to exemption from TDS:
- Valid self-attested \documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to exemption from TDS needs to be submitted.

iii. Other non-resident Members:

- a) TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess).
- b) Shareholder may be entitled to avail lower TDS rate as per Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, on furnishing the below specified documents: -
 - 1) Self-attested copy of PAN;
 - 2) Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident;
 - 3) Self-declaration in Form 10F (Format of Form 10F is available on income tax website at <https://www.incometaxindia.gov.in/forms/income-tax%20rules/103120000000007197.pdf>); and
 - 4) Self-declaration on letter head of having no Permanent Establishment in India, Beneficial ownership of shares and eligibility to claim treaty benefits (as per **Appendix-1** to this communication).
- c) TDS is required to be deducted at the rate prescribed in valid lower tax withholding certificate issued u/s 197 of the IT Act, if such valid certificate is provided.

Details and/or documents as mentioned above in Section 1 and Section 2, as applicable to the Member, need to be sent, duly completed and signed, through registered email address of the Member with PAN being mentioned in the subject of the email to reach inward.ris@kfintech.com by July 6, 2022. Please note that no communication this regard, shall be accepted post July 6, 2022. Members can also upload the soft copy of the documents duly completed and signed using the following url: <https://ris.kfintech.com/form15/>.

Section 3: Other general information for the Members:-

- I. For all self-attested documents, Members must mention on the document "**certified true copy of the original**". For all documents being sent/accepted by email, the Member undertakes to send the original document/s on the request by the Company.
- II. In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person by July 11, 2022.
- III. TDS deduction certificate will be sent to the Members' registered email address in due course.
- IV. Section 206AB has been introduced by the Finance Act, 2021, whereby TDS will be higher of the following:
 - a. Twice the rate specified in the relevant provision of the Income-tax Act; or
 - b. Twice the rate or rates in force; or
 - c. the rate of five per cent;

in case a person has not filed his/her Return of Income for the last preceding financial year and the aggregate of tax deducted at source in his/her case is ₹ 50,000 or more in the preceding financial years.

Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.

- V. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

Note:

Above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

(Appendix-1)

(Refer Section 2(II)(i)(a)(4)/ 2(II)(iii)(b)(4) of Communication on TDS on Dividend Distribution)

FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA**Escorts Kubota Limited**

(Formerly Escorts Limited)

15/5, Mathura Road

Faridabad, Haryana-121003

Email: corpsl@escorts.co.in

Subject: Declaration for eligibility to claim benefit under Double Taxation Agreement between Government of India and Government of (mention country of tax residency) ("DTAA"), as modified by Multilateral Instrument ("MLI"), if applicable.

With reference to above, I/We wish to declare as below:

1. I / We, (Full name of the shareholder), having permanent account number (PAN) under the Indian Income tax Act, (mention PAN), and holding (mention number of shares held) number of shares of the Company under Demat Account number/ folio number..... as on the Book Closure Date from 2022 to2022 (both days inclusive), am / are a tax resident of (country name) in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a 'resident' of India under section 6 of the Indian Income-tax Act, 1961 ("the IT Act"). A copy of the valid tax residency certificate for..... (period), which is valid as on the Book Closure Date, is attached herewith.
1. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and meet all the necessary conditions to claim treaty rate including, but not limited to, satisfaction of the "Principal Purpose Test" provided in such MLI.
2. I/We am/are the legal and beneficial owner of the dividend income to be received from the Company.
3. I/We do/ will not have a Permanent Establishment ("PE") in India, during 1st April 2022 to 31st March 2023, in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
4. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/payable to us, in any case, are not attributable to business operations, if any, carried out in India.
5. I/We hereby confirm that we do/ will not have a place of effective management, during the period 1 April 2022 to 31 March 2023, in India and none of the key management and commercial decisions for the conduct of business in substance are/ will be made in India.

I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me, I/We will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

For..... Mention the name of the payee

(Authorised Signatory)

Name of the person signing:-

Designation of the person signing:-

Contact Number:-

Contact Address:-

Email:-

Date:-

Place:-

ESCORTS KUBOTA LIMITED

Integrated Annual Report 2021-22



Escorts Kubota Limited

(Formerly Escorts Limited)



Committed to

**Spreading Prosperity.
Impacting Lives.**



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Nikhil Nanda
Chairman and
Managing Director

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More information at
www.escortsgroup.com



Committed to spreading prosperity. Impacting lives.

Escorts has been a reliable partner in India's growth journey for more than seven-and-a-half decades, empowering farmers, enabling infrastructure development and engineering innovation. Powered by our unwavering focus on R&D and collaborations with global technology leaders, we have been playing an instrumental role in driving sustainable agriculture through farm mechanisation and building the foundation for supporting rapid economic growth.

As we embark on a new journey at Escorts Kubota Limited, we are renewing our commitment to spreading prosperity and impacting millions of lives. Combining complementary strengths and capabilities of Escorts and Kubota, we are reinforcing the founding ethos of bringing the best of the world to India and taking India's manufacturing excellence global. In the process, we have built an organisation that can contribute meaningfully towards achieving global food security through smart and sustainable agriculture, while imbibing the best practices and unlocking synergies.

The pandemic-induced challenges notwithstanding, we are taking our growth trajectory to the next level by aligning our ambitions with the nation's across high-impact sectors of agriculture, construction and railways, and widening our circle of influence to enrich more lives and drive inclusive progress.

About the Report

Escorts Kubota Limited ('Escorts Kubota' or 'Company' or 'Escorts') is enthused to present its first <IR> Integrated Annual Report 2021-22, titled 'Committed to Spreading Prosperity. Impacting Lives.' to our stakeholders. The Report highlights our financial and non-financial performance across the pillars of Environmental, Social, and Governance (ESG) through key-performance indicators. The Report details how we delivered consistent performances across our business segments throughout the year. We showcase our commitment to materiality issues, transparency and integrity through our Integrated Report <IR>. The Report provides relevant information to our stakeholders on our ability to create value over the short, medium, and long term, demonstrating our capacity to grow and our capability to adapt to various scenarios.

Reporting Framework

The Report was prepared in reference to the following standards and guidelines:

- International <IR> framework of the Value Reporting Foundation
- Global Reporting Initiative (GRI) Standards: Core Option
- United Nations Sustainable Development Goals (UN SDGs)
- The Companies Act, 2013 and the rules made thereunder
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015



You will find United Nations Sustainable Development Goals (SDGs) at the beginning of each section of the Report, indicating how EKL is contributing to their implementation.

Reporting Scope and Boundary

This Report covers the reporting period between April 1, 2021, to March 31, 2022 and reflects our standalone operations in India, unless stated otherwise. In this, we aspire to provide an incisive view of our performance and strategy across business segments.

The content of this Report depicts both quantitative and qualitative disclosures on our performance and our ability to create value across six capitals.



Forward-looking Statements

This report contains certain forward-looking comments and information concerning the Company's plans and projections for the future, including estimates and assumptions with respect to economic, political, technological, weather, market acceptance and other factors that impact our businesses and customers. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Escorts Kubota Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Responsibility statement

The Board of Directors/senior leadership of Escorts Kubota acknowledges their responsibilities in ensuring the quality, accuracy and integrity of the Integrated Report. We believe that the Report addresses all material issues and presents the performance of the Company as well as the value created for all stakeholders in a fair and accurate manner.

Feedback, questions, or comments on this Report are welcome. We encourage you to email us at investorrelation@escorts.co.in for feedback on our business performance and at sustainability@escorts.co.in for suggestions or enquiries on our sustainability performance.

Investors Relation Center

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FY2022 Highlights

A year of sustained execution excellence



Operational

92,121 units

Tractors produced

4,175 units

Construction equipment produced

~75%

Capacity utilisation:
Escorts Agri-Machinery (EAM)

~42%

Capacity utilisation:
Escorts Construction Equipment (ECE)

Financial

₹7,152.7 crores Revenue

Revenue

↑ **3.2%** Y-o-Y

₹951.3 crores EBITDA

EBITDA

↓ **15.8%** Y-o-Y

13.3%

EBITDA margin

↓ **300 bps** Y-o-Y

₹765.6 crores Net profit

Net profit

↓ **12.4%** Y-o-Y

₹58.9

Earnings per share – Basic

↓ **13.5%** Y-o-Y





Social

1.27 lakhs

Employee training hours

~72,000

Lives impacted

₹15.83* crores

CSR spend

*Including amount transferred to unspent CSR account (refer note 29 of the standalone financial statements)

Environment

457.14 ML

Water consumption

326.66 TJ

Energy consumption

6.9 tCO₂e/₹ crore
of revenue

Scope of 1 and 2 emission
intensity

14,022.19* tCO₂e

Scope 3 emissions

*Covers only Category 9: Downstream Transportation and Distribution.



Corporate Identity

Accelerating progress around India

Escorts Limited is a leading engineering conglomerate operating for over seven decades. As a trusted name in Agri-machinery, Construction & Material Handling Equipment and Railway Equipment, we steered India's socio-economic growth through pioneering contributions in critical industrial sectors. To further accelerate our growth, we formed valuable cross-disciplinary and cross-border collaborations, which we will continue to strengthen over time.



At Escorts, we harness advanced technologies and in-house innovation to engineer excellence that translates to a prosperous society at large - one heavy equipment at a time - guided by the values laid down by our founding father, Mr. H.P. Nanda.

Vision

Escorts envisions 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 practicing respectful and ethical business practices; by being the employer of choice within the engineering industry; and by providing superior returns to our investors.

Mission

To be an integrated solution provider to our customers by harnessing emerging future technologies and information to add value at every stage of customer need.

Core and strategic values

While our core values speak about the Company we want to be, our strategic values should be embedded into the way we work to achieve the future we envision for our organisation:

Core values



Respect for people

We will demonstrate dignity and respect for people in all our interactions. We will not tolerate belittling of people, regardless of position, or circumstance.



Empowerment

People at all levels must be vested with the power and confidence to take decisions concerning their area of work.



Transparency

People will understand the processes and criteria used to arrive at decisions concerning them.



Collaboration

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

Strategic values



Customer centricity

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



Excellence

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



Innovation

We will use the power of technology and imagination to deliver solutions to the customers' needs.



Agility

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

Corporate Identity

Business segments



Escorts Agri Machinery (EAM)



Share in revenue

77.2%

Escorts Construction Equipment (ECE)



Share in revenue

13.8%

Railway Equipment Division (RED)



Share in revenue

9.0%

Escorts Agri Machinery (EAM)

Escorts brought in a revolution in India's agriculture sector through its agri-machinery division by mechanising the farms, thereby fostering enhanced agricultural productivity. With our wide range of world-class tractors, gensets, engines, tractor spare parts and lubricants, and SHIP (Sprayers, Harvesters, Implements and Planters), we offer a one-stop, holistic solution destination for India's farming fraternity. With our JV Partner and Joint Promoter, Kubota, we enhanced our expertise and deepened our hold on our international market. We provide tractors and crop solutions across 70 countries, and manufacture tractors across Europe and Asia, in collaboration with world leaders like Porsche Design and Ferrari.

₹5,521.0 crores

Contribution to overall revenue

Manufacturing capacity

- Three plants with current production capacity at 1,20,000+ tractors per annum in India
- 100% subsidiary owned plant in Europe with a manufacturing capacity of 2,500 tractors per annum
- 50,000 units per annum manufacturing capacity plant under JV with Kubota
- One plant set up through JV with ADICO
- Manufacturing locations: Faridabad (Haryana, India), Rajkot (Gujarat, India), Poland (Europe)

Product series

- 1 Farmtrac
- 2 Powertrac
- 3 Steeltrac
- 4 Digitrac



Escorts Construction Equipment (ECE)

We are contributing to the growth of India's construction and infrastructure landscape, through our ECE business division through the manufacturing of world-class material handling, road building, earthmoving equipment that cater to the ever-growing sectors such as mining, realty and so on.

Manufacturing capacity

- Two plants at Haryana's Ballabgarh, of which one plant is developed through JV between Tadano and Escorts
- State-of-the-art manufacturing and assembly facility comprising fabrication shop, shot blast and paint facilities, and stores, with dedicated assembly lines and a total capacity of 10,000 units per annum

Product series

- Two lines of construction equipment: Yellow Line and White Line, with the former being manufactured for regular applications, with a wide customer base in India and the latter catering to fleet owners and corporate customers
- Equipment manufactured by ECE include safe cranes, hydra cranes, rough terrain cranes, vibratory soil compactors, tandem rollers, backhoe loaders, hydraulic excavators and tower cranes
- Manufacturing locations: Ballabgarh, Haryana (India)

USP

- Our earthmoving equipment brand Digmax II ranks among the best in class and outdoes its global peers in reach, productivity and cost per cu.m of good earth excavated
- Our Yellow Line offers maximum efficiency and power at attractive values
- Our White Line is our flagship range, equipped with state-of-the-art technology, best-in-class traction, and various safety features

₹985.3 crores

Contribution to overall revenue

1st

Indian company to design backhoe loaders within India for the global market

Railway Equipment Division (RED)

Our RED business, catering to the vast network of the Indian Railways by providing crucial railway components that ensure safety and comfort in rail transportation, is one of the oldest such business units in India. Since its inception in 1962, the RED business of Escorts has been manufacturing products considering cutting-edge technologies which are tried and tested in our own state-of-the-art research and development and testing facilities.

Manufacturing capacity

- Manufacturing capacity: One manufacturing plant spanning over 90,000 sq. yard comprising production, research and development as well as testing facilities. It can manufacture 24,000 Air Brakes, 6,000 AARH Coupler, 10,15,200 Brake Blocks and other products annually. Please refer to page 109 for details.

Product series

- Railway components such as brake systems, couplers, hydraulic dampers, air suspension control equipment, composite brake blocks and pads

USP

- One of the oldest railways component businesses in India
- First to start manufacturing compressed air brake system for railway applications in India in 1981
- Asia's largest manufacturer of distributor valves, having supplied 1,00,000 of them to the Indian Railways
- Our facility is ISO 9001:2015 and ISO 14001:2015 certified
- We conform to the standards of the Indian Research Design and Standards Organisation (RDSO)
- We meet international standards
- One of the few railway component businesses in India to have the prestigious International Railway Industry Standard (IRIS) ISO TS/22163 certification

₹636.2 crores

Contribution to overall revenue

Journey So Far

Seven decades of excellence

Over the years, we have been consistently focusing on innovation-led growth and creating long-term value for our stakeholders through our diverse business segments.



1971

Started production of our construction equipment; introduced the concept of PnC cranes



1944

Foundation of Escorts laid by visionaries Mr. Yudi Nanda and Mr. H. P. Nanda



1974

Forayed into export markets for the first time

2012

Developed bogie-mounted brake systems for the Indian Railways indigenously

1961

- Commenced the manufacturing of our own brand of tractors in collaboration with URSUS, Poland
- Production of Rajdoot motorcycles in high gear
- Share Listed on BSE

1969

Established our Training and Development Centre at Bengaluru, India



1962

- Initiated the manufacturing of shock absorbers for passenger coaches with Boge, Germany
- Initiated manufacturing of own brand of tractors in collaboration with URSUS Poland

1977

Established an independent R&D Centre to develop new technologies

1998

Launched Powertrac brand of tractors



1991

Share Listed on NSE

1995

- Launched Farmtrac brand of tractors
- Ended JV with Ford

2015

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

2016

Set up Escorts Skill Development Centre in Faridabad, Haryana



2017

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

2019

- Introduced India's first autonomous tractor concept
- Collaborated with Kubota to develop value-oriented tractors that cater to farming requirements in India and overseas markets
- Entered a JV with Tadano to produce specialised cranes that address high-capacity use cases
- Tied up with seven technology leaders: Microsoft, Reliance Jio, Trimble, Samvardhana Motherson Group, WABCO, Bosch and AVL



2018

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



- Engagement towards focused, transformative journey towards ensuring employee health and safety
- Introduced India's first autonomous tractor

2020

- Deepened partnership with Kubota, where the Japanese tractor and heavy equipment manufacturer picked up a 10% equity stake (post capital reduction) in Escorts, while Escorts acquired a 40% stake in Kubota's India business
- Set up the Rajan Nanda Innovation Lab (RNIL) to incubate new, promising and disruptive business ideas
- Launched India's first hybrid tractor concept, hybrid backhoe loader concept and multi-utility rural transport vehicle concept
- Working to launch BS IV (Bharat Stage IV-compliant tractors by 2021)

2022

Escorts Limited & Kubota Corporation reinforce their long-standing partnership. Kubota increases its stake in Escorts Limited, with this Kubota corporation becomes a joint promoter along with existing promoter of Escorts.



2021

- Launched the premium Whiteline series in ECE segment
- Developed a state-of-the-art brake system indigenously for RED
- Escorts is the first company in India to receive Budni Certification for its electric tractors
- Kubota tractor production commencement in 2021



Investment Case

A differentiated value proposition



We work to deliver and enhance stable returns to our shareholders by generating consistent profits and business growth. Our diversified business portfolio, robust financials, continued innovation and focus on growth make Escorts lucrative investment.

A leading player in the tractor industry

Over the years, we have established our leadership in the tractor industry with world-class manufacturing capabilities, continuous focus on innovation, strong dealership network, targeted marketing efforts and solid financials.

10.3%

Domestic Market Share

Diversified revenue portfolio

While tractors contribute the major share of our revenue and will continue to drive growth, the construction and railway equipment businesses diversified our revenue portfolio.

In ECE segment, our unmatched quality and excellent customer service enabled us to gain healthy market shares in crane, compactor and backhoe loader.

In RED business, catering to the vast network of the Indian Railways by providing crucial railway components.

77.2%

Revenue contribution from EAM segment

13.8%

Revenue contribution from ECE segment

9.0%

Revenue contribution from RED segment



Robust financial profile

With an optimal capital structure, we are financially well-positioned to pursue and realise growth aspirations. We continue to maintain healthy cash and bank balances, which strengthened our liquidity profile.

Continues to be

Debt-free

Rating from CRISIL & ICRA

AA+ Long Term

with Stable Outlook

A1+ Short Term

Stable returns to shareholders

Our impeccable track-record of consistent financial performance helps us generate sustained shareholder value year after year. With growth in the business, we will strengthen this symbiotic relationship further.

11.4%

Revenue growth
(5-year CAGR)

36.7%

PAT growth
(5-year CAGR)

Continued innovation

Our distinguished portfolio of products is an outcome of consistent investments in developing new products to facilitate high performance and efficiency. During FY2022, we launched multiple products under each business segment to accelerate future growth.

7

New products launched
under EAM

6

New products launched
under ECE

3

New products launched
under RED

Message from Chairman and Managing Director

Committed to spreading prosperity, impacting lives and sustainable growth



Nikhil Nanda
Chairman and Managing Director,
Escorts Kubota Limited



Dear shareholders,

I am proud and delighted to present to you our 76th Integrated Annual Report.

We are committed to spread prosperity and impact lives of millions in India and across the globe.

Today we are witnessing some challenging times in the world, from unprecedented inflationary pressures, to concerns around timely availability of supply chain and logistics issues. Also, intermittent COVID-19 continued its impact across the globe with various disruptions to business and caused social and economic disruption and lockdowns in some parts of the world, adding to the supply chain challenges, and fuelling further to cost pressures.

While we are learning from this new order of doing business in this new environment or as we call it the new normal, the most important responsibility for us as an organisation is to ensure the health of our people, and Escorts Kubota will always put priority towards safety and wellbeing of our employees, partners, customers, and community at large.

The long-term prospects for India's journey as an emerging economy is very bright, I do personally believe that we will continue to grow in all aspects towards economic prosperity and emerge as one of the top economies of the world soon. I believe that this decade is a decade for India, and we find ourselves very fortunate to play our humble role towards farm mechanisation and contribute towards socio-economic development and help modernise the future of agriculture, infrastructure, and railways. For us to be future ready, it's extremely important for us and our stakeholder ecosystem, to align and put robust processes towards achieving good financial health and customer delivery experiences. Today's world is for only the fittest and we must ensure this mindset is in our stakeholders too.

In my last year reporting, I spoke about leveraging national and global opportunities in agriculture

and infrastructure. Food and Agri business which forms a \$5 trillion global industry and is only getting bigger. To participate in this big opportunity, it is essential we are prepared internally in all aspects. With the exciting opportunity ahead of us, we wanted to ensure your Company is in the best position to take advantage of this growth and alongside our responsibility to institutionalise it.

I am delighted that our partnership with Kubota will help us to achieve just that. I personally have great admiration for Kubota and their growth story in past years in many countries. Our shared values and common goals brought us together to integrate our mission.

Turning a New Chapter. Institutionalising Escorts Kubota Limited

Escorts Kubota Limited is a starting point of a very exciting future ahead of us. It is also a reflection of the ideology of our founder's vision – to bring the world's best to India (Kubota's technology and processes) and offer India's best (Escorts frugal engineering strength) to the world through Kubota's global presence. The collaboration stands committed to providing advanced farm mechanisation solutions to address global food security and enhanced farm productivity needs.

Together, we will leverage each other's strengths—be it in technology, market access both in India and globally, manufacturing processes and engineering excellence – to significantly enhance the value created for our stakeholders.

The collaboration will look into new opportunities of growth, creating joint R&D facility for innovation and cutting-edge technologies, creating a culture of performance and excellence, expanding capacity and

Message from Chairman and Managing Director



Escorts Kubota Limited is a starting point of a very exciting future ahead of us. It is also a reflection of the ideology of our founder's vision to bring the world's best to India (Kubota's technology and processes) and offer India's best (Escorts frugal engineering strength) to the world through Kubota's global presence. The collaboration stands committed to providing advanced farm mechanisation solutions to address global food security and enhanced farm productivity needs."

global market reach, enhancing global customer experience and catapulting efforts in quality processes across platforms.

The new construct will offer immense opportunities for our key businesses and our stakeholders to participate globally to cater to broader customers and emerge as most respected future-ready engineering organisation for decades and centuries.

Also, we are mindful to create a culture within Escorts Kubota to bring the best of India and Japan, we want the best of Kubota in technology, processes, and quality and from Escorts the best of frugal mindset, agility, and speed. This new combination will serve us well to achieve our goals for the future. We will ensure that we have the best of both the worlds.

Also, we have initiated a MTBP – Mid Term Business Plan for the future and we are making plans for FY2028. This is jointly being created between Escorts Kubota and Kubota Japan and we expect this to be finalised by Q3 of this year, and thereafter we will share this plan with you. In this, we will speak about our strategic direction for growth aspiration in the domestic and export market, setting up a global R&D centre, creation of

a global procurement centre, our approach towards carbon neutrality, investment in our infrastructure to enable and execute for the future, digital readiness, products towards farm mechanisation, capital allocation principles and this report will also include our infrastructure businesses of construction and railways businesses.

On Performance and Challenges

While the pandemic has still not ended, the world has started reopening and recovering, and Escorts has also kept pace with it and delivered steady financial performance. Against the backdrop of a weak farm equipment market amid rising raw material costs and subdued rural demand, we managed to grow our standalone revenues from operations by 3.2% y-o-y to ₹7,152.7 crores, our highest ever. Margins, however, remained under pressure due to elevated raw material prices and commodity inflation, but still, this remains the second best ever year in terms of operating margins. This year the inflationary pressure has been unprecedented, the material cost since FY2021 till date has escalated to levels of approx. 30%, and we have managed to pass on a large chunk of this through price increases, but we are still carrying forward some of the

unabsorbed inflation which is putting pressures on our margins.

We have started seeing the softening of commodity prices and impact of the same may start getting reflected on our margins from second half of FY2023 onwards, but given the current environment and global geo-political situation it is difficult to predict. Given the cost increases since FY2021, we feel that it may take another year's time to get back to normal margins level, the recovery will be gradual and take time.

The Domestic tractor industry has started seeing strong tailwinds, recording 44% growth in April-May 2022 and boosting overall sentiment. The Construction and Railways sectors have also shown signs of improvement. With Government spending focus in these sectors, any surprise is skewed to the upside even though, in the near-term, inflation remains a cause for worry, as it could have a significant impact on demand revival as well as ecosystem profitability.

Increasing productivity per hectare of land is key to increasing farmer income and ensuring food security. Today 80% of the Indian farmers own average of 2 hectares of farmland or less. Besides this, the domestic market continues to be underpenetrated when it comes to use of agri-machinery. The export market continues to be a lucrative opportunity for Indian manufacturers and expected to grow in mid-to-high single digit over the medium term. We are seeing India develop as a hub for manufacturing and supplying certain range of tractors with differentiated HP into markets like in Europe and other Asian markets and with its competitive pricing there is good leverage too.



Focus on Business Growth, Strategic Priorities & Expanding Reach

We will continue to focus on these strategic pillars to grow our businesses:

1) Leveraging Power of our Brands:

We are one of the leading tractor manufacturers in the country and over the last seven decades we have served more than 2 million customers. Our brands have earned the goodwill and respect of several generations and we intend to further strengthen our bond with our customers by providing them a great experience.

Going forward, we will have three powerful brands in our tractor portfolio. Kubota would stand for premium quality and technology offering unmatched customer experience, Powertrac would compete in the mass market with fuel efficiency and total cost of ownership as its hallmarks, and Farmtrac would continue to attract productivity-oriented customers who needs powerful and robust tractors. We shall harness the power of these three brands in a way that we can provide a perfect solution to all segments of farmers and commercial operators.

2) Farm Mechanisation Solutions:

We believe the next phase of growth in the agri sector would come from mechanising the entire crop cycle, right from land preparation to post-harvesting activities, thus helping farmers boost their farm productivity. EKL will not only invest in this area aggressively, but also leverage Kubota's capability in this space and look for partnerships and collaborations with other manufacturers and technology providers.

To solve the issue of affordability, our subsidiary Escorts Crop Solutions would play an important

role here by offering a business model which allows use of these technologies without the need for farmers to own or invest in an asset.

3) Technology as a Differentiator: To

create distinct and differentiated positioning of our brands, we shall further accelerate our investments in new product development. Our product range shall get expanded from 11 HP to up to 120 HP with products covering all application and crop requirements, not just for India but also for other focus markets globally. We are well positioned to upgrade our engines and tractors with the new Bharat Stage 5 emission norms.

Environmental issues would be at the forefront of our technology development. We are committed to work on reducing our dependence on fossil fuels by working on other environmental-friendly alternatives. In this area also we are looking forward to build partnership in both the technology and the supply chain side.

We intend to set up a Joint R&D with Kubota Corporation, bringing together strengths of both partners, and serving the needs of global customers.

We are proud of some of the products we launched in the last year which are gaining good market acceptance. Here is a brief update.

- Our new Farmtrac Series, from 50 to 65 HP with new styling and ergonomics and with upgraded transmissions, is under market testing. We plan to commercialise this during the current year.
- The new Powertrac 'Euro Next' series has now been commercialised. Comprising of 6 models from 50 to 60 HP, in both 2- and 4-wheel drive versions, and equipped with

upgraded engines and a new, modern transmission – this new series is paving the entry for Powertrac brand in the bigger HP applications.

- We also launched our new FARMPOWER Self-propelled Boom Sprayer in the past year. This product has the potential to mechanise the entire spraying activity for field crops, reducing input costs and increasing crop yields, other than reducing the dependence on already depleting farm labour. This product is also under test marketing in collaboration with some leading agrochemical companies.
- Our construction equipment business also launched a series of new products in the past year. Our position in Safe Cranes segment was further boosted by introducing 20 Ton Pilling application and 23 Ton models. As the customers were looking for reliable but economical options in 15 Ton category, we introduced TRX15 in 49HP, which has gained huge popularity in last one year. On Compaction Equipment, our flagship tandem roller HD85 was introduced in a new modern avatar and now proudly matches the international standards in features, fit and finish. In Backhoe Loader segment also, XT1610 in white line series, with new cabin, a premium look and higher specs was introduced last year.
- First time ever, we have started supplying Indigenously developed dampers to Metro and have also put newly developed products, Air Spring, EMCBS, Brake Disc & Brake Pad into the field trial with Indian Railways. This will further catapult growth in our Railway business.

Message from Chairman and Managing Director



We are committed towards global leadership in farm mechanisation and being one of the most respected engineering company in India and globally for addressing need in smart agriculture, advance construction equipment and rail safety and mobility solutions and drive global economic growth. The world is watching us now with larger expectations and we are poised to deliver to the best of our capability and strength."

4) **Innovation:** We are proud that innovation is now well integrated into our product and business strategy. We became the first company to productionise Stage 5 global emission norms; we were the first one to commercialise electric tractors and exporting to sophisticated markets such as Europe; we recently displayed a hybrid backhoe loader in a major construction equipment exhibition in India and we have indigenously developed dampers for railways.

Rajan Nanda Innovation Lab has been actively engaging in incubation of disruptive ideas, prototypes and technologies in mechanised farm management, AI based agriculture intelligence and insights, telematics powered construction equipment and newer technologies in rail safety. This platform continues to leverage the young minds outside the Company ecosystem as well to provide them opportunities to innovate.

5) **Market Access:** In India as you know, our market presence has historically been quite skewed. We have come a long way in correcting this but still more work is required, in terms of both appointment of more dealers in our white spaces, and also handholding the recently appointed dealers to establish them in the business. The Kubota brand channel also needs rapid

expansion in North and Eastern parts of the country. With more and more products now available in our joint portfolio with Kubota, we shall further pick up pace in extending 100% channel coverage in the country. Our current dealer count is close to 1,100 and we need to increase this by 30-40% over the next few years.

With Kubota as a strategic partner, our exports opportunity shall multiply. We are in the process of defining our overall channel strategy along with Kubota where we shall get access to many more markets through Kubota's existing channel.

6) **Manufacturing and Sourcing Excellence:** We have been very actively working on our journey of establishing a new standard in our manufacturing and supply chain vertical. Now with direct participation of Kubota engineers, this effort is going to be further strengthened and accelerated. The team from Kubota, Japan is working closely with us to bring in world-class processes into all our plants and supplier factories.

To cater to the growing demand of tractors and agri equipment in the country and to match our aspirations of market share in India and overseas markets, we shall evaluate any capacity

additions we may require, both in our operations as well as in our supplier ecosystem. Also, there is an opportunity for us to supply components and sub-assemblies from India to global facilities of Kubota. We shall strengthen our team capabilities in this area to leverage this in the coming years.

Building People Strategy for Enhanced Capability and Productivity

Our people strategy addresses to build capabilities and leaders for today and tomorrow, developing internal pool of young leaders towards building a culture that focusses on Diversity & Inclusion.

We have a new organisation structure with business leaders from Escorts jointly working along with secondments from Kubota to enable seamless integration of capabilities of both Kubota and Escorts organisations. While the joint team continues to focus on achieving our short-term business goals, they will also work together in detailing our mid-term plans and long-term vision, guided by the goals and direction already set for EKL.

In our structure, a Culture Officer will work with teams across both organisations on jointly developing the new Corporate Culture for the merged entity with growth mindset, a culture which imbibes the best of Escorts and Kubota and of India and Japan and built on the foundation of trust and collaboration.

The most important part of our investment strategy will start from investing on the skill set of our people. While we may have now our eye set on our future aspiration, but most importantly, we will need the mindset to take us there. We are addressing this by building capabilities and leaders for today and tomorrow, developing internal pool of young leaders towards building a culture that focuses on Diversity & Inclusion.



In our mid-term business plan, we are going to put great emphasis on competences and talent development. We also want our organisation to build supreme focus towards customer satisfaction index, we want to serve and be the best in serving our customers.

Our future will be built on this foundation of great human connect internally around strong processes and an environment where we challenge our people to think out of the ordinary and reward and recognise them for their contribution and delivery as per commitment. We want people to join Escorts Kubota with thoughts of boldness, and a mindset of growth and performance in the aspirational journey that we wish to take. Business strategy along with people strategy would need to be blended well to deliver and execute our future.

Committed to Sustainability, Community Welfare and Strong Governance

Compliance and governance are deeply embedded in our processes and each department stringently adheres to standard protocols and guidelines. Our overarching culture promotes corporate fairness, transparency, and accountability in the best interests of customers, partners, teams, communities, and all other stakeholders. Our continued focus on expanding our electric tractor range contributes towards avoiding GHG emission. Besides, we introduced products following the newer emission norms to reduce the overall environmental impact of our products. Our focus on frugal engineering with responsible raw material usage helps us achieve our sustainability goals.

In line with our commitment to achieving holistic progress of society, we are working continuously to empower our farmers by disseminating best farming practices through a common platform. Towards

this objective we are in the process of setting up Escorts Advanced Farm Institute (EAFI) in Haryana in addition to Escorts Training & Development Centre (ETDC) which we already have in Bengaluru. In addition, we undertake focussed interventions across the areas of smart water management, renewable and solar power, optimised paper usage for sustainability, horticulture, road safety, promoting education and disaster management.

We are happy that we could align with national efforts in COVID-19 vaccinations and facilitated more than 50,000 vaccines in and around Faridabad and supported the city administrative bodies in their related efforts.

We are also working towards creating a culture of gender diversity by attracting women talent and up-skilling our existing women base to take up higher responsibilities across businesses. Multiple women empowerment and welfare initiatives have also been adopted across businesses to create opportunities for our women workforce.

Building a Stronger future and Legacy ahead

We are committed towards global leadership in farm mechanisation and being one of the most respected engineering company in India and globally for addressing need in smart agriculture, advance construction equipment and rail safety and mobility solutions and drive global economic growth. The world is watching us now with larger expectations and we are poised to deliver to the best of our capability and strength.

I am proud that Escorts has taken the leap into the future and institutionalised Escorts Kubota Limited. I deeply thank Escorts Kubota family, our Board of Directors, partners, suppliers,

dealers, customers, investors and union leaders, for their support in making the collaboration possible. Escorts Kubota Limited is an exciting integration for the future as one Company which will create benchmarks of excellence and avenues to support global community welfare and prosperity.

I want to thank Mrs. Vibha Paul Rishi and Mr. P H Ravikumar for having served our Board and for their valuable contribution and also want to welcome the new directors and get their guidance for the future of Escorts Kubota Limited.

I would like to thank each one of you for placing your precious trust in our vision and committing wholeheartedly to our mission. We believe our goal to reach industry-leading standards on sustainability reporting and adoption will play a significant part in the journey of stronger future.

As I conclude, I would like to express my heartfelt gratitude to all our stakeholders for their trust and support. I am confident that together Escorts Kubota Limited will script an exciting growth journey ahead.

I am excited to embark on this new journey together with all of you and I commit to you that each day that I serve through Escorts Kubota platform, I will put my best efforts to serve our customers, serve the interest of our shareholders and most importantly build a trusting and a respectable organisation, which serves the society and our nation.

Looking forward to our great future at Escorts Kubota Limited, thank you.

Nikhil Nanda
Chairman and Managing Director

Executive Director's Message

Combining strengths to drive prosperity

Dear shareholders,

Escorts has demonstrated unmatched resilience in the face of the pandemic, remaining focussed on delivering consistent value to all our stakeholders through a turbulent and uncertain year. We prioritised the health and wellbeing of our stakeholders, taking necessary and appropriate measures to support our employees, customers and partners among other stakeholders.

Shailendra Agrawal
Executive Director



Performance in FY2022

Despite FY2022 being challenging, we grew our standalone revenue from operations by 3.2% to ₹7,152.7 crores, against that of previous years' ₹6,929.3 crores. During the year, despite high inflation level we still managed a decent EBITDA margin with drop of 300 bps against last year. Our standalone profit at was at ₹765.6 crores in this year against ₹874.1 crores during the previous year.

Agricultural Machinery Segment

The first half of FY22 domestic tractor industry grew by 9.8% due to low base of FY21, but second half saw a degrowth of 19.4%. Overall FY22 domestic tractor industry de-grew by 6.4% but still registered second highest volumes ever after the peak of FY21.

The initiatives we undertook to tackle challenges involved improving material cost, managing inflation and passing on the price increases to the market to protect our margins.

Our Export volumes improved by 47% helped by new product offering and expanded coverage. We aim towards exporting even higher in FY2023.

We will be launching our New Escorts Tractor series (NETs) which will consist of new design tractors that ensure our readiness for the 50+ horsepower emission norms, which are expected to be introduced soon. Our international markets have been growing quite well and we expect our recent initiatives to further boost this growth.

We have also become the first Indian company to commercially launch an electric tractor in the US and Europe market. Also, the first Indian tractor company to commercially introduce stage 5 certified products in Europe market.

We introduced a holistic approach, which will be engaging our suppliers for alternate technology,

cost optimisation and process improvements at their end. We are focussed on value engineering, value analysis for our new products with respect to our performance in this year.

We are in the process of adopting Kubota manufacturing systems as our core philosophy on our shopfloor level with the intention of improving people engagement, world-class quality and enhancing our shopfloor productivity, which will be directly linked to our growth and profitability. We are focussed on continuing to expand our sales channels, entering new markets, constantly innovating more products and enhance further mechanisations.

Escorts Construction Equipment

Government initiatives are focussed on rapidly establishing and improving quality infrastructure. This provides a huge scope for growth for us in this sector and other sectors associated with it.

We recognise India's potential in the construction equipment sector. Since our inception, we have been driven by the purpose of enabling India in elevating to elite league. Even with huge inflation and change of emission norms, our crane volume increased by 6%, which is higher than the industry standards for FY2022. We managed to grow our market share from 38.2% to 39.8% during the year and intend to continue this trend in the coming years.

Our strategic partnership with Tadano will enable us to develop high-end quality products for our domestic as well as international markets. We are focussed on widening our product portfolio to cater to the different needs of our customers and continue to provide value to our stakeholders.

Railway Equipment Division – Beginning of a Turnaround Story

Our railway division performed incredibly well during the year propelled by multiple factors,

including re-opening of railway lines and offices following the pandemic. Our revenue for Railway segment increased to ₹636.2 crores during the year, growing by 32.8% compared to ₹479.0 crores revenue in previous year.

Focus on railway business operations has been high on expanding customers beyond Indian Railways such as private wagon builders, expanding our product range through introduction of new products, focussing on quality, enhancing our capacity – internal as well as of our supplier partners and improving overall cost efficiency.

We intend to focus on the growth of our railway division as we estimate significant revenue from RED by FY2025. To achieve our objectives, we are looking to upgrade our R&D capabilities coupled with rolling out more efficient products.

Strategic partnerships

Our partnerships with Kubota and Tadano opened exciting opportunities for growth. We can further enhance our expertise and inculcate new practices, which will be beneficial over the long term. Through these partnerships, we also established a bigger footprint in our international markets.

Way forward

Despite operational challenges and macro headwinds, we remain committed to our mission of powering farmers' dreams, being India's preferred partner in nation-building, and ensuring rail safety and comfort. We will continue to make the most of the advantage of being strategically positioned in sectors catalysing India's growth in the impending future.

Regards,

Shailendra Agrawal
Executive Director

Leadership Speak

Leading with experience



Mr. Bharat Madan

President Finance, Group Chief Financial Officer and Corporate Head



For FY2023, we expect a more optimistic scenario with the agriculture sector poised for future growth, as evidenced in 44% industry growth in the month of April and May this year.

We started FY2022 with second and more devastating wave of COVID-19 pandemic hitting us resulting in loss of many lives of our near and dear ones. At such a time, we chose to prioritise the safety of our employees, suppliers, channel partners and customers above all else. Yet we remained focussed sustaining our business to ensure that the livelihoods of our people and other stakeholders were not affected.

During FY2022 we sold over 94,000+ tractors, down by around 11% over the last year. The industry saw a correction after hitting a peak in FY2021 but still FY2022 remained the second best year for the Tractor industry and also for Escorts. The results were more optimistic with construction equipment sales at

4,117 units, up by almost 5% and the railway division revenue up by 32.8%, its highest ever. With rising commodity prices, we undertook number of price increases and also initiated various cost optimisation strategies to protect our margins and also prioritised CAPEX. After a record performance on profitability and free cash generation from operations last year, FY2022 had a negative free cash from operations essentially due to higher working capital requirements coupled with drop in sales volumes and profitability. However, overall the Company had a good liquidity on its balance sheet due to preferential issuance of fresh equity shares to Kubota Corporation, Japan in last two years. The Board of Directors have recommended a dividend of ₹7/- per equity share of face value of ₹10/- each for FY2022 subject to approval of the shareholders in the forthcoming Annual General Meeting.

For FY2023, we expect a more optimistic scenario with the agriculture sector poised for future growth, as evidenced in 44% industry growth in the month of April and May this year. With a prediction of normal monsoon and the optimistic news on crop prices and production,

we anticipate the rural sector to continue to do well. Construction and railway sectors, which performed well in the reporting period, will also potentially grow in the forthcoming year, owing to the government's spending impetus across these sectors. However, continued inflation in commodity prices and lag impact of its pass on to the customers may temporarily for some time impact the demand as well as profitability margins. The Company is also working on its mid-term business plan which will also lay down our capital allocation strategy.

This is the first Integrated Report that the Company is presenting and with this, we are furthering our commitment to sustainability and making broader impact considerations by adopting the value creation model that links financial performance with non-financial parameters. In an evolving scenario with a focus on business impact on environment, society and communities, we hope this approach will help us contextualise our threats and strategies better to mitigate risks and leverage opportunities while meeting expectations of our stakeholders to create meaningful value – financial and otherwise.



Mr. Shenu Agarwal
President - Agri Machinery and
Construction Equipment



Throughout the year, we had to very dynamically manoeuvre our actions to find the right balance between growth and profitability.

The Right Balance

Amid a challenging environment, creating the right balance was the key for FY22. All our businesses faced unprecedented inflation in input costs during the year. The tractor market is used to one or at most two price hikes in a year. This time because of inflationary pressures, we had to resort to five hikes in the period between November 2020 and April 2022. We have a large amount of inflation yet to be recovered posing a big challenge to our profitability. The situation in Construction business is similar. Throughout the year, we had to very dynamically manoeuvre our actions to find the right balance between growth and profitability. The inflation led challenges were not just internal, but also extended to our core ecosystem. We worked closely with our suppliers and dealers and supported them as much as possible to help them wade through these times. We also aggressively pursued internal cost management initiatives, as a result of which the drop in our profitability was lower than that of some of our peers. We do hope to get some respite from the inflationary scenario soon, allowing us to completely focus back on growth of our businesses.

Optimistic Market Outlook

Tractor industry (Domestic + Export) achieved all-time high volume of 9.9 lakh units in FY21, growing by 26% over the previous year. In FY22, the market declined only marginally to the level of 9.7 lakh units, despite the high base effect. The last five-year domestic industry CAGR is at 7.7%. It is common belief that Indian market needs at least 13-14 million tractors while the current population is only 6-7 million units. We therefore expect the tractor market to continue to grow in the range of 4-6% CAGR over the next decade. Similarly, construction equipment market is poised for a massive growth in the future, with Government's clear focus on infrastructure development in the country. In both the tractor and the construction equipment business, we are well-poised to take advantage of these tailwinds.

Leadership Speak



Mr. Ajay Mandahr
CEO – Agri Business, India



We continued our innovation journey by having customers at the core of whatever we do. During the year, we launched six new tractor variants under the Powerhouse series with improved power, fuel efficiency, application suitability, lower maintenance features at the best price.

This is an exciting time for all of us at Escorts. Our strategic alliance with Kubota has now matured with Kubota becoming a joint promoter. This opens up a world of opportunities for EKL as we get access to Kubota's advanced technologies and aid in drive end-to-end farm mechanisation.

The fiscal year 2021-22 had its own set of challenges. A slowdown in growth recovery was caused by successive waves of the pandemic, global supply chain disruptions, and high inflation levels. In addition, the slowing of India's rural economy posed new hurdles, particularly for the agri-machinery industry. The domestic industry recorded a volume decrease of 6.4%, whereas we reported a 14.5% decline. However, the export market remained strong, with overall industry growth of 45.2% and Escorts reporting a growth of 46.8%. Our robust product offering, presence in the electric tractors segment and growing market presence (leveraging the Kubota partnership) have aided us in making this stride.

We continued our innovation journey by having customers at the core of whatever we do. During the year, we launched six new tractor variants under the Powerhouse series with improved power, fuel efficiency, application suitability, lower maintenance features at the best price. These products were well-appreciated in the market.

Throughout the year, we focussed our efforts on increasing channel

profitability. We lowered dealer inventories to reduce their working capital costs. Further, we are maintaining a lean inventory at our own depots and dealerships to enhance channel profitability.

While inflation and continued geopolitical tensions provide downside risks, we are already witnessing a recovery in demand. The rural economy is projected to be back on track in the next quarters, thanks to an expected normal monsoon and robust MSP support from the government. Furthermore, farm mechanisation is need of the hour considering its far-reaching impact on raising farm productivity and, as a result, growing farmer incomes.

We expect that the future is exciting for Escorts Kubota Limited considering its technology leadership, expanding product portfolio and growing geographic presence. We anticipate that with Kubota coming as a joint - promoter, we will be able to drive leadership position in the industry and create significant value for our stakeholders.



Mr. Sanjeev Bajaj
Chief Executive –
Construction Business, India



The ECE business has had an illustrious 52-year-long journey, with the Company reinventing itself every few years to become more customer-friendly and assure the highest levels of safety in operations and products.

The year under review remained a challenging one for the country's construction equipment segment. The second wave of the pandemic disrupted businesses during the first quarter of the year. This was followed by the increase in key input prices impacting margins. Our served industry volume reported a degrowth of ~23% whereas we reported a growth of 6%.

As I take on the reins of the Escorts construction equipment business starting this year, I stand in a position of immense responsibility and pride. The ECE business has had an illustrious 52-year-long journey, with the Company reinventing itself every few years to become more customer-friendly and assure the highest levels of safety in operations and products. The past three years have been the most enriching, with the formal start of our sustainability

journey, forcing us to rethink how we run our business and analyse the influence we have on the people and environment we live in.

With the country earmarking major investments in infrastructure augmentation, we expect that the construction equipment industry to report major growth. Along with the growth that we anticipate in this regard, we also expect to accompany the shift to green fuels that the global construction equipment industry is moving towards.

Leadership Speak



Mr. Ankur Dev
Chief Executive – Railway Business



With our continuous focus on introducing newer products, we are positioned attractively to leverage the investments envisaged in the segment while playing our part in the nation building.

During FY2022, we had recorded our highest-ever annual revenue of ₹636.2 crores for the RED business growth of 32.8% as against revenue of ₹479.0 crores in FY2021. With railways opening up post pandemic, we have been able to increase our total order book significantly from ₹340+ crores at the end of FY2021 to ₹440+ crores at end of FY2022. This was the result of our relentless efforts in retaining existing customers, identifying new potential customers, launching newer products and bringing fundamental changes in the tendering process which witnessed higher traction during the year.

During FY2022, we delivered products like Air Spring, Microprocessor controlled Brake System, Brake Disc and Brake Pad to Indian Railways for field trial. These are expected to be commercialised in FY2023.

Further, we have put more emphasis on the non-Indian Railway business comprising exports, metro and wagon builders. The focussed approach saw Non-Indian Railway revenues growing by more than 95% during the year. We expanded our presence in newer markets of Asia and Africa to

bolster our growth. During the year, we entered into the metro segment with our first product and supplied 'Dampers' to Chennai Metro.

During FY2022, we received upgradation in our certification of the International Railway Industry Standards (IRIS) from bronze level to silver level.

While the inflationary environment is adding to our input costs, we are continuously working on rationalising our fixed and variable costs to minimise the impact of inflation on our profitability.

With the Government of India focussing on augmenting the railway infrastructure of the country, we anticipate strong growth in our railways business. With our continuous focus on introducing newer products, we are positioned attractively to leverage the investments envisaged in the segment while playing our part in nation building. To add to that, we expect the non-Indian Railway segment to add incrementally to our topline going forward.



Mr. Amit Singhal

Group Chief Human Resource Officer
& Dy. Corporate Head



Our constant endeavour is to build a performance driven, process efficient, cost-effective and technology led learning organisation with future-ready leaders for sustainable growth.

The resilience and commitment of our people is one of the primary reasons for our strength and position as a key player in India's automotive industry, our fundamental priority always being the wellbeing of our people.

Our constant endeavour is to build a performance driven, process efficient, cost-effective and technology led learning organisation with future-ready leaders for sustainable growth.

Over the last few years, various initiatives have been adopted for people development and wellbeing including financial, healthcare, and psychological support during the pandemic.

We are progressing well in our capability development journey with role-based certification programmes, E-CAP (Escorts Capability Acceleration Programme) for Today and Tomorrow with emerging technologies and industry benchmarks. We are building talent and capability in key value creation roles, getting young talent, and giving them leadership roles faster through our talent development programmes with these young leaders working on key growth projects.

We are developing female leaders with business and leadership exposure and experiences. Several initiatives focussed on 'confidence, courage, and care' have been adopted for our female colleagues. We are getting better with higher representation of women in our workforce year on year and are committed to create more avenues for inclusive growth.

Recognition programmes like Escorts Founders Awards have been formalised for recognising excellence around strategic objectives of growth, customer, process efficiency, technology, and innovation across our ecosystem with our people,

suppliers, dealers joining along with their families.

We believe if we continue to develop purpose-driven leadership capability with multidimensional and disruptive thinking, curiosity to learn and evolve, developing talent with culture of experimentation, sustainable people practices enabled by technology, we will build an organisation which people will love to be a part of.

As we begin a new journey as Escorts Kubota Limited, we are working towards building a new culture with the best of both organisations and of India and Japan. This integration will help build a stronger human capital for the combined entity to create new benchmarks and sustained growth. A very exciting future is ahead of us, and we stay committed to our purpose of spreading prosperity and touching millions of lives both in India and globally.

Business Model

Generating long-term value for our stakeholders

Inputs



Financial Capital:

Sustaining market position over a period of time
 Capital employed (Assets – Liabilities): ₹7,878.2 crores
 Capital expenditure: ₹177.8 crores



Manufactured Capital:

Expanding resource efficient production of tractors and construction equipment
 Plants: 5
 R&D Centres: 1
 Foundations: 1
 Quantity of main raw materials: 172,984 MT



Intellectual Capital:

Establishing ourselves as a leader in market innovations
 Expenditure on technology ₹12.7 crores
 Patents applied for: 6



Human Capital:

Building a healthy community of employees to keep up with the changing talent needs of a evolving organisation while contributing to its growth
 Total employees : 11,207
 Expenditure on employee social benefit programmes: ₹3.04 crores
 Training hours: 1,27,310 hours
 Paid leaves provided: 39 (Manager Grade), 35 (workers)



Social and Relationship Capital:

Operating alongside, and along with a thriving community of internal and external stakeholders who shape our actions
 CSR expenditure: ₹15.83* crores
 Direct Suppliers: 1,200+
 Investor meetings: 70+ (excluding adhoc calls)



Natural Capital:

Ensuring minimum negative impact on environment while expanding our presence across the country and the globe
 Energy intensity (direct + indirect energy consumption/revenue in ₹ crores): 0.04
 Water intensity (water consumption in ML/ revenue in ₹ crores): 0.06

Business activities

Pre-Manufacturing



During manufacturing



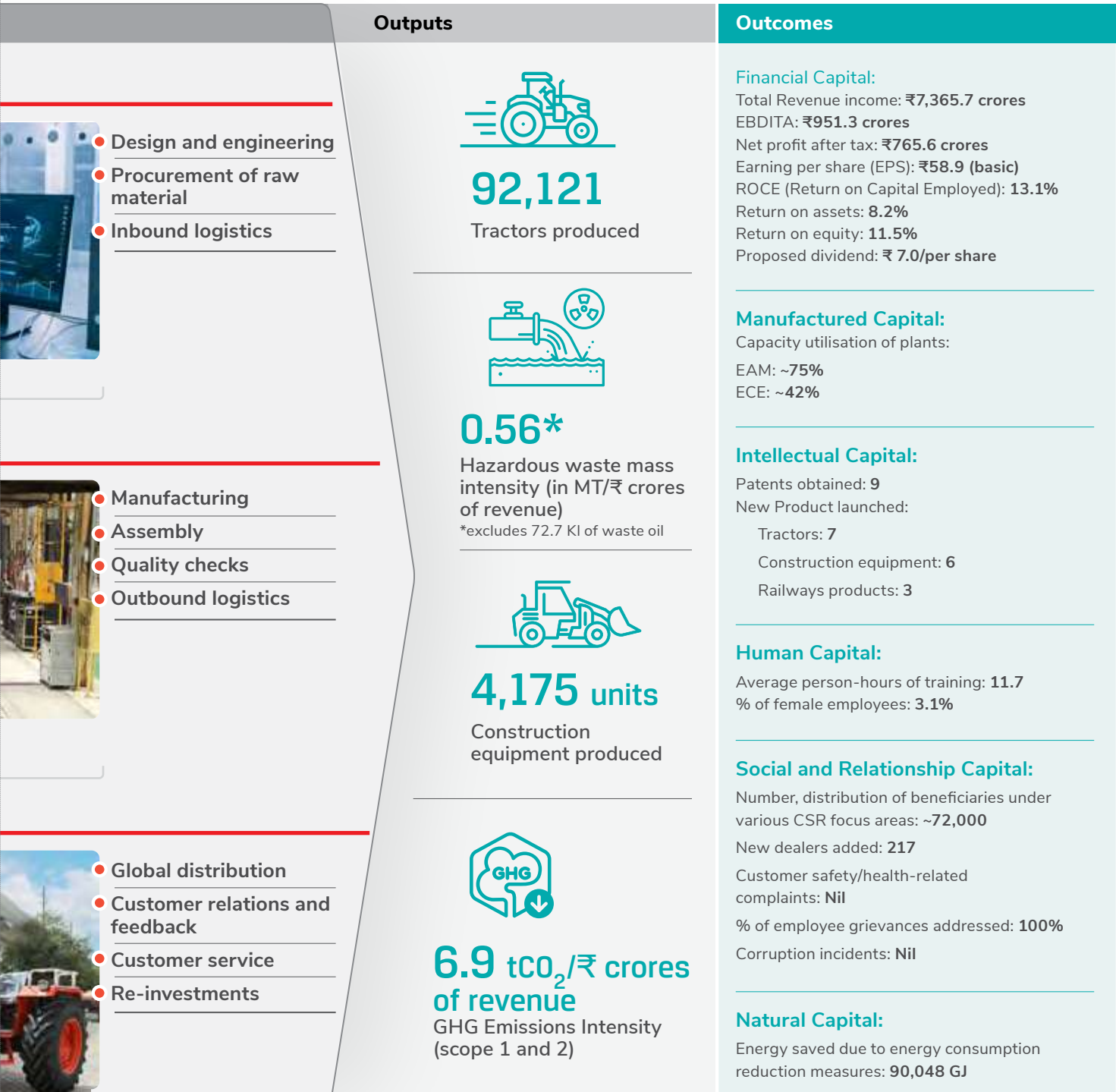
Post-manufacturing



*Including amount transferred to unspent CSR account (refer note 29 of the standalone financial statements)



Our business model outlines how we create value for our stakeholders through efficient utilisation of our capitals supported by our core strengths and a focused growth strategy. It is helping the Company become a more responsible and innovating organisation that prioritises resource efficiency, minimises negative impact and practices prudence.



Operating Context

Calibrating strengths to remain at the cutting edge

The past couple of years saw rising consciousness around business responsibility with leading players mainstreaming ESG as a business imperative. This shift is already effecting changes in which operations are conducted in the manufacturing sector and entire supply chains beyond the factory-unit level. We identified the following key trends as instrumental in reshaping business models in the manufacturing sector.

Post-pandemic economic recovery



Businesses all over the world are looking to witness higher growth rates in the coming years after two years of substantial setbacks. However, potential hurdles to this hope include inflation, labour market as well as supply chain challenges. Global inflation rates increased to 3.1% in 2021 in advanced economies, as compared to 0.7% in 2020. A direct result of this is an increase in commodity and fuel prices that also affect demand patterns and our sales, and the prices of our products. Due to unstable job

security and issues with payment of fair wages by some businesses over the past two years, there is an overall wariness among workers to resume work – leading to shortage of labour. Disruptions and delays were caused in the supply chain because of intermittent lockdowns and resultant stalling of travel, interruptions to operations due to employees/workers going on sick leave, and many other reasons. However, this year, the outlook is optimistic as economies around the world re-open, and international travel resumes.

Escorts' response

Even though inflation rates are increasing, we believe that this year will be positive for the agricultural and construction equipment sector, given policy and community focus on healthy lifestyles and infrastructure development. However, to offset commodity price increase, we will review the prices of our products once again in line with the increasing inflation rates. With respect to employee and worker rights and wages, we always maintained watertight commitment towards ensuring fairness – by providing benefits over and above compliance requirements, and by paying salaries and wages on time. We believe that the way we treat our people will help us with employee and worker retention. With respect to supply chain issues, since the agribusiness unit belongs to the essential category of businesses, and 40% of our material is sourced from local suppliers in Faridabad in Delhi, we were not severely affected by these challenges. In the forthcoming fiscal year, we also plan to start ESG audits for suppliers, which will make our supply chain more resilient to future shocks.

Takeaways from COP26; SEBI guidelines



The COP26 conference that took place recently at Glasgow led to a commitment by all countries that global warming should be limited to less than 1.5 degree Celsius above pre-industrial levels. Notably, India committed to achieve net zero emissions status by 2070. While India is already on path to achieving this goal by increasing its installed capacity of renewable energy and reducing emissions intensity (as

outlined in the Nationally Determined Contributions), a round of fresh funding is also expected to come in to finance green growth in India. Coinciding with this are the fresh guidelines issued by SEBI on the top 1,000 listed entities to release a 'Business Responsibility and Sustainability Report' compulsorily FY2023 onwards. These two events indicate a paradigm shift towards increased scrutiny on disclosures on non-financial reporting.

Escorts' response

In anticipation of changing requirements on sustainability reporting and in response to increasing investor demands, we began sustainability reporting in accordance with GRI standards in FY2020. This year, we are publishing our first Integrated Report according to the IIRC framework along with voluntary 'Business Responsibility and Sustainability Report', besides implementing several internal training and process improvement initiatives on sustainability. We submitted our responses to the Carbon Disclosure Project (CDP) for FY2021, and based on the assessment received, we plan to introduce water and climate risk assessments in an endeavour to increase our scores in the future. This year, we will submit our commitment to the Science-Based Targets Initiative to solidify our plan to reduce carbon emissions from our business in the future.

Increased focus on health and wellbeing

The last two years, characterised by recurrent waves of the pandemic, posed severe jeopardy to the immunity and health of people. As a result, focus on physical and mental health assumed the forefront. In this regard, the way businesses responded to this humongous challenge was watched closely by all employees, workers, and other stakeholders. Recent research reveals that quality communication in corporate culture, focus on health and safety as well as mental wellbeing among other subjects, played a significant role in improving employee satisfaction. This trend is here to stay as trade gains gradual momentum again.

Escorts' response

With the onset of the pandemic, we were quick to respond to the crisis, by providing easy access to COVID-19 testing facilities, medicines (for home treatment), COVID-19 leave, free vaccinations, COVID-19 insurance, psychological counselling, and many such modes of support. Since before the pandemic, we were conducting several health awareness sessions such as first aid training programmes, blood donation camps, sessions on nutrition, stress management, and so on. We

strengthened these programmes by introducing more sessions that encourage preventive action towards avoiding physical/mental health issues, such as managing long-term complications of COVID-19, personal hygiene, good parenting practices, lifestyle management, care patterns for infectious diseases, among others.

Operating Context

Shift towards technology-driven, climate-smart agriculture



There is a marked increase in the use of technology in agriculture over the past two to three years. In India, for instance, the launch of the Digital Agriculture Mission 2021-2025 is a clarion call to adopt technology for various agricultural applications, including remote sensing, GIS technology, and using drones and robots. This is in continuation of the initiatives that began in 2013, with the introduction of a Central Agri Portal to facilitate direct benefit transfers to farmers who adopt modern farm machinery, and the e-NAM (National Agriculture Market) in 2016 to enable farmers to engage in direct selling.

Additionally, technology is just one of the methods among others, including organic farming, integrated farming systems, precision farming, agro-forestry, and other techniques that together constitute climate-smart agriculture. Adopting sustainable agricultural practices is crucial, with the recent heat waves and erratic weather patterns coupled with irresponsible use of resources for farming, necessitating conscious food production. This means that businesses that work in the agri equipment sector must also gear up to face this transformation, with newer and more innovative products.

Escorts' response

Innovation forms the core of our strategic values, and we believe that the deployment of technology is one of the definite ways to achieve it. Our direct tryst with technology began in 2015, when we partnered with Cognizant Technology Solutions for the digital transformation of our business.

In continuation of this journey, we added seven more partners to our roster in 2019: Microsoft, Reliance Jio, Trimble, Samvardhana Motherhood Group, WABCO, Bosch and AVL. This was also the year in which we introduced India's first autonomous tractor. Our 'Farmpower' line also offers technology-rich and affordable implements. We hope to benefit from knowledge-sharing as a result of the renewal of our partnership with Kubota, even as we drive continuous innovation at our in-house R&D centre, Rajan Nanda Innovation Lab.

Sustainable agriculture is also a critical focus area for us, and electric tractors, tractors that use alternative fuel/hybrid fuel, and implementation of smart water management techniques are our priorities.

Popularity of cleaner, greener construction equipment

India is currently witnessing a boom in the construction equipment sector, specifically in small towns. In fact, the sector is expected to grow at 15-20% in this fiscal year due to increase in public spending on infrastructure development. The scope of the National Infrastructure Pipeline expanded to include 9,000+ projects between 2020 and 2025. Accompanying this growth is another trend that is fast gaining attention due to targets ascertained by the Paris Agreement that reduction in energy intensity per square metre in buildings should be at least 30% by 2030 - greener, cleaner construction equipment, that is expected to play an important role in achieving this target especially because of the contribution of current, traditional equipment to diesel pollution.

Another way that the construction equipment industry could prevent negative environmental impact is by designing products that promote economic reuse of site waste. Water use by equipment and overall efficiency are also expected to be chief concerns over the years to come.

Escorts' response

In line with the anticipated growth of the construction equipment industry, we are preparing to face the increased demand for our products as a result. We have been at the forefront of innovations, further testified by the fact that we spearheaded the grey revolution in infrastructure and construction

machinery back in the 1970s. We established a joint venture with the Tadano group in 2018, and we believe that their knowledge and experience could also contribute to our culture of continuous innovation to meet increasing demand for construction equipment. We are keeping pace with the shift towards cleaner/greener products and have launched a hybrid backhoe loader in 2019. This year, we are launching a new, hybrid pick-and-carry crane that runs on diesel and CNG. Over the course of the next few years, we seek to increase the revenue share from our green products substantially, to contribute to the global movement against climate change.

The Indian Railways Innovation Policy



The Indian Railways is calibrating innovations driven by technology – such as SMART coaches and locomotives, automated signalling systems, centralised traffic control, and others. These are being spearheaded by the Indian Railways Innovation Policy that was introduced very recently, this policy will bring scale and efficiency in the field of operation, maintenance and infrastructure. The parts that

we supply for – brake systems, couplers, and suspension systems in particular – have an impact on safety and comfort, and therefore, we have an immense responsibility in this regard. In the future, we look forward to participating in this journey by aligning product design in line with new requirements posed by the policy, including those necessitated by the goal to move towards 100% electrification of all trains.

Escorts' response

We work in accordance with obtaining the required certifications and standards for the parts that we supply to the Indian Railways. In our continuous quest to achieve the highest quality standards, we obtained the prestigious IRIS certification for design, development and manufacture of railway components in 2017. Our uniqueness lies in our endeavour to achieve the best quality standards in local design, development and manufacturing. For instance, there are brake systems which have been developed locally in our in-house R&D. Besides the current initiatives in place to retain our position as a key supplier to the Indian Railways, in the future, we plan to introduce advanced railway technologies that support the impending innovation that the policy is expected to bring to the table.

On course to becoming future-ready

Our business inherently considers and integrates multiple stakeholders and their livelihoods into our strategy as our actions directly and indirectly impact them. Our objective to increase sales of tractors and construction equipment impacts our employees and workers, suppliers, customers, local regulatory bodies, and investors. This consideration encouraged us to begin converging our non-financial goals with our financial objectives as we commenced publishing our sustainability report in FY2020.

Our strategic objectives are drawn up by the top management and the Board of Directors, and employee KRAs and targets are thereafter set based on the same. The inputs underlined in our business models are the resources that we allocate towards achieving these strategic objectives.

Our strategic objectives are highlighted in the table below:




Strategic objectives	Focus areas	Capitals impacted	SDGs mapped
S1 To be a pioneer in farm mechanisation in India	To play a key part in developing standards for farm mechanisation	Financial Capital, Manufactured Capital, Intellectual Capital	
	To be a market leader in the farm mechanisation industry (for affordable and quality products)	Financial Capital, Manufactured Capital	 
	To introduce more farm mechanisation products that use alternative/clean fuel	Natural Capital, Financial Capital	
S2 To contribute significantly towards infrastructure development in India	To be a market leader in the Indian crane industry that follows the highest OHS, customer health and safety standards	Financial Capital, Manufactured Capital	
S3 To contribute towards the National Rail Plan to improve the safety and comfort of passengers and freight	To be one of the top suppliers of railway components that we deal in	Financial Capital, Manufactured Capital, Social and Relationship Capital	 
S4 To maintain a healthy, thriving workplace culture	To be the preferred place to work for qualified employees/workers	Human Capital, Social and Relationship Capital	 
S5 To sustain our position as a trusted brand in India and a business that is respected by the community	To invest responsibly in corporate social responsibility initiatives	Financial Capital, Social and Relationship Capital	
	To implement the highest level of customer health and safety standards	Intellectual Capital, Social and Relationship Capital	
S6 To conduct business responsibly and consciously	To ensure minimal negative environmental footprint of our operations	Natural Capital, Social & Relationship Capital	

Stakeholder Engagement





Integrating expectations holistically

The support and motivation provided by our stakeholders have propelled us to the pinnacles of growth that we have achieved within the organisation and in society at large. Every business decision we take seeks to incorporate their expectations as far as possible, through rigorous stakeholder assessment exercises and consistent engagement to understand their concerns and address gap areas, if any.

Stakeholder engagement approach

Stakeholder	Mode of Engagement	Frequency of Engagement	Areas of concern/ expectations
Customers/Dealers 	Customer satisfaction surveys Installation of 'CARE' devices in tractors that allow the user to call our customer service executives if they face a challenge	Customer satisfaction surveys - annually	Customer satisfaction Timely and efficient redressal of complaints
Employees/Workers 	Feedback sessions between Chairman and employees, and functional heads and employees Training and safety programmes conducted during induction and throughout the year Festival celebrations, games, award programmes	Feedback sessions – quarterly Training and safety sessions – throughout the year	Job satisfaction Fair pay and performance remuneration Training and development initiatives, performance reviews that support career growth Safe working atmosphere Equal opportunity for all Prompt grievance redressal mechanisms
Investors/Financial Institutions 	General body meetings Interactions with investors Public disclosure on financial performance and governance on our website	General body meetings – annually Investor interactions - monthly	Shareholder return Financial and non-financial (ESG) performance of the Company Market value of our shares Effective and robust corporate governance



Stakeholder	Mode of Engagement	Frequency of Engagement	Areas of concern/ expectations
Government/ Local authorities/ Regulators 	<p>Interaction at customer-level by RED since Indian Railways is a major customer</p> <p>Engagement for innovation (such as creation of product quality standards for tractors/cranes with relevant Ministries)</p> <p>Compliance monitoring by government on adherence to socio-economic/ environmental compliances</p> <p>CSR initiatives supporting local governments such as provision of vehicles to local police officials</p>	<p>For each engagement mode – throughout the year</p>	<p>Adhering to all laws and regulations applicable for us</p> <p>Positive environmental and social impact of businesses</p> <p>Alignment of businesses with policy priorities for industrial growth</p>
Suppliers/Vendors/ Contractors 	<p>Annual supplier conventions</p> <p>Supplier audits as and when suppliers are screened</p> <p>Informal interactions between managers and suppliers/ vendors/contractors</p>	<p>Supplier conventions – annually</p> <p>Audits – as and when conducted</p> <p>Informal interactions – throughout the year</p>	<p>Transparent, fair, and accountable supply chain practices</p> <p>Supplier financial health, reputation, and service quality</p> <p>Access to knowledge on sustainable supply chain practices</p>
Industry Associations 	<p>Industry association meetings/conventions</p>	<p>As and when conducted</p>	<p>Upholding our product and service standards</p> <p>Continuous innovation on the part of member businesses</p> <p>Cooperation between businesses to ensure overall development in a healthy, competitive environment</p>
Communities/NGOs 	<p>Through CSR initiatives</p> <p>Public disclosure of company information on the website</p> <p>Local employment</p>	<p>CSR initiatives – throughout the year</p>	<p>Positive economic, environmental, and social impact of our business operations on communities</p> <p>Shared value-creation of job opportunities and livelihood avenues due to presence of skilled pool of local candidates</p>

Materiality Assessment

Identifying domains of material importance

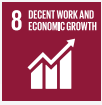




We conducted a comprehensive materiality assessment to identify primary material areas of importance with respect to ESG for the Company. We have not seen any significant changes in our business practices or priorities during the reporting year; therefore, the same topics from last year are relevant to this year as well.

Thematic Area	Material Topic	Description of Topic	Associated GRI Material Topic
Creating stakeholder performance	Financial performance	All of our business divisions – Agri equipment, Construction Equipment, and Railway Parts – are sectors prioritised by the central government for growth over the next few years. Our operations, therefore, will have a significant financial impact on the entire supply chains.	201: Economic Performance
	Product Responsibility & Innovation	The entire world is positioned for a technological transformation, and the manufacturing sector is no exception. As we prepare ourselves to adapt to this change, customer health and safety as well as quality standards will continue to be a significant priority.	416: Customer health and safety
	Customer Satisfaction	Customers are the driving force behind our business, and we seek to always maintain continual interaction with them to gain their feedback as well as provide them assurance. Their trust is essential to our survival and reputation.	N.A.
Operational and Resource Efficiency	Resource Efficiency	While minimising negative environmental footprint is one of the major reasons for our focus on resource efficiency, another significant aspect associated with it is long-term cost efficiency	301: Materials
	Operations Environment, Health, and Safety Impact	Being one of the leading producers of agri equipment and construction equipment in India, our operations lead to significant impact on the surrounding environment due to the amount of waste, water, and emissions released from our operations. Therefore, we consider it our duty to minimise our share of negative impact, to contribute to a clean and green environment.	303: Water 306: Waste and Effluents 403: Occupational Health and Safety

S1 To be a pioneer in farm mechanisation in India **S2** To contribute significantly towards infrastructure development in India

S3 To contribute towards the National Rail Plan to improve the safety and comfort of passengers and freight

In the coming year, we seek to conduct a more comprehensive materiality assessment with the inputs of both internal and external stakeholders. This year, besides mapping material topics to GRI indicators and relevant SDGs, we also identified related strategic objectives and KPIs.

Relevant GRI / non-GRI indicator	Linked strategic objective	Impact Boundary	Relevant SDGs contribute to
201-1: Direct economic value generated and distributed 201-3: Defined benefit plan obligations and other retirement plans	S1 S2	Within and outside Escorts	
416-1: Assessment of the health and safety impacts of product and service categories Non-GRI Indicators: Qualitative initiatives on R&D front that have driven efficient product design, description of organisation's commitment to product safety, energy savings from fuel efficient engines	S3 S5	Within and outside Escorts	
Non-GRI Indicators: Scores on customer satisfaction surveys, information on repeat orders, testimonials from customers, number of complaints reported and addressed, case studies	S5	Within and outside Escorts	
301-1: Materials used by weight or volume Non-GRI Indicators: Qualitative information organisation's focus on solution, rather than product sellings	S5	Within and outside Escorts	
303-1: Water withdrawal by source 303-3: Water recycled and reused 306-1: Water discharge by quality and destination 306-2: Waste by type and disposal method 403-1: Workers' representation in joint management- and worker health and safety committees 403-2: Types of injury and rates of injury, lost days, occupational diseases, and absenteeism, and number of work-related fatalities 403-3: Workers with high incidence or high risk of diseases related to their occupation 403-4: Health & safety topics covered in formal agreements with trade unions	S6	Within and outside Escorts	 

S4 To maintain a healthy, thriving workplace culture

S5 To sustain our position as a trusted brand in India and a business that is respected by the community





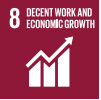







S6 To conduct business responsibly and consciously

Materiality Assessment

Thematic Area	Material Topic	Description of Topic	Associated GRI Material Topic
	Energy and Climate Change	Energy is a critical area of concern for us since our operations lead to significant energy consumption. It is also one of the many aspects that contributes to climate change. Therefore, these topics are of utmost priority at for us	302: Energy 305: Emissions
	Supply Chain Sustainability	Supplier relationship building is an ongoing priority for us, since we have several old-time suppliers on our roster since inception whom we constantly counsel on providing quality material. Local procurement is also a central area of focus, and we seek to initiate sustainable procurement practices in the future.	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment
People and Communities	Employment	Our people are our most critical stakeholders towards being future-ready, and we consider their satisfaction and wellbeing as paramount to the smooth conduct of business – since happy employees lead to excellence of offerings.	401: Employment 402: Labour Relations 404: Training and Education 407: Freedom of Association and Collective Bargaining
	Diversity and Inclusion	25% of our Board members are women, and our workforce comprises members from various geographies. We always maintain a strict stand against discrimination at all stages, including recruitment, hiring, policies, and salary payments.	405: Diversity and Equal Opportunity
	Community Engagement	We believe that one of the key reasons for our success is the continuous support of the people within our immediate operating presence, who are influenced by the environmental and social impact of our operations and our CSR activities.	413: Local Communities
Corporate Governance	Values, Ethics, and Compliance	Regulatory compliance is a topic of prime importance for us, and monitored on an everyday basis. We consider it as essential to our survival, and accord utmost respect to adhering to the law of the land – on economic, environmental, and social matters.	102: Company Information 205: Anti- Corruption 307: Environmental Compliance 416: Customer Health & Safety 419: Socio-economic Compliance

S1 To be a pioneer in farm mechanisation in India **S2** To contribute significantly towards infrastructure development in India

S3 To contribute towards the National Rail Plan to improve the safety and comfort of passengers and freight

Relevant GRI / non-GRI indicator	Linked strategic objective	Impact Boundary	Relevant SDGs contribute to
302-1: Energy consumption within the organisation 302-2: Energy consumption outside of the organisation 302-3: Energy intensity 305-1: Direct (Scope 1) GHG emissions 305-2: Energy indirect (Scope 2) GHG emissions 305-4: GHG emissions intensity	S6	Within and outside Escorts	
204-1: Proportion of spending on local suppliers 308-1: New suppliers that were screened using environmental criteria 308-2: Negative environmental impacts in the supply chain and actions taken 414-1: New suppliers that were screened using social criteria 414-2: Negative social impacts in the supply chain and actions taken	S6	Within and outside Escorts	 
401-1: New employee hires and employee turnover 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3: Parental leave 402-1: Minimum notice periods regarding operational changes 404-1: Average hours of training per year per employee 404-2: Programmes for upgrading employee skills and transition assistance programmes 404-3: Percentage of employees receiving regular performance and career development reviews 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	S4	Within and outside Escorts	  
405-1: Diversity of governance bodies and employees 405-2: Ratio of basic salary and remuneration of women to men Non-GRI Indicators: Efforts to increase number of women in the workforce/in employment; description of how incidents of discrimination were handled	S4	Within Escorts	 
413-1: Operations with local community engagement, impact assessments, and development programmes Non-GRI Indicator: Percentage of workforce that is hired from local communities.	S5	Within and outside Escorts	 
102-16: Organisation's values, principles, standards, and norms of behaviour. 205-1: Operations assessed for risks related to corruption 205-2: Communication and training about anti-corruption policies and procedures 205-3: Confirmed incidents of corruption and actions taken 307-1: Fines, cases, or non-monetary sanctions that we might have faced due to non-compliance with environmental regulations 416-2: Incidents of non-compliance concerning health & safety impacts of products and services 419-1: Non-compliance with laws and regulations in the social and economic area	S5	Within and outside Escorts	 

S4 To maintain a healthy, thriving workplace culture

S5 To sustain our position as a trusted brand in India and a business that is respected by the community

S6 To conduct business responsibly and consciously

Contribution to SDGs

Identifying sustainable development goals

The SDGs that we have identified as crucial to our business enable improvement of sustainability performance across our operations, and have been embraced based on their relevance to our business. In this section, we articulate why each SDG is considered a priority to us, and how we contribute to each of them.



Why it is a priority SDG: We hire from and sell to communities and their prosperity and growth will, in turn, propel the growth of our business, as well.

Escorts' EAM business seeks to provide affordable and high-quality tractors to farmers from all regions, to help them sustain their livelihoods. The construction equipment business leads to the creation of jobs for those who operate these vehicles at construction sites, therefore leading to their economic advancement as well. Therefore, even though not directly, we contribute to improvement in the standard of living of various populations as highlighted. Our CSR activities, detailed in sections of this Report, also contribute to the enhancement of livelihoods of various communities.



Why it is a priority SDG: At Escorts, availability and access to quality education impacts several stakeholders – employees, who need training; farmers, who need support in adopting new technologies, and members of the community whom our CSR programmes benefit.

To promote skill development among the farmers we serve, the Escorts Advanced Farming Institute was set up last year – which develops model farms to benefit farmers, unskilled and unemployed youth, agri-entrepreneurs, and students. Our internal training programmes on ESG and other technical areas help our employees in improving their productivity, and a portion of our CSR spend also goes towards promoting education – which benefits local communities.



Why it is a priority SDG: With an increasing number of women in the workforce as years progress, ensuring that women feel welcome and empowered at work is of prime importance to us – and for the rest of the world.

By creating a diverse workplace and Board, we benefit from the abilities of our women associates, which include technical expertise, relationship building, multitasking, and many more. We believe that the women in our workplace add a lot of value to our business by helping us create an environment in which all people are treated with equal respect and dignity, and hope to introduce more flexible work policies that support their retention in the future. By doing this, we hope to play at least a small part in ensuring equal opportunities for all talented resources available in geographies surrounding our operations, irrespective of their genders.



Why it is a priority SDG: The availability of and access to clean drinking water and sanitation facilities for our plants/offices as well for communities in which our operations are conducted is crucial in ensuring good health and wellbeing for all.

The access to basic facilities, including clean water and sanitation is a basic human right. Additionally, discharges of our effluents into surrounding water bodies might have an impact on the availability of potable and safe drinking water for those communities. Therefore, by ensuring access to these facilities directly for our employees and indirectly for communities surrounding us, we contribute towards better health and wellbeing of our stakeholders.



Why it is a priority SDG: As a manufacturing company, we recognise and acknowledge that the use of clean and green energy alternatives is one of the most effective ways to tackle climate change.

Using fossil fuels and other non-renewable options has a direct impact on the availability of clean and breathable air around our surroundings. By committing to use cleaner alternatives, we will create a positive impact on communities and the health of our employees by preventing exposure to air pollution. This endeavour will also help us partner with smallholder suppliers of renewable energy, enabling us to encourage their growth.



Why it is a priority SDG: The immense size of our operations means that a lot of waste, emissions, and effluents are released, which has bearings on the health and quality of living of our internal and external stakeholders.

Conducting our operations in an ecologically conscious manner is a critical priority in ensuring a sustainable supply chain that is resilient to shocks. By committing to adopt a sustainable approach to consumption and production, we not only clean up our own operations but also the entire supply chain over the years, which, in turn, influences multiple stakeholders and enables their behaviour change with respect to ESG.



Why it is a priority SDG: As a company contributing to one of India's largest growth generating sectors – agriculture – the revenue that we generate contributes directly to India's economic development.

Through the course of business operations, we automatically create respectful growth/work opportunities for our employees/workers. Additionally, by supplying affordable and quality products to our customers, we also ensure the onset of economic activity and subsequent generation of jobs by them.



Why it is a priority SDG: Ensuring that the business is being run in a fair and transparent manner is as important as its financial success.

By running our business in a fair and transparent manner with adherence to all local laws and regulations, we maintain a healthy relationship with government bodies in our region, which, we believe, will help us influence agricultural and infrastructure policy in a positive manner in the long run. Additionally, by putting in place a strict corporate governance structure, we also set a good example to our employees, workers, customers and all stakeholders who look up to our Company.



Why it is a priority SDG: Within the Company and outside, equal access to opportunities is a non-negotiable clause to ensure a healthy ecosystem of people and shared growth.

Within Escorts, by maintaining a strict stand against discrimination of any form – financial, gender-based, caste-based, among others – we ensure that all our employees gain equal access to career advancement opportunities. By making our products affordable and available to all populations across regions, and recently – continents – we also ensure the fair availability of opportunities to grow even to stakeholders outside our immediate ecosystem.



Why it is a priority SDG: The last two years proved that joining hands to face a collective issue leads to the most optimal solution for all potential challenges.

Since our inception, we have always believed in the power of collaborations to achieve the best results – be it with respect to our main business activities, our corporate social responsibility initiatives, our research and development endeavours, or other aspects. We benefitted from the integration of expertise from various sectors, especially during our technological transformation. In addition to this, we also see new partnerships as an opportunity to facilitate knowledge sharing among our ecosystems.

ESG Targets

Creating a sustainable roadmap

We are pushing our sustainability objectives through an internal roadmap on ESG initiatives and adoption of a structured approach to realise our sustainability ambitions. We have been proactively implementing initiatives on the economic, environmental, and social fronts- and have successfully implemented several process changes to make meaningful difference.

Economic sustainability

Target



Measuring and monitoring of non-financial indicators (through development of Plant Sustainability Index)

Target Year















2021-22

Progress




Completed, with performance based on PSI being monitored every month

Environmental sustainability

Target 	 <p>Development of an ESG focused procurement policy</p>	 <p>Development of a supplier ESG assessment framework; initiation of supplier ESG audits; supplier capacity building on ESG</p>	 <p>Submission of commitment to Science-based target initiative</p>
Target Year 	 <p>2022-23</p>	 <p>2022-23 and 2023-24</p>	 <p>2022-23</p>
Progress 	 <p>The policy is currently under internal review</p>	 <p>90 critical suppliers were identified by us; ESG audits will be initiated in 2022-23. Capacity building of suppliers on ESG will be done in due course.</p>	 <p>Development of targets is in progress</p>

Social sustainability

Target 	 <p>Communication of sustainability initiatives adopted by us to all employees in a consistent and scheduled manner</p>	 <p>Review of Human Resource policy for inclusion of more ESG related parameters, including conscious resource use at the workplace, flexible work policies for women, paternity leave, among others</p>	 <p>Introduction of training modules on sustainability</p>
Target Year 	 <p>2021-22</p>	 <p>2022-23</p>	 <p>2022-23</p>
Progress 	 <p>Communication began with occasional flyers shared with employees; formal schedules will be developed in FY2023.</p>	 <p>Review is to begin this year</p>	 <p>Audio-visual training module on introduction to corporate sustainability rolled out; more programmes to be designed in the future</p>

Risks and Mitigation

Addressing emerging concerns with prudence

Our systematic and proactive approach enables us to identify and manage risks effectively. We have an Enterprise Risk Management (ERM) framework that allows for efficient resource allocation. Our ERM framework addresses critical risks in four domains: strategic, operational, financial, and compliance risks.



Extraordinary Events

Impact on business continuity due to extraordinary events.

Risk Type

Operational

Mitigation plans

- Crisis management and business continuity plans are in place across the Company and are tested regularly.
- We are closely monitoring the pandemic crisis and calibrating our response accordingly
- Mock drills to ensure preparedness of fire fighting systems as well as employees in the event of fire or earthquakes
- Disaster management system to implement the most effective accident prevention measures across our operating sites

External Factors

Impact on the Company's performance due to inadequate monsoons, decline in soil fertility and other external factors, such as economic slowdown, adverse government policies among others.

Risk Type

Operational

Mitigation plans

- Short- and long-term weather conditions are assessed to manage and respond
- We are incubating novel concepts and partnering critical agricultural research to help farmers
- We have external and internal advisors who provide guidance and assurance to each division regarding the interpretation of political, regulatory and legislative changes. The Company continues to invest in initiatives related to cost reduction, product innovation, pricing, EBITDA improvement and customer service enhancement to mitigate the external factors
- Formation of a cross-functional team or think tank to analyse regulatory and economic changes in India and overseas markets, identify and prioritise risks and opportunities emanating from such changes and develop action plans



Risks and Mitigation

Supply Chain

Managing disruption in supply chain due to failure of critical supplier on account of financial stress caused by the pandemic.

Risk Type

Operational

Mitigation plans

- Cost optimisation projects to bring down fixed costs and optimise variable costs
- Facilitating the suppliers to get access to attractive financing schemes for managing working capital
- Development of alternate suppliers and enhanced focus on localisation
- Robust process to conduct financial due diligence of all suppliers before they are onboarded

Innovation & Competitive Intensity

Failure to develop new products, new business initiatives and technology to respond to opportunities in the marketplace.

Risk Type

Strategic

Mitigation plans

- Investing in developing new products, increasing channel reach, delivering customer-centric products and services, enhancing customer experiences and building our brand
- Investing and building capabilities in next-generation digital technologies under the Rajan Nanda Innovation Lab (RNIL)
- Forming strategic alliances to drive enhanced competitiveness
- Offering continuous product upgrades and introducing superior technology
- Actively pursuing development of the Electric Vehicle (EV) market, products and technology

Information Security

Guarding confidential information and IT systems from cyber attacks.

Risk Type

Operational

Mitigation plans

- Establishment of Security Operations Centre (SOC) to detect IT security incidents
- Periodic vulnerability assessment and penetration testing by Specialised Auditors
- Regular awareness programmes to sensitise users on phishing attacks
- Implementation of Data Loss Prevention (DLP) tool and daily monitoring of incidents
- Implementation of Network Access Control (NAC), Mobile Device Management (MDM) and Security Information and Event Management (SIEM) to prevent any unauthorised usage
- Implementation of Endpoint Detection and Response (EDR) to prevent any virus/malware attack

Commodity Prices

The risk associated with the Company's exposure to fluctuations in price of key commodities, including electricity, oil and metal.

Risk Type

Financial

Mitigation plans

- Continue to work on mitigating the inflationary impact through 'Commodity Risk Management', cost re-engineering and value engineering activities
- Leverage whenever there is a fall in prices of commodities and achieve material cost reduction



Occupational Health & Safety

Failure to comply with Environment, Health and Safety (EHS) laws may expose the Company to non-compliance and significant penalties from regulatory authorities.

Risk Type

Compliance

Mitigation plans

- State-of-the-art equipment and technology across our plants, as recommended by the Pollution Control Board
- Training and awareness of employees on environmental standards and norms
- Periodic audits to monitor compliance to applicable EHS laws
- Disaster management system to implement the most effective accident prevention measures across our operating sites
- Mandatory use of personal protection equipment for all on-site workers

Employee Relations

Disruption in the Company's operations due to employee unrest or adverse labour relations.

Risk Type

Operational

Mitigation plans

- Inculcate and develop a partnership culture among the workforce
- Regular two-way employee-top management communication, with focus on understanding and resolving issues
- Proactive and regular engagement with employees and their families
- Various welfare measures for the employees
- Continuous improvement in the efficiency and effectiveness of grievance redressal mechanism
- Regular training and development programme for employees
- The Company offers Employee Stock Options to its eligible employees

Intellectual Property

Disruption in the Company's operations due to employee unrest or adverse labour relations.

Risk Type

Operational

Mitigation plans

- Robust policies, governance structure and technological solutions in place to identify and protect the Company's intellectual property
- Periodic audits conducted by specialised auditors to identify any gaps and recommend process improvements
- Periodic trainings conducted to spread IP awareness amongst employees
- Robust process of obtaining Non Disclosure Agreements (NDA) from all vendors before they are onboarded. Further, confidentiality agreements are obtained from R&D employees at the time of joining. Existing R&D employees also submit an annual declaration of compliance with company's IPR Policy

Talent Management

i. Succession Planning

Failure to create and implement a succession plan for key positions

ii. Employee Retention

Failure to retain high performers

Risk Type

Operational

Mitigation plans

- Developing talent pool through learning and career development programmes
- Identification of critical positions with mapping of successors and their readiness
- Monitoring of retention for key/critical roles and high performers, analyse root cause for attrition with action plans

Capitals that Empower Us

Financial Capital

Material Topic

Financial Performance



Key performance indicators

₹7,152.7 crore

Revenues from operations

₹765.6 crore

Profit after tax

₹41.1 crore

Cash from operations

13.1%

Return on Capital Employed (ROCE*)

SDGs impacted



Interlinkages between Financial Capital and other Capitals

Manufactured Capital

Procuring the material goods and assets necessary to manufacture our products.

Intellectual Capital

To fund the development of state-of-the-art research and development facilities that help us drive a continuous culture of innovation.

Human Capital

Providing our workforce with fair and equitable remuneration and other benefits.

Social & Relationship Capital

Establishing effective communication touchpoints for our customers, ensuring fair and timely payments to suppliers.

Natural Capital

To ensure continual access to natural resources that are instrumental to our operations.

Financial Capital at Escorts concerns all aspects related to our financial performance that we disclose on the public domain, including our revenues, expenses, profits, debts, and equities.

*Refer Note 48 of Standalone Financial Statement for details.



The pandemic and ensuing lockdowns have impacted businesses worldwide, and EKL was no exception. Despite this, we managed to steer past all odds and continued achieving and displaying stable financial performance throughout these testing times. This was possible due to our balanced financial management approach characterised

by resilient business strategies, the presence of a loyal and satisfied customer base, and our long-time relationships with our investors.

The following table shows our economic value generated, distributed, and retained in FY2022.

Economic value generated, distributed, and retained by Escorts

Particulars	FY 2022 (in ₹ crores)	FY 2021 (in ₹ crores)	FY 2020 (in ₹ crores)
Direct economic value generated:			
Revenue from sales	6,995.72	6,792.09	5,650.39
Revenue from financial investments and other sources	369.98	291.76	202.81
Total (A)	7,365.70	7,083.85	5,853.20
Economic value distributed:			
Operating costs	5,652.46	5,248.05	4,571.34
Employee wages and benefits	528.27	534.55	510.32
Payments to providers of capital	12.7	10.98	15.46
Payments to government	246.81	292.54	181.82
Community investments	15.83	11.82	9.85
Total (B)	6,456.07	6,097.94	5,288.79
Economic value retained (A-B)	909.63	985.91	564.41

With respect to employee wages and benefits, the Company contributes mainly to the provident fund and the gratuity fund. Details of our scheme contributions in this year and the preceding two years are detailed in the table below:

Details of contribution to defined benefit schemes	FY 2022 (in ₹ crores)	FY 2021 (in ₹ crores)	FY 2020 (in ₹ crores)
Contribution to Provident Fund	20.6	18.9	18.6
Contribution to Superannuation Fund	-	-	-
Contribution to National Pension Scheme	-	-	-
Contribution to Gratuity Fund	8.8	8.3	8.3
Others*	0.7	0.7	0.8

Outlook

While we always ensure that our strategy towards financial planning incorporate resilience in the face of challenging situations, the last two years have reiterated the importance of this approach. Therefore, at present, we drive significant focus on enhanced productivity, innovative offerings to our customers to ensure continued customer satisfaction, upkeep of performance on ESG parameters that promote investor faith, and valuable partnerships with businesses who have in-depth expertise in sectors relevant to us. In order to sustain our performance on all these fronts, we plan to place notable emphasis on the integration of digitalisation into our design approach – particularly in the area of farm mechanisation. We believe that our thrust on technology, coupled with our endeavour to integrate sustainability as a culture into the Company, will help us sustain and improve our financial performance over a period of time.

Capitals that Empower Us

Manufactured Capital

Material Topic

Resource Efficiency



Key performance indicators

92,121

Number of tractors produced

4,175

Number of construction equipment produced

16

Number of new products launched

SDGs impacted



Interlinkages between Manufactured Capital and other Capitals

Financial Capital

Our products, upon purchase by customers generate financial capital necessary for business sustenance.

Intellectual Capital

The durability, efficiency, versatility, safety, and comfort of our manufactured products are ensured as a result of our R&D endeavours.

Human Capital

When our manufactured capital generates revenue after sales, it is utilised to rightfully remunerate our human capital.

Social & Relationship Capital

The quality of our manufactured products, impacted by our suppliers/ vendors, help us improve our customer satisfaction scores in the long run.

Natural Capital

The process of manufacturing creates significant environmental impact in terms of waste generation, water and energy use, and emissions.

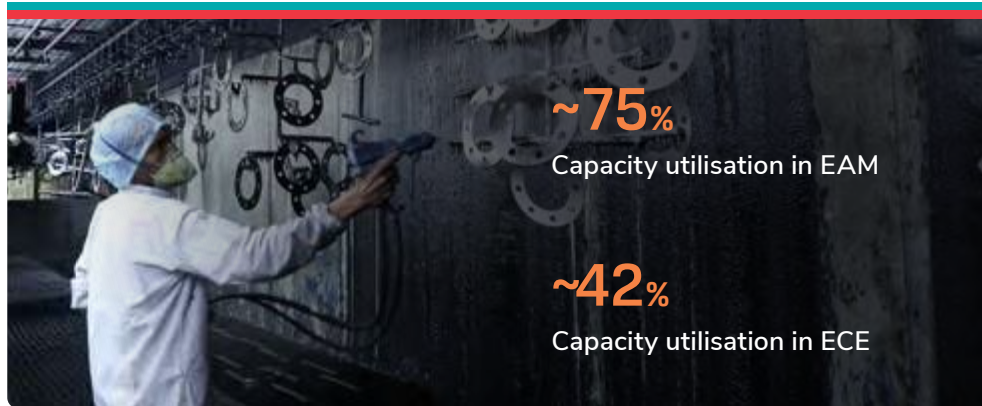
Our manufactured capital entails our products, and the facilities where we produce them.



At the Company, we cater to three of the pivotal industrial sectors that spearhead India's growth – agriculture, construction and infrastructure, and railways. We have been pioneers in introducing innovative products in each of these sectors in the country. Through strategic partnerships, we have been able to expand our global footprint and are able to extend the availability of affordable and quality farm equipment to other countries, as well.

Our products are sold under three business divisions – agri-machinery (EAM), construction equipment (ECE), and railway equipment division (RED). They have carved a niche in the market and are known for being durable, fuel efficient, safe, and comfortable. In order to ensure this, we have fully equipped our labs for complete testing of raw materials and finished products. For instance, we manufacture the most fuel-efficient and versatile tractor in India – Atom26, and our earthmoving equipment brand Digmax II ranks superior even to its global peers. We have also initiated manufacturing of Composite Brake Blocks and Pads for Indian railways and export markets.

Our RED division also has the prestigious International Railway Equipment Standard (IRIS) ISO TS/22163 certification, a recognition that makes us stand out as one of the most trusted manufacturers of railway components in India. Products manufactured by RED also meet several other standards such as those of the Indian Research Design and Standards Organisation (RDSO), UIC, AAR, ISO 9001, and ISO 14001.



~75%

Capacity utilisation in EAM

~42%

Capacity utilisation in ECE

The features of our RED facility that set it a class apart are:

- Adoption of lean manufacturing concept, that fosters efficiency in the manufacturing process
- Use of state-of-the art Computer Numerical Control (CNC) machining (Horizontal Machining Centres, Vertical Machining Centres, Tapping Centres, and Drill Tap Centres), hydraulic power presses ranging from 50 tonnes to 1,000 tonnes, rubber and friction material mixers/kneaders, injection and compression moulding, welding, heat treatment and heat exchanger ovens
- Maintaining dust-free, air-conditioned assembly shops for manufacturing crucial products
- Process design based on FMEA outcomes to achieve optimum process capabilities
- Captive power generation of approximately 4.5MW for 100% power backup, to enable uninterrupted manufacturing

During the reporting period, we launched seven new products under the EAM division, six new products under ECE, and three new products under RED.

Outlook

Our products are categorised in multiple ways, such as those for regular and commercial use, those in affordable and premium ranges, and so on. These are decided after thoroughly studying the market, our existing customer base, and the preferences of this group. Agriculture and infrastructure, being sectors essential to economic advancement in India, will always ensure the continual relevance of Escorts' products – and therefore, we consider ourselves responsible for keeping up with all the transformations that these sectors are expected to undergo in the future. We believe that focus on climate smart agriculture and greener construction techniques could significantly influence our product offerings, as well, and also the way we manufacture these products. In this regard, our efforts to ramp up the sustainability of our operations in the near future, and the sustainability of our supply chain in the long run could be greatly beneficial. The Company has always considered efficiency of manufacturing processes to be paramount, and by ensuring that resource efficiency is also at the top of our agenda, we believe that we could establish ourselves as responsible and conscious market leaders in both these sectors – especially in agriculture.

Capitals that Empower Us

Intellectual Capital

Material Topic

Product Responsibility and Innovation



Key performance indicators

₹12.7 Crore

R&D spend

9

Patents granted

SDGs impacted



Interlinkages between Intellectual Capital and other Capitals

Manufactured Capital

New products and design developments have direct impact on the number and types of products manufactured at our units.

Financial Capital

The increased investment required to introduce new products and systems, and also the returns on successful commercialisation.

Human Capital

Building the capacity of our human resource help us manufacture new products that adhere to the highest quality standards.

Social & Relationship Capital

The quality of our products and services directly impact customer relationships, and goodwill. We also believe in maintaining healthy relationships with government bodies.

Natural Capital

When we choose to expand or change a range of products, it also affects how they are manufactured and what environmental impacts occur as a result.

In EKL's context, "intellectual capital" refers to the creation of knowledge within or outside the business that helps us develop new product designs that suit the needs of our customers and support our journey towards ESG transformation – and all patents, processes, or systems that may enable us to do this.

Product Responsibility and Innovation

Since inception, our goal of ensuring accessibility and affordability of our products to our target customer groups has driven us to keep thinking out of the box. With the onset of our ESG journey, we are further focusing on making the products more sustainable.

Our in-house knowledge centre, the Rajan Nanda Innovation Lab (RNIL), has not only helped us develop an ongoing culture of innovation at Escorts Kubota, but also helps us encourage creative ideas of the youth and small business owners with financial and technical support. Our internal Knowledge Management Centre also works closely with all the business divisions to sustain our culture of innovation. Our commitment in this regard is further testified by us becoming India's first company to receive commercial

selling certification of our electric tractor from the Central Farm Machinery Training and Testing Institute Budni, Madhya Pradesh (in the year 2020-21). This electric tractor involves a Mechanical transmission platform for sustainable and green agriculture.

As we embark on the quest for creating pathbreaking solutions, the RNIL's significant focus is on developing new partnerships with the academia, technology experts, research organisations, governments, and any other stakeholder who shares our passion to make farm mechanisation, modern construction, and comfortable rail transport a success in India and abroad.

Some of the key partnerships that we built in the past couple of years are represented in this figure:

2011 →

Partnership with



to leverage complementary strengths for the manufacture of tractors

2021 →

Our joint venture with



which helped us expand our market for efficient truck and RT cranes

2022

For Earth, For Life
Kubota

became joint promoter with 44.8% stakes, which will help us develop more advanced farm mechanisation solutions

Capitals that Empower Us → Intellectual Capital

Escorts has launched its latest environment-friendly product – the hybrid NXT13DC CNG Crane in the 13-tonne class, which has a 49.5 HP BSIII engine compatible with CNG. Apart from being a hybrid pick-and-carry crane, it also has a low operating cost and rear-deck utility for moving people/ materials from one place to another. The other new products that were launched in May 2022 are:

- The RC2522 Crane, with a 110 HP Kirlosker engine, with high durability and user comfort
- F15 Fighter Crane with a 75 HP VECV engine
- JUNGLI HT Backhoe Loader with a high Torque diesel engine
- White Line Series Soil Compactor 5090 in the 11T class
- Motor Grader 585 in 10 tonne class
- EC5030 Mini Roller





Outlook

With seamless interactions being facilitated during the pandemic because of online platforms, the Company predicts a favourable period for partnerships in general, henceforth – which in our view are crucial for the development of intellectual capital in the long run. Keeping this as our basic premise, we seek to foster an increased number of worthy partnerships in the future, to focus on some key areas:



Tractors

Fuel efficiency/
alternative fuels

Telematics (Smart
Tractors)

Digitisation (for
forecasting technology)

Tractors that support
precision agriculture



Implements

Technology-based
spraying solutions

Land preparation, seeding
and harvesting units

Precision guidance and
crop compatibility

Sustainable solutions for
weed management and
residue burning

Soil Health Analysis

Smart Water Management



Digital Platforms

Market linkages that
benefit farmers

Farming logistics
management

Promoting agripreneurship
opportunities among youth

Access to knowledge for
farmers

To achieve this, our short-term and medium-term goals would include working towards finding the right partners to develop the above mentioned solutions. In the longer term, we aim to see ourselves as one of the most reputed market leaders of farm mechanisation in India – notably,

in promoting sustainable agricultural practices.

We also seek to play a significant part in developing digital platforms for introducing Internet of Things (IoT) in the way cities function, and also for ensuring safety and comfort of rail transport.

Capitals that Empower Us

Natural Capital

Material Topic

Resource Efficiency
 Operations Environment, Health, and Safety
 Energy and Climate Change



Key performance indicators

661.9 ML

Total water withdrawn

326.7 TJ

Total energy consumed (direct and indirect)

50,757 tCO₂e

Scope 1 and 2 GHG emissions

SDGs impacted



Interlinkages between Natural Capital and other Capitals

Manufactured Capital

Natural capital influences the productivity of manufactured capital. Without natural capital, manufactured capital shall cease to exist in a product-based, resource extensive business like ours.

Intellectual Capital

Natural capital provides the necessary resources to drive innovation, and also the motivation to introduce new, sustainable design ideas.

Human Capital

Natural capital is necessary for smooth running of everyday operations and resultant revenue generation, helping us compensate our employees/ workers in a fair manner.

Social and Relationship Capital

The availability of resources to conduct our operations influences our production numbers and the availability of our products to customers who need affordable and quality offerings.

Financial Capital

The presence of optimal resources for conducting our operations generates revenue necessary for sustaining the business. Using resources efficiently will also help us optimise our expenses in the long run

Natural capital is the key to sustaining operations at the Company. The materials we procure, the water we utilise, and the energy used in our operations help us churn out products in accordance with customer preferences. We are also cognisant of our environmental impact and are committed to the responsible management of emissions and waste generated from our operations.





We ensure that our manufacturing processes cause minimal adverse impact on the environment through judicious use of resources, stringent waste and water management, and continuous enhancement of renewable energy in our energy mix to abate emissions.

Materials

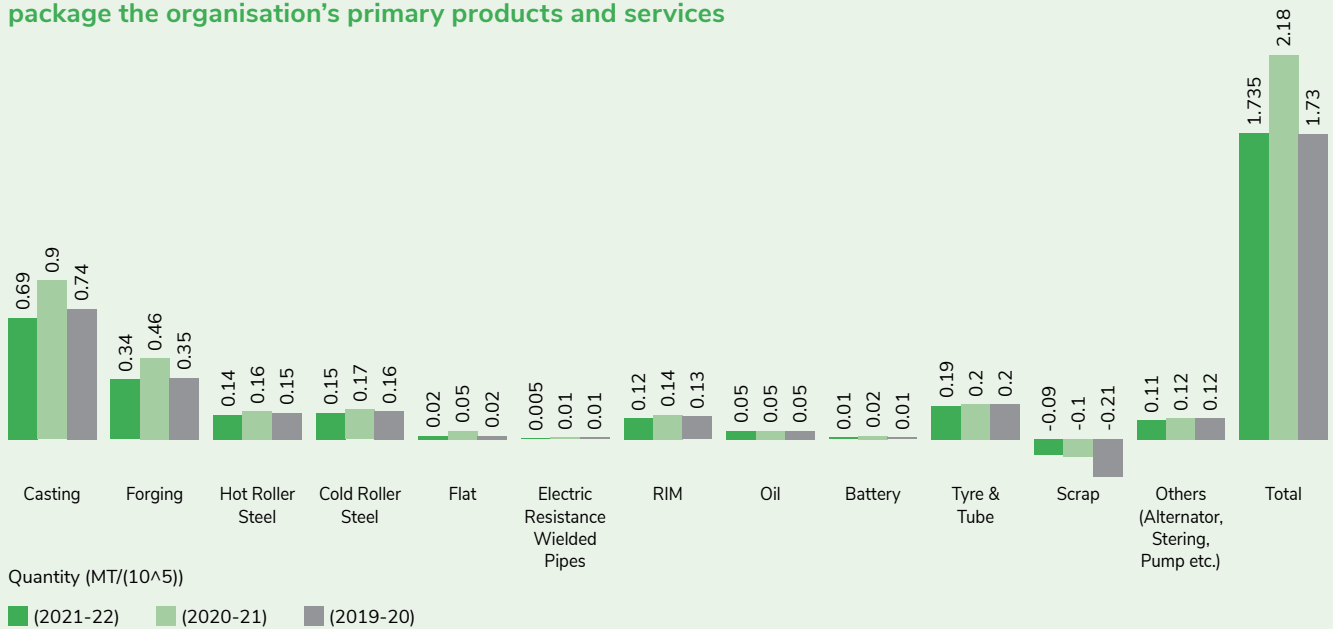
Our material requirements are vast and varied, owing to the diverse range of products we offer. Our products and spare parts are known for their durability – for

example, a tractor's life cycle while planning for the product is 8-10 years or 10,000 hours. We have strict quality specifications for all materials procured, which are keyed into a roster maintained by our in-house research and development department. Whenever a new design is proposed or a material order needs to be placed, it is mandatory to refer to these specifications. Quality checks for materials also include fuel efficiency or emissions reduction criteria. The materials procured by our RED business strictly conform to

the norms prescribed by the Ministry of Railways (our primary customer), which include environmental and social criteria. Our facility in Poland also has provisions for compliance checks related to environmental and social criteria for all materials.

The below graph represents a trend of the total weight or volume of materials used to produce and package the organisation's primary products and services, from FY2020 to the current reporting period.

Total weight or volume of materials that are used to produce and package the organisation's primary products and services



Capitals that Empower Us → Natural Capital

Compared to FY2021, we have reduced the amount of packaging used this year, in an endeavour to reduce packaging raw material consumption and the resultant packaging waste generated.

Water management

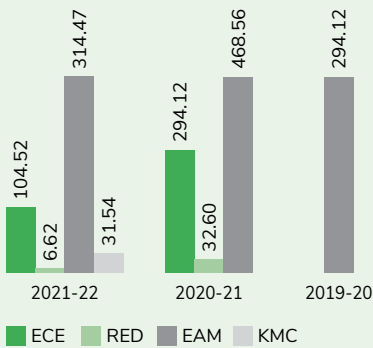
Our main sources of water are surface water, ground water, third-party water. Our manufacturing processes are such that we require minimal water for industrial purposes. We require water for majorly for domestic purposes – drinking, cleaning, toilet use, etc. While EAM and ECE divisions majorly withdraw groundwater, our RED division relies mostly upon surface water.

The below graph shows our water consumption during FY2022 across our three business divisions and our Knowledge Management Centre (KMC). Compared to water consumption in the previous year, the amount of water consumed this year has reduced considerably for all business divisions except the Knowledge Management Centre. This can be attributed to the reopening of business post-pandemic, owing to which all the KMC employees who were working from home started working from the office.

Water withdrawal and water discharge across business divisions

Indicators	FY2022				FY2021		
	EAM	ECE	RED	KMC	EAM	ECE	RED
Total water withdrawal (ML)	487.63	115.39	27.25	31.61	546.56	190.56	32.60
Total water discharge (ML)	173.17	10.88	20.63	0.07	190.07	10.38	12.04

Total water consumption (ML)*



*Note: FY2020 operations (Water, Waste and Energy) data for ECE and RED divisions was not collected.



Energy management

For EKL, energy efficiency and emissions are critical considerations. Our energy consumption comprises electricity used in manufacturing processes and some consumption of direct fuel in the form of diesel for running the DG sets and natural gas for certain parts of the manufacturing process.

We are implementing a number of initiatives to reduce our energy consumption through behavioural and process changes.

Energy consumption	FY 2021-22	FY 2020-21	FY 2019-20
Direct energy (TJ)	153.67	604.78	614.14
Indirect energy (TJ)	172.98	164.76	154.56
Energy intensity (TJ/ revenue in crores ₹)	0.04	0.11	0.13

We adopted a number of initiatives to reduce energy consumption in the reporting year. The table alongside shows the energy savings as a result of various energy efficiency initiatives implemented this year:

Initiative	Energy saved (GJ) in 2021-22
Process Modification (Installation of Motion Sensors in Offices)	14500
Preventing DG set from running during power cuts	12540
Reduction of energy consumption by hydraulic systems	20000
Stalling air compressor during lunch and dinner in Plant 1, EAM	35008
Stalling air compressor during lunch and dinner in Plant 1, EAM	8000

Emission control

Scope 1 emissions are from energy consumption (LPG, Natural Gas, and Diesel), and Scope 2 emissions are from indirect energy consumption (purchased electricity). Out of 15 categories in Scope 3 emissions as laid out by the GHG Protocol, we are starting this year to disclose on one category 'Category 9: Downstream Transportation and Distribution'. We aspire to include more categories of Scope 3 emissions in subsequent years.

Conversion factors used for calculating Scope 1 and 2 emissions were sourced from the IPCC Guidelines for National Greenhouse Gas Inventories. Conversion factors for Scope 3 emissions were sourced from the UK Government's GHG Conversion Factors for Company Reporting (of the Department for Environment, Food, and Rural Affairs).



Other initiatives included the following energy conservation measures, for which ₹85 lakhs was spent on energy conservation equipment, ₹600 lakhs on reducing water withdrawal (which also reduced energy consumption), and ₹5 lakhs for installing VFDs.

- Through engineering innovations in the engine line PT plant, we have achieved an increase in production capacity from 77 components per shift to 154 per shift, through cycle time reduction
- In the year 2021-22, we conducted a rigorous drive for elimination of hidden losses and pressure optimisation, leading

to an improvement of 10% in compressed air distribution network efficiency as compared to the previous year

- By reducing water extraction by 50% since last year, we have also saved energy consumption that might usually result due to increased water withdrawal otherwise
- We have digitised line wise energy consumption trends and data analysis, in order to implement line-wise energy consumption – by introducing a utility dashboard. A total of 402 IoT compatible metres were installed across the plant to ensure availability of real-time data on energy, water, air pressure, and fuel parameters
- In the year 2021-22, we installed variable frequency drives (VFDs) on approximately 130 HP motors and reduced energy consumption by 15% on these
- Reducing energy consumption of motors by eliminating ideal running of motors when the machines are not in production mode
- Timers have been installed at locations across our plants in order to automatically switch off lights and fans during lunch and tea breaks.

GHG Emissions	FY2022			
	EAM	ECE	RED	KMC
Scope 1 (tCO ₂ e)	8,181.39	1,697.91	132.99	545.80
Fugitive emissions under Scope 1 (tCO ₂ e)	1,193.2	358.4	577.9	108.6
Scope 2 (tCO ₂ e)	26,139	3,824.4	4,615.2	3,382
Scope 3 (tCO ₂ e)	8,715.43	3,181.94	2124.81	NA

Capitals that Empower Us → Natural Capital

Air emissions

Our air emissions mainly consist of nitrous oxide (NOx), sulphurous oxide (SOx), and Particulate Matter. In the table, NOx, SOx, and PM emissions from both our air stacks and DG sets are represented (in ug/ NM³).

Waste

At EKL, we ensure complete compliance to the existing government regulations with respect to waste management. We monitor all types of discharge from the Effluent Treatment Plant (ETP) at all our divisions. Since the commencement of our reporting journey, we have reported on the following kinds of hazardous wastes - ETP sludge, paint sludge, and waste oil. Going a step ahead, this year we are reporting on four more hazardous waste categories - industrial waste, grinding sludge, phosphate sludge and asbestos. We usually recycle or incinerate these wastes or send them to landfill. We have partnered with Satyam Petro Chemical, a Haryana State Pollution Control Board (HSPCB) dealer, to recycle our waste oil. For disposing the other types of hazardous wastes, we have partnered with Gujarat Enviro Protection & Infrastructure Ltd. (GEPIL), also a HSPCB dealer, who incinerate the paint sludge and dispose the rest into landfill.

Apart from the support from our third-party waste disposal dealers, we also have a robust internal waste management infrastructure within our plants. We have an Oil Filtration Unit which cleans industrial lubricants, enhancing equipment's longevity and efficiency. We convert



Air Emissions (ug/Nm ³)	2021-22			
	EAM	ECE	RED	KMC
PM	29,80,133.01	32,65,615.35	2,93,991.00	5,48,308.69
NOx	3,05,19,839.17	3,02,367.76	64,07,228.99	84,62,135.45
SOx	4,19,137.51	89,909.90	90,803.85	1,37,885.73

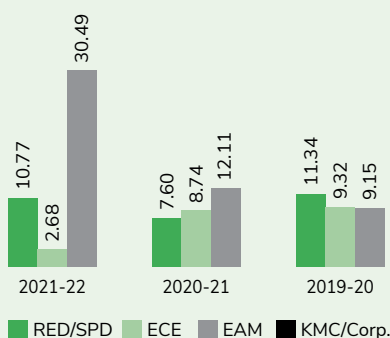
food waste into compost and use it for gardening. We encourage reduced usage of paper at all our facilities and offices; to this end, we have put up posters at all our campuses, encouraging people to print a document only if necessary, and print them in a manner that uses the paper(s) optimally- e.g. printing on both sides, reduce margin and font sizes, etc. We also promote recycling of paper and have designated waste bins for paper to facilitate paper recycling.

The following graphs on ETP sludge, paint sludge, and waste oil, depict our hazardous waste disposal quantities for the reporting period and the previous two years. The other three graphs on grinding sludge, industrial waste and phosphate sludge depict quantities disposed from FY2021 till the reporting period. Asbestos waste is generated only by EAM division. This year, we generated and disposed, 9.83 MT of asbestos.

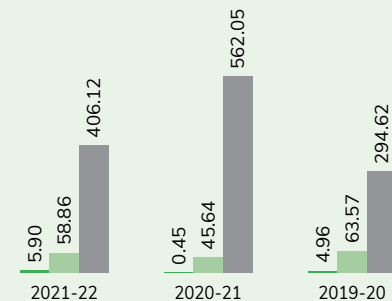
Note: We also start reporting on 4 more categories of waste: e-waste, biomedical waste, plastic waste, and battery waste from this year. In FY2021-22, we generated and disposed 1,00,145 kg of plastic waste, 231 kg of biomedical waste, and 2,708 kg of e-waste. Further, 47,060 kg of battery waste was generated.



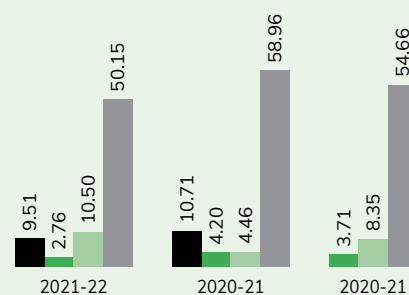
Waste disposed - ETP Sludge (MT)



Waste disposed - Paint Sludge (MT)



Waste disposed - Used Oil (in KL)



Note: As a result of improved measurements and record-keeping practices in our data management processes, we are restating the FY2020-21 numbers for the EAM division's disposal quantities for ETP sludge, paint sludge and waste oil. We are also reporting KMC's waste oil disposal for this year and the previous year for the same reason.

The above graph shows the waste oil disposed over the past three years, including that for KMC/Corp for the past two years.

Industrial waste and grinding sludge are generated by the EAM and RED business divisions, whereas phosphate sludge is generated by EAM division only. The graph below shows the waste disposal quantities for these hazardous waste categories for the reporting period and the previous year.

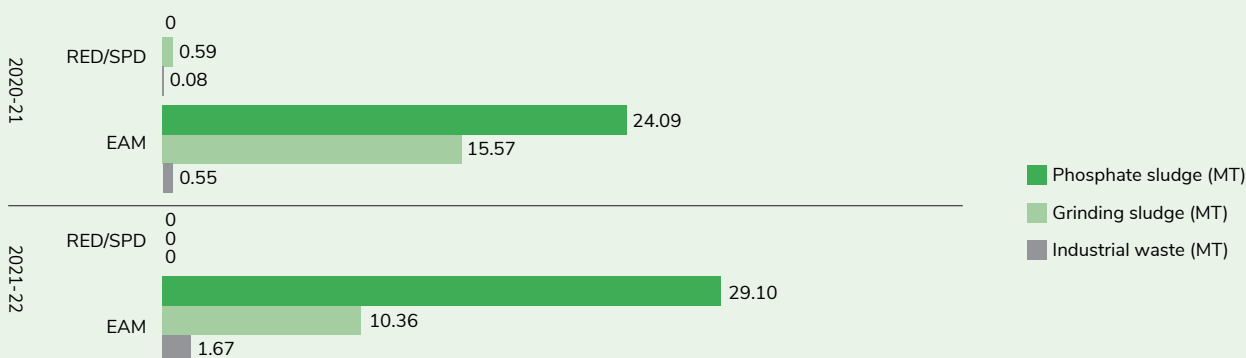
The table below shows the percentage of waste generated that is disposed according to government norms. For all the waste categories, either complete or almost complete amount of waste generated has been disposed within this reported period.

Percentage of hazardous waste generated that is disposed in FY2022

Category of Waste	EAM (%)	ECE (%)	RED / SPD	KMC
ETP Sludge (MT)	92.23	91.16	106.21	NA
Grinding Sludge (MT)	108.73	NA	100.00	NA
Paint Sludge (MT)	100.86	97.64	104.80	NA
Waste Used Oil (in KL)	99.60	100.00	100.00	104.62
Industrial Waste (MT)	125.00	NA	100.00	NA
Phosphate Sludge (MT)	99.14	NA	NA	NA
Discarded Asbestos (MT)	100.00	NA	NA	NA

We had started the collation of non-hazardous waste data for all our business divisions and had reported the total quantity of non-hazardous waste generated and disposed by EAM division. This year, we are presenting our non-hazardous waste data, category-wise, across all business divisions and KMC, shown in the graph on the next page. We are continuously striving to make our data collection systems robust and traceable, and this is a step ahead in this journey.

Industrial waste, grinding sludge, phosphate sludge disposed (in MT)



Capitals that Empower Us → Natural Capital

Non-hazardous waste across divisions





Summary table of non-hazardous waste disposed in FY2022

Category	Units	EAM	ECE	RED	KMC	Total
Wooden	kg	6,51,055	3,30,035	72,220	27,295	10,80,605
Garbage	kg	14,66,410	1,14,575	1,49,635	6,215	17,36,835
Tractor Parts	kg	1,79,905	0	21,935	1,550	2,03,390
Casting	kg	5,14,600	0	53,862	54,349.435	6,22,811.435
Forging	kg	1,83,360	0	17,850	33,800	2,35,010
Turning & Boring (MS)	kg	3,19,060	16,030	1,10,365	3,860	4,49,315
Tyre	nos	1,648	783	6	0	2,437
Radiator	kg	9,625	590	3,655	4,010	17,880
Rubber	kg	68,055	8,500	10,425	0	86,980
Others	kg	44,02,009.4	45,725	3,06,930	69,590	48,24,254.4

There were no incidents of monetary fines/penalties/non-monetary sanctions because of non-compliance with environmental laws and regulations during the year review. Emissions and waste generated are within permissible limits stated by the pollution control board for the reporting period.

Outlook

The Company has always been compliant to environmental laws and regulations, since inception. However, since FY2020, we have adopted a much more structured approach to environmental sustainability than ever before. In order to keep track of our environmental performance, our management has created a sustainability roadmap comprising targets and initiatives for enhancing our overall sustainability performance, including environmental sustainability. In line with this, we have introduced an internal

Plant Sustainability Index that helps us monitor the performance of our plants, and have also conducted an initial assessment of critical suppliers with whom we will engage on supply chain sustainability in the forthcoming years. We submitted responses to the Carbon Disclosure Project for the year 2020-21, under the "Water" and "Climate Change" categories, and based on the scores received and peer practices, have also conducted a gap assessment of areas we need to improve on. Based on this, we seek to submit a much more

comprehensive and structured response in the coming year, along with also submitting responses to the Dow Jones Sustainability Index survey, for which we have been invited. For the year 2021-22, we plan to submit targets to the Science-Based Targets Initiative. We also plan to introduce product life cycle assessments in the next couple of years. We believe that our planned and structured approach will help us achieve many more milestones in our resource efficiency journey.

Capitals that Empower Us

Social and Relationship Capital

Material Topic

Community Engagement
Customer Satisfaction



Key performance indicators

₹15.83* crore
CSR spend

~72,000
CSR beneficiaries

200+
Dealer partners added in the financial years

SDGs impacted



At the Company, social and relationship capital concerns all matters that signify our relationship with our key stakeholders within and outside our ambit of operations. We greatly value our relationships with all of them and believe that this is the foundation to sustaining and expanding our business over a period of time.



Interlinkages between Social and Relationship Capital and other Capitals

Manufactured Capital

Maintaining healthy relationships with local communities as well as other stakeholders has a direct impact on the sales of our products, and our reputation in the long run.

Intellectual Capital

Our key stakeholders - including investors, customers, and suppliers - influence the development of new products /designs, by providing ideas and funding as well as contributing to the manifestation of such ideas.

Human Capital

Our relationships with communities, regulators, investors, industry associations, and all other stakeholders influence our business goals, and as a result, our employees and workers.

Financial Capital

Investors have a direct impact on financial capital, while governments also influence it through the taxes we pay to them. Communities influence our sales revenue by impacting our reputation, and industry associations, by representing company matters and issues on a larger platform.

Natural Capital

The government influences our ESG endeavours by announcing relevant regulations, and investors, by demanding ESG reporting according to international standards.

*Including amount transferred to unspent CSR account (refer note 29 of the standalone financial statements)



Supply chain sustainability

The resilience of our supply chain is a chief concern for us, given the size of our operations within and outside India (we supply to 65 countries). After continuous lockdowns in the past two years and subsequent supply chain shocks, we have prioritised supply chain sustainability at the top of our agenda. The graph below shows the percentage of our procurement budget spent on local suppliers within India. We define “local” as suppliers within and around Faridabad and Delhi NCR since a majority of our operations lie in these areas.

We have strict quality requirements for the materials we source. However, in the future, we plan to increase the share of spending on local suppliers by building

their capacity to meet our quality standards – ESG and otherwise.

In FY2022, we established a formal structure for our beginning supplier screening on ESG. As an internal exercise, we have shortlisted around 90 critical suppliers from a larger list of around 2,600 suppliers in the EAM business division for administering a supplier self-assessment questionnaire on ESG-related aspects including human rights, environmental pollution, and other criteria. Going ahead, we are planning at starting supplier audits on ESG for a portion of these suppliers. Along with this, we also seek to introduce capacity-building programmes on ESG for these critical suppliers, as a foundation to make our entire supply chain cleaner and greener.

Percentage of the procurement budget spent on local suppliers for significant locations of operation

2021-22	39.5
2020-21	39.3
2019-20	40.3



Capitals that Empower Us → Social and Relationship Capital



Customer satisfaction

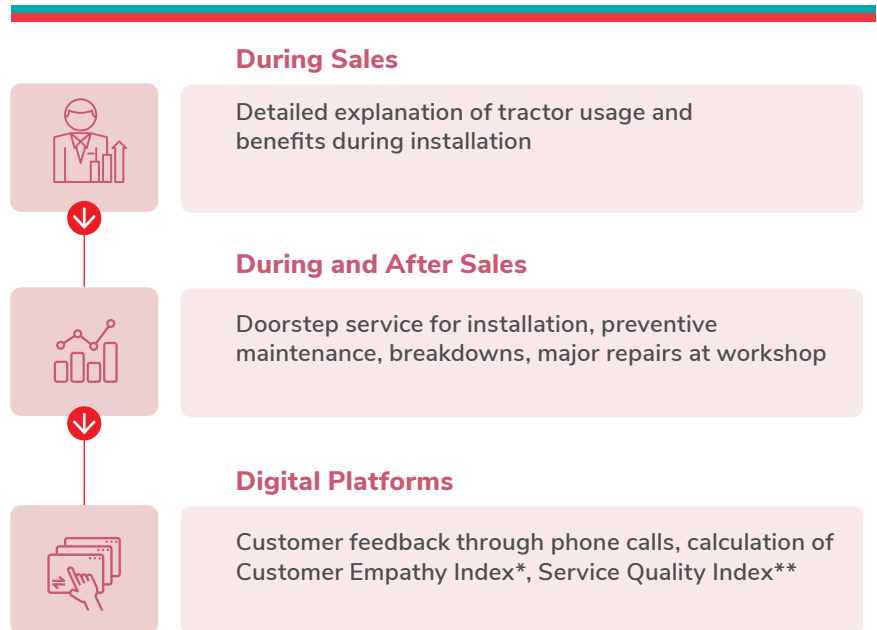
At EKL, it goes without saying that customers are our critical priority. This is reflected in the way we handhold our customers, right from the point of sale to product service /feedback, as reflected in the figure alongside.

The Customer Empathy Index is calculated based on pre-defined parameters including Complaint Appointment, Turnaround Time, and Customer Satisfaction. The Service Quality Index is calculated based on Post Service Feedback, Doorstep Services, and First Time Right (Comeback and Repeat). The former grew by an average of 5.9%, and the latter, by an average of 3% since 2017.

The installation of the “Care” device in tractors since 2019 also helps farmers access customer care support instantly.

It became an instant success and communication through this medium has been growing steadily over the years. Currently, we do not conduct

any assessment of health and safety impacts of products and services except for collecting customer feedback; but we hope to launch this in the future.



Community engagement

Giving back to the very community that helps our business thrive and sustain has been EKL's priority since inception. For FY2022, our total CSR Spend Obligation was: ₹15.83 crores. All our community support initiatives and the spending on them are governed by the CSR committee, structured as shown below:

The year gone by has been another year of successive battles against COVID-19, economic and job losses, natural disasters, and many more factors. Businesses around the world have realised that they have a much larger role to play than just ticking boxes on CSR compliance.



Ms. Nitasha Nanda



Mr. Nikhil Nanda



Mr. Hardeep Singh



Ms. Vibha Paul Rishi



Mr. P.H. Ravikumar



Ms. Tanya Dubash

© Chairman Ⓜ Member

Capitals that Empower Us → Social and Relationship Capital

CSR - Targeted Segments



COVID support

Escorts has supported the development of a Community Health Centre at Khedi Kalan in Faridabad by providing two Ventilators, three Bipap Machines with supportive accessories, and six duct air conditioners to help the hospital cure patients battling emergencies pertaining to COVID-19 or any other disease. We have supported Faridabad’s Civil Hospital (BK Hospital) by providing an Apheresis Machine to help the hospital in providing COVID relief (and also preventing dengue).



Community Health Centre Khedikalan, Faridabad



BK Civil Hospital NIT, Faridabad



Community Vaccination Program 1.0 & 2.0

Considering that vaccination can go a long way in helping us fight the COVID-19 induced pandemic, we conducted a free vaccination programme CoWinner, in two phases, in collaboration with District Administration of Faridabad. With 37,231 vaccinations in the first phase, and 14,070 in the second phase, we administered more than 50,000 vaccinations in and around districts of Faridabad and Palwal.



Community development

In order to support the development of clean and green spaces, we are supporting local city governments through the creation and upgradation of parks and recreation centres, with special focus on community friendly facilities/components. Under this initiative, we have contributed

to the one time upgradation of infrastructure of a local community park at Sector 15 A in Faridabad.

At the Company, we celebrate World Environment Day every year. This year, our team at Faridabad organised a large-scale tree plantation campaign, with the help of local authorities and government schools,

called ‘Each One Plant One’, with the objective of building a cleaner and greener India. Initiated by our CMD Mr. Nikhil Nanda, and our ED Mr. Shailendra Agrawal, each employee from our team planted a sapling, leading to the planting of over 10,000 tree saplings across the National Capital Region (NCR).



Road safety

In an endeavour to help Haryana Police in Road Safety drive and to control crime, Escorts has provided 10 fully-equipped vehicles that will help the Police in Faridabad and Jind address two critical elements of road safety – Enforcement and Emergency care.



Vehicles provided to the Faridabad Police by EKL



Healthcare

Escorts is supporting Sapna, an NGO in Alwar, in conducting cataract operations for the underprivileged rural dwellers of Alwar and the surrounding districts of Rajasthan. As of March 31st, 2022, a total of 240 such cataract operations have been carried out.



Sapna NGO - Alwar



Farmer training programmes

Our commitment towards enhancing Indian agriculture has been one of our founding and driving principles. The Escorts Training and Development Centre (ETDC) is a result of the same. ETDC has been helping farmers by handholding them in adopting newer, more productive farming techniques. To demonstrate these to the farmers so that they can grasp them better, the Institute has developed model farms, and has been continuously encouraging farmers in adopting such techniques for improved productivity of their produce, and the resultant enhanced profit. In furtherance to its objective of helping Farmers, the Board CSR Committee has also approved an Ongoing Project to set up Escorts Advance Agri Farming Institute in Haryana.



Promotion of Farmer Training Programmes at ETDC

Outlook

Our existing approach to CSR inherently integrates EKL's core business strengths along with the initiatives that we implement. In the future, we see a lot more opportunity to do this in a formal and structured manner, wherein all CSR initiatives are directly linked to the usage of expertise from our main business activities. To do this, we plan to conduct community needs assessments to understand where our interventions are required and how we can leverage our expertise to implement these interventions. In the long-term, we also plan to introduce CSR impact assessments to understand the effectiveness of our programmes, and the means to improve them. Additionally, we also plan to calculate social return on investment, and expand the umbrella of internal audit to also cover CSR spending.

On supply chain, we plan to extend supplier ESG screening to suppliers across all tiers in the long run. In a few years, we also seek to make our customer feedback surveys more comprehensive by moving them to an online platform and adding environmental and social criteria.

Capitals that Empower Us

Human Capital

Material Topic

Employment
Training and Development



Key performance indicators

11,207
Workforce

1,27,310
Training Hours

SDGs impacted



Interlinkages between Human Capital and other Capitals

Manufactured Capital

The productivity of our employees and workers has a direct impact on the quality of products and services offered by us, since their wellbeing and satisfaction influences their quality of work.

Intellectual Capital

The skills and capacity of our employees contribute directly to the development of innovative and new product designs and ideas.

Financial Capital

Our employees/workers' key activities contribute to increased production numbers, which leads to more revenue and profits for our business.

Social and Relationship Capital

By providing jobs and salaries to all our workers, we also significantly influence their livelihoods and the lives of the communities they belong to.

Natural Capital

The integration of ESG as a culture within the Company depends greatly on the everyday adoption of ESG initiatives by our employees and workers on a proactive basis.

Human Capital at EKL refers to every single person, right from sourcing our material to selling our products and servicing them, who contributes towards the improvement of organisational productivity and reputation in the long run. We consider our people as our most precious assets, not just from a performance point of view, but also from the viewpoint of fostering their individual growth and development under the Company's guidance.





We like to consider our employees as members of one large EKL's family, and each person's prosperity and satisfaction is of paramount importance to us. Our human resources team, which governs all matters related to our people, is responsible for ensuring that all employees and workers have a congenial and safe working environment.

Employment

The year saw significant traction in our hiring process. Workforce hires increased substantially owing to increased production and re-opening of the economy after the pandemic.

The total workforce turnover decreased marginally in FY2022 as compared to FY2021. We believe this to be a result of the pandemic and hope to reduce turnover rates further in the future. On the other hand, the number of new joinees in FY2022 almost doubled compared to FY2021.

We believe that an increase in hiring and decrease in turnover rates is a positive sign, that reflects our commitment towards creating a congenial work environment for our people. Turnover rates of new joinees in the reporting year remained relatively the same.



No.	Category	FY 2022		FY 2021		FY 2020	
		Male	Female	Male	Female	Male	Female
Workforce Turnover							
1	Senior management	7	1	3	-	6	0
2	Middle management	59	1	48	-	44	1
3	Junior management	368	25	257	27	307	16
4	Workers (Permanent)	146	0	365	5	109	6
	Total	580	27	673	32	466	23
New Joinees							
1	Senior management	2	0	7	-	5	0
2	Middle management	57	1	43	-	42	2
3	Junior management	541	46	322	21	487	38
4	Workers (Permanent)	11	0	3	0	3	-
	Total	611	47	375	21	534	40
New Joinees Turnover							
1	Senior management	0	0			-	-
2	Middle management	4	1		2	2	-
3	Junior management	53	7	16	4	51	3
4	Workers (Permanent)	0	0			-	-
	Total	57	8	16	6	53	3

Note: FY 22 Data includes voluntary and involuntary exits, retirements, demise, and completion of training/contract end during the year

Capitals that Empower Us → Human Capital**Employee benefits**

Apart from those mandated by the government, we also provide several additional benefits - highlighted in the table below:

Category	FY 2022			
	Senior Management	Middle Management	Junior Management	Temporary/Part-time Employees
Health Insurance	✓	✓	✓	ESI
Personal Accident Insurance/Group Personal Accident	✓	✓	✓	ESI
Life Insurance	×	×	×	×
Dependent Medical Insurance	✓	✓	✓	×
Employees' Pension Scheme (EPS) - Part of PF	✓	✓	✓	✓
Employees' Provident Fund Scheme (EPFS) - Part of PF	✓	✓	✓	✓
Employees' Deposit Linked Insurance Scheme (EDLIS) - Part of PF	×	×	×	✓
Bonus (if any)	✓	✓	✓	✓
Car Lease - (OYCS)	✓	✓	✓	×
Employee Stock Option	✓	✓	✓	×
Employees State Insurance - Applicable as per ESI act at covered units	×	×	✓	ESI
Group Life Insurance - Employee Contribution Scheme)	×	×	×	×
Health Maintenance Insurance	×	×	×	×
Meal Allowance	Subsidised canteen facility.			✓
Transportation Allowance	Option to avail Fuel and Maintenance Reimbursement			×
Laundry Allowance	×	×	×	×
Uniform Allowance	×	×	×	×
Benevolent Fund - Employee Contribution Scheme	✓	✓	✓	×
< Any Other >	Advance and Loans, gratuity as per Act, health check-up, long service award to permanent employees, VPF, NPS are provided to employees as per applicable company policy			×

Parental leave

All our female employees are eligible to take maternity leave. During FY2021-22, two of our employees availed maternity leave. These employees are expected to return in FY2022-23.

Employee engagement

Over the years, EKL has developed a healthy tradition of employee engagement. While initiatives in this regard were informally implemented until a few years ago, we have initiated a structured approach to it in the last couple of years.

This year, for instance, we have introduced employee engagement based on three pillars – Engage, Enable, and Empower. The key initiatives include:



Engage

Keeping communication alive is a crucial ingredient for ensuring employee satisfaction – which became even more important during the pandemic. Some of the initiatives implemented for this purpose include:

- Leadership townhalls, and dealership/market visits
- “My Inspiration Story” event for International Women’s Day
- Panel discussion on “Break the Bias” for women and men employees
- Escorts’ Founder Award for employees to recognise good work done in line with Strategic Values – an award process entirely facilitated by employees. Winners also got video messages from their families to encourage emotional engagement



Enable

Building capabilities is a continuous process at the Company, in order to enable our employees to thrive in a culture of learning within the Company. The following initiatives were implemented in this regard:

- Escorts Career Acceleration Program
- UDAAN - Women Leader’s Development Program
- ETRO (Escorts Transformation Office) Program to identify talent to nurture them for leading strategic and transformational projects



Empower

Employees need to be empowered with the right information at the right time to make optimal decisions in their respective roles. To enable this, the following programmes were conducted:

- Sessions on Code of Business Conduct, Whistleblower Policy, Gifts & Hospitality Policy, and the Prevention of Sexual Harassment Policy
- Awareness on the Equal Opportunity Policy
- Utmost care and priority for grievance redressal
- Information on changes across the organisation are communicated through regular newsletters, circulars, and mailers

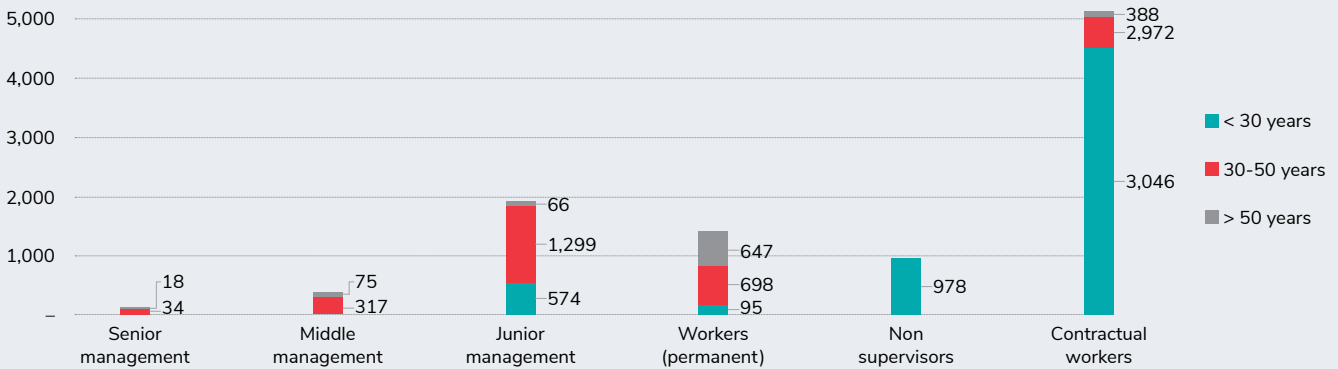
Capitals that Empower Us → Human Capital



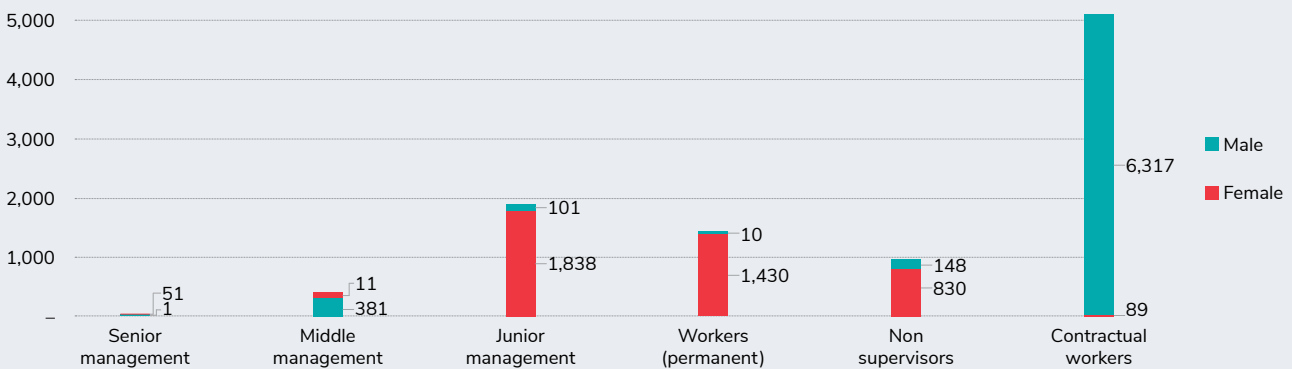
Diversity and Inclusion

The diversity of our workforce has been increasing over the years, with the expansion of our operations across regions and countries. We have an extremely strict stand against discrimination at the workplace in any form, and have a host of policies to ensure that all employees and workers are treated with utmost respect which includes the Code of Business Conduct, and Prevention of Sexual Harassment Policy.

Employee distribution by age group



Employee distribution by gender



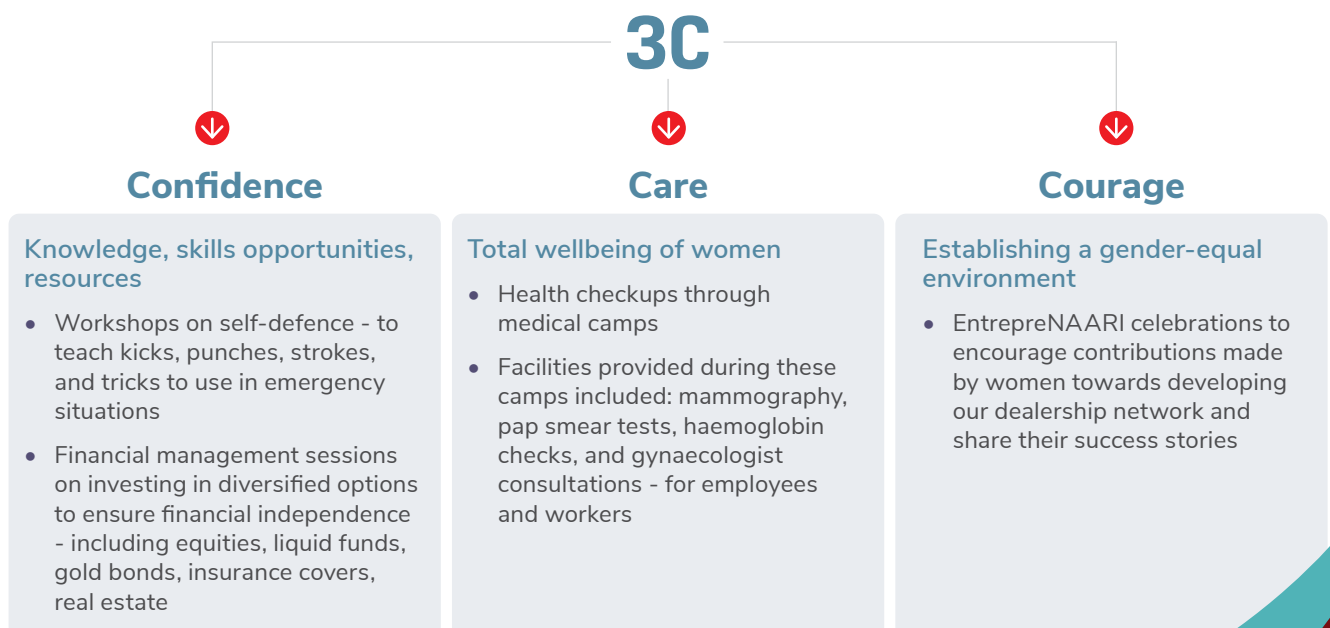
We have the highest number of women in the “non-supervisors” group and in the junior management. However, with time, we seek to take stock of our recruitment and hiring policies to prioritise the hiring of women with talent. Currently, we maintain a strict stand against discrimination in any of our human resource practices including recruitment, hiring, salaries /wages, training and development, opportunities, and others.

As of FY2022, there are three women and nine men on the Board. In FY2022, there were no incidents of discrimination reported.

FY2022 was a landmark one in terms of introduction of a number of initiatives for promoting diversity and inclusion further. We introduced the “UDAAN” leadership development programme for women, to help them develop the qualities of self-acceptance, self-management, and self-development.



On the occasion of Women’s Day, we introduced a new, 3C concept focused on the advancement of women employees and workers at EKL:



Capitals that Empower Us → Human Capital

Occupational Health and Safety

Our OHS matters are governed by the group Safety Policy, and we also possess the ISO 45001 – Occupational Health and Safety Management System certification that requires providing management commitment to safety, process standardisation, relevant training and development, conducting internal audits, following of standard operating procedures (SOP), monitoring safety performance on defined KRAs & PKIs, conducting management reviews from time to time, and establishment of minimum checkpoints to strengthen the system.

A structured roles and responsibilities matrix is present with respect to occupational health and safety, with clearly defined roles, responsibilities and accountability of members present



in this matrix. This includes deputed, quality safety professionals and certified OS personnel. We also strictly follow the PDCA (Plan-Develop-Check-Act) Cycle that aids

continual improvement, and act as per the mid-term and long-term Business Development Plan that aids improvement in safety performance over a period of time.

The following infographic shows a snapshot of the check points where we pre-assess safety hazards:





Apart from the above, EKL also has review systems at various levels, with communication that flows from the line manager to the CEO/COO. The results of ongoing monitoring/reviews/evaluations are shared with the personnel concerned (in the Safety Responsibility Matrix).

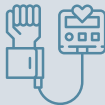





The Safety Observation Tour requires operational managers to mandatorily have a talk with one worker to discuss their safety related issues for rectification. We also have a Safety Committee where worker representation is ensured; and the members of this committee are elected by the workmen. Apart from this, workers can also directly reach out to their respective managers and Safety Manager for safety related concerns / grievances. Each plant under all business divisions also has a Safety WhatsApp Group for bringing up safety related concerns and addressing them on the spot.

We also do not deny workers their right to stay away from work that they may think might cause damage to their health. To mitigate the risk of safety related ill health or injury, we provide safety training to workers at the time of induction, before they are deputed for a job. There are dedicated managers who test the skills of workers before they

start their work. All safety trainings are provided as per ISO 45001 – OHS process requirements. To understand work-related injuries / incidents, there are well-formulated SOPs that define responsibilities for investigations and require formation of an investigation team within the stipulated 24 hours of occurrence of the incident. Recommendations shared by this team are implemented immediately and shared with the entire workforce to prevent further, similar incidents.

Our occupational health services are also provided with a strict,

watertight structure, with elements as highlighted in the below infographic. Apart from this, we ensure employees have free access to doctors at a full-time Occupational Health Centre (OHC), and we provide comprehensive Mediclaim facilities to employees for medical treatments as applicable. During the peak of the first and second waves of the COVID-19 pandemic, Escorts provided several facilities to our employees and worker including COVID-19 tests, medicines for home treatment, COVID-19 leave, free vaccinations, and many more facilities as per need.

	Preventive health checkups on a periodic basis
	Detailed evaluations by well-qualified doctors; implementation of actions recommended by them
	OHC with adequate trained personnel in each plant, with 24*7 service
	Dedicated ambulance service for emergency health needs
	Health communications in preferred regional language
	Maintenance of confidentiality of health related information between the person concerned and the relevant medical staff

Capitals that Empower Us → Human Capital

Worker participation in occupational health and safety-related matters is encouraged through multiple platforms, including:

- Department Safety Committees
- Plant Safety Committees
- Through Union Members
- Observation Teams
- Individual representations as applicable
- Kaizen Scheme
- Safety Observation Tours (SOT)
- Various safety competitions organised from time to time

Safety-related trainings provided to workers include Induction Safety Training, Fire Training, Job-related Trainings, trainings related to incidents that may have occurred. First-Aid Trainings, orientation on Code of Conduct, and Prevention of Sexual Harassment against Women.

All trainings are free and conducted during work hours; with 6 hours of annual training for each worker mandated.

The trainings are a mix of theoretical classroom lectures and practical training. The topics are identified by the Plant Environment Health and Safety (EHS) team in co-ordination with the Line Managers under the accountability of Factory Manager(s) as per the. An Annual Training Plan is developed based on the Training Need Identification (TNI) Report prepared in consultation with the Environment Health and Safety (EHS) teams, Line Managers and Factory Managers of our plants. At the managerial level, online training modules pertaining to Personal Protective Equipment (PPE), etc. have been developed through digital E-Star platform for all operational managers. We are also in process of developing an EHS Induction Training Module that would provide necessary information about the pillars of EHS

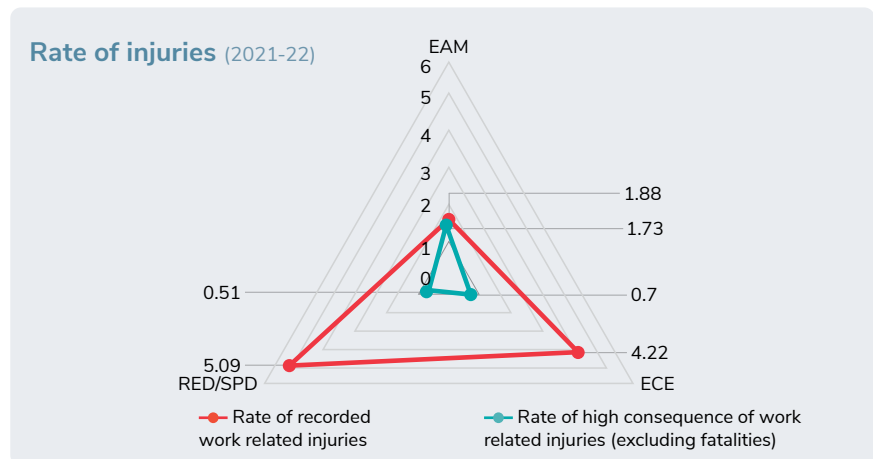
and basic safety guidelines to be adhered at Escorts.

Extensive use of audiovisual modes is encouraged for effective training programmes and care is given to minimise the language barrier and selection of right language to meet the requirement of our multilingual workforce. To ensure that each employee has understood the instructions as conveyed through the training modules, we conduct assessments on the same. The records of all such trainings and assessments are maintained with the Plant EHS Teams.

Besides occupational safety trainings, we also conduct various online sessions on health and wellness, such as those on managing long term complications of COVID-19, personal hygiene, novel parenting post pandemic, back and neck pain management, managing lifestyle and infectious diseases, and so on.

Summary of injury rates (2021-22)

The spider-web figure shows the rates of work related and high consequence injuries in FY2022. We seek to bring the rate of high consequence injuries to zero, and to reduce the rate of work-related injuries at least by 2% in the next year.



Note: The rate of work-related injuries under KMC was 0.57 in 2021-22 (driven only by injuries for male employees). The number of man-hours worked in 2021-22 (in 1,00,000 hours) in KMC was 69.6 for male employees, and 0.68 in 2020-21.



The below graphs show the number of high-consequence work-related injuries excluding fatalities, for our three business divisions, which increased in FY2022 as compared to FY2021. While part of the reason for this is an increase in production activity, we also aim to monitor these injuries more closely in the coming year to reduce their incidence - specifically by increasing the

number of safety awareness drives and training sessions for workers. Even though we strive to avoid any mishap at our sites and offices, we deeply regret for one fatality that we witnessed this year from our ECE division, because of work-related injuries. We identify and monitor all possible hazards that can lead to work-related ill-health.

Almost 50% of the employees/workers are not employed by the Company, but their work is controlled by EKL. We provide minimum notice to employees on significant operational changes that could affect them, and notice period on provisions for consultation and negotiation as specified in collective bargaining agreements as per LTS norms and the Standing Order of the Company.

There is no risk violation of workers' rights to exercise freedom of association or collective bargaining at our Company – to ensure this, EKL conducts Structured Monthly meetings of ER managers with the Union body in addition to fostering regular connect with Union members and regular employees. The senior management also maintains regular interaction with Union members.

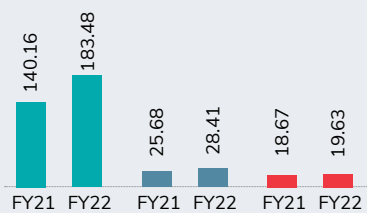
Training and Development

Upskilling of employees and workers is an important topic of concern for us, given the number of new joinees that we have each year as well as the number of changes effected in the Company because of the new designs and products that we introduce.

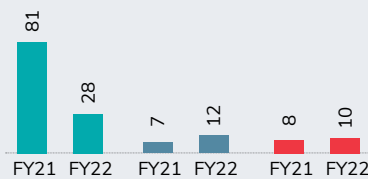
The following graph shows the average number of staff members trained in FY2022, across levels – by gender. The graph below it shows the total number of training hours gender-wise, which is the highest for temporary workers and the junior management since we believe in handholding them closely until they gain enough expertise to execute the activities in their job portfolios.

Man hours worked

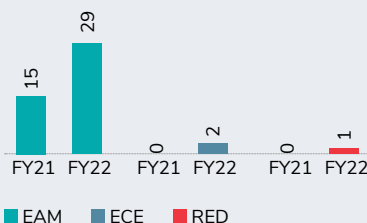
Number of hours (in 1,00,000)



Recorded work related injuries

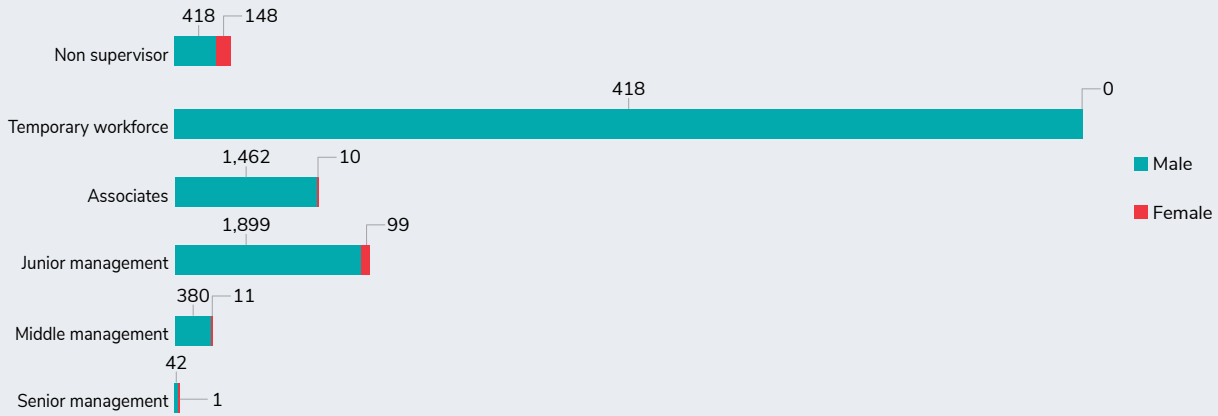


High consequences of work related injuries (excluding fatalities)

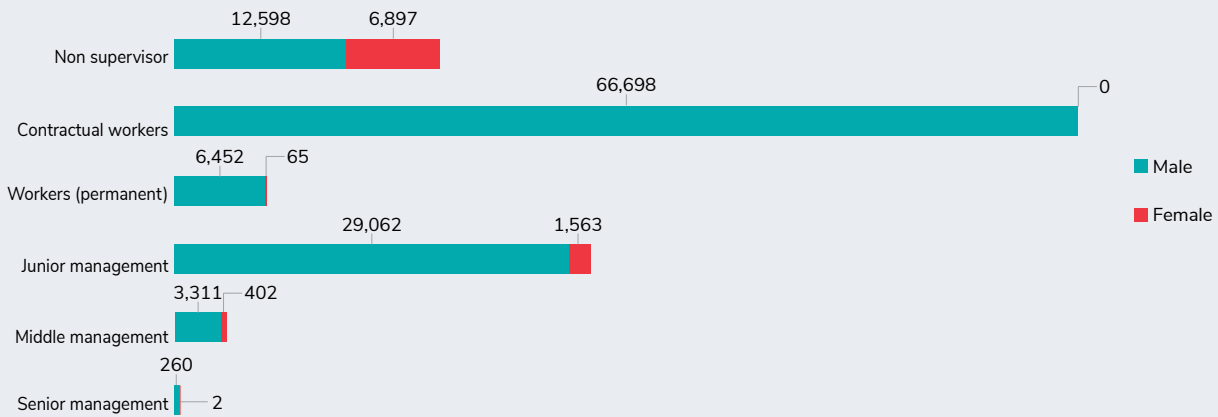


Capitals that Empower Us → Human Capital

Average number of staff members trained in FY2022



Total training hours



During the year, we introduced E-STAR Learning Management System, having a repository of over 280 technical, behavioural, and compliance courses including 7QC Tools, Gifts and Hospitality Policy, Code of Business Conduct, Application Engineering, Cultivating Innovation and Creativity, Emission Norms, Gearbox Construction, Engine Specifications, Land Preparations & Soil Analysis, Goal Setting and Planning, and many more.

A detailed list of programmes conducted during the reporting year included:



Functional/Technical training

- Design failure mode and effect analysis
- Quality Excellence
- Lean Six Sigma
- Internal Quality Auditing



Leadership & Behavioural training

- Problem Solving and Root Cause Analysis
- Project Management
- Managing Self, Managing People
- Strategy to Action



Compliance-related trainings

- Code of Business Conduct
- Prevention of Sexual Harassment
- Whistleblowing Policy
- Gender sensitisation at shopfloor



Sustainability-focused training: Topics covered

- Introduction to sustainable development
- Understanding climate change
- Sustainability landscape in India
- Approaches to sustainable development



Outlook

Given the key transformations to our human resource practices that have been happening over the past couple of years since the formal beginning of our sustainability journey, we look forward to formally revising our human resource policy in line with this trend, too – by considering paternity leave options, more flexible options for women, and more ESG-focused training programmes.

The pandemic has thrown the importance of good people practices into light, and we seek to accompany the rest of the world in strengthening the bonds we have with our employees and improve our employee retention in the years to come. While this is our short-term goal; in the long run, we also seek to be one of the most preferred employers – in India and internationally.

Governance

Imbuing integrity at every level

At Escorts, responsible governance is at the heart of our business decisions and conduct. We work to uphold the highest standards in transparency and accountability in our day to day operations and interactions. Our well-rounded governance philosophy, framework, systems, processes, and principles ascertain our impeccable industry repute.

LEADERSHIP RATING

in the IFC-BSE-IiAS Indian Corporate Governance Scorecard

Governance structure

We ensure that our policies and guidelines are in line with international standards. We believe that there are four driving forces behind our governance system:

- Shareholder relations
- Confluence of management and supervisory boards
- Fair, performance-based compensation to employees
- Proactive and open disclosure of business performance

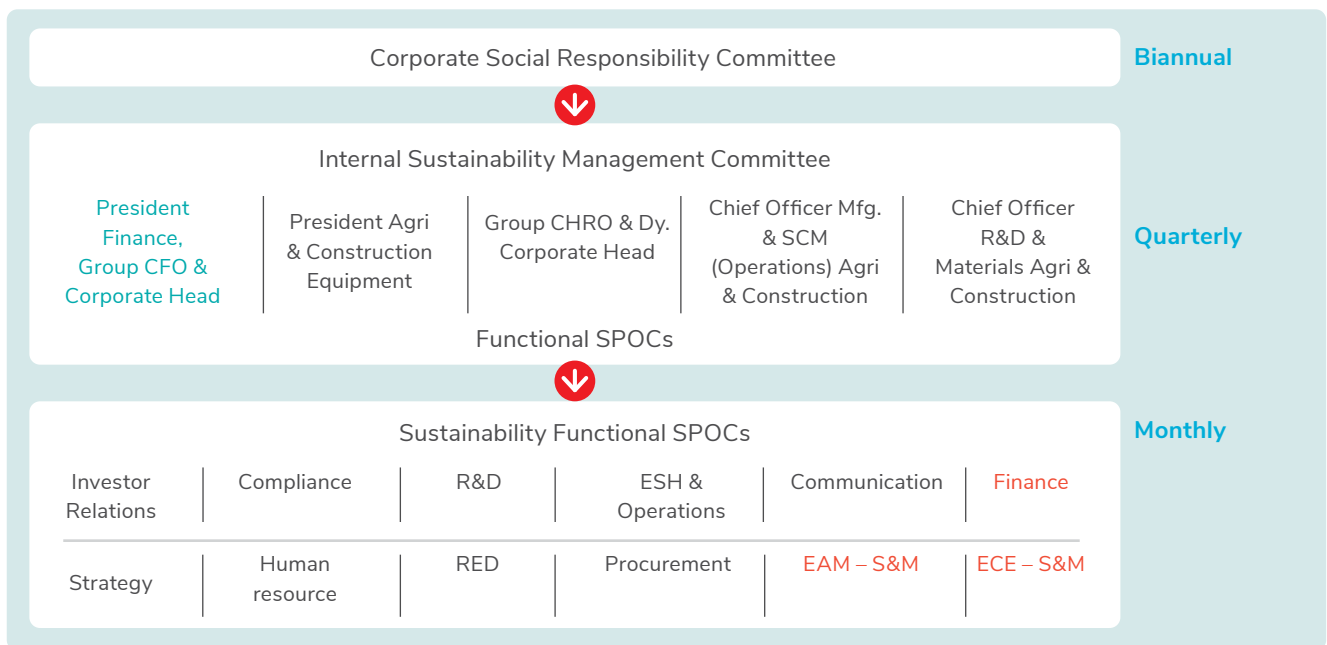
Sustaining relationships with shareholders, employees, customers and investors while ensuring compliance with all regulatory requirements and values we uphold is a habitual activity at Escorts. We have detailed policies covering guidelines on all these areas, including code of business conduct, policy for prevention of sexual harassment at work, whistle-blower policy, and board remuneration and diversity policy. All these and the

other statutory policies (including a webcast of our annual general body meeting) can be found on the corporate governance section of our website.

There is also an independent team that monitors maintenance of the zero-tolerance stand on corruption through audits. The importance of adherence to this stand is reinforced from time to time through training at the time of induction, and through informal chats between employees and their managers or the human resources team.

Sustainability governance charter

In FY2022, we also put in place an exclusive governance structure for sustainability-related matters, which is represented in the infographic below. Through this step, we seek to make key advancements in our ESG journey, towards achieving the broad goals outlined in the 'Our Sustainability Goals and Targets' section:



● Chairperson ● Member ● Optional ● Meeting Frequency



Code of conduct

Our major stakeholders include customers and dealers, employees and workers, suppliers and vendors, government, local authorities, and regulators, industry associations, communities and NGOs, and investors and financial institutions. To meet the expectations of such varied groups, we constantly seek to conduct ourselves and the business in an ethical manner, thereby ensuring that we maintain sustained relationships with these groups. In keeping with our commitment in this regard, we released a new code of business conduct (COBC) in 2019, which covers the following areas:

Clause	Aspects covered
Responsibilities	Outlines responsibilities of each employee at Escorts with respect to conducting themselves ethically and reporting breaches, if any.
Regulatory compliance	Compliance with applicable law and statutes Compliance with competition laws Anti-money laundering Securities and Insider Trading
Respect for human Rights	Dignity and respect Equal opportunities and non-discrimination Anti-harassment Anti-sexual harassment Human Rights Child and Forced Labour
Business principles	Conflicts of interest Gifts and hospitality Protection and use of company assets Honest and ethical conduct Anti-Fraud Financial books and records and audit Political and extracurricular activities
Working with our stakeholders and channel partners	Customers Vendors and channel Partners Shareholders Government
Safeguarding entrusted information	Confidentiality of information Data privacy Social media usage Communication with the media
Health, safety, and Environment	Health and safety standards at Escorts Substance abuse and weapons Socio-economic environment
Raising a concern	Reporting on grievances

Our anti-corruption policy was communicated to all Board members

Clause	Members apprised of anti-corruption policy	Percentage of members apprised of anti-corruption policy	Members that have received training on anti-corruption	Percentage of members that have received training on anti-corruption
Senior management	52	100%	33	63%
Middle management	379	97%	334	85%
Junior management	1,754	90%	1,594	82%
Workers (Permanent)	1,440	100%	1,440	100%
Non-supervisors	975	100%	975	100%
Contractual workers	5,151	100%	5,151	100%

Governance

Board of Directors

Our Board of Directors comprises 16 members, with focused roles and oversight responsibilities over business decisions, including those on sustainability. Keeping in mind the overall development of the organisation and its associated stakeholders, the Board regularly keeps up with government regulations and reviews possibilities

of breaches to compliance, values and ethics in a detailed manner. Serious action is taken on any deviations. The Board members belong to different age groups (48-87 years), and the gender balance in the Board is in line with government regulations. All Board members were appointed based on unique domain experience and the expertise they bring from their diverse backgrounds.

Detailed information on the qualifying criteria for their appointment can be found on the Governance section of our official website, in the policies for 'Appointment of Directors and Members of Senior Management', and 'Draft Terms and Conditions of Appointment of Independent Director'.



Mr. Nikhil Nanda
Chairman & Managing Director



Mr. Hardeep Singh
Non-Executive Director



Mr. P.H. Ravikumar
Independent Director



Ms. Vibha Paul Rishi
Independent Director



Dr. Sutanu Behuria
Independent Director



Ms. Nitasha Nanda
Whole Time Director



Mr. Shailendra Agrawal
Executive Director



Mr. Sunil Kant Munjal
Independent Director



Ms. Tanya Dubash
Independent Director





Mr. Harish N. Salve
Independent Director



Mr. Dai Watanabe
Non-Executive Director



Mr. Yuji Tomiyama
Non-Executive Director



Mr. Seiji Fukuoka
Whole-Time Director
(Deputy Managing Director)



Mr. Shiro Watanabe
Non-Executive Director



Mr. Ravindra Chandra Bhargava
Independent Director



Mr. Kenichiro Toyofuku
Independent Director

- Audit Committee
- Nomination, Remuneration and Compensation Committee
- Stakeholder's and Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- ◎ Chairman
- Ⓜ Member

Governance

Mr. Nikhil Nanda

Chairman & Managing Director

Mr. Nanda joined Escorts Board in 1997 and assumed responsibility as Chairman & Managing Director in 2018.

He has led the transformative journey of the Company to profitable growth and global reach through innovation, strategic planning, and technology collaborations. He has played a central role in leveraging Escorts' inherent capabilities to strengthen its position as a company dedicated to frugal engineering.

Escorts has introduced a series of innovative products that demonstrate excellence in manufacturing quality, market intelligence and enhanced customer value across India and global emerging economies and has evolved from being a product-led company to an innovation and technology-driven brand that crafts customer-centric solutions for enhanced productivity. Under his leadership, Escorts Limited has strengthened its partnership with Kubota Corporation by institutionalising Escorts Kubota Limited.

Kubota Corporation Japan, as part of their recent acquisition of equity stake in the Company resulting in them becoming a joint promoter in the Company, have agreed with Mr. Nanda to avail his experience and expertise for expanding their agri-based business in India and globally for manufacture of value-based tractors, to provide him the honorary positions of Senior Managing Executive Officer and General manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations in Kubota Corporation, Japan.

He was among the five Indians selected as the Global Leaders of Tomorrow for the year 2001, by the World Economic Forum, Geneva. He is a member of CII's National Council; Federation of Indian Chambers of Commerce and Industry (FICCI); Indo American Chambers of Commerce (IACC); Young President's

Organization (YPO). He is one of the few business leaders chosen by the government to represent India at the Indo-Spain CEOs Forum.

He has been conferred upon the prestigious recognition of "Best CEO-Auto & Auto Ancillaries" by Business Today for October 2019 – September 2020 period.

He holds Baccalaureate Degree, Bachelor of Business Administration from The Wharton Business School, University of Pennsylvania, class of 1995.

Mr. Hardeep Singh

Non-Executive Director

Mr. Singh is a graduate in Economics from Pune University and an alumnus of Kellogg School of Management. He has rich experience of holding top managerial positions in leading Indian and foreign companies. Mr. Singh was the Former Executive Chairman of Cargill South Asia and Amalgamated Plantations Private Limited (A Tata Enterprise) as well as the Non-Executive Chairman of HSBC Invest Direct India Limited. He has served as the Chairman of the monitoring committee on Minimum Support Price constituted by the Planning Commission (Government of India). He has been a member of National Council of CII, National Committee for Agriculture of FICCI and served as an honorary advisor on Agriculture to the Chief Minister of Punjab. He was an invited speaker at the World Bank, US Department of Agriculture Global Summit, International Food Policy Research Institute in Washington DC, Imperial College in the UK and Indian Institute of Management (IIM), Ahmedabad.

Mr. P.H. Ravikumar

Independent Director

Mr. Ravikumar is a commerce graduate and CIIB, AIB from London with a Senior Diploma in French. He is also a Fellow (Honorary) of the Chartered

Institute of Securities and Investments (CISI) U.K., and the Chairperson of CISI's India Advisory Council. He was the founder Managing Director and Chief Executive Officer of National Commodity and Derivatives Exchange Limited (NCDEX) and Invent Assets Securitisation and Reconstruction P Ltd (Invent), an RBI regulated asset reconstruction company. Prior to these assignments, he worked in senior level positions in ICICI Bank, the leading private sector bank in India and the Bank of India, a premier public sector bank in India. He has been on the governing body of Entrepreneurship Development Institute of India, Ahmedabad and Federal Bank Limited. He is currently on the Board of Bharat Forge Limited, ICICI Prudential Trust Limited, among others.

Ms. Vibha Paul Rishi

Independent Director

Ms. Rishi is an alumnus of FMS, Delhi. She started her career with the Tata Administrative Services and was part of the founding team of Titan Watches. Ms. Rishi was an Executive Director – Brand and Human Capital of Max India Limited. She is a seasoned marketing professional with extensive experience in Indian and International markets, coupled with an abiding passion for people. She was earlier associated as the Director, Marketing and Customer Strategy at the Future Group, India's largest retail group. Prior to this, she spent 17 years at PepsiCo in marketing and innovation roles in India, the US and the UK. She was one of the founding team employees of PepsiCo when they set up operations in India. She is also associated with Pratham, an NGO that works to provide education to underprivileged children in India.

Dr. Sutanu Behuria Independent Director

Dr. Behuria, Director, is a post-graduate in Economics from Delhi School of Economics as well as a post-graduate and Ph.D in Economics from Southern Methodist University, Dallas, Texas. He is an Indian Administrative Services Officer (Himachal Pradesh) from the 1976 batch. Through the course of his illustrious career, spanning 38 years of professional experience, he served as Secretary in the Dept. of Fertilisers, National Disaster Management Authority, Ministry of Minority Affairs and Department of Heavy Industry. He was the Financial Advisor to the Ministries of Commerce, Textiles, Coal, Mines, Youth Affairs and Sports in the Government of India. He has worked as Finance and Planning Secretary in Himachal Pradesh Government among many other Departments. He has served as a Board member in over 25 PSUs.

Dr. Behuria worked in the Asian Development Bank for over five years. He was also an Advisor to the Finance Minister of Mauritius for two years under a Commonwealth programme.

Ms. Nitasha Nanda Whole Time Director

Ms. Nanda, Director, is a multi-faceted professional, entrepreneur and business leader with wide ranging experience across global and Indian companies. After graduating with an honors in Commerce from the University of Delhi, she worked with Price Waterhouse, ANZ Grindlays Bank, Hewlett Packard, Escorts Finance Limited and other reputed organisations in Business Strategies, Financial Management, Operational Research and Managerial Techniques, among others.

She is heading CSR Committee of the Board which also monitors ESG development goals and member of the Investment Committee. She is also on the Board of Directors of several companies, including Seitz

Technologies, RNIS, Raksha TPA, Rimari India and Sun & Moon Travels.

Mr. Shailendra Agrawal Executive Director

Mr. Agrawal is a mechanical engineer with 35 years of diverse experience in Tata Motors, Hero Motors and Escorts Kubota Limited. A strong advocate of challenging established benchmarks and driving transformation, he has led business transformation at Escorts Kubota Limited through Business Process Re-engineering. As President of Hero Motors, he was instrumental in the successful turnaround of Auto component business. He played a key role in creating product and technology roadmap through the introduction of a world-class product development process and forging technology partnerships with leading technology providers.

Mr. Sunil Kant Munjal Independent Director

Mr. Munjal is one of the founder promoters of the Hero Group and is actively involved as a business promoter, an institution builder, a social entrepreneur, an angel investor and as a thought leader. He is the Chairman of the Hero Enterprise, with interests in insurance distribution, steel-making, real estate and corporate training. He has made strategic investments in several areas ranging from e-commerce to hospitality. He also supports start-ups on digital learning, community transportation, healthcare, women empowerment and education.

He chairs the Board that runs the Doon School and sits on the Boards of the IIM Ahmedabad (IIMA), ISB, and SRCC. He co-founded BML Munjal University (BMU) and is the President of the Dayanand Medical College and Hospital, Ludhiana. He served as President of the CII and AIMA; been a member of the Prime Minister's Council on Trade & Industry and was on government taskforces that prepared the ground for India's banking and insurance reforms.

Mr. Munjal set up the Serendipity Arts Foundation to revive patronage in the arts; he is also the President of the Ludhiana Sanskritik Samagam, which supports performing arts across North India. He received the GlobScot Award from the Scottish government in 2012 for being one of the largest employers in Scotland. He is currently on the Board of the following public limited companies besides some private companies:

- DCM Shriram Limited – Director
- Rockman Industries Limited
- Hero Steels Limited

Ms. Tanya Dubash Independent Director

Ms. Dubash serves as the Executive Director and Chief Brand Officer of Godrej Industries Ltd., and is responsible for the Godrej Group's brand and communications function, including guiding the Godrej Masterbrand. She is also a Director on the Board of Godrej Industries Limited, Godrej Consumer Products Limited and Godrej Agrovet Limited. She serves on the Boards of Britannia, AIESEC and India@75.

She was a member on the Board of the Bharatiya Mahila Bank between November 2013 and May 2015. She was a trustee of Brown University between 2012 and 2018 and continues to be a member of the Brown India Advisory Council and on the Watson Institute Board of Overseers. She was recognised by the World Economic Forum as a Young Global Leader in 2007. She is AB (cum laudé) in Economics and Political Science, Brown University, USA, and an alumna of the Harvard Business School.

Mr. Harish N. Salve Independent Director

Mr. Salve is a senior counsel as well as an arbitrator in India and Barrister (UK) who specialises in constitutional, commercial and taxation law. He was the youngest ever to be appointed

Governance

as solicitor. He primarily practices at the Supreme Court of India but also appears in various High Courts and in international arbitration, sometimes as counsel and other times as an adjudicator. Mr. Salve served as the Solicitor General of India between 1999 and 2002. He was appointed as Amicus Curiae by the Supreme Court in some cases, mostly relating to preservation of the environment. He holds an Honorary Doctorate and is a Chartered Accountant and a law graduate. He is a Member of the Court of the Singapore International Chamber of Arbitration and a member of the Court of the London Council of International Arbitration. He was enrolled as a barrister, called to the bar at the Grays Inn in July 2013 and is now a permanent tenant at Blackstone Chambers, London. He was appointed as Queen's Counsel (QC) for the courts of England and Wales. He also appeared as counsel and was appointed as an arbitrator in several international arbitrations.

He is 66 years old and was ranked 43rd in India's 50 Most Powerful People of 2017 list by India Today Magazine.

Mr. Dai Watanabe Non-Executive Director

Mr. Watanabe graduated in 1984 from the Department of Economics, Kyoto University. He completed his MBA from Kobe University in 1995. He is the Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Consolidated Division of Kubota Corporation. Throughout his illustrious career, he has served in various departments/entities such as Farm and Industrial Machinery International Planning and Control Dept, Kubota Europe, S.A.S, Kubota Farm Machinery Europe, S.A.S, Kverneland AS, Agricultural Implement Business Unit, Agricultural Implement Division, Farm and Industrial Machinery Strategy as well as Operations Headquarters and Innovation Centre, among others.

Mr. Yuji Tomiyama Non-Executive Director

Mr. Tomiyama is Senior Managing Executive Officer of Kubota Corporation. Mr. Tomiyama has been associated with Kubota Corporation since April 1980 and has served extensively in its various divisions such as farm and utility machinery, tractors and vehicle base technology engineering. He graduated in 1980 from the Department of Engineering, Tokyo Institute of Technology.

Mr. Seiji Fukuoka Whole Time Director (Deputy Managing Director)

Mr. Fukuoka entered into Kubota Corporation in 1993 and was working for Kubota for ~30 years across various business divisions in Japan. Between 2018 and 2021, he was a General Manager of the Tractor Business Administration and Control Department and was transferred to Escorts Ltd.

Mr. Shiro Watanabe Non-Executive Director

Mr. Watanabe completed his education in March 1988 as a bachelor in the Department of Agriculture, Kobe University. He joined Kubota Corporation in April 1988 and is currently holding the position of Executive Officer of Kubota Corporation.

Mr. Ravindra Chandra Bhargava Independent Director

Mr. Bhargava joined the Indian Administrative Service in 1956, based on an All-India competitive examination and secured the number one position in India. He joined Maruti Udyog Limited, soon after its incorporation in 1981 as Director (Marketing and Sales). Mr. Bhargava was appointed as the Managing Director (CEO) in 1985. He continued this post till he retired in 1997. He was re-inducted to the Board in 2003 when the Company was listed. He was appointed as the Non-Executive Chairman in 2007, a

position he continues to hold to date. He has been the Chairman of IIM, Ranchi and IIT, Kanpur, besides being on the Boards of other educational institutions.

He was awarded the Padma Bhushan in 2016. In November 2011, the Emperor of Japan conferred the 'Order of the Rising Sun Gold and Silver Star' on him. He was accorded the Lifetime Award for Management by the Economic Times and the All India Management Association. He is the recipient of Forbes India Leadership Award for Lifetime Achievement.

Mr. Kenichiro Toyofuku Independent Director

Mr. Toyofuku pursued his Bachelor of Arts (BA) in Economics (Environmental Economics), Keio University, Japan. He joined METI (Ministry of Economy, Trade & Industry) Japan in 1993. He also joined Embassy of Japan in India as the First Secretary (Commercial Attaché) in May 2004, METI: Deputy Director, Asia & Oceania Division in August 2008, JETRO in India (Japan External Trade Organization), in July 2010, Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion: Coordinator, Japan Plus cell in October 2014, World Bank (India office): Senior Private Sector Specialist, Finance, Competitiveness & Innovation Global Practice in October 2017 and Suzuki Motor Corporation (SMC) in November 2019. He specialises in carbon neutrality, India-Japan relationship, regional development, industrial policy, trade policy, skill development, among others.

Leadership Team



Mr. Nikhil Nanda
Chairman & Managing Director



Mr. Shailendra Agrawal
Executive Director



Mr. Bharat Madan
President Finance, Group Chief
Financial Officer and Corporate Head



Mr. Shenu Agarwal
President - Agri Machinery and
Construction Equipment



Mr. Ajay Mandahr
CEO - Agri Business, India



Mr. Sanjeev Bajaj
Chief Executive - Construction
Business, India



Mr. Ankur Dev
Chief Executive - Railway Business



Mr. Amit Singhal
Group Chief Human Resource Officer
& Dy. Corporate Head

Governance

Mr. Nikhil Nanda

Chairman and Managing Director

Background: He holds Baccalaureate Degree, Bachelor of Business Administration from The Wharton Business School, University of Pennsylvania, class of 1995.

He joined Escorts Board in 1997 and assumed responsibility as Chairman & Managing Director in 2018.

Key contributions: Mr. Nanda has led the transformative journey of the Company to profitable growth and global reach through innovation, strategic planning, and technology collaborations. He has played a central role in leveraging Escorts' inherent capabilities to strengthen its position as a company dedicated to frugal engineering.

Escorts has introduced a series of innovative products that demonstrate excellence in manufacturing quality, market intelligence & enhanced customer value across India and global emerging economies and has evolved from being a product-led company to an innovation and technology-driven brand that crafts customer-centric solutions for enhanced productivity. Under his leadership, Escorts Limited has strengthened its partnership with Kubota Corporation by institutionalising Escorts Kubota Limited.

Kubota Corporation Japan, as part of their recent acquisition of equity stake in the Company resulting in them becoming a joint promoter in the Company, have agreed with Mr. Nanda to avail his experience and expertise for expanding their agri-based business in India and globally for manufacture of value-based tractors, to provide him the honorary positions of Senior Managing Executive Officer and General manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations in Kubota Corporation, Japan.

Key achievements: Mr. Nanda was among the five Indians selected as the Global Leaders of Tomorrow for the year 2001, by the World Economic Forum, Geneva. He is a member of CII's National Council; Federation of Indian Chambers of Commerce

and Industry (FICCI); Indo American Chambers of Commerce (IACC); Young President's Organization (YPO). He is one of the few business leaders chosen by the government to represent India at the Indo-Spain CEOs Forum. He has been conferred upon the prestigious recognition of "Best CEO-Auto & Auto Ancillaries" by Business Today for October 2019 – September 2020 period.

Mr. Shailendra Agrawal

Executive Director

Background: He is a mechanical engineer with 40 years of diverse experience in Tata Motors, Hero Motors and Escorts Limited. In his past assignment, he served as President of Hero Motors.

Key contributions: Forging and nurturing powerful alliances with globally respected brands such as Kubota and Tadano for construction business, with high focus towards win-win profitable growth and taking them to execution phase in terms of world-class manufacturing facility, export collaboration and generating new revenue streams. Developing charter for next three years Product & Technology and beyond to leverage market opportunities and expand our geographic play in domestic and export markets.

Business turnaround with holistic growth while playing a central role in creating Product and Technology roadmap and partnerships with leading technology providers for future readiness.

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

Mr. Bharat Madan

President Finance, Group Chief Financial Officer and Corporate Head

Background: A Commerce (Hons) graduate from Sri Ram College of Commerce, Delhi University, a Fellow Chartered Accountant (1988), a Member of All India Management Association (AIMA) and IMA-CFO Forum, with over 34 years of rich experience in financial management. Prior to joining Escorts, he was the

Financial Controller at Electrolux Kelvinator Ltd.

Key contributions: Integrating finance, commercial and outbound supply chain functions; leading finance and legal & secretarial functions transformation with many digital initiatives and business Intelligence system; helping improve company profitability through cost initiatives and divestment of non-core and/or loss-making businesses; ensuring optimal capital allocation and continuously improving working capital cycle; helping businesses in their growth aspirations by entering into partnership with multinational corporations; continuously identifying, evaluating and executing inorganic opportunities for further growth; long term and working capital fund raising through debt and equity structures, consistently improving corporate governance practices taking the Company to Leadership category and strengthening compliance systems; driving investor relations to help the Company's market capitalisation reach a lifetime new peak of over ₹25,000 crores.

Skills and interests: Financial and management accounting; audits; cash management and capital allocation; financial restructuring and organisation transformation; identification, evaluation and execution of M&A opportunities, mergers and de-mergers, and business strategy; budgeting; planning and forecasting; risk management; treasury, project finance and banking operations, capital raising; tax planning and optimisation; leading IT and digital initiatives around ERP, RPA, BI and many other business applications; financial modelling and analysis, improving compliances and governance through legal, secretarial & investor relations; digitisation initiatives within finance, legal, secretarial, commercial and outbound supply chain functions.

Mr. Shenu Agarwal

President - Agri Machinery and Construction Equipment

Background: An MBA from Duke University, USA, a B.Tech. from NIT Kurukshetra, and 30+ years of



experience. Starting his journey as Graduate Engineer Trainee, he has worked in numerous key positions across sales and marketing, product development, R&D, strategy and project management. He is a member of the CII National Council of Agriculture and Vice-President of the Tractor & Mechanisation Association.

Key contributions: Turnaround of the Agri Business in last five years; driving transformative marketing initiatives; launching disruptive business models and products; setting new benchmarks in cost efficiency.

Skills and interests: High-speed business transformation; marketing and branding strategies; distribution, new product planning, creating start-up business and scaling them, and digitisation and analytics.

Mr. Ajay Mandahr

CEO – Agri Business, India

Background: Engineering Graduate from NIT/ REC, Silchar & MBA in (Marketing & Business Finance) from FSM, Delhi, with more than 30 years of diverse experience in leadership positions. Handled P&L responsibility with leading multinational companies. He previously worked with Larsen & Toubro, Indian Aluminium, Manitou South Asia Ltd., and Toyota Material Handling India.

Key contributions: Turn around the Escorts -Construction Equipment Business & maintained profitability even in contracting market situation. Renewed the Product positioning and network strategy. Fact and data based customer segment applied to create product differentiations. Initiated cost compression initiatives under Project Lakshya which has helped in reducing the breakeven point for the business. Twin brand strategy was implemented with YL & WL products and introduced many industry first features on the latter.

Skills and interests: Innovative thinker with global mindset, broad-based experience in multiple product categories, accept challenges and finding customised solutions; creating

start-up culture; new products and concept launches; believe in building competitive advantages through quick learning for sustainable growth.

Mr. Sanjeev Bajaj

Chief Executive – Construction Business, India

Background: Sanjeev is a qualified professional with over 25 years of broad-based experience across revenue and profit centre management, warehousing operations, managing customer service organisations, spare parts and lubricant businesses. He has earlier worked with reputed entities such as the Mahindra Group, Terex Corporation and Larsen & Turbo in various capacities.

Key contributions: He joined the Escorts Group as Chief General Manager, Head of Customer Service in 2014 and has been an innovative thinker and influential leader. He is currently the Chief Executive of the Construction Equipment business and is responsible for setting goals and leading the growth of the division. Prior to his current role, Sanjeev was the Chief General Manager, Head Spares and Lubricant Business.

Skills and interests: Sanjeev is a Mechanical Engineer from Rajasthan Vidyapeeth and has done his postgraduation business management programmes from the Indian Institute of Management Lucknow and Symbiosis Institute of Business Management.

Mr. Ankur Dev

Chief Executive – Railway Business

Background: Ankur is a qualified professional with 18 years of rich experience in management across diverse sectors including manufacturing, automobile, consumer durables, telecom and petroleum. He has previously worked in various capacities with blue-chip corporate entities such as Samsung India, Ernst & Young, Bharti Airtel, and Reliance Industries Ltd. He is a member of the CII Railway Equipment Division.

Key contributions: Ankur joined the Escorts Group in 2018 and has been an influential leader, effective communicator, and passionate learner. In his current assignment as the Chief Executive of the Railway Equipment Division, he is responsible for setting objectives and leading the growth of the unit.

Skills and interests: A qualified Chartered Accountant from The Institute of Chartered Accountants of India; a Certified Public Accountant, USA; and Chartered Certified Accountant, UK. Ankur holds a Bachelor's degree (Hons) in commerce from Delhi University. He also holds a senior management programme certification from the Indian Institute of Management Calcutta.

Mr. Amit Singhal

Group Chief Human Resource Officer & Dy. Corporate Head

Background: Amit has a rich and diversified experience of more than 18 years in Strategic HR, Business Partnership, Employee Relations and Culture and Change management roles across industries and geographies. He has been instrumental in building productive, performance-driven and process-efficient learning organisations in his earlier assignments with Coca-Cola, Reliance Retail, Delphi Automotive and Tata Motors both in India and International markets. Amit is an alumnus from Symbiosis Institute of Business Management, Pune.

Key contributions: Amit is playing a significant role in building an agile and lean organisation with focus on building capabilities and talent with future-ready leaders for sustainable and responsible growth. He is also responsible for corporate functions along with his responsibility for Corporate Social responsibility initiatives.

Skills and Interests: Amit is a certified Operational Excellence leader and has been a Fellow Certified HR Practitioner from Australian HR Institute. Amit is a lifetime member of National Human Resource Development, New Delhi and an active member of CII State Council.

Management Discussion and Analysis



ECONOMIC ENVIRONMENT GLOBAL ECONOMY¹

In 2021, owing to the successful rollout of vaccines across major economies, there was gradual recovery in the global economic scenario. However, the pace of recovery slowed due to successive waves brought along by newer variants and subsequent supply chain disruptions, which caused a surge in the prices of crude oil and other commodities around the world. The global economy made a sharp, V-shaped recovery following the Delta wave with resumption of economic activities and accelerated consumer demand, supported by favourable fiscal and monetary policies globally. The spurt in demand led to further rise in commodity and energy prices, leading to broader inflation across economies globally.

¹ IMF – World Economic Outlook, April 2022

Consequently, central banks started tightening monetary policies to combat the rising inflation.

The world witnessed a major increase in economic activities enabled by various factors such as vaccination at a massive scale, huge stimulus packages, and quality monetary and fiscal policies provided by governments throughout the globe. These initiatives helped the global economy recover at a quicker pace than expected. There was also an impetus on infrastructure investments, which drove the construction sector in FY2022.

Overall, the global economy grew by 6.1% in 2021, against 7.3% decline in 2020. The advanced economies grew by 5.2% and the Emerging Market and Developing Economies (EMDE) grew by 6.8%¹.

OUTLOOK¹

The conflict between Russia and Ukraine negatively impacted the outlook for the global economy. It added to the inflationary environment as fuel and food prices skyrocketed and further impacted the global supply chain. Many emerging markets and developing economies are looking to rebuild fiscal buffers. Advanced economies announced interest rate hikes to control inflation. Some economies, including Brazil, Hungary, Mexico, Russia and Turkey, have begun normalising monetary policy measures to head off upward price pressures.

The Ukraine and Russia crisis has led to the loss of human life and triggered the biggest refugee crisis in Europe since the Second World War. The interest rates are expected to further rise as central banks tighten policy measures, exerting pressure on Emerging Markets and Developing Economies.

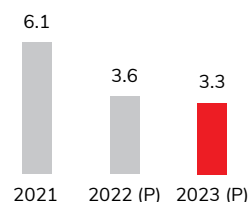


After a strong recovery in 2021, short-term indicators suggest that global activity has slowed. In 2022, the global economy is expected to expand at 3.6%, wherein advanced economies are expected to expand by 3.3% and EMDE are expected to grow at 3.8%. Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures.

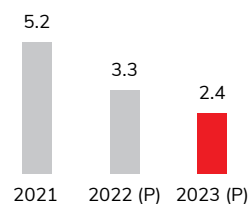
Inflation is projected at 5.7% in Advanced Economies and 8.7% in Emerging Markets and Developing Economies for 2022. If signs emerge that inflation will be high over the medium term, central banks are anticipated to react faster than current

Global growth trend (%)

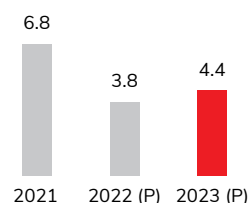
Global



Advanced Economies



Emerging Markets and Developing Economies



expectations—raising interest rates and exposing debt vulnerabilities, particularly in the emerging markets. Recent lockdowns across key manufacturing and trade hubs in China are likely to result in global supply disruptions.

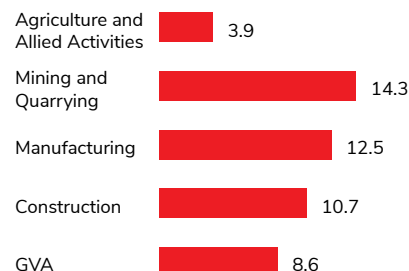
There is a gradual resolution of supply-demand imbalances and a modest pickup in labour supply is expected in the baseline, which will eventually ease price inflation, an uncertain environment notwithstanding.

INDIAN ECONOMY

India was forecasted to become the fastest growing economy in the world in FY2022, despite the setbacks from the second wave of the pandemic. Most activities halted throughout the country as lockdowns and restrictions were re-imposed by respective state governments. The Indian government was quick to accelerate their vaccination drive with over 193 crores doses administered in India as of May 2022, including booster doses being rolled out. The agriculture sector cushioned the shock of the pandemic on the Indian economy in FY2021 and was the only sector, which contributed positively to the overall Gross Value Added (GVA) in Q1 as well as Q2 of FY2022.

As per the Economic Survey, during FY2021, while the GVA for the entire economy contracted by 7.2%, the agriculture sector registered a growth of 3.6% in FY2021 and 3.9% in FY2022. The area sown under kharif and rabi crops, and the production of wheat and rice has been steadily increasing over the years. This year, agricultural exports out of India crossed \$50 billion and the country exported record volumes of wheat, registering a growth of ~288% in terms of value.

GVA at basic price for FY2022* (%)



*MOSP Press notes on second advance estimates

The GDP growth of the country in real terms was estimated at 9.2% in FY2022 after a contraction of ~7.3% in the previous year, implying that economic activity will recover past pre-pandemic levels. The monetary policy since the outbreak of COVID-19 has been calibrated to provide a cushion and support growth. However, it was also regulated prudently to avoid the medium-term dislocations of excess liquidity. Growth in FY2023 is expected to be supported by widespread vaccine coverage, gains from supply-side reforms, easing of regulations, robust export growth and availability of fiscal space to ramp up capital spending.

Source: Key Highlight Economic Survey 2021-22

OUTLOOK

The Indian economy is well placed to continue its growth and take on novel challenges in FY2023, as it witnessed a strong recovery in FY2022. According to the projections of the International Monetary Fund, the Indian Economy is expected to be among the fastest growing major economies in the world between 2021 and 2024 by growing at 8.2% in FY2022, 6.9% in FY2023 and at 7% in FY2024². The implementation of the Production Linked Incentive

² International Monetary Fund Data Mapper

Management Discussion and Analysis

(PLI) scheme across 14 sectors has the potential to create 60 lakhs new jobs and an additional production of ₹ 30 lakh crores. India's GDP is expected to grow ~8% - 8.5% in FY2023, aided by widespread vaccine coverage, gains from supply side reforms and easing of regulations and restrictions, robust export growth as well as increased capital expenditure. The Reserve Bank of India (RBI) tightened the monetary policy to combat the rising inflation driven by the surge in global oil prices amid the Russia-Ukraine crisis³. The projected inflation rate in India for FY2023 is 5.7%. The conflict between Russia and Ukraine has led to a rise in the prices of energy, oil and food, besides other commodities, which has added to inflation⁴.

India's GDP forecast (%)

IMF

6.9 | 8.4

S&P Global Ratings

7.8 | 6.0

Asian Development Bank

7.5 | 8.0

RBI

7.8

Economic Survey 2021-22

8% - 8.5%

■ FY2023 (F) ■ FY2024 (F)

INDUSTRY AND BUSINESS REVIEW

TRACTOR INDUSTRY

The agriculture sector became the driving force of the Indian economy during the COVID-19 pandemic. Agriculture along with its allied sectors, including animal husbandry, dairying and fishing are steadily emerging as high growth sectors. With accelerated farmer education and focus on mechanisation, the sector has seen growth in yield and production over the years³. According to the India Brand Equity Foundation (IBEF), India has the second-largest arable land resources in the world. Of the 20 climatic regions, India has all the 15 major climates and is home to 46 of the 60 soil types in the world⁶. These favourable conditions make India a better place for agricultural investments.

Even though Indian agriculture has come a long way, labour shortage in peak season and low productivity are still key issues facing the sector, which can be reduced by further improving farm mechanisation. The Government of India has been providing policy support in the form of growing institutional credit, introduction of new schemes such as Paramparagat Krishi Vikas Yojana, Pradhanmantri Gram Sinchai Yojana, Sansad Adarsh Gram Yojana and others, while increasing exports of wheat and rice.

Tractors have historically played a dominant role in farm mechanisation and increasing productivity across the world. The first tractors in India were bought in 1940s, but their use became widespread during the early 1960s, with full-fledged entry of homegrown companies into the scene. Over decades, India emerged as the largest producer of tractors in the world and a major exporter,

though the domestic industry retains its growth potential with significant headroom. The country has significantly lower mechanisation levels compared to the rest of the world. Inter-state differences in mechanisation levels also present considerable opportunity for growth. Volume growth in the past four decades show a CAGR of 7.5%. Government initiatives such as the National Rural Employment Guarantee Act (NREGA) and increased usage in non-agricultural domains such as construction and infrastructure projects are expected to further increase demand for tractors⁷.

Domestic industry performance

During FY2022 the domestic tractor industry volumes declined by 6.4% to 8.42 lakhs tractors as compared to 8.99 lakhs tractors in FY2021. This is primarily attributable to late monsoon rains, delayed harvest of kharif crops impacting rural cash flows and coming over high base of last year. A 6.4% drop over the peak of FY2021 notwithstanding, the tractor industry in FY2022 recorded its second highest peak. While the industry remained subdued throughout the second half of FY2022, recent trends are pointing to the building up of positive sentiment.

Export industry performance

On the tractor export side, the industry was up in FY2022 by 45.2%, with the highest ever 1.28 lakhs tractor volume as compared to 0.88 lakhs tractors in the previous fiscal.

³ Key Highlights of the Economic Survey 2021-22

⁴ Reserve Bank of India - Minutes of the Monetary Policy Committee Meeting, April 6 to 8, 2022

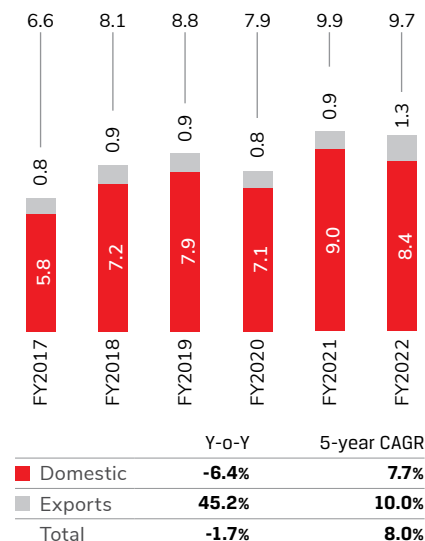
⁵ NABARD Annual Report 2020-21

⁶ IBEF – Agriculture & Allied sectors

⁷ Tractor Mechanisation Association



Tractor industry performance



Source: Tractor and Mechanization Association

Domestic tractor industry segment-wise performance

HP Category	(In lakhs)					(%)		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Y-o-Y growth	5-year CAGR
<30 HP	0.5	0.8	0.8	0.7	0.8	0.9	6.9%	12.5%
31-40 HP	2.0	2.6	2.8	2.4	2.5	2.4	-5.6%	3.7%
41-50 HP	2.8	3.4	3.7	3.5	4.8	4.5	-6.2%	10.0%
>50 HP	0.4	0.6	0.6	0.6	0.9	0.7	-21.7%	11.8%

Tractor industry outlook

As we step into FY2023, most of the macro-economic factors look positive for the tractor industry. In April 2022, the Indian Meteorological Department (IMD) released their predictions of a normal monsoon this year, making it the fourth consecutive year with stable monsoons. Quantitatively, according to the IMD, rainfall is expected to be at 99% of the long-period average (1971-2020), which was 87cm of rainfall for the

entire country. In the second half of FY2022, we saw water reservoir levels rise and exceed the previous year as well as the 10-year average levels. We witnessed a heat wave in the beginning of FY2023, which has started to deplete the water reservoir levels in some parts of the country. However, we remain positive that normal monsoon predictions will ensure that the water reservoir levels of the country don't face any

threats during the impending year. The capital expenditure in the budget for FY2023 rose by 24.5% over the previous year to ₹ 7.5 lakh crores, which is expected to improve rural cash flow.

Other macro-economic factors are also expected to be favourable, with steady increase in commodity price inflation being an exception.

Long-term growth drivers:

Continued government focus on agriculture

Easier credit access from the government

Fast transition towards mechanisation

Scarcity of labour due to rising wages

Product portfolio expansion

Management Discussion and Analysis

Escorts Agri Machinery (EAM)

Manufacturing assets

We are one of India's foremost tractor manufacturers, offering 200+ variants in the 12HP to 75 HP segments within the domestic market, under three marquee brands, including Farmtrac, Powertrac and Steeltrac. We have a growing network of 1,100+ dealers and ensure the satisfaction of our customer base of more than 2 million. Additionally, we offer end-to-end crop solutions, engines, spare parts, lubricants, SHIP (Sprayers, Harvesters, Implements and Planters) and gensets to our portfolio.

Standalone Operations

3

Plants in India for tractors and components, Faridabad, Haryana

1,20,000+

Annual tractors production capacity

~75%

Capacity utilisation in FY2022

Consolidated Operations

2,500

Annual tractors production capacity in 1 Plant in Poland. 100% subsidiary

50,000

Annual tractor production capacity plant in Faridabad, India as Escorts Kubota India JV

1

Plant in Rajkot, India under JV with ADICO

EAM performance

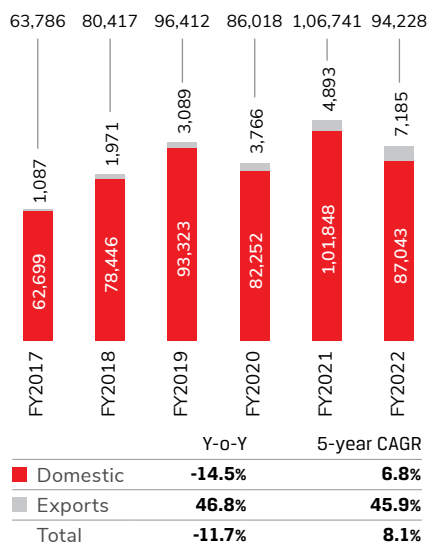
Our domestic volume declined by 14.5% at 87,043 tractors in FY2022 as against 1,01,848 tractors in FY2021. During the year, we were highly focused on bolstering our channel profitability, which was strained because of frequent price hikes. This is unconventional in the industry and further slowdowns resulted in less volumes for dealers. Among other measures, we reduced our dealer stocks to bring down the working capital cost of our dealers. We are maintaining a lean inventory at our own depots and dealerships to support channel profitability. For FY2022, our domestic market share stood at 10.3% as against 11.3% in the previous fiscal.

Our export volumes went up by 46.8% to 7,185 tractors in FY2022 as against 4,893 tractors in FY2021. This was driven by continued success of new products launched over the last few years by us and our expanding distribution network. Our partnership with the Japanese -Kubota Corporation has greatly enhanced our distribution network and service reach along with expansion of the product portfolio from high performance tractors to basic tractors.

Tractor market share improved from 10.2% to 11.8% between FY2016 and FY2019. However, over the following two years it recorded a marginal decline to 11.3% in FY2021,

owing to various supply chain issues in the peak COVID-era inhibiting our ability to meet demand. In FY2022, our market share declined by 1%, as the industry in our strong markets like UP (at -14% to -15%) and Bihar (at -20%) underperformed compared to some of our weaker markets such as Maharashtra (at +20%), Karnataka (at +5%), Andhra Pradesh (at -3%) and Gujarat (at -4%).

EAM volumes



EAM domestic market share performance

HP Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
< 30 HP	2.1	3.5	4.7	6.3	6.7	5.9
31-40 HP	12.6	14.5	16.5	15.2	13.3	11.9
41-50 HP	11.7	10.4	10.8	11.0	11.8	10.8
> 50 HP	6.9	7.9	5.9	6.7	7.1	7.2

NEW PRODUCTS

Through evolving operating landscapes, we have kept our customers at the core to ensure their satisfaction through continuous innovation and new product launches. During the year under review, we launched six new tractor variants under the Powerhouse series with improved power, fuel efficiency, application suitability, lower maintenance features at the best price. Every tractor under the series has enhanced power up to 5HP.

The newly launched tractors under the Powerhouse series ranges from 39HP category to 55HP category.



434 Plus Powerhouse – 39HP



439 Plus Powerhouse – 45 HP



Euro 42 Plus Powerhouse – 47HP



Euro 47 Powerhouse – 50HP



Euro 50 Powerhouse – 52HP



Euro 55 Powerhouse – 55HP

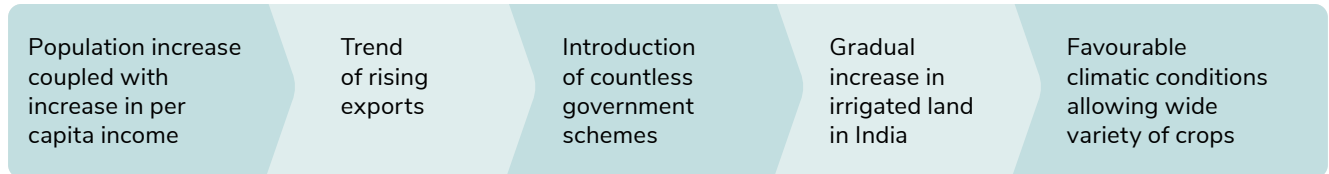
Management Discussion and Analysis

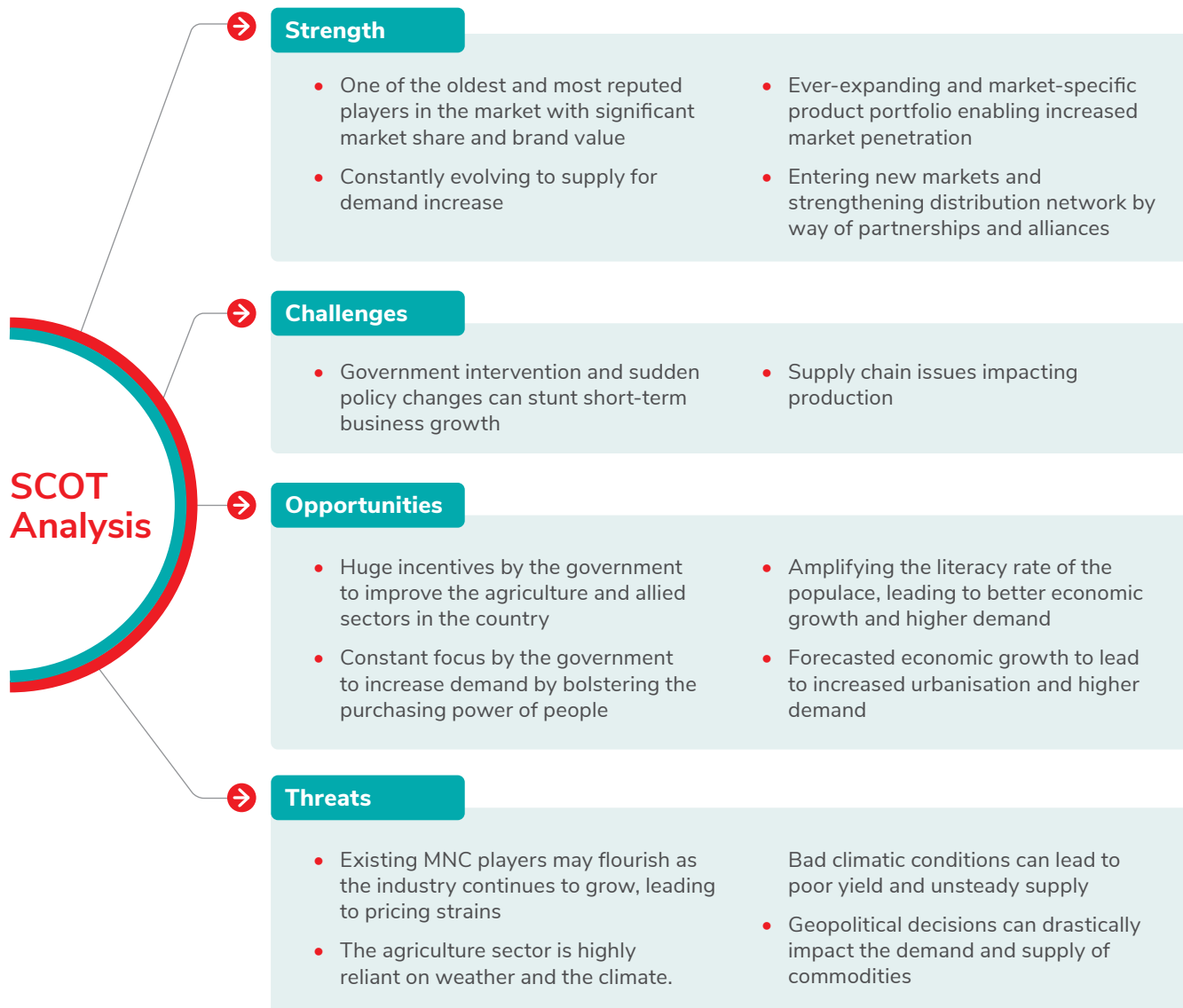
FARMTRAC 45 POWERMAXX

Farmtrac 45 Powermaxx is the most powerful tractor in 50 HP segment. With a bigger engine (capacity 3514 cc), this model generates higher power output and can run bigger implements with ease. Farmtrac 45 Powermaxx is also fully loaded with advanced features like MRPTO, dual clutch, power steering, DC valve, among others. Farmtrac 45 Powermaxx tractor is best suited to run bigger implements. With its high-power output and big tyres, it serves as the most suitable companion for various implements. The big tyres and EPI reduction make it the best in haulage and commercial applications as well.



Agriculture industry growth drivers:





EAM outlook

Even as inflation lingers and commodity prices see a strong upward trend, we anticipate speedy stabilisation on both fronts. We have already made five price hikes in six quarters, including a recent price hike made in mid-April 2022. These hikes were implemented to balance our profitability and volume goals.

While such frequent price increases are unprecedented in our industry, we see another price escalation in the latter part of the first half of this year, offsetting the impact of inflation for the ongoing year. The medium-term, macro-economic factors remain positive on account of record rabi harvest, sustained crop prices, and favourable monsoon predictions this year.

We are poised to gain market share by way of consistent product innovation, dual distribution strategy (Farmtrac and Powertrac brands), focused marketing efforts, financing solutions for channel partners, scientific sales management and comprehensive after-sales support.

Management Discussion and Analysis

Exploring a world of new possibilities

Escorts and Kubota's India business will merge operations going forward to benefit both, and operate as a single entity.

Market access: With Kubota's expansive network and global presence, Escorts will gain the advantage of entering high potential untapped markets along with leveraging each other strengths in India.

Joint R&D: Both companies will develop quality, efficient and future-ready products as well as more advanced farm and construction equipment by utilising Kubota's decades of product development experience and Escorts' frugal manufacturing and engineering capabilities.

Manufacturing excellence: Escorts will leverage Kubota's culture of excellence in manufacturing

to increase productivity, operational efficiency, capacity utilisation, thereby reducing cost.

Ensuring customer satisfaction: Both companies have always prioritised better customer experience through continued innovation, proactive after-sales service and customer support.

CONSTRUCTION EQUIPMENT INDUSTRY

The construction equipment industry has a strong positive correlation with the progress in road construction and mining activities. The infrastructure sector received massive boost from the government in the form of expenditure support. Government initiatives such as Ujwal Discoms Assurance Yojana (UDAY), PMAY – Urban Housing for All and Bharatmala Pariyojana intend establish and improve quality infrastructure. India is expected to become the world's third largest construction market by the end of 2022. India has the third largest road network in the world spanning over 3.3 million km. The three major heavyweights in the industry are earth moving equipment (backhoe loaders), contributing the lion's share by value, material handling (cranes) and road building (compactors). These three account for 52% of the industry. With the addition of the excavators to the mix, the concentration goes to 81% of the total market for construction equipment.

Industry performance

Our served industry (backhoe loaders, pick-n-carry cranes and compactors) went down by 23% in FY2022 compared to FY2021. Only the Crane industry showed marginal growth of 1.8% while shifting to the

price-sensitive HYDRA segment. Compactor segment declined by 11.6% and the backhoe loaders industry went down by 28.2%.

⁹ Press Information Bureau

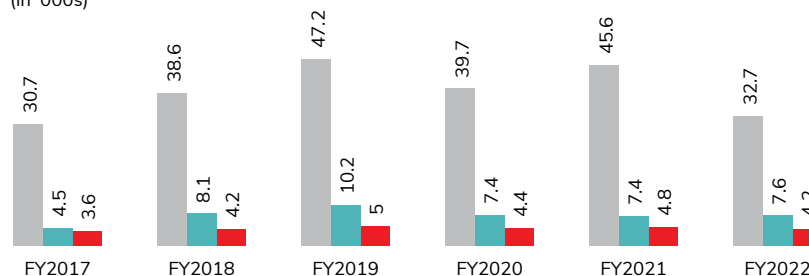
Construction equipment industry outlook

The government, in its budget for the year, increased allocations to infrastructure, underlining the importance of infrastructure development in India. In the short term, the prospects of the construction equipment industry seem positive, barring inflation, which has been increasing steadily amid political unrests between Ukraine and Russia. From the medium- and long-term perspective, given the government's thrust on monetisation through

disinvestment and huge investment through projects under NIP, we expect the industry to show stronger recovery going forward. The Parliament passed a bill to set up the National Bank for Financing Infrastructure and Development (NaBFID) to fund infrastructure projects in March 2021. The government allocated ₹ 13,750 crores to support initiatives such as 'Housing for All' and 'Smart Cities Mission'⁸. In November 2021, India, the US, UAE and Israel established a new quadrilateral economic forum to focus on infrastructure development projects in the region and strengthen bilateral co-operation. This agreement could prove to be a gamechanger for the construction equipment industry.

Served industry volume growth

(in '000s)



	Y-o-Y	5-year CAGR
Backhoe loaders	-28.3%	1.3%
Cranes	1.8%	11.1%
Compactors	-11.5%	3.1%

Source: ICEMA



ESCORTS CONSTRUCTION EQUIPMENT (ECE)

Escorts is a dominant player in material handling, earth moving and road building segments of the construction equipment industry. We are among the world’s largest manufacturers of pick-and-carry hydraulic mobile cranes.

The JV with Tadano is helping fill key white spaces in the high margin cranes segment. It manufactures rough terrain and truck mounted cranes in the fast growing 20-80 tonnage category. These cranes cater to big construction companies servicing oil refineries, metro rail projects, smart city construction, solar power projects and ports, among others. The distributorship agreement with

Doosan Infracore enables us to cater to a much larger proportion of the overall construction equipment industry, which includes crawler excavators.

ECE performance

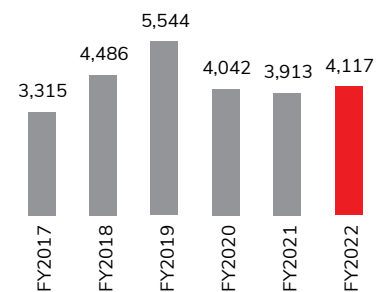
Our total volumes (manufactured and traded products) went up by 5.2% to 4,117 machines in FY2022 as against 3,913 machines in FY2021. Segment revenue went up to ₹ 985.3 crores in FY2022 from ₹ 776.1 in FY2021 marking a 27% increase.

During the year, we sold 55% of the pick-and-carry cranes from the Hydra category with lower margins as compared to 58% in FY2021. But margins were impacted due to steep

price increases as a result of emission norm changes coupled with higher inflation in commodity prices and muted rentals, impacting retail sales.

ECE volumes

(in units)



5.2% Y-o-Y growth

4.4% 5-year CAGR

Manufacturing assets

1

Plant in India at Ballabgarh, Haryana

~42%+

Capacity utilisation in FY2022

10,000 units

Annual capacity

1

Plant in India as Tadano Escorts JV at Ballabgarh, Haryana

Management Discussion and Analysis

New products



F-20 pilling master

is designed with additional winch for pilling application



TRX-15

is fuel-efficient and cost-effective offering

- Crane lifting capacity: 15 tonne
- Max lifting height: 21 metre with flyjib
- Engine: 49 HP tata make 497 series engine



HD-85 Plus

uses a very robust and compact design for bitumen work, with foldable roof making it more attractive for easy transportation, because of new modified design compaction, which can be used up to extreme edges of roads.

Features:

- Highest working: 0-8.5 km/hour
- Highest travelling speed: 0-13.8 km/hour
- High kerb clearance 730MM
- Very low operator noise 93DB
- Tilttable steering
- Low turning radius
- Compact design
- Fuel-efficient engine



F-23

is a 23-tonne crane with 4WD option

- Max lifting height: 22 meter with fly jib
- Heavy-duty, 40-tonne capacity axle for off road application
- Heavy-duty design

XT 1610 New Cabin

Distinguishing features:

- Fuel-efficient Escorts engine
- 9% more productive because of bigger size buckets, dig depth (4.80m) and load over height (3.51m)
- **Better Engine Torque** (340 nm @ 1400 rpm) – For more traction and hence better productivity in dozing, grading and hard strata cutting
- **Unmatched loader breakout forces** and performance in dozing and loading
- **Unmatched excavator breakout forces** and best-in-class output
- New-gen spacious cabin and easy-to-operate system
- Equipment monitoring system, which helps in managing machines remotely
- High on safety parameters: In-built EMS (Telematics) system with outrigger engagement alarm



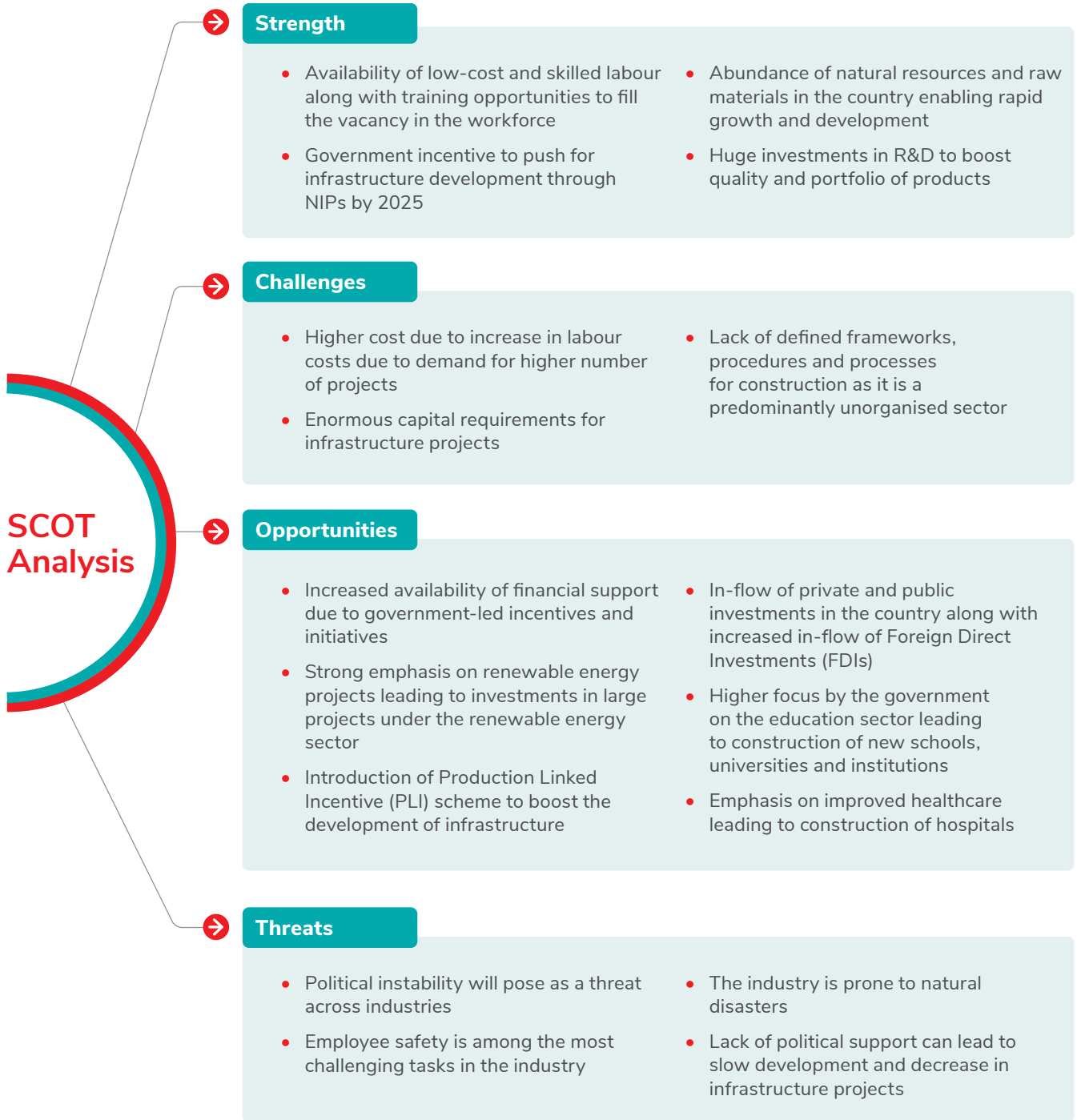
F-2322

is a 23-tonne crane with 4WD option in 23 categories. This comes with advanced safety features, which ensures safety of person and material across terrains

Features:

- Max lifting height: 22 metre with fly jib
- Heavy-duty, 40-tonne capacity axle for off-road application
- Heavy-duty design
- Advanced anti-toppling mechanism for extra safety and stability

Management Discussion and Analysis





Alliance with Doosan Infracore

Our distributorship agreement with Doosan Infracore helped us cater to a much larger proportion of the overall construction equipment industry, with crawler excavators.

External challenges

Low-cost manufacturing countries are expanding their distribution centres and after-sale network in India, which is a challenge for high-end construction equipment. These foreign players pose as competitors for Indian construction equipment exports not only in Indian markets but also across developed markets. We mitigated this threat through our JV with Tadano, which helped us become poised within the segments we serve. Through our manufacturing of rough terrain and truck cranes, we drastically improved and continue to enhance our product quality.

ECE outlook

With the government's thrust on infrastructure and export potential in emerging markets, we expect good recovery in construction business activities in FY2023. But continued inflation in input costs leading to higher owning cost for customers remains a key cause of concern.

Through our JV with Tadano, we expanded our product portfolio while continuously improving the quality at the same time.

RAILWAY COMPONENTS INDUSTRY

India, with the world's largest under single management and overall, fourth largest railway system, is only behind the US, Russia and China, which have over three times India's land area. The Indian Railways is the single largest employer in the country and eighth largest in the world, employing ~1.4 million people.

⁹ IBEF - Infrastructure

As on FY 2022, the rail network has 1,23,542 km of total tracks over a 67,415 km route and ~7,300 stations. It operates ~22,593 functional trains (9,141 freight and 13,452 passenger) with a daily passenger count of 24 million and 203.88 million tonnes of freight. India's railway network is recognised as one of the largest rail systems in the world under a single management. India is projected to account for 40% of the total global share of rail activity by 2050. Indian Railways plan to induct 90,000 new wagons. Additionally, there are 25 plus metro projects running across country. The railway component industry is intrinsically correlated to the Indian Railway's spending and has become increasingly indigenous over the years. Government's decision to allow 100% foreign investment in railway infrastructure has capacity to change industry dynamics and overall efficiency. Increasing urbanisation, rising income and introduction of metros in urban areas is driving growth in the passenger segment. The railway component industry, as the name suggests, caters to the railway industry, and is directly correlated to its performance.

Railway components industry outlook

The mid- to long-term factors remain strong, supported by a slew of expansion and upgradation projects being undertaken by the Indian Railways. The government announced 400 new-generation Vande Bharat trains, which will be developed over the next three years, besides 100 cargo terminals to be developed in the near future. Such projects would be extremely beneficial for the industry, along with the government's increasing push on adding to the number of metro cities in the country. The industry also continues to be buoyed by increasing urbanisation, rising disposable incomes across

rural and urban India, and growing industrialisation across the country along with private sector participation.

In recent years, the Government of India undertook multiple policy changes, bringing more investor-friendly policies. The government is looking at increased interest in the form of foreign direct investment and public-private partnerships, which set the industry on a strong growth trajectory.

With the rapid pace of urbanisation and modernisation in India, the future seems bright for the Railway Industry. Freight is the major revenue earning segment for the Indian Railways as it accounted for 79.1% of the total revenue in FY2022. Growth drivers over the medium to long term include increase in ordering of rolling stock of freight wagons; conversion of conventional to the modern LHB coaches; new metro rail projects; new high-speed indigenous train launches; continued emphasis by the railways on safety and modernisation; and future surge in replacement demand.

RAILWAY EQUIPMENT DIVISION (RED)

Our railway products division is an Indian Railways approved source and manufacturer of diversified products in safety and comfort component for railways and metro such as brake systems, coupling systems, suspension systems, friction and rubber, and rubber to metal bonded products, besides other components.

We are the trusted supplier of the Indian Railways, whose modernisation efforts we are supporting with our cutting-edge, technology-driven products. Our world-class research and design facility, and collaborations with leading technology providers aid us in creating a niche for ourselves in providing safe and reliable products.

Management Discussion and Analysis

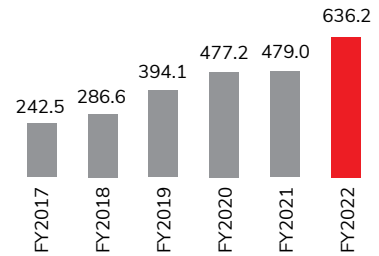
RED performance

Revenue for FY2022 went up by 32.8% to the ever-highest yearly revenue of ₹ 636.2 crores as against ₹ 479.0 crores in the corresponding fiscal. Sales from new products now contribute 65% to total division sales, as against 59% last year.

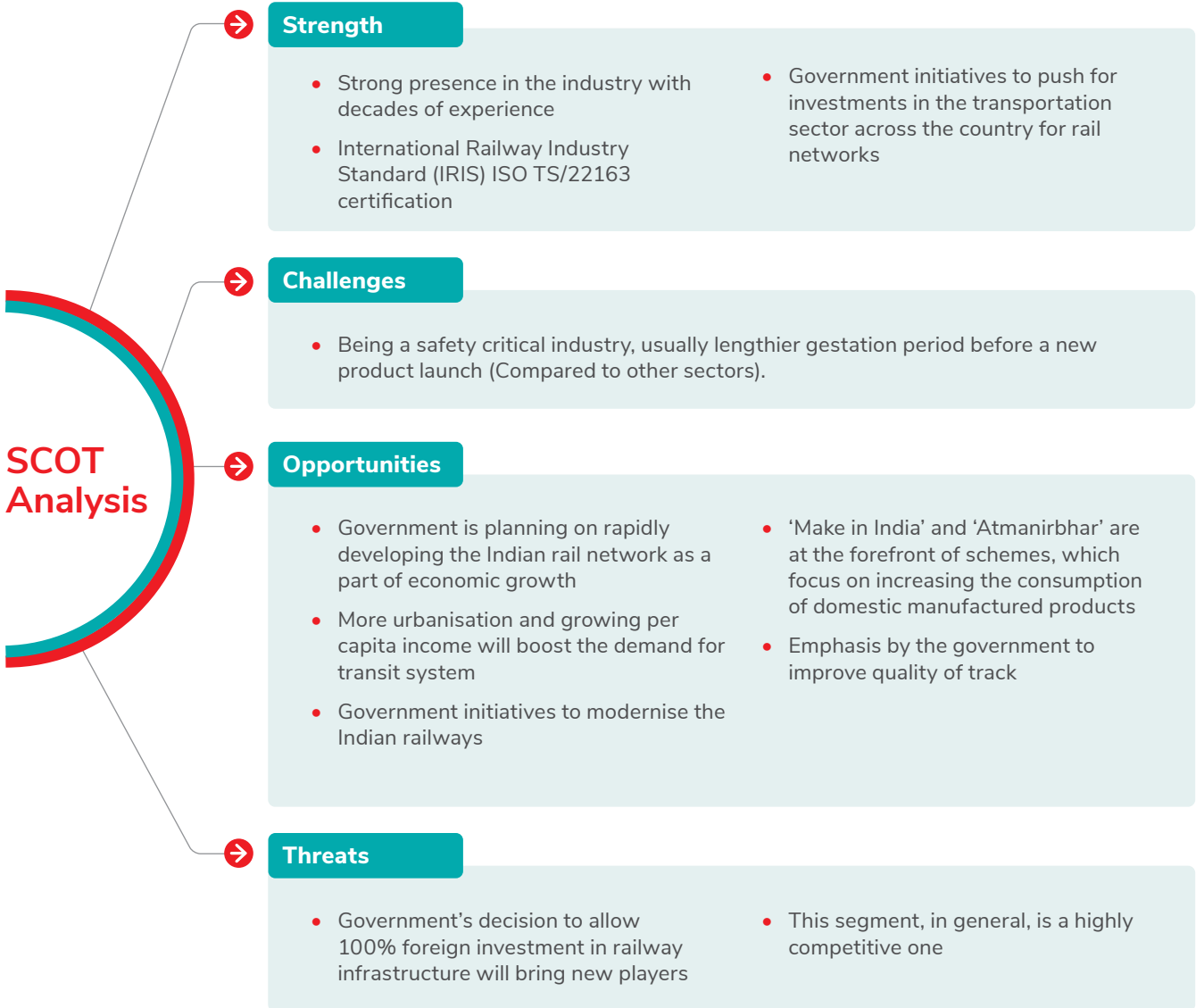
We are witnessing good traction in tendering process and order book for the division at end of FY2022 stands at ₹ 440+ crores.

For FY2023, we expect the railway equipment segment to grow in double digits.

Revenue



32.8% Y-o-Y growth
21.28% 5-year CAGR



NEW PRODUCTS

We launched three products in FY2022, which includes Emergency pull box, Coupler (Rev # 3), Metro Dampers (Chennai Metro). The Damper was our first-time component supply to the Metro.



Emergency Pull Box

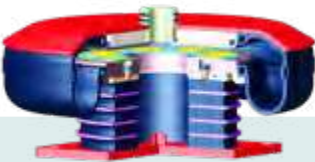


Rev # 3 Coupler



Metro Dampers

Other products like Air Spring, Microprocessor Controlled Brake System (EMCBS), Brake Disc and Brake Pads were delivered for field trials and are expected to be commercialised in FY2023.



Air Spring



EMCBS



Brake Pad & Brake Disc

RED annual capacity

Air Brakes

24,000

BMBS

24,000

FIBA

10,200

Axle Mounted Disc Brake

1,800

Shock Absorbers

1,20,000

ASCE

6,000

AARH Couplers

6,000

Brake Blocks

10,15,200

Brake Disc

9,600

Management Discussion and Analysis

RED outlook

Precision manufacturing and advanced testing facilities, strong in-house R&D capabilities and technical collaborations will enable RED to attain a zero-defect manufacturing culture and set industry benchmarks with its product innovation. The division will expand its range of new products and explore inorganic growth opportunities, particularly with the Indian Railways introducing a new class of coaches

and locomotives. It will augment localisation of the import content of its new and existing products, which, in turn, will aid margins. Even as profitability brought in through new products remains low due to high import content, the division, benefitting from several cost reduction initiatives, maintained healthy profitability levels. Focus will be on conforming to more international standards and widening our export reach.

We are witnessing good traction in the tendering process, as Indian Railways began gradually recovering towards pre-pandemic level and long-term growth drivers remaining attractive. India is rolling out 400 Vande Bharat trains, which are expected to bring ₹40,000 crores (\$ 5.24 billion) of business opportunity for the country. Under the Union Budget FY2023, the government allocated ₹ 1,40,367.13 crores (\$ 18.40 billion) to the Ministry of Railways.

Long-term growth drivers for the railway industry:

Government focus on infrastructure building

Growth of freight traffic due to industrialisation

Rising demand for urban mass transportation

Improved safety and modernisation

Increasing private sector participation

RATIONAL COST STRUCTURE

As new products play a greater role in driving revenue, there is greater emphasis on lowering margins, improving personnel costs, maximising productivity, monitoring quality and indigenising design. Our focused divestment of non-core operations freed up capital that was tied up in non-current investments. Several projects are helping us rationalise costs, including legacy bottlenecks, materials, manufacturing, and overheads, while strengthening our initiatives with prudent resource allocation and outcome mapping.

HUMAN RESOURCES

We have 11,207 employees, including temporary, casual, and contractual workers engaged in various roles across our businesses. A detailed review of the initiatives undertaken by us to transform our human capital is available on page 72 of this Report.

COMMUNITY EMPOWERMENT

Corporate citizenship at Escorts is much beyond the 2% mandate. Our efforts span health and wellness, education, and environment safety, among others. They define our approach towards engineering holistic community development and environment.

Some of the initiatives undertaken by us include:

- **COVID Care Support-** We provide medical equipment to healthcare centres and hospitals
- **Community Vaccination Programme** – We administered More than 50,000 COVID-19 vaccines under the Cowinner Free Vaccination Drive
- **Cataract surgery support to NGO-** We funded cataract operations of several underprivileged rural citizens of Alwar and surrounding districts of Rajasthan

- **Road Safety drive and crime control:** We arranged for 10 vehicles for the Faridabad Police Department
- **Park development under Harit Haryana Project**

A detailed review of the initiatives undertaken by us to transform our social life is available on page 70 of this Report.

INVESTOR RELATIONS

We constantly endeavour to improve our services standards for our investors and benchmark our performance against best practices. We have a dedicated investor relations desk, which serves 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 our performance and important developments, and exchange information.



The Chairman and Managing Director, President Finance, Group Chief Financial Officer, Corporate Head, President of the Agri and Construction Equipment business as well as the Investor Relations team manage and represent our Company in interactions with investors, the media, and various government bodies. We ensure that all critical information about us is available to all investors by uploading such information on our website (www.escortsgroup.com), containing a dedicated 'Investor Information' section where relevant information 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. The quarterly earnings release is accompanied by an earnings call, with the transcript and audio of the same made available on the website. Material developments during the quarter that might impact revenue or earnings are intimated to the stock exchanges and through the website. Quarterly results, regulatory filings, transcripts of earnings call, investor relations presentations and schedules of analyst and investor interactions are available at <https://www.escortsgroup.com/investors/overview.html>.

Periodic reminders for unpaid dividends are sent to shareholders, as per our records. For any queries/suggestions, one can write to investorrelation@escorts.co.in and we will revert within three working days.

INFORMATION TECHNOLOGY (IT)

Escorts is transforming intrinsically, 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 digitisation as well as digitalisation. Digitised processes to improve productivity and controls and digital projects to increase customer outreach were implemented. EAM has embarked on a digital sales transformation programme known as Digital Contactless Sales, to enhance consumer experience and convenience, drive business performance, enhance trial and evaluation as well as improve purchase intent among consumers. As part of the programme, we are building a digital sales ecosystem that encompasses all internal and external stakeholders. It will introduce multiple digital assets like two new brand experience platforms, dealer microsites, enhanced digital marketing platform, sales force app, among others. In addition, to drive top of the funnel, we are also in the process of forging digital partnerships across the agri lifecycle with third parties like agri players, financial institutions, telcos and government bodies.

We are implementing parts planning, inventory optimisation and replenishment systems for our SPD business. This project uses the Synchron inventory system. Initially, this system will be implemented for the EAM spare division and based on the success rate, we will plan to evaluate the same for ECE SPD as well. The main objectives of the project are optimisation of our current inventory levels at warehouse and improvements in the first fill rate from our warehouse to distributors from the current levels.

We upgraded our oracle ERP from old version to the latest version to meet the demand of agile processes by putting better controls. The

version is modern and guarantees an intuitive user experience, with Oracle native mobile application to support the need of mobile workforce.

We firmly believe in fostering a culture of learning and development, which we demonstrated by providing opportunities to our own people to grow within the organisation. We are pleased to launch our digital learning platform – The New E-STAR. The objective of this integrated digital platform is to provide best-in-class learning and certification programmes to our entire ecosystem, including employees, channel and supplier partners, customers, students, among others.

INTERNAL CONTROLS

At Escorts, a strong risk management and internal control system formed the backbone of robust corporate governance practices. We have appointed Ernst & Young (EY) as our internal auditors, who conduct periodic checks and assurances 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 pre-identified types of risks, risk events or factors that require regular assessment and probability-based responses.

RISKS AND MITIGATION

We recognise that proactive risk management is an essential element of sound corporate governance and a crucial enabler in realising strategic opportunities.

A detailed review of our risk management framework is available on page 46 of the Integrated Report.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

Our consolidated revenue from operations stood at ₹ 7,238.4 crores in FY2022, up by 3.2% as against ₹ 7,014.4 crores in FY2021. Consolidated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) stood at ₹ 951.2 crores in FY2022 as against ₹ 1,126.8 crores in FY2021. Consolidated Profit Before Tax (PBT) stood at ₹ 992.8 crores in FY2022 as against ₹ 1,154.8 crores in FY2021, while Profit After Tax (PAT) stood at ₹ 735.6 crores in FY2022 down by 15.6% as against ₹ 871.5 crores in FY2021.

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (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 identified and listed the same below along with some key figures:

	In ₹ crores (except EPS and Ratios)			
	Consolidated		Standalone	
	FY20221	FY20222	FY2021	FY2022
Revenue from Operations	7,014.42	7,238.43	6,929.29	7,152.68
Material Costs	4,644.64	4,978.51	4,593.67	4,932.80
PAT	871.63	735.61	874.06	765.61
Revenue Growth	20.73%	3.19%	20.28%	3.22%
EBITDA	1,126.76	951.19	1,129.23	951.31
Operating Profit Margin	16.06%	13.14%	16.30%	13.30%
Net Profit Margin	12.43%	10.16%	12.61%	10.70%
Basic EPS	92.15	74.06	68.14	58.91
Trade Receivables	657.58	792.62	698.40	827.56
Trade Receivable Days	36	36	38	39
Inventory	718.16	846.56	674.46	803.57
Inventory Turnover	57	62	54	59
EBIT	1,168.86	1,037.15	1,168.09	1,034.58
Interest Expense	13.34	14.97	10.98	12.70
Interest Coverage Ratio	87.62	69.28	106.38	81.46
Debt	2.54	-	-	-
Equity	5,025.22	7,596.15	5,391.59	7,878.18
Debt Equity Ratio	0.00	-	-	-
Net Worth	5,025.22	7,596.15	5,391.59	7,878.18
Return on Net Worth/Equity	21.41%	11.65%	19.70%	11.54%
No. of Shares O/S	9,82,40,142 *	10,81,18,406	13,19,40,173 ^	12,95,60,749
Share Price- NSE	1,287.80	1,690.85	1,287.80	1,690.85
Share Price- BSE	1,288.85	1,691.40	1,288.85	1,691.40
M Cap (As per BSE)	12,661.68	18,287.15	17,005.11	21,913.91
Revenue Multiple	1.81	2.53	2.45	3.06
PE Multiple	13.99	22.84	18.91	28.71

* Excluding 21,442,343 shares (FY2021: 3,37,00,031 shares) held by Escorts Benefit and Welfare Trust and 23,79,855 shares (FY2021: 28,94,393 shares) held by Escorts Employees Benefit and Welfare Trust.

^ Excluding 23,79,855 shares (FY2021: 28,94,393 shares) held by Escorts Employees Benefit and Welfare Trust.

For more ratios kindly refer:-

~Note no. 49 of Consolidated financial at page 368

~Note no 48 of standalone financial at page 270

Segment-wise revenue mix

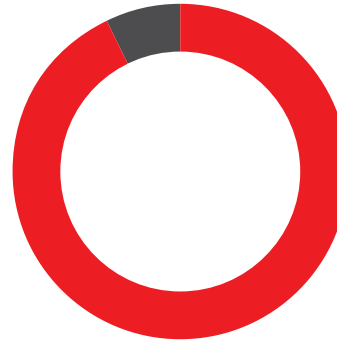
(%)



■ EAM	77
■ ECE	14
■ RED	9

Geographic revenue mix

(%)



■ Domestic	93
■ Exports	7

For and on behalf of the Board of Directors

Place: Faridabad
Date: May 13, 2022

Sd/-
Nikhil Nanda
Chairman & Managing Director

Disclaimer

Note: The 'forward-looking statements' that are 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 that are beyond our control, including but not limited to raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax, and economic policies, among others.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting this Integrated Annual Report ('Annual Report') of the Company along with Company's audited financial statements (standalone and consolidated) for the financial year ended on March 31, 2022.

Financial Results

(₹ crores)

Particulars	Standalone		Consolidated	
	Year ended on March 31, 2022	Year ended on March 31, 2021	Year ended on March 31, 2022	Year ended on March 31, 2021
Revenue from operations	7,152.68	6929.29	7,238.43	7014.42
Other income	213.02	154.56	218.02	160.38
Total income	7,365.70	7083.85	7,456.45	7174.80
Profit from operations before Interest, Depreciation & Tax	1,164.33	1283.79	1,139.86	1286.40
Finance Cost	12.70	10.98	14.97	13.34
Profit from operations before Depreciation & Tax	1,151.63	1272.81	1,124.89	1273.06
Depreciation & Amortisation	129.75	115.70	132.06	118.28
Profit from operations before Tax	1,021.88	1157.11	992.83	1154.78
Tax Expense	256.27	283.05	257.22	283.15
Net profit for the period	765.61	874.06	735.61	871.63

Financial Performance/ State of Company Affairs

The brief highlights of the Company's performance (Standalone) for the financial year ('FY') ended March 31, 2022 are:-

₹7,365.70 Crores

Total income of the Company for FY 2022 stood at ₹ 7,365.70 crores (₹ 7,083.85 crores in FY2021)

₹1,164.33 Crores

Profit from operations before Interest, Depreciation & Tax

₹1,021.88 Crores

Profit from operations before Tax (PBT) stood at ₹ 1,021.88 crores. Net profit for the period stood at ₹ 765.61 crores.

our Company sold 94,228 tractors during the year under review as against 1,06,741 tractors sold during the last financial year.

The brief highlights of the Company's performance (Consolidated) for the FY ended March 31, 2022 are:-

- Total income of the Company for FY 2022 stood at ₹ 7,456.45 crores (₹ 7,174.80 crores in FY 2021)
- Profit from operations before Interest, Depreciation & Tax stood at ₹ 1,139.86 crores.
- Profit from operations before Tax (PBT) stood at ₹ 992.83 crores. Net profit for the period stood at ₹ 735.61 crores.

The details on the individual businesses of the Company are provided in the Management Discussion & Analysis section provided in this annual report.

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, Dividend @ 70% per share of face value of ₹ 10/- each (i.e. ₹ 7 per share) for the FY ended March 31, 2022, payable on all outstanding shares except on the equity shares held by 'Escorts Benefit & Welfare Trust'.

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.

The record date for the purpose of dividend will be July 1, 2022.

The dividend distribution policy is available on our website at <https://www.escortsgroup.com/investors/governance.html>.

Transfer to Reserves

An amount of ₹ 0.07 crores (previous year: ₹ 0.21 crores) transferred to general reserves on account of vested employees stock options lapsed during the FY ended March 31, 2022.

For complete details on movement in Reserves and Surplus during the financial year ended March 31, 2022, please refer the Statement of Changes in Equity and note 17 of the Standalone and Consolidated Financial Statements.

Employee Stock Option Scheme

The Escorts Employees Stock Option Scheme ("Scheme") is in line with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB Regulations") and there were no material changes to the scheme during the financial year 2021-22. However, during the year under review, the Members of the Company had approved the following 2 (two) key variations to the Scheme:

- (i) Vesting period extended from 4 (four) to 5 (five) years from the date of grant of option (for new grants);

- (ii) Exercise period extended from 3 (three) to 5 (five) years from the last date of vesting (for new grants).

The amendments to the Scheme also contain certain editorial changes, such as modifications/deletion of definitions and provisions so as to conform to the Companies Act, 2013 ('the Act') and SBEB Regulations.:-

The Scheme is being implemented in accordance with the SBEB Regulations and the resolution passed by the members. The Secretarial Auditors certificate would be available during the AGM for inspection by the members. The details as required to be disclosed under the SBEB Regulations would be available on the Company's website at www.escortsgroup.com.

Change in Share Capital

During the FY 2021-22, the Company allotted 93,63,726 shares, on preferential allotment basis, of face value ₹ 10 each at a premium of ₹ 1990/- each for a total consideration of ₹ 1,872.75 crores. Your Company also extinguished/cancelled 1,22,57,688 equity shares ('First Scheme of Reduction'), held by Escorts Benefit and Welfare Trust ('EBWT' or 'Trust') pursuant to the scheme approved by the Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT), without payment of any consideration, vide its order dated December 23, 2021 and upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana, the First Scheme of reduction has become effective on December 27, 2021. Consequently, the paid-up equity shares capital of the Company as of March 31, 2022 stood at ₹ 131,94,06,040 consisting of 13,19,40,604 equity shares of ₹ 10/- each.

Further, the Audit Committee and Board of Directors, in their meeting held on February 18, 2022, had approved the scheme for reduction of share capital ('Second Capital Reduction') for reduction of remaining 2,14,42,343 Equity Shares of ₹ 10/- each of the Company, held by the EBWT, without payment of any consideration. The same has been filed with BSE Limited and National Stock Exchange of India Limited to get no objection letter as required under Regulation 37 of the SEBI Listing Regulations.

Utilisation of Funds

The reporting of the utilisation of funds, as on March 31, 2022, raised through the above preferential allotment and the previous preferential allotment is as follows:

Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised	Amount of Deviation/Variation for the quarter according to applicable object	Remarks if any
For the Agri Machinery Business of the Company i.e. the business of manufacturing, assembly, sales, marketing, financing, servicing, research and development of: (a) tractors; (b) construction equipment (i.e., backhoe loaders and other items to be mutually agreed between Promoters and Kubota Corporation); (c) implements; (d) transmission for tractors, construction equipment (i.e., backhoe loaders and other items to be mutually agreed between the Promoters and Kubota Corporation) and implements; and (e) spare parts of the items referred in (a), (b), (c) and (d), and for the manufacture of engines by the Company	Not Applicable	₹ 1,041.90 crores	NIL	₹ 318.35 crores (Including ₹ 176.05 crores utilised during the year)	NIL	-
For expansion of its agri-machinery business of manufacturing, assembly, sales, marketing, financing, servicing, research and development of: (a) tractors; (b) combine harvester & rice transplanter; (c) utility vehicles; (d) turf equipment; (e) construction machinery; (f) engines; (g) implements; (h) transmission for tractors, construction equipment and implements; (i) other farm mechanisation equipment; (j) spare parts of the items referred in (a) to (i) above	Not Applicable	₹ 1,855.31 crores*	NIL	NIL	NIL	-

* Net proceeds post deduction of expenditure of ₹ 17.44 crores incurred towards preferential issue and allotment.

Directors and Key Managerial Personnel

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Hardeep Singh (DIN: 00088096) and Mr. Dai Watanabe (DIN: 08736520), Directors of the Company, retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

The Company has received the nomination letter for two more Nominee Directors from Kubota Corporation (Kubota), pursuant to the terms of the Shareholders' Agreement (SHA) dated November 18, 2021, executed among and between the Company, Kubota, EBWT and the Specified Promoters (as specified in SHA), for appointment of following person as Directors of the Company :

- Mr. Seiji Fukuoka – Whole Time Director to be designated as Deputy Managing Director
- Mr. Shiro Watanabe – Non Executive Director

The Board of Directors, at its meeting held on May 13, 2022, has, on the recommendations of Nomination Remuneration and Compensation Committee (NRC), appointed Mr. Seiji Fukuoka (DIN: 08786470), not liable to retire by rotation, and Mr. Shiro Watanabe (DIN: 09588547), liable to retire by rotation, as an Additional Directors of the Company. Mr. Seiji Fukuoka and Mr. Shiro Watanabe shall hold office of Director(s) upto date of ensuing AGM. However, the Company has also received requisite notices, in writing from Kubota, a member of the Company, proposing candidatures of Mr. Seiji Fukuoka and Mr. Shiro Watanabe for the said appointment. Accordingly, Board of Directors, based upon the recommendation of the NRC, had recommended the appointments, to shareholders for approval, of Mr. Seiji Fukuoka, as Whole Time Director designated as Deputy Managing Director for a period of 5 years w.e.f. May 13, 2022 along with his remuneration, not liable to retire by rotation, and Mr. Shiro Watanabe, as Non-Executive Director, liable to retire by rotation, in the ensuing AGM.

In order to meet the criteria of 50% independent directors on the Board, the Board of Directors, at its meeting held on



May 13, 2022, on the recommendations of NRC, appointed Mr. Ravindra Chandra Bhargava (DIN: 00007620) and Mr. Kenichiro Toyofuku (DIN: 08619076) as an 'Additional Independent Director. They shall hold office as an Additional Independent Director(s) of the Company upto the date of ensuing Annual General Meeting. However, the Company has also received requisite notices, in writing from a member of the Company, proposing candidatures of Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku for the said appointment. Accordingly, Board of Directors, based upon the recommendation of the NRC, had recommended the appointment to shareholders for approval for a period of 5 years w.e.f. May 13, 2022, not liable to retire by rotation, in the ensuing AGM.

The NRC and the Board at their respective meetings have assessed their candidature and are of view that Mr. Seiji Fukuoka, Mr. Shiro Watanabe, Mr. Ravindra Chandra Bhargava and Mr. Kenichiro Toyofuku possesses necessary competencies and skill identified by the Board of directors for effective managing its business.

The tenure of Mr. P.H. Ravikumar and Mrs. Vibha Paul Rishi, Independent Directors is expiring in the ensuing AGM. Mr. Ravikumar and Mrs. Rishi were appointed as an Independent Directors in 2014 and completing the second term which will be ending in the ensuing AGM. The Board of Directors upon recommendation of the NRC has recommended the appointment of Mr. Vimal Bhandari (DIN: 00001318) and Mrs. Reema Rameshchandra Nanavati (DIN: 00690270), as Independent Directors, not liable to retire by rotation, from the conclusion of ensuing Annual General Meeting for a period of 5 consequent years.

The Board of Directors, in its meeting held on May 13, 2022, has, on the recommendations of Nomination Remuneration and Compensation Committee (NRC), has recommended the re-appointment and remuneration of Mr. Nikhil Nanda (DIN: 00043432) as Managing Director, not liable to retire by rotation, for a period of 5 years w.e.f. September 19, 2022, for shareholders approval.

The Company has received declarations from all Independent Directors of the Company that they meet the criteria of independence as prescribed under subsection (6) of Section 149 of the Act and under Regulation 16 and 25 of SEBI Listing Regulations and there has been no change in the circumstances affecting their status as independent director of the Company. The Company has also received a declaration from all the independent directors that they have registered their names in the independent director data bank and pass/ exempt requisite proficiency test conducted by Ministry of Corporate Affairs.

The policy on Appointment and Removal of Director's and Members of Senior Management was reviewed and amended by the Board at its meeting held on May 13, 2022.

The said policy is annexed as **Annexure – A** and forms an integral part of this Report.

Annual performance evaluation of the Board, its committees and individual directors (including independent directors) pursuant to the provisions of the Act and the Corporate Governance requirements under SEBI Listing Regulations have been carried out. In accordance with the Policy, a process was followed by the Board for evaluation of its own performance and its committees and individual Directors including independent directors.

The remuneration policy for directors, key managerial personnel, senior management and other employees was reviewed and amended by the Board at its meeting held on May 13, 2022. The said policy is annexed as **Annexure – B** and forms an integral part of this Report.

The Company has devised a process whereby various presentations/ programs are being conducted to familiarise the Directors 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.

The Company recognises and embraces the importance of a diverse board in its success. Your Company believes 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 it retain its competitive advantage.

The brief resumes and other details relating to the Directors who are proposed to be appointed/ re-appointed, as required to be disclosed as per the provisions of the SEBI Listing Regulations/ secretarial standard is given in the Annexure to the Notice of the 76th AGM.

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 sustainably. At Escorts the goal of corporate governance is to ensure fairness for every stakeholder. Your Company believes that strong corporate governance is critical to enhancing and retaining investor

trust. Your Company also endeavours to enhance long term shareholder value and respect minority rights in all its 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 policies conforming to international standards. Pursuant to Regulation 34(3) of the SEBI Listing Regulations, Corporate Governance Report and a Certificate regarding compliance of conditions of Corporate Governance from Company Secretary in Practice 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 under Investors Information Section. During the year, the Company has spent ₹ 15.83 crores. {Including amount transferred to unspent CSR account (refer note 29 of the Standalone Financial Statement)}.

During FY ended March 31, 2022, the Company has spent ₹ 6.91 crores on various projects. The balance of ₹ 8.92 crores, towards ongoing project, had been transferred to unspent CSR account and will be spent in accordance with the provisions of the Act.

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

In accordance with Section 129(3) of the Act, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is provided in this report. The statement also provides details of performance and financial position of each of the subsidiaries. Audited financial statements together with related information and

other reports of each of the subsidiary companies have also been placed on the website of the Company at <https://www.escortsgroup.com/investors/annual-reports.html>. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiaries, associate and joint venture companies.

In terms of the Company's Policy on determining "material subsidiary", during the FY ended March 31, 2022, there is no material subsidiary of the Company whose income exceeds 10% of the consolidated income of the Company in the immediately preceding FY.

During the FY ended on March 31, 2022, the Company has infused additional equity capital in the following Companies:

1. Escorts Crop Solutions Limited, Subsidiary
2. Tadano Escorts India Private Limited, Joint Venture

Further, the Company has also acquired the remaining equity share capital of M/s Escorts Skill Development (ESD), apart from the existing equity shares already held by the Company. Consequently, ESD has become the wholly owned subsidiary of the Company w.e.f. November 1, 2021.

The complete list of subsidiaries, joint ventures and associate companies as on March 31, 2022, in terms of the Act and IND-AS is provided herein below:

Sl. No.	Name of the subsidiary / associate companies / joint ventures	Relationship	% of shares
1	Escorts Crop Solutions Limited	Subsidiary	*100%
2	Escorts Skill Development	Subsidiary	100%
3	Escorts Finance Limited	Subsidiary	69.42%
4	Farmtrac Tractors Europe Spolka Z.o.o.	Subsidiary	100%
5	Escorts Benefit and Welfare Trust	Subsidiary	100%
6	Escorts Benefit Trust	Subsidiary	100%
7	Adico Escorts Agri Equipments Private Limited	Joint Venture	40%
8	Tadano Escorts India Limited	Joint Venture	40%
9	Escorts Kubota India Private Limited	Joint Venture	40%
10	Kubota Agricultural Machinery India Private Limited	Joint Venture	40%
11	Escorts Consumer Credit Limited	Associate	29.4%

* Rounded off to 100%

During the year under review, the Company along with other shareholders of Escorts Securities Limited ("ESL"), has transferred the entire shareholding in ESL to M/s Choice Equity Broking Private Limited and their nominee consequently ESL ceased to be Subsidiary of the Company w.e.f. February 14, 2022.



The details of the above investments/ disinvestment are provided in the note 7 & 15 of the Notes to Accounts of Standalone Financial Statements 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. However, the Company has obtained the approval of shareholders, by way of Postal Ballot, for material related party transaction(s) with M/s Kubota Corporation and its subsidiary(ies)/ group company(ies), for a period of 5 years, effective from the date of commencement of SHA.

The particulars of contracts or arrangements, 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 under Investors Information Section.

Your Directors draw attention of the members to note 45 in the notes to accounts in the Standalone Financial Statement and to note 45 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 rules thereunder, M/s Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), were appointed as statutory auditors of the Company for a term of five (5) years from the conclusion of 71st AGM, held on September 21, 2017, till the conclusion of the 76th AGM to be held in the year 2022.

The Board of Directors, at its meeting held on May 13, 2022, on the recommendation of Audit Committee, had recommended the re-appointment of M/s. Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), as Statutory Auditors of the Company, for another period of five (5) years, to hold office from the conclusion of the ensuing AGM till the conclusion of the AGM to be held in the year 2027.

The Company has received a letter from M/s. Walker Chandiook & Co LLP, Chartered Accountants confirming that their appointment, if made, would be within the limits prescribed under Section 139 of the Act and that they are not disqualified for such appointment within the meaning of Section 141 of the Act, read with rules thereunder.

The comments given by M/s. Walker Chandiook & Co LLP, Chartered Accountants, Statutory Auditors, in their report read together with notes to Accounts for the FY ended March 31, 2022 are self-explanatory and hence, do not call for any further explanations or comments under Section 134 of the Act.

Pursuant to provisions of the Section 143(12) of the Act neither the statutory auditors nor Secretarial auditors nor Cost Auditors have reported any incident of fraud to the Audit Committee or the Board during the year under review.

Cost Auditors

Pursuant to the Section 148 of the Act read with rules thereunder, your Company is required to maintain the cost records and the said cost records are required to be audited.

Accordingly, maintaining of cost records is applicable to the Company and the Company is maintaining all the aforesaid cost records.

The Board of Directors, on the recommendation of Audit Committee, has re-appointed M/s. Ramanath Iyer and Co., Cost Accountants (Firm Registration No. 000019), as Cost Auditors of the Company for conducting the audit of cost records for the financial year 2022-23.

The due date of filing the Cost Audit Report for the year ended on March 31, 2021 was September 30, 2021 and the same had been filed on August 27, 2021.

Secretarial Auditors

The Board had appointed M/s. Jayant Gupta and Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct secretarial audit of the Company for the financial year 2021-22.

The Secretarial Audit Report of the Company as prescribed under Section 204 of the Act is annexed herewith as **Annexure – G** and forms an integral part of this Report.

The Secretarial Audit report does not contain any qualification, reservation and adverse remarks and the comments given by the Secretarial Auditors in their report are self-explanatory and hence, do not call for any further explanations or comments under Section 204(3) of the Act.

The Board has also re-appointed M/s. Jayant Gupta and Associates, Practicing Company Secretaries to conduct secretarial audit of the Company for the FY 2022-23.

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.

The Company has laid down a Risk Management Policy and the same is available on the website of the Company at <https://www.escortsgroup.com/investors/governance.html>

The details of constitution of Risk Management Committee of the Company is provided in Report on Corporate Governance at **Annexure – D** of the Directors' Report.

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

Eight meetings of the Board of Directors were held during the year. A detailed note on the composition of the Board including its committees are provided in the Corporate Governance 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.

CSR Committee

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

Annual Return

The Annual Return for Financial Year 2021-22 is available on the Company's website at 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 behaviour, 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 or appropriate 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 at <https://www.escortsgroup.com/investors/governance.html>.

Registrar and Share Transfer Agent

The Share Transfer and related activities are being carried out by M/s KFin Technologies Limited (earlier KFin Technologies Private Limited), Registrar and Share Transfer Agent from the following address:-

M/s KFin Technologies Limited
Tower B, Plot No. 31-32, Selenium Building,
Gachibowli, Financial District, Nanakramguda,
Hyderabad-500032, Telangana

Shareholders' Agreement

During the year, the Company, Kubota Corporation, Japan ('Kubota'), Escorts Benefit and Welfare Trust ('EBWT' or 'Trust') and the Specified Promoter (as specified in the shareholders' agreement) had entered into an shareholders' agreement on November 18, 2021 (Shareholders' Agreement or SHA) with a common objective of making the Company a global leader in the manufacture, assembly, sales, marketing, financing, servicing, research and development of value-based tractors and relationship amongst them regarding their rights and obligations, and other matters in connection therewith including undertaking the specific obligations as set out in this SHA. The said SHA was become effective from April 11, 2022 post completion of Open Offer pursuant to the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, consequently, Kubota acquired control over the Company and became the joint promoter of the Company.

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

A statement regarding Loans/ Guarantees given and Investments covered under the provisions of the Section 186 of the Act is made in the notes to the financial statement.

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.

in terms of the first proviso to 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 – H** and forms an integral part of this Report.

Public Deposits

The Company has not accepted/ renewed any Fixed Deposit during the financial year under review 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 Act, 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. Accordingly, the Company has transferred ₹ 9.08 lakhs, pertaining to unclaimed dividend, during the period under review, to IEPF.

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. The detailed information is available at our website www.escortsgroup.com.

As on March 31, 2022, no unclaimed deposits are pending which required to be transferred to Investor Education and Protection Fund.

Credit Rating

The present credit rating of the Company is as under:

ICRA Limited has upgraded the long-term rating by one notch from "ICRA AA" to "ICRA AA+" with revision in outlook from "watch with developing implication" to "Stable" and reaffirmed Short-term rating at "ICRA A1+".

CRISIL has upgraded the long term rating by one notch from "CRISIL AA" to "CRISIL AA+" with revision in outlook from "watch with positive implications" to "Stable" and reaffirmed Short-term rating at "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 closure of the FY 2022 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 provide 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.

Human Resources Management

Our professional are our most important assets. We are committed to hiring and retaining the best talent being among the industry's leading employers. For this, we focus on promoting a collaborative, transparent and participative organisation culture, and rewarding merit and sustain high performance. Our human resources management focuses on allowing our employees to develop their skills, grow in their career and navigate their next.

Secretarial Standards

The Company is in compliance with all the applicable Secretarial Standards issued by the Instituted of Company Secretary of India.

Integrated Report

The Company, has voluntarily provided Integrated Report, which includes non-financial and financial information to have a better understanding of the Company's long term strategy. This report covers six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital as per International <IR> framework.

Business Responsibility and Sustainability Report (BRSR)

In November 2018, the Ministry of Corporate Affairs (MCA) constituted a Committee on Business Responsibility Reporting ("the Committee") to finalize business responsibility reporting formats for listed and unlisted companies, based on the framework of the National Guidelines on Responsible Business Conduct (NGRBC). Through its report, the Committee recommended that BRR be rechristened BRSR, where disclosures are based on ESG

parameters, compelling organizations to holistically engage with stakeholders and go beyond regulatory compliances in terms of business measures and their reporting. SEBI, vide its circular dated May 10, 2021, made BRSR mandatory for the top 1,000 listed companies (by market capitalization) from FY 2023, while disclosure is voluntary for FY 2022 .

The Committee Report encourages companies to report their performance for FY 2022 to be better prepared to adopt this framework from the next FY. Escorts has adopted the BRSR voluntarily for FY 2022. The BRSR disclosures form a part of Escorts' Integrated Annual Report 2021-22.

Application made or any proceeding pending under the Insolvency and Bankruptcy Code

As on the date of the Report no application is pending under the Insolvency and Bankruptcy Code, 2016 and the Company did not file any application under (IBC) during the Financial Year 2021-22. Further, the Company has not made any one-time settlement.

Compliance by Large Corporate

Your Company does not fall under the category of large corporate, as defined under SEBI vide its circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018, as such no disclosure is required in this regard.

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, 2022, 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, 2022 and of the profit 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, 2022 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. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
3. Neither the Managing Director nor the Whole Time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. 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 32 in the notes to accounts in the standalone financial statement and to note 33 in the notes to accounts in the consolidated financial statement which sets out information on Commitments and Contingencies.
5. Details of difference between amount of valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

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 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

Sd/-

Place: Faridabad

Nikhil Nanda

Date: May 13, 2022

Chairman and 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 the 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 the 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, the NRC shall consider:

- (a) the results of assessment of the proposed appointee against a range of criteria formulated by the 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 judgement;
 - (e) the provisions of the Articles of Association of the Company;
 - (f) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"); and
 - (g) 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;
 - (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 and the provisions of the Articles of Association of the Company, 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 SEBI LODR, 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 SEBI LODR, 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, the 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, the 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 shortlisted candidate(s) to assess their capability for the job. In the event that the Chairman may feel that no shortlisted candidate is suitable for appointment to the Board, the Chairman may require the 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 the SEBI LODR, subject to the approval of the Board and/ or shareholders of Escorts at a 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 the 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, the SEBI LODR, 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 the NRC and/ or the Board for noting only.

Notwithstanding anything contained herein, the selection procedure to be followed by the NRC in consultation with the Chairman and Managing Director of Escorts for the appointment of: (i) Directors on the Board, and (ii) persons at the Senior Management positions, shall at all times be in accordance with the provisions of the Articles of Association of the Company.

5. Appointment Procedure

- (i) Every Director shall be appointed/ re-appointed by Escorts at a Board or a General Meeting in accordance with the provisions of the Articles of Association of the Company, and as per the requirements of the Companies Act, 2013, the SEBI LODR, 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.
- (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) The 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 or CEO or Whole Time Director for such a term as provided under the applicable laws in accordance with the terms of the Articles of Association of the Company, as applicable.

(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.

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) The 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. The 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 the SEBI LODR.

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

- (i) The Directors liable to retire by rotation shall retire as per the provisions of the Companies Act, 2013, read with rules framed thereunder. For Whole Time Director(s), KMPs and members of Senior Management the retirement age shall be 58 years. The term of Independent Directors shall be governed by the provisions of the Companies Act, 2013, read with rules framed thereunder.
- (ii) Any extension of the term of services beyond the age of 58 years for Whole Time Director(s), KMPs, members of Senior Management shall be decided by the Board of Directors on case-to-case basis upon receiving recommendations from the Nomination and Remuneration Committee. Unless otherwise decided by the Board the extension shall not be more than one year duration at a time with right to revoke the extension any time as per the terms.

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, the SEBI LODR, 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) The 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 Regulation 19 read with Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), 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 endeavour 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.

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 the 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 the NRC and approved by the Board, from time to time.

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 the 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.

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 SEBI LODR 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 SEBI LODR, 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) The 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 and has been steadily making progress towards this end.

The area of focus is Generation, Transmission, Distribution and Consumption in all production and Non-Production Processes.

In all Escorts plants and offices following steps are taken to conserve energy, inter alia, detailed as under:-

- Production line efficiency improvement: In Engine Line PT plant per shift production increase from 77 components per shift to 154 per shift through engineering innovations as cycle time reduction.
- Compressed air distribution network :Efficiency improvement done by 10% from last year consumption pattern. Also initiated drive for elimination of hidden losses and pressure optimisation.
- Reduction in Water Extraction resulting in Energy saving in water usage: For water reduction various initiatives has taken to reduce, reuse and recycle the water inside the plant, resulting 50% reduction of water extraction from last year.
- Digitisation of line wise energy consumption trends and analysis to implement line wise energy conservation: Process for digitisation of Utility parameters monitoring through introduction of Utility Dashboard., installation of 402 number "IoT" compatible meters across the plant to fetch data on real time basis for Energy, Water, Air Pressure and Fuel Parameters.
- Reduction in energy consumption by providing VFD on high rated motors: During the period under review approx. VFD of 130 HP motors and reduced energy consumption by 15% of these motors.
- Eliminate ideal running of motors when machine is not in production mode and reduced energy consumption.
- Energy consumption reduced by providing Timer at various location to switch off lights and fan during tea break and lunch hours.

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

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

The Company has installed Rooftop Solar Power plants system in various plants as an Alternate source of energy.

3. Capital Investment on Energy Conservation Equipment's

During the year under review, approximately ₹ 690 lacs has been spent in various initiatives at various locations with respect to digitisation, water and VFD.

II) Technology Absorption

1. The efforts made towards technology absorption

- a) Euro G28 Compact Tractor for Vineyards In Powertrac Brand.
- b) Euro 30 2Wd Narrow Tractor for Orchids and Utility Application.
- c) Euro 60 BT4 (CRDi) Meeting Upcoming Emission Norms for Tractor Industry.
- d) Euro 45 Plus with In-House Lift Utility Tractor for 4Wd for South Region.
- e) Euro G28 With In House Engine-(Seeding)-In-house Capability Development for Low hp Segment.
- f) Powerhouse Series (434Ph, 439Ph, E42Ph, E47Ph, E50Ph, E55Ph) More For Less Product Positioning.
- g) Euro 55 Nxt with Super Seeder Speeds for Application-Specific Requirement
- h) Euro 50 Nxt 4Wd Model in 50 Hp Segment.
- i) Euro 42 Plus (Paddy) With Upgraded 11" Clutch for South Region and Puddling Operation.
- j) Atom 35 (9+3) higher hp product in the compact segment.
- k) FT26E (Seeding) EV compact tractor for vineyards in Powertrac brand.

- l) FT6055 BT4 (CRDi) Meeting upcoming emission norms for tractor industry.
- m) FT 50, FT60 NETS & FT 6065 NETS BT4 (Seeding) New Farmtrac brand seeding for customer feedback.
- n) FT 60 & FT 6055 with 50 % splitter speed for Super Seeder with speeds for application-specific requirement
- o) FT Champion (42@2000) introduction of 42 hp segment utility for better power feel.
- p) FT 60 PMX High Torque-55 hp category tractor without CRDi segment in BT 4 scenario.
- q) Euro C26 Compact series product in Powertrac brand for ROW market.
- r) Compact 25G HST +EV (Seeding) Electric technology with hydrostatic transmission for the EU/USA market.
- s) EK 3-471 4WD (Pilot) Utility tractor for Sri Lanka market
- t) CRDi 50 & 75 Stg 5 to cater to EU markets regulatory requirements.
- u) CRDi 50- Tier 4 product for USA market.
- v) FT7110 3A (Cabin/ROPS) Higher hp product range for ROW market.
- w) Introduced the industry's 1st 10-safety features in White Line Safe Crane Models.
- x) Launched updated & BS-IV compliant 9T tandem vibratory compactor, HD85 Plus with improved performance & efficiency.
- y) Implemented Stage IV Emission Norms & CEV Safety Features Phase 1 in required models of Safe Cranes, Compactor & BHL line-up.
- z) 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.
- aa) Filing of patents/ design registrations for new and innovative designs.

- bb) First Indian Company to successfully obtain RDSO approval for Field validation of in-house developed Microprocessor Controlled Brake System for 3 Phase Electric Locomotive
- cc) First Indian Company to get approval for Passenger Emergency Alarm Pull Brake system
- dd) First Indian Company to supply Dampers for Alstom & Rotem Metro trains

2. Benefits derived like product improvement, cost reduction, product development or import substitution

- a) Escorts has an entire range of tractors from 20 hp to 120 hp for domestic and export markets with enhanced styling, power, and performance.
- b) As a Green technology/Sustainability initiative, Escorts has developed and exporting electric tractors to the US and Europe. This is the first time in the Indian tractor industry.
- c) Capability enhancement for Engine, Transmission, Hydraulic technologies and design optimisation through the usage of predictive/virtual simulation software, and high-performance computers.
- d) Significant Material cost reduction in tractors through design optimisation and Purchase efficiency
- e) Product cost optimisation through VA/VE, cost reduction initiative, Innovative out-of-the-box ideas.
- f) Design and Development of 24+8, 16+8, 12+12 modular transmissions for multiple Agri & non Agri tractor applications.
- g) Design and Development to reduce emissions as per Indian & European norms.
- h) We delivered a series of new products with enhanced power and performance and made a better value proposition for customers in the domestic and export market. This has given more customer and application coverage for our products and resulted in enhanced growth.
- i) Cost-effective and customised solution will help customers to afford the solution and enable them to produce more output per unit cost of input and help them to meet emerging market challenges.
- j) Use of in-house arrangement to support cost-effective solutions to customers.



- k) Initiated new projects for the addition of new features, reliability enhancement and upgradation of existing products & creation of new platforms to meet customer expectations and emerging future trends.
- l) Initiated a new product range for global markets. Application-specific products for niche markets introduced for applications e.g. wetland, super seeder, 4WD, mining, etc.
- m) We are the first Company to supply improved product along with significant cost reduction for AAR-H Couplers used in LHB Passenger trains
- n) New product family of Air Spring for Passenger trains introduced

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, 2022	For the financial year ended on March 31, 2021
a) Capital Expenditure*	17.80	23.36
b) Recurring Expenditure	131.83	119.53
Total R&D Expenditure	149.63	142.89
Total R&D Expenditure as a percentage of total turnover	2.14%	2.10%

*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, 2022	For the financial year ended on March 31, 2021
a) Foreign exchange outgo:		
- Imports (including capital goods)	275.46	152.38
- Others	5.96	8.01
Total	281.42	160.39
b) Foreign Exchange earned	511.21	297.05

For and on behalf of the Board of Directors

Place: Faridabad
Date: May 13, 2022

Sd/-
Nikhil Nanda
Chairman & Managing Director

Annexure – D to the Directors' Report

Report on Corporate Governance

I. Company's Philosophy on Corporate Governance code

The Chosen Vision of your Company is institution in perpetuity. The Company is deeply conscious that, while doing business successfully, it will actively cater to building of nation and society around it. The long-term interest of the Company, particularly in agriculture and construction equipment domains, is closely woven with stakeholder alignment.

Your Company has large number of stakeholders in all spheres of business and society. It will be our endeavours to constantly promote and enhance the stakeholder's legitimate interest.

The Company endeavours to conduct its business and strengthen relationship in a manner that is dignified, distinctive and responsible. The Company adheres to ensure fairness, integrity, transparency, independence, and accountability in dealing with all stakeholders. Therefore, the Company has adopted various code/policies to carry out its duties in transparent manner and highest governance standards through continuous evaluation and benchmarking. Some of these code/policies are: -

1. Code of conduct for Prohibition of Insider Trading
2. Code of Business Conduct
3. Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information
4. Code of Conduct for Board Members and Senior Management of the Company
5. Investor Grievance Redressal Policy
6. Policy for Preservation of Company Records
7. Policy for determining Material Subsidiary
8. Policy on Materiality of Related Party Transactions ('RPT')
9. Policy on appointment of Directors and members of Senior Management
10. Corporate Social Responsibility (CSR) Policy
11. Dividend Distribution Policy
12. Remuneration Policy for the Directors, KMP, Senior Management and other employees

13. Whistle Blower Policy
14. Policy on Material Events
15. Policy on Risk Management
16. Policy on Succession Planning
17. Board's Diversity Policy
18. Investment Policy
19. Foreign Exchange Risk Management Policy
20. Competition Compliance Policy
21. Policy on Prevention of Sexual Harassment at work place

II. Board of Directors

- a) The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. 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. The Composition of the Board and categories of directors, as on March 31, 2022, is as follows:-

Category	Name of Director
Promoter/ Promoter Group Directors	Mr. Nikhil Nanda (Chairman and Managing Director) Ms. Nitasha Nanda (Whole Time Director)
Executive Director	Mr. Shailendra Agrawal
Non-Executive Director	Mr. Hardeep Singh
Non-Executive Nominee Directors	Mr. Yuji Tomiyama Mr. Dai Watanabe
Independent Non-Executive Directors	Mr. P.H. Ravikumar Mr. Harish N Salve Dr. Sutanu Behuria Mr. Sunil Kant Munjal Mrs. Vibha Paul Rishi Ms. Tanya Arvind Dubash

Mr. Nikhil Nanda is the brother of Ms. Nitasha Nanda. None of the other directors are related to any other director on the Board.



b) Familiarization programme for Board members

The Board members are provided with necessary documents viz Company's profile, its mission, vision, Organisation structure, Company's milestone, a brief background of the business of the Company, major policies, periodic presentation are made to the Board on the business and performance, risk management, new business initiatives and organisation strategies, change in the regulatory environment applicable to the corporate sector and to the industry in which it operates.

The details of such familiarisation programme of Independent Directors are posted on the website of the Company and can be accessed at –www.escortsgroup.com.

c) Independent Directors' obligations

- The Independent Director(s), at the first meeting of the Board in which they participate as Director and thereafter at the first meeting of the Board in every financial year(FY), give a declaration that they meet the criteria of independence as provided under the Companies Act 2013 ('Act') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR' or 'Listing Regulations').
- All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1) (b) & 25(8) of the SEBI LODR read with Section 149(6) of the Act.
- The maximum tenure of Independent Directors is in compliance with the Act.
- The Board is of the opinion that the Independent Directors fulfil the conditions specified in the SEBI LODR and are independent of the management.
- The Independent directors of the Company meet at least once in every FY without the presence of non-independent directors and management personnel. Such meeting enables independent directors to discuss matters pertaining to the Company's affairs and matters mentioned in the schedule IV of the Act.

f) Directors attendance, directorships and memberships etc.

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorship and Chairmanship/Membership of the Committee of each Director in various Companies and shareholding in the Company:-

Name of Director	Director Identification number (DIN)	Category*	Directorship in other listed entity & Category	No. of Board meetings during the period from 01.04.2021 to 31.03.2022		Whether attended the last AGM held on 27.07.2021	No. of director-ships held in other Public Ltd Companies as on 31.03.2022 ^(#)		No. of committee Memberships / (Chairmanships) held in Public Companies (A) as on 31.03.2022	No. of shares held ⁵
				Held	Attended		Directorship	Chairmanship		
Mr. Nikhil Nanda	00043432	EPCMD	-	8	8	Y	2	1	-	12,03,091

The Independent directors take appropriate steps to present their views to the Chairman. One meeting of the independent directors was held during the FY 2021-22.

d) Certification from Company Secretary in Practice

- A certificate from M/s Jayant Gupta & Associates, Practicing Company Secretaries, certifying none of the directors of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by Securities and Exchange Board of India ('SEBI')/ Ministry of Corporate Affairs (MCA) or any other regulatory authority. The said certificate posted on the website of the Company and can be accessed at –www.escortsgroup.com.

e) Code of Conduct

- The Board has laid down a code of conduct ('the Code') for all Board Members and Senior Management Personnel of the Company. The Code is posted on the website of the Company (<https://www.escortsgroup.com/investors/governance.html>).
- All Board Members and Senior Management personnel of the Company affirm compliance with the Code on an annual basis and the declaration to that effect by Chairman and Managing Director of the Company is attached to this report.
- The Company recognise that sexual harassment violates fundamental rights of gender equality, right to life and liberty and right to work with human dignity as guaranteed by the Constitution of India. To meet this objective, measures have been taken to eliminate any act of sexual harassment and to take penal action, if required. The Company has taken initiatives to create wide awareness amongst the employees about the policy for prevention of sexual harassment.
- The Senior Management have made disclosure to the Board confirming that there is no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

Name of Director	Director Identification number (DIN)	Category*	Directorship in other listed entity & Category	No. of Board meetings during the period from 01.04.2021 to 31.03.2022		Whether attended the last AGM held on 27.07.2021	No. of director-ships held in other Public Ltd Companies as on 31.03.2022 ^(#)		No. of committee Memberships / (Chairmanships) held in Public Companies (^) as on 31.03.2022	No. of shares held ⁵
				Held	Attended		Director-ship	Chairman-ship		
Mr. Hardeep Singh	00088096	NENID	UPL Limited, Independent Director	8	8	Y	3	-	4/(2)	500
Mr. P.H. Ravikumar	00280010	NEID	Bharat Forge Limited, Independent Director Aditya Birla Capital Limited, Independent Director	8	8	Y	6	-	6/(3)	NIL
Mrs. Vibha Paul Rishi	05180796	NEID	Asian Paints Limited, Independent Director Tata Chemicals Limited, Independent Director ICICI Prudential Life Insurance Company Limited, Independent Director ICICI Bank Limited, Independent Director	8	6	Y	5	-	7/(2)	NIL
Ms. Nitasha Nanda	00032660	WTD	-	8	8	Y	2	-	-	1,93,422
Dr. Sutanu Behuria	00051668	NEID	Indo-Tech Transformers Limited, Independent Director	8	8	Y	4	-	5	NIL
Mr. Shailendra Agrawal	03108241	ED	-	8	8	Y	2	-	-	NIL
Mr. Sunil Kant Munjal	00003902	NEID	DCM Shriram Limited, Independent Director	8	7	Y	4	-	2	26270
Ms. Tanya Arvind Dubash	00026028	NEID	Godrej Industries Limited, Executive Director Godrej Consumer Products Limited, Director Godrej Agrovet Limited, Director Britannia Industries Limited, Independent Director	8	5	Y	8	-	2	NIL
Mr. Harish N Salve	01399172	NEID	-	8	3	Y	1	-	-	NIL



Name of Director	Director Identification number (DIN)	Category*	Directorship in other listed entity & Category	No. of Board meetings during the period from 01.04.2021 to 31.03.2022		Whether attended the last AGM held on 27.07.2021	No. of director-ships held in other Public Ltd Companies as on 31.03.2022 ^(#)		No. of committee Memberships / (Chairmanships) held in Public Companies ^(^) as on 31.03.2022	No. of shares held [§]
				Held	Attended		Director-ship	Chairman-ship		
Mr. Dai Watanabe%	08736520	NEND	-	8	8	Y	1	-	-	NIL
Mr. Yuji Tomiyama%	08779472	NEND	-	8	8	Y	1	-	-	NIL

* EPCMD- Executive Promoter Chairman and Managing Director, NENID- Non Executive Non Independent Director, NEID- Non Executive Independent Director, WTD - Whole Time Director, ED - Executive Director, NEND- Non Executive Nominee Director.

^(#) Including Escorts Limited but excluding private Limited Company, Section 8 Companies and Companies incorporated outside India.

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

[§]No Convertible instrument was held by directors.

% Mr. Dai Watanabe and Mr. Yuji Tomiyama are nominee directors of M/s Kubota Corporation

g) Key Board Qualifications, Expertise and Attributes

The Board 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 ensure highest standards of corporate governance.

The table below provides the key qualifications, skills, expertise and attributes which are broadly 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.
Leadership	Expended lead Expended leadership experience for a significant enterprise, resulting in a practical understanding of organisations, 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, analyse 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.
Digital/ Information Technology	Use of digital/ Information Technology, ability to anticipate technological driven changes & disruption impacting business and appreciation of the need of cyber security and controls across the organisation.

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.

The details of directors who have such skills/ expertise/ competence are provided herein below:

Name of Directors	Area of Expertise					
	Financial	Leadership	Merger and Acquisitions	Board Service and governance	Sales and Marketing	Digital/ Information Technology
Mr. Nikhil Nanda, Chairman and Managing Director	Y	Y	Y	Y	Y	Y
Mr. Hardeep Singh, Director	Y	Y	Y	Y	Y	-
Mr. P.H. Ravikumar, Independent Director	Y	Y	Y	Y	-	Y
Ms. Vibha Paul Rishi, Independent Director	Y	Y	-	Y	Y	Y
Ms. Nitasha Nanda, Whole Time Director	Y	Y	-	Y	-	-
Dr. Sutanu Behuria, Independent Director	Y	Y	-	Y	-	-
Mr. Shailendra Agrawal, Executive Director	Y	Y	Y	Y	Y	-
Mr. Sunil Kant Munjal, Independent Director	Y	Y	Y	Y	Y	Y
Ms. Tanya Dubash, Independent Director	-	Y	-	Y	Y	-
Mr. Harish N Salve, Independent Director	-	Y	-	Y	-	-
Mr. Dai Watanabe, Nominee Director	Y	Y	Y	Y	Y	Y
Mr. Yuji Tomiyama, Nominee Director	Y	Y	Y	Y	Y	Y

h) Directors' Membership in Board/ Committees of Other Companies

In terms of the provisions of the SEBI LODR, 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).

i) Board Meetings

Eight (8) Board Meetings were held during the FY ended March 31, 2022 i.e. on May 14, 2021, August 5, 2021, October 8, 2021, October 29, 2021, November 18, 2021, February 8, 2022, February 18, 2022 and March 11, 2022.

The gap between any two consecutive Board Meetings did not exceed 120 days. All the recommendation of Committee(s) of the Board were accepted by the Board. Further, The Annual Operating and Capital Budget(s) are approved by the Board of Directors and Board spends considerable time in reviewing the actual performance of the Company vis-à-vis the approved budget.

III. Audit Committee

a) Composition of Audit Committee

As on March 31, 2022 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	(Member)
3. Mrs. Vibha Paul Rishi	Independent Director	(Member)
4. Dr. Sutanu Behuria	Independent Director	(Member)

Mr. Satyendra Chauhan, Company Secretary & Compliance Officer, acts as Secretary to the Audit Committee.

Mr P. H. Ravikumar, Chairman of the Audit Committee, had attended the last AGM.

b) Meetings & Attendance

Seven (7) meetings of the Audit committee were held during the FY ended March 31, 2022 – i.e. on May 14, 2021, August 5, 2021, October 29, 2021, November 18, 2021, February 8, 2022, February 18, 2022 and March 11, 2022.

The attendance of the Audit Committee Members is as under:

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	5

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



c) Terms of Reference of the Audit Committee

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 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 subsection 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 auditor's 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. Reviewing the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
24. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
25. The Committee has systems and procedures in place to ensure that the Audit Committee periodically reviews:
- Management discussion and analysis of financial condition and results of operations.
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses, if any;
 - Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any;
 - The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under the Listing Regulations;
 - Details of material transactions with related parties, which are not in the normal course of business; and
 - 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.
 - 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).
26. The Audit Committee is endowed with the following powers:
- To investigate any activity within its terms of reference.
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.

- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- 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.

IV. Nomination, Remuneration and Compensation Committee (NRC)

a) Composition of NRC

As on March 31, 2022, the NRC comprises of following Directors:

1. Mr. P. H. Ravikumar	Independent Director	(Chairman)
2. Mr. Hardeep Singh	Non-Independent Director	(Member)
3. Mrs. Vibha Paul Rishi	Independent Director	(Member)
4. Dr. Sutanu Behuria	Independent Director	(Member)
5. Mr. Sunil Kant Munjal	Independent Director	(Member)
6. Mr. Nikhil Nanda	Executive Director	(Member)

Mr. Satyendra Chauhan, Company Secretary & Compliance Officer, acts as Secretary to the NRC.

Mr P. H Kumar, Chairman of the NRC, had attended the last AGM.

b) Meetings & Attendance

Four (4) meetings of the NRC were held during the FY ended March 31, 2022 i.e. on May 11, 2021, September 16, 2021, February 7, 2022 and March 31, 2022.

Name of Member	No. of Meeting	
	Held	Attended
Mr. P.H. Ravikumar (Chairman)	4	4
Mr. Hardeep Singh	4	4
Dr. Sutanu Behuria	4	4
Mrs. Vibha Paul Rishi	4	4
Mr. Sunil Kant Munjal	4	4
Mr. Nikhil Nanda	4	4

d) Terms of Reference of the NRC

- 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;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- 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.

5. recommend to the Board, all remuneration, in whatever form, payable to senior management.
6. to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

e) Evaluation Criteria

The Evaluation Criteria is posted on the website of the Company and can be accessed at www.escortsgroup.com.

f) Remuneration Policy

in terms of the provisions of Section 178 of the Act and Section 19 of the Listing Regulations the NRC is responsible to formulating the criteria for determining qualification, positive attribute and independence of directors. The NRC is also responsible for recommending to the board a policy relating to the remuneration of the directors, key managerial personal, Senior management and other employees. 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. In line with this requirement, the board has adopted the Nomination and Remuneration Policy. The Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other employees is annexed as **Annexure – B** to the Directors' Report.

V. Details of Remuneration paid during the financial Year ('FY') ended March 31, 2022 to the Directors are as under

- i) There was no pecuniary relationships or transaction between the Non-Executive Directors and the Company during the FY 2021-2022.
- ii) Criteria for making payments to non-executive directors:- The independent directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. The sitting fees as decided by the Board is reasonable and sufficient to attract, retain and motivate independent directors aligned to the requirement of the Company. However, it is ensured that the amount of such fees does not exceed the amount prescribed by the Central Government from time to time.

Further, the shareholders of the Company have approved the payment of commission to Non-Executive Directors in the Annual General Meeting held on July 27, 2019, for a period of five years. Accordingly, Board has approved, for the FY 2021-2022, the commission Non-Executive and Independent Directors subject to 1% of the net profits (calculated in terms of Section 198 of the Act) of the Company.

Non-Executive Directors can also be paid a commission based on performance of the Company.

Mr. Dai Watanabe and Mr. Yuji Tomiyama, Nominee Directors of M/s Kubota Corporation, have not been paid any sitting fee/ commission during the year 2021-22.

Other than the above, no other payments are made to the Non-Executive Directors of the Company.

The details of remuneration to directors

(₹ in crores)

Name of Directors	Category	Sitting Fee	Commission*	Basic Salary	Allowance & Perquisites	Provident Fund Contribution & Others	Total
Mr. Nikhil Nanda	EPCMD	-	5.00	2.69	4.50	0.32	12.51
Mr. Hardeep Singh	NENID	0.15	0.13	-	-	-	0.28
Mr. P.H. Ravikumar	NEID	0.14	0.23	-	-	-	0.37
Mrs. Vibha Paul Rishi	NEID	0.12	0.13	-	-	-	0.25
Ms. Nitasha Nanda	WTD	-	0.70	0.83	1.22	0.10	2.85
Dr. Sutanu Behuria	NEID	0.15	0.13	-	-	-	0.28
Mr. Shailendra Agrawal	ED	-	-	1.51	7.25**	0.18	8.94
Mr. Sunil Kant Munjal	NEID	0.08	0.13	-	-	-	0.21
Ms. Tanya Dubash	NEID	0.05	0.13	-	-	-	0.18
Mr. Harish N. Salve	NEID	0.03	0.13	-	-	-	0.16
Mr. Dai Watanabe	NEND	-	-	-	-	-	-
Mr. Yuji Tomiyama	NEND	-	-	-	-	-	-
Grand Total		0.72	6.71	5.03	12.97	0.60	26.03

* Commission for FY 2021-22

** including performance linked incentive

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' can be terminated as per the terms approved by the shareholders of the Company. 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 review. However, 67,000 stock options were granted to Mr. Shailendra Agrawal in terms of the Employee Stock Option Scheme, 2006 of the Company.

VI. Stakeholders' Relationship Committee (SRC)

a) Composition of SRC

As on March 31, 2022, the SRC comprises of following Non-Executive Directors

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

Mr. Satyendra Chauhan, Company Secretary & Compliance Officer, acts as Secretary to the SRC and Compliance Officer.

Mr. Hardeep Singh, Chairman of the SRC, had attended the last AGM.

b) Terms of Reference of SRC

The term of reference the committee shall inter-alia include the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.

c) Meetings & Attendance

Four (4) meetings of the SRC were held during the financial year ended March 31, 2022 i.e. May 11, 2021, August 5, 2021, October 29, 2021 and February 8, 2022.

Name of Member	Designation	No. of Meeting	
		Held	Attended
Mr. Hardeep Singh	Chairman	4	4
Dr. Sutanu Behuria	Member	4	4
Mrs. Vibha Paul Rishi	Member	4	3

d) The details of Complaints received/ resolved

During the period under review, 131 complaints were received from investors which were replied/ resolved to the satisfaction of investors except 1 complaint pending as on 31.03.2022 which will be replied/ resolved in due course.

e) Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending for redressal as on March 31, 2022.

VII. Risk Management Committee (RMC)

a) Composition of RMC

As on March 31, 2022, the RMC comprises of following persons:

1. Mr. Nikhil Nanda	Chairman
2. Dr. Sutanu Behuria	Member
3. Mr. Bharat Madan	Member
4. Mr. Shailendra Agrawal	Member

Mr. Satyendra Chauhan, Company Secretary & Compliance Officer, acts as Secretary to the RMC.

b) Terms of Reference of RMC

- To formulate a detailed risk management policy which shall include:

A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- Measures for risk mitigation including systems and processes for internal control of identified risks.
- Business continuity plan;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;



5. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
6. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
7. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
8. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

c) Meetings & Attendance

Two (2) meetings of the RMC were held during the FY ended March 31, 2022 i.e. September 9, 2021 and February 24, 2022.

Name of Member	Designation	No. of Meeting	
		Held	Attended
Mr. Nikhil Nanda	Chairman	2	2
Dr. Sutanu Behuria	Member	2	2
Mr. Bharat Madan	Member	2	2
Mr. Shailendra Agrawal	Member	2	2

VIII. Corporate Social Responsibility (CSR) Committee

a) Composition of (CSR) Committee

As on March 31, 2022, the CSR Committee comprises of following persons:

1. Ms. Nitasha Nanda	Chairperson
2. Mr. Nikhil Nanda	Member
3. Mr. Hardeep Singh	Member
4. Mrs. Vibha Paul Rishi	Member
5. Mr. P.H. Ravikumar	Member
6. Ms. Tanya Dubash	Member

b) 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.

c) Meetings & Attendance

Three (3) meetings of the CSR were held during the FY ended March 31, 2022 i.e. May 11, 2021, August 3, 2021 and March 11, 2022.

Name of Member	Designation	No. of Meeting	
		Held	Attended
Ms. Nitasha Nanda	Chairperson	3	3
Mr. Nikhil Nanda	Member	3	3
Mr. Hardeep Singh	Member	3	3
Mrs. Vibha Paul Rishi	Member	3	3
Mr. P.H. Ravikumar	Member	3	3
Ms. Tanya Dubash	Member	3	1

IX 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 is finalised in consultation with the Committee members.

Procedure of Committee Meetings

The Company's guidelines relating to Board Meetings are applicable to Committee Meetings of Directors. 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.

X General Body Meetings

a) Annual General Meetings

The venue, date and time of the Annual General Meetings held during the preceding three years and the Special Resolution passed thereat were as under:

Financial Year	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2020-21	July 27, 2021	12:00 P.M	Through Video Conferencing/ Other Audio Visual Means. Deemed Venue was the registered office of the Company	One
2019-20	August 24, 2020	10:00 A.M	Through Video Conferencing/ Other Audio Visual Means. Deemed Venue was the registered office of the Company	-
2018-19	July 27, 2019	10:00 A.M	Radisson Blu Faridabad, Sector – 20B, Mathura Road, Faridabad - 121 001, Haryana	Two*

*Three resolutions were proposed for approval of shareholders of the Company, however, one resolution was not passed with requisite majority.

b) Extraordinary General Meetings

No Extraordinary General Meeting was held during the three years preceding the financial years 2021-2022.

c) Special Resolutions passed through Postal Ballot

During the year under review, four (4) Special Resolutions were passed through the exercise of postal ballot

Sl. No.	Postal Ballot Notice	Particulars of Special Resolutions	Details of Voting	
			Votes casted in favour	Votes casted against
1	18.11.2021	a. To issue 93,63,726 equity shares of the Company, on a preferential allotment basis, to Kubota Corporation, Japan and issuance of offer letter.	99.9978 %	0.0022 %
		b. To approve the change in the name of the Company	99.9972 %	0.0028 %
		c. To approve the alteration to the Articles of Association of the Company	98.7567 %	1.2433%
		d. To increase the limit of the maximum number of Directors i.e. up to 18	99.4745 %	0.5255 %

Mr. Jayant Gupta was appointed as Scrutinizer to conduct the Postal Ballot process.

Company's website. Investor Complaints are redressed through SEBI Complaints Redressal System (SCORES) and updated on the Company's website.

d) Procedure for postal ballot

The postal ballot was carried out as per the applicable provisions of the Act read with the relevant rules and circulars issued by the Ministry of Corporate Affairs.

None of the business proposed to be conducted require passing a special resolution through Postal Ballot.

XI Means of Communication

The Company has been sending Annual Report, Notices and other communications to each shareholder through E- mail, post and/or courier. However, owing to COVID 19 Pandemic situation and in accordance with circulars issued by the Ministry of Corporate Affairs (MCA) and Securities Exchange Board of India (SEBI) Notice and Annual report for FY 2020-2021 and Postal Ballot Notice during the FY 2021-2022 were sent to the shareholder only through E- mail. Further, owing to the continued pandemic situation and in terms of Circulars of the MCA and SEBI, the notice and Annual Report for the FY 2021-2022 are also being sent through E mail only. Notice and Integrated Report shall also be available on the website of the Company.

The quarterly/ annual results of the Company as per the requirement of SEBI LODR, are generally published in the Financial Express (English), Economic Times (English), Mint (English), Rashtriya Sahara Hindi). Quarterly and Financial Results, along with segment reporting, if any, and quarterly shareholding pattern are posted on the Company's website www.escortsgroup.com, and intimated to stock exchanges.

The presentation made to analysts and others including official news release are also posted on the Company's website and intimated to stock exchanges. All periodical and other fillings including the price sensitive information, press release etc. are filled electronically through NSE Electronic Application Processing System (NEAPS), BSE Corporate Compliance and Listing Centre (BSE Listing Centre) and are updated on the

XII General Shareholder Information**a) Annual General Meeting to be held for the FY 2021-2022**

Date : Thursday, July 14, 2022

Time : 12:00 Noon

Venue : Video Conferencing as set out in the Notice convening the meeting Deemed Venue will be the Registered Office of the Company.

b) Financial Calendar

The Financial year is April 01st to March 31st every year and for the FY 2022-2023, the financial results are proposed to be declared as per the following tentative schedule

Particulars	Schedule/Tentative Date
Financial results for Quarter ended 30.06.2022	First fortnight of August, 2022
Financial results for Quarter ended 30.09.2022	First fortnight of November, 2022
Financial results for Quarter ended 31.12.2022	First fortnight of February, 2023
Financial results for Quarter/ Year ended 31.03.2023	Second Fortnight of May, 2023
Annual General Meeting for the FY ending March, 2023	July/August 2023.

c) Cut off Date for e-voting

July 7, 2022 has been fixed as the cut-off date to record entitlement of the shareholder to cast their vote electronically in the forthcoming AGM.

d) Book Closure

The Register of members and Share Transfer Books of the Company will be closed from Saturday, July 2, 2022 to Thursday, July 14, 2022 (both days inclusive) for the purpose of payment of Dividend for the FY 2021-22 and for the purpose of the 76th AGM.



e) Dividend Payment Date

- The Board of Directors of the Company have recommended dividend @ **70% per share of Face Value of ₹ 10/- each** (i.e. ₹ 7.00 per share), payable on all outstanding shares except on the equity shares held by Escorts Benefit & Welfare Trust, for the FY ended March 31, 2022, subject to the approval of the shareholders in the ensuing AGM.
- The dividend, if declared at the AGM, would be paid/ dispatched within 30 days from the date of declaration to those persons or their mandates:-
 - whose names appear as beneficial owners as at the end of the business hours on July 1, 2022 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;
 - 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 1, 2022.
- 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
2011-12	12%	March 30, 2013
2012-13	12% (Interim)	October 21, 2013

Year	Rate	Date of Payment
2013-14	6% (Final)	September 29, 2014
2014-15	12%	September 28, 2015
2015-16	12%	September 29, 2016
2016-17	15%	September 29, 2017
2017-18	20%	September 24, 2018
2018-19	25%	August 5, 2019
2019-20	25%	September 4, 2020
2020-21	75%	August 9, 2021
2021-22	70%	To be paid within 30 days from the date of declaration of Dividend

f) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

Name and Address of the Stock Exchange	Stock Code
National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai – 400 051	ESCORTS
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	500495
Delhi Stock Exchange Limited (DSE), DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002*	00012

* The Equity Shares of the Company were listed on the DSE. However, DSE has been de-recognised and allowed to exit as a stock exchange by SEBI by way of SEBI's Order No. WTM/SR/SEBI/MRD-DSA/ 04/ 01/ 2017 dated 23 January 2017. For avoidance of doubt, the securities of the Company are not listed on DSE owing to DSE having been de-recognised by SEBI.

The Company is upto date on the payment of its Annual Listing fees and has paid annual listing fees for the FY 2022-23 to Stock Exchanges.

g) Market Price Data – high, low during each month in the FY 2021-22 relating to the Equity Shares and performance of the share piece in comparison to BSE Sensex and S&P CNX nifty

Month	BSE		Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2021	1320.00	1111.90	50375.77	47204.05
May, 2021	1192.02	1111.10	52013.22	48028.07
June, 2021	1234.00	1131.00	53126.73	51450.58
July, 2021	1240.00	1128.40	53290.81	51802.73
August, 2021	1379.00	1158.00	57625.26	52804.08
September, 2021	1572.00	1287.85	60412.32	57263.09
October, 2021	1587.00	1422.90	62245.43	58551.14
November, 2021	1888.80	1443.20	61036.56	56382.93
December, 2021	1927.35	1791.00	59203.37	55132.68
January, 2022	1914.10	1830.25	61475.15	56409.63
February, 2022	1885.00	1749.00	59618.51	54383.20
March, 2022	1885.00	1600.00	58890.92	52260.82

Month	NSE		Nifty 50	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2021	1316.90	1111.00	15044.35	14151.40
May, 2021	1192.80	1100.00	15606.35	14416.25
June, 2021	1234.25	1131.10	15915.65	15450.90
July, 2021	1241.85	1128.00	15962.25	15513.45
August, 2021	1379.20	1157.70	17153.50	15834.65
September, 2021	1571.90	1288.00	17947.65	17055.05
October, 2021	1588.00	1422.00	18604.45	17452.90
November, 2021	1889.75	1441.10	18210.15	16782.40
December, 2021	1918.90	1791.10	17639.50	16410.20
January, 2022	1914.85	1829.35	18350.95	16836.80
February, 2022	1882.10	1749.60	17794.60	16203.25
March, 2022	1882.00	1601.15	17559.80	15671.45

h) Registrar and Share Transfer Agent (RTA)

KFIN TECHNOLOGIES LIMITED

Unit :- Escorts Limited

Selenium Building, Tower – B, Plot No. 31 & 32,

Financial District, Nanakramguda,

Serilingampally, Hyderabad – 500 032

Toll Free Number: 1800 3094 001

Tel.: 040 67162222 | Fax: 040 23420814

einward.ris@kfintech.com | www.kfintech.com

i) Share Transfer System

I) The Company has appointed Kfin Technologies Limited ("Kfin") 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 Kfin. The authority relating to share transfer has been delegated to RTA. The Stakeholder's Relationship Committee of the Company take note of the Transfer, Transmission, Remat, Split & Consolidation of share certificates etc. periodically.

II) 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.

III) In terms of Regulation 40 of the SEBI LODR, as amended, no transfer of shares in physical mode is permitted.

j) 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. Kfin Technologies Limited or e-mail: einward.ris@kfintech.com or sent by post at Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032.

k) 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

l) Distribution of Equity Shareholding as on March 31, 2022

Distribution of Shareholding as on 31/03/2022					
Sl No.	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	1,63,843	99.87	1,11,11,554	8.42
2	5001 - 10000	102	0.06	7,17,544	0.54
3	10001 - 20000	44	0.03	6,49,928	0.49
4	20001 - 30000	18	0.01	4,24,470	0.32
5	30001 - 40000	10	0.01	3,61,685	0.27
6	40001 - 50000	5	0.00	2,20,895	0.17
7	50001 - 100000	17	0.01	12,40,061	0.94
8	100001 and above	24	0.01	11,72,14,467	88.84
	Total	1,64,063	100.00	13,19,40,604	100.00



m) Dematerialisation of Shares and Liquidity

The Company's shares are available for dematerialisation with both the Depositories i.e. NSDL and CDSL. Total 13,09,88,771 of shares, as detailed below, have been dematerialised as on March 31, 2022. Trading in Equity Shares of the Company is permitted only in dematerialised form as per the notification issued by the SEBI. Further, The Company's shares are regularly traded on BSE and NSE and never suspended from trading.

ISIN :- INE042A01014

Dematerialisation of shares as on March 31, 2022		
Sl No. Mode of holding	No. of shares	%
1. NSDL	127116307	96.34
2. CDSL	3872464	2.94
3. Physical	951833	0.72
Total	131940604	

During the period under review, trading volumes at major Stock Exchanges, are as follows:

Month	BSE Limited		National Stock Exchange of India Limited	
	No. of Shares	Value (₹ in crores)	No. of Shares	Value (₹ in crores)
April, 2021	1450107	172.92	25624644	3053.07
May, 2021	2297734	265.05	33158556	3826.66
June, 2021	2258634	270.29	33859139	4051.04
July, 2021	1195808	142.09	15951690	1897.50
August, 2021	2888864	362.49	46679942	5906.12
September, 2021	2580620	368.96	35602618	5123.69
October, 2021	1573340	237.04	23986439	3630.54
November, 2021	2735264	461.57	64995569	11014.13
December, 2021	641793	119.22	18585613	3459.48
January, 2022	403135	75.32	12037550	2245.43
February, 2022	443832	81.69	15711418	2889.36
March, 2022	675350	120.14	22390834	4038.09
Total	19144481	2676.78	348584012	51135.11

n) Outstanding GDRs/ ADRs/ Warrants/ Convertible Instrument /Stock Options and likely impact on equity

There are no outstanding GDRs/ ADRs/ Warrants/ Convertible Instrument for conversion into equity shares.

o) Commodity price risk or foreign exchange risk and hedging activities

The details of foreign currency exposure and hedging are disclosed in note 35 to the Standalone Financial Statement and Note 34 to the Consolidated Financial Statement.

p) Plant locations

The Company has its manufacturing plants at the following locations:

- Plot No. 18/4, Mathura Road, Faridabad-121 007, Haryana
- Plot No. 15/5, Mathura Road, Faridabad-121 003, Haryana

- Plot No. 2, Sector 13, Faridabad-121 007, Haryana
- Plot No. 3, Sector 13, Faridabad-121 007, Haryana
- Plot No. 114-115, Sector 24, Faridabad-121 005, Haryana
- Plot No. 219, Sector - 58, Ballabhgarh, Faridabad - 121 004, Haryana

The Company has its training centre at Ramakrishnapura, Chandapura-Anekal Road, Chandapura, Post Bangalore-560 099, Karnataka.

q) Address for Correspondence and Registered Office

ESCORTS LIMITED
 CIN-L74899HR1944PLC039088
 Company Secretary and Compliance Officer
 Corporate Secretarial & Law
 15/5, Mathura Road, Faridabad - 121 003, Haryana
 Tel.: 0129 - 2250222, Extension: 4117/ 4254
 Fax: 0129 - 2250060
 E-mail: corpsl@escorts.co.in
 Website: www.escortsgroup.com

r) Credit Rating

The details of the Credit Rating of the Company is provided in the Directors' Report.

s) Prevention of Insider Trading

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 2015, as amended, the Company has instituted a comprehensive Code of Conduct for prevention of insider trading, in the Company's shares and code of practice and procedure for fair disclosure of unpublished price sensitive information.

t) Subsidiary Companies

The Company review the performance of its subsidiary Companies, inter alia, by the following means:-

- i) The financial statements, including the investments made by subsidiary companies, are reviewed by the Audit committee of the Company.
- ii) The Minutes of the Board/Audit Committee meetings of the subsidiary companies are noted at the Board/Audit meetings respectively of the Company.
- iii) The details of significant transactions and arrangements entered in to by subsidiary companies are placed periodically before the Board of the Company.
- iv) Utilisation of loan/advances given, or investment made in subsidiary company, exceeding ₹ 100 crores or 10% of asset size of subsidiary, whichever is lower are reviewed periodically by the Audit Committee of the Company.
- v) Since, the Company does not have any material subsidiary, hence it is not required to nominate an Independent Director of the Company on the Board of material subsidiary.

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 entered, during the FY ended on March 31, 2022, were as per the "Policy on Materiality of Related Party Transactions and dealing with Related Parties".

- b) There has been no Instances of non-compliance by the Company on any matter related to capital markets,

during the last three years and hence, no penalties or strictures was imposed by Stock Exchanges or SEBI or any Statutory Authority.

- c) To maintain high level of legal, ethical, and moral standard and to provide gateway for employees to raise concern, if any, in a reasonable and effective manner about serious malpractice, abuse, or wrongdoing within the organisation, the Company has Whistle Blower Policy and has established vigil mechanism system and we affirm that, during the year under review, no personnel have been denied access to the Chairman of the Audit Committee. The mechanism has been communicated to all concern and posted on the Company's website www.escortsgroup.com.
- d) The Company has complied with the mandatory requirement of the listing regulations. Further, the Company has also put its best endeavour to comply with non-mandatory requirement(s).
- e) Policy for determining 'Material Subsidiaries'
The Policy for determining Material Subsidiaries is available on the website of the Company and the weblink for the same is <https://www.escortsgroup.com/investors/governance.html>.
- f) Policy on dealing with Related Party Transactions
The Policy on dealing with Related Party Transactions is available on the website of the Company and the weblink for the same is <https://www.escortsgroup.com/investors/governance.html>.
- 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: The details of shares already transferred into IEPF Account are provided on the website of the Company at www.escortsgroup.com.
- i) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Refer Director's Report for the information.
- j) The Board has accepted all the recommendations of the Board Committee which are mandatorily required in relevant financial year.



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

Sl. No.	Particulars	No.
a.	Number of complaints filed during the financial year	NIL
b.	Number of complaints disposed of during the financial year	NA
c.	Number of complaints pending as on end of the financial year	NA

- l) The details of fee paid by the Company and its subsidiaries for the financial year ended March 31, 2022, on a consolidated basis, to M/s. Walker Chandio & Co LLP, Chartered Accountants, Statutory Auditor of the Company and to all entities in the network firm/ network entity of which the Statutory Auditor of the Company is a part, are as follows:

(₹ in crores)

Particulars	Amount*
Audit Fee	1.27
Certification Fees@	0.19
Total fee	1.46

* excluding reimbursement of out of pocket expenses

@including ₹ 0.14 cr. debited to securities premium account

- m) Details of Loan and advances in the nature of Loan to firm/ companies in which directors are interested are as follows: -

Sl. No.	Particulars	Amount* (₹ in crores)
i)	Given by the Company	
	Name of the Firm/Companies in which directors are interested	
	Adico Escorts Agri Equipments Private Limited	1.00
ii)	Given by subsidiary company of the Company	
	Name of the Firm/Companies in which directors are interested	-

- n) There has been no instance of non-compliance of any requirement of Corporate Governance report as prescribed under SEBI LODR.

XIV Adoption of Non-Mandatory Requirements as stipulated in Part E of Schedule II of SEBI LODR

The status/ extent of compliance with non-mandatory requirements are as follows:

Sl. No.	Non Mandatory Provisions	Status
1.	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also holding the position of 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.	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

XV Certificate on Corporate Governance

Pursuant to Schedule V of the SEBI LODR, the certificate from practising Company Secretary on Corporate Governance will be annexed hereinafter.

For and on behalf of the Board of Directors

Sd/-

Place: Faridabad

Nikhil Nanda

Date: May 13, 2022

Chairman and Managing Director

Declaration on compliance with code of conduct

To,
The Members of Escorts Limited

Sub: -Declaration by the Chairman and Managing Director under para-D of schedule V of SEBI LODR

I, Nikhil Nanda, Chairman and Managing Director of the Company, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2022.

Sd/-
Nikhil Nanda
Chairman and Managing Director

Place: Faridabad

Date: May 13, 2022



CEO/ CFO Certification

The Chairman and Managing Director and Group Chief Financial Officer & Corporate Head of the Company give annual certification to the Board on financial reporting and internal controls in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO and CFO certification for the financial year ended on March 31, 2022

To,
The Board of Directors
Escorts Limited
Dear Sir,

We, Nikhil Nanda, Chairman and Managing Director and Bharat Madan, President Finance, Group Chief Financial Officer and Corporate Head, 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, 2022 and that 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 violate 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 they 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 13, 2022

Sd/-
Bharat Madan
President Finance, Group Chief Financial
Officer & Corporate Head

Sd/-
Nikhil Nanda
Chairman & Managing Director

Certificate on Corporate Governance Requirements Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members
ESCORTS LIMITED
15/5, Mathura Road,
Faridabad – 121003, Haryana

1. This report contains details of compliance of conditions of corporate governance by Escorts Limited ('the Company') for the year ended March 31, 2022, as stipulated in Regulations 17 to 27, clause (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, as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the BSE Limited and the National Stock Exchange of India Limited (collectively referred to as the 'Stock Exchanges').

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance with the terms and conditions contained in the Corporate Governance, including the preparation and maintenance of all relevant supporting records and documents, is the responsibility of the management of the Company.

Practising Company Secretary's Responsibility

3. The examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. Pursuant to the requirements of the Listing Regulations, it is my responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2022.

Opinion

5. In my opinion, and to the best of my information and according to explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.
6. I 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

7. The certificate is addressed and provided to the Members of the Company solely for the purpose to enable the Company to comply with the requirements of the Listing Regulations, and the same shall not be used by any other person or for any other purpose. Accordingly, I do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without my prior consent in writing.

For **Jayant Gupta and Associates**

(Jayant Gupta)
 Practising Company Secretary
 FCS : 7288
 CP : 9738
 PR : 759/2020
 UDIN: F007288D000333251

Place : New Delhi
Date : May 17, 2022

Annexure – E to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief on 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 CSR Committee and the Board of Directors of Escorts will monitor/ 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

The composition of the CSR Committee as on March 31, 2022 is as under:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Nitasha Nanda	Chairperson, Executive Director	3	3
2	Mr. Nikhil Nanda	Member, Chairman & Managing Director	3	3
3	Mr. Hardeep Singh	Member, Non-Executive Director	3	3
4	Mrs. Vibha Paul Rishi	Member, Independent Director	3	3
5	Mr. P.H. Ravikumar	Member, Independent Director	3	3
6	Ms. Tanya Dubash	Member, Independent Director	3	1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

(i) Composition of CSR Committee: <https://www.escortsgroup.com/investors/governance.html>

(ii) CSR Policy: <https://www.escortsgroup.com/investors/governance.html>

(iii) CSR Projects: <https://www.escortsgroup.com/investors/governance.html>

4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in crores)	Amount required to be set-off for the financial year, if any (₹ in crores)
		NIL	

- 6. Average net profit of the Company as per section 135(5): ₹ 791.38 Cr
- 7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 15.83 Cr
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
 (c) Amount required to be set off for the financial year, if any: NIL
 (d) Total CSR obligation for the financial year (2021-2022) (7a+7b-7c). ₹ 15.83 Cr
- 8. (a) CSR amount spent or unspent for the financial year 2021-22:

Total Amount Spent for the Financial Year. (₹ in crores)	Amount Unspent (₹ in crores)	
	Total Amount transferred to Unspent CSR Account as per section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)
6.91 Cr.	8.92 Cr.	NIL
	Date of transfer April 29, 2022	Name of the Fund NIL
		Date of transfer NA

(b) Details of CSR amount spent against ongoing projects for the financial year 2021-22 :

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in crores)	Amount spent in the current financial Year (₹ in crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in crores)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name CSR Registration number	
1	Escorts Advanced Farming Institute	Cl. ii Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Yes	Haryana	Faridabad	Multiyear Project conceived in March 2021 i.e. in the FY 2020-21 and funds allocated for 3 years	8.92 Cr. ¹	0.00	8.92 Cr.	No	Escorts Skill Development	CSR00001566

¹Total amount allocated for the project to be spent in three years was ₹ 37 Cr. approx. and the same has been revised to ₹ 29 Cr. by the Board.



(c) Details of CSR amount spent against other than ongoing projects for the financial year 2021-22 :

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (₹ in crores)	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Road Safety	Cl. (ii) promoting education - Educating the Masses and Promotion of Road Safety awareness in all facets of road usage	Local Area	Haryana	Faridabad Jind	0.87 Cr.	Yes	NA	NA
2	Covid Care – Medical	Cl. i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care	Local Area	Haryana	Faridabad	3.01 Cr. 0.77 Cr. 0.52 Cr.	Yes Yes Yes	NA NA NA	NA NA NA
3	Healthcare Project	Cl. (i) Promoting Healthcare including Preventive Healthcare by setup of charitable hospital	Local Area and Others	Haryana	Faridabad	0.95 Cr.	No	Tejinder Singh Memorial And Escorts Medicare Foundation	CSR00002900
				Rajasthan	Jaipur	0.06 Cr.	No	Sapna NGO Cataract Operations	CSR00000235
4	Community Development (Environment)	Cl. (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Local Area and Others	Haryana	Faridabad	0.43 Cr.	Yes	NA	NA
				Haryana	Faridabad	0.08 Cr.	Yes	NA	NA

(d) Amount spent in Administrative Overheads² : ₹ 0.22 Cr.

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 6.91 Cr. Further, ₹ 8.92 Cr. has been transferred to unspent CSR account 2022 on April 29, 2022.

(g) Excess amount for set off, if any: NA

²The administrative overheads considered on the actual CSR amount spent and not on unspent account

Sl. No.	Particular	Amount (₹ in crores)
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 15.83 Cr.
(ii)	Total amount spent for the Financial Year	₹ 15.83 Cr.*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 0.00 Cr.
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

*During the financial year 2021-22, an amount of ₹ 6.91 Cr. spend on CSR activities and ₹ 8.92 Cr. has been deposited in unspent CSR account.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in crores)	Amount spent in the reporting Financial Year (₹ in crores)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any	Amount remaining to be spent in succeeding financial years. (₹ in crores)
		Name of the Fund	Amount (₹ in crores)	Date of transfer	
1.	2020-21		8.50 cr.	0.00	8.50 cr.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in crores)	Amount spent on the project in the reporting Financial Year (₹ in crores)	Cumulative amount spent at the end of reporting Financial Year (₹ in crores)	Status of the project - Completed / Ongoing
1.	FY31.03.2021_1	Escorts Advance Farming Institute	2020-21	3 years (upto FY 2023-24)	29.00 cr. (Board has revised from ₹37 Cr. to ₹ 29 Cr.)	0.00	0.25 cr.	Ongoing



10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

Name of the Project	(a) Date of creation or acquisition of the capital asset(s)	(b) Amount of CSR spent for creation or acquisition of capital asset	(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
Road Safety	February 11, 2022 to February 26, 2022	0.77	M/s DCP Headquarters	M/s DCP Headquarters, Sector 21C, Faridabad, Haryana - 121001
	March 23, 2022	0.10	Superintendent of Police	Superintendent of Police, Jind, Haryana - 126102
Healthcare	November 10, 2021	0.13	CHC Khedi Kalan, Faridabad	Government Hospital, Community Health Centre (CHC), Village Kheri Kalan, Sector - 89, Faridabad, Haryana - 121002
	November 8, 2021	0.02		2 Ventilators
	March 8, 2022	0.09		3 BiPAP Machine
	February 21, 2022	0.19	BK Hospital, Faridabad	6 Ac's Unit with Installation 1 Plasma Separator Machine M/s BK Hospital, 216, BK Chowk, Narela Rajeev Nagar, Industrial Town, Faridabad, Haryana - 121001

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - During FY ended March 31, 2022, the Company has spent ₹ 6.91 Cr. on various projects. The unspent balance of ₹ 8.92 Cr is towards ongoing projects and had been transferred to the unspent CSR account and will be spent in accordance with the CSR Amendment Rules.

Sd/-

Nikhil Nanda

Chairman and Managing Director

DIN: 00043432

Place: Faridabad

Date: May 13, 2022

Sd/-

Nitasha Nanda

Chairperson of CSR Committee

DIN: 00032660

Place: Mumbai

Date: May 13, 2022

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 arms 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

* During the year, the approval from shareholders have been obtained for transactions with M/s Kubota Corporation and other entities. However, there are no material transactions to report as of now.

Place: Faridabad

Date: May 13, 2022

Sd/-

Nikhil Nanda

Chairman & Managing Director



Annexure – G

to the Directors' Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

(For the Financial Year ended on March 31, 2022)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 authorized 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, 2022, 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 financial year ended on March 31, 2022 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 and Overseas Direct Investment;
- 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, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as applicable;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during the Audit Period);
- (i) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period); and
- (j) 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 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;

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 requisite compliances 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 most of the majority decisions of the Board were carried through unanimously. The dissenting members' views, if any, were 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.

I further report that during the audit period under review:

- I. The Company executed Share Subscription Agreement and Shareholders' Agreement with Kubota Corporation, Japan triggering obligation on Kubota Corporation to

make an Open Offer to the equity shareholders of the Company in terms of applicable regulations of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011.

- II. Kubota Corporation, Japan made an Open Offer made for acquiring Equity Shares of the Company and has consequently become a joint promoter of the Company in the Financial Year 2022-23.

- III. The Shareholders of the Company inter alia approved the following matters in the Annual General Meeting of the Company held on July 27, 2021:

- a. reclassification of persons belonging to Promoter/ Promoter Group of the Company as Public Shareholders;
- b. amendments to the Escorts Limited Employee Stock Option Scheme, 2006 ("ESOP Scheme").

- IV. The Shareholders of the Company approved the following matters on December 18, 2021 by way of Postal Ballot:

- a. Issuance of 93,63,726 equity shares of the Company on a preferential allotment basis to Kubota Corporation, Japan and issuance of offer letter;
- b. Change in name of the Company;
- c. Alteration of Articles of Association of the Company;
- d. Increase of maximum number of directors which may be appointed on the Board of Directors of the Company to 18 (Eighteen);
- e. Related party transactions with Kubota Corporation, Japan and its subsidiaries and group companies.

- V. During the financial year, Escorts Skill Development (a Section 8 Company) became a Wholly Owned Subsidiary of the Company upon acquisition of entire shareholding of Escorts Skill Development by the Company.

- VI. During the financial year, Escorts Securities Limited ceased to be a subsidiary of the Company with effect from February 14, 2022.

- VII. The Company made allotment of 93,63,726 (Ninety Three Lacs Sixty Three Thousand Seven Hundred and Twenty Six) Equity Shares of face value of ₹ 10 (Indian Rupees Ten Only) each at a premium of ₹ 1,990 (Indian



Rupees One Thousand Nine Hundred and Ninety Only) per share i.e. at ₹ 2,000 (Indian Rupees Two Thousand Only) in the Board Meeting held on February 18, 2022 on Preferential Allotment basis to Kubota Corporation, Japan.

VIII. The Company sought and obtained approval of Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, Chandigarh for the Scheme of reduction of Share Capital under Section 66 of the Companies Act, 2013 for the reduction of issued, subscribed and paid-up equity share capital of the Company by cancelling and extinguishing 1,22,57,688 (One Crore Twenty Two Lakhs Fifty Seven Thousand and Six Hundred and Eighty Eight) equity shares of ₹ 10 (Indian Rupees Ten only) each, held by the Escorts Benefit and Welfare Trust ("EBWT" or the "Trust"), without payment of any

consideration to the aforesaid Trust. The Scheme came into force with effect from December 27, 2021.

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

PR : 759/2020

UDIN: F007288D000317501

Place : New Delhi

Date : May 13, 2022

Annexure to Secretarial Audit Report of Escorts Limited for financial year ended March 31, 2022

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. The review of original registers, records and documents of the Company has been hampered during the audit and certain audit procedures cannot be performed due to government restrictions of lock down and social distancing in view of COVID 19 Global pandemic. I have relied upon the books, records and documents made available by the Company to us through electronic means and in digital format.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. 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.
7. 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

PR : 759/2020

UDIN: F007288D000317501

Place : New Delhi

Date : May 13, 2022



Annexure - H

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 2021-22 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2021-22 (₹ in crores)	% Increase in Remuneration in the financial year 2021-22	Ratio of remuneration of each Director/ to the median remuneration of employees
1	Mr. Nikhil Nanda, Chairman and Managing Director	12.51	**	142.24
2	Mr. Hardeep Singh, Non-Executive Director	0.28	7.69%	3.18
3	Mr. P.H. Ravikumar, Independent and Non-Executive Director	0.37	5.71%	4.21
4	Ms. Vibha Paul Rishi, Independent and Non-Executive Director	0.25	0.00%	2.84
5	Ms. Nitasha Nanda, Whole Time Director	2.85	**	32.40
6	Dr. Sutanu Behuria, Independent and Non-Executive Director	0.28	7.69%	3.18
7	Mr. Shailendra Agrawal, Executive Director	8.94*	**	101.65
8	Mr. Sunil Kant Munjal, Independent Director	0.21	10.53%	2.39
9	Ms. Tanya Dubash, Independent Director	0.18	**	2.05
10	Mr. Harish N. Salve, Independent Director	0.16	0.00%	1.82
11	Mr. Dai Watanabe, Non-Executive Director	#	N.A.	N.A.
12	Mr. Yuji Tomiyama, Non-Executive Director	#	N.A.	N.A.
13	Bharat Madan President Finance, Group Chief Financial Officer & Corporate Head	7.89*	**	Not Applicable
14	Mr. Satyendra Chauhan, Company Secretary & Compliance Officer	0.70*	**	Not Applicable

*Includes perquisites value on exercise of ESOP's.

**Decrease in remuneration over last year due to decrease in commission/ performance linked incentive or increase not comparable in view of exercise of ESOP's during the year.

#Mr. Dai Watanabe and Mr. Yuji Tomiyama are Nominee Directors of M/s Kubota Corporation and not paid any sitting fee or commission.

- (II) The percentage increase in median remuneration of employees in the Financial Year: N.A. Since median remuneration decreased over last year.
- (III) Average percentile/ percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year: Approx. 7% average increase done however, median remuneration decreased over last year.
- (IV) Comparison with the percentile/percentage increase in the managerial remuneration and justification thereof: Compensation was offered as per the Role's/Grade's internal & external parity. For the existing employees, increments and salary corrections were made in line with the Market positioning, budget & compensation principles. The commission is proposed in terms of the performance of the Company during financial year 2021-22. Since median remuneration for employees decreased over last year, hence not comparable.
- (V) Exception circumstances for increase in the managerial remuneration: N.A. Percentage increase in remuneration in the financial year 2021-22 is in terms of the performance of the Company during financial year 2021-22.
- (VI) There were 3823 permanent employees on the rolls of the Company as on March 31, 2022.
- (VII) It is affirmed that the remuneration is as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees adopted by the Company.

Annexure – I

to the Directors' Report

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of The Listed Entity

1. Corporate Identity Number (CIN) of the Listed Entity	L74899HR1944PLC039088
2. Name of the Listed Entity	Escorts Limited
3. Year of incorporation	1944
4. Registered office address	15/5, Mathura Road, Faridabad, Haryana – 121003, India
5. Corporate address	15/5, Mathura Road, Faridabad, Haryana – 121003, India
6. E-mail	corpsl@escorts.co.in
7. Telephone	0129-2250222
8. Website	www.escortsgroup.com
9. Financial year for which reporting is being done	2021-22
10. Name of the Stock Exchange(s) where shares are listed	BSE Limited, National Stock Exchange of India Limited and Delhi Stock Exchange Limited (DSE)*.
11. Paid-up Capital	₹ 131.94 crores
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Bharat Madan, President Finance, Group Chief Financial Officer and Corporate Head Telephone: 0129-2250222; Email: bharat.madan@escorts.co.in ; investorrelation@escorts.co.in
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosures under this report covers the standalone operations of Escorts Limited, in India, unless otherwise stated. (i.e. only for the entity).

* The Equity Shares of the Company were listed on the DSE. However, DSE has been de-recognised and allowed to exit as a stock exchange by SEBI by way of SEBI's Order No. WTM/SR/ SEBI/ MRD-DSA/ 04/ 01/ 2017 dated 23 January 2017. For avoidance of doubt, the securities of the Company are not listed on DSE owing to DSE having been de-recognised by SEBI.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Agri Machinery Products	Manufacturing and/or sale of tractors and agri equipment Offering more than 200 variants in the 12 HP to 75 HP segments in the domestic market under four marquee brands Farmtrac, Powertrac, Steeltrac and Digitrac. Additionally, the Company offers crop solutions, engines, spare parts and lubricants, SHIP (Sprayers, Harvesters, Implements and Planters) and gensets.	77.2%
2	Construction Equipments	Manufacturing and/or sale of pick and carry cranes and construction equipment.	13.8%



15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sr. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Agricultural Tractors	28211	77.2%
2.	Construction Equipments	2824	13.8%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	6	51	57
International	1	1	2

17. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of States)	21
International (No. of Countries)	72

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Approx. 7%

c. A brief on types of customers

Through our product portfolio, we serve a wide variety of customers.

– Customers in Escorts Agri Machinery (EAM)

We offer tractors under four marquee brands – Farmtrac, Powertrac, Steeltrac, and Digitrac along with other crop solutions, engines, spare parts and lubricants, sprayers, harvesters, implements and planters. We have served more than 2 million customers till date.

– Customers in Escorts Construction Equipment (ECE)

We are one of the leading players of construction equipment, primarily in the material handling, earth moving and road building segments. We provide an exhaustive range of products to our customers and are one of the world's largest manufacturers of pick-and-carry hydraulic mobile cranes.

– Customers in Railway Equipment Division (RED)

We are also the trusted supplier of Indian Railways and metros and provide diversified offerings including brake systems, couplers, suspension systems, shock absorbers, and many others.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	2383	2270	95.26%	113	4.98%
2.	Other than Permanent (E)	933	854	91.53%	79	8.47%
3.	Total employees (D + E)	3316	3124	94.21%	192	5.79%
WORKERS						
1.	Permanent (G)	1440	1428	99.17%	12	0.84%
2.	Other than Permanent (H)	6451	6293	97.55%	158	2.45%
3.	Total workers (G+H)	7891	7721	97.85%	170	2.15%

b. Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	2	2	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	2	2	100%	-	-
DIFFERENTLY ABLED WORKERS						
1.	Permanent (G)	2	2	100%	-	-
2.	Other than Permanent (H)	-	-	-	-	-
3.	Total differently abled workers (G + H)	2	2	100%	-	-

19. Participation/ Inclusion/ Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors (BoD)	12	3	25%
Key Management Personnel (Other than BoD)	2	0	-

20. Turnover rate for permanent employees and workers

Particulars	FY 2021-22 (Turnover rate in current FY)			FY 2020-21 (Turnover rate in previous FY)			FY 2019-20 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Permanent Employees	434	27	461	308	27	335	357	17
Permanent Workers	146	0	146	365	5	370	109	6	115

Note: FY 22 Data includes voluntary and involuntary exits, retirements, demise, and completion of training/contract end during the year.

V. Holding, Subsidiary and Associate Companies (including joint ventures)**21. Names of holding / subsidiary / associate companies / joint ventures**

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
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For details of subsidiaries, associate and joint venture(s) of the Company, please refer Directors' Report at page 118. No subsidiary, associate and joint venture participated in the Business Responsibility initiatives of the Company.

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) : Yes

(ii) Turnover (₹ in crores): 7,152.68

(iii) Net worth (₹ in crores): 7,878.18



VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)*	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	131	1	-	119	1	-
Employees and Workers**	Yes	7	0	-	0	0	-
Customers	Yes	127402	162	Includes complaints and queries received from various platforms	65081	18	Includes complaints and queries received from various platforms
Value Chain Partners	Yes	-	-	-	-	-	-
Other (please specify)	Yes	-	-	-	-	-	-

* The Policies of the Company are placed on the Company/s website under governance section and the same can be accessed through the weblink: <https://www.escortsgroup.com/investors/governance.html>. Further, there are some internal policies placed on the intranet of the Company.

** Excluding complaints provided at Point No. 13 of Principle 3.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Please refer to the section on materiality assessment at page 38 and risks and mitigation at page 46.					

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9									
Policy and management processes																		
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y									
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y									
c. Web Link of the Policies, if available	The Policies of the Company are placed on the Company's website under governance section and the same can be accessed through the weblink: https://www.escortsgroup.com/investors/governance.html . Further, there are some internal policies placed on the intranet of the Company which are accessible to the internal stakeholders.																	
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y									
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. Some of the policies extended to the value chain partners as well.																	
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO-9001, ISO-14001 & ISO-45001, implemented across all the plants except for ISO-45001 in RED which is under process.																	
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Please refer to the section on ESG Targets (creating a sustainable roadmap) at page 44.																	
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.																		
Governance, leadership and oversight																		
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Please refer to leadership message at page 14-27.																	
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Ms. Nitasha Nanda, Whole Time Director DIN: 00032660																	
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes The directors and senior management periodically monitor the business responsibility performance of the Company. The Board of directors reviews the business responsibility performance on an annual basis. The CSR Committee reviews the social performance and the Risk Management Committee assess and review the identified risks from time to time.																	
10. Details of Review of NGRBCs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee								Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)									
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Business responsibility policies of the Company are reviewed periodically or on a need basis by Directors and Senior Management or department heads. The Internal Auditors of the Company also periodically reviews/ evaluates the working of the policies of the Company. The necessary changes for improvement in policies are to be done on the basis of various assessments.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in compliance with all applicable laws to the Company.																	



	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	<p>Yes. The policies of the Company are reviewed periodically or on a need basis by Directors and Senior Management or department heads. The Internal Auditors of the Company also periodically reviews/ evaluates the working of the policies of the Company and aligns to international and national standards. The necessary changes for improvement in policies are to be done on the basis of various assessments. Also, the policies, standards, procedures, work instructions related to Company's manufacturing processes are independently assessed/evaluated by ISO certified external agency, namely, TUV SUD – South Asia, as per ISO-45001, ISO-9001 and ISO-14001.</p>								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
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), Indo-American Chambers of Commerce (IACC), Tractors and Mechanization 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.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	14	https://www.escortsgroup.com/templates/escortsgroup_home/images/pdf/Familiarization-Programme.pdf	100 %
Key Managerial Personnel	14		100%
Employees other than BoD and KMPs	- 20 classroom sessions conducted - Digital learning courses allocated to all employees for mandatory completion	Code of business conduct, whistle blower, gift & hospitality, PoSH policies	89%
Workers	Multiple classroom sessions conducted	Code of business conduct, whistle blower and PoSH policies	66.3%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Monetary		Has an appeal been preferred? (Yes/ No)
			Amount (in ₹)	Brief of the Case	
Penalty/ Fine			NIL		
Settlement					
Compounding fee					

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Non-Monetary		Has an appeal been preferred? (Yes/ No)
			Brief of the Case		
Imprisonment			NIL		
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The Company have guidelines on anti-corruption and anti-bribery and is committed to upholding the highest moral & ethical standards, and does not tolerate bribery or corruption in any form. The policy is available on the Company's website at <https://www.escortsgroup.com/investors/governance.html>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL
Workers	NIL	NIL

6. Details of complaints with regard to conflict of interest:

	FY 2021-22 (Current Financial Year)		FY 2020-21 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NIL	NIL	NIL
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	NIL	NIL	NIL

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest
NIL



Leadership Indicators

- Awareness programmes conducted for value chain partners on any of the Principles during the financial year**
During the year, owing to the pandemic and the shift to digital platforms, the Company spent a great deal of time and effort in training programmes for its dealers, sales agents, vendors, suppliers, customers etc. so as to enable them to effectively use the Company's digital platforms. This helped increase use of digital mechanism. This proved to be cost effective, efficient and convenient for customers and also helped reduce paper consumption by the Company.
- Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same**
Yes. Please refer code of conduct available on the website of the Company at <https://www.escortsgroup.com/investors/governance.html>.

PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	The Company has invested on the research and innovation which have resulted in the reduction of emission and improve the efficiency of the processes. The details are provided in the Annexure – C to the Directors' Report at page 129.		
Capex			

- Does the entity have procedures in place for sustainable sourcing? (Yes/No) – Yes**

As a leading Tractor Manufacturing Organisation in India with a wide range of products, we interact with a substantial base of suppliers.

We take care to monitor our relations based on supplier performance and market demand. Our wide network of supplier base is periodically rationalised on the basis of performance and market requirements. Our supplier base includes technology driven auto component manufacturing organisation, well established core auto ancillary companies, large number of Small & Medium Enterprises (SME) and MSME.

Some of the key areas highlighting the inclusive efforts to ensure the sustainable supplies:

Supplier Code of Conduct:

We are committed to conducting business with the highest degree of ethics, integrity, and compliance with local and international laws applicable to us. The foundation of Escorts is our commitment to doing business the right way. In line with its commitment, Escorts has formulated Supplier Code of Conduct to ensure that the Supplier(s) dealing with Escorts uphold the highest standards of ethical business conduct and provide services that comply with applicable laws and industry standards.

Green/Returnable Packaging

We are working on green /returnable packaging with suppliers. Returnable Packaging will not only improve inbound/outbound freight efficiency but also will reduce the packaging waste with Improved quality control. Some other benefit includes Improved workplace safety, reduce inspection/ unload and load time, reduces warehousing and storage needs, Reduce labour costs.

Supplier Quality Manual:

The Company strives to procure components without compromising on Quality, hence to strengthen the Quality of the component supplied by our supplier and to provide the guiding principle for the regular supplies "Supplier Quality Manual "is being shared with vendor.

- If yes, what percentage of inputs were sourced sustainably?**
Not available

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

At present we do not reclaim the life cycle of the product in terms of plastic, E-waste, hazardous waste.

However various activities are performed in the Company to reduce the generation of waste, reuse and recycle. All Hazardous waste generated is routed through the authorised recyclers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No

Leadership Indicators

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format? - NIL
- If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same. - NIL
- Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry). - NIL
- Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed. - NIL
- Reclaimed products and their packaging materials (as percentage of products sold) for each product category. - NIL

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day care facilities Care	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	2,270	2,257*	99.43%	2,257	99.43%	-	-	-	-	-	-
Female	113	113	100%	113	100%	113	100%	-	-	-	-
Total	2,383	2,370	99.45%	2,370	99.45%	113	100%	-	-	-	-
Other than permanent employees											
Male	854	854	100%	854	100%	-	-	-	-	-	-
Female	79	79	100%	79	100%	79	100%	-	-	-	-
Total	933	933	100%	933	100%	79	100%	-	-	-	-

* Excluding Fixed Term Trainees



b. Details of measures for the well-being of workers

Category	Total (A)	% of employees covered by										
		Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities		Care
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)	
Permanent workers												
Male	1,428	1,428	100%	1,428	100%	-	-	-	-	-	-	
Female	12	12	100%	12	100%	12	100%	-	-	-	-	
Total	1,440	1,440	100%	1,440	100%	12	100%	-	-	-	-	
Other than Permanent workers												
Male	6,293	6,293	100%	-	-	-	-	-	-	-	-	
Female	158	158	100%	-	-	158	100%	-	-	-	-	
Total	6,451	6,451	100%	-	-	158	100%	-	-	-	-	

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/ N/ N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/ N/ N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	100%	100%	Y	100%	100%	Y
Others	EPS	EPS	Y	EPS	EPS	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard. - Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The policy is available on the intranet and accessible to internal stakeholders. Our Code of Business Conduct also highlights our policy to promote equal opportunities to all without discriminating on the grounds of gender, age, language, cultural background, sexual orientation and gender identity, health or medical condition, religious beliefs, physical ability, appearance, marital status, etc. The Code can be accessed at https://www.escortsgroup.com/templates/escortsgroup_home/images/pdf/Escorts_COBC_Policy_V1-2.pdf. Please refer to the section on Human capital for more details.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Please refer to the section on Human capital given elsewhere in the Integrated Report for more details.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	2	100%	-	-
Total	2	100%	-	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/ No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Y
Other than Permanent Workers	Y
Permanent Employees	Y
Other than Permanent Employees	Y

Yes. The Grievance Redressal Policy is available on the intranet of the Company and accessible to the internal stakeholders.

Escorts promotes an open and honest communication process and encourages all employees and associates to promptly report any ethical concerns or any matter related to the non-compliance of the Code. We review all the complaints reported to us and undertake investigation of reported violation as per Company policy. We take appropriate disciplinary actions against any employee whose actions are proved to be in violation of the Code. All employees and workers are requested to report any operational and performance issues and concerns to their supervisor or reporting manager. For Organisational issues, performance and appraisal related concerns or if the complaint is against the Supervisor or Reporting Manager, they are directed towards Human Resource Manager. Employees should reach out to the Ethics Committee if complaint is of the nature as described in the whistle blower policy which can be accessed at <https://www.escortsgroup.com/investors/governance.html>

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	2,383	0	-	2,198	0	-
Male	2,270	0	-	2,105	0	-
Female	113	0	-	93	0	-
Total Permanent Workers	1,440	1,440	100%	1,583	1,583	100%
Male	1,428	1,428	100%	1,568	1,568	100%
Female	12	12	100%	15	15	100%

8. Details of training given to employees and workers:

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	On Health and safety measures		On skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	2,270	2,270	100%	2,270	100%	2,105	2,105	100%	2,105	100%
Female	113	113	100%	113	100%	93	93	100%	93	100%
Total	2,383	2,383	100%	2,383	100%	2,198	2,198	100%	2,198	100%
Workers										
Male	1,428	1,428	100%	1,428	100%	1,568	1,568	100%	1,568	100%
Female	12	12	100%	12	100%	15	15	100%	15	100%
Total	1,440	1,440	100%	1,440	100%	1,583	1,583	100%	1,583	100%



9. Details of performance and career development reviews of employees and worker:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	2,270	2,270	100%	2,105	2,105	100%
Female	113	113	100%	93	93	100%
Total	2,383	2,383	100%	2,198	2,198	100%
Workers						
Male	1,428	1,428	100%	1,568	1,568	100%
Female	12	12	100%	15	15	100%
Total	1,440	1,440	100%	1,583	1,583	100%

10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system? – Yes, ISO 45001 OHSMS is implemented for manufacturing plants.
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? – Yes, it is the basic element of ISO 45001.
- Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N) - Yes
- Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No) - Yes

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	1.06	3.98
	Workers		
Total recordable work-related injuries	Employees	88	260
	Workers		
No. of fatalities	Employees	1	0
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	32	120
	Workers		

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Leadership Structure: Restructuring of EHS function to strengthen, increase the accountability and focussed approach for Health, Safety & Environment protection.

Focus on process & actions: Develop Action plan and phase wise execution to eliminate the hazards & risks associated to Health, Safety & Environment.

Process Standardisation: Providing Integrated approach for EHS Management System through development of policies & principles to achieve pre-determined goals, objectives as per the phase-level execution plan.

Process Adherence: Reinforcement of Hazardous Identification and Risk Analysis (HIRA) activity & implementation of safety observation tour and other process to identify the hazards present and effectively adhere to these processes for their elimination.

Employee Engagement: Organisation wide drive of training & awareness programs, and other motivational activities for all the employees for safe act and safe behaviour.

R/R & consequence: Reward/Recognition & Consequence Management has been implemented for dealing with all types of situations and work behaviors.

Focused group activities: Developing in-house and/or providing means for implementation of safety processes, standardisation, training & awareness programs throughout the EL plants.

Trainings (fresher, refresher & Job-specific trainings): Organising training & development programs for all new, existing & timely job-specifically appointed employees to produce the desired goal without compromising the safety & health of people & environment aspects.

13. Number of Complaints on the following made by employees and workers:

	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	8,965	357	-	1,998	131	Presently
Health & Safety	3,481	74	-	5,703	901	all closed

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% (including assessments done by Company and third parties)
Working conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Safety at the workplace is of utmost priority at Escorts. We have always focused on building a culture of safety, emphasising individual responsibility. System has been established w.r.t. safety inspections, operation control, monitoring, audit and assessments and others. Gaps, learnings, deviations and findings, if any, are identified, controls implemented and track for a effective closure.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, 3 policy benefits are available for Managers/ employees, Death benefit Scheme and Jeevan Dhara policy benefits in case of death + benefit of Accidental insurance of ₹ 20 lacs in case of accidental death

Yes, in case of workers' death, the organisation provides option of 12Lacs as onetime payment or job for one biological son (if meeting the education & Age criteria) + EDLI + EPS + PF + Gratuity. Voluntary contribution by all employees (employees+ workers) is also collected and given to the employee nominee. Death benefit Scheme and Jeevan Dhara policy benefits are also handed over to the nominee.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Statutory dues submitted monthly copy of ESI/ PF challans + ECR is shared by the manpower contractor with ER team; the same are validated by ER team along with wage sheet and salary bank transfer sheets submitted by the contractor.

3. Provide the number of employees/ workers having suffered high consequence work-related injury/ ill-health/ fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees and workers		No. of employees/ workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Employees	NIL	NIL	NA	NA
Workers	NIL	NIL	NA	NA



4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, the employees can opt to continue the medical insurance of self and family (premium paid by self).

5. Details on assessment of value chain partners:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No audit conducted during the year 2021-22. We are aiming to conduct audits in the near future.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

The corrective actions, if any, will be taken based on the audit findings after conducting the same as mentioned in Point no. 5.

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

- 1. Describe the processes for identifying key stakeholder groups of the entity.**
Please refer to Stakeholder Engagement section of <IR> at page 36.
- 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**
Please refer to Stakeholder Engagement section of <IR> at page 36.

Leadership Indicators

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**
Please refer to Stakeholder Engagement section of <IR> at page 36.
- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**
Please refer to Stakeholder Engagement section of <IR> at page 36.
- 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**
Escorts always consciously acts as a responsible corporate citizen and engages with the marginalised & vulnerable sections of our society.

The Company's CSR activities focus on the disadvantaged, vulnerable and marginalised segments of society. Kindly refer to the Annexure - E i.e. Annual Report on Corporate Social Responsibility Activities at page 151 and Social and Relationship Capital at page 66 for further details.

PRINCIPLE 5**Businesses should respect and promote human rights****Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	2,383	2,120	88.96%	2,198	2,198	100%
Other than permanent	933	-	-	955	-	-
Total Employees	3,316	2,120	63.93%	3,153	2,198	69.71%
Workers						
Permanent	1,440	955	66.32%	1,583	-	-
Other than permanent	6,451	2,211	36.07%	7,773	-	-
Total Workers	7,891	3,166	41.83%	9,356	-	-

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	2,270	-	-	2,270	100%	2,105	-	-	2,105	100%
Female	113	-	-	113	100%	93	-	-	93	100%
Other than Permanent										
Male	854	-	-	854	100%	874	-	-	874	100%
Female	79	-	-	79	100%	81	-	-	81	100%
Workers										
Permanent										
Male	1,428			1,428	100%	1,568	-	-	1,568	100%
Female	12			12	100%	15	-	-	15	100%
Other than Permanent										
Male	6,293	6,293	100%	-	-	7,697	7,697	100%	-	-
Female	158	158	100%	-	-	76	76	100%	-	-

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	9	Please refer Annexure – H to the Directors' Report	3	Please refer Annexure – H to the Directors' Report
Key Management Personnel (Other than BoD)	2	₹ 1.89 Cr.	-	-
Employees other than BoD and KMP	2,266	₹ 0.09 Cr.	112	₹ 0.06 Cr.
Workers (Permanent)	1,428	₹ 0.08 Cr.	12	₹ 0.08 Cr.



4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. Ethics committee has been constituted to look into any issue reported which is in contravention of Code of business conduct. For any interpersonal grievance, there is a Grievance redressal committee. Employees have the option of approaching any committee. Ethics committee looks into all complaints received through whistle blower mechanism- through toll free number, mail or post; from any stakeholder.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Reporting avenues have been provided for Escorts employees, customers, suppliers and other stakeholders to raise concern or make disclosure when they become aware of any actual or potential violation of the Company's code, policies or law including human right violations. Representation made in the reporting avenues are reviewed and appropriate action, if required, being taken.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil		Nil	Nil	
Discrimination at workplace	Nil	Nil		Nil	Nil	
Child Labour	Nil	Nil		Nil	Nil	
Forced Labour/ Involuntary Labour	Nil	Nil		Nil	Nil	
Wages	Nil	Nil		Nil	Nil	
Other human rights related issues	Nil	Nil		Nil	Nil	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Whistle blower policy has mechanism to protect the whistle blower. The identity of the complainant remains confidential and it is ensured that the complainant is not harassed.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, in certain business agreements and contracts where relevant.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Escorts internally monitors compliances of all the relevant laws and policies pertaining to these issues. There have been no material observation by local statutory authorities or third parties during the year.
Forced/ involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified/ introduced as a result of addressing human rights grievances/ complaints.

The Company regularly sensitises its employees on the Code of Conduct through various training programmes as well.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

As explained at point no. 1 above.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

The registered and corporate office and other plants of the Company have ramps for easy movement of differently abled visitors. Most of the offices are located in commercial premises which may be on the ground floor or have elevators and infrastructure for differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	No assessment conducted during the year 2021-22. We are aiming to conduct assessment in the near future.
Discrimination at workplace	
Child labour	
Forced/ Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
	Tera Joules	Tera Joules
Total electricity consumption (A)	172.98	164.76
Total fuel consumption (B)	153.67	607.21
Energy consumption through other sources (C)	4.08	4.71
Total energy consumption (A+B+C)	330.73	771.97
Energy intensity per rupee of turnover (Total energy consumption (includes electricity and fuel only)/ turnover in rupees)	0.04 TJ/INR crore of turnover	0.11 TJ/INR crore of turnover
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency. - No



2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable as we do not fall in the DC's category.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2021-22 (Current Financial Year)	FY 2020-21 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	2,698.0	Break-up not available
(ii) Groundwater	6,26,949.0	
(iii) Third party water	32,242.3	
(iv) Seawater / desalinated water	-	
(v) Others	-	
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	6,61,889.3	7,69,720.0
Total volume of water consumption (in kilolitres)	4,57,139.5	
Water intensity per rupee of turnover (Water consumed / turnover)	62.06 kilolitres/ INR crore of revenue	65.31 kilolitres/ INR crore of revenue
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency. - No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

We are working on phase implementation of Zero Liquid Discharge ('ZLD') with timeline extended till FY 24-25. During FY 21-22, we focused on reducing the water consumption wastage through identifying and eliminating network loss reduction, deploying water efficient taps throughout the Group, etc. working our way to the target of 50 % reduction as to the water consumption in FY 20-21, which we have considerably achieved. In coming phase, we have planned for various Technological Improvements in Water Processing further leading to Recycling of wastewater through ZLD implementation.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
NOx	2021-22: ug/m3 2020-21: tons	4,56,91,571.37	25.42
SOx	2021-22: ug/m3 2020-21: kg	7,37,736.99	358.94
Particulate matter (PM)	2021-22: ug/m3 2020-21: tons	70,88,048.05	122.68
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency. - No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	12,796.24	39068.95
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	37960	38911.45
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO ₂ e/INR crore of revenue	6.9	10.8
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency. - No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.
No

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Total Waste generated (in metric tonnes)		
Plastic waste (A)	100.15	Not available
E-waste (B)	2.71	Not available
Bio-medical waste (C)	0.23	0.25
Construction and demolition waste	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)		
S. No. Other Hazardous waste		
1 ETP Sludge	46.14	28.45
2 Grinding Sludge	14.91	10.36
3 Paint Sludge	468.56	608.14
4 Waste Used Oil (in KL)	72.70	78.33
5 Industrial Waste	0.52	1.67
6 Phosphate sludge	24.30	30.02
7 Discarded asbestos (MT)	9.83	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
S. No. Non-hazardous waste		
1 Wooden	1,080.61 MT	Total non-hazardous waste from EAM: 71.31 MT (Note: data from other divisions was not reported last year)
2 Garbage	1,736.84 MT	
3 Casting	622.81 MT	
Total (A + B + C + D + E + F + G + H)	Total excluding waste oil: 4,154.67 MT Waste oil: 72.70 KL	Total excluding waste oil: 749.028 MT Waste oil: 78.33 KL



Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	Hazardous and Non-Hazardous wastes	
(i) Incineration	-	
(ii) Landfilling	-	
(iii) Other disposal operations	Total excluding waste oil: 4,108.88 MT Waste oil: 72.92 KL	Total excluding waste oil: 749.028 MT Waste oil: 78.33 KL
Total	Total excluding waste oil: 4,108.88 MT Waste oil: 72.92 KL	Total excluding waste oil: 749.028 MT Waste oil: 78.33 KL

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency. - No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.
Please refer to Natural Capital section of <IR> at page 58.
10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required. - Not Applicable
11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: - Not Applicable
12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances.
Yes, the Company is compliant with the applicable environmental laws/ regulations/ guidelines in India.

Leadership Indicators

1. Provide break-up of the total energy consumed (in MWh) from renewable and non-renewable sources. -
Non renewable:
Total electricity consumption: 48050 MWh
Total fuel consumption: 42686 MWh
Renewable:
Solar energy: 1133 MWh.
2. Provide the following details related to water discharged: - Please refer to Natural Capital section of <IR> at page 58.

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):** Not Applicable
4. **Please provide details of total Scope 3 emissions & its intensity.** - Details of Scope 3 emissions are provided in the Natural Capital section of the integrated report on page 58. The Scope 3 emissions intensity is 1.90 tCO₂e per ₹ crore of revenue.
5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.** – Not Applicable
6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives.** - Please refer Annexure - C to the Directors' Report at page 129.
7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ weblink.** - Please refer Risk and Mitigation section at page 46.
8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.** – Not Applicable
9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.** – Not Applicable

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. **a. Number of affiliations with trade and industry chambers/ associations.** - Please refer the response in b. below.
b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National)
1	CII – Confederation of Indian Industry	National / Region / State & Zone
2	Indo American Chamber of Commerce IACC	National
3	Federation of Indian Chambers of Commerce & Indus-try FICCI	National
4	Tractor & Mechanization Association	National
5	Indian Construction Equipment Manufacturers Association	National

2. **Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.** – Not Applicable
However, the Company has rolled out the Competition Compliance Policy during the year to create awareness amongst the various stakeholders of the Company.

Leadership Indicators

1. **Details of public policy positions advocated by the entity:** However, Escorts approach to achieving our Government policy and community objective focuses on engaging eco system at the national and local level.



PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not Applicable. As there were no projects that required SIA as per law in the current year.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:** Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community.**

The Company has a well-established process & procedure mechanism to receive and any kind of enquiry/ grievance from an external stakeholder.

The Company has Ethics Committee through which any Internal person can blow the unethical issue which he seems, exist in the Company with respect to suspected violations of the Company's Code of Conduct, Supplier Code of Conduct, or applicable laws. This channel provides a reporting platform for internal and external stakeholders including communities where issues related to Ethics and compliance issues, fraud, misconduct, corruption, financial issues, conflicts of interest, insider trading or antitrust regulations, theft, embezzlement, employee relations and human resources issues, such as harassment, discrimination, improper workplace conduct or immigration issues, loss prevention and asset protection, workplace violence and alcohol/ drug abuse, environment, conflict minerals, health and safety, such as occupational health and safety violation etc.

As far as shareholders are concerned, the grievances can be lodged by the shareholders with various ways for e.g approaching the compliance officer, write down an e-mail or contact over the phone with the details as mentioned in the website and to address the grievances of other stakeholders, for e.g suppliers, vendors, business partners etc. the Company has its complaint redressal mechanism, through which can person can contact and lodger their respective grievances.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Directly sourced from MSMEs/ small producers	26.10%	25.36%
Sourced directly from within the district and neighbouring districts	45.77%	45.29%

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):** Not Applicable
2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:** Please refer Social and Relationship Capital section at page 66 and Annexure - E to Directors' Report i.e. Annual Report on CSR Activities at page 151.

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)**

Please refer to Principle 2

- (b) **From which marginalised /vulnerable groups do you procure?**

Please refer to Principle 2

- (c) **What percentage of total procurement (by value) does it constitute?**

Quantification of data is not feasible, however as mentioned above, Company strives to procure its major portion of raw material from local vendors.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge: Not Applicable
5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved. –Not Applicable
6. Details of beneficiaries of CSR Projects: Please refer Social and Relationship Capital section at page 66 and Annexure-E to Directors' Report i.e. Annual Report on CSR Activities at page 151.

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We have a dedicated team/ department which focuses on catering to the various requirements of our consumers for a seamless experience. Apart from the above, we encourage and trained the employees to put their best endeavours to address the queries of the consumers promptly and adequately.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	Not Available
Recycling and/ or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2021-22 Current Financial Year		Remarks	FY 2020-21 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	NIL	NIL	NA	NIL	NIL	NA
Advertising	NIL	NIL	NA	NIL	NIL	NA
Cyber-security	NIL	NIL	NA	NIL	NIL	NA
Delivery of essential services	NIL	NIL	NA	NIL	NIL	NA
Restrictive Trade Practices	NIL	NIL	NA	NIL	NIL	NA
Unfair Trade Practices	NIL	NIL	NA	NIL	NIL	NA
Other	NIL	NIL	NA	NIL	NIL	NA

4. Details of instances of product recalls on account of safety issues: NIL

	Number	Reasons for recall
Voluntary recalls	NA	NA
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Escorts consider data privacy, a critical aspect to ensure customer information safety. Our Policy on "Risk Management" clearly outlines our approach to maintaining data privacy. Please refer to Risk and Mitigation section for more details at page 46.



6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Since there are no complaints, there was no need for any corrective action. However, Escorts always strive to ensure the best quality products are delivered to our customers and ensure all feedback from our stakeholders is considered in our business processes.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

- a. www.escortsgroup.com
- b. Dealerships
- c. Print Media and Electronic Media
- d. Influencer meets
- e. Client submissions

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

At Escorts, sustainable innovation is a core part of its manufacturing process and the Company continues to work together and with our partners and customers to explore new ways to incorporate sustainable materials across our solutions and bring them to new markets including increased communications, which includes but not limited to On-site services for raw material testing and product application, through Technical Mobile Van. Site supervision services to educate customers on right construction methodologies and practices. The Company also install the products at customer site after giving proper demo and usage guidance, product information, warranty and other essential information of the product. Also, the mobile apps, various tutorials and customer care helpline helps the customers to utilise the product fully and properly.

The Company is paving the path to educate its vendors/ customers for the safe and responsible usage of products and it will deliver the substantial transformational Change in the tractor Industry in near future.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not Applicable

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The Company always furnish the information over its product which is required as per the applicable laws. Company further adhere to the guidelines as per the local laws as well.

Yes, the Company does various consumer satisfaction survey for few areas by using many methodologies from time to time to know the consumer satisfaction levels. The Company also maintains the Customer Satisfaction Index through call centres (internal and external) and feedback based on service records internally. Also Company took help of external agency during the year in conducting Consumer satisfaction studies and completed the study in few states till the end of FY 2022. Further, Company is planning to have the aforesaid survey in remaining states as per Company's requirement.

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact - NIL
- b. Percentage of data breaches involving personally identifiable information of customers – Not Applicable

Independent Auditor's Report

To the Members of Escorts Limited Report on the Audit of the Standalone Financial Statements

Opinion

- We have audited the accompanying standalone financial statements of Escorts Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

- 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 Matter

- 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.
- We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter

Revenue recognition

We refer to the Company's significant accounting policies in note 2.2(a) and the revenue related disclosures in note 46 of the standalone financial statements. 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.

Further Ind AS 115, "Revenue from Contracts with Customers", 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.

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.

How our audit addressed the key audit matter

Our audit procedures, related to revenue recognition, included, but were not limited, to the following:

- assessed the design and operating effectiveness of Company's controls (including the automated controls) around revenue recognition and measurement (including rebates / discounts);
- 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;
- scrutinised sales ledgers to verify accuracy and completeness of sales transactions;
- on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end;
- tested the appropriateness of accruals for various rebates and discounts 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;
- assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;
- circularised balance confirmations to a sample of customers and evaluated the responses; and
- tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations.

Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are 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.

Our opinion on the standalone financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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 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, the Board of Directors are 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 the Board of Directors either intend 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 Standalone 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, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the standalone 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 with reference to financial statements 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 Board of Directors' 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 based on our audit, 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, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, 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 accompanying standalone financial statements;
 - 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 2022 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 with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
 - 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 32 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
 - 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 2022;
 - 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 2022;



- iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. As stated in note 36 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 22504662AIXIBJ6683

Place: New Delhi
Date: 13 May 2022

Annexure A

referred to in Paragraph 16 of 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 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right of use assets and investment property.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment, right of use assets and investment property under which the assets are physically 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 property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory lying with

third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.

- (b) The Company has a working capital limit in excess of INR 5 crore sanctioned by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to review.
- (iii) (a) The Company has provided loans and guarantee to joint ventures during the year as per details given below:

Particulars	(in ₹ crores)	
	Guarantees	Loans
Aggregate amount provided/granted during the year to joint ventures	6.62	1.00
Balance outstanding as at balance sheet date in respect of above cases to joint ventures	6.62	1.00

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided and terms and conditions of the grant of loan and guarantees provided are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any security or granted any advances in the nature of loans during the year.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and principal amount is not due for repayment currently, however, the receipts of the interest are regular.
- (d) There is no overdue amount in respect of loan granted to such companies, firms, LLPs or other parties.



- (e) The Company has granted loan which had fallen due during the year and such loan was renewed. The details of the same has been given below:

Name of the party	Nature of loan	Total loan amount	Nature of extension	Aggregate amount of overdues of existing loans renewed	Percentage of the aggregate to the total loans granted during the year
Adico Escorts Agri Equipment Private Limited	Short term loan	1.00	Renewed	Nil	100%

- (f) The Company has not granted any loan which is repayable on demand or without specifying any terms or period of repayment.

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. 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 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) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, 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 became payable.

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross amount (₹ in crores)	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	Hon'ble High Court of Punjab and Haryana
Value Added Tax Acts	Sales Tax	2.05	1.69	2003-2005	Hon'ble High Court of Andhra Pradesh
Value Added Tax Acts	Sales Tax	12.20	0.40	1994-2018	Appellate Tribunal
Value Added Tax Acts	Sales Tax	51.76	5.69	1997-2018	Appellate authority till Commissioner level
Central Excise Act, 1944	Excise Duty	464.93	50.69	2004-2017	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	5.49	0.57	1992-2018	Appellate authority till Commissioner level
Finance Act, 1994	Service Tax	0.31	0.01	2010-2012	Customs Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.74	0.06	2011-2013	Appellate authority till Commissioner level
Income Tax Act, 1961	Income Tax	23.39	3.93	2002-2017	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Income Tax	1.40	-	2003-2016	Income Tax Appellate Tribunal
The Customs Act, 1962	Custom Duty	9.02	6.97	2007-2020	Customs Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Custom Duty	0.44	-	2017-2019	Appellate authority till Commissioner level

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or joint ventures.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, associates or joint ventures.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has made preferential allotment of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised. During the year, the Company did not make preferential allotment or private placement of fully or partially or optionally convertible debentures.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality as outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) The whistle blower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause



3(xvi) (a), (b) and (c) of the Order is not applicable to the Company.

- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Companies.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a

period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) According to the information and explanations given to us, there is no unspent amount pertaining to other than ongoing corporate social responsibility projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company

(b) The Company has transferred the remaining unspent amount under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.

(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 22504662AIXIBJ6683

Place: New Delhi
Date: 13 May 2022

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements 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 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such controls were operating

effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 22504662AIXIBJ6683

Place: New Delhi
Date: 13 May 2022

Balance Sheet

as at 31 March 2022

		(₹ crores)	
	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3 (i)	1,692.24	1,642.19
Capital work-in-progress	3 (ii)	56.34	41.18
Investment property	4	82.60	69.85
Right-of-use assets	5	34.64	42.73
Intangible assets	6 (i)	22.70	28.25
Intangible assets under development	6 (ii)	31.45	23.23
Financial assets			
Investments	7 (i)	548.85	653.39
Other financial assets	8 (i)	16.55	17.79
Income tax assets (net)		8.69	5.18
Other non current assets	10 (i)	87.87	84.60
Total non-current assets		2,581.93	2,608.39
Current assets			
Inventories	11	803.57	674.46
Financial assets			
Investments	7 (ii)	4,584.60	1,651.56
Trade receivables	12	827.56	698.40
Cash and cash equivalents	13	82.83	100.50
Bank balances other than above	14	175.63	1,216.02
Other financial assets	8 (ii)	25.52	32.80
Other current assets	10 (ii)	281.10	189.40
Total current assets		6,780.81	4,563.14
Assets held for sale	15	9.00	31.70
Total assets		9,371.74	7,203.23
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	131.94	134.83
Other equity	17	7,746.24	5,256.76
Total equity		7,878.18	5,391.59
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	41	41.34	47.62
Other financial liabilities	19 (i)	26.72	23.97
Provisions	21 (i)	42.03	48.95
Deferred tax liabilities (net)	9 (i)	37.91	22.97
Other non-current liabilities	20 (i)	8.52	12.13
Total non-current liabilities		156.52	155.64
Current liabilities			
Financial liabilities			
Lease liabilities	39	10.59	10.42
Trade payables	22		
(a) Total outstanding dues of micro enterprises and small enterprises		71.75	104.23
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		805.90	1,082.90
Other financial liabilities	19 (ii)	93.93	129.14
Other current liabilities	20 (ii)	235.16	203.96
Provisions	21 (ii)	97.17	100.80
Current tax liabilities		22.54	24.55
Total current liabilities		1,337.04	1,656.00
Total equity and liabilities		9,371.74	7,203.23

The accompanying notes form an integral part of these financial statements.

As per our Report of even date attached

For **Walker Chandio & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Nikhil Nanda
Chairman and
Managing Director
(DIN: 00043432)
Place : Faridabad

For and on behalf of the Board of Directors

Shailendra Agrawal
Executive Director
(DIN: 03108241)
Place : Faridabad

Bharat Madan
President Finance, Group Chief
Financial Officer & Corporate Head
Place : Faridabad

P.H. Ravikumar
Director
(DIN: 00280010)
Place : Mumbai

Satyendra Chauhan
Company Secretary
& Compliance Officer
Membership No. A14783
Place : Faridabad
Date : 13 May 2022

Place : New Delhi
Date : 13 May 2022



Statement of Profit and Loss

for the year ended 31 March 2022

	Note	Year ended 31 March 2022	Year ended 31 March 2021
(₹ crores)			
Income			
Revenue from operations	23	7,152.68	6,929.29
Other income	24	213.02	154.56
Total income		7,365.70	7,083.85
Expenses			
Cost of materials consumed	25 (i)	4,492.43	4,026.19
Purchases of stock-in-trade		508.74	440.08
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25 (ii)	(68.37)	127.40
Employee benefits expense	26	528.27	534.55
Finance costs	27	12.70	10.98
Depreciation and amortisation expense	28	129.75	115.70
Other expenses	29	740.30	671.84
Total expenses		6,343.82	5,926.74
Profit before tax		1,021.88	1,157.11
Tax expense	9 (ii)		
Current tax		242.00	286.90
Deferred tax charge/(credit)		14.27	(3.85)
Total tax expense		256.27	283.05
Profit for the year		765.61	874.06
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		0.24	0.36
Re-measurements of defined employee benefit plans		2.56	(13.95)
Income tax relating to items that will not be reclassified to profit or loss		(0.67)	3.47
Total other comprehensive income for the year		2.13	(10.12)
Total comprehensive income for the year		767.74	863.94
Earnings per equity share:	30		
Basic (₹)		58.91	68.14
Diluted (₹)		58.71	68.05

The accompanying notes form an integral part of these financial statements.

As per our Report of even date attached

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Membership No. A14783
Place : Faridabad
Date : 13 May 2022

Place : New Delhi
Date : 13 May 2022

Cash Flow Statement

for the year ended 31 March 2022

	Year ended 31 March 2022	Year ended 31 March 2021
		(₹ crores)
A Cash flow from operating activities		
Profit before tax	1,021.88	1,157.11
Adjustments for:		
Depreciation and amortisation expense	129.75	115.70
Provisions written back net of provisions recognised during the year	(40.33)	(48.06)
Finance costs (other than finance and bank charges)	9.60	8.15
Interest income	(88.56)	(77.39)
Gain on disposal of property, plant and equipment (net)	(3.74)	(3.72)
Gain on disposal of assets held for sale	(8.90)	-
Gain on fair valuation and sale of investments carried at fair value through profit or loss (net)	(94.91)	(57.16)
Share based payment to employees	9.80	16.36
Unrealised foreign exchange (gain)/loss	1.74	0.31
Operating profit before working capital changes	936.33	1,111.30
Movement in working capital		
Inventories	(129.11)	147.75
Trade receivables	(141.58)	46.91
Other financial assets	7.82	8.80
Other assets	(90.93)	76.40
Trade payables	(254.92)	(19.68)
Other financial liabilities	(54.29)	11.73
Other liabilities	21.66	(10.90)
Cash generated from operating activities post working capital changes	294.98	1,372.31
Income tax paid (net)	(253.88)	(253.27)
Net cash generated from operating activities (A)	41.10	1,119.04
B Cash flows from investing activities		
Purchase of property, plant and equipment (including capital advances)	(173.14)	(113.60)
Sale of property, plant and equipment	8.04	6.62
Purchase of intangible assets	(12.69)	(9.57)
Purchase of investment property	(14.05)	(11.06)
Proceeds from sale of assets held for sale	23.54	2.60
Investment in subsidiaries and joint ventures	(19.15)	(119.77)
Proceeds from sale of investment in subsidiary	5.46	-
Sale/(Purchase) of other non current investments	25.82	(25.80)
Purchase of current investment (net)	(2,836.72)	(941.05)
Bank deposit (having original maturity of more than 3 months)	1,022.48	(1,022.53)
Margin/bank deposits	(5.70)	(7.75)
Interest received	104.57	45.14
Net cash used in investing activities (B)	(1,871.54)	(2,196.77)



Cash Flow Statement

for the year ended 31 March 2022

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
C Cash flows from financing activities (refer note 18)		
Proceeds from shares(including ESOP) issued during the year	1,902.07	1,057.58
Repayment of long term borrowings	-	(0.05)
Repayment of lease liability	(6.11)	(4.91)
Repayment of short term borrowings (net)	-	(6.26)
Interest paid	(9.64)	(8.19)
Dividend paid	(73.73)	(24.52)
Net cash generated from financing activities (C)	1,812.59	1,013.65
Increase/(decrease) in cash and cash equivalents (A+B+C)	(17.85)	(64.08)
Cash and cash equivalents at the beginning of the year (refer note 13)	100.50	164.81
Exchange difference on translation of foreign currency cash and cash equivalents	0.18	(0.23)
Cash and cash equivalents at the end of the year (refer note 13)	82.83	100.50

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'.

The accompanying notes form an integral part of 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

Ashish Gupta
Partner
Membership No. 504662

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Managing Director
(DIN: 00043432)
Place : Faridabad

Shailendra Agrawal
Executive Director
(DIN: 03108241)
Place : Faridabad

P.H. Ravikumar
Director
(DIN: 00280010)
Place : Mumbai

Bharat Madan
President Finance, Group Chief
Financial Officer & Corporate Head
Place : Faridabad

Satyendra Chauhan
Company Secretary
& Compliance Officer
Membership No. A14783
Place : Faridabad
Date : 13 May 2022

Place : New Delhi
Date : 13 May 2022

Statement of changes in equity

for the year ended 31 March 2022

A Equity share capital

(₹ crores)					
Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021	Changes in equity share capital during the year		Balance as at 31 March 2022
			Capital reduction	Issued	
122.58	12.25	134.83	(12.25)	9.36	131.94

B Other equity

(₹ crores)									
	Reserves and surplus							Fair value changes of equity instruments measured at fair value through other comprehensive income	Total
	Treasury shares	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Employees' stock options outstanding	Retained earnings		
Balance as at 1 April 2020	(25.99)	97.40	4.00	456.69	731.28	7.10	2,086.61	0.41	3,357.50
Profit for the year	-	-	-	-	-	-	874.06	-	874.06
Other comprehensive income for the year	-	-	-	-	-	-	(10.44)	0.32	(10.12)
Transactions with owners in their capacity as owners									
Proceeds from shares issued during the year	-	-	-	1,029.65	-	-	-	-	1,029.65
Dividends paid	-	-	-	-	-	-	(24.52)	-	(24.52)
Employee stock option exercise for the year	-	-	-	4.24	-	(4.24)	-	-	-
Employee stock option charge for the year	-	-	-	-	-	16.53	-	-	16.53
Transfer from employees' stock option outstanding account against vested options lapsed during the year	-	-	-	-	0.21	(0.21)	-	-	-
Adjustment for options exercised during the year	1.53	-	-	12.13	-	-	-	-	13.66
Balance as at 31 March 2021	(24.46)	97.40	4.00	1,502.71	731.49	19.18	2,925.71	0.73	5,256.76
Profit for the year	-	-	-	-	-	-	765.61	-	765.61
Other comprehensive income for the year	-	-	-	-	-	-	1.91	0.21	2.12
Transactions with owners in their capacity as owners									
Proceeds from shares issued during the year	-	-	-	1,845.94	-	-	-	-	1,845.94
Impact of shares cancelled during the year	-	-	-	(100.95)	-	-	-	-	(100.95)
Dividends paid	-	-	-	-	-	-	(73.73)	-	(73.73)
Employee stock option exercise for the year	-	-	-	15.05	-	(15.05)	-	-	-
Employee stock option charge for the year	-	-	-	-	-	10.10	-	-	10.10
Transfer from employees' stock option outstanding account against vested options lapsed during the year	-	-	-	-	0.07	(0.07)	-	-	-
Adjustment for options exercised during the year	4.35	-	-	36.04	-	-	-	-	40.39
Balance as at 31 March 2022	(20.11)	97.40	4.00	3,298.79	731.56	14.16	3,619.50	0.94	7,746.24

The accompanying notes form an integral part of these financial statements.

As per our Report of even date attached

For **Walker Chandio & Co LLP**
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For and on behalf of the Board of Directors

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Company Secretary
& Compliance Officer
Membership No. A14783
Place : Faridabad
Date : 13 May 2022

Place : New Delhi
Date : 13 May 2022



Notes

forming part of the Financial Statements for the year ended 31 March 2022

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 and National Stock Exchange. The Equity Shares of the Company were listed on the Delhi Stock Exchange. However, DSE has been de-recognised and allowed to exit as a stock exchange by Securities Exchange Board of India (SEBI) by way of SEBI’s Order No. WTM/SR/SEBI/MRD-DSA/04/01/2017 dated 23 January 2017. The Company is primarily 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, centre 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.

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 2022 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 13 May 2022.

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;

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). 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 2022

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). 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.

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 2022

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)

Property, plant and equipment are stated at their cost of acquisition, net of accumulated depreciation and accumulated impairment losses, if any.

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.

Notes

forming part of the Financial Statements for the year ended 31 March 2022

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 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 including right-of-use in 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.

Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties other than right-of-use in 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.

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.

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 Financial Statements for the year ended 31 March 2022

Subsequent measurement (amortisation)

Purchased intangible assets are stated at cost less accumulated amortisation and impairment, if any.

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 know how	6

g) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company

recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

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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:

- a) 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.
- 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 to 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), except investment in certain fixed maturity plans (FMPs) and target maturity funds (TMFs).

Fixed maturity plans (FMP), purchased by the Company on or after 1 April 2021, are measured at amortised cost, if the Company intends to hold the FMPs to maturity. Further, the Company applies amortised cost for those FMPs where the Company is able to

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demonstrate that the underlying instruments in the portfolio would fulfill the SPPI test and the churn in the underlying portfolio is negligible. These conditions are assessed at each Balance Sheet date. If these conditions are not fulfilled, then FMPs are valued at FVTPL.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) purchased on or after 1 April 2021 till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla rupee denominated bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of SPPI test as per the requirements of Ind AS 109.

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.

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.

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Trade receivables

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.

The Company uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macro-economic factors 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.

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 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



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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 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 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 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.

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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 instalments.

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, 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



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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.

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 equity 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.

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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. The Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19. 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.

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 non-financial 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.

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.

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2.4 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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3 (i) Property, plant and equipment

Description									(₹ crores)
	Land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
Gross carrying value									
As at 1 April 2020	1,049.02	400.70	0.05	954.64	79.16	51.40	17.99	10.96	2,563.92
Additions	-	11.51	-	127.50	9.34	2.56	4.88	0.96	156.75
Reclassified to Investment Property	(8.39)	(5.67)	-	-	-	-	-	-	(14.06)
Reclassified to held for sale (refer note 15)	-	(11.73)	-	(3.83)	-	-	-	-	(15.56)
Disposals	-	(0.14)	-	(19.59)	(0.83)	(0.47)	(1.34)	(0.12)	(22.49)
As at 31 March 2021	1,040.63	394.67	0.05	1,058.72	87.67	53.49	21.53	11.80	2,668.56
Additions	-	27.18	-	116.61	12.64	7.57	0.28	0.41	164.69
Disposals	-	-	-	(22.25)	(0.69)	(3.42)	(5.07)	(1.84)	(33.27)
As at 31 March 2022	1,040.63	421.85	0.05	1,153.08	99.62	57.64	16.74	10.37	2,799.98
Accumulated depreciation									
As at 1 April 2020	-	263.52	0.01	587.56	61.72	34.74	8.15	8.56	964.26
Reclassified to Investment Property	-	(5.20)	-	-	-	-	-	-	(5.20)
Reclassified to held for sale (refer note 15)	-	(7.11)	-	(3.69)	-	-	-	-	(10.80)
Charge for the year	-	7.99	-	75.53	4.76	5.57	2.70	1.16	97.71
Adjustment for disposals	-	(0.14)	-	(17.05)	(0.83)	(0.47)	(0.99)	(0.12)	(19.60)
As at 31 March 2021	-	259.06	0.01	642.35	65.65	39.84	9.86	9.60	1,026.37
Charge for the year	-	8.78	-	87.81	5.34	4.61	2.52	1.28	110.34
Adjustment for disposals	-	-	-	(19.84)	(0.69)	(3.41)	(3.19)	(1.84)	(28.97)
As at 31 March 2022	-	267.84	0.01	710.32	70.30	41.04	9.19	9.04	1,107.74
Net block as at 31 March 2021	1,040.63	135.61	0.04	416.37	22.02	13.65	11.67	2.20	1,642.19
Net block as at 31 March 2022	1,040.63	154.01	0.04	442.76	29.32	16.60	7.55	1.33	1,692.24

Notes:

- (i) Property, plant and equipment include assets in use for in house research and development
Refer note 34 for details.
- (ii) Contractual obligations
Refer note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (iii) Property, plant and equipment pledged as security
Refer note 44 for information on property, plant and equipment pledged as security by the Company.
- (iv) Depreciation for the year has been included in "Depreciation and amortisation expense" line item in statement of profit and loss.



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3 (ii) Capital work-in-progress

	(₹ crores)	
	31 March 2022	31 March 2021
Capital work-in-progress	56.34	41.18

Movement in capital work-in-progress during the year:

	(₹ crores)
Particulars	Amount
Capital work-in-progress as at 1 April 2020	104.39
Add: additions during the year	131.91
Less: capitalisation during the year	(195.12)
Capital work-in-progress as at 31 March 2021	41.18
Add: additions during the year	193.91
Less: capitalisation during the year	(178.75)
Capital work-in-progress as at 31 March 2022	56.34

Capital work in progress ageing schedule-projects in progress

	(₹ crores)					
Particulars	Amount in capital work in progress for a period of					Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
As at March 2022	54.35	1.34	0.64	0.01		56.34
As at March 2021	33.57	5.73	1.76	0.12		41.18

There is no capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan

4 Investment property

	(₹ crores)		
Description	Land	Building	Total
Gross carrying value			
As at 1 April 2020	19.70	4.86	24.56
Additions	-	38.37	38.37
Reclassified from Property, plant and equipment	8.39	5.67	14.06
Disposals	-	-	-
As at 31 March 2021	28.09	48.90	76.99
Additions	-	14.06	14.06
Disposals	-	-	-
As at 31 March 2022	28.09	62.96	91.05
Accumulated depreciation			
As at 1 April 2020	-	1.62	1.62
Charge for the year	-	0.32	0.32
Reclassified from Property, plant and equipment	-	5.20	5.20
Adjustment for disposals	-	-	-
As at 31 March 2021	-	7.14	7.14
Charge for the year	-	1.31	1.31
Adjustment for disposals	-	-	-
As at 31 March 2022	-	8.45	8.45
Net block as at 31 March 2021	28.09	41.76	69.85
Net block as at 31 March 2022	28.09	54.51	82.60

Notes

forming part of the Financial Statements for the year ended 31 March 2022

(i) Amount recognised in the statement of profit and loss for investment property

	(₹ crores)	
	31 March 2022	31 March 2021
Rental income	10.15	9.34
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	10.15	9.34

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

(iii) Fair value of investment property

	(₹ crores)	
Particulars	31 March 2022	31 March 2021
Land	105.97	82.37
Building	56.24	43.02

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 01-10-2012 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 Right-of-use assets

Description				(₹ crores)
	Property, plant and equipment		Investment property	Total
	Land	Buildings	Land	
Gross carrying value				
As at 1 April 2020	30.43	4.92	4.16	39.51
Additions	29.17	11.40	-	40.57
Reclassified to held for sale (refer note 15)	(8.89)	-	-	(8.89)
Disposals	(16.19)	-	-	(16.19)
As at 31 March 2021	34.52	16.32	4.16	55.00
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2022	34.52	16.32	4.16	55.00

Notes

forming part of the Financial Statements for the year ended 31 March 2022

Description				(₹ crores)
	Property, plant and equipment		Investment property	Total
	Land	Buildings	Land	
Accumulated depreciation				
As at 1 April 2020	3.93	1.70	0.64	6.27
Charge for the year	3.85	2.84	0.64	7.33
Reclassified to held for sale (refer note 15)	(1.33)	-	-	(1.33)
Adjustment for disposals	-	-	-	-
As at 31 March 2021	6.45	4.54	1.28	12.27
Charge for the year	4.28	3.17	0.64	8.09
Adjustment for disposals	-	-	-	-
As at 31 March 2022	10.73	7.71	1.92	20.36
Net block as at 31 March 2021	28.07	11.78	2.88	42.73
Net block as at 31 March 2022	23.79	8.61	2.24	34.64

Notes:

(i) Right-of-use assets classified as investment property

(a) Amount recognised in profit and loss for investment property

	(₹ crores)	
	31 March 2022	31 March 2021
Rental income	0.90	0.83
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	0.90	0.83

(b) Leasing arrangements

Land classified as investment property is leased to a tenant under long-term operating lease arrangement with rentals payable monthly.

(c) Fair value of investment property

Particulars	(₹ crores)	
	31 March 2022	31 March 2021
Land	2.92	3.52

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 such as in case of right-of-use of land, fair value is determined by discounting market lease rentals for the remaining tenure of the lease.

(ii) Depreciation for the year has been included in "Depreciation and amortisation expense" line item in statement of profit and loss.

Notes

forming part of the Financial Statements for the year ended 31 March 2022

6 (i) Intangible assets

Description	(₹ crores)			
	Prototypes	Technical know how	Software	Total
Gross carrying value				
As at 1 April 2020	39.60	21.86	53.43	114.89
Additions	2.78	0.48	3.16	6.42
Disposals	-	-	-	-
As at 31 March 2021	42.38	22.34	56.59	121.31
Additions	0.69	1.50	2.27	4.46
Disposals	-	-	-	-
As at 31 March 2022	43.07	23.84	58.86	125.77
Accumulated amortisation				
As at 1 April 2020	32.30	12.62	37.80	82.72
Charge for the year	3.56	2.37	4.41	10.34
Adjustment for disposals	-	-	-	-
As at 31 March 2021	35.86	14.99	42.21	93.06
Charge for the year	2.73	2.66	4.62	10.01
Adjustment for disposals	-	-	-	-
As at 31 March 2022	38.59	17.65	46.83	103.07
Net block as at 31 March 2021	6.52	7.35	14.38	28.25
Net block as at 31 March 2022	4.48	6.19	12.03	22.70

Notes:

(i) Contractual obligations

Refer note 32 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 ₹ 112.97 crores (31 March 2021: ₹ 100.86 crores) was incurred on research and development (excluding depreciation) recognised in statement of profit and loss.

Refer note 34 for detail.

(iii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

6 (ii) Intangible assets under development

	(₹ crores)	
	31 March 2022	31 March 2021
Intangible assets under development	31.45	23.23

Movement in intangible assets under development during the year :

Particulars	(₹ crores)	
	Amount	
Intangible assets under development as at 1 April 2020	20.07	
Add: additions during the year	9.58	
Less: capitalisation during the year	(6.42)	
Intangible assets under development as at 31 March 2021	23.23	
Add: additions during the year	12.68	
Less: capitalisation during the year	(4.46)	
Intangible assets under development as at 31 March 2022	31.45	



Notes

forming part of the Financial Statements for the year ended 31 March 2022

Intangible assets under development ageing schedule-projects in progress

Particulars	(₹ crores)				
	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 2022	9.83	7.77	8.96	4.89	31.45
As at March 2021	8.04	5.63	5.70	3.86	23.23

There is no Intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan.

7 Investments

(i) Investments - non-current

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Investments carried at cost		
Subsidiary companies		
Fully paid equity shares (quoted)	1.17	1.17
Fully paid equity shares (unquoted)	255.57	366.76
Joint ventures and associates		
Fully paid equity shares (unquoted)	291.17	274.02
Investments carried at fair value through OCI		
Fully paid equity shares (quoted)	0.94	0.70
Investments carried at amortised Cost		
Tax Free Bonds (quoted)	-	10.74
	548.85	653.39
Aggregate amount of quoted investments	2.11	12.61
Market value of quoted investments	3.41	12.64
Aggregate amount of unquoted investments	546.74	640.78
Aggregate amount of impairment in value of investments	2.95	2.95

(ii) Investments - current

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Investment carried at fair value through profit or loss		
Mutual funds (quoted)	2,374.06	1,636.50
Investments carried at amortised Cost		
Tax Free Bonds (quoted)	-	15.06
Mutual funds (quoted) (Target Maturity Funds)	2,210.54	-
	4,584.60	1,651.56
Aggregate amount of quoted investments	4,584.60	1,651.56
Market value of quoted investments	4,581.64	1,651.56

Notes

forming part of the Financial Statements for the year ended 31 March 2022

Details of investments are as follows:

Non-current investments

In equity instruments*	Number of shares		Amount	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(₹ crores)			
Subsidiaries (quoted)				
Escorts Finance Limited	38,19,700	38,19,700	3.12	3.12
less: provision for impairment			(1.95)	(1.95)
			1.17	1.17
Subsidiaries (unquoted)				
Escorts Securities Limited	-	54,60,000	-	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)	2,43,49,930	2,23,99,930	24.40	22.40
Escorts Skill Development [^]	50,000	9,500	0.02	-
Sole beneficiary interest in Escorts Benefit and Welfare Trust	-	-	212.47	325.68
			255.57	372.22
Less: Investments classified as held for sale (refer note 15)			-	(5.46)
			255.57	366.76
Joint ventures and associates (unquoted)				
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	84,00,000	8.40	8.40
Tadano Escorts India Private Limited	7,27,65,000	5,56,15,000	72.77	55.62
Escorts Kubota India Private Limited (face value of ₹ 100 each)	1,20,00,000	1,20,00,000	120.00	120.00
Kubota Agricultural Machinery India Private Limited	2,00,00,000	2,00,00,000	90.00	90.00
			291.17	274.02
Investments carried at fair value through OCI (Quoted)				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	0.81	0.58
Godavari Drugs Limited	19,700	19,700	0.13	0.09
Twenty First Century Medicare Limited. [^]	19,400	19,400	-	0.03
Tamilnadu Newsprints & Papers Limited [^]	100	100	-	-
			0.94	0.70
In preference shares				
Subsidiaries				
Escorts Finance Limited (10%, cumulative)	95,00,000	95,00,000	-	-

* All equity shares are of ₹ 10 each unless otherwise stated.

[^] Amount less than ₹ 1 lakh.



Notes

forming part of the Financial Statements for the year ended 31 March 2022

8 Other financial assets

(i) Other non-current assets

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Lease Receivable	10.46	11.49
Security Deposits	6.09	6.30
	16.55	17.79

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) Other current assets

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Export incentives receivable	6.08	8.94
Claims receivable	0.69	1.80
Derivative assets	0.32	1.95
Security Deposits	9.80	10.44
Lease receivable	1.97	1.85
Other recoverable		
from related parties (refer note 45 for related party balances)	4.32	5.42
-from others	2.35	2.40
	25.52	32.80

The carrying values are considered to be a reasonable approximation of their fair values.

9 (i) Deferred tax liabilities (net)

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Deferred tax liability arising on account of :		
Property, plant and equipment, investment property and intangible assets	52.55	59.70
Investments carried at fair value	31.66	11.98
Non current assets held for disposal	-	0.22
Deferred tax asset arising on account of :		
Financial assets and financial liabilities at amortised cost and inventories	(35.24)	(36.50)
Provision for employee benefits and other liabilities deductible on actual payment	(11.06)	(12.43)
	37.91	22.97

Notes

forming part of the Financial Statements for the year ended 31 March 2022

Notes:

(a) Movement in deferred tax liabilities for the year ended 31 March 2022 is as follows:

	(₹ crores)			
	Opening balance	Recognised (reversed) in profit and loss	Recognised (reversed) in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Property, plant and equipment, investment property and intangible assets	59.70	(7.15)	-	52.55
Financial assets and financial liabilities at amortised cost and inventories	(36.50)	1.26	-	(35.24)
Provision for employee benefits and other liabilities deductible on actual payment	(12.43)	0.73	0.64	(11.06)
Assets held for disposal	0.22	(0.22)	-	-
Investments carried at fair value	11.98	19.65	0.03	31.66
Net deferred tax liabilities	22.97	14.27	0.67	37.91

(b) Movement in deferred tax liabilities for the year ended 31 March 2021 is as follows:

	(₹ crores)			
	Opening balance	Recognised (reversed) in profit and loss	Recognised (reversed) in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Property, plant and equipment, investment property and intangible assets	64.72	(5.02)	-	59.70
Financial assets and financial liabilities at amortised cost and inventories	(28.60)	(7.90)	-	(36.50)
Provision for employee benefits and other liabilities deductible on actual payment	(21.12)	12.20	(3.51)	(12.43)
Assets held for disposal	-	0.22	-	0.22
Investments carried at fair value	15.29	(3.35)	0.04	11.98
Net deferred tax liabilities	30.29	(3.85)	(3.47)	22.97

9 (ii) Tax expense

The income tax expense consists of the following:

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Current tax		
Current tax expense	242.00	286.90
Deferred tax (credit)/expense	14.27	(3.85)
Total tax expense	256.27	283.05



Notes

forming part of the Financial Statements for the year ended 31 March 2022

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 2022	Year ended 31 March 2021
Profit before income tax	1,021.88	1,157.11
Statutory income tax rate*	25.17%	25.17%
Expected income tax expense	257.19	291.22
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	3.96	0.95
Adjustment for tax expense pertaining to prior years	(0.74)	(2.61)
Income chargeable to lower rate of tax	(3.68)	(3.21)
Utilisation of capital tax losses for which no deferred tax was recognised in the previous year	-	(3.49)
Others	(0.46)	0.19
Total income tax expense	256.27	283.05

* Statutory tax rate applicable to the Company has been computed as follows

Base tax rate	22%	22%
Surcharge (% of tax)	10%	10%
Cess (% of tax)	4%	4%
Applicable rate	25.17%	25.17%

10 Other assets

(i) Non-current

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	-	0.07
Capital advances*	21.50	17.46
Deposits with statutory authorities**	68.51	69.15
	90.01	86.68
Allowance for doubtful advances	(2.14)	(2.08)
	87.87	84.60

* includes advance given to related party ₹ 0.22 crores (previous year ₹ 0.14 crores)

** includes deposit paid under protest with statutory authorities.

(ii) Current

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Refund asset	6.03	4.60
Advances to suppliers	42.86	15.88
Prepaid expenses**	10.16	8.08
Balances with statutory authorities	220.53	159.65
Other advances	1.52	1.19
	281.10	189.40

** includes advance payment to related party ₹ Nil (previous year ₹ 0.16 crores)

Notes

forming part of the Financial Statements for the year ended 31 March 2022

11 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Raw materials and components	314.58	277.47
Goods-in-transit	46.40	21.40
	360.98	298.87
Work-in-progress	40.29	43.27
Finished goods	267.39	191.98
Goods-in-transit	27.74	54.51
	295.13	246.49
Stock-in-trade	87.79	65.67
Goods-in-transit	1.77	1.18
	89.56	66.85
Stores and spares	11.98	13.49
Loose tools	5.63	5.49
	803.57	674.46

- (i) Refer note 44 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:

	(₹ crores)
Particulars	Amount
Allowance for obsolete and slow moving inventories as at 1 April 2020	28.48
Add: write-down recognised during the year	30.84
Less: allowance utilised during the year	(4.09)
Allowance for obsolete and slow moving inventories as at 31 March 2021	55.23
Add: write-down recognised during the year	24.58
Less: allowance utilised during the year	(33.03)
Allowance for obsolete and slow moving inventories as at 31 March 2022	46.78

12 Trade receivables

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Secured, considered good	149.18	123.05
Unsecured, considered good	688.75	585.94
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	59.85	48.53
	897.78	757.52
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(10.37)	(10.59)
Trade Receivables which have significant increase in credit Risk	-	-
Trade Receivables - credit impaired	(59.85)	(48.53)
	(70.22)	(59.12)
	827.56	698.40



Notes

forming part of the Financial Statements for the year ended 31 March 2022

Trade receivables ageing schedule

As at 31 March 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	623.04	163.29	12.43	6.49	1.56	1.91	808.72
(ii) Undisputed Trade Receivables – Significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	0.43	0.75	1.37	5.51	8.06
(iv) Disputed Trade receivables – considered good	-	1.50	4.15	10.29	6.02	7.25	29.21
(v) Disputed Trade Receivables – Significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	0.59	4.37	8.80	38.03	51.79
Total	623.04	164.79	17.60	21.90	17.75	52.70	897.78

Trade receivables ageing schedule

As at 31 March 2021

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	511.95	115.01	29.17	10.58	3.08	-	669.79
(ii) Undisputed Trade Receivables – Significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	0.12	2.30	1.22	6.96	10.60
(iv) Disputed Trade receivables – considered good	-	3.58	7.69	12.34	9.35	6.24	39.20
(v) Disputed Trade Receivables – Significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	1.36	6.25	4.41	25.91	37.93
Total	511.95	118.59	38.34	31.47	18.06	39.11	757.52

- (i) Refer note 44 for trade receivables pledged as security for liabilities.
- (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 values.
- (iv) Trade receivables include ₹ 51.45 crores (31 March 2021 ₹ 54.07 crores) due from related parties. For details refer note 45 - related party disclosures

Notes

forming part of the Financial Statements for the year ended 31 March 2022

13 Cash and cash equivalents

	As at 31 March 2022	(₹ crores) As at 31 March 2021
Balances with banks in current accounts	15.68	12.91
Cash on hand	-	0.02
Debit balance in cash credit accounts	24.15	28.57
Bank deposits with original maturity of less than or equal to 3 months	43.00	59.00
	82.83	100.50

The carrying values are a reasonable approximation of their fair values.

14 Other bank balances

	As at 31 March 2022	(₹ crores) As at 31 March 2021
Earmarked bank balances	10.17	1.28
Fixed deposits with maturity of more than 3 months but less than 12 months	0.18	1,055.44
Margin money deposits	0.41	0.15
Escrow account	164.87	159.15
	175.63	1,216.02

- (i) Earmarked balances with banks largely pertain to balance in unspent CSR Account (refer note 29) and unclaimed dividends.
- (ii) Fixed deposits with maturity of more than 3 months but less than 12 months includes ₹ 0.16 crores (31 March 2021: ₹ 0.15 crores) deposits held by the entity which are not available for use by the Company, as these are lien marked.
- (iii) Balance in Escrow account is not available for use by the Company, refer note 21 (ii) for details.
- (iv) ₹ 0.41 crores (31 March 2021: ₹ 0.15 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

	As at 31 March 2022	(₹ crores) As at 31 March 2021
Assets held for sale	9.00	31.70
	9.00	31.70
Details of assets held for sale:		
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
Investment in equity instruments of Escorts Securities Limited	-	5.46
Building	-	4.62
Plant and equipment	-	0.14
Lease Hold Land	-	7.56
Total	9.00	31.70



Notes

forming part of the Financial Statements for the year ended 31 March 2022

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, Ballabhgarh, Haryana for a consideration of ₹ 9.00 crores. The said transfer is subject to necessary approval from Haryana Urban Development Authority (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 favourable resolution is expected. Therefore, such land continues to be classified as held for sale.
- b. During the year ended 31 March 2019, 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. On 29 March 2019, the Company had entered into an agreement with HNS-India VSAT, Inc. for the sale of these equity shares at a consideration of ₹ 3.25 crores. During the year, the aforesaid agreement between the Company and HNS-India VSAT, Inc was terminated with mutual consent and an agreement to sell the aforesaid shares between the Company and with Bharti Airtel Limited was executed on 31 December 2021. These shares were transferred to Bharti Airtel Limited at a consideration of ₹ 3.25 crores during the year.
- c. On 29 March 2019, the Company had entered into an agreement with HNS-India VSAT, Inc. for the sale of 1,00,000 equity shares of Escorts Motors Limited at a consideration of ₹ 1.67 crores. During the year, the aforesaid agreement along with an agreement with HNS-India VSAT, Inc., for sale of 9,50,000 between the Company and HNS-India VSAT, Inc was terminated with mutual consent and an agreement to sell the aforesaid shares between the Company and HNS Mauritius Limited was executed on 16 February 2022. These shares were transferred to HNS Mauritius Limited at a consideration of ₹ 17.49 crores. The resultant profit on disposal of these investments (net of expenses towards sale of these investments) have been disclosed as gain on disposal of assets held for sale under note 24.
- d. The Board of the Directors of the Company on 2 February 2021 had approved for sale of 54,60,000 shares of ₹ 10/- each in Escorts Securities Limited, a subsidiary company. On 08 April 2021, the Company had entered into a Share Purchase Agreement, to sell the aforesaid shares to Choice Equity Broking Private Limited ("purchaser"). In terms of the agreement, upon necessary regulatory approvals and on the closing date, the aforesaid shares will be transferred to the purchaser, at an aggregate consideration to be decided on the closing date. During the current year, these shares were transferred to the purchaser at an aggregate consideration of ₹ 5.46 crores. Consequently, Escorts Securities Limited has ceased to be a subsidiary of the Company with effect from 14 February, 2022
- e. On 5 February 2021, the Company had entered into a memorandum of understanding (MOU) with AMPP Auto Innovators, for sale of its leasehold land (ROU), Buildings and Plant and Machinery situated at Plot No. 9, Sector 1, Industrial Area, II, Pantnagar, Rudrapur at an aggregate consideration of ₹ 13.00 Crores. During the year, the said assets had been transferred to AMPP Auto Innovators and the resultant profit on disposal of these assets have been disclosed as gain on disposal of assets held for sale under note 24.

(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.

Notes

forming part of the Financial Statements for the year ended 31 March 2022

16 Equity Share Capital

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Authorised		
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
	1,289.00	1,289.00
Issued, subscribed and fully paid-up		
131,940,604 (previous year 134,834,566) Equity shares of ₹ 10 each	131.94	134.83
	131.94	134.83

(a) Reconciliation of number of shares

	As at 31 March 2022		As at 31 March 2021	
	No of shares	₹ crores	No of shares	₹ crores
Equity shares at the beginning of the year	13,48,34,566	134.83	12,25,76,878	122.58
Cancelled during the year (refer note 42)	(1,22,57,688)	(12.25)	-	-
Issued during the year (refer note 42)	93,63,726	9.36	1,22,57,688	12.25
Equity shares at the end of the year	13,19,40,604	131.94	13,48,34,566	134.83

(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.

(c) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2022		As at 31 March 2021	
	No of shares	% holding	No of shares	% holding
Escorts Benefit and Welfare Trust	2,14,42,343	16.25	3,37,00,031	24.99
Kubota Corporation*	2,16,21,414	16.39	1,22,57,688	9.09
Harprasad and Company Private Limited	1,07,26,308	8.13	1,07,26,308	7.96

* excluding shares held in escrow account as on 31st March 2022

(d) The Company does not have a holding company or an ultimate holding company.

(e) The Company has issued total 5,14,538 (31 March 2021: 1,80,119) 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.

(f) Shares reserved for issue under options

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
	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	23,79,855	28,94,393

These shares are held as treasury shares under other equity (refer note 17).
For terms and other details refer note 38.



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(g) Shares held by promoters at the end of the year

S. No	Promoter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.01%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	0.91%	-
3	Nitasha Nanda	1,93,422	-	1,93,422	0.15%	-
4	Girish Behari Mathur	179	(179)	-	-	-
5	Navya Naveli Nanda	18,000	-	18,000	0.01%	-
6	Agastya Nanda	10,000	-	10,000	0.01%	-
7	Rachna Mathur	75	(75)	-	-	-
8	Hardeep Singh	500	-	500	0.00%	-
9	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.28%	-
10	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.34%	-
11	Escorts Finance Limited	31	-	31	0.00%	-
12	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	8.13%	-
13	Sietz Technologies India Private Limited	826	-	826	0.00%	-
14	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
15	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
16	Escorts Benefit and Welfare Trust	3,37,00,031	(1,22,57,688)	2,14,42,343	16.25%	(9.09%)

As at 31 March 2021

S. No	Promoter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.01%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	0.89%	-
3	Nitasha Nanda	1,91,422	2,000	1,93,422	0.14%	-
4	Girish Behari Mathur	179	-	179	0.00%	-
5	Navya Naveli Nanda	18,000	-	18,000	0.01%	-
6	Agastya Nanda	10,000	-	10,000	0.01%	-
7	Rachna Mathur	75	-	75	0.00%	-
8	Hardeep Singh	500	-	500	0.00%	-
9	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.25%	-
10	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.31%	-
11	Escorts Finance Limited	31	-	31	0.00%	-
12	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	7.96%	-
13	Sietz Technologies India Private Limited	826	-	826	0.00%	-
14	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
15	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
16	Charak Ayurvedic Treatments Private Limited	2,000	(2,000)	-	-	-
17	Escorts Benefit And Welfare Trust	3,37,00,031	-	3,37,00,031	24.99%	-

Notes

forming part of the Financial Statements for the year ended 31 March 2022

17 Other equity

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Capital reserve	97.40	97.40
Capital redemption reserve	4.00	4.00
General reserve		
Opening balance	731.49	731.28
Add: transferred from employees' stock option outstanding account against vested options lapsed during the year	0.07	0.21
	731.56	731.49
Securities premium		
Opening balance	1,502.71	456.69
Less: cancellation of shares held by Escorts benefit and welfare trust	(100.95)	-
Add: Net Proceeds from shares issued during the year	1,845.94	1,029.65
Add: Amount received from employees on exercise of employees' stock option against options exercised during the year(net off tax)	36.04	12.13
Add: transferred from employees' stock option outstanding account against options exercised during the year	15.05	4.24
	3,298.79	1,502.71
Employees' stock option outstanding account		
Opening balance	19.18	7.10
Add: charge for the year*	10.10	16.53
Less: transferred to Securities premium against vested options exercise during the year	(15.05)	(4.24)
Less: transferred to General reserve against vested options lapsed during the year	(0.07)	(0.21)
	14.16	19.18
Treasury shares		
Opening balance	(24.46)	(25.99)
Less: adjustment for options exercised during the year	4.35	1.53
	(20.11)	(24.46)
Retained earnings		
Opening balance	2,925.71	2,086.61
Add: net profit for the year	765.61	874.06
Less: equity dividend (during FY 2021-22: ₹ 7.50 per share paid for FY 2020-21) (during FY 2020-21: ₹ 2.50 per share paid for FY 2019-20)	(73.73)	(24.52)
Add: rereasurement of defined benefit plans (net of tax)	1.91	(10.44)
	3,619.50	2,925.71
Other comprehensive income, net of tax		
Equity instruments measured at fair value through other comprehensive income		
Opening balance	0.73	0.41
Add : changes during the year	0.21	0.32
	0.94	0.73
	7,746.24	5,256.76

* includes ₹. 0.30 crores (previous year ₹. 0.17 crores) charged back to a subsidiary company.



Notes

forming part of the Financial Statements for the year ended 31 March 2022

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.

(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) Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

(viii) 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 Reconciliation of financial liabilities arising from financing activities:

	Non-current borrowings and Current maturities of long-term borrowings	Lease liabilities	Current borrowings
Opening balance as at 1 April 2020	0.05	27.50	6.60
Cash flows:			
Proceeds/(repayments)	(0.05)	(4.91)	(6.26)
Interest paid	-	(4.31)	(0.22)
Interest expenses	-	4.31	0.22
Non cash:			
Addition during the year	-	35.57	-
Reclassification	-	(0.12)	-
Foreign currency fluctuation impact	-	-	(0.34)
Closing balance as at 31 March 2021	-	58.04	-
Cash flows:			
Proceeds/(repayments)	-	(6.11)	-
Interest paid	-	(4.76)	(0.75)
Interest expenses	-	4.76	0.75
Closing balance as at 31 March 2022	-	51.93	-

Notes

forming part of the Financial Statements for the year ended 31 March 2022

19 Other financial liabilities

(i) Other non-current financial liabilities

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Security deposits	26.72	23.97
	26.72	23.97

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.

(ii) Other current financial liabilities

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Capital creditors	32.37	21.61
Security deposits	0.62	0.62
Unpaid dividends*	1.67	1.28
Payable to related parties (refer note 45)	0.46	0.43
Employee related payables	50.15	95.84
Retention money	0.58	0.58
Other payables	8.08	8.78
	93.93	129.14

*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 2022	As at 31 March 2021
Deferred income	8.52	12.13
	8.52	12.13

(ii) Other current liabilities

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Advances received from customers	97.90	65.43
Advance against sale of property, plant and equipment & Right-of-use assets	9.00	11.60
Payable to statutory authorities	59.34	42.74
Deferred income	22.21	28.82
Others	46.71	55.37
	235.16	203.96



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forming part of the Financial Statements for the year ended 31 March 2022

21 Provisions

(i) Non-current

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Provision for employee benefits		
Provision for compensated absences	25.14	25.73
Provision for pension	4.39	4.66
Others		
Provision for warranty	12.50	18.56
	42.03	48.95

(ii) Current

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Provision for employee benefits		
Provision for gratuity	6.29	13.41
Provision for compensated absences	2.74	2.59
Provision for pension	0.65	0.65
Others		
Provision for claims	65.00	65.00
Provision for warranty	22.49	19.15
	97.17	100.80

Notes:

1 Information about individual provisions:

Provision for claims

During the year 2005-06, 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 ₹ 164.81 crores as on 31 March 2022 (31 March 2021: ₹ 159.15 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 2022 (31 March 2021: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the disputed matters in the Company's favour and the appeals filed by Income Tax Department against the orders of first appellate authority have been dismissed. The income-tax department has now filed appeal(s) before Hon'ble Delhi High Court where these are pending.

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 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 2022

2 Movement in other provisions :

	(₹ crores)	
	Provision for claims	Provision for warranty
Provision at 31 March 2020	65.00	24.72
Additions during the year	-	25.17
Amount utilised during the year	-	(12.18)
Provision at 31 March 2021	65.00	37.71
Additions during the year	-	22.47
Amount utilised during the year	-	(25.19)
Provision at 31 March 2022	65.00	34.99

3 For disclosures on employee benefits, refer note 37.

22 Trade payables

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Acceptances	0.97	13.86
Trade payables		
-due to micro, small and medium enterprises (MSME) (refer note 41)	71.75	104.23
-due to others	628.83	831.63
Other accrued liabilities	176.10	237.41
	877.65	1,187.13

The carrying values are considered to be a reasonable approximation of their fair values.

Trade Payable ageing schedule as at 31 March 2022

Particulars	(₹ crores)						
	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1 -2 years	2 -3 years	More than 3 years	
(i) MSME	1.12	16.21	52.50	1.00	0.38	0.54	71.75
(ii) Others	244.45	294.93	260.00	0.78	2.13	3.61	805.90
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	245.57	311.14	312.50	1.78	2.51	4.15	877.65

Trade Payable ageing schedule as at 31 March 2021

Particulars	(₹ crores)						
	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1 -2 years	2 -3 years	More than 3 years	
(i) MSME	0.51	30.52	71.76	0.67	0.37	0.40	104.23
(ii) Others	284.28	467.99	323.22	2.90	2.54	1.97	1,082.90
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	284.79	498.51	394.98	3.57	2.91	2.37	1,187.13



Notes

forming part of the Financial Statements for the year ended 31 March 2022

23 Revenue from operations

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Operating revenue		
Sale of products		
Export	492.45	282.11
Domestic	6,479.57	6,495.98
Sale of services	23.70	14.00
	6,995.72	6,792.09
Other operating revenue		
Sale of services	28.76	23.51
Export incentives	12.92	11.44
Scrap sales	47.40	31.90
Liabilities no longer required written back	52.73	57.27
Others	15.15	13.08
	156.96	137.20
	7,152.68	6,929.29

Also refer note 46 for disclosures pursuant to Ind AS 115 -Revenue from Contracts with Customers.

24 Other income

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Interest from		
Bank deposits	25.12	50.61
Other financial assets carried at amortised cost	46.94	26.35
Investments carried at amortised cost	16.50	-
Others	-	0.43
	88.56	77.39
Other income		
Lease rentals	12.99	12.84
Gain on fair valuation of investments carried at fair value through profit or loss (net)	94.91	57.16
Gain on disposal of property, plant and equipment (net)	3.74	3.72
Gain on disposal of assets held for sale	8.90	-
Miscellaneous income	3.92	3.45
	124.46	77.17
	213.02	154.56

Notes

forming part of the Financial Statements for the year ended 31 March 2022

25 Cost of materials consumed

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
(i) Cost of material consumed		
Opening stock	298.87	313.80
Purchases	4,554.54	4,011.26
	4,853.41	4,325.06
Closing stock	(360.98)	(298.87)
	4,492.43	4,026.19
(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods		
Opening stock		
Finished goods	246.49	366.46
Work-in-progress	43.27	43.48
Stock-in-trade	66.85	74.07
	356.61	484.01
Closing stock		
Finished goods	(295.13)	(246.49)
Work-in-progress	(40.29)	(43.27)
Stock-in-trade	(89.56)	(66.85)
	(424.98)	(356.61)
	(68.37)	127.40

26 Employee benefits expense

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	457.76	466.47
Share based payments to employees (refer note 38)	9.80	16.36
Post-employment and other long term benefits expense (refer note 37)	9.14	8.64
Contribution to provident and other funds (refer note 37)	20.92	19.25
Staff welfare	30.65	23.83
	528.27	534.55

27 Finance costs

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Interest on		
Cash credit and short term loans	0.75	0.22
Lease liabilities	4.76	4.31
Others	0.15	-
Finance and bank charges	3.10	2.83
Unwinding of discount on provisions and financial liabilities carried at amortised cost	3.94	3.62
	12.70	10.98



Notes

forming part of the Financial Statements for the year ended 31 March 2022

28 Depreciation and amortisation

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on		
Property, plant and equipment	110.34	97.71
Investment property	1.31	0.32
Right-of-use assets	8.09	7.33
Amortisation on		
Intangible assets	10.01	10.34
	129.75	115.70

29 Other expenses

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Stores and spares consumed	49.91	41.89
Power, fuel and electricity	39.49	36.65
Repair and maintenance		
Building	6.39	4.50
Machinery	11.40	9.03
Others	28.70	25.48
Outsourcing expenses	18.05	26.86
Warranties and after sale service	46.38	50.41
Rent	5.71	4.92
Research and development expense on projects	6.40	6.89
Rates and taxes	4.81	5.64
Insurance	10.39	9.31
Traveling and conveyance	54.43	38.93
Postage and telephones	5.54	5.40
Manpower hiring on contract	133.01	120.34
Legal and professional (refer note 31)	38.49	38.31
Commission, discounts and sales incentive	5.74	6.30
Advertisement and promotional expenses	56.30	50.06
Royalty paid	34.98	33.96
Packing, freight and forwarding	104.93	102.68
Security charges	6.31	5.53
Printing and stationery	3.50	2.64
Director's sitting fees and commission	7.41	8.46
Corporate social responsibility (CSR) expenditure *	15.83	11.82
Provision for doubtful debts/advances and deposits	11.19	8.59
Bad debts written off	0.31	3.97
Less : Provision already held	(0.31)	(3.97)
Assets written off	-	0.62
Miscellaneous expenses	35.01	16.62
	740.30	671.84

Notes

forming part of the Financial Statements for the year ended 31 March 2022

	Year ended 31 March 2022	Year ended 31 March 2021
		(₹ crores)
* CSR Expenditure		
(i) Gross amount required to be spent by the Company during the year	15.83	11.82
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	6.91	3.53
(iii) Unspent amount deposited in a designated bank account on 29 April 2022(Previous Year: 29 April 2021), in terms of section 135(6) of the Companies Act, 2013.	8.92	8.29

30 Earnings per share (EPS)

	Year ended 31 March 2022	Year ended 31 March 2021
		(₹ crores)
Net profit for the year (A) (₹ in crores)	765.61	874.06
Total shares issued at the beginning of the year	13,48,34,566	12,25,76,878
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust at the beginning of the year	28,94,393	30,74,512
Add : Weighted average number of Equity Shares issued and allotment of shares by ESOP Trust to Employees	12,05,857	87,65,415
Less: capital reduction	31,90,357	-
Weighted-average number of equity shares for basic EPS (B)	12,99,55,673	12,82,67,781
Effect of dilution :		
Weighted average number of share options granted to employees	4,37,305	1,77,247.00
Weighted average number of equity shares adjusted for the effect of dilution (C)	13,03,92,977	12,84,45,028
Basic EPS (Amount in ₹) (A/B)	58.91	68.14
Diluted EPS (Amount in ₹) (A/C)	58.71	68.05

31 Legal and professional expenses includes payments to auditor

	Year ended 31 March 2022	Year ended 31 March 2021
		(₹ crores)
As Auditor:		
Audit fee	1.27	1.20
Certification and other services*	0.05	0.06
For reimbursement of expenses	0.06	0.06

* excluding ₹ 0.14 crs(Previous Year: Nil) debited to securities premium account.



Notes

forming part of the Financial Statements for the year ended 31 March 2022

32 Commitments and contingencies

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
A. Capital commitments		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	189.11	242.76
- Letter of Credit/guarantees executed in favour of others	55.28	74.71
B. Contingencies		
(i) Taxation related contingencies		
Excise duty/ customs duty /service tax demands	464.41	456.24
Sales tax and other demands	34.13	34.43
Demand raised by income tax department, disputed by the Company and pending in appeal (refer note 1 below)	63.40	63.40
(ii) Others		
Cases under litigation relating to :		
- Personnel	5.22	4.21
- Others	32.02	18.04
(iii) Claims not acknowledged as debts	15.42	14.48

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(ii) for details). Further the amount includes ₹ 32.17 crores (31 March 2021 ₹ 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. Penalties wherever quantified have been included.
- Pursuant to order dated 11 December 2014 passed by the Hon'ble Supreme Court of India, Chief Administrator HUDA, Panchkula enhanced the compensation amount @ ₹ 1,987 per square meter for the general category allottees of plots in Sector 58, Ballabhgarh, Faridabad. Being aggrieved by the arbitrary action of Chief Administrator HSVP, Panchkula, "The Faridabad Industries Association" filed a Civil Writ Petition before the Hon'ble High Court of Punjab & Haryana at Chandigarh whereby the court passed directions for recalculation of enhancement demands to be raised. In view of the directions as passed by the Hon'ble High Court of Punjab & Haryana at Chandigarh, an Instruction no. 58 dated 14 December 2018 had been passed by HSVP, Panchkula for recalculation of enhancement fees. In spite of the said directions, the Company received a demand from the Estate Officer, HSVP for a sum of ₹ 37.61 crores approximately (inclusive of penalty and interest) dated 13 June 2019 on the basis of old rate of ₹ 1,987 per square meter. In 2019, state government transferred the files related to such plots from HSVP to HSIIDC (Haryana State Industrial and Infrastructure Development Corporation). Further, when the Company sought details of the outstanding dues from HSIIDC in February 2022, HSIIDC informed that there is a sum of ₹ 56.26 Crores (inclusive of interest and penalty) towards payment for enhanced cost. This figure again does not take into account the recalculated rates which are yet to be notified by HSVP. The company still awaits the fresh demand after recalculation for taking further appropriate action.

Notes

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33 Loss from agricultural business:

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Expenses		
Sales and other income	0.21	0.23
Net loss from agricultural activities	-	-
	(0.21)	(0.23)

34 Research and development

- (i) Research and development costs on in house R&D centers amounting to ₹ 131.83 crores (31 March 2021: ₹ 119.53 crores) were incurred during the year.

Particulars	(₹ crores)			
	Tractor		Construction equipment	
	31 Mar 2022	31 March 2021	31 Mar 2022	31 March 2021
Cost of materials consumed	9.99	4.52	0.03	0.26
Employee benefits expense	56.82	56.51	10.37	10.25
Other expenses	30.54	27.32	5.22	2.00
Depreciation	17.70	17.09	1.16	1.58
Total	115.05	105.44	16.78	14.09

- (ii) Assets purchased/capitalised for research and development centers*:

Description	(₹ crores)	
	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
Gross carrying value		
As at 1 April 2020	310.10	16.32
Additions	23.17	0.19
Disposals	(7.72)	(3.00)
As at 31 March 2021	325.55	13.51
Additions	16.22	1.58
Disposals	(2.93)	(2.54)
As at 31 March 2022	338.84	12.55
Accumulated depreciation and amortisation		
As at 1 April 2020	122.46	10.06
Depreciation and amortisation for the year	17.09	1.58
Disposals	(6.51)	(2.71)
As at 31 March 2021	133.04	8.93
Depreciation and amortisation for the year	17.70	1.16
Disposals	(2.56)	(2.26)
As at 31 March 2022	148.18	7.83
Net block as at 31 March 2021	192.51	4.58
Net block as at 31 March 2022	190.66	4.72

* Exclude capital advance/capital work-in-progress



Notes

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(iii) Expenses on research and development as percentage to gross turnover is:

	31 Mar 2022	31 March 2021
Tractor	1.64%	1.55%
Construction equipment	0.24%	0.21%

35 Financial Instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

	Note	As at 31 Mar 2022	(₹ crores) As at 31 March 2021
Financial assets measured at fair value			
Investments measured at			
Fair value through other comprehensive income	7 (i)	0.94	0.70
Fair value through profit and loss	7 (ii)	2,374.06	1,636.50
Derivative assets			
Fair value through profit and loss	8 (ii)	0.32	1.95
Financial assets measured at amortised cost			
Investments	7 (i), 7 (ii)	2,210.54	25.80
Trade receivables	12	827.56	698.40
Cash and cash equivalents	13	82.83	100.50
Other bank balances	14	175.63	1,216.02
Other financial assets	8 (i) 8 (ii)	41.75	48.64
Total		5,713.63	3,728.51
Financial liabilities measured at amortised cost			
Trade payables	22	877.65	1,187.13
Lease liabilities	39	51.93	58.04
Other financial liabilities	19(i), 19(ii)	120.65	153.11
Total		1,050.23	1,398.28

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.

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B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

				(₹ crores)
As at 31 March 2022	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.94	-	-	0.94
Fair value through profit and loss	2,374.06	-	-	2,374.06
Derivative assets measured at fair value through profit and loss	-	0.32	-	0.32

				(₹ crores)
As at 31 March 2021	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.70	-	-	0.70
Fair value through profit and loss	1,636.50	-	-	1,636.50
Derivative liabilities measured at fair value through profit and loss	-	1.95	-	1.95

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) The derivative financial instruments are valued using forward exchange rates as at the balance sheet date.

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)	
As at 31 March 2022	Carrying value	Fair value	
Other financial assets	16.55	16.81	
Investments	2,210.54	2,207.58	
Security deposits received	26.72	29.95	
Lease liabilities	51.93	53.99	

		(₹ crores)	
As at 31 March 2021	Carrying value	Fair value	
Other financial assets	17.79	17.98	
Investments	25.80	25.83	
Security deposits received	23.97	27.74	
Lease liabilities	58.04	60.18	



Notes

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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 receivables and lease liabilities are determined by applying discounted cash flows ('DCF') method on contractual cash flows, 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 2022 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.

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	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 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.

Notes

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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.

The Company provides for expected credit loss 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 measured at amortised cost	12 month expected credit loss
High credit risk	Trade receivables	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets (other than trade receivables) that expose the entity to credit risk* –

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Low credit risk on financial reporting date		
Investments**	2,210.54	25.80
Cash and cash equivalents	82.83	100.50
Other bank balances	175.63	1,216.02
Other financial assets	41.75	48.64

*Represents carrying values of financial assets, without deduction for expected credit losses

** Represents target maturity funds (previous year tax free bonds) at amortised cost



Notes

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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 and taking insurance cover for receivables. 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.

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 Company does not have any expected loss based impairment recognised on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Company recognizes 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). Trade receivables amounting to ₹ 149.18 crores (31 March 2021: ₹ 123.05 crores) are secured by way of security deposits from customer and letter of credit issued by banks. The letter of credit are issued by reputable banks and their credit risk is assessed to be low.

31 Mar 2022

Agri machinery

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	486.31	45.23	23.6	5.35	53.98	614.47
Expected loss rate	0.5%	6.5%	7.7%	17.2%	60.9%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	2.36	2.95	1.81	0.92	32.87	40.91

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Construction equipment

						(₹ crores)
Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	115.87	6.53	0.77	0.09	24.98	148.24
Expected loss rate	0.36%	7.81%	32.47%	66.67%	88.11%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	0.42	0.51	0.25	0.06	22.01	23.25

31 March 2021 Agri machinery

						(₹ crores)
Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	364.30	18.28	32.95	16.15	52.52	484.20
Expected loss rate	0.38%	2.7%	2.6%	3.3%	38.4%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	1.37	0.50	0.85	0.54	20.16	23.42

Construction equipment

						(₹ crores)
Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	115.45	1.51	0.56	0.16	25.92	143.60
Expected loss rate	1.84%	15.2%	50.0%	81.3%	86.8%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	2.13	0.23	0.28	0.13	22.51	25.28

						(₹ crores)
Particulars	31 Mar 2022			31 March 2021		
	Auto products*	Railway products	Others	Auto products*	Railway products	Others
Historical loss rate on sales during the year	0.00%	0.56%	0.00%	-	0.67%	-
Loss allowance provision on the sales	-	1.09	-	-	4.56	
Loss allowance provision on the debtors outstanding more than one year	4.31	0.38	0.28	4.31	1.28	0.27

The Company estimates loss allowance provision for the railway products division at 100% for the debtors (other than government) outstanding more than one year as at the reporting date and historical loss rate on the sales made during the year.

* Auto products business was discontinued and all assets & liabilities were transferred under a sale agreement executed in FY 2016-17, except certain receivables and other assets which remained with the Company.



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Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	(₹ crores)	
	Trade receivables	Other financial assets
Loss allowance on 1 April 2020	55.01	-
Loss allowance created	8.08	-
Loss allowance written back	(3.97)	-
Loss allowance on 31 March 2021	59.12	-
Loss allowance created	11.41	-
Loss allowance written back	(0.31)	-
Loss allowance on 31 March 2022	70.22	-

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:

Floating rate	(₹ crores)	
	31 Mar 2022	31 March 2021
- Expiring within one year (cash credit and other facilities)	550.00	550.00

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 2021.

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 Mar 2022	(₹ crores)				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Lease liabilities	11.03	11.51	12.79	30.83	66.16
Trade payable (including MSME)	877.65	-	-	-	877.65
Security deposits	0.62	-	8.82	26.64	36.08
Other financial liabilities	93.31	-	-	-	93.31
Total	982.61	11.51	21.61	57.47	1,073.20

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	(₹ crores)				
31 March 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Lease liabilities	10.86	11.03	11.51	43.62	77.02
Trade payable (including MSME)	1,187.13	-	-	-	1,187.13
Security deposits	0.62	-	-	33.62	34.24
Other financial liabilities	128.52	-	-	-	128.52
Total	1,327.13	11.03	11.51	77.24	1,426.91

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 Mar 2022 USD	31 March 2021 USD
Financial assets	32.71	12.20
Financial liabilities	21.53	12.59
Net exposure to foreign currency risk (liabilities)/assets	11.19	(0.39)

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	(₹ crores)	
Particulars	31 Mar 2022	31 March 2021
USD sensitivity		
INR/USD- increase by 4.06% (31 March 2021 - 4.38%)*	0.34	(0.01)
INR/USD- decrease by 4.06% (31 March 2021 - 4.38%)*	(0.34)	0.01

* 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 Mar 2022	31 March 2021
Financial assets	52.00	52.38
Financial liabilities	48.62	24.97
Net exposure to foreign currency risk assets	3.38	27.41



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Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
EURO sensitivity		
INR/EURO- increase by 4.74% (31 March 2021 - 5.59%)*	0.12	1.15
INR/EURO- decrease by 4.74% (31 March 2021 - 5.59%)*	(0.12)	(1.15)

(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

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Financial liabilities	0.04	0.19
Net exposure to foreign currency risk (liabilities)	(0.04)	(0.19)

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
JPY sensitivity		
INR/JPY- increase by 6.12% (31 March 2021 - 5.81%)*	-	(0.01)
INR/JPY- decrease by 6.12% (31 March 2020 - 5.81%)*	-	0.01

* Holding all other variables constant

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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 2022 and 31 March 2021, 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:

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Variable rate borrowing	-	-
Fixed rate borrowing	-	-
Total borrowings	-	-
Amount disclosed under other current financial liabilities	-	-
Amount disclosed under borrowings	-	-

Sensitivity

Below is the sensitivity of profit or loss and equity in interest rates.

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	-	-
Interest rates – decrease by 100 basis points (100 bps)	-	-

* 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 after tax

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Mutual funds		
Net assets value – increase by 100 bps (100bps)	17.77	12.25
Net assets value – decrease by 100 bps (100bps)	(17.77)	(12.25)



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Impact on other comprehensive income after tax

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Quoted equity instruments		
Market price – increase by 500 bps (500bps)	0.04	0.03
Market price – decrease by 500 bps (500bps)	(0.04)	(0.03)

36 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

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Net debts		
Total equity	7,878.18	5,391.59
Net debt to equity ratio	0.00%	0.00%

(b) Dividends

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
(i) Equity shares		
Final dividend for the year ended 31 March 2021 of ₹ 7.50 per share (excluding tax)	75.85	-
Final dividend for the year ended 31 March 2020 of ₹ 2.50 per share (excluding tax)	-	25.28
(ii) Dividends proposed	77.35	75.85

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.

37 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.

Notes

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(i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
	(₹ crores)			
Gratuity :				
Present value of defined benefit obligation	95.70	-	99.22	-
Fair value of plan assets	89.41	-	85.81	-
Net value of defined benefit obligation	6.29	-	13.41	-

(ii) Amount recognised in the statement of profit and loss is as under:

Description	As at	
	31 March 2022	31 March 2021
(₹ crores)		
Current service cost	7.84	8.17
Net interest cost	0.91	0.09
Net impact on profit (before tax)	8.75	8.26
Actuarial loss/(gain) recognised during the year	(2.47)	13.87
Amount recognised in the statement of profit and loss	6.28	22.13

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	As at	
	31 March 2022	31 March 2021
(₹ crores)		
Present value of defined benefit obligation as at the start of the year	99.22	82.84
Current service cost	7.84	8.17
Interest cost	6.75	5.63
Actuarial loss/(gain) recognised during the year	(2.59)	14.69
Benefits paid	(15.52)	(12.11)
Present value of defined benefit obligation as at the end of the year	95.70	99.22

(iv) Movement in the plan assets recognised in the balance sheet is as under:

Description	As at	
	31 March 2022	31 March 2021
(₹ crores)		
Fair value of plan assets at beginning of year	85.81	40.90
Expected return on plan assets	5.83	5.55
Employer's contribution	13.41	50.65
Benefits paid	(15.52)	(12.11)
Actuarial gain/(loss) on plan assets	(0.12)	0.82
Fair value of plan assets at the end of the year	89.41	85.81
Actual return on plan assets	5.71	6.37



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(v) Breakup of actuarial (gain)/loss:

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(2.91)	17.39
Actuarial (gain)/loss on arising from experience adjustment	0.44	(3.52)
Total actuarial (gain)/loss	(2.47)	13.87

(vi) Actuarial assumptions

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Discount rate	7.22%	6.80%
Future salary increase	8.00%	8.00%
Expected average remaining working lives of employees (years)	20.06	19.81

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

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year	95.70	99.22
- Impact due to increase of 0.50 %	(3.41)	(3.56)
- Impact due to decrease of 0.50 %	3.69	3.85
Impact of the change in salary increase		
Present value of obligation at the end of the year	95.70	99.22
- Impact due to increase of 0.50 %	3.64	3.79
- Impact due to decrease of 0.50 %	(3.41)	(3.54)

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.

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(viii) Maturity profile of defined benefit obligation

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Within next 12 months	12.21	12.27
Between 1-5 years	41.46	42.42
Beyond 5 years	129.70	127.61

(ix) Category of plan assets :

Particulars	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
LIC of India - Group Gratuity Cash Accumulation Fund	87.87	84.31
Others	1.54	1.50
Total	89.41	85.81

(x) The Company expects to contribute ₹ 9.65 crores (previous year ₹ 10.32 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 ₹ 5.64 crores (previous year: ₹ 14.73 crores) has been recognised in the statement of profit and loss.

Particulars	(₹ crores)			
	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	2.74	25.14	2.59	25.73

C Pension

Particulars	(₹ crores)			
	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Pension	0.65	4.39	0.65	4.66

(i) Amount recognised in the balance sheet is as under:

Particulars	(₹ crores)			
	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Pension:				
Present value of defined benefit obligation	0.65	4.39	0.65	4.66
Fair value of plan assets	-	-	-	-
Net value of defined benefit obligation	0.65	4.39	0.65	4.66



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(ii) Amount recognised in the statement of profit and loss is as under:

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Current service cost	-	-
Past service cost including curtailment gains/losses	-	-
Net interest cost	0.39	0.38
Net impact on profit (before tax)	0.39	0.38
Actuarial loss/(gain) recognised during the year	(0.09)	0.08
Amount recognised in the statement of profit and loss	0.30	0.46

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation as at the start of the year	5.31	5.57
Current service cost	-	-
Past service cost	-	-
Interest cost	0.39	0.38
Actuarial loss/(gain) recognised during the year	(0.09)	0.08
Benefits paid	(0.57)	(0.71)
Present value of defined benefit obligation as at the end of the year	5.04	5.31

(iv) Breakup of actuarial (gain)/loss:

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Actuarial (gain)/loss on arising from change in financial assumption	-	-
Actuarial (gain)/loss on arising from experience adjustment	(0.09)	0.08
Total actuarial (gain)/loss	(0.09)	0.08

(v) Actuarial assumptions

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Discount rate	7.22%	6.80%
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 annually 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. Pension growth rate is Company's long term best estimate as to salary increases and takes account of inflation, on long term basis as provided in relevant accounting standard. As this is a fix pension plan so this has been assumed as nil.

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(vi) Sensitivity analysis for pension liability

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year	5.04	5.31
- Impact due to increase of 0.50 %	(0.12)	(0.13)
- Impact due to decrease of 0.50 %	0.12	0.13

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

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Within next 12 months	0.65	0.65
Between 1-5 years	2.85	2.87
Beyond 5 years	4.10	4.59

(viii) The Company expects to contribute ₹ 0.36 crores (previous year ₹ 0.37 crores) to its pension plan for the next year.

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 ₹ 20.64 crores (Previous year: ₹ 18.94 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.19 crores (Previous year: ₹ 0.20 crores).



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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.

38 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:

Scheme	Vesting conditions	Exercise period	Exercise price per share (₹)
Employees Stock Option Scheme, 2006	Vested equally over 4 years from the date of grant	Three years from the date of vesting	870.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,122.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,385.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,465.80

Options are granted under the plan for the consideration as mentioned above 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	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
	Number of options	Number of options
Opening balance	10,87,556	9,66,775
Granted during the year	34,800	3,39,450
Exercised during the year	5,14,538	1,80,119
Forfeited during the year	2,050	2,200
Lapsed during the year	51,324	36,350
Closing balance	5,54,444	10,87,556

* The weighted average share price at the date of exercise of options during the year ended 31 March 2022 was ₹ 1,708.69 (31 March 2021 ₹ 1281.48).

Weighted average remaining contractual life of options as at 31 March 2022 3.89 years (31 March 2021 : 3.76 years).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price (₹)	(₹ crores)	
			Share options 31 March 2022	Share options 31 March 2021
August 16, 2018	August 15, 2022	870.00	5,000	1,10,093
August 16, 2018	August 15, 2023	870.00	5,001	1,76,314
August 16, 2018	August 15, 2024	870.00	30,627	2,30,850
August 16, 2018	August 15, 2025	870.00	2,00,277	2,30,850
September 08, 2020	September 07, 2024	1,122.00	15,965	55,425
September 08, 2020	September 07, 2025	1,122.00	54,925	55,425
September 08, 2020	September 07, 2026	1,122.00	54,925	55,425
September 08, 2020	September 07, 2027	1,122.00	54,925	55,425
February 03, 2021	February 02, 2025	1,385.00	9,688	29,438
February 03, 2021	February 02, 2026	1,385.00	29,438	29,438
February 03, 2021	February 02, 2027	1,385.00	29,438	29,438
February 03, 2021	February 02, 2028	1,385.00	29,438	29,438

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				(₹ crores)	
Grant Date	Expiry date	Exercise price (₹)	Share options 31 March 2022	Share options 31 March 2021	
September 16, 2021	September 15, 2025	1,465.80	8,700	-	
September 16, 2021	September 15, 2026	1,465.80	8,700	-	
September 16, 2021	September 15, 2027	1,465.80	8,700	-	
September 16, 2021	September 15, 2028	1,465.80	8,700	-	
			5,54,444	10,87,556	

Fair value of options granted

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 :

- a) Options are granted for consideration equivalent to exercise price referred below and vest in a graded manner over a period of four years. Vested options are exercisable for a period of three years after vesting.

b) Exercise price	₹ 870.00	₹ 1,122.00	₹ 1,385.00	₹ 1,465.80
c) Grant date, as per the details shared above.	16 August, 2018	September 08, 2020	February 03, 2021	September 16,2021
d) Expiry date, as per the details shared above.	15 August, 2022	September 07, 2024	February 02, 2025	September 15,2025
e) Share price at grant date	₹ 869.50	₹ 1,121.10	₹ 1,384.15	₹ 1,465.80
f) Expected price volatility of the company's shares	26.86%	41.40%	41.90%	37.33%
g) Expected dividend yield	0.29%	0.36%	0.29%	0.27%
h) Risk free rate	7.56% - 7.97%	4.70% - 5.74%	4.62% - 5.68%	4.65% - 5.76%

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 due to publicly available information.

39 Leases

(a) Information for leases where the Company is a lessee

Lease liabilities are presented in the statement of financial position as follows:

			(₹ crores)	
	As at 31 March 2022	As at 31 March 2021		
Current	10.59	10.42		
Non-current	41.34	47.62		
	51.93	58.04		

The Company has leases for the factory lands, marketing offices, depots and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.



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The Company has considered automatic extension option available for land leases in lease period assessment since the Company can enforce its right to extend the lease beyond the initial lease period. The Company also has plans of setting up production facility on the land, therefore is likely to be benefited by exercising the extension option.

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Depreciation expense of right-of-use assets	8.09	7.33
Interest expense on lease liabilities	4.76	4.31
Rent expense*	5.71	4.92
Total	18.56	16.56

*Rent expense in term of short term leases

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	4	3.50-6.51	4	-
Marketing offices and related facilities	6	0.25-4.76	-	-

The maturity analysis of lease liabilities are disclosed in note 37.

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the financials. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 5.70 crores (previous year: 4.92 crores).

Total cash outflow for leases for the year ended 31 March 2022 was ₹ 16.58 crores (previous year: ₹ 14.14 crores).

(b) Information for leases where the Company is a lessor

i) Finance Lease

During the year, the Company has entered into a finance lease arrangement with it's a joint venture company for sublease of land acquired by it as a Right of Use for the remaining period of land lease arrangement.

The following are amounts recognised in profit or loss with respect to finance lease arrangements:

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Interest income on lease receivable	1.00	0.86
Gain on sublease	-	0.02
Total	1.00	0.88

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Changes in carrying amount of lease receivable

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Opening balance	13.34	-
Addition	-	16.48
Reversal of rental income	(1.92)	(1.77)
Interest income on lease receivable	1.00	0.86
Advance from customer	-	(2.23)
Total	12.42	13.34

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Less than one year	2.04	1.92
One to two years	2.07	2.04
Two to three years	2.43	2.07
Three to four years	2.72	2.43
Four to five years	2.72	2.72
More than five years	4.09	6.81
Total undiscounted lease receivable	16.07	17.99
Unearned finance income	3.65	4.65
Net investment in the lease	12.42	13.34

ii) Operating Lease

The Company leases out investment properties under operating leases (see note 4 and note 5).

Lease payments in relation to operating leases are as follow:

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Less than one year	11.45	10.91
One to two years	11.67	11.45
Two to three years	4.25	11.67
Three to four years	-	4.25
Total	27.36	38.27

40 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.

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41 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	71.75	104.23
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	1.11	0.51
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.

42 (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 had sufficient funds to meet the payment obligations towards Escorts Finance Limited deposits. Further, entire outstanding liability towards unclaimed fixed deposits and interest thereon of ₹ 10.56 crores has been deposited with the Investor Education & Protection Fund by Escorts Benefit Trust on behalf of Escorts Finance Limited on 2 February 2022 and no further liability towards deposit holders remains outstanding as on 31 March 2022.

(b) During the year, the Company has further invested ₹ 17.15 crores in its Joint Venture with Tadano Limited, Japan (Tadano), Tadano Escorts India Private Limited (formerly Optunia Power Infrastructure Private Limited) ('TEI'). As on 31 March 2022, the Company holds 49% share in TEI.

(c) Pursuant to Share Purchase Agreement dated 20 March 2020 and Shareholders Agreement dated 5 October 2020, between the Company, Kubota Corporation, Japan and Kubota Agricultural Machinery India Private Limited (KAI), the

Company, has acquired 40% equity stake in KAI at an aggregate consideration of ₹ 90 crores. Consequently, KAI has become a Joint Venture of the Company, with effect from, 5 October 2020.

(d) The Board of Directors of the Company in their meeting held on 20 March 2020 had approved the preferential issue of 1,22,57,688 equity shares of ₹ 10/- each at an issue price of ₹ 850/- per equity share to Kubota Corporation, Japan, subject to approval of shareholders of the Company and other regulatory approvals. Consequently, in terms of Share Subscription Agreement and Shareholders Agreement dated 20 March 2020 and requisite approvals, the Company has allotted 1,22,57,688 equity shares of the face value of ₹ 10/- at an issue price of ₹ 850/- (which includes a premium of ₹ 840/-) for each Share to Kubota Corporation, Japan on 16 July 2020.

(e) Subsequent to approval of the Board of Directors on 15 July 2020 for selective reduction of share capital of the Company by cancelling and extinguishing 1,22,57,688 Equity Shares, held by the Escorts Benefit and Welfare Trust, the Company filed a Scheme for reduction of share capital ("the Scheme") between the Company and its shareholders, under Section 66 read with Section 52 and other applicable sections of the Companies Act, 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, with the Hon'ble NCLT of Chandigarh ("the Tribunal") on 13 March 2021. During the year, the Scheme has been approved by the Hon'ble NCLT Bench, Chandigarh ("NCLT") vide its order dated December 23, 2021 ("Order"). The scheme became effective upon

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filing of the certified copy of the order of the Tribunal sanctioning this Scheme and the minute of reduction with the RoC on 27 December 2021. Accordingly, the impact of the scheme has been considered in these financial statements.

- (f) On November 1, 2021, the Company has acquired 40,500 equity shares of face value of ₹ 10/- each, of Escorts Skill Development (ESD), a section 8 Company, consequently, effective November 1, 2021, the Company holds entire equity share capital (50,000 equity shares of face value ₹ 10/- each) of ESD and ESD has become wholly owned subsidiary of the Company.
- (g) Pursuant to the approval of the Board of Directors of the Company and the Share Subscription Agreement (“SSA”), Shareholders’ Agreement (“SHA”) and other ancillary agreement dated November 18, 2021 in relation to issue and allotment of equity share capital through preferential issue of 93,63,726 equity shares (“preferential issue”) of face value of ₹ 10 at ₹ 2,000 per share (including a premium of ₹ 1,990 for each equity share) to Kubota Corporation, Japan, a company incorporated under the laws of Japan (“Investor”), and the approval of the the Shareholders of the Company for the preferential issue on December 18, 2021 and requisite regulatory approvals, the Company has allotted the aforesaid equity shares on December 18, 2021, upon receipt of the requisite amount (₹ 1,872.75 Crores) from the Investor.
- (h) Pursuant to the Public Announcement (“PA”) dated November 18, 2021 in relation to the open offer to the Public Shareholders of the Company by Kubota Corporation (“Acquirer”), Detailed public statement (DPS) dated November 25, 2021 and Letter of Offer (LoF) dated March 3, 2022, for acquisition of up to 37,491,556 fully paid-up equity shares of face value of ₹ 10 Each (“Equity Shares”), representing 28.42% of the equity share capital of the Company from the public shareholders, the Acquirer on April 11, 2022, has completed the said acquisition of 3,74,91,556 equity shares from the public shareholders of the Company. Consequently, the acquirer currently holds 44.80% equity share capital of the Company.
- (i) Post the completion of the preferential allotment and open offer as mentioned in Note 42 (g) and Note 42(h) above, the Share Subscription Agreement (“SSA”) and Shareholders’ Agreement (“SHA”) dated November 18, 2021 executed among the Kubota Corporation (“Investor”), the Company, certain Existing Promoters has become effective on April 11, 2022, and accordingly, Kubota Corporation has become a Joint Promoter of the Company effective April 11, 2022 along with existing promoters of the Company.
- (j) The Board of the Directors of the Company on February 18, 2022 had approved a draft Scheme for Selective Capital Reduction (“Scheme”), under Section 66, Section 52 and other applicable provisions of the Companies Act, 2013, read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 (“NCLT Rules”). The Scheme provides for selective reduction of the share capital of the Company by cancelling and extinguishing 2,14,42,343 Equity Shares, held by the Escorts Benefit and Welfare Trust. The Scheme is subject to the approval of the shareholders of the Company by way of the requisite majority, National Company Law Tribunal (“NCLT”) and all other applicable regulatory authorities.
- 43** 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, 3,73,00,031 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.
- Post selective reduction of share capital of the Company as detailed in Note 42(e) above, EBWT presently holds 2,14,42,343 (31 March 2021: 3,37,00,031) equity shares of the Company and 2,34,97,478 (31 March



Notes

forming part of the Financial Statements for the year ended 31 March 2022

2021: 2,34,97,478) equity shares of Escorts Finance Limited (subsidiary of the Company). Market value of outstanding shares held by Trust on 31 March 2022 is ₹ 3,640.76 crores (31 March 2021: ₹ 4,350.95 crores).

44 Assets pledged as security for borrowings

	Notes	As at 31 March 2022	(₹ crores) As at 31 March 2021
Current			
Financial assets			
First charge			
Investments	7 (ii)	4,584.60	1,651.56
Trade receivables	12	827.56	698.40
Cash and cash equivalents	13	82.83	100.50
Bank balances other than above	14	175.63	1,216.02
Other financial assets	8 (ii)	25.52	32.80
Non financial assets			
First charge			
Inventories	11	803.57	674.46
Other current assets	10 (ii)	281.10	189.40
Total current assets pledged as security		6,780.81	4,563.14
Non-current			
Second Charge			
Other movable assets (other than specifically charged to other term lenders)	3 (i)	497.56	465.91
Total non-currents assets pledged as security		497.56	465.91
Total assets pledged as security*		7,278.37	5,029.05

* charge on the assets shall be limited to the amount of borrowings

45 Related party transactions

The Company's related party transactions and outstanding balances are with its subsidiaries, associate and joint venture, key management and others as described below.

A Relationships

Subsidiaries	
Domestic	Overseas
Escorts Crop Solutions Limited	Farmtrac Tractors Europe Sp. Z.o.o, Poland
Escorts Securities Limited (ceased to be w.e.f 14 February 2022)	
Escorts Benefit and Welfare Trust	
Escorts Finance Limited	
Escorts Benefit Trust	
Escorts Skill Development (w.e.f 01 November 2021)	
Joint venture	
Adico Escorts Agri Equipment Private Limited	
Escorts Kubota India Private Limited	
Tadano Escorts Private Limited (formerly known as Optunia Power Infrastructure Private Limited)	
Kubota Agricultural Machinery India Private Limited (w.e.f. 05 October 2020)	
Associate	
Escorts Consumer Credit Limited	

Notes

forming part of the Financial Statements for the year ended 31 March 2022

B Key management personnel

Mr. Nikhil Nanda #	Chairman and Managing Director
Mr. Shailendra Agarwal	Executive Director
Mr. Bharat Madan #	President Finance, Group Chief Financial Officer & Corporate Head
Mr. Satyendra Chauhan #	Company Secretary & Compliance Officer
Other directors	
Ms. Nitasha Nanda	
Mr. Hardeep Singh	
Mr. P.H Ravikumar	
Mr. Sutanu Behuria	
Ms. Vibha Paul Rishi	
Mr. Sunil Kant Munjal	
Ms. Tanya Dubash	
Mr. Harish N. Salve (appointed as Director w.e.f. 16 July 2020)	
Mr. Dai Watanabe (appointed as Director w.e.f. 16 July 2020)	
Mr. Yuji Tomiyama (appointed as Director w.e.f. 16 July 2020)	

Key Management 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	Raksha Health Insurance TPA Private Limited (formerly known as Raksha TPA Private Limited)
Agresource Management Private Limited	Rimari India Private Limited
Big Apple Clothing Private Limited	Ritu Nanda Insurance Service Private Limited
EEWL Limited (formerly known as Escorts Employees Welfare Limited)	Sietz Technologies India Private Limited
Har Parshad And Company Private Limited	Sun & Moon Travels (India) Private Limited
Momento Communications Private Limited	Hero Mindmine Institute Private Limited
Niky Tasha Communications Private Limited	The IVY Trust
Niky Tasha Energies Private Limited	Kubota Corporation (w.e.f 16 July 2020)

List of other related parties

Escorts Limited Employees' Group Gratuity Fund Trust
(refer note 37 for transaction)

Key management personnel remuneration includes the following expenses:

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Short-term employee benefits:	32.08	23.48
Other long term benefits	0.08	0.20
Post-employment benefits:	0.73	0.72
Total remuneration	32.89	24.40



Notes

forming part of the Financial Statements for the year ended 31 March 2022

C Transactions with related party

(i) Transactions with joint ventures

Nature of transactions*	(₹ crores)									
	Purchase of goods	Interest Income	Expense recovered/ Reimbursement	Rent Received	Receiving of services	Sale of goods	Rendering of services	Investments made	Advance given/ Trade receivables	Payables
Adico Escorts Agri Equipment Private Limited	43.11	0.13	-	-	-	0.16	-	-	1.00	1.04
Escorts Kubota India Private Limited	(56.05)	(0.13)	-	-	-	(0.33)	-	-	(1.00)	(6.24)
Tadano Escorts India Private Limited	-	-	5.38	9.80	1.10	0.35	4.72	-	4.58	1.10
Kubota Agricultural Machinery India Private Limited	-	-	(6.46)	(8.98)	-	-	(1.44)	-	(4.47)	-
Escorts Kubota India Private Limited	16.92	-	3.23	5.91	-	0.29	0.20	17.15	2.12	7.43
Escorts Kubota India Private Limited	(13.85)	-	(3.41)	(2.68)	-	(3.63)	-	(26.22)	(0.12)	(4.08)
Escorts Kubota India Private Limited	-	-	0.19	0.02	-	-	-	-	0.19	-
Escorts Kubota India Private Limited	-	-	-	(0.01)	-	-	-	(90.00)	-	(0.01)

(ii) Transactions with Subsidiaries:

Nature of transactions*	(₹ crores)									
	Purchase of goods	Rendering of services	Lease income	Reimbursement of expenses	Purchase of goods	Investments made	Dividend Paid**	Advance given/other recoverable	Trade/ Other Receivables	Payables
Farmtrac Tractors	55.62	-	-	0.59	0.33	-	-	-	45.15	0.03
Europe Sp. Z.o.o, Poland	(34.40)	-	-	(0.54)	(0.23)	-	-	-	(47.42)	-
Escorts Crop Solutions Limited	7.48	-	-	0.07	-	2.00	-	-	2.93	-
Escorts Crop Solutions Limited	(0.33)	-	(0.20)	-	-	(3.55)	-	-	(0.72)	-
Escorts Securities Limited	-	-	-	0.01	-	-	-	-	-	-
Escorts Securities Limited	-	(0.01)	-	(0.05)	-	-	-	(0.02)	-	-
Escorts Benefit and Welfare trust	-	-	-	-	-	-	-	-	-	-
Escorts Benefit and Welfare trust	-	-	-	-	-	-	-	(0.72)	-	-
Escorts Benefit Trust	-	-	-	-	-	-	-	-	-	-
Escorts Benefit Trust	-	-	-	-	-	-	-	(0.01)	-	-

*Numbers in brackets represents financial year ending 31 March 2021

** 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 43)

Notes

forming part of the Financial Statements for the year ended 31 March 2022

(iii) Transactions with key management personnel, their relatives and entities in which they exercise control/ significant influence

Nature of transactions*	(₹ crores)										
	Royalty	Remuneration/ commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Trade Receivables	Payables
Nikhil Nanda	-	12.51	0.30	0.40	-	-	-	0.90	-	-	5.00
	-	(13.10)	(0.49)	(0.38)	-	-	-	(0.30)	-	-	(6.10)
Nitasha Nanda	-	2.85	-	0.45	-	-	-	0.15	0.04	-	0.70
	-	(2.87)	-	(0.43)	-	-	-	(0.05)	(0.06)	-	(0.83)
Shailendra Agrawal	-	8.94	-	-	-	-	-	-	-	-	0.67
	-	(4.34)	-	-	-	-	-	-	-	-	(1.39)
Bharat Madan	-	7.89	-	-	-	-	-	-	-	-	0.50
	-	(3.65)	-	-	-	-	-	-	-	-	(1.03)
Satyendra Chauhan	-	0.70	-	-	-	-	-	-	-	-	0.07
	-	(0.45)	-	-	-	-	-	-	-	-	(0.09)
Hardeep Singh [^]	-	-	-	-	-	-	0.28	**	-	-	0.13
	-	-	-	-	-	-	(0.26)	(**)	-	-	(0.15)
P.H Ravikumar [^]	-	-	-	-	-	-	0.37	-	-	-	0.23
	-	-	-	-	-	-	(0.35)	-	-	-	(0.25)
Vibha Paul Rishi [^]	-	-	-	-	-	-	0.24	-	-	-	0.13
	-	-	-	-	-	-	(0.25)	-	-	-	(0.15)
Sutanu Behuria [^]	-	-	-	-	-	-	0.28	-	-	-	0.13
	-	-	-	-	-	-	(0.26)	-	-	-	(0.15)
Sunil Kant Munjal [^]	-	-	-	-	-	-	0.20	0.02	-	-	0.13
	-	-	-	-	-	-	(0.19)	(0.01)	-	-	(0.15)
Tanya Arvind Dubash [^]	-	-	-	-	-	-	0.18	-	-	-	0.13
	-	-	-	-	-	-	(0.19)	-	-	-	(0.15)
Harish N. Salve [^]	-	-	-	-	-	-	0.15	-	-	-	0.13
	-	-	-	-	-	-	(0.16)	-	-	-	(0.15)
Harpashad & Co. Private Limited	34.98	-	-	-	-	-	-	8.04	-	-	0.42
	(33.96)	-	-	-	-	-	-	(2.68)	(0.16)	-	(0.18)
Raksha Health Insurance TPA Private. Limited	-	-	0.66	-	-	0.60	-	-	0.67	-	-
	-	-	(0.78)	-	-	(0.24)	-	-	(0.93)	-	-
Rimari India Private Limited	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.03)	-	(0.12)	-	-
Momento Communications Private Limited	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.71)	-	-	-	(0.03)
AAA Portfolios Private. Limited	-	-	-	-	-	-	-	1.27	-	-	-
	-	-	-	-	-	-	-	(0.42)	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	1.33	-	-	-
	-	-	-	-	-	-	-	(0.44)	-	-	-
Niky Tasha Communications Private Limited	-	-	-	-	-	-	-	**	-	-	-
	-	-	-	-	-	-	-	(**)	-	-	-
Niky Tasha Energies Private Limited	-	-	-	-	-	-	-	**	-	-	-
	-	-	-	-	-	-	-	(**)	-	-	-
Sietz Technologies India Private Limited	-	-	0.36	0.75	150.47	1.17	-	**	0.45	-	10.84
	-	-	(0.36)	(1.37)	(165.95)	(1.36)	-	(**)	(0.37)	(0.01)	(19.42)
Sun & Moon Travels (India) Private Limited	-	-	0.02	-	-	-	3.50	-	0.03	-	0.15
	-	-	(0.02)	-	-	(0.01)	(2.24)	-	(0.03)	-	(**)



Notes

forming part of the Financial Statements for the year ended 31 March 2022

Nature of transactions*	(₹ crores)										
	Royalty	Remuneration/ commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Trade Receivables	Payables
EEWL Limited	-	-	-	-	-	-	-	-	0.05	-	0.46
	-	-	-	-	-	(0.21)	-	-	(0.25)	-	(0.43)
Kubota Corporation	-	-	-	-	-	1.31	0.52	9.19	-	0.09	-
	-	-	-	-	-	(0.21)	(1.26)	(3.06)	-	(**)	(1.03)
Ritu Nanda Insurance Service Private Limited	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(0.08)	-	-
Agresource Management Private Limited	-	-	-	-	-	-	0.62	-	-	-	-
	-	-	-	-	-	-	(1.44)	-	-	-	-
Hero Mindmine Institute Private Limited	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.01)	-	-	-	-
The IVY Trust	-	-	-	0.34	-	-	-	-	-	0.08	-
	-	-	-	(0.31)	-	-	-	-	-	(0.08)	-

*Numbers in brackets represents financial year ending 31 March 2021

** amount represents less than a lakh

^ Services received includes Directors sitting fees and commission.

46 Revenue from Contracts with Customers

(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.

For the year ended 31 March 2022

Revenue from operations	(₹ crores)			
	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	6,479.57	23.70	76.16	6,579.43
Export	492.45	-	-	492.45
Total	6,972.02	23.70	76.16	7,071.88
Revenue by time				
Revenue recognised at point in time				7,048.18
Revenue recognised over time				23.70
Total				7,071.88

For the year ended 31 March 2021

Revenue from operations	(₹ crores)			
	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	6,495.98	14.00	55.41	6,565.39
Export	282.11	-	-	282.11
Total	6,778.09	14.00	55.41	6,847.50
Revenue by time				
Revenue recognised at point in time				6,833.50
Revenue recognised over time				14.00
Total				6,847.50

* Other operating revenue amounting to ₹ 80.80 crores (31 March 2021 : ₹ 81.79 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here.

Notes

forming part of the Financial Statements for the year ended 31 March 2022

(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)	
	As at 31 March 2022	As at 31 March 2021
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	86.86	82.50
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	(₹ crores)			
	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Contract liabilities related to sale of goods				
Advance from customers	-	97.90	-	65.43
Deferred income	8.52	22.21	12.13	28.82

Remaining performance obligations as at the reporting date are expected to be substantially recognised over the next three years by the Company.

(d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Contract price	7,332.47	7,175.80
Less: Discount, rebates, credits etc.	260.59	328.30
Revenue from operations as per Statement of Profit and Loss	7,071.88	6,847.50

(e) The Company provide warranties on products sold by them and majority of these are in nature of assurance that the related products 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. Additionally, the Company extends its services by offering extended warranty with the sale of products which is deferred over the warranty period.



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47 Other Statutory Information

(i) Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

a Transactions other than shareholding with struck off Companies

Name of the Struck of company	Nature of transaction with struck-off company	Balance Outstanding Amount as on 31 March 2022	Balance Outstanding Amount as on 31 March 2021
365 XPO Digital Private Limited	Trade payable	-	-
74 BC Technologies Private Limited	Trade payable	0.01	0.01
Carry More Hoists Private Limited	Trade payable	-	-
Core Leadership Search Consulting Private Limited	Trade payable	-	-
Net Air Express Private Limited	Trade payable	-	-
Carry More Hoists Private Limited	Trade receivables	-	-
The West Bengal Power Development Corporation Limited	Trade receivables	-	-

b. Details of shares held by struck off company (Face value of ₹ 10):

Name of the Struck of company	Nature of transaction with struck-off company	Number of shares as on 31 March 2022	Number of shares as on 31 March 2021
Dreams Broking Private Limited	Shares held by struck off company	9.00	9.00
Esvee Tools Private Limited	Shares held by struck off company	50.00	50.00
Kothari Intergroup Private Limited	Shares held by struck off company	1.00	1.00
Mani Traders Private Limited	Shares held by struck off company	40.00	40.00
Popular Stock & Share Services Private Limited	Shares held by struck off company	100.00	100.00
Sanketh Metals Private Limited	Shares held by struck off company	265.00	265.00
Sunren Exports Investments Private Limited	Shares held by struck off company	112.00	112.00

(ii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- b) provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(iii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b) provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

Notes

forming part of the Financial Statements for the year ended 31 March 2022

48 Ratio analysis

Particulars	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reason for change
Current Ratio	Current Assets	Current Liabilities	5.07	2.76	84.05%	Mainly due to investment of surplus cash received towards preferential allotment from Kubota Corporation, Japan into liquid mutual funds, which has resulted into increase in current assets as at March 31, 2022, coupled with increase in trade receivables and inventories and decrease in trade payables at the year end.
Debt Equity Ratio	Total Debt (including Current maturities of Long Term Borrowings and excluding lease liabilities)	Shareholder's Equity	-	-	0.00%	NA
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest expenses	Debt service = Interest & Lease Payments + Principal Repayments	56.80	51.33	10.66%	NA
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	11.54%	19.70%	-41.44%	The decrease is primarily on account of lower profits as compared to FY21 coupled with increase in Shareholder's equity due to equity infusion by Kubota Corporation, Japan.
Inventory turnover ratio	Cost of goods sold	Average Inventory	6.67	6.14	8.74%	NA
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales	Average Trade Receivable	9.37	9.53	-1.58%	NA
Trade payable turnover ratio	Total purchases of raw material, store and spares and stock in trade	Average Trade Payables	4.90	3.63	34.79%	Increase primarily due to decrease in trade payables as at Mar 31, 2022 as compared to March 31, 2021
Net capital turnover ratio	Net sales = Total sales - sales return	Average Working capital = Current assets – Current liabilities	1.71	3.44	-50.21%	The decrease is primarily on account of increase in current assets due to investment made in liquid investments from the proceeds of equity infusion by Kubota Corporation, Japan.
Net profit ratio	Net Profit	Net sales = Total sales - sales return	10.70%	12.61%	-15.14%	NA
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	13.12%	21.73%	-39.62%	The decrease is primarily on account of increase in Shareholder's equity due to equity infusion by Kubota Corporation, Japan coupled with decrease in profits as compared to previous year.



Notes

forming part of the Financial Statements for the year ended 31 March 2022

Particulars	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reason for change
Return on Investment	"{MV(T1) – MV(T0) – Sum [C(t)]} (Refer note below)"	"{MV(T0) + Sum [W(t) * C(t)]} (Refer below notes)"	30.72%	93.98%	-67.32%	The share price performance had been extremely good in FY21, mainly due to significant increase in profitability in FY21 as compared to FY20, driven by robust industry growth, increase in market share during 2020-21 and investment by Kubota Corporation, Japan in 2020-21 at 40% premium compared to prevailing market price during that period.

Notes:

T1 = End of year

T0 = Beginning of year

t = Specific date falling between T1 and T0

MV(T1) = Market value at end of year

MV(T0) = Market value at beginning of year

C(t) = Cash inflow, cash outflow on specific date

W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as $[T1 - t] / T1$

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 Chandio & Co LLP**

Chartered Accountants

(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

Ashish Gupta

Partner

Membership No. 504662

Nikhil Nanda

Chairman and

Managing Director

(DIN: 00043432)

Place : Faridabad

Shailendra Agrawal

Executive Director

(DIN: 03108241)

Place : Faridabad

P.H. Ravikumar

Director

(DIN: 00280010)

Place : Mumbai

Bharat Madan

President Finance, Group Chief

Financial Officer & Corporate Head

Place : Faridabad

Satyendra Chauhan

Company Secretary

& Compliance Officer

Membership No. A14783

Place : Faridabad

Date : 13 May 2022

Place : New Delhi

Date : 13 May 2022

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, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2022, 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint ventures, as at 31 March 2022, and their consolidated profit (including other comprehensive income), 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 Group, its associate and joint ventures 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 consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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 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>Revenue recognition</p> <p>We refer to the Group's significant accounting policies in note 2.2(a) and the revenue related disclosures in note 47 of the consolidated financial statements. 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", 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"> assessed the design and operating effectiveness of Holding Company's controls (including the automated controls) around revenue recognition and measurement (including rebates / discounts); 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; scrutinised sales ledgers to verify accuracy and completeness of sales transactions; on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end; tested the appropriateness of accruals for various rebates and discounts 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; assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; circularised balance confirmations to a sample of customers and evaluated the responses; and tested the related disclosures made in notes to the consolidated financial statements in respect of the revenue from operations.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

- The Holding Company's Board of Directors are 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.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are 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 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 of the Group 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 Board of Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the Group and of its associate and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
 9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint ventures.

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 specified under section 143(10) of the Act 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 with reference to financial statements 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 Board of Directors' 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 ability of the Group, its associate and joint ventures 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 Group and its associate and joint ventures to cease to continue as a going concern; and
 - 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.



- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associate and joint ventures, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. {For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 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 five subsidiaries, whose financial statements reflect total assets of ₹ 87.42 crores and net liabilities of ₹ 152.92 crores as at 31 March 2022, total revenues of ₹ 142.69 crores and net cash inflows amounting to ₹ 3.59 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 ₹

29.39 crores for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of one associate and four 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, are based solely on the reports of the other auditors.

Further, of these subsidiaries, associate and joint ventures, one subsidiary, is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which have 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 that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiary located outside India, is based on the report of other auditor 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. We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflects total revenues of ₹ 11.11 crores and net loss (including other comprehensive income) of ₹ 1.62 crores for the period ended 14 February 2022, as considered in the consolidated financial statements. These financial statements / financial information is 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 the aforesaid subsidiary is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements / financial information is 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/financial information 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 reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, associate and joint ventures, we report that the Holding Company, one subsidiary company and one associate company incorporated in India whose financial statements have been audited 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 three subsidiary companies and four joint venture companies incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act, refer Annexure 2 for details of qualifications and/or adverse remarks given by the respective auditors in the Order reports of such companies.
19. 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 incorporated in India whose financial statements have been audited under the Act, 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 read with the Companies (Indian Accounting Standards) Rules, 2015;
 - 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 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 companies, are disqualified as on 31 March 2022 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 with reference to financial statements 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' wherein we have expressed an unmodified opinion; and



- 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 and other financial information of the subsidiaries, associate and joint ventures incorporated in India whose financial statements have been audited under the Act:
- 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 at 31 March 2022, as detailed in Note 33 to the consolidated financial statements;
 - ii. The Holding Company, its subsidiary companies, associate company and joint venture companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies, its associate company and the joint venture companies during the year ended 31 March 2022, wherever applicable, except as mentioned below:

Name of company	Status	Amount (₹ crores)	Due date	Date of payment
Escorts Finance Limited	Subsidiary Company	10.6	Various due dates	2 February 2022

- iv. a. The respective managements of the Holding Company and its subsidiary companies, associate company and

joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 48 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, its associate company or its joint venture companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies, its associate company or its joint venture companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b. The respective managements of the Holding Company and its subsidiary companies, associate company and joint venture companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 48 to the consolidated financial statements, no funds have been received

- by the Holding Company or its subsidiary companies, or its associate company or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate company or its joint venture companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, associate and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe
- that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. As stated in Note 35 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

UDIN: 22504662AIXH XK2036

Place: New Delhi

Date: 13 May 2022



Annexure 1

List of entities included in the Statement

Subsidiaries:

1. Escorts Securities Limited (till 14 February 2022)
2. Farmtrac Tractors Europe Sp. Z.o.o.
3. Escorts Crop Solutions Limited
4. Escorts Finance Limited
5. Escorts Benefit and Welfare Trust
6. Escorts Benefit Trust

Associate:

1. Escorts Consumer Credit Limited

Joint ventures:

1. Adico Escorts Agri Equipment Private Limited
2. Tadano Escorts India Private Limited
3. Escorts Kubota India Private Limited
4. Kubota Agricultural Machinery India Private Limited

Annexure 2

referred to in Paragraph 18 of the Independent Auditor's Report of even date to the members of Escorts Limited on the consolidated financial statements for the year ended 31 March 2022

As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors, of companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act, we report that:

- A) Following are the qualifications/adverse remarks reported by other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1.	Escorts Kubota India Private Limited	U34300HR2019FTC078790	Joint Venture	3(ix)(d)

Annexure A

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements 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 ventures as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements 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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, associate company and joint venture companies, the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to five subsidiary companies, which are companies covered under the Act, whose financial statements / financial information reflect total assets of ₹ 87.42 crores and net liabilities of ₹ 152.92 as at 31 March 2022, total revenues of ₹ 142.69 crores and net cash inflows amounting to ₹ 3.59 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 ₹ 29.39 crores for the year ended 31 March 2022, in respect of one associate company and four joint venture companies, which are companies covered under the Act, whose internal

financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, associate company and joint venture companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, associate company and joint venture companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. We did not audit the internal financial controls with reference to financial statements in so far as it relates to one subsidiary, which is a company covered under the Act, whose financial statements / financial information reflect total revenues of ₹ 11.11 crores and net loss (including other comprehensive income) of ₹ 1.62 crores for the period ended 14 February 2022 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of this subsidiary company, which is a company covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid subsidiary, which is a company covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements report certified by the management of such company. In our opinion and according to the information and explanations given to us by the management, these financial statements / financial information are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements report certified by the management.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 22504662AIXHXK2036

Place: New Delhi
Date: 13 May 2022

Consolidated Balance Sheet

as at 31 March 2022

		(₹ crores)	
	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3 (i)	1,699.99	1,654.78
Capital work-in-progress	3 (ii)	56.34	41.20
Investment property	4	82.60	69.86
Right-of-use assets	5	34.65	42.76
Intangible assets	6 (i)	23.81	28.83
Intangible assets under development	6 (ii)	31.46	23.49
Investments accounted for using equity method	7 (i)	247.38	259.84
Financial assets			
Investments (other than investment accounted using equity method)	7 (ii)	0.96	13.11
Other financial assets	8 (i)	17.06	18.55
Income tax assets (net)		9.39	5.83
Other non current assets	10 (i)	87.87	85.77
Total non-current assets		2,291.51	2,244.02
Current assets			
Inventories	11	846.56	718.16
Financial assets			
Investments	7 (iii)	4,587.50	1,665.07
Trade receivables	12	792.62	657.58
Cash and cash equivalents	13	91.51	105.74
Bank balances other than above	14	180.33	1,216.02
Other financial assets	8 (ii)	25.24	32.50
Other current assets	10 (ii)	283.47	190.21
Total current assets		6,807.23	4,585.28
Assets held for sale	15	9.00	48.87
Total assets		9,107.74	6,878.17
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	131.94	134.83
Other equity	17	7,467.96	4,891.30
Total of Equity (for shareholders of parent)		7,599.90	5,026.13
Non-controlling interests	18	(3.75)	(0.91)
Total equity		7,596.15	5,025.22
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	19 (i)	-	1.72
Lease liabilities	40	41.35	47.63
Other financial liabilities	20 (i)	26.72	23.97
Provisions	22 (i)	42.27	49.11
Deferred tax liabilities (net)	9 (i)	37.27	23.30
Other non-current liabilities	21 (i)	8.52	12.13
Total non-current liabilities		156.13	157.86
Current liabilities			
Financial liabilities			
Borrowings	19 (ii)	-	0.82
Lease liabilities	40	10.60	10.44
Trade payables	23		
(a) Total outstanding dues of micro enterprises and small enterprises		71.75	104.23
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		822.00	1,091.19
Other financial liabilities	20 (ii)	94.01	140.66
Other current liabilities	21 (ii)	236.50	205.11
Provisions	22 (ii)	97.96	101.68
Current tax liabilities		22.64	24.66
Total current liabilities		1,355.46	1,678.79
Liabilities directly associated with assets classified as held for sale	31	-	16.30
Total liabilities		1,511.59	1,852.95
Total equity and liabilities		9,107.74	6,878.17

The accompanying notes form an integral part of these consolidated financial statements.

As per our Report of even date attached

For **Walker Chandio & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Nikhil Nanda
Chairman and
Managing Director
(DIN: 00043432)
Place : Faridabad

For and on behalf of the Board of Directors

Shailendra Agrawal
Executive Director
(DIN: 03108241)
Place : Faridabad

Bharat Madan
President Finance, Group Chief
Financial Officer & Corporate Head
Place : Faridabad

P.H. Ravikumar
Director
(DIN: 00280010)
Place : Mumbai

Satyendra Chauhan
Company Secretary
& Compliance Officer
Membership No. A14783
Place : Faridabad
Date : 13 May 2022

Place : New Delhi
Date : 13 May 2022



Consolidated Statement of Profit and Loss

for the year ended 31 March 2022

	Note	Year ended 31 March 2022	Year ended 31 March 2021
(₹ crores)			
Income			
Revenue from operations	24	7,238.43	7,014.42
Other income	25	218.02	160.38
Total income		7,456.45	7,174.80
Expenses			
Cost of materials consumed	26 (i)	4,534.63	4,073.07
Purchases of stock-in-trade		510.82	441.65
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26 (ii)	(66.94)	129.92
Employee benefits expense	27	541.90	546.91
Finance costs	28	14.97	13.34
Depreciation and amortisation expense	29	132.06	118.28
Other expenses	30	766.83	696.11
Total expenses		6,434.27	6,019.28
Profit before share of net loss of investment accounted for using the equity method and tax		1,022.18	1,155.52
Share of loss of equity accounted investments		(29.35)	(0.74)
Profit before tax		992.83	1,154.78
Tax expense:	9 (ii)		
Current tax		242.81	287.14
Deferred tax charge/(credit)		14.41	(3.99)
Total tax expense		257.22	283.15
Profit for the year		735.61	871.63
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		0.24	0.36
Re-measurements of defined employee benefit plans		2.58	(13.87)
Income tax relating to items that will not be reclassified to profit or loss		(0.67)	3.47
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(0.07)	0.01
Total other comprehensive income for the year		2.08	(10.03)
Total comprehensive income for the year		737.69	861.60
Profit attributable to:			
(i) Owners		736.47	871.46
(ii) Non-controlling interests		(0.86)	0.17
Other comprehensive income attributable to:			
(i) Owners		2.08	(10.07)
(ii) Non-controlling interests		-	0.04
Total comprehensive income attributable to:			
(i) Owners		738.55	861.39
(ii) Non-controlling interests		(0.86)	0.21
Earnings per equity share:	32		
Basic (₹)		74.06	92.15
Diluted (₹)		73.73	91.98

The accompanying notes form an integral part of these consolidated financial statements.

As per our Report of even date attached

For **Walker Chandio & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

Ashish Gupta
Partner
Membership No. 504662

Nikhil Nanda
Chairman and
Managing Director
(DIN: 00043432)
Place : Faridabad

Shailendra Agrawal
Executive Director
(DIN: 03108241)
Place : Faridabad

P.H. Ravikumar
Director
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Place : Mumbai

Bharat Madan
President Finance, Group Chief
Financial Officer & Corporate Head
Place : Faridabad

Satyendra Chauhan
Company Secretary
& Compliance Officer
Membership No. A14783
Place : Faridabad
Date : 13 May 2022

Place : New Delhi
Date : 13 May 2022

Consolidated Cash Flow Statement

for the year ended 31 March 2022

	Year ended 31 March 2022	Year ended 31 March 2021
		(₹ crores)
A Cash flow from operating activities		
Profit before tax	992.83	1,154.78
Adjustments for:		
Depreciation and amortisation expense	132.06	118.28
Provisions written back net of provisions recognised during the year	(38.60)	(46.22)
Finance costs (other than finance and bank charges)	11.57	10.31
Interest income	(90.59)	(80.19)
Share of loss of equity accounted investments	29.35	0.74
Gain on disposal of property, plant and equipment (net)	(3.25)	(3.64)
Gain on disposal of assets held for sales	(8.90)	-
Gain on fair valuation and sale of investments carried at fair value through profit or loss (net)	(94.80)	(58.66)
Share based payment to employees	10.10	16.36
Unrealised foreign exchange loss/(gain)	0.99	(2.61)
Gain on sale of investment in subsidiary	(1.21)	-
Operating profit before working capital changes	939.55	1,109.15
Movement in working capital		
Inventories	(128.40)	165.20
Trade receivable	(149.78)	56.03
Other financial assets	7.91	9.61
Other assets	(91.99)	76.01
Trade payables	(246.26)	(34.83)
Other financial liabilities	(57.79)	13.06
Other liabilities	13.74	(12.88)
Cash generated from operating activities post working capital changes	286.98	1,381.35
Income tax paid (net)	(254.70)	(252.69)
Net cash generated from operating activities (A)	32.28	1,128.66
B Cash flows from investing activities		
Purchase of property, plant and equipment (including capital advances)	(173.15)	(115.72)
Sale of property, plant and equipment	10.46	7.43
Purchase of intangible assets	(13.19)	(9.87)
Purchase of investment property	(14.05)	(11.06)
Proceeds from sale of assets held for sale including advance	23.54	2.60
Investment in joint ventures	(17.16)	(116.22)
Proceeds from sale of investment in subsidiary	6.92	-
Sale/Purchase of other non current investments	27.46	(25.82)
Purchase of current investment (net)	(2,826.19)	(940.61)
Bank deposit (having original maturity of more than 3 months)	1,017.77	(1,021.77)
Margin/bank deposits	(5.70)	(7.78)
Interest received	106.60	47.87
Net cash used in investing activities (B)	(1,856.69)	(2,190.95)



Consolidated Cash Flow Statement

for the year ended 31 March 2022

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
C Cash flows from financing activities (refer note 19)		
Proceeds from shares (including ESOP) issued during the year	1,902.07	1,057.58
Repayment of long term borrowings	(1.72)	(0.90)
Repayment of lease liabilities	(6.12)	(5.09)
Repayment of short term borrowings (net)	(0.82)	(16.10)
Interest paid	(9.80)	(7.63)
Dividend and tax thereon paid	(73.73)	(24.52)
Net cash generated from financing activities (C)	1,809.88	1,003.34
Decrease in cash and cash equivalents (A+B+C)	(14.53)	(58.95)
Cash and cash equivalents at the beginning of the year (refer note 13)	105.74	168.89
Cash and cash equivalent classified as asset held for sale	-	(3.94)
Exchange difference on translation of foreign currency cash and cash equivalents	0.30	(0.26)
Cash and cash equivalents at the end of the year (refer note 13)	91.51	105.74

Note: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes form an integral part of these consolidated financial statements.

As per our Report of even date attached

For **Walker Chandio & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

Ashish Gupta
Partner
Membership No. 504662

Nikhil Nanda
Chairman and
Managing Director
(DIN: 00043432)
Place : Faridabad

Shailendra Agrawal
Executive Director
(DIN: 03108241)
Place : Faridabad

P.H. Ravikumar
Director
(DIN: 00280010)
Place : Mumbai

Bharat Madan
President Finance, Group Chief
Financial Officer & Corporate Head
Place : Faridabad

Satyendra Chauhan
Company Secretary
& Compliance Officer
Membership No. A14783
Place : Faridabad
Date : 13 May 2022

Place : New Delhi
Date : 13 May 2022

Consolidated Statement of changes in equity

for the year ended 31 March 2022

	Balance as at 1 April 2020		Changes in equity share capital during the year		Balance as at 31 March 2021		Changes in equity share capital during the year		Balance as at 31 March 2022					
	122.58	Issued 12.25	Capital reduction -	Capital reduction (12.25)	134.83	Issued 9.36	Capital reduction (12.25)	Issued 9.36	131.94					
Reserves and surplus														
	Treasury shares	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Employee stock option outstanding account	Retained earnings	Additional paid in capital	Special reserve	Fair value changes of equity instruments measured at fair value through other comprehensive income	Foreign currency translation reserve	Total attributable to owners of the parent	Attributable to non-controlling interest	Total
Balance as at 1 April 2020	(337.23)	97.91	6.00	456.69	730.19	7.10	2,032.21	0.75	0.07	0.41	0.72	2,994.82	5.10	2,999.92
Profit for the year	-	-	-	-	-	-	871.46	-	-	-	-	871.46	0.17	871.63
Other comprehensive income for the year	-	-	-	-	-	-	(10.40)	-	-	0.32	0.01	(10.07)	0.04	(10.03)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from shares issued during the year	-	-	-	-	-	-	-	-	-	-	-	1,029.65	-	1,029.65
Dividend paid	-	-	-	-	-	-	(24.52)	-	-	-	-	(24.52)	-	(24.52)
Employee stock option exercised for the year	-	-	-	4.24	-	(4.24)	-	-	-	-	-	16.53	-	16.53
Employee stock option charge for the year	-	-	-	-	-	16.53	-	-	-	-	-	(0.22)	-	(0.22)
Share issue expenses of joint venture	-	-	-	-	-	-	(0.22)	-	-	-	-	-	-	-
Transferred to liabilities directly associated with assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	(6.22)	(6.22)
Transfer from employees' stock option outstanding account against vested options lapsed during the year	-	-	-	-	0.21	(0.21)	-	-	-	-	-	-	-	-
Adjustment for options exercised during the year	1.52	-	-	12.13	-	-	-	-	-	-	-	13.65	-	13.65
Balance as at 31 March 2021	(335.71)	97.91	6.00	1,502.71	730.40	19.18	2,868.53	0.75	0.07	0.73	0.73	4,891.30	(0.91)	4,890.39
Profit for the year	-	-	-	-	-	-	736.47	-	-	-	-	736.47	(0.86)	735.61
Other comprehensive income for the year	-	-	-	-	-	-	1.94	-	-	0.21	(0.07)	2.08	-	2.08
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from shares issued during the year	-	-	-	-	-	-	-	-	-	-	-	1,845.94	-	1,845.94
Dividend paid	-	-	-	-	-	-	(73.73)	-	-	-	-	(73.73)	-	(73.73)
Employee stock option exercised for the year	-	-	-	15.05	-	(15.05)	-	-	-	-	-	10.10	-	10.10
Employee stock option charge for the year	-	-	-	-	-	10.10	-	-	-	-	-	(0.26)	-	(0.26)
Share issue expenses of joint venture	-	-	-	-	-	-	(0.26)	-	-	-	-	-	-	-
Adjustment on transaction between shareholders against dilution of non-controlling stake in subsidiaries	-	-	-	-	-	-	3.40	-	-	-	-	3.40	(2.77)	0.63
Adjustment on disposal of subsidiary	-	-	-	-	(0.08)	-	0.84	(0.75)	-	-	-	0.01	0.79	0.80
Cancellation of shares held by Escorts benefit and welfare trust	113.21	-	-	(100.95)	-	-	-	-	-	-	-	12.26	-	12.26
Transfer from employees' stock option outstanding account against vested options lapsed during the year	-	-	-	-	0.07	(0.07)	-	-	-	-	-	-	-	-
Adjustment for options exercised during the year	4.35	-	-	36.04	-	-	-	-	-	-	-	40.39	-	40.39
Balance as at 31 March 2022	(218.15)	97.91	6.00	3,298.79	730.39	14.16	3,537.19	-	0.07	0.94	0.66	7,467.96	(3.75)	7,464.21

The accompanying notes form an integral part of these consolidated financial statements.

As per our Report of even date attached

For Walker Chandniok & Co LLP

Chartered Accountants
(Firm Regn No. 001076NIN500013)

Ashish Gupta

Partner
Membership No. 504662

Place: New Delhi
Date: 13 May 2022

For and on behalf of the Board of Directors

Shaileendra Agrawal

Executive Director
(DIN: 031108241)
Place: Faridabad

Bharat Madan

President Finance, Group Chief
Financial Officer & Corporate Head
Place: Faridabad

P.H. Ravikumar

Director
(DIN: 00280010)
Place: Mumbai

Satyendra Chauhan

Company Secretary
& Compliance Officer
Membership No. A14783
Place: Faridabad
Date: 13 May 2022



Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

1 Group information

The Company or Parent Company, its subsidiaries, its joint venture and associate (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 2022	31 March 2021
Escorts Finance Limited	Recovery of delinquent loan assets	India	67.87%	69.42%
Escorts Securities Limited #	Provide security trading services	India	-	51.26%
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%
Escorts Skill Development @	Corporate Social Responsibility	India	NA	NA

*Rounded off to 100%

disposed off on 14 February 2022.

@ Escorts Skill Development ("ESD") has become wholly owned subsidiary of the Company on 01 November, 2021. Based on the control assessment carried out by management in terms of Ind AS 110, ESD has not been consolidated in these consolidated financials.

B. Interests in associate and joint ventures

Name of the entity	Principal activities	Country of incorporation	31 March 2022	31 March 2021	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	Terrain crane	India	49%	49%	Joint venture	Equity method
Escorts Kubota India Private Limited	Tractor	India	40%	40%	Joint venture	Equity method
Kubota Agricultural Machinery India Private Limited	Tractor	India	40%	40%	Joint venture	Equity method
Escorts Consumer Credit Limited*	Financing activity	India	29.41%	29.41%	Associate	Equity method

*Investment in Escorts Consumer Credit Limited has been fully provided for in the separate financial statements of Escorts Limited.

Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

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 profit or loss	Amount (₹ crores)	As % of consolidated other comprehensive income	Amount (₹ crores)	As % of consolidated total comprehensive income	Amount (₹ crores)
Parent								
Escorts Limited	103.71%	7,878.18	104.08%	765.60	102.40%	2.13	104.07%	767.73
Indian subsidiaries								
Escorts Crop Solutions Limited	0.12%	8.99	(0.35%)	(2.55)	0.96%	0.02	(0.34%)	(2.53)
Escorts Securities Limited	-	-	(0.22%)	(1.62)	-	-	(0.22%)	(1.62)
Escorts Benefit and Welfare Trust	0.00%	0.02	0.00%	(0.01)	-	-	0.00%	(0.01)
Escorts Finance Limited	(2.23%)	(169.10)	(0.03%)	(0.22)	-	-	(0.03%)	(0.22)
Escorts Benefit Trust	0.04%	3.09	0.38%	2.82	-	-	0.38%	2.82
Foreign subsidiaries								
Farmtrac Tractors Europe Sp. Z.o.o, Poland	0.06%	4.24	0.46%	3.40	(3.37%)	(0.07)	0.45%	3.33
Joint venture and associate (investment as per the equity method)								
Indian								
Adico Escorts Agri Equipment Private Limited	0.05%	3.98	0.02%	0.12	-	-	0.02%	0.12
Tadano Escorts India Private Limited	0.70%	53.23	(1.41%)	(10.35)	-	-	(1.40%)	(10.35)
Escorts Kubota India Private Limited	0.88%	67.10	(5.24%)	(38.53)	-	-	(5.22%)	(38.53)
Kubota Agricultural Machinery India Private Limited	1.62%	123.07	2.64%	19.41	-	-	2.63%	19.41
Non-controlling interest in all subsidiaries	(0.05%)	(3.75)	(0.12%)	(0.86)	0.00%	-	(0.12%)	(0.86)
Intercompany elimination and consolidation adjustment	(4.91%)	(372.90)	(0.22%)	(1.60)	0.00%	-	(0.22%)	(1.60)
Total	100.00%	7,596.15	100.00%	735.61	100.00%	2.08	100.00%	737.69



Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

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 2022 were approved for issue by the Board of Directors on 13 May 2022.

The consolidated 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;

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 2022.

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 of the

Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

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 22). 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 2022

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.

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. 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

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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)

Property, plant and equipment are stated at their cost of acquisition, net of accumulated depreciation and accumulated impairment losses, if any.

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	8-10
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 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.

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



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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, including right-of-use in 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.

Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties other than right-of-use in 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.

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.

Subsequent measurement (amortisation)

Purchased intangible assets are stated at cost less accumulated amortisation and impairment, if any

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using

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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

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the

commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant 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:

- a) 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.

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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.

- 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 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.

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 to 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), except investment in certain fixed maturity plans (FMPs) and target maturity funds (TMFs).

Fixed maturity plans (FMP), purchased by the Company on or after 1 April 2021, are measured at amortised cost, if the Company intends to hold the FMPs to maturity. Further, the Company applies amortised cost for those FMPs where the Company is able to demonstrate that the underlying instruments in the portfolio would fulfill the SPPI test and the churn in the underlying portfolio is negligible. These conditions are assessed at each Balance Sheet date. If these conditions are not fulfilled, then FMPs are valued at FVTPL.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) purchased on or after 1 April 2021 till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla rupee denominated bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company

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believes that the investments in open ended target maturity funds meet the requirements of SPPI test as per the requirements of Ind AS 109.

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.

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

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.

The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macro-economic factors 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.

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

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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.

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 34 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.

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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 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 instalments.

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.



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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.

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.

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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. The Group has also taken into account estimates of possible effect from the pandemic relating to COVID-19. 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 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.

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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 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.

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 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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3 (i) Property, plant and equipment

										(₹ crores)
Description	Land	Leasehold land*	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
Gross carrying value										
As at 1 April 2020	1,049.04	0.43	402.91	0.05	957.00	79.51	52.78	30.05	11.32	2,583.09
Additions	-	-	11.51	-	129.11	9.39	2.57	5.34	0.96	158.88
Reclassified to assets held for sale (refer note 15)	-	-	(11.73)	-	(3.83)	(0.05)	-	-	(1.58)	(17.19)
Reclassified to investment property	(8.39)	-	(5.67)	-	-	-	-	-	-	(14.06)
Disposals	-	-	(0.14)	-	(19.89)	(0.83)	(0.47)	(2.43)	(0.12)	(23.88)
Exchange differences	-	0.01	0.03	-	-	-	-	0.01	-	0.05
As at 31 March 2021	1,040.65	0.44	396.91	0.05	1,062.39	88.02	54.88	32.97	10.58	2,686.89
Additions	-	-	27.18	-	116.71	12.66	7.56	0.37	0.41	164.89
Disposals	-	-	-	-	(24.69)	(0.69)	(3.42)	(7.18)	(1.84)	(37.82)
Exchange differences	-	(0.01)	(0.05)	-	(0.01)	(0.01)	-	(0.01)	-	(0.09)
As at 31 March 2022	1,040.65	0.43	424.04	0.05	1,154.40	99.98	59.02	26.15	9.15	2,813.87
Accumulated depreciation										
As at 1 April 2020	-	-	264.03	0.03	588.29	61.89	35.78	10.86	8.98	969.86
Charge for the year	-	-	8.09	-	75.94	4.67	5.70	4.18	1.32	99.90
Adjustment for disposals	-	-	(0.13)	-	(17.25)	(0.83)	(0.47)	(1.37)	(0.12)	(20.17)
Reclassified to investment property	-	-	(5.20)	-	-	-	-	-	-	(5.20)
Reclassified to assets held for sale (refer note 15)	-	-	(7.12)	-	(3.69)	(0.02)	-	-	(1.46)	(12.29)
Exchange differences	-	-	0.01	-	-	-	-	-	-	0.01
As at 31 March 2021	-	-	259.68	0.03	643.29	65.71	41.01	13.67	8.72	1,032.11
Charge for the year	-	-	8.89	-	88.30	5.38	4.61	3.93	1.28	112.39
Adjustment for disposals	-	-	-	-	(20.52)	(0.69)	(3.41)	(4.13)	(1.84)	(30.59)
Exchange differences	-	-	(0.01)	-	(0.01)	-	-	(0.01)	-	(0.03)
As at 31 March 2022	-	-	268.56	0.03	711.06	70.40	42.21	13.46	8.16	1,113.88
Net carrying amount as at 31 March 2021	1,040.65	0.44	137.23	0.02	419.10	22.31	13.87	19.30	1.86	1,654.78
Net carrying amount as at 31 March 2022	1,040.65	0.43	155.48	0.02	443.34	29.58	16.81	12.69	0.99	1,699.99

*Leasehold land with perpetual usufruct right



Notes

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Notes:

(i) Contractual obligations

Refer note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Property plant and equipment pledged as security

Refer note 44 for information on property, plant and equipment pledged as security by the Group.

(iii) Property, plant and equipment include assets in use for in house research and development

Refer note 43 for details.

(iv) Depreciation for the year has been included in " Depreciation & amortisation expense " line item in the statement of profit & loss.

3(ii) Capital work-in-progress

	(₹ crores)	
	31 March 2022	31 March 2021
Capital work-in-progress	56.34	41.20

Movement in capital work in progress:

Particulars	Amount
Capital work-in-progress as at 1 April 2020	104.42
Add: additions during the year	131.90
Less: capitalisation during the year	(195.12)
Capital work-in-progress as at 31 March 2021	41.20
Add: additions during the year	194.00
Less: capitalisation during the year	(178.75)
Less: discarded during the year	(0.11)
Capital work-in-progress as at 31 March 2022	56.34

Capital work in progress ageing schedule-projects in progress

Particulars	Amount in capital work in progress for a period of					Total
	(₹ crores)					
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
As at March 2022	54.35	1.34	0.64	0.01		56.34
As at March 2021	33.59	5.73	1.76	0.12		41.20

There is no capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan.

Notes

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4 Investment property

Description	(₹ crores)		
	Freehold Land	Building	Total
Gross carrying value			
As at 1 April 2020	19.70	4.86	24.56
Additions	-	38.38	38.38
Reclassified from property, plant and equipment	8.39	5.67	14.06
As at 31 March 2021	28.09	48.91	77.00
Additions	-	14.05	14.05
As at 31 March 2022	28.09	62.96	91.05
Accumulated depreciation			
As at 1 April 2020	-	1.62	1.62
Charge for the year	-	0.32	0.32
Reclassified from property, plant and equipment	-	5.20	5.20
As at 31 March 2021	-	7.14	7.14
Charge for the year	-	1.31	1.31
As at 31 March 2022	-	8.45	8.45
Net carrying amount as at 31 March 2021	28.09	41.77	69.86
Net carrying amount as at 31 March 2022	28.09	54.51	82.60

(i) Amount recognised in statement of profit and loss for investment property

	(₹ crores)	
	31 March 2022	31 March 2021
Rental income	10.15	9.34
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	10.15	9.34

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

(iii) Fair value of investment property

Particulars	(₹ crores)	
	31 March 2022	31 March 2021
Land	105.97	82.37
Building	56.24	43.02

The Group obtains independent valuations for its investment property at least 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 01-10-2012 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.

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5 Right-of-use assets

Description				(₹ crores)
	Property, plant and equipment		Investment property	Total
	Land	Buildings	Land	
Gross carrying value				
As at 1 April 2020	30.43	5.30	4.16	39.89
Additions	29.17	11.40	-	40.57
Reclassified to assets held for sale (refer note 15)	(8.89)	(0.25)	-	(9.14)
Disposals	(16.19)	(0.07)	-	(16.26)
As at 31 March 2021	34.52	16.38	4.16	55.06
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2022	34.52	16.38	4.16	55.06
Accumulated depreciation				
As at 1 April 2020	3.93	1.86	0.64	6.43
Charge for the year	3.85	3.01	0.64	7.50
Disposals	-	(0.05)	-	(0.05)
Reclassified to assets held for sale (refer note 15)	(1.33)	(0.25)	-	(1.58)
As at 31 March 2021	6.45	4.57	1.28	12.30
Charge for the year	4.28	3.19	0.64	8.11
As at 31 March 2022	10.73	7.76	1.92	20.41
Net carrying amount as at 31 March 2021	28.07	11.81	2.88	42.76
Net carrying amount as at 31 March 2022	23.79	8.62	2.24	34.65

Notes:

(i) Right-of-use assets classified as investment property

(a) Amount recognised in statement of profit and loss for investment property

	(₹ crores)	
	31 March 2022	31 March 2021
Rental income	0.90	0.83
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	0.90	0.83

(b) Leasing arrangements

Land classified as investment property is leased to a tenant under long-term operating lease arrangement with rentals payable monthly.

(c) Fair value of investment property

	(₹ crores)	
Particulars	31 March 2022	31 March 2021
Land	2.92	3.52

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 considers information from a variety of sources such as in case of ROU of land, fair value is determined by discounting market lease rentals for the remaining tenure of the lease.

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(ii) Depreciation for the year has been included in “Depreciation and amortisation expense” line item in statement of profit and loss.

6(i) Intangible assets

Description	(₹ crores)			
	Prototypes	Technical know how	Software	Total
Gross carrying value				
As at 1 April 2020	39.61	23.54	54.09	117.24
Additions	2.77	0.68	3.16	6.61
Reclassified to assets held for sale (refer note 15)	-	-	(0.66)	(0.66)
Exchange differences	-	0.03	-	0.03
As at 31 March 2021	42.38	24.25	56.59	123.22
Additions	0.69	1.96	2.58	5.23
Exchange differences	-	(0.04)	-	(0.04)
As at 31 March 2022	43.07	26.17	59.17	128.41
Accumulated amortisation				
As at 1 April 2020	32.31	13.71	38.44	84.46
Charge for the year	3.55	2.59	4.42	10.56
Reclassified to assets held for sale (refer note 15)	-	-	(0.65)	(0.65)
Exchange differences	-	0.02	-	0.02
As at 31 March 2021	35.86	16.32	42.21	94.39
Charge for the year	2.73	2.89	4.63	10.25
Exchange differences	-	(0.04)	-	(0.04)
As at 31 March 2022	38.59	19.17	46.84	104.60
Net carrying amount as at 31 March 2021	6.52	7.93	14.38	28.83
Net carrying amount as at 31 March 2022	4.48	7.00	12.33	23.81

Notes:

(i) Contractual obligations

Refer note 33 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 ₹ 112.97 crores (31 March 2021: ₹ 100.86 crores) was incurred on research and development (excluding depreciation) recognised in statement of profit and loss.

Refer note 43 for details.

(iii) Amortisation for the year has been included in line item ‘Depreciation and amortisation expense’ in statement of profit and loss.

6(ii) Intangible assets under development

	(₹ crores)	
	31 March 2022	31 March 2021
Intangible assets under development	31.46	23.49

Notes

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Movement in intangible assets under development :

Particulars	(₹ crores)
	Amount
Intangible assets under development as at 1 April 2020	20.24
Add: additions during the year	10.09
Less: capitalisation during the year	(6.84)
Intangible assets under development as at 31 March 2021	23.49
Add: additions during the year	12.69
Less: capitalisation during the year	(4.72)
Intangible assets under development as at 31 March 2022	31.46

Intangible assets under development ageing schedule-projects in progress

Particulars	Amount in capital work in progress for a period of					(₹ crores)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	
	As at March 2022	9.84	7.77	8.96	4.89	31.46
As at March 2021	8.30	5.63	5.70	3.86	23.49	

There is no Intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan.

7 Investments

Investments - non-current

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
(i) Investments accounted for using equity method		
Fully paid equity shares (unquoted)	247.38	259.84
	247.38	259.84
Aggregate amount of impairment in value of investments	1.00	1.00

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
(ii) Investments (other than investment accounted using equity method)		
(A) Investments carried at fair value through OCI		
Fully paid equity shares (quoted)	0.94	0.70
(B) Investment carried at cost		
Fully paid equity shares (unquoted)	0.02	-
(C) Debt instruments carried at amortised cost		
Fully paid preference shares (unquoted)	-	1.67
Tax free bonds (quoted)	-	10.74
	0.96	13.11
Aggregate amount of quoted investments	0.94	11.44
Market value of quoted investments	0.94	11.47
Aggregate amount of unquoted investments	0.02	1.67

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	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
(iii) Investments - Current		
(A) Investment carried at fair value through profit or loss		
Investment in equity shares (quoted)	-	0.17
Mutual funds (quoted)	2,376.96	1,650.01
	2,376.96	1,650.18
Less: Investments transferred to assets held for sale (refer note 15)	-	(0.17)
	2,376.96	1,650.01
(B) Investment carried at amortised cost		
Bonds (quoted)	-	15.06
Mutual funds (quoted) (Target Maturity Funds)	2,210.54	-
	4,587.50	1,665.07
Aggregate amount of quoted investments	4,587.50	1,665.07
Market value of quoted investments	4,584.54	1,665.07

Details of investments are as follows:

Non-current investments

	Number of shares		Amount	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
In equity instruments*				
In equity instruments[^]				
Joint ventures and associate (unquoted)				
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	84,00,000	3.98	3.86
Tadano Escorts India Private Limited	7,27,65,000	5,56,15,000	53.23	46.69
Escorts Kubota India Private Limited	1,20,00,000	1,20,00,000	67.10	105.63
Kubota Agricultural Machinery India Private Limited	2,00,00,000	2,00,00,000	123.07	103.66
			247.38	259.84
Others (quoted)				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	0.81	0.58
Godavari Drugs Limited	19,700	19,700	0.13	0.09
Twenty First Century Medicare Limited *	19,400	19,400	-	0.03
Tamilnadu Newsprints & Papers Limited*	100	100	-	-
Gujarat State Financial Corporation Limited	93,600	93,600	-	0.03
			0.94	0.73
Less: Investments transferred to assets held for sale (refer note 15)			-	(0.03)
			0.94	0.70
Others (unquoted)				
Escorts Skill Development*	50,000	9,500	0.02	-
In preference shares				
Allgrow Finance & Investment Private Limited. (face value of ₹ 10 each, 10% redeemable non-cumulative preference share)	-	7,30,000	-	0.19
Allgrow Finance & Investment Private Limited (face value of ₹ 100 each, 4% redeemable non-cumulative preference share)	-	1,97,000	-	1.48
			-	1.67

[^]All equity shares are of ₹ 10 each unless otherwise stated.

*Amount less than ₹ 1 lakh

Notes

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8 Other financial assets

(i) Non-current financial assets

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Deposits with remaining maturity more than 12 months	0.51	-
Security deposits	6.09	7.06
Lease receivable	10.46	11.49
	17.06	18.55

Refer note 34 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses

(ii) Current financial assets

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Export incentives receivable	6.08	8.94
Claims receivable	0.69	1.80
Derivative assets	0.32	1.95
Lease receivable	1.97	1.85
Security deposits	9.92	10.53
Other recoverable		
-from related parties (refer note 45 for related party balances)	3.85	4.84
-from others	2.41	2.59
	25.24	32.50

The carrying values are considered to be a reasonable approximate of their fair values.

9(i) Deferred tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Deferred tax asset arising on account of :		
Financial assets and financial liabilities at amortised cost and inventories	(35.86)	(36.85)
Provision for employee benefits and other liabilities deductible on actual payment	(11.06)	(12.81)
MAT credit entitlement	-	(0.39)
Unabsorbed losses	-	(0.61)
Deferred tax liability arising on account of :		
Investments carried at fair value	31.64	12.64
Assets held for disposal	(0.37)	0.22
Property, plant and equipment, investment property and intangible assets	52.55	59.61
Net deferred tax liabilities	36.90	21.82
Less: Deferred tax asset transferred to asstes held for sale/ subsidiary disposed off (refer note 15)	(0.37)	(1.48)
	37.27	23.30

Notes

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Notes:

(a) Movement in deferred tax assets/liabilities for the year ended 31 March 2022 is as follows:

	(₹ crores)					
	Opening balance deferred tax assets	Opening balance deferred tax liabilities	(Reversed)/ recognised through profit and loss	(Reversed)/ recognised in other comprehensive income	Closing balance deferred tax liabilities	Closing balance deferred tax assets
Deferred tax assets/liabilities in relation to:						
Property, plant and equipment, investment property and intangible assets	-	59.70	(7.15)	-	52.55	-
Financial assets and liabilities at amortised cost and inventories	-	(36.79)	0.93	-	(35.86)	-
Provision for employee benefits and other liabilities deductible on actual payment	-	(12.43)	0.73	0.64	(11.06)	-
Assets held for disposal	1.48	0.22	0.89	-	-	0.37
Unrealised gain on investment carried at fair value	-	12.60	19.01	0.03	31.64	-
Net deferred tax assets/liabilities	1.48	23.30	14.41	0.67	37.27	0.37

(b) Movement in deferred tax assets/liabilities for the year ended 31 March 2021 is as follows:

	(₹ crores)					
	Opening balance deferred tax assets	Opening balance deferred tax liabilities	(Reversed)/ recognised through profit and loss	(Reversed)/ recognised in other comprehensive income	Closing balance deferred tax liabilities	Closing balance deferred tax assets*
Deferred tax assets/liabilities in relation to:						
Property, plant and equipment, investment property and intangible assets	0.04	64.72	(5.07)	-	59.70	0.09
Financial assets and liabilities at amortised cost and inventories	0.10	(28.66)	(8.09)	-	(36.79)	0.06
Provision for employee benefits and other liabilities deductible on actual payment	0.10	(21.13)	11.93	(3.51)	(12.43)	0.38
MAT credit entitlement	0.16	-	(0.23)	-	-	0.39
Assets held for disposal	-	-	0.22	-	0.22	-
Unrealised gain on investment carried at fair value	0.01	15.78	(3.17)	0.04	12.60	(0.05)
Unabsorbed losses	1.03	-	0.42	-	-	0.61
Net deferred tax assets/liabilities	1.44	30.71	(3.99)	(3.47)	23.30	1.48

* Classified under assets held for sale

9(ii) Tax expense

The income tax expense consists of the following:

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Current tax		
Current tax expense	242.81	287.14
Deferred tax expense/ (credit)	14.41	(3.99)
Total income tax expense	257.22	283.15



Notes

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Notes:

(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:

	Year ended 31 March 2022	Year ended 31 March 2021
		(₹ crores)
Profit before income tax	992.83	1,154.78
Statutory income tax rate*	25.17%	25.17%
Expected income tax expense	249.88	290.64
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax effect of expenses not eligible for deduction	3.96	0.95
Adjustment for tax expense pertaining to prior years	(0.74)	(2.61)
Income chargeable to lower rate of tax	(3.68)	(3.21)
Addition/(utilisation) of tax losses on which no deferred tax is recognised	8.22	0.86
Utilisation of capital tax losses for which no deferred tax was recognised in the previous year	-	(3.49)
Others	(0.42)	0.02
Total income tax expense	257.22	283.15
* Statutory tax rate applicable to the Holding Company has been computed as follows		
Base tax rate	22%	22%
Surcharge (% of tax)	10%	10%
Cess (% of tax)	4%	4%
Applicable rate	25.17%	25.17%

10 Other assets

(i) Non-current

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Prepaid expenses	-	1.08
Capital advances*	21.50	17.62
Deposits with statutory authorities**	68.51	69.15
	90.01	87.85
Allowance for doubtful advances	(2.14)	(2.08)
	87.87	85.77

* includes advance given to related party for ₹ 0.22 crores (previous year ₹ 0.14 crores).

** includes deposit paid under protest with statutory authorities.

(ii) Current

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Refund asset	7.40	4.60
Advances to suppliers	45.09	16.10
Prepaid expenses*	10.23	8.30
Balances with statutory authorities	220.58	159.97
Other advances	0.17	1.24
	283.47	190.21

* includes advance payment made to related party for ₹ Nil (previous year ₹ 0.16 crores).

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11 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Raw materials and components	351.04	313.08
Goods-in-transit	46.40	21.40
	397.44	334.48
Work-in-progress	41.41	45.06
Finished goods	271.21	198.20
Goods-in-transit	27.74	54.51
	298.95	252.71
Stock-in-trade	89.38	65.44
Goods-in-transit	1.77	1.18
	91.15	66.62
Stores and spares	11.98	13.80
Loose tools	5.63	5.49
	846.56	718.16

Note :

- (i) Refer note 19 and 44 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:

	(₹ crores)
Particulars	Amount
Allowance for obsolete and slow moving inventories as at 1 April 2020	28.70
Add: write-down recognised during the year	30.84
Less: allowance utilised during the year	(4.09)
Allowance for obsolete and slow moving inventories as at 31 March 2021	55.45
Add: write-down recognised during the year	24.58
Less: allowance utilised during the year	(33.03)
Allowance for obsolete and slow moving inventories as at 31 March 2022	47.00

12 Trade receivables

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Secured, considered good	149.18	123.05
Unsecured, considered good	653.82	545.12
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	68.11	56.55
	871.11	724.72
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(10.38)	(10.59)
Trade receivables which have significant increase in credit Risk	-	-
Trade receivables - credit impaired	(68.11)	(56.55)
	(78.49)	(67.14)
	792.62	657.58



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Trade receivables ageing schedule

As at 31 March 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	593.41	155.32	12.53	6.28	1.56	4.69	773.79
(ii) Undisputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	0.04	0.58	1.17	1.73	5.80	9.32
(iv) Disputed trade receivables – considered good	-	1.50	4.15	10.29	6.02	7.25	29.21
(v) Disputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	0.59	4.37	8.80	45.03	58.79
Total	593.41	156.86	17.85	22.11	18.11	62.77	871.11

Trade receivables ageing schedule

As at 31 March 2021

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	495.25	101.23	16.41	10.41	3.05	2.62	628.97
(ii) Undisputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	0.22	0.12	2.78	1.54	6.96	11.62
(iv) Disputed trade receivables – considered good	-	3.58	7.69	12.34	9.35	6.24	39.20
(v) Disputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	1.36	6.25	4.41	32.91	44.93
Total	495.25	105.03	25.58	31.78	18.35	48.73	724.72

Notes:

- (i) Refer note 44 for trade receivables pledged as security for liabilities.
- (ii) Refer note 34 - 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 ₹ 2.82 crores (31 March 2021 ₹ 6.08 crores) due from related parties. For details refer note 45 - related party disclosures.

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13 Cash and cash equivalents

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Balances with banks in current accounts	24.19	18.06
Cash on hand	0.08	0.09
Debit balance in cash credit accounts	24.15	28.57
Bank deposits with maturity less than 3 months	43.09	59.02
	91.51	105.74

The carrying values are a reasonable approximation of their fair values.

14 Other bank balances

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Earmarked bank balances	10.17	1.28
Fixed deposits with maturity of more than 3 months but less than 12 months	4.88	1,055.44
Margin money deposits	0.41	0.15
Escrow account	164.87	159.15
	180.33	1,216.02

Notes:

- (i) Earmarked balances with banks largely pertain to balance in unspent CSR account (refer note 30) and unclaimed dividends.
- (ii) Fixed deposits with maturity of more than 3 months but less than 12 months includes ₹ 0.16 crores (31 March 2021: ₹ 0.15 crores) deposits held by the Group which are not available for use by the Group, as these are lien marked.
- (iii) Balance in Escrow account is not available for use by the Group, refer note 22 (ii) for details.
- (iv) ₹ 0.41 crores (31 March 2021: ₹ 0.15 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.

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15 Asset held for sale

	As at 31 March 2022	As at 31 March 2021
Assets held for sale	9.00	48.87
	9.00	48.87
Details of assets held for sale:		
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
Leasehold land (Right-of-use assets)	-	7.56
Building	-	4.62
Plant and machinery	-	0.14
Assets pertaining to subsidiary held for sale	-	22.63
Total	9.00	48.87

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 Haryana Urban Development Authority (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 beyond one year that was not originally envisaged. However, the Group is taking necessary action to respond to the current conditions and favourable resolution is expected. Therefore, such land continues to be classified as held for sale.
- (b) During the year ended 31 March 2019, the 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 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. During the year, the aforesaid agreement between the Company and HNS-India VSAT, Inc was terminated with mutual consent and an agreement to sell the aforesaid shares between the Company and with Bharti Airtel Limited was executed on 31 December 2021. These shares were transferred to Bharti Airtel Limited at a consideration of ₹ 3.25 crores during the year.
- (c) On 29 March 2019, the Group had entered into a agreement with HNS-India VSAT, Inc. for the sale of 1,00,000 equity shares of Escorts Motors Limited at a consideration of ₹ 1.67 crores. During the year, the aforesaid agreement along with an agreement with HNS-India VSAT, Inc., for sale of 9,50,000 between the Group and HNS-India VSAT, Inc was terminated with mutual consent and an agreement to sell the aforesaid shares between the Group and HNS Mauritius Limited was executed on 16 February 2022. These shares were transferred to HNS Mauritius Limited at a consideration of ₹ 17.49 crores. The resultant profit on disposal of these investments (net of expenses towards sale of these investments) have been disclosed as gain on disposal of assets held for sale under note 25.
- (d) On 05 February 2021, the Group had entered into a memorandum of understanding (MOU) with AMPP Auto Innovators, for sale of its leasehold land (ROU), Buildings and Plant and Machinery situated at Plot No. 9, Sector 1, Industrial Area, II, Pantnagar, Rudrapur at an aggregate consideration of ₹ 13.00 Crores. Therefore, the aforesaid assets have been classified as held for sale. During the year, the said assets had been transferred to AMPP Auto Innovators and the resultant profit on disposal of these assets have been disclosed as gain on disposal of assets held for sale under note 25.
- (e) The Board of the Directors of the Holding Company on 02 February 2021 had approved for

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sale of 54,60,000 shares of ₹ 10/- each in Escorts Securities Limited (“ESL”), a subsidiary company. On 08 April 2021, the Holding Company and its subsidiary, Escorts Finance Limited holding 14,60,000 equity shares in ESL, had entered into a Share Purchase Agreement, to sell the aforesaid shares to Choice Equity Broking Private Limited (“purchaser”). On 14 February 2022 Holding Company and Escorts Finance Limited has transferred the aforesaid equity shares held by them in ESL to the purchaser at an aggregate consideration of ₹ 6.92 crores. Consequently,

Escorts Securities Limited has ceased to be a subsidiary of the Company with effect from 14 February, 2022

(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.

16 Equity Share Capital

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Authorised		
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
	1,289.00	1,289.00
Issued, Subscribed and Fully paid-up		
131,940,604 (previous year 134,834,566) Equity shares of ₹ 10 each	131.94	134.83
	131.94	134.83

(a) Reconciliation of number of shares

	As at 31 March 2022		As at 31 March 2021	
	No of shares	₹ crores	No of shares	₹ crores
Equity shares at the beginning of the year	13,48,34,566	134.83	12,25,76,878	122.58
Cancelled during the year (refer note 41)	(1,22,57,688)	(12.25)	-	-
Issued during the year (refer note 41)	93,63,726	9.36	1,22,57,688	12.25
Equity shares at the end of the year	13,19,40,604	131.94	13,48,34,566	134.83

(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.

(c) Details of shareholders holding more than 5% shares in the company

	As at 31 March 2022		As at 31 March 2021	
	No of shares	% holding	No of shares	% holding
Escorts Benefit and Welfare Trust	2,14,42,343	16.25%	3,37,00,031	24.99%
Kubota Corporation	2,16,21,414	16.39%	1,22,57,688	9.09%
Harprasad and Company Private Limited	1,07,26,308	8.13%	1,07,26,308	7.96%



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(d) The Group has issued total 5,14,538 (31 March 2021: 1,80,119) 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 31 March 2022	As at 31 March 2021
	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	23,79,855	28,94,393

These shares are held as treasury shares under other equity (refer note 17).

For terms and other details refer note 39.

(f) Shares held by promoters at the end of the year

As at 31 March 2022

S. No	Promter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.01%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	0.91%	-
3	Nitasha Nanda	1,93,422	-	1,93,422	0.15%	-
4	Girish Behari Mathur	179	(179)	-	-	-
5	Navya Naveli Nanda	18,000	-	18,000	0.01%	-
6	Agastya Nanda	10,000	-	10,000	0.01%	-
7	Rachna Mathur	75	(75)	-	-	-
8	Hardeep Singh	500	-	500	0.00%	-
9	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.28%	-
10	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.34%	-
11	Escorts Finance Limited	31	-	31	0.00%	-
12	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	8.13%	-
13	Sietz Technologies India Private Limited	826	-	826	0.00%	-
14	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
15	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
16	Escorts Benefits And Welfare Trust	3,37,00,031	(1,22,57,688)	2,14,42,343	16.25%	(9.09%)

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As at 31 March 2021

S. No	Promter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.01%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	0.89%	-
3	Nitasha Nanda	1,91,422	2,000	1,93,422	0.14%	-
4	Girish Behari Mathur	179	-	179	0.00%	-
5	Navya Naveli Nanda	18,000	-	18,000	0.01%	-
6	Agastya Nanda	10,000	-	10,000	0.01%	-
7	Rachna Mathur	75	-	75	0.00%	-
8	Hardeep Singh	500	-	500	0.00%	-
9	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.25%	-
10	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.31%	-
11	Escorts Finance Limited	31	-	31	0.00%	-
12	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	7.96%	-
13	Sietz Technologies India Private Limited	826	-	826	0.00%	-
14	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
15	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
16	Charak Ayurvedic Treatments Private Limited	2,000	(2,000)	-	-	-
17	Escorts Benefit And Welfare Trust	3,37,00,031	-	3,37,00,031	24.99%	-

17 Other equity

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Capital reserve	97.91	97.91
Capital redemption reserve	6.00	6.00
General reserve		
Opening balance	730.40	730.19
Less: adjustment on disposal of subsidiary	(0.08)	-
Add: transferred from employees' stock option outstanding account against vested options lapsed during the year	0.07	0.21
	730.39	730.40
Securities premium		
Opening balance	1,502.71	456.69
Add: Proceeds from shares issued during the year	1,845.94	1,029.65
Add: Amount received from employees on exercise of employees' stock option against options exercised during the year (net off tax)	36.04	12.13
Add: transferred from employees' stock option outstanding account against options exercised during the year	15.05	4.24
Less: cancellation of shares held by Escorts benefit and welfare trust	(100.95)	-
	3,298.79	1,502.71



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(₹ crores)

	As at 31 March 2022	As at 31 March 2021
Employees' stock option outstanding account		
Opening balance	19.18	7.10
Add: charge for the year	10.10	16.53
Less: transferred to Securities Premium against vested options exercise during the year	(15.05)	(4.24)
Less: transferred to general reserve against vested options lapsed during the year	(0.07)	(0.21)
	14.16	19.18
Treasury shares		
Opening balance	(335.71)	(337.23)
Less: cancellation of shares held by Escorts benefit and welfare trust	113.21	-
Less: adjustment for options exercised during the year	4.35	1.52
	(218.15)	(335.71)
Retained earnings		
Opening balance	2,868.53	2,032.21
Add: net profit for the year	736.47	871.46
Less: Equity dividend (net of dividend on treasury shares) (during FY 2021-22: ₹ 7.50 per share paid for FY 2020-21) (during FY 2020-21: ₹ 2.50 per share paid for FY 2019-20)	(73.73)	(24.52)
Add : share of share issue expenses of joint venture	(0.26)	(0.22)
Add: adjustment on transaction between shareholders against dilution of non-controlling stake in subsidiaries	3.40	-
Less: remeasurement benefit of defined benefit plans (net of tax)	1.94	(10.40)
Less: adjustment on disposal of subsidiary	0.84	-
	3,537.19	2,868.53
Additional paid in capital		
Opening balance	0.75	0.75
Less: adjustment on disposal of subsidiary	(0.75)	-
	-	0.75
Special reserve	0.07	0.07
Other comprehensive income, net of tax		
Fair value changes of equity instruments measured at fair value through other comprehensive income		
Opening balance	0.73	0.41
Add: net changes in fair values of equity instruments carried at fair value through other comprehensive income	0.21	0.32
	0.94	0.73
Foreign currency translation reserve		
Opening balance	0.73	0.72
Add: changes during the year	(0.07)	0.01
	0.66	0.73
Total	7,467.96	4,891.30

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Nature and purpose of other reserves

(i) Securities premium reserve

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 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.

(vi) Retained earnings

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

(vii) General reserve

The Group has transferred a portion of the net profit of the group 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

(viii) Additional paid in capital

The Group had issued Optionally Convertible Redeemable Preference Shares (OCRPS) during the earlier years. Considering the accounting principles to be followed in line with Indian Accounting Standards, the Group had computed the liability portion of OCRPS as the present value of the contractual obligations associated with the instrument. The difference between the issue amount of the OCRPS and the liability so computed had been treated as the 'Additional paid in capital' and grouped under other equity.

(ix) Special reserve

This reserve was created by Escorts Finance Limited ('subsidiary company') pursuant to the requirements of section 45-IC of the Reserve Bank of India Act, 1934.

(x) 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 has recognised remeasurements of defined benefits plans through other comprehensive income.
- (iii) 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

	As at 31 March 2022	As at 31 March 2021
Opening balance	(0.91)	5.10
Less: transferred to liabilities directly associated with assets classified as held for sale	-	(6.22)
Less: adjustment on disposal of subsidiary	0.79	-
Less: adjustment on transaction between shareholders for loss realised on dilution of stake in certain subsidiaries	(2.77)	-
Less: share of profit/(loss) for the year	(0.86)	0.21
Closing non-controlling interest	(3.75)	(0.91)

Refer note 37 for summarised financial information of subsidiary that has non-controlling interest that are material to the Group.



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19 Borrowings

(i) Non-current borrowings

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Secured		
Other loans from financial institutions	-	2.54
	-	2.54
Current maturities of long-term borrowings	-	(0.82)
	-	1.72

Notes:

a. Rate of interest - The Group's borrowings from banks were at an effective weighted average rate of nil % (31 March 2021: 11.02 %) during the year ended 31 March 2022.

b. Other terms

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Nature of security		
(i) Vehicle loans from financial institutions are secured by deposits. Repaid during the year ended 31 March 2022.	-	2.54
	-	2.54

c. Refer note 34 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(ii) Current borrowings

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Secured		
Current maturities of long-term borrowings	-	0.82
Buyer's Credit	-	-
	-	0.82

(a) Security details

(i) Working capital credit facility as on 31 March 2022 amounting to ₹ Nil crores is secured against inventory of Farmtrac Tractors Europe Spolka z.o.o and joint mortgage on two real estate properties situated in (i) Mragowo, Poland at ul Przemyslowa 11/4 comprising parcels of land no 4/62, 4/36 and no 4/37 and (ii) Mragowo, Poland at ul Przemyslowa 11/4 comprising parcels of land no 2/16. The facility carry variable interest rate as WIBOR 1 month base rate plus 1.7%.

(b) The carrying values are considered to be reasonable approximation of their fair values.

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(iii) Reconciliation of financial liabilities arising from financing activities:

	Non-current borrowings and Current maturities of long-term borrowings	Lease liabilities	Current borrowings
Opening balance as at 1 April 2020	3.44	27.72	16.51
Cash flows:			
Repayments	(0.90)	(5.09)	(16.10)
Interest paid	(2.26)	(4.33)	(1.04)
Interest expenses	2.26	4.33	1.04
Non cash:			
Addition during the year	-	35.62	-
Reclassification and deletion	-	(0.18)	-
Foreign currency fluctuation impact	-	-	(0.34)
Less: Transferred to liabilities related to subsidiary held for sale	-	-	(0.07)
Closing balance as at 31 March 2021	2.54	58.07	-
Cash flows:			
Repayments	(2.54)	(6.12)	
Interest paid	(0.20)	(4.76)	(1.08)
Interest expenses	0.20	4.76	1.08
Closing balance as at 31 March 2022	0.00	51.95	-

20 Other financial liabilities

(i) Other non-current financial liabilities

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Security deposits	26.72	23.97
	26.72	23.97

Refer note 34 - Financial instruments for disclosure of fair values in respect of Financial liabilities measured at amortised cost and analysis of their maturity profiles.

(ii) Other current financial liabilities

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Capital creditors	32.37	21.61
Security deposits	0.62	0.62
Unpaid dividends*	1.67	1.28
Payable to related parties (refer note 45)	0.46	0.43
Employee related payables	50.21	95.92
Retention money	0.58	0.58
Liability against fixed deposit holders	-	10.69
Other payables	8.10	9.53
	94.01	140.66

*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.



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21 Other liabilities

(i) Other non-current liabilities

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Deferred income	8.52	12.13
	8.52	12.13

(ii) Other current liabilities

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Advances received from customers	99.16	66.42
Advance against sale of property, plant and equipment and right-of-use assets	9.00	11.60
Payable to statutory authorities	59.42	42.90
Deferred income	22.21	28.82
Others	46.71	55.37
	236.50	205.11

22 Provisions

(i) Non-current

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Provision for employee benefits		
Provision for gratuity	0.05	0.03
Provision for compensated absences	25.33	25.86
Provision for pension	4.39	4.66
Others		
Provision for warranty	12.50	18.56
	42.27	49.11

(ii) Current

	As at 31 March 2022	As at 31 March 2021
		(₹ crores)
Provision for employee benefits		
Provision for gratuity	6.29	13.41
Provision for compensated absences	3.53	3.48
Provision for pension	0.65	0.65
Others		
Provision for claims	65.00	65.00
Provision for warranty	22.49	19.14
	97.96	101.68

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1 Information about individual provisions

Provision for claims

During the year 2005-06, the 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 Company, which after renewal(s) along with interest cumulatively amounts to ₹ 164.81 crores as on 31 March 2022 (31 March 2021: ₹ 159.15 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 2022 (31 March 2021: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the disputed matters in their favour and the appeals filed by Income Tax Department against the orders of first appellate authority have been dismissed. The income-tax department has now filed appeal(s) before Hon'ble Delhi High Court where these are pending.

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 outflows is expected to be within a period of 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.

2 Movement in provisions :

	(₹ crores)	
	Provision for claims	Provision for warranty
Provision at 1 April 2020	65.00	24.72
Additions during the year	-	25.16
Amount utilised during the year	-	(12.18)
Provision at 31 March 2021	65.00	37.70
Additions during the year	-	22.47
Amount utilised during the year	-	(25.18)
Provision at 31 March 2022	65.00	34.99

3 For disclosures on employee benefits, refer note 38.

23 Trade Payables

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Acceptances	0.97	13.86
Trade payables		
-due to micro, small and medium enterprises (MSME) (refer note 42)	71.75	104.23
-due to others	642.20	837.55
Other accrued liabilities	178.83	239.78
	893.75	1,195.42

The carrying values are considered to be a reasonable approximation of their fair values.



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Trade payable ageing schedule

As at 31 March 2022

(₹ crores)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed- MSME	1.11	16.21	52.50	1.00	0.38	0.54	71.74
(ii) Undisputed- Others	244.62	294.93	275.71	0.80	2.12	3.83	822.01
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-
Total	245.73	311.14	328.21	1.80	2.50	4.37	893.75

Trade payable ageing schedule

As at 31 March 2021

(₹ crores)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1 -2 years	2 -3 years	More than 3 years	
(i) Undisputed- MSME	0.51	30.52	71.76	0.67	0.37	0.40	104.23
(ii) Undisputed- Others	284.34	467.99	331.21	2.91	2.70	2.04	1,091.19
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-	-	-
Total	284.85	498.51	402.97	3.58	3.07	2.44	1,195.42

24 Revenue from operations

(₹ crores)

	Year ended 31 March 2022	Year ended 31 March 2021
Operating revenue		
Sale of products		
Export	436.82	247.38
Domestic*	6,592.47	6,596.20
Sale of services	23.70	14.00
	7,052.99	6,857.58
Other operating revenue		
Sale of services	29.82	24.00
Export incentives	12.92	11.45
Scrap sales	47.40	31.90
Management fee/brokerage income	8.81	7.37
Liabilities no longer required written back	52.73	57.27
Others	33.76	24.85
	185.44	156.84
	7,238.43	7,014.42

*Domestic sale includes domestic sale made by foreign subsidiary of the Group in its country of domicile.

Also refer note 47 for disclosure pursuant to Ind AS 115- Revenue from Contracts with Customers.

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25 Other income

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Interest from :		
Bank deposits	25.36	50.89
Other financial assets carried at amortised cost	48.73	28.87
Investments carried at amortised cost	16.50	-
Others	-	0.43
	90.59	80.19
Other income		
Lease rentals	13.42	13.20
Gain on fair valuation of investments carried at fair value through profit or loss (net)	94.80	58.66
Gain on sale of investment in subsidiary	1.21	-
Gain on disposal of property, plant and equipment (net)	3.74	3.72
Gain on disposal of assets held for sales	8.90	-
Miscellaneous income	5.36	4.61
	127.43	80.19
	218.02	160.38

26 Cost of materials consumed

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
(i) Cost of material consumed		
Opening stock	334.48	364.56
Purchases	4,598.33	4,042.44
	4,932.81	4,407.00
Closing stock	(397.44)	(334.48)
Foreign currency translation	(0.74)	0.55
	4,534.63	4,073.07
(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods		
Opening stock		
Finished goods	252.71	373.42
Work-in-progress	45.06	47.01
Stock-in-trade	66.62	73.77
	364.39	494.20
Closing stock		
Finished goods	(298.95)	(252.71)
Work-in-progress	(41.41)	(45.06)
Stock-in-trade	(91.15)	(66.62)
	(431.51)	(364.39)
Foreign currency translation	0.18	0.11
	(66.94)	129.92



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27 Employee benefit expense

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	470.71	478.26
Share based payments to employees (refer note 39)	10.10	16.36
Post-employment and long term benefits expense (refer note 38)	9.21	8.72
Contribution to provident and other funds (refer note 38)	21.15	19.47
Staff welfare	30.73	24.10
	541.90	546.91

28 Finance costs

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Interest on		
Long term loans	0.20	0.34
Cash credit and short term loans	1.08	1.04
Lease liabilities	4.76	4.33
Others	1.60	0.99
Finance and bank charges	3.40	3.03
Unwinding of discount on provisions and financial liabilities carried at amortised cost	3.93	3.61
	14.97	13.34

29 Depreciation and amortisation

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
(i) Depreciation on		
Property, plant and equipment	112.39	99.90
Investment property	1.31	0.32
Right-of-use assets	8.11	7.50
(ii) Amortisation on		
Intangible assets	10.25	10.56
	132.06	118.28

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30 Other expenses

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Stores and spares consumed	49.91	41.89
Power, fuel and electricity	40.59	38.37
Repair and maintenance		
Building	6.39	4.50
Machinery	12.05	10.49
Others	29.25	26.00
Outsourcing expenses	18.05	26.86
Warranties and after sale service	47.18	51.05
Rent	6.50	5.73
Research and development expense on projects	6.46	6.89
Rates and taxes	5.14	5.93
Insurance	10.55	9.45
Traveling and conveyance	55.33	39.35
Postage and telephones	6.21	6.09
Manpower hiring on contract	134.81	121.86
Legal and professional	39.21	39.00
Commission, discounts and sales incentive	8.47	8.75
Advertisement and promotional expenses	58.03	51.39
Royalty paid	34.98	33.96
Packing, freight and forwarding	106.40	104.21
Security charges	6.61	5.81
Printing and stationery	3.54	2.66
Director's sitting fees and commission	7.51	8.50
Corporate social responsibility (CSR) expenditure *	15.83	11.82
Provision for doubtful debts/advances and deposits	12.90	10.06
Bad debts written off	0.31	3.97
Less : Provision already held	(0.31)	(3.97)
Assets written off	1.24	0.83
Miscellaneous expenses	43.69	24.66
	766.83	696.11
* CSR Expenditure		
(i) Gross amount required to be spent by the Group during the year	15.83	11.82
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	6.91	3.53
(iii) Unspent amount deposited in a designated bank account on 29 April 2022 (Previous Year: 29 April 2021) in terms of section 135(6) of the Companies Act, 2013.	8.92	8.29



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31 Assets held for sale and liabilities associated thereto (refer note 15(e))

The details of assets classified as held for sale and liabilities associated thereto as on 31 March 2021 are as below. These assets and liabilities had been derecognised on 14 February 2022 upon disposal of the subsidiary company (Escorts Securities Limited) and accordingly disclosure related to 31 March 2022 is not applicable.

Particulars	(₹ crores)
	As on 31 March 2021
Escorts Securities Limited	
Assets pertaining to subsidiary held for sale:	
Property, plant and equipment	0.15
Other intangible assets	0.01
Investments	0.03
Other financial assets	7.45
Deferred tax assets (net)	1.48
Stock-in-trade	0.17
Trade receivables	7.16
Cash and cash equivalents	3.94
Other bank balances	1.52
Other assets	0.72
Total	22.63
Liabilities directly associated with assets classified as held for sale:	
Minority interest	6.22
Other financial liabilities	1.10
Provisions	0.41
Borrowing other than debt securities	0.06
Trade payables	7.78
Other liabilities	0.73
Total	16.30

32 Earnings per share (EPS)

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Net profit for the year (A) (₹ in crores)	736.47	871.46
Computation of weighted average number of shares for EPS		
Total shares issued	13,19,40,604	13,48,34,566
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust	23,79,855	28,94,393
Less: shares held by Escorts Benefit and Welfare Trust at the beginning of the year	2,14,42,343	3,37,00,031
Less: Impact of weighted average number of shares issued during the year	86,72,407	36,72,392
Weighted-average number of equity shares for basic EPS (B)	9,94,45,999	9,45,67,750
Effect of Dilution :		
Weighted average number of share options granted to employees	4,37,305	1,77,247
Weighted average number of Equity shares adjusted for the effect of dilution (C)	9,98,83,304	9,47,44,997
Basic EPS (Amount in ₹) (A/B)	74.06	92.15
Diluted EPS (Amount in ₹) (A/C)	73.73	91.98

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33 Commitments and contingencies

	As at 31 March 2022	As at 31 March 2021
(₹ crores)		
A. Commitments		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	189.11	242.76
- Letter of credit/guarantees executed in favour of others	55.28	79.71
B. Contingencies		
(i) Taxation related contingencies		
Excise duty/ customs duty /service tax demands	464.41	456.24
Sales tax and other demands	34.16	34.45
Demand raised by Income tax department, disputed by the Group and pending in appeal (refer note (1) below)	67.90	63.40
(ii) Others		
Cases under litigation relating to :		
- Personnel	5.22	4.21
- Others	32.02	18.04
(iii) Claims not acknowledged as debts	15.42	14.48

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 Center Limited since the amount is indeterminable (refer note 22(ii) for details). Further the amount includes ₹ 34.20 crores (31 March 2021 ₹ 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. Penalties wherever quantified have been included.
- Farmtrac Tractors Europe Sp. Z.o.o, Poland, one of the subsidiary of the Group has provided a blank promissory note to bank against the working capital credit facility amounting to ₹ 3.62 crores.
- Pursuant to order dated 11 December 2014 passed by the Hon'ble Supreme Court of India, Chief Administrator HUDA, Panchkula enhanced the compensation amount @ ₹ 1,987 per square meter for the general category allottees of plots in Sector 58, Ballabhgarh, Faridabad. Being aggrieved by the arbitrary action of Chief Administrator HSVP, Panchkula, "The Faridabad Industries Association" filed a Civil Writ Petition before the Hon'ble High Court of Punjab & Haryana at Chandigarh whereby the court passed directions for recalculation of enhancement demands to be raised. In view of the directions as passed by the Hon'ble High Court of Punjab & Haryana at Chandigarh, an Instruction no. 58 dated 14 December 2018 had been passed by HSVP, Panchkula for recalculation of enhancement fees. In spite of the said directions, the Holding Company received a demand from the Estate Officer, HSVP for a sum of ₹ 37.61 crores approximately (inclusive of penalty and interest) dated 13 June 2019 on the basis of old rate of ₹ 1,987 per square meter. In 2019, state government transferred the files related to such plots from HSVP to HSIIDC (Haryana State Industrial and Infrastructure Development Corporation). Further, when the Holding Company sought details of the outstanding dues from HSIIDC in February 2022, HSIIDC informed that there is a sum of ₹ 56.26 Crores (inclusive of interest and penalty) towards payment for enhanced cost. This figure again does not take into account the recalculated rates which are yet to be notified by HSVP. The holding company still awaits the fresh demand after recalculation for taking further appropriate action.



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34 Financial Instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

	Note	As at 31 Mar 2022	(₹ crores) As at 31 March 2021
Financial assets measured at fair value			
Investments measured at			
Fair value through other comprehensive income	7 (ii)	0.94	0.70
Fair value through profit and loss	7 (iii)	2,376.96	1,650.01
Derivative assets			
Fair value through profit and loss	8(ii)	0.32	1.95
Financial assets measured at amortised cost			
Investments	7 (ii) & (iii)	2,210.54	27.47
Trade receivables	12	792.62	657.58
Cash and cash equivalents	13	91.51	105.74
Other bank balances	14	180.33	1,216.02
Others	8	41.98	49.10
Total		5,695.20	3,708.57
Financial liabilities measured at amortised cost			
Borrowings (including current maturities of long term borrowings)	19	-	2.54
Trade payables	23	893.75	1,195.42
Lease liabilities	40	51.95	58.07
Other financial liabilities	20	120.73	164.63
Total		1,066.43	1,420.66

Investment in joint ventures and associate 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

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.

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B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crores)				
As at 31 March 2022	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.94	-	-	0.94
Fair value through profit and loss	2,376.96	-	-	2,376.96
Derivative assets measured at				
Fair value through profit and loss	-	0.32	-	0.32

(₹ crores)				
As at 31 March 2021	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.70	-	-	0.70
Fair value through profit and loss	1,650.01	-	-	1,650.01
Liabilities at fair value				
Derivative liabilities measured at				
Fair value through profit and loss	-	1.95	-	1.95

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.

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)		
As at 31 March 2022	Carrying value	Fair value
Other financial assets	17.06	17.32
Investments	2,210.54	2,207.58
Security deposits received	26.72	29.95
Lease liabilities	51.95	54.01

(₹ crores)		
As at 31 March 2021	Carrying value	Fair value
Other financial assets	18.55	18.82
Investments	27.47	27.50
Security deposits received	23.97	27.74
Lease liabilities	58.07	60.20



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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's fixed interest-bearing receivables and lease liabilities are determined by applying discounted cash flows ('DCF') method on contractual cash flows, 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 2022 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 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 other 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.

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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.

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 and other financial assets measured at amortised cost	12 month expected credit loss
High credit risk	Trade receivables	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets (other than trade receivables) that expose the entity to credit risk –*

	As at 31 March 2022	As at 31 March 2021
(₹ crores)		
(i) Low credit risk on financial reporting date		
Investments**	2,210.54	27.47
Cash and cash equivalents	91.51	105.74
Other bank balances	180.33	1,216.02
Other financial assets	41.98	49.10

*Represents carrying values of financial assets, without deduction for expected credit losses

** Represents target maturity funds (previous year tax free bonds) at amortised cost

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 and taking insurance cover for receivables. 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

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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) Financial assets (other than trade receivables)

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.

- 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 Group does not have any expected loss based impairment recognised on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Group recognizes 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). Trade receivables amounting to ₹ 149.18 crores (31 Mar 2021 : ₹ 123.05 crores) are secured by way of security deposits from customer and letter of credit issued by banks. The letter of credit are issued by reputable banks and their credit risk is assessed to below.

31 March 2022

Agri machinery

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	467.37	33.43	6.37	5.35	53.76	566.28
Expected loss rate	0.50%	8.82%	28.41%	17.20%	61.14%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	2.36	2.95	1.81	0.92	32.87	40.91

Construction equipment

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	115.87	6.53	0.77	0.09	24.98	148.24
Expected loss rate	0.36%	7.81%	32.47%	66.67%	88.11%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	0.42	0.51	0.25	0.06	22.01	23.25

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31 March 2021
Agri machinery

						(₹ crores)
Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	353.49	11.75	19.06	12.70	40.54	437.54
Expected loss rate	0.39%	4.26%	4.46%	4.25%	49.73%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	1.37	0.50	0.85	0.54	20.16	23.42

Construction equipment

						(₹ crores)
Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	115.45	1.51	0.56	0.16	25.92	143.60
Expected loss rate	1.84%	15.23%	50.00%	81.25%	86.84%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	2.13	0.23	0.28	0.13	22.51	25.28

						(₹ crores)
Particulars	31 Mar 2022			31 March 2021		
	Auto products	Railway products	Financing & others	Auto products	Railway products	Financing & others
Historical loss rate on sales during the year	-	0.56%	0.00%	-	0.67%	-
Loss allowance provision on the sales	-	1.09	-	-	4.56	-
Loss allowance provision on the debtors outstanding more than one year	4.31	0.38	8.54	4.31	1.28	8.29

The Group estimates loss allowance provision for the railway products division at 100% for the debtors (other than government) outstanding more than one year as at the reporting date and historical loss rate on the sales made during the year.

Reconciliation of loss allowance provision from beginning to end of reporting period:

			(₹ crores)
Reconciliation of loss allowance	Trade receivables	Other financial assets	
Loss allowance on 1 April 2020	63.07	-	
Loss allowance created	8.04	-	
Loss allowance written back	(3.97)	-	
Loss allowance on 31 March 2021	67.14	-	
Loss allowance created	11.66	-	
Loss allowance written back	(0.31)	-	
Loss allowance on 31 March 2022	78.49	-	

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.



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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 Mar 2022	31 March 2021
- Expiring within one year (cash credit and other facilities)		553.62	561.19
- Expiring beyond one year (bank loans)		-	-
		553.62	561.19

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 2022.

(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 Mar 2022	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total	
Non-derivatives						
Lease liabilities	11.05	11.52	12.79	30.83	66.19	
Trade payable (including MSME)	893.75	-	-	-	893.75	
Security deposits	0.62	-	8.82	26.64	36.08	
Other financial liabilities	93.39	-	-	-	93.39	
Total	998.81	11.52	21.61	57.47	1,089.41	

						(₹ crores)
31 March 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total	
Non-derivatives						
Lease liabilities	10.88	11.04	11.51	43.62	77.05	
Trade payables (including MSME)	1,195.42	-	-	-	1,195.42	
Security deposits	0.62	-	-	33.62	34.24	
Other financial liabilities	140.86	-	-	-	140.86	
Total	1,347.78	11.04	11.51	77.24	1,447.57	

C.3 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 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 Group has taken forward contracts to manage its exposure. Also, the Group does not use forward contracts and swaps for speculative purposes.

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(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

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Financial assets	32.71	12.20
Financial liabilities	21.53	12.59
Net exposure to foreign currency risk assets/(liabilities)	11.18	(0.39)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
USD sensitivity		
INR/USD- increase by 4.06% (31 March 2021 4.38%)*	0.34	(0.01)
INR/USD- decrease by 4.06% (31 March 2021 4.38%)*	(0.34)	0.01

* 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:

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Financial assets	7.28	2.81
Financial liabilities	47.71	24.34
Net exposure to foreign currency risk (liabilities)	(40.43)	(21.53)

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
EURO sensitivity		
INR/EURO- increase by 4.74 % (31 March 2021 5.59%)*	(1.43)	(0.90)
INR/EURO- decrease by 4.74 % (31 March 2021 5.59%)*	1.43	0.90

* Holding all other variables constant



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(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

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Financial liabilities	0.04	0.19
Net exposure to foreign currency risk (liabilities)	(0.04)	(0.19)

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
JPY sensitivity		
INR/JPY- increase by 6.12 % (31 March 2021 5.81%)*	-	(0.01)
INR/JPY- decrease by 6.12 % (31 March 2021 5.81%)*	-	0.01

* Holding all other variables constant

b) Interest rate risk

ij) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Variable rate borrowing	-	-
Fixed rate borrowing	-	2.54
Total borrowings	-	2.54
Amount disclosed under other current financial liabilities	-	0.82
Amount disclosed under borrowings	-	1.72

Sensitivity

Below is the sensitivity of profit or loss and equity in interest rates.

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	-	-
Interest rates – decrease by 100 basis points (100 bps)	-	-

* Holding all other variables constant

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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.

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

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Equity share (quoted)		
Net assets value – increase by 100 bps (100bps)	-	-
Net assets value – decrease by 100 bps (100bps)	-	-
Mutual funds		
Net assets value – increase by 100 bps (100bps)	17.79	12.35
Net assets value – decrease by 100 bps (100bps)	(17.79)	(12.35)

Impact on other comprehensive income after tax

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Quoted equity instruments		
Market price – increase by 500 bps (500bps)	0.04	0.03
Market price – decrease by 500 bps (500bps)	(0.04)	(0.03)

35 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.



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(a) Debt equity ratio

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
Net debts	-	-
Total equity	7,596.15	5,025.22
Net debt to equity ratio	0%	0%

(b) Dividends

Particulars	(₹ crores)	
	31 Mar 2022	31 March 2021
(i) Equity shares		
Final dividend for the year ended 31 March 2021 of ₹ 7.5 per share (excluding tax)	75.85	-
Final dividend for the year ended 31 March 2020 of ₹ 2.5 per share (excluding tax)	-	25.28
(ii) Dividends proposed	77.35	75.85

In addition to the above dividends, 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.

36 Summarised financial information for joint venture that is material to the Group:

Summarised balance sheet	(₹ crores)	
	Adico Escorts Agri Equipment Private Limited	
	31 March 2022	31 March 2021
Current assets		
Cash and cash equivalents	0.55	1.28
Other assets	10.04	13.61
Total current assets	10.59	14.89
Total non-current assets	7.81	6.18
Current liabilities		
Financial liabilities	6.98	10.20
Other liabilities	1.48	1.24
Total current liabilities	8.46	11.44
Total non-current liabilities	-	-
Net assets	9.94	9.63

Reconciliation to carrying amounts	(₹ crores)	
	Adico Escorts Agri Equipment Private Limited	
	31 March 2022	31 March 2021
Opening net assets	9.63	7.92
Profit/(loss) for the year	0.31	1.71
Closing net assets	9.94	9.63
Group's share in %	40%	40%
Group's share in Indian Rupees	3.98	3.86
Carrying amount	3.98	3.86

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Summarised statement of profit and loss	(₹ crores)	
	Adico Escorts Agri Equipment Private Limited	
	31 March 2022	31 March 2021
Revenue	46.04	50.07
Interest income	0.06	0.04
Finance costs	0.16	0.23
Depreciation and amortisation expense	0.67	0.65
Tax expenses	0.22	0.53
Profit/(loss) for the year	0.31	1.71
Total comprehensive profit	0.31	1.71

Summarised balance sheet	(₹ crores)	
	Tadano Escorts India Private Limited	
	31 March 2022	31 March 2021
Current assets		
Cash and cash equivalents	17.34	27.60
Other assets	44.46	33.05
Total current assets	61.80	60.65
Total non-current assets	100.93	74.06
Current liabilities		
Financial liabilities	17.61	13.94
Other liabilities	1.09	0.84
Total current liabilities	18.70	14.78
Non-current liabilities		
Financial liabilities	24.03	13.34
Other liabilities	0.68	0.54
Total non-current liabilities	24.71	13.88
Net assets	119.32	106.05

Reconciliation to carrying amounts	(₹ crores)	
	Tadano Escorts India Private Limited	
	31 March 2022	31 March 2021
Opening net assets	106.05	56.15
Equity share capital issued during the year	35.00	53.50
Loss for the year	(21.20)	(3.15)
Capital reserve adjustment	(0.52)	(0.45)
Closing net assets	119.33	106.05
Less : Adjustment on account of Business Transfer Agreement	(10.70)	(10.77)
Closing net assets	108.63	95.28
Group's share in %	49%	49%
Group's share in Indian Rupees	53.23	46.69
Carrying amount	53.23	46.69



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(₹ crores)

Summarised statement of profit and loss	Tadano Escorts India Private Limited	
	31 March 2022	31 March 2021
Revenue	31.16	26.57
Interest income	0.57	0.56
Finance costs	0.40	0.35
Depreciation and amortisation expense	2.79	1.89
Loss for the year	(21.20)	(3.15)
Total comprehensive loss	(21.20)	(3.15)

(₹ crores)

Summarised balance sheet	Escorts Kubota India Private Limited	
	31 March 2022	31 March 2021
Current assets		
Cash and cash equivalents	0.41	1.59
Other assets	299.65	283.39
Total current assets	300.06	284.98
Total non-current assets	251.97	242.47
Current liabilities		
Financial liabilities	354.83	227.24
Other liabilities	5.91	11.06
Total current liabilities	360.74	238.30
Non-current liabilities		
Financial liabilities	18.39	22.92
Other liabilities	5.16	2.16
Total non-current liabilities	23.55	25.08
Net assets	167.74	264.07

(₹ crores)

Reconciliation to carrying amounts	Escorts Kubota India Private Limited	
	31 March 2022	31 March 2021
Opening net assets	264.07	298.01
Loss for the year	(96.33)	(33.94)
Closing net assets	167.74	264.07
Group's share in %	40%	40%
Group's share in Indian Rupees	67.10	105.63
Carrying amount	67.10	105.63

(₹ crores)

Summarised statement of profit and loss	Escorts Kubota India Private Limited	
	31 March 2022	31 March 2021
Revenue	687.33	317.23
Interest income	-	2.64
Finance costs	7.22	3.61
Depreciation and amortisation expense	35.79	17.31
Tax expenses	-	0.39
Profit/(loss) for the year	(96.33)	(33.94)
Total comprehensive loss	(96.33)	(33.94)

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Summarised balance sheet	(₹ crores)	
	Kubota Agricultural Machinery India Private Limited	
	31 March 2022	31 March 2021
Current assets		
Cash and cash equivalents	75.31	264.49
Other assets	720.39	659.42
Total current assets	795.70	923.91
Total non-current assets	66.22	76.56
Intangible assets	56.09	56.53
Current liabilities		
Financial liabilities	590.15	771.17
Other liabilities	35.39	38.96
Total current liabilities	625.54	810.13
Total non-current liabilities	26.92	48.09
Net assets	265.55	198.78

Reconciliation to carrying amounts	(₹ crores)	
	Kubota Agricultural Machinery India Private Limited	
	31 March 2022	31 March 2021
Opening net assets / on acquisition date	198.78	164.62
Total comprehensive income for the year	48.53	34.16
Closing net assets	247.31	198.78
Group's share in %	40%	40%
Group's share in Indian Rupees	98.92	79.51
Goodwill recognised	24.15	24.15
Carrying amount	123.07	103.66

Summarised statement of profit and loss	(₹ crores)	
	Kubota Agricultural Machinery India Private Limited	
	31 March 2022	05 October 2020 to 31 March 2021
Revenue	1,805.48	931.42
Other income	16.08	27.55
Finance costs	8.49	4.33
Depreciation and amortisation expense	24.31	15.04
Other expenses	86.38	65.68
Profit for the year	48.53	34.16
Total comprehensive profit	48.53	34.16



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37 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

Out of above, the non-controlling interest considered material to the Group is in Escorts Securities Limited, whose summarised financial information is produced below for year ended 31 March 2021. The subsidiary has been disposed off on 14 February 2022.

Summarised balance sheet	(₹ crores)	
	Escorts Securities Limited	
	31 March 2022	31 March 2021
Current assets	-	14.44
Current liabilities	-	9.87
Net current assets	-	4.57
Non-current assets	-	8.63
Non-current liabilities	-	0.45
Net non-current assets	-	8.18
Net assets	-	12.75
Accumulated NCI	-	-

Summarised statement of profit and loss	(₹ crores)	
	Escorts Securities Limited	
	14 February 2022	31 March 2021
Revenue	10.93	10.43
Profit/(Loss) for the period /year	(1.62)	0.35
Other comprehensive income	-	0.08
Total comprehensive income loss	(1.62)	0.43
Profit/(Loss) allocated to NCI	(0.79)	0.21

Summarised cash flows	(₹ crores)	
	Escorts Securities Limited	
	31 March 2022	31 March 2021
Cash flows from operating activities	-	7.36
Cash flows from investing activities	-	1.01
Cash flows from financing activities	-	(7.39)
Net increase in cash and cash equivalents	-	0.98

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38 Employee benefits

A 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 employee's 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:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
	Gratuity	6.29	0.05	13.47
Less: transferred to liabilities related to subsidiary held for sale	-	-	(0.06)	(0.19)
Net value of defined benefit obligation	6.29	0.05	13.41	0.03

(ii) Amount recognised in the statement of profit and loss is as under:

Description	As at	
	31 March 2022	31 March 2021
Current service cost	7.91	8.22
Net interest cost	0.91	0.12
Net impact on profit (before tax)	8.82	8.34
Amount recognised in the other comprehensive income Actuarial loss/(gain) recognised during the year	(2.49)	13.79
Impact on total comprehensive income	6.33	22.13

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	As at	
	31 March 2022	31 March 2021
Present value of defined benefit obligation as at the start of the year	99.26	83.18
Current service cost	7.86	8.22
Interest cost	6.75	5.65
Actuarial loss/(gain) recognised during the year	(2.59)	14.61
Benefits paid	(15.52)	(12.16)
Present value of defined benefit obligation as at the end of the year	95.76	99.51
Less: transferred to liabilities related to subsidiary held for sale	-	(0.25)
Net value of defined benefit obligation	95.76	99.26



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(iv) Movement in the plan assets recognised in the balance sheet is as under:

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at beginning of year	85.82	40.91
Expected return on plan assets	5.83	5.55
Employer's contribution	13.41	50.65
Benefits paid	(15.52)	(12.11)
Actuarial gain/(loss) on plan assets	(0.12)	0.82
Fair value of plan assets at the end of the year	89.42	85.82
Actual return on plan assets	5.71	6.37

(v) Breakup of actuarial (gain)/loss:

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(2.93)	17.39
Actuarial (gain)/loss on arising from experience adjustment	0.44	(3.60)
Total actuarial (gain)/loss	(2.49)	13.79

(vi) Actuarial assumptions

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Discount rate	6.80%	6.80%
Future salary increase	8.00%	8.00%
Expected average remaining working lives of employees (years)	19.81	19.81

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

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year	95.76	99.51
- Impact due to increase of 0.50 %	(3.41)	(3.81)
- Impact due to decrease of 0.50 %	3.69	4.11
Impact of the change in salary increase		
Present value of obligation at the end of the year	95.76	99.51
- Impact due to increase of 0.50 %	3.64	4.07
- Impact due to decrease of 0.50 %	(3.41)	(3.77)

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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

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Within next 12 months	12.21	12.27
Between 1-5 years	41.52	42.46
Beyond 5 years	129.84	127.68

(ix) Category of plan assets :

Particulars	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
LIC of India-Group gratuity cash accumulation fund	87.87	84.31
Others	1.54	1.50
Total	89.41	85.81

(x) The Group expects to contribute ₹ 9.65 crores (previous year ₹ 10.32 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 ₹ 16.58 crores (previous year: ₹ 14.83 crores) has been recognised in the statement of profit and loss.

Particulars	(₹ crores)			
	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	3.53	25.33	3.48	25.86

C Pension

Particulars	(₹ crores)			
	31 March 2022		31 March 2021	
	Current	Non-current	Current	Non-current
Pension	0.65	4.39	0.65	4.66



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(i) Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
	(₹ crores)			
Pension:				
Present value of defined benefit obligation	0.65	4.39	0.65	4.66
Fair value of plan assets	-	-	-	-
Net value of defined benefit obligation	0.65	4.39	0.65	4.66

(ii) Amount recognised in the statement of profit and loss is as under:

Description	31 March 2022		31 March 2021	
	(₹ crores)			
Net interest cost	0.39		0.38	
Net impact on profit (before tax)	0.39		0.38	
Amount recognised in the other comprehensive income Actuarial loss/(gain) recognised during the year	(0.09)		0.08	
Impact on total comprehensive income	0.30		0.46	

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	31 March 2022		31 March 2021	
	(₹ crores)			
Present value of defined benefit obligation as at the start of the year	5.31		5.57	
Interest cost	0.39		0.38	
Actuarial loss/(gain) recognised during the year	(0.09)		0.08	
Benefits paid	(0.57)		(0.71)	
Present value of defined benefit obligation as at the end of the year	5.04		5.31	

(iv) Breakup of actuarial (gain)/loss:

Description	31 March 2022		31 March 2021	
	(₹ crores)			
Actuarial (gain)/loss on arising from change in financial assumption	-		-	
Actuarial (gain)/loss on arising from experience adjustment	(0.09)		0.08	
Total actuarial loss	(0.09)		0.08	

(v) Actuarial assumptions

Description	As at 31 March 2022		As at 31 March 2021	
	Discount rate	7.22%		6.80%

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.

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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. Pension growth rate is Group long term best estimate as to salary increases and takes account of inflation, on long term basis as provided in relevant accounting standard. As this is a fix pension plan so this has been assumed as nil.

(vi) Sensitivity analysis for pension liability

Description	(₹ crores)	
	31 March 2022	31 March 2021
Impact of the change in discount rate		
Present value of obligation at the end of the year	5.04	5.31
- Impact due to increase of 0.50 %	(0.12)	(0.13)
- Impact due to decrease of 0.50 %	0.12	0.13

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

Description	(₹ crores)	
	31 March 2022	31 March 2021
Within next 12 months	0.65	0.65
Between 1-5 years	2.85	2.87
Beyond 5 years	4.10	4.59

(viii) The Group expects to contribute ₹ 0.36 crores (previous year ₹ 0.37 crores) to its pension plan for the next year.

D 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 ₹ 20.85 crores (previous year: ₹ 19.16 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.21 crores (previous year: ₹ 0.20 crores).

E 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.

39 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 –

Scheme	Vesting conditions	Exercise period	Exercise price per share (₹)
Employees Stock Option Scheme, 2006	Vested equally over 4 years from the date of grant	Three years from the date of vesting	870.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,122.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,385.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,465.80



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Options are granted under the plan for the consideration as mentioned above 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	(₹ crores)	
	As at 31 March 2022 Number of options	As at 31 March 2021 Number of options
Opening balance	10,87,556	9,66,775
Granted during the year	34,800	3,39,450
Exercised during the year	5,14,538	1,80,119
Forfeited during the year	2,050	2,200
Lapsed during the year	51,324	36,350
Closing balance	5,54,444	10,87,556

The weighted average share price at the date of exercise of options during the year ended 31 March 2022 was ₹ 1,708.69 (31 March 2021 ₹ 1,281.48).

Weighted average remaining contractual life of options as at 31 March 2022 3.89 years (31 March 2021 : 3.76 years).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price (₹)	(₹ crores)	
			Share options 31 March 2022	Share options 31 March 2021
16 August 2018	15 August 2022	870.00	5,000	1,10,093
16 August 2018	15 August 2023	870.00	5,001	1,76,314
16 August 2018	15 August 2024	870.00	30,627	2,30,850
16 August 2018	15 August 2025	870.00	2,00,277	2,30,850
08 September 2020	07 September 2024	1,122.00	15,965	55,425
08 September 2020	07 September 2025	1,122.00	54,925	55,425
08 September 2020	07 September 2026	1,122.00	54,925	55,425
08 September 2020	07 September 2027	1,122.00	54,925	55,425
03 February 2021	02 February 2025	1,385.00	9,688	29,438
03 February 2021	02 February 2026	1,385.00	29,438	29,438
03 February 2021	02 February 2027	1,385.00	29,438	29,438
03 February 2021	02 February 2028	1,385.00	29,438	29,438
16 September 2021	15 September 2025	1,465.80	8,700	-
16 September 2021	15 September 2026	1,465.80	8,700	-
16 September 2021	15 September 2027	1,465.80	8,700	-
16 September 2021	15 September 2028	1,465.80	8,700	-
			5,54,444	10,87,556

Fair value of options granted

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 :

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- a) Options are granted for consideration equivalent to exercise price referred below and vest in a graded manner over a period of four years. Vested options are exercisable for a period of three years after vesting.

b) Exercise price	₹ 870.00	₹ 1,122.00	₹ 1,385.00	₹ 1,465.80
c) Grant date, as per the details shared above.	16 August 2018	08 September 2020	03 February 2021	16 September 2021
d) Expiry date, as per the details shared above.	15 August 2022	07 September 2024	02 February 2025	15 September 2025
e) Share price at grant date	₹ 869.50	₹ 1,121.10	₹ 1,384.15	₹ 1,465.80
f) Expected price volatility of the company's shares	26.86%	41.40%	41.90%	37.33%
g) Expected dividend yield	0.29%	0.36%	0.29%	0.27%
h) Risk free rate	7.56% - 7.97%	4.70% - 5.74%	4.62% - 5.68%	4.65% - 5.76%

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 due to publicly available information.

40 Leases

Lease liabilities are presented in the statement of financial position as follows:

	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Current	10.60	10.44
Non-current	41.35	47.63
	51.95	58.07

The Group has leases for the factory lands, marketing offices, depots and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Group has considered automatic extension option available for land leases in lease period assessment since the Group can enforce its right to extend the lease beyond the initial lease period. The Group also has plans of setting up production facility on the land, therefore is likely to be benefited by exercising the extension option.



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The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	31 March 2022			
	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	4	3.50-6.51	4	-
Marketing offices and related facilities	8	0.17-4.76	-	-

The following are amounts recognised in profit or loss:

	₹ crores	
	31 March 2022	31 March 2021
Depreciation expense of right-of-use assets	8.11	7.50
Interest expense on lease liabilities	4.76	4.33
Rent expense*	6.50	5.73
Total	19.37	17.56

*Rent expense in term of short term leases

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Group does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the financials statements. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 6.50 crores (31 March 2021: ₹ 5.73 crores)

Total cash outflow for leases for the year ended 31 March 2022 was ₹ 17.38 crores (31 March 2021: ₹ 15.15 crores).

(b) Information for leases where the Group is a lessor

i) Finance Lease

During the year, the Group has entered into a finance lease arrangement with its joint venture company for sublease of land acquired by it as a Right of Use for the remaining period of land lease arrangement.

The following are amounts recognised in profit or loss with respect to finance lease arrangements:

	₹ crores	
	31 March 2022	31 March 2021
Interest income on lease receivable	1.00	0.86
Gain on sublease	-	0.02
Total	1.00	0.88

Changes in carrying amount of lease receivable

	₹ crores	
	31 March 2022	31 March 2021
Opening balance	13.34	-
Addition	-	16.48
Reversal of rental income	(1.92)	(1.77)
Interest income on lease receivable	1.00	0.86
Advance from customer	-	(2.23)
Total	12.42	13.34

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The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	(₹ crores)	
	31 March 2022	31 March 2021
Less than one year	2.04	1.92
One to two years	2.07	2.04
Two to three years	2.43	2.07
Three to four years	2.72	2.43
Four to five years	2.72	2.72
More than five years	4.09	6.81
Total undiscounted lease receivable	16.07	17.99
Unearned finance income	3.65	4.65
Net investment in the lease	12.42	13.34

ii) Operating Lease

The Group leases out investment properties under operating leases (refer note 4 and 5).

Lease payments in relation to operating leases are as follow:

	(₹ crores)	
	31 March 2022	31 March 2021
Less than one year	11.45	10.91
One to two years	11.67	11.45
Two to three years	4.25	11.67
Three to four years	-	4.24
Total	27.37	38.27

41 (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 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, 3,73,00,031 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 Holding Company in EBWT in respect of the Holding Company's equity shares held by EBWT has been accounted for as



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'Treasury Shares' and reduced from 'Other Equity' in the consolidated financial statements.

Post selective reduction of share capital of the Parent Company as detailed in Note 41(e) below, EBWT presently holds 2,14,42,343 (31 March 2021: 3,37,00,031) equity shares of the Company and 2,34,97,478 (31 March 2021: 2,34,97,478) equity shares of Escorts Finance Limited (subsidiary of the Company). The Company is the sole beneficiary of the Trust. Market value of outstanding shares held by Trust on 31 March 2022 is ₹ 3,640.76 crores (31 March 2021: ₹ 4,350.95 crores).

- (c) During the year ended 31 March 2020, the Board had approved the acquisition of 2,00,00,000 equity shares of Kubota Agricultural Machinery India Private Limited (KAI), a private company incorporated under the laws of India from Kubota Corporation, Japan constituting 40% of the share capital of KAI at ₹ 45 per equity share for an aggregate value of ₹ 90 crores, all for cash. Consequently, pursuant to Share Purchase Agreement dated 20 March, 2020 and Shareholders Agreement dated 05 October, 2020, between the Company, Kubota Corporation, Japan and Kubota Agricultural Machinery India Private Limited (KAI), the Company, has acquired 40% equity stake in KAI at an aggregate consideration of ₹ 90 crores. Consequently, KAI has become a Joint Venture of the Company, with effect from, 05 October 2020.
- (d) The Board of Directors of the Parent Company in their meeting held on 20 March 2020 had approved the preferential issue of 1,22,57,688 equity shares of ₹ 10/- each at an issue price of ₹ 850/- per equity share to Kubota Corporation, Japan, subject to approval of shareholders of the Parent Company and other regulatory approvals. Consequently, in terms of Share Subscription Agreement and Shareholders Agreement dated 20 March 2020 and requisite approvals, the Parent Company has allotted 1,22,57,688 equity shares of the face value of ₹ 10/- at an issue price of ₹ 850/- (which includes a premium of ₹ 840/-) for each Share to Kubota Corporation, Japan on 16 July 2020.
- (e) Subsequent to approval of the Board of Directors on 15 July 2020 for selective reduction of share capital of the Parent Company by cancelling and extinguishing 1,22,57,688 Equity Shares, held by the Escorts Benefit and Welfare Trust, the Parent Company filed a Scheme for reduction of share capital ("the Scheme") between the Parent Company and its shareholders, under Section 66 read with Section 52 and other applicable sections of the Companies Act, 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, with the Hon'ble NCLT of Chandigarh ("the Tribunal") on 13 March 2021. During the year, the Scheme has been approved by the Hon'ble NCLT Bench, Chandigarh ("NCLT") vide its order dated 23 December 2021 ("Order"). The scheme became effective upon filing of the certified copy of the order of the Tribunal sanctioning this Scheme and the minute of reduction with the RoC on 27 December 2021. Accordingly, the impact of the scheme has been considered in these financial statements.
- (f) On 01 November 2021, the Parent Company has acquired 40,500 equity shares of face value of ₹ 10/- each, of Escorts Skill Development (ESD), a section 8 Company, consequently, effective 01 November 2021, the Parent Company holds entire equity share capital (50,000 equity shares of face value ₹ 10/- each) of ESD and ESD has become wholly owned subsidiary of the Parent Company. Based on the control assessment carried out by management in terms of Ind AS 110, ESD has not been consolidated in these consolidated financials.
- (g) Pursuant to the approval of the Board of Directors of the Parent Company and the Share Subscription Agreement ("SSA"), Shareholders' Agreement ("SHA") and other ancillary agreement dated 18 November 2021 in relation to issue and allotment of equity share capital through preferential issue of 93,63,726 equity shares ("preferential issue") of face value of ₹ 10 at ₹ 2,000 per share (including a premium of ₹ 1,990 for each equity share) to Kubota Corporation, Japan, a company incorporated under the laws of Japan ("Investor"), and the approval of the the Shareholders of the Company for the preferential issue on 18 December 2021 and requisite regulatory approvals, the Company has allotted the aforesaid equity shares on 18 December 2021, upon receipt of the requisite amount (₹ 1,872.75 Crores) from the Investor.
- (h) Pursuant to the Public Announcement ("PA") dated 18 November 2021 in relation to the open offer to

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the Public Shareholders of the Parent Company by Kubota Corporation (“Acquirer”), Detailed public statement (DPS) dated 25 November 2021 and Letter of Offer (LoF) dated 03 March 2022, for acquisition of up to 37,491,556 fully paid-up equity shares of face value of ₹ 10 Each (“Equity Shares”), representing 28.42% of the equity share capital of the Parent Company from the public shareholders, the Acquirer on 11 April 2022, has completed the said acquisition of 3,74,91,556 equity shares from the public shareholders of the Parent Company. Consequently, the acquirer currently holds 44.80% equity share capital of the Parent Company.

- (i) Post the completion of the preferential allotment and open offer as mentioned in Note 41 (g) and Note 42(h) above, the Share Subscription Agreement (“SSA”) and Shareholders’ Agreement (“SHA”) dated 18 November 2021 executed among the Kubota Corporation (“Investor”), the Company, certain Existing Promoters has become effective on 11 April 2022, and accordingly, Kubota Corporation has become a Joint Promoter of the Parent Company effective April 11, 2022 along with existing promoters of the Company.
- (j) The Board of the Directors of the Parent Company on 18 February 2022 had approved a draft Scheme for Selective Capital Reduction (“Scheme”), under Section 66, Section 52 and other applicable provisions of the Companies Act, 2013, read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 (“NCLT Rules”). The Scheme provides for selective reduction of the share capital of the Parent Company by cancelling and extinguishing 2,14,42,343 Equity Shares, held by the Escorts Benefit and Welfare Trust. The Scheme is subject to the approval of the shareholders of the Parent Company by way of the requisite majority, National Company Law Tribunal (“NCLT”) and all other applicable regulatory authorities.
- (k) During the year, the Parent Company has further invested ₹ 17.15 crores in its Joint Venture with Tadano Limited, Japan (Tadano), Tadano Escorts India Private Limited (formerly Optunia Power Infrastructure Private Limited) (‘TEI’). As on 31 March 2022, the Parent Company holds 49% share in TEI.

42 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act, 2006”) is as under:

	As at 31 March 2022	As at 31 March 2021
	(₹ crores)	
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	71.75	104.23
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	1.11	0.51
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.



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43 Research and development

- (i) Research and development costs on in house R&D centers amounting to ₹ 131.83 crores (31 March 2021: ₹ 119.53 crores) were incurred during the year.

	(₹ crores)			
	Tractor		Construction equipment	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Cost of materials consumed	9.99	4.52	0.03	0.26
Employee benefits expense	56.82	56.51	10.37	10.25
Other expenses	30.54	27.32	5.22	2.00
Depreciation	17.70	17.09	1.16	1.58
Total	115.05	105.44	16.78	14.09

- (ii) Assets purchased/capitalised for research and development centers*:

Description	(₹ crores)	
	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
Gross carrying value		
As at 1 April 2020	310.10	16.32
Additions	23.17	0.19
Disposals	(7.72)	(3.00)
As at 31 March 2021	325.55	13.51
Additions	16.22	1.58
Disposals	(2.93)	(2.54)
As at 31 March 2022	338.84	12.55
Accumulated depreciation		
As at 1 April 2020	122.46	10.06
Depreciation for the year	17.09	1.58
Disposals	(6.51)	(2.71)
As at 31 March 2021	133.04	8.93
Depreciation for the year	17.70	1.16
Disposals	(2.56)	(2.26)
As at 31 March 2022	148.18	7.83
Net block as at 31 March 2021	192.51	4.58
Net block as at 31 March 2022	190.66	4.72

* Exclude capital advance/capital work-in-progress

- (iii) Expenses on research and development as percentage to gross turnover is:

	31 March 2022	31 March 2021
Tractors	1.63%	1.54%
Construction equipment	0.24%	0.21%

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44 Assets pledged as security

	Notes	31 March 2022	(₹ crores) 31 March 2021
Current			
Financial assets			
First charge			
Investments	7 (iii)	4,584.60	1,651.73
Trade receivables	12	779.95	657.40
Cash and cash equivalents	13	82.83	104.44
Bank balances other than above	14	175.63	1,217.54
Other financial assets	8 (ii)	25.05	33.07
Non Financial assets			
Inventories	11	844.56	717.86
Other current assets	10 (ii)	281.10	190.06
Total current assets pledged as security		6,773.72	4,572.10
Non-current			
First charge			
Land and building	3 (i)	1.94	2.08
Furniture and fixtures	3 (i)	-	0.02
Computers	3 (i)	-	0.10
Office equipment	3 (i)	-	0.03
Security deposits	8 (i)	-	0.76
Second Charge			
Other movable assets (other than specifically charged to other term lenders)	3 (i)	497.56	468.45
Total non-currents assets pledged as security		499.50	471.44
Total assets pledged as security*		7,273.22	5,043.54

* charge on the assets shall be limited to the amount of borrowings.

Note: Balance as on 31 March 2021 includes assets pertaining to Escorts Securities Limited, which has been classified as assets held for sales as on 31 March 2021.

45 Related party transactions

A Joint venture in the Group

Adico Escorts Agri Equipment Private Limited
Escorts Kubota India Private Limited
Tadano Escorts India Private Limited
Kubota Agricultural Machinery India Private Limited (w.e.f. 05 October 2020)

B Subsidiary - Not consolidated

Escorts Skill Development

C Associate in the Group

Escorts Consumer Credit Limited



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D Key management personnel

Mr. Nikhil Nanda*	Chairman and Managing Director and Trustee
Mr. Shailendra Agrawal	Executive Director
Mr. Bharat Madan*	President Finance, Group Chief Financial Officer and Corporate Head and Trustee
Mr. Satyendra Chauhan*	Company Secretary & Compliance Officer and Trustee (appointed as Company Secretary w.e.f 29 January 2020)
Ms. Nitasha Nanda	Director
Mr. Hardeep Singh	Director
Mr. P.H Ravikumar	Director
Ms. Vibha Paul Rishi	Director
Mr. Sutanu Behuria	Director and Trustee
Mr. Sunil Kant Munjal	Director
Ms. Tanya Arvind Dubash	Director
Mr. Harish N. Salve	Director (appointed as Director w.e.f. 16 July 2020))
Mr. Dai Watanabe	Director (appointed as Director w.e.f. 16 July 2020))
Mr. Yuji Tomiyama	Director (appointed as Director w.e.f. 16 July 2020))
Mr. Pawan Goenka*	Chief Financial Officer (appointed w.e.f. 30 July 2020))
Mr. Deba Prasad Roy	Director (relationship ceased w.e.f. 14 February 2022)
Mr. Pawan Kumar Bhalla	Director (till 14 February 2022) and Trustee
Mr. Ashish Kumar Bhattacharya	Director (relationship ceased w.e.f. 14 February 2022)
Mr. Shenu Agarwal	Director
Mr. Rajan Chugh*	Managing Director
Mr. Vinod Dixit	Managing Director (till 14 February 2022) and Director
Mr. Rajeev Khanna*	Whole Time Director
Ms. Preeti Chauhan	Director
Mr. Sumit Raj	Director
Mr. Priyank Kalra	Director
Ms. Rupinder Kaur*	Company Secretary (cease to be Company Secretary w.e.f 05 November 2020)
Mr. Vicky Chauhan*	Company Secretary
Ms. Bobby Mehndiratta*	Company Secretary (cease to be Company Secretary w.e.f 03 May 2022)
Mr. Donald Fernandez*	Chief Financial Officer

*Key managerial personnel (KMP) as defined under section 2(51) the Companies Act, 2013.

Enterprises over which key management personnel and relatives of such personnel exercise significant influence

AAA Portfolios Private Limited	Kubota Corporation (w.e.f 16 July 2020)
Big Apple Clothing Private Limited	The IVY Trust
EEWL Limited (formerly known as Escorts Employees Welfare Limited)	Smartparts Innovations Private Limited
Hero Mindmine Institute Private Limited	All Grow Finance & Investment Private Limited
Harpashad and Company Private Limited	
Momento Communications Private Limited	
Niky Tasha Communications Private Limited	
Niky Tasha Energies Private Limited	
Raksha Health Insurance TPA Private Limited (formerly known as Raksha TPA Private Limited)	
Rimari India Private Limited	
Ritu Nanda Insurance Service Private Limited	
Sietz Technologies India Private Limited	
Sun & Moon Travels (India) Private Limited	
Agresource Management Private Limited	
List of other related parties in the Group	
Escorts Limited Employees' Group Gratuity Fund Trust (refer note 38 for transaction)	

Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

Key management personnel remuneration includes the following expenses:

	31 March 2022	31 March 2021
Short-term employee benefits:	33.78	24.95
Other long-term benefits:	0.08	0.20
Post-employment benefits:	1.07	0.87
Total remuneration	34.93	26.02

(i) Transactions and balances with joint ventures

Nature of transactions*	(₹ crores)									
	Purchase of goods	Interest Income	Expense recovered/ Reimbursement	Rent Received	Receiving of services	Sale of goods	Rendering of services	Investment made	Advance given/Trade Receivables	Payables
Adico Escorts Agri Equipment Private Limited	43.11 (56.05)	0.13 (0.13)	-	-	-	0.16 (0.33)	-	-	1.00 (1.00)	1.04 (6.24)
Escorts Kubota India Private Limited	-	-	5.38 (6.46)	9.80 (8.98)	1.10	0.35	4.72 (1.44)	-	4.58 (4.47)	1.10
Tadano Escorts India Private Limited	16.92 (13.85)	-	3.23 (3.41)	5.91 (2.68)	-	0.29 (3.63)	0.20	17.15 (26.22)	2.12 (0.12)	7.43 (4.08)
Kubota Agricultural Machinery India Private Limited	-	-	0.19	0.02 (0.01)	-	-	-	-	0.19	-

*Numbers in brackets represents financial year ending 31 March, 2021.

(ii) Transactions and balances with key management personnel, their relatives and entities in which they exercise control/significant influence

Nature of transactions*	(₹ crores)										
	Royalty	Remuneration/ Commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/Other recoverables	Trade Receivables	Payables
Nikhil Nanda	-	12.51 (13.10)	0.30 (0.49)	0.40 (0.38)	-	-	-	0.90 (0.30)	-	-	5.00 (6.10)
Nitasha Nanda	-	2.85 (2.87)	-	0.45 (0.43)	-	-	0.02 (0.01)	0.15 (0.05)	0.04 (0.06)	-	0.70 (0.83)
Shailendra Agrawal	-	8.94 (4.34)	-	-	-	-	-	-	-	-	0.67 (1.39)
Bharat Madan	-	7.89 (3.65)	-	-	-	-	-	-	-	-	0.50 (1.03)
Satyendra Chauhan	-	0.70 (0.45)	-	-	-	-	-	-	-	-	0.07 (0.09)
Hardeep Singh [^]	-	-	-	-	-	-	0.28 (0.26)	** (**)	-	-	0.13 (0.15)
P.H Ravikumar [^]	-	-	-	-	-	-	0.37 (0.35)	-	-	-	0.23 (0.25)



Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

(₹ crores)

Nature of transactions*	Royalty	Remuneration/Commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/Other recoverables	Trade Receivables	Payables	
Vibha Paul Rishi^	-	-	-	-	-	-	0.24	-	-	-	0.13	
	-	-	-	-	-	-	(0.25)	-	-	-	(0.15)	
Sutanu Behuria^	-	-	-	-	-	-	0.28	-	-	-	0.13	
	-	-	-	-	-	-	(0.26)	-	-	-	(0.15)	
Sunil Kant Munjal^	-	-	-	-	-	-	0.20	0.02	-	-	0.13	
	-	-	-	-	-	-	(0.19)	(0.01)	-	-	(0.15)	
Harish N. Salve^	-	-	-	-	-	-	0.15	-	-	-	0.13	
	-	-	-	-	-	-	(0.16)	-	-	-	(0.15)	
Tanya Arvind Dubash^	-	-	-	-	-	-	0.18	-	-	-	0.13	
	-	-	-	-	-	-	(0.19)	-	-	-	(0.15)	
Harpashad & Co. Private Limited	34.98 (33.96)	-	-	-	-	-	-	8.04 (2.68)	-	(0.16)	-	0.42 (0.18)
Raksha Health Insurance TPA Private Limited	-	-	0.66 (0.78)	-	-	0.60 (0.24)	-	-	0.67 (0.93)	-	-	
Rimari India Private Limited	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	(0.03)	-	(0.12)	-	-	
Momento Communications Private Limited	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	(0.71)	-	-	-	(0.03)	
AAA Portfolios Private. Limited	-	-	-	-	-	-	-	1.27 (0.42)	-	-	-	
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	1.33 (0.44)	-	-	-	
Niky Tasha Communications Private Limited	-	-	-	-	-	-	-	** (**)	-	-	-	
Niky Tasha Energies Private Limited	-	-	-	-	-	-	-	** (**)	-	-	-	
Sietz Technologies India Private Limited	-	-	0.36 (0.36)	0.75 (1.37)	150.47 (165.95)	1.17 (1.36)	-	** (**)	0.45 (0.37)	-	10.84 (19.42)	
Sun & Moon Travels (India) Private Limited	-	-	0.02 (0.02)	-	-	-	3.50 (2.24)	-	0.03 (0.03)	-	0.15 (**)	
EEWL Limited	-	-	-	-	-	-	-	-	0.05 (0.25)	-	0.46 (0.43)	
Ritu Nanda Insurance Service Private Limited	-	-	-	-	-	-	-	-	-	(0.08)	-	
Hero Mindmine Institute Private Limited	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	(0.01)	-	-	-	-	
The IVY Trust	-	-	-	0.34 (0.31)	-	-	-	-	-	0.08 (0.08)	-	

Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

											(₹ crores)
Nature of transactions*	Royalty	Remuneration/Commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/Other recoverables	Trade Receivables	Payables
Agresource Management Private Limited	-	-	-	-	-	-	0.62	-	-	-	-
Sumit Raj	-	-	-	-	-	-	**	-	-	-	-
Preeti Chauhan	-	-	-	-	-	-	(**)	-	-	-	-
Rajeev Khanna	-	-	-	-	-	-	**	-	-	-	-
Donald Fernandez	-	0.07	-	-	-	-	-	-	-	-	-
Priyank Kalra	-	(0.08)	-	-	-	-	-	-	-	-	-
Rupinder Kaur	-	1.48	-	-	-	-	-	-	-	-	-
Deba Prasad Roy	-	(1.25)	-	-	-	-	-	-	-	-	-
Pawan Bhalla	-	-	-	-	-	-	-	-	-	-	-
Vinod Dixit	-	(0.05)	-	-	-	-	-	-	-	-	-
Ashish Kumar Bhattacharya	-	-	-	-	-	-	0.03	-	-	-	-
Smartparts Innovations Private Limited	-	-	-	-	0.12	-	-	-	-	0.11	-
Kubota Corporation	-	-	(0.03)	-	(1.21)	(0.01)	(0.05)	-	(0.14)	-	-
All Grow Finance & Investment Private Limited	-	-	-	-	-	1.31	0.52	9.19	-	0.09	-
	-	-	-	-	-	(0.21)	(1.26)	(3.06)	-	(**)	(1.03)
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	(0.50)

*Numbers in brackets represents financial year ending 31 March 2021

** Amount represents less than a lakh

^ Services received includes directors sitting fees and commission.



Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

46 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

(₹ crores)

Particulars	31 March 2022						31 March 2021					
	Agri machinery products	Construction equipments	Railway equipments	Unallocated	Inter segment adjustment	Total	Agri machinery products	Construction equipments	Railway equipments	Unallocated	Inter segment adjustment	Total
Revenue	5,586.60	985.31	636.21	37.79	(7.48)	7,238.43	5,732.26	776.11	478.96	27.09	-	7,014.42
Segment Result before interest income unallocable, exceptional items, finance cost and tax	859.55	23.87	94.32	34.24	-	1,011.98	1,032.55	27.81	76.75	(16.80)	-	1,120.31
Add: Interest income unallocable						25.17						48.55
Less: Finance cost						(14.97)						(13.34)
Less: Share of loss of equity accounted investments						(29.35)						(0.74)
Profit before tax						992.83						1,154.78
Less: Tax expense						257.22						283.15
Profit after tax						735.61						871.63
Other comprehensive income						2.08						(10.03)
Total comprehensive income						737.69						861.60

Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

B Other information

Segment	(₹ crores)			
	Segment assets		Segment liabilities	
	As on 31 March 2022	As on 31 March 2021	As on 31 March 2022	As on 31 March 2021
Agri machinery products	3,025.15	2,648.22	964.30	1,315.07
Construction equipments	376.49	361.16	236.18	267.50
Railway equipments	374.77	271.45	92.85	66.07
Auto ancillary products (discontinued operation)	0.55	0.69	6.83	6.84
Unallocated	5,330.78	3,596.65	211.43	197.47
Total	9,107.74	6,878.17	1,511.59	1,852.95

C Additional information by geographies

	(₹ crores)	
	Year ended 31 March 2022	Year ended 31 March 2021
Revenue by geographical market		
India	6,679.94	6,667.29
Outside India	558.49	347.13
	7,238.43	7,014.42
Non-current assets*		
India	2,022.95	1,949.43
Outside India	3.16	3.09
	2,026.11	1,952.52

*Non-current assets excludes financial instruments and deferred tax assets (net)

D Revenue from major customers

The Group is not reliant on revenues on transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

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.



Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

47 Revenue from Contracts with Customers

(a) Disaggregation of revenue

The Group 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.

As at 31 March 2022

	(₹ crores)			
Revenue from operations	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	6,592.47	23.70	86.03	6,702.20
Export	436.82	-	-	436.82
Total	7,029.29	23.70	86.03	7,139.02
Revenue by time				
Revenue recognised at point in time				7,115.32
Revenue recognised over time				23.70
Total				7,139.02

As at 31 March 2021

	(₹ crores)			
Revenue from operations	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	6,596.20	14.00	63.27	6,673.47
Export	247.38	-	-	247.38
Total	6,843.58	14.00	63.27	6,920.85
Revenue by time				
Revenue recognised at point in time				6,906.85
Revenue recognised over time				14.00
Total				6,920.85

* Other operating revenue amounting to ₹ 99.41 crores (31 March 2021 : ₹ 93.57 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here

Notes

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(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)	
	As at 31 March 2022	As at 31 March 2021
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	86.86	82.50
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	(₹ crores)			
	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Contract liabilities related to sale of goods				
Advance from customers	-	99.16	-	66.42
Deferred income	8.52	22.21	12.13	28.82

Remaining performance obligations as at the reporting date are expected to be substantially recognised over the next three years by the Group.

(d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	(₹ crores)	
	As at 31 March 2022	As at 31 March 2021
Contract price	7,399.61	7,249.15
Less: Discount, rebates, credits etc.	260.59	328.30
Revenue from operations as per Statement of Profit and Loss*	7,139.02	6,920.85

* Other operating revenue amounting to ₹ 99.41 crores (31 March 2021 : ₹ 93.57 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here.

(e) The Group provide warranties on products sold by them and majority of these are in nature of assurance that the related products 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. Additionally, the Group extends its services by offering extended warranty with the sale of products which is deferred over the warranty period.



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forming part of the Consolidated Financial Statements for the year ended 31 March 2022

48 Other Statutory Information

(i) Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

a Transactions other than shareholding with struck off Companies

Name of the Struck off company	Nature of transaction with struck-off company	Balance Outstanding Amount as on 31-March-2022	Balance Outstanding Amount as on 31-March-2021
365 XPO Digital Private Limited	Trade payable	-	-
74 BC Technologies Private Limited	Trade payable	0.01	0.01
Carry More Hoists Private Limited	Trade payable	-	-
Core Leadership Search Consulting Private Limited	Trade payable	-	-
Net Air Express Private Limited	Trade payable	-	-
Carry More Hoists Private Limited	Trade receivables	-	-
The West Bengal Power Development Corporation Limited	Trade receivables	-	-

b. Details of shares held by struck off company (Face value of ₹ 10):

Name of the Struck off company	Nature of transaction with struck-off company	Number of shares as on 31-March-2022	Number of shares as on 31-March-2021
Dreams Broking Private Limited	Shares held by struck off company	9.00	9.00
Esvee Tools Private Limited	Shares held by struck off company	50.00	50.00
Kothari Intergroup Private Limited	Shares held by struck off company	1.00	1.00
Mani Traders Private Limited	Shares held by struck off company	40.00	40.00
Popular Stock & Share Services Private Limited	Shares held by struck off company	100.00	100.00
Sanketh Metals Private Limited	Shares held by struck off company	265.00	265.00
Sunren Exports Investments Private Limited	Shares held by struck off company	112.00	112.00

(ii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
- provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(iii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

49 Ratio analysis

Particulars	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reason for change
Current Ratio	Current Assets	Current Liabilities	5.02	2.73	83.87%	Mainly due to investment of surplus cash received towards preferential allotment from Kubota Corporation, Japan into liquid mutual funds, which has resulted into increase in current assets as at March 31, 2022, coupled with increase in trade receivables and inventories and decrease in trade payables at the year end.
Debt Equity Ratio	Total Debt (including Current maturities of Long Term Borrowings and excluding lease liabilities)	Shareholder's Equity	-	0.00	-100.00%	NA
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest Expense	Debt service = Interest & Lease Payments + Principal Repayments	42.78	30.76	39.09%	NA
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	11.65%	21.41%	-45.57%	The decrease is primarily on account of lower profits as compared to FY21 coupled with increase in Shareholder's equity due to equity infusion by Kubota Corporation, Japan.
Inventory turnover ratio	Cost of goods sold	Average Inventory	6.36	5.80	9.71%	NA
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales	Average Trade Receivable	9.98	10.10	-1.13%	NA
Trade payable turnover ratio	Total purchases of raw material, store and spares and stock in trade	Average Trade Payables	4.89	3.60	35.71%	Increase primarily due to decrease in trade payables as at March 31, 2022 as compared to March 31, 2021
Net capital turnover ratio	Net sales = Total sales - sales return	Average Working capital = Current assets – Current liabilities	1.73	3.48	-50.27%	The decrease is primarily on account of increase in current assets due to investment made in liquid investments from the proceeds of equity infusion by Kubota Corporation, Japan.
Net profit ratio	Net Profit	Net sales = Total sales - sales return	10.16%	12.43%	-18.22%	NA
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	13.25%	23.30%	-43.15%	The decrease is primarily on account of increase in Shareholder's equity due to equity infusion by Kubota Corporation, Japan coupled with decrease in profits as compared to previous year



Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

Particulars	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reason for change
Return on Investment	{MV(T1) – MV(T0) – Sum [C(t)]} (Refer notes below)	{MV(T0) + Sum [W(t) * C(t)]} (Refer notes below)	30.72%	93.98%	-67.32%	The share price performance had been extremely good in FY21, mainly due to significant increase in profitability in FY21 as compared to FY20, driven by robust industry growth, increase in market share during 2020-21 and investment by Kubota Corporation, Japan in 2020-21 at 40% premium compared to prevailing market price during that period.

Notes:

T1 = End of year

T0 = Beginning of year

t = Specific date falling between T1 and T0

MV(T1) = Market value at end of year

MV(T0) = Market value at beginning of year

C(t) = Cash inflow, cash outflow on specific date

W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as $[T1 - t] / T1$

50 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 Chandiook & Co LLP**

Chartered Accountants

(Firm Regn No. 001076N/N500013)

Ashish Gupta

Partner

Membership No. 504662

Place : New Delhi

Date : 13 May 2022

For and on behalf of the Board of Directors

Nikhil Nanda

Chairman and

Managing Director

(DIN: 00043432)

Place : Faridabad

Shailendra Agrawal

Executive Director

(DIN: 03108241)

Place : Faridabad

Bharat Madan

President Finance, Group Chief

Financial Officer & Corporate Head

Place : Faridabad

P.H. Ravikumar

Director

(DIN: 00280010)

Place : Mumbai

Satyendra Chauhan

Company Secretary

& Compliance Officer

Membership No. A14783

Place : Faridabad

Date : 13 May 2022

Notes

forming part of the Consolidated Financial Statements for the year ended 31 March 2022

Statement containing salient features of the consolidated financial statements of subsidiaries/joint venture for the year 2021-22

Subsidiaries

Name of the subsidiaries	(₹ crores)						
	Escorts Finance Limited	Farmtrac Tractors Europe Sp. Z.o.o, Poland *	Escorts Securities Limited @	Escorts Crop Solution Limited	Escorts Benefit and Welfare Trust	Escorts Benefit Trust	Escorts Skill Development (Unaudited)^
Reporting period	31 March 2022	31 March 2022	31 March 2022	31 March 2022	31 March 2022	31 March 2022	31 March 2022
Capital	40.17	25.87	13.50	24.40	-	-	0.05
Reserves & Surplus	(218.77)	(21.63)	(2.36)	(15.41)	0.02	3.09	0.48
Total assets	4.65	65.95	35.07	13.96	0.02	3.09	7.31
Total liability	183.25	61.71	23.94	4.90	0.01	0.00	6.78
Investments	-	-	-	-	-	3.08	-
Turnover	0.12	121.84	10.93	18.85	-	-	1.02
Profit/(loss) before taxation	(0.13)	3.40	(0.08)	(2.46)	(0.01)	3.20	-
Provision for taxation	-	-	1.54	-	0.00	0.39	-
Profit/(loss) after taxation	(0.13)	3.40	(1.62)	(2.46)	(0.01)	2.82	-
Proposed dividend	-	-	-	-	-	-	-
% of shareholding	67.87%	100%	0.00%	100%#	100%	100%	100%

* Note : Exchange rate 1 PLN= 18.09 ₹ (i.e. closing rate)

@ Disposed off on 14 February 2022

#Rounded Off to 100%

^ Escorts Skill Development has become wholly owned subsidiary of the Company on November 01, 2021. Based on the control assessment carried out by management in terms of Ind AS 110, ESD has not been consolidated in these consolidated financials.

Joint venture

Name of the Joint venture	(₹ crores)			
	Adico Escorts Agri Equipment Private Limited	Tadano Escorts India Private Limited	Escorts Kubota India Private Limited	Kubota Agricultural Machinery India Private Limited
Latest audited balance sheet date	31st March, 2022	31st March, 2022	31st March, 2022	31st March, 2022
Shares held by company				
Numbers	84,00,000	7,27,65,000	1,20,00,000	2,00,00,000
Amount of investment (₹ Crores)	8.40	72.77	120.00	90.00
Holding %	40%	49%	40%	40%
Description of how there is significant influence	Joint venture agreement	Joint venture agreement	Joint venture agreement	Joint venture agreement
Reason for not considered for consolidation	Not applicable	Not applicable	Not applicable	Not applicable
Networth attributable to shareholding (including goodwill)	3.98	53.23	67.10	123.07
Total comprehensive income/(loss) for the year	0.31	(21.20)	(96.33)	48.53
Considered in consolidation	0.12	(10.39)	(38.53)	19.41
Not considered in consolidation	0.19	(10.81)	(57.80)	29.12

For and on Behalf of the Board of Directors

Nikhil Nanda
Chairman and
Managing Director
(DIN: 00043432)
Place : Faridabad

Shailendra Agrawal
Executive Director
(DIN: 03108241)
Place : Faridabad

P.H. Ravikumar
Director
(DIN: 00280010)
Place : Mumbai

Bharat Madan
President Finance, Group Chief
Financial Officer & Corporate Head
Place : Faridabad

Satyendra Chauhan
Company Secretary & Compliance Officer
(Membership No. A14783)
Place : Faridabad
Date : 13 May 2022

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Glossary List

Short Form	Full form
AAR	The Association of American Railroads
AGM	Annual General Meeting
AR	Annual Report
BHL	Backhoe Loader
BRR	Business Responsibility Report
BSE	Bombay Stock Exchange
BSIV	Bharat stage emission standards
CAGR	Compound Annual Growth Rate
CEI	Customer Empathy Index
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resource Officer
CII	Confederation of Indian Industry
CNG	Compressed natural gas
CoBC	Code of Business Conduct
COO	Chief Operating Officer
CSR	Corporate social responsibility
CY	Current Year
DFC	Dedicated Freight Corridors
DG	Diesel Generator
DHBVN	Dakshin Haryana Bijli Vitran Nigam
DIY	Do it yourself
DLP	Data Loss Prevention
DNA	Deoxyribonucleic acid
EAM	Escorts Agri Machinery
EBIT	Earnings before interest and taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EBWT	Escorts Benefit and Welfare Trust
ECE	Escorts Construction Equipment
ED	Executive Director
EHS	Environment, Health and Safety
EK	E-Kubota
EKI	Escorts Kubota India Private Limited
EKL	Escorts Kubota Limited or Escorts Limited
EMDE	Emerging Market and Developing Economies
ERM	Enterprise Risk Management
ESG	Environment, Social and Governance

Glossary List

Short Form	Full form
ESL	Escorts Securities Limited
ESOPs	Employee Stock Option Plan
ETP	Effluent Treatment Plant
EY	Ernst & Young
FT	Farmtrac
FY	Fiscal Year represents the 12 months period from 1st April to 31st March.
FY2020-21 or FY21	Fiscal Year represents the 12 months period from 1st April 2020 to 31st March 2021.
FY2021-22 or FY22	Fiscal Year represents the 12 months period from 1st April 2021 to 31st March 2022.
GDP	Gross domestic product
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GST	Goods and Services Tax
GVA	Gross value added
HIRA	Hazard Identification and Risk Assessment
HP	Horsepower
HR	Human Resource
HSPCB	Haryana State Pollution Control Board
IBC	Insolvency and Bankruptcy Code
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
IndAS	Indian Accounting Standards
IP	INTELLECTUAL PROPERTY
IRIS	International Railway Industry Standard
ISO	International Organization for Standardization
IT	Informational Technology
JIT	Just in time
JSA	Job Safety Analysis
JV	Joint venture
KAI	Kubota Agriculture Machinery India Pvt. LTD.
KL	kilolitre
KMC	Knowledge Management Centre
KMP	Key Managerial Personnel
KRAs	Key Result Areas
KWH	kilowatt hour
LMS	Learning Management System
LODR	Listing Obligations and Disclosure Requirements
LPG	Liquefied Petroleum Gas

Glossary List

Short Form	Full form
LY	Represents Last Year
MGNREGS	Mahatma Gandhi Employment Guarantee Act
ML	millilitre
MMU	Mobile Medical Units
MOU	Memorandum of understanding
MSME	Ministry of Micro, Small and Medium Enterprises
MSP	Minimum support price
MTBP	Mid Term Business Plan
MTBP	Metric Ton
MWh	Megawatt hour
NAV	Net Asset Value
NETS	New Escorts Tractor Series
NFSA	National Food Security Act
NIP	National Infrastructure Pipeline
NPD	New Product Developed
NR	Not Relevant
NRC	Nomination and Remuneration Committee of the Company
NSE	National Stock Exchange
OCI	other comprehensive income
OHC	Occupational Health Centre
OHSMS	Occupational, Health & Safety Management System
PAT	Profit After Tax
PBT	Profit Before Tax
PM	Pradhan Mantri
PM	Particulate Matter
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojana
PnC	Pick & Carry Crane
PoSH	Prevention of Sexual Harassment at Workplace
PPE	Personal Protective Equipment
PSI	Plant Sustainability Index
PT	Powertrac
Q1	Represents the 3 months period from 1st April to 30th June
Q2	Represents the 3 months period from 1st July to 30th September
Q3	Represents the 3 months period from 1st October to 31st December
Q4	Represents the 3 months period from 1st January to 31st March
QoQ	Represents Quarter on Quarter
R&D	Research and development

Glossary List

Short Form	Full form
RBI	Reserve Bank of India
RDSO	Research Designs and Standards Organisation
RDX Series	Rotavator Diesel Saver Extrapower
REBA	Rapid Entire Body Assessment
RED	Railway Equipment Division
RNIL	Rajan Nanda Innovation Lab
ROCE	Return on capital employed
RT-PCR	Reverse transcription polymerase chain reaction
SA	Service APP
SCM	Safety Committee Meeting
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SHIP	Sprayers, Harvesters, Implements and Planters
SOPs	Standard Operating Procedures
SOS	Save our souls
Sox	Sulfur oxide emissions
SPOCs	Single Point Of Contact
SR	Sustainability Report
STP	Sewage Treatment Plant
TEI	TADANO ESCORTS INDIA PVT. LTD
TJ	Terajoule
TPM	Total Productive Maintenance
UIC	International Union of Railways
UN	United Nations
US	United States
USA	United States of America
VFD	variable frequency drive
WFH	work from home
WIP	Work-in-progress
YoY	Year on Year

Corporate Information

Mr. Nikhil Nanda

Chairman and Managing Director

Mr. Hardeep Singh

Director

Mr. P.H. Ravikumar

Independent Director

Mrs. Vibha Paul Rishi

Independent Director

Dr. Sutanu Behuria

Independent Director

Ms. Nitasha Nanda

Whole-time Director

Mr. Shailendra Agrawal

Executive Director

Mr. Sunil Kant Munjal

Independent Director

Ms. Tanya Dubash

Independent Director

Mr. Harish N. Salve

Independent Director

Mr. Dai Watanabe

Non-Executive Director

Mr. Yuji Tomiyama

Non-Executive Director

Mr. Seiji Fukuoka

Whole Time Director
(Deputy Managing Director)

Mr. Shiro Watanabe

Non-Executive Director

Mr. Ravindra Chandra Bhargava

Independent Director

Mr. Kenichiro Toyofuku

Independent Director

President Finance, Group Chief Financial Officer and Corporate Head

Mr. Bharat Madan

Company Secretary & Compliance Officer

Mr. Satyendra Chauhan

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 Ltd.

Standard Chartered Bank



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