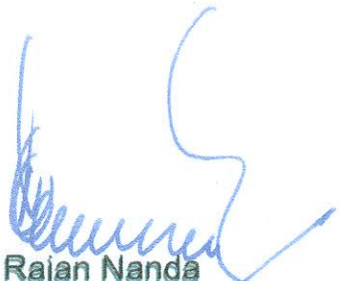


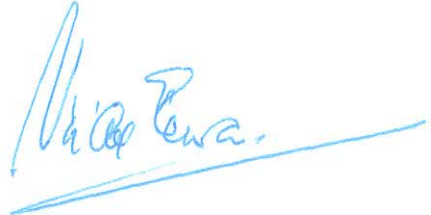


**FORM A**

1	Name of the Company:	Escorts Limited
2	Annual financial statements for the year ended	March 31, 2015
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable
5	To be signed by-	
	 Rajan Nanda Chairman and Managing Director	 Dr. S.A. Dave Audit Committee Chairman
	 Bharat Madan Group Financial Controller	 Vijay Dhawan, Partner of M/s S.N. Dhawan & Co. Statutory Auditors of the Company





ENGINEERING  
THE FUNDAMENTALS  
OF GROWTH

69<sup>th</sup>

Annual Report  
2014 - 15





# VISION

To be among the top engineering companies in India. Through the power of imagination in engineering we create solutions that help our customers be more productive.

# MISSION

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

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## FORWARD LOOKING STATEMENTS

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Engineering the fundamentals of growth

At Escorts, we have been engaged in 'Making India' for well over six decades, passionately and perceptibly transforming India's agricultural and infrastructure sectors and helping enrich life quality.

Today, positioned as one of the country's frontline engineering companies, Escorts is embracing its next phase of growth, powered by national progress and pivoted by its philosophy of engineering the fundamentals of growth.



## About the Company:

- Inception: 1944 | Headquarters: Faridabad
- Eight state-of-the-art manufacturing plants in India and one in Europe
- One of India's leading tractor manufacturers and amongst the world's Top Ten
- World's largest Pick-n-Carry Hydraulic Mobile Crane manufacturer
- Leading manufacturer of critical railway components for over four decades
- Pioneer in automotive shock absorber manufacturing in India
- Presence across 40 countries

## Our Businesses:

- Escorts Agri Machinery
- Escorts Construction Equipment
- Escorts Auto Products
- Escorts Railway Products

## Manufacturing Experience:

- 1 million+ tractors
- 16,000+ construction equipment
- 5 million+ auto components

## Market Penetration:

- 1,000-plus dealers, stockists and distributors
- 1,200-plus sales and service outlets

## *CMD's Communiqué*

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ESCORTS:  
A vibrant  
engine of  
growth  
aligned with  
the rise of  
the nation

## Dear Shareholders,

It is now widely believed that India will emerge as the world's fastest growing economy for the second consecutive year in 2016, an embodiment of legislative renewal leading to economic resurgence.

Since inception, Escorts' evolution has reflected serving the priorities of the country by leveraging our engineering prowess & innovation to address some of the core building blocks of the nation such as 'better food & prosperity' through our agriculture business; 'better & safe infrastructure' through our construction business; and 'better technology-driven personal mobility' through our auto and railway businesses directed towards enhancing the life quality of consumers, communities, countries and the world. Being deeply engaged in India's socio-economic progress, our focus on 'Engineering the fundamentals of growth' depicts the core of our existence.

Keeping in view the national and global priorities both on the economic and resources front, we have augmented our capabilities to directly address some of the major imbalances that impact our communities today, including low agricultural yields, outdated farm practices, infrastructural deficit and employment generation. At Escorts, it is finding a solution to these challenges that drives us every single day and we are devoted to realizing the potential of a country that is resurgent, forward-looking and truly committed to an inclusive growth philosophy.

India is among the largest tractor markets of the world. We are focused on spearheading agricultural mechanization which can enhance yields, alleviate labor intensity and contribute to an agricultural resurgence that is at the core of food security as well as economic wellbeing among our farmer communities. To our commitment of mechanization, we are also bringing to the fore our frugal engineering practices. This is helping us optimize costs, gain higher efficiency, drive better capacity utilization and ensure superior cost competitiveness, thereby setting the platform for growing our market share.

With increasing urbanization, the government's assertive focus on correcting the country's infrastructural deficit, developing roads network, enhancing inter-city mobility through rapid

transportation systems and modernizing the railways is evident in the proposed establishment of smart cities. The widest complement of our construction machines, auto components & railway products gives us just the right portfolio to address the core national urban development need. Our emphasis on technology-driven products are aligned to elevate the country's transportation infrastructure.

With an array of world-class products and processes to back us, Escorts, as a future-facing enterprise has now embarked on a challenging journey – bringing in international benchmarks through technology collaboration with global majors, strengthening our frugal engineering excellence coupled with innovation-led technology and service commitment to bring in the best to address growing customer needs. We are building enduring relationships to strengthen our customer proximity and enhance brand equity. Our strategy is in place to build stronger partnerships among our suppliers and dealers, broaden our distribution network and expand our coverage to maximize reach. We are engaging with globally-reputed consultants who are helping us in cost optimization, institutionalizing best-in-class systems and processes for lean and proficient operations and enhanced profitability.

At Escorts, our people agenda exemplifies inclusiveness for skill building and for creating a pipeline of aspiring talent. Building 'employable' talent is a core priority for India's long-term socio-economic progress. As a means to participate in this mission through our CSR initiatives, we constituted Escorts Skill Development Private Limited with the stated objective of establishing and operating skill development centres across the country as a means to equip youth with skills and create livelihood opportunities.

At Escorts, we are creating value that transcends conventional measures – as a world-class engineering company, as a preferred employer and as an entity dedicated to sustained philanthropy. I invite you to be a part of Escorts, a truly vibrant engine of growth aligned with the rise of our nation.

Best wishes,

**Rajan Nanda**

Chairman & Managing Director  
Escorts Limited

## Q&A with the Managing Director



“The fiscal 2014-15 was a year of transition and today, we are decisively prepared for capitalizing on tomorrow’s potential.”

*Nikhil Nanda, Managing Director, emphasizes that greater collaboration within teams, closer engagement with customers and wider technological and cost innovation is already helping the Company transition into its next phase of growth*

### Q. What is your macro vision for Escorts?

As a frontline engineering enterprise that is deeply connected with India’s agricultural and infrastructural roots, we continue to pursue all-round excellence. Towards this extent, we are engaging in customer need-driven product innovation to ensure better alignment of brand expectations with on-field asset performance. We are also bringing the value of global technology collaborations to our products, delivering world-class equipment performance, safety and mileage, characteristics that are core to our customer’s requirements, hence making us an integral part of their agricultural engagements. With a view to democratize availability, we are also associating with specialized financial institutions while simultaneously supporting our channel partners and increasing the length and width of our franchise.

At Escorts, all of these initiatives are anchored on our macro vision of enhancing agricultural mechanization and in doing so, strengthening farm economics and driving farmer prosperity. Moreover, with a strong focus on international markets, we are also poised

to increase our overseas business, leveraging a global mindset and an emerging presence in strategic geographies.

Under our construction equipment vertical, I must mention that aggressive R&D investments, channel expansion for enhanced coverage and a wider product portfolio are some of our strong points helping us meaningfully contribute to India’s overall infrastructural development.

Today, closely linked with the nation’s progress, Escorts reaffirms its commitment to nation-building by focusing on hunger and poverty eradication by bringing forth world-class technology and infrastructure solutions, thereby emerging as one of the top global engineering enterprises.

### Q. If you were to mention a singular anchor pivoting Escorts, what would it be?

It would have to be our inherent ability to listen to our customers. This is our most valuable business driver that allows us to gain traction in driving product value, market value, brand value and ultimately, shareholder value.

**Q. Can you give us an example?**

A classic case in point is the January 2015 launch of Escorts' Powertrac haulage tractors, India's first Anti-Lift Tractor (ALT) series, positioned around the core benefit of 'Driver safety, owner savings'. Our deep insights into customer usage patterns of tractors exposed a key vulnerability characterised by the front lifting nature of the tractor that could result in limited or no steering of its front wheels causing the driver to lose control, endangering both his personal safety and the integrity of the asset.

At Escorts, we brought the value of our R&D practice to the problem and developed features that could significantly augment the tractor's front-lift resistance capability, thereby enhancing driver safety and ensuring lower operating costs for the owner.

**Q. What were some of the other new tractor series launched during the year?**

Even as the overall Indian tractor market remained subdued with volumes declining by about 13%, we embraced a clear strategy to introduce innovative, features-rich and technology-led products.

In a move that is yet again consistent with our mission of enhancing agri-mechanisation and offering safe and cost-effective haulage operations in a product that also showcases extra style, comfort and power, we launched the state-of-the-art Farmtrac 6050 4x4 Heritage Series at Agrotech in Punjab in November 2014. A significant chunk of the international market runs on 4x4 tractors and this is indicative of the kind of potential that exists for these products in India, the fifth largest agricultural market of the world.

We also recently launched the revolutionary, next-generation 'XP series' engines in the Farmtrac brand of tractors that facilitated superior field economics by enabling the farmer to work across the entire 1,200-2,200 rpm range without compromising on power and fuel efficiency, thereby opening up the widest range of farm and commercial applications.

**Q. There has been a steady focus on higher HP tractors.**

It is a part of our well-defined strategy on portfolio premiumisation towards creating an entirely differentiated category and leading within it, especially in higher HP tractor segments. It is pertinent to mention that this focus is already yielding results as we could drive a near 54% growth in tractor volumes in the 50+ HP category and accrue a considerable increase in market share in this segment to 9.7% in 2014-15 even as the overall domestic market for this space grew by 5%.

What gives me further confidence of gaining mind share and, resultantly, market share in the higher HP segment is our focus on introducing 40–50 HP tractors within the Powertrac brand. This offering is anchored on the proposition of cost-efficiency through better mileage and higher power and we intend to seamlessly plug into this category and focus on democratizing the segment by leveraging our well-established Powertrac brand.

**Q. How did the Company fare on the global front during the review year?**

On the export front too, we reported a substantial 146% growth in volumes, demonstrating our large-scale product acceptance.

Notably, we launched our futuristic Farmtrac Heritage line in South Africa in sync with our ambition of emerging as the leader in the sub-80 HP tractor category in the country. In another development, we also introduced two series of tractors in Bangladesh - the new Farmtrac 6060 Heritage series in the 60 HP segment positioned in the high-end premium category and the new Powertrac Diesel-Saver Plus 4455 Euro series in the 55 HP range covering the popular mid-size segment.

Importantly, both these new launches set us up to grow our volumes significantly in the coming years on the back of our focus on the 'right product-right region-right time' philosophy.

Going into the future, we have identified key high-potential markets including those of Africa, Europe and the US that present significant scope for growth with regards to being large markets with relatively lower competitive intensity. Moreover, the twin benefits of a strategic organizational restructuring to enhance focus on exports paired with a product suite that can be easily plugged into these markets gives us the confidence that exports will be a sizeable contributor to our revenues in the upcoming years.

**Q. What were some of the material developments on the shop-floor?**

Our stated ambition is to emerge as the most profitable tractor manufacturer in the country and towards realising this vision we activated Project Shikhar in 2014 that aims to institutionalise processes and practices for a lean and efficient operation led by benchmarked levels of material cost, design excellence, lean and quality supplier base and a sprightly supply chain.

I am proud to report that within a short duration of the launch, we have already derived substantial gains, which will result in increasing shop-floor value creation, going forward.



**Q. What were some of the other highlights at the agri-machinery division?**

At Escorts, we believe that products alone do not build a business; relationships do. It is with this philosophy that we have engaged in a sales and marketing restructuring exercise at the division to focus on the frontend of the business, creating critical touch-points with dealers and the customers at large.

As a means to create a future-ready organization, we also encouraged lateral intra-divisional movement among our people that not only strengthened the sense of collaboration among our teams but also fostered new ideas, helping crystallize and refine our go-to-market strategies.

During the year under report, we also identified financing as one of the key challenges faced by our customers in accessing our products. To help address this issue, we entered into channel financing agreements with major NBFCs and other regional players, riding on their distribution network and financing capabilities. This has not only enabled greater access to pockets that are our traditional weak spots including the markets of the South but has also widened the access of our Escorts range of products. In February 2015, we launched a partnership with DLL, the Indian subsidiary of Rabo Bank (one of the world's most respected agriculture banks) to initiate Escorts Credit – an arrangement under which DLL will provide retail tractor loans to Escorts customers with convenient and fast options, thereby further widening our potential market.

I must also mention yet another exciting development that transpired in June 2015. We forged a partnership with the globally-reputed Cognizant Technology Solutions aimed at improving control and effecting greater collaboration across our value chain. This will result in mobile-enabling the workforce, strengthening integration across our ecosystem, creating adaptive production lines and manufacturing practices and developing digital capabilities including analytics and mobility.

These alliances are consistent with our philosophy of creating value for our entire ecosystem, helping seamlessly integrate our dealers, customers and employees and fostering greater levels of association among them.

**Q. Please enunciate the key developments at the Company's construction equipment business.**

The Indian construction sector continued to remain in a state of near paralysis for most of the past financial

year. However with the new government at the helm, there has been some optimism that the sector has bottomed out with future prospects looking better.

Even in this backdrop, the Escorts construction equipment division outperformed the industry by reporting a near 8% growth in volumes against the industry volume decline of 10%. Led by the strong and well-established brand franchise of Escorts cranes, we continued to lead the market in this segment with the product suite contributing to the bulk of our construction division sales. I must also mention that we are gaining good traction in the backhoe loader space, the largest segment of the construction equipment industry, with Dig Max II reporting both volume as well as market share gains during the year under report.

Leveraging this platform for growth and looking to swing the business back to profitability, we undertook several crucial steps including optimising both fixed as well as variable costs, effecting price increases across categories, widening the channel network, reaching out directly to potential customers and securing financing through retail tie-ups. The results of these initiatives were evident in the last quarter of 2014-15 with losses coming down sharply, which gives us much confidence as we move forward into 2015-16.

**Q. What were some of the reportable highlights at Escorts' railways and auto products divisions?**

We are very excited at the long-term prospects of our railways business considering the concerted efforts undertaken by the Indian Railways towards modernisation and capacity de-bottlenecking.

Our focus on driving product value and moderating costs resulted in EBIT margins moving up sharply despite revenues remaining flattish during the year, which clearly indicates a pick-up in buoyancy. Moreover, we closed the fiscal with substantial worth of orders in hand including the developmental order for our indigenously-designed axle-mounted disc brakes, and going into 2015-16 we intend to widen our product suite through either captive development or through forging technology partnerships, thereby taking the business to its next level of growth.

At our auto products division, we engaged in concerted efforts to get the business back on track. Towards this end, we implemented the Group-wide VRS initiative aimed particularly at restructuring the division. This largest-ever VRS at Escorts was availed by a significant number of employees and will enable greater efficiencies and productivity on the back of

manpower rationalisation. This initiative paired with a stronger focus on our dealership, productivity and shop-floor efficiency gains and portfolio optimisation geared towards value-added products resulted in EBIT losses declining in 2014-15, a traction that we hope to sustain over the future.

**Q. If you were to emphasise on the key facilitator of these enterprise-wide achievements, what would it be?**

It would undoubtedly be our people. Our engineering and our front-end teams constitute a knowledge pool that is undeniably one of the best in the world and share a common passion to make a real difference in the lives of our customers.

To reinforce this sense of being, we initiated the 'Empathy' programme that encouraged our employees to spend a week within the social milieu of our customers to 'listen' to their needs and transfer this knowledge onwards for the development of products and features that solve their challenges. Concurrently, we have also initiated the 'MD for a Day' initiative to invite members to come and take my position for a day, thereby fostering a culture of generating ideas from within and implementing them with speed. I have also engaged in several Town Halls to connect with our people and recharge their sense of passion while at the same time understanding the pulse of the organization and channelizing it for common good.

Going forward, talent acquisition will continue to remain a key spotlight of our HR division even as we focus on creating a dynamic, professional and committed talent pool that is drawn from some of the best educational brands in the country.

**Q. What was the significance behind the launch of the corporate campaign during the year under report?**

At Escorts, we launched a full-fledged corporate campaign centered around the positioning of 'Engineering the Fundamentals of Growth'. This tagline is not just an agglomeration of fancy words. In fact, it is the very basis of our philosophy of responsible nation-building dovetailed with our legacy of co-creating customer value.

With a focus on positioning brand Escorts as a holistic engineering and technology play, we launched an inspiring audio-video digital campaign that showcased our call to action to take India to its next orbit of growth through our comprehensive engagement in sectors that are core to the nation's secular and sustainable growth.

I am delighted to mention that this crusade found strong resonance among our employees, dealers, customers and financial partners and helped reinforce the value of the Escorts brand as one that is single-mindedly focused on making in India and making India.

**Q. What are some of our plans for 2015-16?**

The fiscal 2014-15 was a year of transition and today, we are decisively prepared for capitalising on tomorrow's potential.

We have embarked on an ambitious program that emphasises on lean management and consolidation of operations to create a more profitable manufacturing practice. Simultaneously, we are also looking to engage with best-fit partners for technology infusion to tap into the larger opportunities available within our operational sectors. In the long run, our focus is to first boost earnings and then efficiently allocate capital to productive assets in order to generate superior RoCE. Going into 2015-16 and beyond, I am certain that these initiatives will not only enable us to target higher market share and margins but also make us the brand and partner of choice across our businesses.

**Q. What is your message to the Company's shareholders?**

I consider all the shareholders of Escorts as my partners in the business. Keeping the spirit of partnership in mind, through this message, my intent was to reach out to you to communicate the initiatives, performance and strategic direction of your Company.

I must mention that Escorts lends utmost importance to Corporate Governance. We have strengthened our Board of Directors with some eminent and sought-after industry leaders to guide us on our quest going forward. In line with our core value of transparency, we have outsourced our internal audit processes to Grant Thornton in September 2014. Our objective has always been to constantly improve our systems and processes to match the best in the industry.

I want to seek the feedback of my partners in order to build this Company as we move ahead. I want to invite you to become a part of this journey to transform your Company into a customer-centric, technologically-driven and a highly profitable engineering enterprise. I can be reached through our Investor Relations team or directly at [nikhil.nanda@escorts.co.in](mailto:nikhil.nanda@escorts.co.in). Please feel free to share your thoughts and suggestions.

# Board of Directors



**1. Mr. Rajan Nanda**, Chairman & Managing Director

Mr. Rajan Nanda is a visionary leader who has played a defining role in establishing Escorts as an organization of repute. His astute leadership has resulted in giving Escorts a sharper focus in the high growth economy sectors of agri machinery, construction equipment, railway equipment and auto components. Mr. Nanda is an active member of several apex trade and industry bodies. As a member of the CII National Council, he has served as the Chairman of its Agriculture Committee. Mr. Nanda plays a pivotal role in promoting the cause of Indian agriculture and his endeavours resulted in the government announcing the long-awaited National Agriculture Policy.

**2. Mr. Nikhil Nanda**, Managing Director

Mr. Nikhil Nanda has been a key member of the Board since 1997. He plays a vital role in managing the Group's performance and steering its operations to create a customer-centric, technology-driven brand. Together with the leadership team, he is leading the organizational transformation into a culture of high-efficiency and aggressive growth. Mr. Nanda is a member of Northern Regional Council of Confederation of Indian Industry (CII), Federation

of Indian Chambers of Commerce & Industry (FICCI), the Indo American Chambers of Commerce (IACC), high-level strategic group constituted by All India Management Association (AIMA) and Young India Committee of CII.

**3. Dr. S. A. Dave**, Director

Dr. S. A. Dave is an economist of international repute. He has a rich experience across multiple facets of financial and capital markets. Former Executive Director of IDBI, former Chairman of UTI and the first Chairman of SEBI, Mr. Dave is acting as Chairman of Centre for Monitoring Indian Economy, Mumbai and is also the Director of HDFC Limited, and many other reputed companies.

**4. Mr. S.C. Bhargava**, Director

Mr. S. C. Bhargava is an eminent personality with a rich experience in all facets of Finance and Insurance. He possesses extensive knowledge in the field of securities market, treasury operations and investments, among others. Mr. Bhargava, Senior Fellow of Institute of Chartered Accountants has also worked as member of the Technical Advisory Committee on Money, Foreign Exchange and Government Securities Market for Reserve Bank of India. Currently, he is serving on the Board of many reputed organizations.

### **5. Mr. P. H. Ravikumar**, Director

Mr. P.H. Ravikumar is 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 has been 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 has worked in senior level positions in ICICI Bank, the leading private sector bank in India and 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 the non-executive chairperson of SKS Microfinance Ltd. and (among other companies) on the Boards of L&T Investment Management Co. Ltd., Aditya Birla Capital Advisors Ltd., Bharat Forge Limited, etc.

### **6. Mr. Hardeep Singh**, Director

Mr. Hardeep Singh has a 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) and non-executive Chairman of HSBC Invest Direct India Limited. He is 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. 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. He is a graduate in Economics from Pune University and an alumnus of Kellogg School of Management.

### **7. Ms. Vibha Paul Rishi**, Director

Ms. Vibha Paul Rishi, an Alumnus of FMS Delhi, started her career with the Tata Administrative Services and was part of the founding team of Titan Watches. Ms. Rishi has been 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 had been 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, US and UK. She was one of the founding team employees of PepsiCo when they set up in India. She was also associated with Pratham, an NGO that works to provide education to underprivileged children in India.

### **8. Dr. Sutanu Behuria**, Director

Dr. Sutanu Behuria is a postgraduate in Economics from Delhi School of Economics as well as a postgraduate and Ph.D in Economics from Southern Methodist University, Dallas, Texas. He is an Indian Administrative Services Officer (Himachal Pradesh) from the 1976 batch. He has, during his illustrious career spanning 38 years of professional experience, served as Secretary in the Dept. of Fertilizers, National Disaster Management Authority, Ministry of Minority Affairs and Department of Heavy Industry. He has been 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 Board member in over 25 PSUs. Dr. Behuria has worked in the Asian Development Bank for over five years. He has also been Advisor to the Finance Minister of Mauritius for two years under a Commonwealth program.

### **9. Ms. Nitasha Nanda**, Director

Ms. Nitasha Nanda is a multi-faceted professional, entrepreneur and business leader with widespread experience across global and Indian companies. After graduating with Honours in Commerce from University of Delhi, she has worked with Price Waterhouse Cooper, ANZ Grindlays Bank, Hewlett Packard, Escorts Finance Limited and other reputed organizations in the area of Business Strategies, Financial Management, Operational Research and Managerial Techniques, among others. Ms. Nanda is responsible for managing the company's subsidiary companies which include Escorts Securities.

### **10. Mr. G. B. Mathur**, Director

Mr. G. B. Mathur is a member of the Institute of Company Secretaries of India and LLB by profession. He has more than three decades of rich experience in the field of corporate law. He is part of all the major restructuring and other important corporate decisions taken by the Company from time to time. Mr. Mathur provides support in strategy decisions and CSR initiatives of the Company.

# Management Team

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## ***Mr. Rajan Nanda***

*Chairman and Managing Director*

Mr. Rajan Nanda has been instrumental in chartering the growth of Escorts as a leading engineering company with world-class manufacturing setup. Under his leadership, the Company has successfully navigated unprecedented challenges and grown consistently in capabilities, influence, technological advances and response to customer needs. Mr. Nanda has strengthened Escorts' foundation by leveraging its inherent design and development capabilities, instituting lean manufacturing practices, and moved up the value chain by efficient asset management.



## ***Mr. Nikhil Nanda***

*Managing Director*

Mr. Nikhil Nanda is designing Escorts' transformational journey from being a product company to becoming a technology-driven brand that creates customer-centric solutions to add value to customers' lives. Under his dynamic leadership, the Company has introduced a series of innovative products and solutions that demonstrate excellence in manufacturing quality and market know-how. He has played a stellar role in leveraging Escorts' inherent capabilities to strengthen its position as a company dedicated to frugal engineering excellence and put pioneering cutting-edge products in the marketplace. Mr. Nanda is an alumnus of Wharton Business School, Philadelphia, with majors in Management and Marketing.



### **Mr. S. Sridhar**

*Chief Executive Officer, Escorts Agri Machinery*

Mr. S. Sridhar, Agriculture Engineer possesses 28 years of rich experience in engineering, automotive and manufacturing industries. He has undergone a year-long Senior Management training with ESMT, Germany. Mr. Sridhar specializes in brand and business strategies, inspired by the Chinese war guru SunTzu. He started his career at Mahindra and Mahindra Limited's tractor division and acquired vast operational experience in TVS Suzuki. He was the former CEO (2 wheeler) and then the President (motorcycle) of Bajaj Auto Limited. He played a major role in firming up the strategy roadmap for Bajaj Auto.



### **Mr. Sunil Saksena**

*Chief Executive Officer, Escorts Construction Equipment*

Mr. Sunil Saksena is a Mechanical Engineer with 35 years of diverse experience in various functional and leadership positions in business operations. In his last assignment, Mr. Saksena was the EVP – Sales & Marketing and Business Development at JCB India. He has previously worked with Tata Motors and handled important assignments like Manufacturing, Direct Sales, Corporate Planning, Government Affairs, Sales & Marketing, etc. Mr. Saksena did his B.Tech from IIT Kharagpur and CFA from ICFAI, Hyderabad.



### **Mr. Dipankar Ghosh**

*Chief Executive Officer, Escorts Railway Products & Escorts Auto Products*

Mr. Dipankar Ghosh has 25 years of rich experience in full lifecycle product development, manufacturing operations, engineering management, business development, and technology transfer from many Railway OEMs to India. He is an ex-Indian Railways Service officer and was the Vice President with John Deere India in his last assignment. In his previous assignments, he had been heading the Bombardier Transportation Global Design Centre in India and later also as Director of Caterpillar India. Mr. Ghosh is a post graduate in Engineering from BITS Pilani, and has done his management from Indian School of Business, Hyderabad, besides Advanced Global Leadership from London School of Economics as a British Chevening Scholar.



### **Mr. Ishan Mehta**

*Executive Vice President – HR & ER*

Mr. Ishan Mehta, alumnus of Xavier's Labour Research Institute (XLRI), possesses over 33 years of experience in HR and ER strategies, organisational effectiveness and workplace improvement. He previously worked with DCM Limited, Ballarpur Industries, Eicher Group and East India Hotels (EIH).



### **Mr. Ajay Sharma**

*Group General Counsel & Company Secretary*

Mr. Ajay Sharma is an associate member of the Institute of Company Secretaries of India and a Law Graduate. He has over 23 years of post-qualification experience in the field of Corporate Law, Overseas Acquisition, Legal Due Diligence, Joint Ventures Structuring, with specific focus on International Laws. He has been instrumental in developing and implementing statutory and legal controls aimed at improving compliances and competitively positioned the companies for successful implementation of Compliance Management. Prior to joining Escorts, Mr. Sharma worked with Bharat Forge Limited.

# Management Discussion & Analysis

We stand for our core values – Respect for People, Empowerment, Transparency and Collaboration. These values underpin all actions in our drive to achieve growth and profitability not only for our stakeholders but also for society at large.

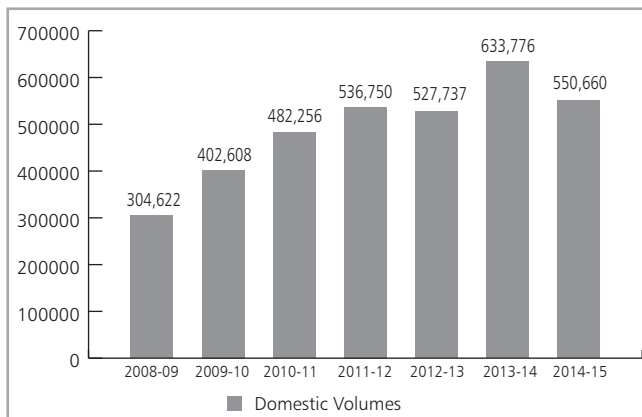
## Industry Overview and Business Performance

### 1. Escorts Agri Machinery (EAM)

#### Indian Tractor Industry

Indian Tractor Industry declined by 13.1% in FY15 at 550K units against 633K in FY14. Key reason for decline being unseasonal rain in FY14 and FY15 damaging Rabi crops in both years, lower crop prices, deficient monsoon leading to delayed harvesting and relatively high tractor penetration in northern region. Another reason was lower outlay on MNREGS affecting rural demand and increasing delinquencies affecting credit flow to agri sector especially in states like MP and Maharashtra

#### Indian Domestic Industry Trend



Source: TMA

Our domestic volumes also went down in line with the industry. Our domestic market share stands at 10.5% in year ended FY15. Our export volumes however have more than doubled from 901 tractors last year to 2,214 tractors this year.

In line with our strategy to become market leader in higher HP segments, our tractor volume in 50+ HP grew by 53.6% as compared to last year. Our market share in this segment also

grew from 6.6% to 9.7% on full year basis. This segment also grew by 5% in the declining industry.

#### Opportunities and Threats

Your Company identifies “Global” as the next best opportunity. To facilitate this your Company will focus on International Business in the North America, Europe, Latin America and South Africa and provide the best of technology at an affordable price. Your Company will further expand its current presence in ASEAN countries, Africa and pockets of Europe. The European markets in focus are Germany, UK, France, Turkey, Italy and Spain.

The improvement in rural liquidity and increase in non-agri component of rural incomes is a strong positive since demand will have lesser sensitivity to monsoon.

Tractor industry is dominated by four major players; entry of MNC players has further intensified competition. Your Company is well poised to counter the same by technology tie up and better product upgrades.

#### Product Launches

For tapping the growing market segments, your Company aimed to enhance the market penetration via new products.

- **“ALT - Anti Lift Tractor Series”** under the Powertrac brand:

With its consistent focus on Indian agricultural growth, your Company invested significant (over one year) engineering and product development effort to launch the Anti Lift Tractor by Powertrac. This is a path-breaking initiative that recognises the new market order for varied needs, changing tractor usage for specialised applications and use of modern and heavy-duty implements and attachments, thereby offering wider options for agricultural, infrastructure as well as specialised applications for land development activities.

Your Company is the first company in the country catering to operator safety in its own unique way without compromising on machine profitability. The Anti-Lift

Tractor brings freedom from drudgery and life threatening situations for the driver while offering never before value for money for our customers.



- Built around the themes of **DRIVER SAFETY** and **OWNER SAVINGS**, ALT is made specifically for commercial haulage costumers also suitable for farm activities
- **Innovative technology** to address vulnerability and pain point caused by front lift nature
- ALT 1.0 will come in 37 HP & 41 HP
- Certified **fuel-efficient engine**, haulage-special low-wear rear tyres, 4-coat high-life yellow paint, long life oil brakes and 20% bigger fuel tank
- Key measures include **shifting the centre of gravity and hitch point forward**, unique hub-reduction transmission, increased wheel base, heavy front axle, stiffer bars and plates, custom-designed front bumpers and high-intensity extra front lamps.

**Your Company plans to extend the current ALT technology version 1.0 to newer versions 2.0 and 3.0 in the long run to bring even more safe, robust and efficient products for this growing segment.**

- **4WD (4 Wheel Drive)** under the Farmtrac brand:



India's 4WD tractor market is at a very nascent stage. Your Company believes that Indian farmers deserve the world's best farm mechanization solutions and the 4x4 technology is a part of that. Developed world has 4x4 tractors ruling 80% of the market and we do not find any reason why India should be any different.

**FT 6050 4WD** launched in 41 - 50 HP market segment, with enhanced engine power, reliability, augmented productivity standards of **FT 6050 4WD** versus the performance parameters of other available products has surpassed performance yardsticks versus the competitors.

Additionally for (>50 HP +) market segment, **"FT 6055"** emerged as a powerful machine. The market response for the newly introduced model is very encouraging for future sales pipeline.

- **XP Series**

Most fuel efficient tractor in all applications positioned as *Mileage Ka Champion* "XP37" & "XP41" (Farmtrac brands) have also established their popularity in markets like Punjab, Haryana, Rajasthan, MP, Gujarat etc.

The market response for the newly introduced models under Powertrac & Farmtrac brands has been positive and encouraging for the subsequent quarters. The new models are creating product pull based market demand amongst the perspective buyers. The value additions brought by the new models have been satisfying the customer needs competently from business and technology perspective across all the regions.

## Outlook

For the new financial year, domestic industry is expected to remain flat. It is anticipated that in **H1FY16**, industry volumes will drop; and in **H2FY16**, industry volumes will pick up. On an overall basis, industry would be flat versus the exit numbers of last FY15.

Weak monsoon is being forecast during the upcoming season by the government agencies. The impact of various factors like rainfall, crop prices, percentage of sown area, the central government's stand towards the land bill and the associated farmer's compensation for the acquired land would shape the chances of improving the industry sentiments in subsequent time frames.

Growing farm consolidation with increasing need for farm power per hectare and increasing substitution of manual and animal labour for various farming operations continue to drive the



structural growth for higher HP tractor sales. Increasing finance penetration with more affordable finance rates have enabled a larger number of farmers to own tractors. Concurrently, the economics of tractor operation improved owing to increasing custom hiring for agricultural and other purposes, including transit of farm produce, and transport of people and materials for road construction and other infrastructure projects.

For the agri industry having high peaks, low valleys and seasonality concerns, the best combination of the above factors will augment steady growth in the tractor industry volume and in turn build India's self-reliance for the growing food needs of the rising population demand.

## 2. Escorts Construction Equipment (ECE)

Overall construction equipment industry seems to be bottoming out, Our Served Industry segments continue to decline since last 4 years. Served Industry volume for the year went down by approx.10%. Our total volumes however went up by 7.6% to 3,007 against 2,793.

In ECE, Backhoe loaders and Cranes have led the growth. Backhoe loaders grew by 20% Y-o-Y in an industry decline of 12%, while the cranes have grown by 8% much faster than the industry growth of 2% on a full year basis (Source: ICEMA). Our backhoe loader DIGMAX II has been well established in the market and we are only player to grow in the industry on both volume and market share basis. On the back of this increased volume, our revenue also increased by 10.5% to ₹ 515.8 crore for the full year.

At Escorts Construction Equipment, your Company is working at product enrichment and lean manufacturing. With this approach in mind we have taken following initiatives:

- A. Price increase across segments
- B. Reduced our breakeven point by a fair margin mainly through fixed cost rationalisation
- C. Increased channel reach and dealerships network strengthened in FY15 to 49 dealers having 130 outlets
- D. Other business transformation initiatives
  - Rationalised product platform
  - Restructuring of sales and marketing team

We will continue to shift towards a better product mix, leaner manufacturing/sales setup and better management of fixed costs.

## Industry Challenges

Twenty five players have manufacturing footprint in India and every construction equipment manufacturer is facing challenges in terms of imports from low-cost countries, especially from China, who are increasing their distribution centers and after-sales network in India. China, along with Korea, is expected to offer competition to Indian construction equipment exports to the developed markets. Although Chinese imports have been considered to be a threat, quality awareness among Indian consumers will curb large scale imports.

## Outlook

We expect that our served construction equipment industry will continue to face challenges, any recovery is only expected to happen from second half onwards. Earth Moving & Road Construction segments would be the first to come out of the de-growth trend but only post monsoon. In the material handling segment, the industry continues to underperform, would remain depressed on account of slow growth in mining and construction areas.

With the development in infrastructure, construction equipment market is expected to witness a rapid growth. It is expected that with the implementation of large projects, demand for specialised construction equipment will increase, which includes crawler excavators, wheeled loaders, crawler dozers and compaction equipment.

Going forward, our effort will be to maintain our leadership in cranes and introduce products in high tonnage cranes and increase our BHL market share by increasing our channel reach, ease of financing & spares and service outreach.

## 3. Escorts Railway Products (ERP)

Your Company is one of the key suppliers to Indian Railways for products including Brake Systems, Couplers, Shock Absorbers, etc. - with a focus on safety, comfort and environment. With this wide product range and in-house R&D capabilities, your Company is well-poised to capture the immense opportunity from the Indian Railways.

The division maintained its good performance and a dominant position in the industry in spite of increased competition and price pressure for existing products. Revenues are up at ₹ 183.7 Cr. as against ₹ 182.5 Cr. last year. The EBIT margins are also up by 105 bps at 9.5% against 8.5% last year. Given the government's focus on revitalising the Indian Railways, we are very excited on the future outlook of this business. Railway sector has a potential to grow at a phenomenal rate in the

years ahead. With focus on freight corridors, high capacity rolling stock, last mile rail linkages, high speed trains and port connectivity, the opportunities in this sector are in abundance.

Currently Indian Railways is on its way to become best in world. Your Company now focusing on technology up-gradation to match growth of Indian Railways. Government has cleared a proposal to allow 100 per cent FDI in railway infrastructure, barring operations, via the automatic route. FDI channelled through this route does not require prior government approvals.

#### 4. Escorts Auto Products (EAP)

This year Auto products division took fresh initiatives to develop new customer base in global market; leverage aftermarket network and aggressively reduce costs through VRS and value addition and value engineering. These initiatives will improve the business performance in coming years.

Achieved a revenue of ₹ 103.6 Cr. against ₹ 128.7 Cr. last year on a full year basis. EBIT losses have gone down on a full year basis and also on the quarterly basis. A positive swing of 1360 basis points in Q4 FY15 against corresponding quarter. This is achieved mainly due to cost savings in VRS, margin expansion due to sales portfolio rationalisation and improvement in operations in EAP. Going forward our focus will be to increase the sales in high margin segments and achieve breakeven.

#### Outlook

Demand is expected to remain weak in the near term, particularly for CVs, given uncertain macro-economic environment. Over the long term, easing macro headwinds in terms of lower interest rates and higher economic growth would be the key drivers for volume growth and profitability.

With more product launches lined up, volume recovery is expected across segments. However, the benefit of the same would differ from player to player depending on their product lifecycle and competitive intensity.

Greater focus on domestic as well as global aftermarkets: Escorts Auto Products increased its reach both in the domestic and global after markets, expanded its merchant exports to Sri Lanka, Bangladesh, Nepal, Egypt and Dubai as well as entered into many of these markets and Indonesia through direct dealers.

Cost reduction efforts: Key fixed/semi variable expenses such as power & fuel cost and administration expenses have reduced YoY despite increase in fuel prices.

### Overall Risks & Concerns

Prospects of the Indian tractor and construction industry are highly dependent on government policies. Historically, large number of equipment is sold on credit, despite an increase in the non-performing assets (NPAs) for financial institutions over the last few years, which has led to some tightening of credit norms. There has also been a sharp increase in the cash purchases in last few years, indicating an increase in disposable incomes in the markets. Most of the equipment financing done by banks comes under priority sector lending, a directed-lending mechanism of the Government of India. Despite the macro economic challenges your Company has been able to perform year after year. Had the macroeconomic environment been better we would have performed better.

#### Monsoons

While normal monsoons are critical for the agriculture industry, Indian Met department has predicted below normal monsoon this year. The tractor sales to some extent run the risk of a demand drop in case of a significant variation in monsoon.

#### Raw Material Cost

The raw material cost represents the largest expense head of the industry with alloy steel and pig iron (primary components), accounting for 75-80% of the total raw material cost.

Over the past preceding three years, the prices of iron, alloy steel and rubber have been volatile. Any further slight variation will affect the profitability. We have started material cost reduction program and we are confident of reduction of 2-3% visible by FY17.

#### Fuel Price

With the price of crude oil rising significantly over the past few months, the price of automotive fuel is likely to face upward pressure. Also the last fiscal government has announced for partial deregulation of diesel prices. This has impacted cost of ownership and may have an impact on your Company's product.

### Corporate Governance

Your Company continues to benchmark corporate governance policies. Highly ethical Corporate Governance standard is maintained to ensure honest & professional business practices to protect the reputation of the Company and its stakeholders.

A strong risk management and internal control system form the backbone for robust corporate governance practices.

Your Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets. In FY 2014-15, your Company further strengthened its internal control by outsourcing **“Internal Audit”** to **Grant Thornton**. The aim was to develop, ensure and sustain an effective internal-management framework to manage internal controls and risks.

Our IT team department undertook various strategic initiatives for better control and transformation of business. Some of the major initiatives are, The **Data Loss Prevention Project (DLP)** initiated last year has reached very high level of maturity and Escorts is now able to monitor all the data which is generated and transmitted over the network. **Document Management System**, under which all the critical documents are digitised and stored into a central digital repository. **Hard disk encryption software** – Using this software the entire laptop’s hard disk is encrypted. In case of any theft or loss of laptop, the data cannot be reused by any unauthorized source as the data cannot be de-encrypted by any means.

Additionally, your Company is expected to focus on enterprise risk management by speeding up the process of implementing risk assessment methodology, developing and implementing risk responses on behalf of management and delivering services that improve organisation risk management and control processes.

## Investor Relations

Your Company has a dedicated investor relations desk, which service the interest of investors, through regular contact and timely communication. Your Company maintains an active engagement with the investor community, through ongoing investor management meetings with shareholders and investors globally. During the year, your Company has actively participated in a number of Domestic and International Investor Meets. Your Company also periodically conducted Analysts’ Meets and plant visits to communicate details of performance, important developments and exchange information.

Your Company’s website ([www.escortsgroup.com](http://www.escortsgroup.com)) contains a separate dedicated section ‘Investor Information’ where all shareholders’ information is available under one roof. Your

Company’s Annual Report is also available in a user-friendly and downloadable form. Further, for any query, you can write in to us at [investorrelation@escorts.co.in](mailto:investorrelation@escorts.co.in) and we will get back to you.

## Corporate Social Responsibility

As part of the community development, we indulge ourselves in multiple health related activities, such as check-up camps, women empowerment, blood donations, among others in Haryana. CSR at Escorts portrays the deep symbiotic relationship that the Group enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute to social and environmental causes on regular basis.

Our CSR Mission of empowering communities and creating opportunities for the underprivileged in areas of education, training and health, to ensure sustainable and inclusive growth, which is both environment - friendly and socially - uplifting.

Below are the details of different CSR activities undertaken during FY 2014-15:

- **Rahat for Jammu & Kashmir**
- **Donated 1200 Warm Clothes** to deprived communities
- **“Celebrated Women’s Day”** in slums area and distributed stationery items such as note books, pens, pencils, erasers, sharpeners, diaries and chocolates.
- **“Celebrated World Disability Day”** with Disabled Students from the Vision Institute, Faridabad
- **“Celebrated Diwali and hosted dinner in Old Age Home”**
- **Organised Clean India Drive** by Escorts Employees and did cleaning campaigns in communities near by our plants

## Employee Training and Development

Your Company manages 9,200 employees across all levels. Your Company has organized various in - house and external training workshops for workmen. There were approx. 269 training programmes and 7,695 Training Mandays; during last 12 months, the same initiative is being undertaken for the development of our employees in all our business verticals.

## Capital Expenditure

Your Company has carefully planned Capital Expenditure for medium term with the primary focus on developing design, productivity improvement and cost reduction.

In addition, investments are also planned for modernization of the existing manufacturing facilities and improve the flexibility across all the plants giving a competitive advantage to your company to introducing more products in the coming years.

#### Cost Savings:

Your Company has continuously focused on streamlining operations and cost rationalisation during 2014-15 including materials, manufacturing and other overheads. All the employees right from shop floor to corporate office are involved in this initiative, wherein each team has targets to achieve in cost savings.

We have taken initiatives on building lean supplier base to benchmark ourselves against the best. Positive results will be visible in this financial year. Our efforts towards reducing fixed costs have kept pace in the year gone by and tangible results will be visible in years ahead.

### Financial performance with respect to operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles (GAAP) in India. The Company has provided segment reporting on a consolidated basis as per standard AS 17 on segment reporting. This information appears along with the consolidated accounts.

### Operational Performance

The Company's Revenue at ₹ 3,985.8 crores in year ended March 2015 against ₹ 4,262.7 crores in year ended March 2014. The tractors volume at 59,779 in year ended March 2015 down by 13.3% against 68,963 tractors in year ended March 2014. Construction volumes up by 7.7% at 3,007 in year ended March 2015 against 2,793 in ended March 2014.

Earnings before Interest, Taxes, Depreciation, and Amortisation (EBITDA) at ₹ 161.4 crores in year ended March 2015 as against ₹ 274.0 crores in year ended March 2014.

Profit Before Tax (PBT) at ₹ 68.3 crores in year ended March 2015 against ₹ 209.9 crores in year ended March 2014 and

Profit After Tax (PAT) at ₹ 74.7 crores in year ended March 2015 against ₹ 179.3 crores in year ended March 2014.

#### Segment Performance:

The **Escorts Agri Machinery division** revenues down by 8.8% at ₹ 3,210.8 crores in year ended March 2015 against ₹ 3,521.6 crores in year ended March 2014. The EBIT for the division stood at ₹ 229.3 crores in year ended March 2015 against ₹ 352.3 crores in year ended March 2014. Down due to slowdown in industry.

The **Escorts Auto Product division** revenues stood at ₹ 103.6 crores in year ended March 2015 against ₹ 128.7 crores in year ended March 2014. The EBIT stood at ₹ (23.7) crores against ₹ (25.1) crores last year.

The **Escorts Railway Products division** revenue at ₹ 183.7 crores in year ended March 2015 against ₹ 182.5 crores in year ended March 2014. The EBIT stood at Rs 17.5 crores against ₹ 15.5 crores last year.

The **Escorts Construction Equipment division** revenue up by 10.5% to ₹ 515.8 crores ended March 2015 against ₹ 466.8 crore in year ended March 2014. The EBIT stood at ₹ (24.8) crores against ₹ (25.7) crores last year.

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

On behalf of the Board

Sd/-

**RAJAN NANDA**

Chairman & Managing Director

Place: Faridabad

Date: May 28, 2015

# Shareholder Connect

Dear Shareholders,

Effective communication of information is an essential component of Corporate Governance. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, company’s website and subject specific communications. The website [www.escortsgroup.com/](http://www.escortsgroup.com/) also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.

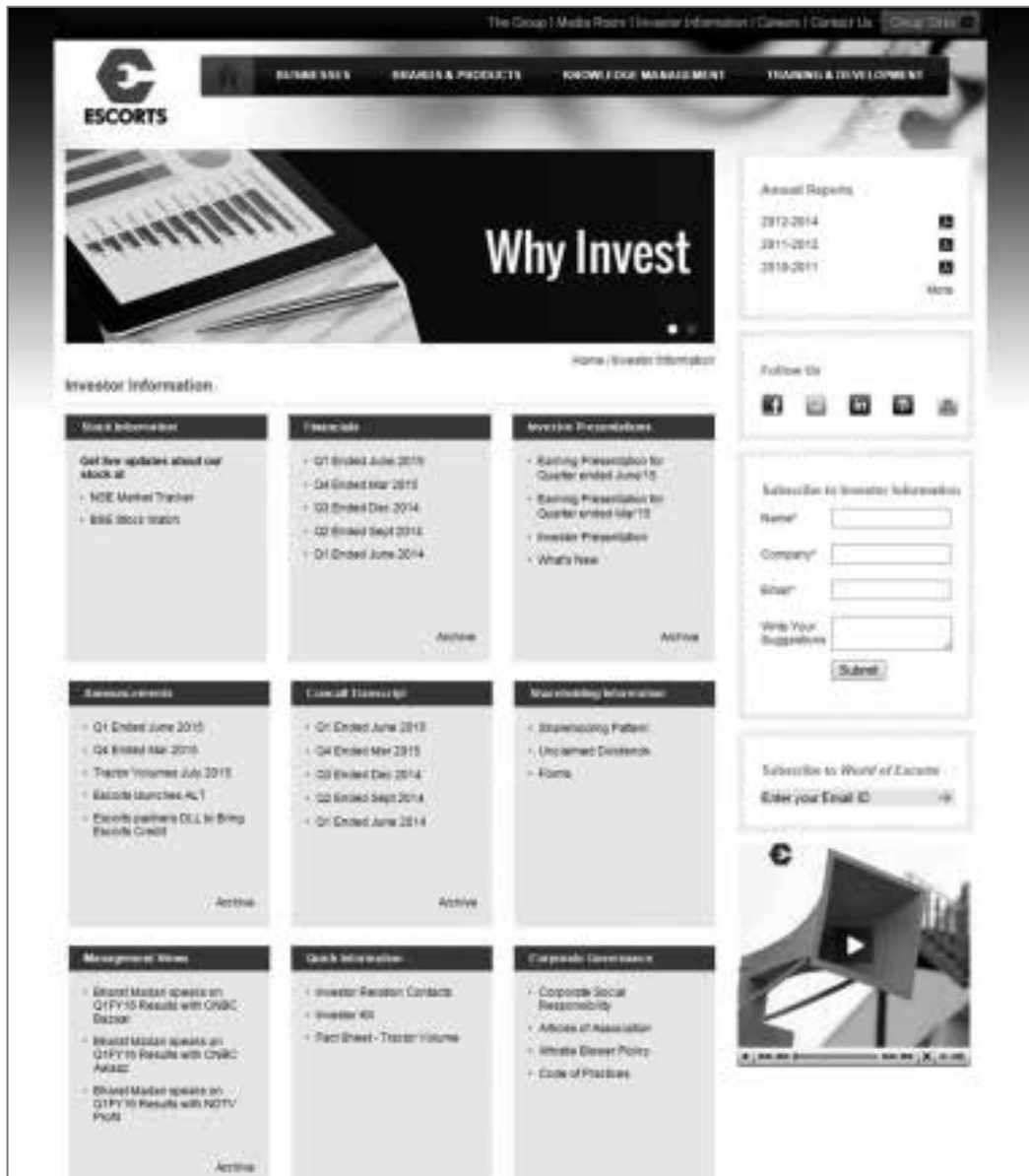
Following our core value of transparency, we have revamped our investor information section on the website and added more information which is useful for the shareholders. Do

visit the investor section at [www.escortsgroup.com/investor-information.html](http://www.escortsgroup.com/investor-information.html). Your Company’s Annual Report is also available in a user-friendly and downloadable form at [annualreport.escortgroup.com](http://annualreport.escortgroup.com)

In order to further improve our communication, kindly also spare a few minutes to fill your valuable suggestions and survey at [www.escortsgroup.com/investor-information/feedback](http://www.escortsgroup.com/investor-information/feedback) latest by October 31, 2015.

Further for any query you can write in to us at [investorrelation@escort.co.in](mailto:investorrelation@escort.co.in) and we will get back to you.

Thanking you,  
**For Escorts Ltd.**



# Directors' Report

*Dear Share Holders,*

Your Directors have pleasure in presenting the Sixty Ninth Annual Report for the year ended on March 31, 2015.

## Financial Results

(₹ Cr)

Particulars	For the period of 12 months ended on March 31, 2015	For the period of 18 months ended on March 31, 2014
Gross Revenue	4122.29	6505.79
Excise Duty	75.81	132.87
Net Revenue	4046.48	6372.92
Profit Before Interest, Depreciation, Amortisation, Exceptional Items & Tax	222.05	462.65
Finance Cost	57.11	110.67
Profit Before Depreciation, Amortisation, Exceptional Items & Tax	164.94	351.98
Depreciation and Amortisation	66.06	83.22
Profit Before Exceptional Items & Tax	98.88	268.76
Exceptional Income	30.63	(3.64)
Profit Before Tax	68.25	272.40
Tax	(6.46)	27.51
Profit After Tax	74.71	244.89

## Financial Performance

The brief highlights of the Company's performance for the financial year ended March 31, 2015 are:-

- Net Revenue of the Company for the Financial Year 2014-15 was ₹ 4046.48 Cr.
- Profit Before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹ 222.05 Cr.
- Profit Before Tax (PBT) stood at ₹ 68.25 Cr and Profit After Tax (PAT) stood at ₹ 74.71 Cr. Earnings per share is of ₹ 6.26 for the year under review.
- Your Company sold 59779 tractors during the year under review.

## Management Discussion & Analysis

Management Discussion & Analysis which forms an integral part of this Annual Report provides a detailed analysis on the performance of individual businesses and their outlook.

## Dividend

Your Directors are pleased to recommend a Dividend of ₹ 1.20 per Equity Share (12%) on the face value of ₹ 10 each, aggregating ₹ 14.71 Cr (exclusive of tax on dividend) for the

financial year ended March 31, 2015. The dividend payout is subject to the approval of members at the ensuing Annual General Meeting (AGM).

The dividend, if approved at the ensuing AGM, will be paid to members whose names appear in the Register of Members as on Friday, September 4, 2015; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as at that date.

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

## Employee Stock Option Scheme

The particulars with regard to the Employees Stock Options as on March 31, 2015 as required to be disclosed pursuant to the provisions of Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines,

1999, as amended, are enclosed at **Annexure – A** and forms an integral part of this Report.

## Directors

In accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company, Mr. Hardeep Singh, Director retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The Board of Directors, in their meeting held on January 16, 2015, co-opted Dr. Sutanu Behuria, Ms. Nitasha Nanda and Mr. G.B. Mathur as Additional Directors on the Board of the Company. They shall hold office of Director(s) upto date of ensuing AGM.

Further, Ms. Nitasha Nanda, has been appointed as Whole-time Director for a period of 5 years w.e.f. January 16, 2015, liable to retire by rotation, subject to the approval of the shareholders in the ensuing AGM. Her appointment is appropriate and in the best interest of the Company.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Dr. Sutanu Behuria as Independent Director for a period of 3 years. The Company has received requisite notices in writing from members proposing Dr. Sutanu Behuria, Ms. Nitasha Nanda and Mr. G.B. Mathur for appointment as Directors of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges. The policy for selection of directors and determining directors independence is attached as **Annexure - B** and forms an integral part of this Report.

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

The brief resumes and other details relating to the Directors who are proposed to be appointed/ re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement is given in the Annexure to the Notice of the 69th AGM.

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

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**.

## 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 Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided as **Annexure - D** and forms an integral part of this Report.

## Corporate Governance

Your Company reaffirms its commitment to the good corporate governance practices and has adopted the Code of Conduct which has set out the systems, processes and policy conforming to international standards. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are enclosed as **Annexure - E** and forms an integral part of this Report.

## Corporate Social Responsibility

During the financial year ended March 31, 2015, the Corporate Social Responsibility (CSR) Committee had been reconstituted by inducting Mr. G.B. Mathur and Mrs. Vibha Paul Rishi as members of the Committee w.e.f. January 16, 2015.

The CSR Committee comprises of following Directors:

1. Mr. Rajan Nanda (Chairman)
2. Mr. Nikhil Nanda
3. Mr. Hardeep Singh
4. Mr. S.C. Bhargava
5. Mrs. Vibha Paul Rishi
6. Mr. G.B. Mathur

The said committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (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.

The key philosophy of all CSR initiatives of the Company is to make CSR a key business process for sustainable development of the society. The initiatives aim at enhancing welfare measures

of the society based on the immediate and long term social and environmental consequence of its activities.

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

The CSR Policy may be accessed on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investors Information Section.

During the year, the Company has spent ₹ 0.78 Cr. (0.48% of the average net profits of last three financial years) on CSR activities.

Since being the first year of the CSR Committee, the Company under the guidance and directions of the Committee is formulating its initiatives for undertaking activities as identified in the CSR Policy. The full impact of the CSR spend shall be felt in the financial year 2015-16.

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

## Consolidated Financial Statements

The Consolidated Financial Statements in accordance with the Companies Act, 2013 and Accounting Standard (AS) - 21 applicable to the Consolidated Financial Statements read with AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India have been prepared. The Audited Consolidated Financial Statements along with the Auditors' Report thereon are annexed with this Report.

## Subsidiaries, Joint Ventures and Associate Companies

The statement containing salient features of financial statements of subsidiaries, associate and joint venture companies prepared in accordance with Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, forms an integral part of this Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiaries, associate and joint venture companies.

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

## Contracts and Arrangements with Related Parties

All contract/ arrangements/ transactions entered by the Company during the financial year with related parties were

in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions. The particulars of contracts and arrangement with related parties under Section 188(1) of the Act in Form AOC-2 is enclosed as **Annexure – G**.

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

Your Directors draw attention of the members to Note 46 to the financial statement which sets out related party disclosures.

## Auditors and Auditors' Report

### Statutory Auditors

M/s. S.N. Dhawan & Co., Chartered Accountants, Delhi (Firm Registration No. 000050N) Statutory Auditors of the Company, hold office till the conclusion of the ensuing AGM and are eligible for re-appointment.

The Company has received letter of confirmation from M/s. S.N. Dhawan & Co., Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

The observations and comments given by the Statutory Auditors in their report read together with notes to Accounts are self-explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

### Cost Auditors

The Board of Directors of the Company has re-appointed M/s. Ramanath Iyer and Co., Cost Accountants, New Delhi (Firm Registration No. 000019), Cost Auditors of the Company under Section 148 of the Companies Act, 2013 for conducting the audit of cost records for the financial year 2015-16.

The due date of filing the Cost Audit Report for the eighteen months period ended on March 31, 2014 was September 30, 2014 and the same has been filed on September 22, 2014.

### Secretarial Auditors

The Board of Directors of the Company has appointed M/s. Jayant Gupta and Associates, Practising Company Secretary to conduct secretarial audit of the Company for the financial



year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is enclosed as **Annexure – H** and forms an integral part of this Report.

The observations and comments given by the Secretarial Auditors in their report are self-explanatory and hence, do not call for any further comments under Section 204(3) of the Companies Act, 2013.

## Risk Management

During the year, your directors have constituted a Risk Management Committee which 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 Risk Management Policy was reviewed and approved by the Committee.

## Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

## Disclosures

### Meetings of the Board

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

### Audit Committee

The Audit Committee comprises of the following Non-Executive Directors:

1. Dr. S.A. Dave – Independent Director (Chairman)
2. Mr. S.C. Bhargava – Independent Director
3. Mr. Hardeep Singh – Non-Independent Director

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

## Extracts of Annual Return

In terms of provisions of Section 92 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the extracts of Annual Return in Form MGT-9 is enclosed as **Annexure – I** and forms an integral part of this Report.

## Vigil Mechanism

The Company has a 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 Director(s) and Employee(s) who avail of the mechanism. In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on Company's website.

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

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

## Particulars of Employees and related disclosures

In terms of provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the prescribed limits are available with the Company Secretary. Having regard to the provisions of Section 136(1) of the said 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 – J** and forms an integral part of this Report.

## Public Deposits

The Company has not accepted/ renewed any Fixed Deposit during the financial year. All Fixed Deposits which were due and claimed by the deposit holders have been paid on time.

## Transfer to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the dividend which remained unclaimed or unpaid for a period of seven years has been transferred by the Company,

from time to time on due dates to the Investor Education and Protection Fund.

As on March 31, 2015, 136 unclaimed deposits for the period of seven years aggregating to ₹ 26.45 lacs were transferred to Investor Education and Protection Fund.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, your Directors hereby state that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2015, 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, 2015 and of the profit and loss of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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, 2015 on a 'going concern' basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### General

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

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

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.

### Acknowledgement

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

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

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

For and on behalf of the Board of Directors

Place: Faridabad  
Date: July 10, 2015

Sd/-  
**RAJAN NANDA**  
Chairman & Managing Director

# Annexure – A to the Directors' Report

## DISCLOSURE REGARDING EMPLOYEES STOCK OPTION PLAN PURSUANT TO THE SEBI (EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEES STOCK PURCHASE SCHEME) GUIDELINES, 1999, AS AMENDED

(a) Total Number of Options as on March 31, 2014	2,12,000			
(b) Options granted during the year		Options (Nos.)	Grant date	
	1	Option Grant	1,92,000	October 1, 2014
		Total	1,92,000	
(c) Pricing Formula	At a price not less than the par value of Company's share and not more than the closing Market Price of the Stock Exchanges			
		Options (Nos.)	GP (₹)	MP (₹)
	1	Option Grant	1,92,000	85 149.40
	Total	1,92,000		
(d) Options Vested	2,12,000			
(e) Options Exercised	20,000			
(f) The Total number of shares arising as a result of exercise of options	20,000			
(g) Options Lapsed/ Cancelled	1,92,000			
(h) Variation of terms of options	Nil			
(i) Money realised by exercise of options	17,00,000/-			
(j) Total number of options in force	1,92,000 as on March 31, 2015			
(k) Employee wise details of options granted to : • Senior managerial personnel during the year	Senior Managerial Personnel			
		Name	No. of Options	
		Mr. S. Sridhar	60,000	
		Mr. Shailendra Agrawal	30,000	
		Mr. Sameer Tandon	24,000	
		Mr. Dipankar Ghosh	24,000	
		Mr. Bharat Madan	15,000	
		Mr. Shenu Agarwal	15,000	
		Mr. Ashok Gupta	12,000	
		Mr. Rajneesh Agarwal	12,000	
		Total	1,92,000	
	• any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year.	All the senior managerial personnel, as stated above, have been granted options amounting to 5% or more of options granted during the year of grant. Except the above no other employee has been granted options amounting to 5% or more options granted during the year.		

<ul style="list-style-type: none"> <li>identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.</li> </ul>	Nil
(l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	₹ 6.26 per Equity Share
(m) Where the Company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and EPS of the Company shall also be disclosed.	<p>The profit of the year would have been higher by ₹ 123.65 lakhs.</p> <p>The EPS for the year would have been higher by ₹ 0.10.</p>
(n) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Fair value option is ₹ 29.85 and Exercise Price is ₹ 85.00.
<p>(o) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:</p> <ul style="list-style-type: none"> <li>Risk free interest rate</li> <li>Expected life</li> <li>Expected volatility</li> <li>Expected dividends, and</li> <li>The price of the underlying share in market at the time of option grant</li> </ul>	<p>The Black Scholes Option Pricing Model for dividend paying stock has been use to compute the fair value of the options. The significant assumptions made are:</p> <p>Option Issued on October 1, 2014</p> <p>8.67%</p> <p>3 Years</p> <p>0.022</p> <p>12%</p> <p>₹ 149.40</p> <p>The shares to be issued under stock options shall rank <i>pari passu</i>, including the right to receive dividend. Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known anticipated dividend payouts over the life of the option are made to the formulae under the Black Scholes method.</p>

For and on behalf of the Board of Directors

Place: Faridabad

Date: July 10, 2015

Sd/-

**RAJAN NANDA**

Chairman &amp; Managing Director

# Annexure – B to the Directors' Report

## POLICY ON APPOINTMENT OF DIRECTOR'S AND MEMBERS OF SENIOR MANAGEMENT

### 1. Preamble

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

### 2. Definitions

For the purposes of this Policy:

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

**'Senior Management'** shall mean and include the following:

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

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

- (i) Matching the requirements of Escorts and enhancing the competencies of the Board are the basis for NRC to shortlist and recommend a candidate for appointment to the Board. When recommending a candidate for such appointment, NRC shall consider:
  - (a) the results of assessment of the proposed appointee against a range of criteria formulated by NRC which include but shall not be limited to skill sets, regional and industry experience, background, integrity and other qualities required to operate successfully in the position of Director, having due regard to the benefits of diversity of the Board;
  - (b) the extent to which the proposed appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors and Senior Management;
  - (c) the present and potential future needs and requirements of the Company and sector in which it conducts its business and operations;
  - (d) the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgment;
  - (e) any requirements under applicable law (including but not limited to under the Companies Act, 2013 and/ or the rules and regulations made thereunder) and/ or under the Listing Agreements; and
  - (f) time commitment required from a Director to properly discharge his fiduciary duties towards the Company.
- (ii) The criteria to be considered when assessing prospective candidates for appointment as Directors shall include the following:

- (a) highest levels of personal and professional ethics and integrity;
  - (b) high quality attributes such as discipline, objectiveness, sensitivity and creativity;
  - (c) sharing and demonstrating the values of Escorts;
  - (d) qualification in relevant disciplines (e.g. finance, secretarial, management, accountancy, legal and engineers etc.) or being a recognised specialist in disciplines or areas relevant to the Company and/ or its business;
  - (e) experience in the management of a diverse organisation, whether located in India and/ or overseas, in the Sector where the Company is already doing business or intends to enter into;
  - (f) experience in accounting and finance, secretarial, administration, corporate, engineering and strategic planning or fund management;
  - (g) demonstrable ability to work effectively with the Board;
  - (h) excellent interpersonal, communication and representational skills;
  - (i) demonstrable leadership skills;
  - (j) strong influencing and negotiating skills; and
  - (k) continuous professional development to update knowledge and skills.
- (iii) The criteria to be considered when assessing prospective candidates for a Senior Management position shall include the following:
- (a) highest levels of personal and professional ethics and integrity;
  - (b) demonstrable leadership skills;
  - (c) specialist knowledge and/ or experience required for the Senior Management position in question;
  - (d) good interpersonal relationships;
  - (e) demonstrating intelligence, maturity and wisdom;
  - (f) possesses managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, etc.;
  - (g) sharing and demonstrating the values of Escorts; and
  - (h) ability to significantly contribute towards achievement of the strategic and business objectives of the Company.
- (iv) Every person proposed to be appointed as a Director or a member of Senior Management should be able to give sufficient time and attention to the Company's affairs.
  - (v) The Policy is aimed to engage Directors (including Non-Executive Directors and Independent Directors) and Members of Senior Management, who are highly skilled, competent and experienced persons within the fields of business, finance, accounting, management, sales, marketing, administration, research, corporate governance, technical operations, law or other disciplines related to the Company's business and operations.
  - (vi) In addition to such requirements as may be specified under this Policy, the Independent Directors shall also fulfill the applicable requirements prescribed under Section 149 of the Companies Act, 2013 and the rules and regulations made there under, the provisions of the Listing Agreement(s) and other applicable laws as modified or amended or supplemented, from time to time.
  - (vii) Each Independent Director shall be required to duly submit/ make the stipulated declarations required to be furnished pursuant to the provisions of the Companies Act, 2013 and the rules and regulations made thereunder, the Listing Agreements, other applicable laws and the Articles of Association of the Company.
  - (viii) No person shall be considered for appointment/ re-appointment as a Director of Escorts, if he is disqualified to be appointed/ re-appointed as such in terms of the provisions of Section 164 of the Companies Act, 2013 or under any other applicable law.
  - (ix) No person shall be considered for appointment as a Director of Escorts, if he is already a Director in ten or more public companies or private companies, which is either a holding or subsidiary company of a public company.
- 4. Selection Process**
- (i) The selection procedure to be followed for the appointment of persons for the Board is as below:
    - (a) NRC in consultation with the Chairman and Managing Director of Escorts shall determine the selection criteria applicable for each position at the Board level ("Director Selection Criteria").
    - (b) For the positions of Whole-time Directors and based on the applicable Selection Criteria, NRC in consultation with the Chairman and Managing Director of Escorts, shall generate a potential list of

candidates for the Board position in question who may meet the prescribed Director Selection Criteria.

- (c) For the positions of Independent Directors or Non-Executive Directors, NRC shall finalise a list of potential candidate(s) who meets the applicable Director Selection Criteria and shall submit such list to the Chairman of the Board along with its recommendations.
  - (d) The Chairman of the Board shall thereafter meet the short listed candidate(s) to assess their capability for the job. In the event that the Chairman may feel that no short listed candidate is suitable for appointment to the Board, the Chairman may require NRC to submit a fresh list of candidates.
  - (e) The candidate selected by the Chairman, shall be appointed in accordance with the relevant provisions of the Companies Act, 2013, rules made thereunder and Clause 49 of the Listing Agreements, subject to the approval of the Board and/ or Shareholders of Escorts at General Meeting.
- (ii) The selection procedure to be followed for the appointment of persons at the Senior Management positions is as below:
- (a) In case of vacancy of KMP (other than Whole-time Directors), the Company's HR in consultation with NRC shall identify and short list employees to fill such vacancy, who may meet the criteria mentioned in this Policy. The appointment of the successful candidate shall be made by the Board in accordance with the provisions of the Companies Act, 2013, rules made thereunder, Clause 49 of the Listing Agreement(s) and the Company's internal rules and regulations and policies.
  - (b) In case of vacancy in other Senior Management positions, the Company's HR shall identify and short list employees to fill such vacancy. The details of appointment will be placed before NRC and/ or Board for noting only.

## 5. Appointment Procedure

- (i) Every Director shall be appointed/ re-appointed by Escorts at Board or General Meeting as per the requirements of the Companies Act, 2013, Listing Agreement(s) or any other applicable laws.

- (ii) No person shall be appointed/ re-appointed as a Director of Escorts unless he/ she has been allotted the Director Identification Number (DIN) and he furnishes to Escorts a declaration to the effect that he is not disqualified to become a Director under the provisions of the Companies Act, 2013 and rules made there under or under any other law for the time being in force and files consent to hold the office as Director.
- (iii) No person shall be appointed as a Director whose name appears in the list of willful defaulters published by the Reserve Bank of India.
- (iv) NRC shall ensure that the appointment/ re-appointment of Directors of Escorts is as per the terms of this Policy and recommendations of candidates are made to the Board for appointment.

## 6. 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.

## 7. Evaluation Procedure for Directors

- (i) NRC shall develop such assessment criteria as it shall deem fit for the purposes of undertaking performance evaluation of the Directors and the Board as a whole. NRC shall undertake an annual performance evaluation of all Directors of Escorts based on the relevant assessment criteria developed by it.
- (ii) The assessment criteria for performance evaluation of Directors shall be disclosed in accordance with the relevant provisions of the Companies Act, 2013, the rules framed thereunder and Clause 49 of the Listing Agreement.

## 8. 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 Listing Agreements, the Securities and Exchange Board of India Act, 1992 and rules/ regulations/ guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- (ii) NRC may issue/ implement such guidelines, procedures, formats and/ or reporting mechanisms to enforce this Policy as it may deem fit.

# Annexure – C to the Directors' Report

## 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 Clause 49 of Listing Agreements, 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 NRC/ Board and approval of the shareholders.
- (ii) The remuneration paid to Whole-time Directors is within the limits approved by the shareholders of Escorts which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Companies Act, 2013. They are also eligible for stock options as per the scheme framed/ to be framed by Escorts, from time to time.
- (iii) The Whole-time Directors shall be covered under the Directors and Officers Liability Insurance (D & O) Policy.



- (iv) Their annual increments shall be linked to their overall performance and as recommended by NRC and approved by the Board, from time to time.

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

- (i) Senior Management shall mean and include the following:
  - (a) Employees in the grade of Associate Vice President and above; and
  - (b) KMPs (other than Whole-time Directors).
- (ii) The key components of remuneration package of the Senior Management and other employees of Escorts shall comprise of basic salary, dearness allowance, house rent allowance, transport allowance, ex-gratia, performance bonus, contribution to provident fund and superannuation fund, premium on medical insurance and personal accident insurance, scholarship for children, gratuity, leave travel allowance, leave encashment etc., which is linked to their grade. They are also eligible for stock options as per the scheme framed/ to be framed by Escorts, from time to time.
- (iii) The remuneration, performance appraisal and rewards of Members of Senior Management and other employees, shall be in line with the stated objectives.
- (iv) The annual increments for the Senior Management and KMP (other than Whole-time Directors) and other employees shall be linked to their overall performance and as decided by the Chairman and Managing Director in consultation with their reporting managers and Company's HR. The Board, on the recommendation of NRC, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

- (v) Employees must conduct themselves to ensure that no breach of Code of Conduct, Escorts Code of conduct for prevention of Insider trading or such other code as may be applicable from time to time, Standard Operating Procedures (SOPs) and all other relevant and applicable codes is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

**6. Disclosures in the Board's Report**

- (i) The disclosures as required under the relevant provisions of the Companies Act, 2013, rules made thereunder and the revised Clause 49 of the Listing Agreements shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.
- (ii) This Policy shall be uploaded on the website of the Company.

**7. Policy review**

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

## Annexure – D to the Directors' Report

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

#### I) Conservation of Energy

##### 1. ENERGY CONSERVATION MEASURES TAKEN

The company has always been conscious of the need for the Conservation of the Energy & Optimum utilisation of available resources & has been steadily making progress towards this end.

Energy Conservation measures have been implemented at all the Escorts Plants and Offices. Company has also taken special efforts on undertaking Specific Energy Conservation Projects and achieved high level of saving through implementation.

During the year March 31, 2015 your Company has taken a lot of initiatives for reduction in power cost by not only reducing the consumption through implementation of new technologies but also by improving the production processes.

Your Company has undertaken special projects in the field of Energy Conservation & achieved notable saving through their implementation.

In pursuit of the continual Improvement in Energy Conservation in the generation distribution & consumption areas, following initiatives have been taken.

- (i) Replaced existing conventional lights of 250 Watt with LED Lights of 100 Watt in Plant.
- (ii) Replaced Electrical Heaters in washing machines in Plants by heat pump with same quality output.
- (iii) Process heat loss is reduced resulting in lower Power Consumption through improving Insulation of GCF furnaces for Heat treatment in Farmtrac Plant (Fibrothal Heating System).
- (iv) Recycling of Heat Energy through modification in the Engine Testing Bed Heat System
- (v) Replaced Paint Shop chiller with energy efficient chiller in Plant.
- (vi) Maximum use of low cost power through Open Access (daily Power Bidding) to reduce the power cost for Plants.

- (vii) Continues Improvement projects i.e. small compressor for off days maintenance, Independent Switch for AC & Air Washer units, constant voltage etc. for reduction of power consumption across Plants.
- (viii) Trimming of over capacity pumps impellers to reduce power consumption.
- (ix) Conversion of Star Delta connection into Star for Over rated motors.
- (x) Provide auto shut down system to prevent unnecessary running of idle machines.
- (xi) Rationalisation of lighting and cooling in offices/ production area.
- (xii) Improvement in production planning to run the plant at full load.
- (xiii) Use of Wind Ventilators across EAM Plants

##### 2. Additional Investment & Proposals for Power saving Projects during financial year ended March 31, 2015

- (i) Solar Power Generation Plant (100 KW) in Powertrac Plant.
- (ii) Conversion from normal 250 Watt Lights to 100/80 watt LED Lights in production areas.
- (iii) Replacing T5 tube lights with LED 20/18 watt lights in Offices.
- (iv) Replacing Street Lights of 35 watt with 12/15 watt LED Lights.
- (v) Installation of Heat Pumps to eliminate the Electrical Heating System in Washing Machines across plants.
- (vi) Replacement of old roof sheets with Fibre Reinforced Plastic transparent sheets to increase the natural light in shop floor to reduce power consumption.
- (vii) Replacing existing Water Cooled Air Compressors with Variable Speed Drivers based Energy efficient Air Cooled Compressors.

### 3. Impact of the above measures on Energy Conservation and Cost of Production

- (i) Lower energy consumption
- (ii) Significant reduction in Carbon Emission
- (iii) Hedge against continuous energy rate increase
- (iv) Optimum performance of equipment on sustainable basis.

## II) Technology Absorption

### 1. Research and Development (R & D)

#### a) Specific areas in which R & D was carried out by the Company

- (i) New series of high torque engines in medium hp (37hp - 50hp) upgraded for Power and Fuel Performance during the year 2014-15.
- (ii) Design & development of new high end engine series for future emission norms with CRDi technology and met tier IV emission norms.
- (iii) Tractors developed with New 16+4 transmission to meet the new and emerging agricultural applications.
- (iv) New Series of Farmtrac tractors developed with new range of 4WD in 50 & 60 hp range to meet various construction & agri application requirements.
- (v) Design & Developed new series of tractors with "Anti-Lift Technology" for haulage customers.
- (vi) Design and Developed new PT 425 N Orchard tractor for multipurpose usage.

#### b) Benefits derived as a result of the above R & D

- (i) Escorts now delivering a series of new products with enhanced power and performance and made a better value proposition for customers.
- (ii) High end engine series would now can be utilized to make new competitive tractors for upcoming statutory needs in domestic markets.
- (iii) New tractors with more speeds transmission are made and being tested.
- (iv) Significant material cost reduction through Design optimization.
- (v) 4WD tractors in 50 & 60 hp range have been launched in the market.
- (vi) Tractors with "Anti Lift Technology" series has been launched in the domestic market.
- (vii) A new model for orchard application has been launched in 25 hp ranges the domestic orchard markets.

### c) Future plan of Actions

#### New Product Introduction

- (i) Design & development of new high end engine series for future emission norms.
- (ii) High end transmission to meeting all emerging application (Agri, construction equipment etc).
- (iii) 4WD tractor 50 – 75 hp range of tractors for domestic and export market.
- (iv) Higher hp tractors with AC cabin and other premium features.
- (v) Design & development of future Tractor series.
- (vi) Product range for global market.
- (vii) Application specific tractor for niche market.

#### d) Expenditure on R & D

(₹ Cr.)

	For the financial year ended on March 31, 2015	For the period of 18 months ended on March 31, 2014
a) Capital Expenditure*	7.59	27.34
b) Recurring Expenditure	68.42	75.08
Total R & D Expenditure	76.01	102.42
Total R & D Expenditure as a percentage of total turnover	2.23%	1.88%

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

### 2. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

#### a) Efforts, in brief, made towards technology absorption, adaptation & innovation:

- (i) Up-gradation of R & D Design and testing infrastructure to develop and absorb new contemporary technologies in a most cost effective manner to offer products at a competitive price.
- (ii) Joint Technology workshops with global R & D houses.
- (iii) Collaborative work with global technology partner & styling houses.
- (iv) Technology upgradation for Engine, Transmission, Hydraulic and usage of advanced predictive software.
- (v) Design validation and virtual testing through predictive analysis software and load accelerated test rigs.
- (vi) Filing of patents/ design registrations for new and innovative designs

- (vii) Knowledge enhancement through tie-up with industry technology experts.
- (viii) Participation in agriculture exhibitions & workshops in India and Abroad.
- (ix) Installation of New state of art Engine emission test setup advance testing.
- (x) DSIR, Ministry of Science and Technology, Govt. of India, approved in house Escorts R&D facility.

**b) Benefit derived as a result of above efforts**

- (i) Escorts R & D expenditures eligible for 200% weighted tax deduction.
- (ii) Self-reliant design capability for Engines, Transmissions and Products with advanced technologies for emerging domestic and export market needs.
- (iii) New products contributing approx. 40-50% of total sales.

**c) In case of imported technology (imported during the last 5 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.

### III) Foreign Exchange Earnings and Outgo

**Activities relating to export**

Escorts entered in to new markets like Algeria, Namibia, Cambodia and Zimbabwe. In European market the Company maintains it's market leadership amongst all Indian players. Overall market prospects for the Company look bright.

**Total Foreign Exchange earning and outgo**

(₹ Cr.)

	For the financial year ended on March 31, 2015	For the period of 18 months ended on March 31, 2014
a) Foreign exchange outgo:		
- Imports (including capital goods)	67.31	101.54
- Others	25.75	25.03
Total	93.06	126.57
b) Foreign Exchange earned	231.96	204.73

For and on behalf of the Board of Directors

Place: Faridabad  
Date: July 10, 2015

Sd/-  
**RAJAN NANDA**  
Chairman & Managing Director

# Annexure – E to the Directors' Report

## Report on **Corporate Governance**

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

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

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

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

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

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

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

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

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

### II. Board of Directors

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Board of Director(s) along with its Committee(s) provide leadership and guidance to the Company's Management and directs, supervises and controls the performance of the Company. The Board of Director(s) of the Company comprises of distinguished personalities, who have been acknowledged in their respective fields. As on the end of financial year, Five out of the Ten Directors on the Board are independent & non-executive and Two are non-independent & non-executive. Mr. Rajan Nanda, Chairman is also acting as Managing Director of the Company duly assisted by Mr. Nikhil Nanda, Managing Director of the Company and both of them are in whole-time employment of the Company. Ms. Nitasha Nanda, Whole-time Director is also in whole-time employment of the Company.

As mandated by Clause 49, the Independent Directors on Escorts Limited's Board:

- are persons of integrity and possesses relevant expertise and experience in the opinion of the Board;
- are or were not promoter of the Company or its holding, subsidiary or associate Company;
- are or were not related to promoters or directors in the Company, its holding, subsidiary or associate Company;
- apart from receiving director's remuneration, do not have any material pecuniary relationships with the Company, its holding Company, its subsidiaries and associates, or its promoters or directors during the two immediately preceding financial years or during the current financial year;
- none of their relative have any pecuniary relationship or transaction with the Company, its holding, subsidiary or

associate Company or its promoters or directors, amounting to 2% or more of its gross turnover or total income or fifty lakh rupees during the two immediately preceding financial years or during the current financial year;

- neither himself nor their relative –
  - o are or were hold the position of key managerial personnel or are or were employee of the Company or its holding, subsidiary or associate Company in immediately preceding 3 financial years;
  - o have been an employee or proprietor or a partner in immediately preceding 3 financial years of
    - a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
    - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of such firm;
  - o hold together with their relatives 2% or more of the total voting power of the Company;

- o is a Chief Executive or Director by whatever name called, of any non-profit organisation that receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% or more of the total voting power of the Company;
- o are material supplier, service provider or customer or lessor or lessee of the Company.

- are not less than 21 years of age.

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

As on March 31, 2015, the Board comprises of Ten Directors. The names and categories of Directors, the number of Directorship and Committee position(s) held by them in the companies, meetings attended by them and other relevant particulars are given below.

Sl. No	Name	Designation	Category	Relationship with each other	No. of Board meetings attended during the financial year	Whether attended the last AGM	No. of directorships in Public Companies (#)	No. of Committee Membership/ (Chairmanships) in Public Companies (^)
1.	Mr. Rajan Nanda	Chairman & Managing Director	Executive & Non-Independent (Promoter)	Father of Mr. Nikhil Nanda	5	Y	2	-
2.	Mr. Nikhil Nanda	Managing Director	Executive & Non-Independent (Promoter)	Son of Mr. Rajan Nanda	5	Y	2	-
3.	Ms. Nitasha Nanda	Whole-time Director	Executive & Non-Independent (Promoter)	Daughter of Mr. Rajan Nanda and Sister of Mr. Nikhil Nanda	2	N.A.	5	-
4.	Dr. S. A. Dave	Director	Non-Executive and Independent	*	4	N	9	6(2)
5.	Mr. S. C. Bhargava	Director	Non-Executive and Independent	*	5	Y	9	5(1)
6.	Mr. Hardeep Singh	Director	Non-Executive and Non-Independent	*	4	Y	5	1
7.	Mr. P.H. Ravikumar	Director	Non-Executive and Independent	*	4	Y	8	4
8.	Mrs. Vibha Paul Rishi	Director	Non-Executive and Independent	*	4	Y	7	1

Sl. No	Name	Designation	Category	Relationship with each other	No. of Board meetings attended during the financial year	Whether attended the last AGM	No. of directorships in Public Companies (#)	No. of Committee Membership/ (Chairmanships) in Public Companies (^)
9.	Dr. Sutanu Behuria	Director	Non-Executive and Independent	*	2	N.A.	1	-
10.	Mr. G.B. Mathur	Director	Non-Executive and Non-Independent	*	2	N.A.	3	2
11.	Dr. P.S. Pritam (&)	Director	Non-Executive and Independent	*	1	N.A.	-	-

Y = Yes N = No

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

(#) Including Escorts Limited.

(^) In accordance with Clause 49, Membership/ Chairmanships of Audit Committees and Stakeholders' Relationship Committees in all Public Limited (excluding Escorts Limited) companies have been considered.

(&) Resigned from Directorship w.e.f. June 4, 2014

N.A. Not a Director of the Company at the time of last AGM

**NOTE:** 1) None of the Directors represent a Lender or Equity Investor.

2) None of the Non-Executive Directors have substantial shareholding in the Company.

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

In terms of the Listing Agreement, 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.

### IV. Board Meetings

During the financial year 2014-15 ended on March 31, 2015 the Board of Directors met Five (5) times on the following dates:-

May 28, 2014, July 29, 2014, September 19, 2014, January 16, 2015 and February 11, 2015.

The gap between any two Board meetings did not exceed four months.

#### Board Meeting Procedures

Escorts Limited's Board is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for

facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement are regularly made available to the Board of Directors for discussion and consideration at Board Meetings.

#### Information supplied to the Board

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

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

#### Code of Conduct

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

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

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

The Board of Directors,  
Escorts Limited

Dear Sir,

I hereby confirm that:

The Company has received from the members of the Board and Senior Management, a declaration of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year 2014-15 ended on March 31, 2015.

Sd/-

Place: Faridabad

**RAJAN NANDA**

Date: May 28, 2015

Chairman and Managing Director

### **Vigil Mechanism**

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

### **V. Audit Committee**

#### **Constitution**

During the financial year 2014-15 ended on March 31, 2015 the Audit Committee had been reconstituted due to resignation of Dr. P.S. Pritam from the directorship of the Company and in his place Mr. Hardeep Singh was inducted as member of the Committee on July 22, 2014.

The Audit Committee comprises of the following Non-Executive Directors:

1. Dr. S.A. Dave – Independent Director (Chairman)
2. Mr. S.C. Bhargava – Independent Director
3. Mr. Hardeep Singh – Non-Independent Director

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Mr. S.C. Bhargava, Member of the Committee

was nominated by the Audit Committee to attend the Annual General Meeting (AGM) held on September 19, 2014 in the absence of Dr. S. A. Dave, to answer shareholders' queries.

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

The Committee met Five (5) times on May 28, 2014, July 29, 2014, September 2, 2014, November 5, 2014, and February 11, 2015.

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

#### **Terms of Reference**

The Charter of the Committee is as prescribed under Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement viz.:

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, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement forming part of Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - 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 judgment 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) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
  6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  7. Reviewing and monitoring the auditors independence & performance, and effectiveness of audit process.
  8. Approval or any subsequent modification of transactions of the Company with related parties.
  9. Scrutiny of inter-corporate loans and investments.
  10. Valuation of undertakings or assets of the Company, wherever it is necessary.
  11. Evaluation of internal financial controls and risk management systems.
  12. Reviewing, with the management, performance of statutory & internal auditors, adequacy of the internal control systems.
  13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  14. Discussion with internal auditors of any significant findings and follow up thereon.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
  19. Approving the appointment of Chief Financial Officer (i.e., the Whole-time Finance Head or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
  21. Carrying out any other function as may be referred to the committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.
  22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost Auditors.
  23. The Committee has systems and procedures in place to ensure that the Audit Committee periodically reviews:
    - a) Management discussion and analysis of financial condition and results of operations;
    - b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
    - c) Management letters/ letters of internal control weaknesses issued by the statutory auditors;
    - d) Internal audit reports relating to internal control weaknesses, if any;
    - e) Appointment, removal and terms of remuneration of the Chief Internal Auditor;
    - f) The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Clause 49.
    - g) Details of material individual transactions with related parties, which are not in the normal course of business; and
    - h) Details of material individual transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same.

The Audit Committee is endowed with the following powers:

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

## Meetings & Attendance

Name of Member	No. of Meeting	
	Held	Attended
Dr. S. A. Dave (Chairman)	5	5
Mr. S.C. Bhargava	5	5
Mr. Hardeep Singh*	5	3
Dr. P. S. Pritam**	5	1

\*Inducted as Member of the Committee w.e.f. July 22, 2014

\*\*Resigned from Directorship w.e.f. June 4, 2014

The gap between any two Audit Committee meetings did not exceed four months.

## VI. Nomination and Remuneration Committee

### Constitution

During the financial year 2014-15 ended on March 31, 2015, the Nomination and Remuneration Committee was reconstituted two times on July 22, 2014 and January 16, 2015. Mr. Hardeep Singh was inducted as Member of the Committee due to resignation of Dr. P.S. Pritam w.e.f. July 22, 2014. Mr. P.H. Ravikumar and Dr. Sutanu Behuria were inducted as Members of the Committee w.e.f. January 16, 2015.

The Nomination and Remuneration Committee comprises of following Non-Executive Directors:

1. Dr. S.A. Dave – Independent Director – Chairman
2. Mr. S. C. Bhargava – Independent Director
3. Mr. Hardeep Singh – Non-Independent Director
4. Mr. P.H. Ravikumar – Independent Director
5. Dr. Sutanu Behuria – Independent Director

### Terms of Reference

The Charter of the Committee is as prescribed under Section 178 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement viz.:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

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

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

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

### Meetings and Attendance

During the financial year 2014-15 ended on March 31, 2015, the committee met on May 28, 2014, July 29, 2014 and January 16, 2015.

Name of Member	No. of Meeting	
	Held	Attended
Dr. S. A. Dave (Chairman)	3	3
Mr. S.C. Bhargava	3	3
Mr. Hardeep Singh*	3	2
Mr. P.H. Ravikumar**	3	-
Dr. Sutanu Behuria**	3	-
Dr. P. S. Pritam***	3	1

\*Inducted as Member of the Committee w.e.f. July 22, 2014

\*\* Inducted as Members of the Committee w.e.f. January 16, 2015

\*\*\*Resigned from Directorship w.e.f. June 4, 2014

### Remuneration Policy

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

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

### Details of Remuneration of Directors

The Company has not paid any remuneration to any of its Non-Executive Directors, except Sitting Fees for attending meetings of the Board and all its Committees for which ₹ 50,000 per meeting was paid for Board Meeting and Audit Committee Meeting and ₹ 20,000 per meeting was paid for any other committee meeting. The aggregate amount of sitting fees paid during the financial year was ₹ 18.30 Lakhs (excluding service tax). The director wise payment of sitting fee is provided in Form MGT-9 attached as **Annexure - I** to the Directors' Report.

The remuneration paid/ payable to Mr. Rajan Nanda, Chairman and Managing Director, Mr. Nikhil Nanda, Managing Director and Ms. Nitasha Nanda, Whole-time Director of the Company for the financial year ended on March 31, 2015 are as follows:

Particulars	(In ₹)		
	Mr. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda*
Basic Salary	1,80,00,000	1,80,00,000	12,58,064
Allowances & Perquisites	3,05,76,486	2,79,84,610	12,49,801
Provident Fund Contribution	21,60,000	21,60,000	1,50,968
Superannuation Allowance	27,00,000	27,00,000	1,88,710
Total	5,34,36,486	5,08,44,160	28,47,543

\* Appointed as Whole-time Director w.e.f. January 16, 2015

The tenure of office of the Chairman and Managing Director, Managing Director and Whole-time Director is for five years from their respective dates of appointments. The services of Chairman & Managing Director, Managing Director and Whole-time Director can be terminated by either party giving six calendar months' notice in writing. In the event of termination of services, they shall be entitled to receive compensation in accordance with the provisions of Section 202 of the Companies Act, 2013.

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

### VII. Shares Held by Non Executive Directors

Name	Category	No. of Equity shares held
Dr. S. A. Dave	Independent	10,000
Mr. S. C. Bhargava	-do-	500
Mr. P. H. Ravikumar	-do-	-
Mrs. Vibha Paul Rishi	-do-	-
Dr. Sutanu Behuria	-do-	-
Mr. Hardeep Singh	Non-Independent	1,000
Mr. G. B. Mathur	Non-Independent	11,000

### VIII. Stakeholders' Relationship Committee Constitution

During the financial year 2014-15 ended on March 31, 2015, the Stakeholders' Relationship Committee was reconstituted due to resignation of Dr. P. S. Pritam from the directorship of the Company and in his place Mr. Hardeep Singh was inducted as member of the Committee on July 22, 2014.

The Stakeholders' Relationship Committee comprises of following Non-Executive Directors:

1. Dr. S. A. Dave – Independent Director - Chairman
2. Mr. S. C. Bhargava – Independent Director
3. Mr. Hardeep Singh – Non-Independent Director

### Terms of Reference

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

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

### Meetings & Attendance

During the financial year 2014-15 ended on March 31, 2015, the Committee met once on January 16, 2015.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Dr. S. A. Dave	Chairman	1	1
Mr. S.C. Bhargava	Member	1	1
Mr. Hardeep Singh*	Member	1	1
Dr. P. S. Pritam**	Member	1	N.A.

\*Inducted as Member of the Committee w.e.f. July 22, 2014

\*\*Resigned from Directorship w.e.f. June 4, 2014

## Compliance Officer

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

## Complaints received/ resolved

During the year under review, 11 complaints were received from investors which were replied/ resolved to the satisfaction of investors.

## Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending for redressal as on March 31, 2015.

## IX. Risk Management Committee

The Board of Directors of the Company in its meeting held on January 16, 2015 had constituted a Risk Management Committee to oversee the functioning of the Company's risk management policy.

### Constitution

The Risk Management Committee comprises of following persons:

1. Mr. Rajan Nanda – Chairman and Managing Director - Chairman
2. Mr. Nikhil Nanda – Managing Director
3. Mr. Bharat Madan – Group Financial Controller

## XI. General Body Meetings

Date, time and venue of last three Annual General Meetings of the Company:

Financial Year/ Financial Period	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2012-2014	September 19, 2014	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134 113 Haryana	Six
2011-2012	March 22, 2013	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134 113 Haryana	NIL
2010-2011	March 15, 2012	11.00 A.M.	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134 113 Haryana	Two

## XII. Special Resolution passed through Postal Ballot

During the financial year 2014-15, the Company has not passed any Special Resolution through Postal Ballot.

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

## Terms of Reference

The charter of the Committee shall be as follows:

- (i) Formulation & Modification of the Risk Management Policy.
- (ii) Framing, Implementing and Monitoring the Risk Management Plan.
- (iii) Periodic reporting to the Audit Committee on the risk and its mitigation.
- (iv) Others functions in accordance with the applicable provisions of the Companies Act, 2013 read with rules made thereunder and the Listing Agreement.

## X. Functional Committee

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

## Procedure of Committee Meetings

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

## 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.

The "Policy on Materiality of Related Party Transactions and dealing with Related Parties" has been recommended by the Audit Committee and approved by the Board

of Directors of the Company during the financial year 2014-15.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. - NIL
- c) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee.

The Company has adopted Whistle Blower Policy during the financial year 2014-15. However, no person had made any complaint/ report to the Ethics Counselor or the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

- d) Details of the compliance with mandatory requirement and adoption of the non-mandatory requirement of this clause.

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

- e) Disclosure(s) relating to the full particulars of the Cost Auditor along with other details, pursuant to the General Circular No. 15/2011 dated April 11, 2011 issued by the Ministry of Corporate Affairs.

Pursuant to the approval of the Central Government under Section 233B of the Companies Act, 1956, the Company had appointed M/s. Ramanath Iyer & Co., Cost Accountants as Cost Auditor of the Company. Further, the due date of filing the Cost Audit Report for the previous year was September 30, 2014 and the same has been filed on September 22, 2014.

## Subsidiary Companies

Clause 49 defines a "material non-listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e., paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth, respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Escorts Limited has 4 direct subsidiaries, 1 of them is registered outside India and 3 are in India, whose turnover does not exceed the limit prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. Thus, these subsidiaries are out of the scope of the above definition.

Since, the Company does not have any material unlisted subsidiary, it is not required to nominate an Independent

Director of the Company on their Board.

Appropriate details of these subsidiaries are reported elsewhere in the Management Discussion and Analysis Report.

Policy for determining Material Subsidiary: The Policy for determining Material Subsidiary is placed on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.

## XIV. MEANS OF COMMUNICATION

### Key Financial Reporting dates during the year ended on March 31, 2015

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

- For Year ended 31.03.14: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 30.06.14: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 30.09.14: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 31.12.14: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

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

The website also displays official news releases.

### News Releases, Presentation

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

## Management Discussion and Analysis Report

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

## XV. General Shareholder Information

### Company Registration Details

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

**Annual General Meeting (AGM)**

Date : Friday, September 18, 2015

Time : 12:00 Noon

Venue : Hotel KC Cross Road, Site No. 1, Sector-10, Opposite Bus Stand, Panchkula – 134 113, Haryana.

**Financial Year:**

April 1 to March 31

**Appointment/ Re-appointment of Directors**

In accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company, Mr. Hardeep Singh, Director retires by rotation at the ensuing Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

Ms. Nitasha Nanda presently Additional Director is proposed to be appointed as Director of the Company, liable to retire by rotation, at the ensuing Annual General Meeting. She has also been appointed as Whole-time Director for a period of 5 years w.e.f. January 16, 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Dr. Sutanu Behuria was co-opted as Additional Director designated as Independent Director and Mr. G.B. Mathur was co-opted as Additional Director, liable to retire by rotation at every Annual General Meeting, in the Board Meeting held on January 16, 2015. They shall hold office of Director upto the date of ensuing Annual General Meeting.

The brief resume(s) and other details relating to the Director(s) who are proposed to be appointed/ re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement are provided as Annexure to the AGM Notice.

**Financial Calendar 2014-2015 (Tentative)**

Meetings of Board/ Committee thereof to take on record:

Financial results for Quarter ended 30.06.2015	By 14.08.2014
Financial results for Quarter ended 30.09.2015	By 14.11.2014
Financial results for Quarter ended 31.12.2015	By 14.02.2015
Financial results for Quarter/ Year ended 31.03.2016	By 14.05.2015 if unaudited quarterly results or alternatively by 30.05.2015, in case of audited results for the year.

**Annual General Meeting for the Financial Year ending March, 2016:** By September 30, 2016.**Cut off Date for e-voting**

September 11, 2015 has been fixed as the cut-off date to record entitlement of the shareholder to cast their vote electronically.

**Book Closure**

The members register will be closed from September 5, 2015 to September 18, 2015 (both days inclusive) for the purpose of payment of Dividend for the financial year 2014-15.

**Dividend**

- The Board of Directors of the Company have decided to recommend dividend @ ₹ 1.20 per share (being 12% of the nominal value of ₹ 10 per share) for the financial year 2014-15, subject to the approval of the shareholders in the forthcoming AGM.
- The dividend, if declared at the AGM, would be paid/ dispatched within 30 days from the date of declaration at the ensuing AGM to those persons or their mandates:-
  - whose names appear as beneficial owners as at the end of the business hours on September 4, 2015 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 transfers in physical form lodged with the Company on or before September 4, 2015.
- 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**

Year	Rate	Date of Payment
1996-1997	45%	September 10, 1997
1997-1998	45%	September 15, 1998
1998-1999	45%	October 18, 1999
1999-2000	45%	May 29, 2000
2000-2001	45%	October 22, 2001
2001-2002	10%	October 11, 2002
2002-2003	10%	December 24, 2003
2003-2004	Nil	N.A
2004-2005	Nil	N.A
2005-2006	Nil	N.A
2006-2007	Nil	N.A
2007-2008	Nil	N.A.
2008-2009	10%	March 23, 2010
2009-2010	15%	March 10, 2011
2010-2011	15%	March 27, 2012
2011-2012	12%	March 30, 2013
2012-2014	12% (Interim)	October 21, 2013
2012-2014	6% (Final)	September 29, 2014
2014-2015	12% (Proposed)	To be paid within 30 days from the date of declaration of dividend at the ensuing AGM.

**LISTING**

Equity Shares of Escorts Limited are listed with following Stock Exchanges:

LISTING	STOCK CODE
<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai – 400 051	ESCORTS
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	500495
<b>Delhi Stock Exchange Limited</b> DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002	00012

**Listing Fees**

The Company is upto date on the payment of its Annual Listing Fees.

**Monthly Stock Market Price Data**

Month	National Stock Exchange of India Limited		BSE Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2014	135.70	115.30	135.60	115.00
May, 2014	137.50	102.50	137.50	102.15
June, 2014	148.80	124.60	148.80	124.60
July, 2014	144.20	115.00	144.00	115.00
August, 2014	119.00	108.30	119.25	108.35
September, 2014	167.05	114.00	167.00	114.15
October, 2014	174.25	148.20	174.25	148.60
November, 2014	173.65	136.10	173.70	136.00
December, 2014	143.50	113.80	143.65	113.90
January, 2015	139.05	120.15	138.95	120.20
February, 2015	137.80	111.05	137.70	111.45
March, 2015	145.55	124.40	145.40	124.50

### Registrar and Share Transfer Agents

Escorts Limited has no Share Transfer Agent. The Company carries on its share transfer work in-house at:

#### ESCORTS LIMITED

##### Corporate Secretariat

15/5, Mathura Road, Faridabad -121003 Haryana

Phone: 0129 – 2250222, Extension: 4275 / 4254

Fax: 0129 – 2250060

E-mail: [corpsect@ndb.vsnl.net.in](mailto:corpsect@ndb.vsnl.net.in)

Website: [www.escortsgroup.com](http://www.escortsgroup.com)

### Share Transfer System

The Company is having in - house share transfer department duly registered with SEBI for providing services of Registrar and Transfer Agent to its investors. The authority relating to share transfer has been delegated to Share Transfer Committee of the Board of Directors to approve the Transfer, Transmission, Remat, Split & Consolidation of share certificates etc., which normally meets twice a month to approve the requests of the Investors .

Share Transfer Committee ensures the approval of share transfer/ transmission/ splitting and consolidation of valid request with in a period of 15 days from their receipt and also processing of valid Demat request within a week.

### Investors Relation Centers

#### ESCORTS LIMITED

11, Scindia House, Connaught Circus, New Delhi – 110 001  
Telephone No.: (011) 43587400 Fax No.: (011) 43587432

#### ESCORTS LIMITED

Times Square A Wing, Unit No. 1, 3rd Floor, Andheri-Kurla Road, Andheri (East), Mumbai – 400 059  
Telephone No.: (022) 67868607 Fax No.: (022) 67868687

### 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 email [corpsect@ndb.vsnl.net.in](mailto:corpsect@ndb.vsnl.net.in) or sent by post to Escorts Limited, Corporate Secretariat Department, 15/5, Mathura Road, Faridabad – 121 003, Haryana.

### 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 Escorts Limited, Corporate Secretariat Department, 15/5, Mathura Road, Faridabad – 121 003, Haryana. This form can be downloaded from our website [www.escortsgroup.com](http://www.escortsgroup.com).

### Shareholding Pattern as on March 31, 2015

Category of Shareholders	No. of shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	30	51444750	41.97
2. Foreign Institutional Investors	67	11416181	9.31
3. Domestic Institutional Investors, Banks & Mutual Funds	60	4675587	3.82
4. Public & Others	99685	55040360	44.90
<b>Total</b>	<b>99842</b>	<b>122576878</b>	<b>100.00</b>

### Distribution of Shareholding as on March 31, 2015

Range of holding	Number of shareholders	% of Total
1 to 5000	98962	99.12
5,001 to 10,000	458	0.46
10,001 to 50,000	322	0.32
50,001 to 1,00,000	42	0.04
Above 1,00,000	58	0.06
<b>Total</b>	<b>99842</b>	<b>100.00</b>



## Dematerialisation

As on March 31, 2015 dematerialised shares accounted for 98.17% (98.09% up to March 31, 2014) of the total equity shares.

Trading in Equity Shares of the Company is permitted only in dematerialised form as per the notification issued by the Securities and Exchange Board of India.

Dematerialisation of shares as on March 31, 2015		
S. No.	Mode of holding	%
1.	NSDL	90.03
2.	CDSL	8.14
3.	Physical	1.83
	<b>Total</b>	<b>100.00</b>

## Shares Liquidity

The trading volumes at major Stock Exchanges, during the financial year 2014-15 ended on March 31, 2015 are as follows:

Month	National Stock Exchange of India Ltd		BSE Limited	
	No. of Shares	Value (₹ In Lakhs)	No. of Shares	Value (₹ in Lakhs)
April, 2014	38534585	48937.80	9256194	11756.94
May, 2014	46951635	57356.77	14270253	17381.44
June, 2014	52569635	72429.17	14610665	20104.79
July, 2014	26269500	34006.41	7131057	9129.62
August, 2014	13501673	15395.85	3647668	4159.47
September, 2014	105463306	153948.15	26783700	39047.74
October, 2014	45580658	74146.66	11149050	18131.17
November, 2014	23341526	35697.43	6307856	9629.37
December, 2014	20590350	26634.16	6409786	8266.98
January, 2015	18560371	24154.63	5750179	7496.86
February, 2015	22708752	28853.64	6709374	8506.42
March, 2015	18215002	24996.18	5065649	6932.57
<b>Total</b>	<b>432286993</b>	<b>596556.85</b>	<b>117091431</b>	<b>160543.37</b>

## Outstanding GDRs/ ADRs /Warrants/ Stock Options etc.

There is no outstanding ADRs/ GDRs/ Warrants for conversion into equity shares except 1,92,000 stock options granted to the employees. Each stock option, upon exercise of the same, would be converted into one equity share of ₹ 10/- each fully paid up. These options vest in three tranches after one year from date of grant as mentioned in the Letter of Grant and can be exercised during a period of two years or such extended period as the Employees Stock Compensation Committee may decide from the date of grant. The options unexercised during the exercise period would lapse .

There are no other convertible instruments outstanding, which could increase the paid up equity capital of the Company.

## Plant locations

The Company has its manufacturing plants at the following locations:

1. Plot No. 18/4, Mathura Road, Faridabad - 121 007, Haryana
2. Plot No. 2, Sector 13, Faridabad - 121 007, Haryana
3. Plot No. 3, Sector 13, Faridabad - 121 007, Haryana
4. Plot No. 115, Sector 24, Faridabad - 121 003, Haryana
5. Plot No. 219, Sector – 58, Ballabgarh, Faridabad – 121 004, Haryana
6. Plot No. 9, Sector 1, Integrated Industrial Estate, Pant Nagar, Rudrapur - 263 145, Uttarakhand

## Address for Correspondence

### ESCORTS LIMITED

Corporate Secretariat

15/5, Mathura Road, Faridabad -121 003, Haryana

Phone: 0129 – 2250222, Extension: 4275/ 4254

Fax: 0129 – 2250060

E-mail: corpsect@ndb.vsnl.net.in

Website: [www.escortsgroup.com](http://www.escortsgroup.com)

## XVI. Non-Mandatory Requirements

The status/ extent of compliance with non mandatory requirements are as follows:

S. No.	Non Mandatory Provisions	Status
1.	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also the Managing Director of the Company.
2.	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders.	The said information is available on Company's website.
3.	Audit qualifications: The Company may move towards the regime of unqualified financial statements.	Adopted
4.	Separate Posts of Chairman and CEO	Not applicable as Chairman and Managing Director is one.
5.	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

For and on behalf of the Board of Directors

Place: Faridabad

Date: July 10, 2015

Sd/-

**RAJAN NANDA**

*Chairman and Managing Director*

# CEO/CFO certification

The Chairman and Managing Director and the Group Financial Controller of the Company give annual certification to the Board on financial reporting and internal controls in terms of Clause 49(V) of the Listing Agreement pertaining to CEO and CFO certification for the financial year ended on March 31, 2015.

To,  
The Board of Directors  
Escorts Limited

Dear Sir,

We, Rajan Nanda, Chairman and Managing Director and Bharat Madan, Group Financial Controller 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, 2015 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or 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: July 10, 2015

Sd/-  
**BHARAT MADAN**  
Group Financial Controller

Sd/-  
**RAJAN NANDA**  
Chairman & Managing Director

# Auditors' Certificate regarding compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To

**The Members**  
**Escorts Limited**

We have examined the compliance of conditions of Corporate Governance by Escorts Limited (**'the Company'**) for the financial year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreements of the said Company entered in to with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the financial year ended March 31, 2015 no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Stakeholders' Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. N. Dhawan & Co.  
*Chartered Accountants*  
Firm Registration No. 000050N

Place: New Delhi  
Date: July 10, 2015

Sd/-  
**VIJAY DHAWAN**  
*Partner*  
M. No.-12565

# Annexure – F to the Directors' Report

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

### 1. Brief CSR Policy

#### Objective:

The main objective of CSR Policy is to lay down guidelines for the Company to make CSR a key business process for sustainable development of the society. It aims at enhancing welfare measures of the society based on the immediate and long-term social and environmental consequences of its activities.

#### Review Mechanism:

The Board of Directors of Escorts will review the CSR implementation every year.

Escorts shall include in its Annual Report the CSR activities/project undertaken by the Company including the progress thereof.

The CSR Committee may require Project Appraisal of its CSR projects to be carried out by External Agencies/ Third Party Agency, if required.

Utilisation Certificate along with statement of expenditure duly certified by the respective Statutory Auditors will be submitted by the organisation/ Institution to whom CSR fund is allocated.

To undertake the above activities Committee may delegate the power of execution to persons/ officers of the Company.

### 2. Composition of CSR Committee

- Mr. Rajan Nanda
- Mr. Nikhil Nanda
- Mr. Hardeep Singh
- Mr. S.C. Bhargava
- Mrs. Vibha Paul Rishi
- Mr. G.B. Mathur

### 3. Average Net Profit of the Company for last three financial years: ₹ 164.14 Cr.

### 4. Prescribed CSR Expenditure: ₹ 3.28 Cr.

### 5. Details of CSR spent during the financial year

- Total amount to be spent for the financial year: ₹ 3.28 Cr.
- Amount Unspent: ₹ 2.50 Cr.
- Amount spent during the financial year is as follows:

(₹ Cr.)

Sl. No.	CSR Project or Activity	Sector in which the Project is covered	Projects or programs		Amount Outlay (Budget) project or program wise	Amount spent on the Projects or Programs		Cumulative expenditure up to the reporting period	Amount spent	
			Local Area or other	Specify the State & District where projects or programs was undertaken		Direct Expenditure on projects or programs	Overheads		Direct	Through Implementing Agency
1.	Charitable healthcare dispensary for affordable medical facilities	Cl. (i) promoting health care including preventive health care	Local Area	Haryana - Faridabad	0.31	0.01	-	0.01	0.01	-
2.	Education Scholarships	Cl. (i) promoting education	Local Area	Haryana - Faridabad	0.25	0.25	-	0.25	-	0.25
3.	Disaster Relief	Cl. (i) eradicating hunger, poverty & promoting preventive health care	Other	Jammu & Kashmir – Srinagar & Jammu	0.50	0.32	-	0.32	0.07	0.25

(₹ Cr.)

Sl. No.	CSR Project or Activity	Sector in which the Project is covered	Projects or programs		Amount Outlay (Budget) project or program wise	Amount spent on the Projects or Programs		Cumulative expenditure up to the reporting period	Amount spent	
			Local Area or other	Specify the State & District where projects or programs was undertaken		Direct Expenditure on projects or programs	Overheads		Direct	Through Implementing Agency
4.	Community Development	Cl. (x) rural development projects	Local Area	Haryana - Faridabad	0.22	0.20	-	0.20	-	0.20
5.	Skill Development Project	Cl. (ii) employment enhancing vocation skill	Local Area and Other	Haryana – Faridabad, New Delhi, Maharashtra – Pune, Ahmednagar	1.00	-	-	-	-	-
6.	Construction & Sanitation of Toilets in government schools	Cl. (i) Sanitation	Local Area	Haryana - Faridabad	1.00	-	-	-	-	-

**6. Reasons for not spending the amount:** Since being the first year of the CSR implementation, the Company under the guidance and directions of the CSR committee is formulating its initiatives for undertaking activities as identified in the CSR policy. The full impact of CSR shall be felt in the financial year 2015-16.

**7. Statement of the CSR Committee:** The statement of the CSR Committee of the Board of Directors of the Company, is reproduced below:

“The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.”

Sd/-

**RAJAN NANDA**

Chairman and Managing Director  
and Chairman of CSR Committee

Place: Faridabad

Date: July 10, 2015

# Annexure – G 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

For and on behalf of the Board of Directors

Sd/-

**RAJAN NANDA**

*Chairman and Managing Director*

Place: Faridabad

Date: July 10, 2015

# Annexure – H to the Directors' Report

## Form No. MR-3

### Secretarial Audit Report

(For the Financial Year ended March 31, 2015)

[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

SCO-232, 1st Floor, Sector-20,  
Panchkula - 134 109, 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**"/ "**Escorts**"). 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 the Company'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, 2015, 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:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by Escorts for the period ended on March 31, 2015 according to the provisions of:
  - I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
  - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- 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 Aircraft Act, 1934 and Rules made thereunder; and
- (c) The Petroleum Act, 1934 and the Rules made thereunder.

I have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreements entered into by the Company with Bombay Stock Exchange, National Stock Exchange and Delhi Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**3. 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.
- (b) 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.
- (c) 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, 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.

- (d) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** 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 the Company has approved alteration in the Memorandum of Association and Articles of Association of the Company.

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*

Place: New Delhi

FCS : 9738

Date: July 10, 2015

CP : 7288

## Annexure to the Secretarial Audit Report of Escorts Limited for financial year ended March 31, 2015

To,

**The Members  
Escorts Limited**

**Management Responsibility for Compliances**

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Jayant Gupta and Associates

**JAYANT GUPTA**

*Practicing Company Secretary*

Place: New Delhi

FCS : 9738

Date: July 10, 2015

CP : 7288

# Annexure – I to the Directors' Report

## Form No. MGT-9

**EXTRACT OF ANNUAL RETURN** as on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L74899HR1944PLC039088
ii)	Registration Date:	October 17, 1944
iii)	Name of the Company:	Escorts Limited
iv)	Category / Sub-Category of the Company:	Public Company/ Limited by shares
v)	Address of the Registered office and contact details:	SCO-232, First Floor, Sector-20, Panchkula - 134109, Haryana, India Tel.: 0172-4416938
vi)	Whether listed company:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	N.A.

### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Agricultural Tractors	28211	71.13%
2	Construction Equipments	2824	12.55%

### III. Particulars of Holding, Subsidiary and Associate Companies -

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Escorts Securities Limited 11, Scindia House, Connaught Circus, New Delhi – 110 001	U74899DL1994PLC062140	Subsidiary	49.00%	2(87)(i)
2.	Escorts Asset Management Limited 11, Scindia House, Connaught Circus, New Delhi – 110 001	U74899DL1995PLC074265	Subsidiary	30.00%	2(87)(i)
3	Eddal Credit Limited 18/4, Mathura Road, Faridabad – 121 007	U65929HR1995PLC032681	Subsidiary	99.86%	2(87)(ii)
4.	Farmtrac Tractors Europe Sp. Zo.o 11 Przemyslowa St. 11-700 Mragowo, Poland	N.A.	Subsidiary	100.00%	2(87)(ii)
5.	Escorts Consumer Credit Limited C-30, Friends Colony (East), New Delhi - 110 065	U65991DL1991PLC174993	Associate	29.41%	2(6)
6.	Hughes Communications India Limited 1, Shivji Marg, Westend Greens, NH-8, New Delhi – 110 037	U64202DL1992PLC048053	Associate	13.38%	2(6)
7.	Escorts Motors Limited 1, Shivji Marg, Westend Greens, NH-8, New Delhi – 110 037	U74899DL1994PLC060077	Associate	2.00%	2(6)

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2014)				No. of Shares held at the end of the year (As on March 31, 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	1388137	0	1388137	1.13	1388212	0	1388212	1.13	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	12756582	0	12756582	10.41	12756582	0	12756582	10.41	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other - Trust	37300031	0	37300031	30.43	37300031	0	37300031	30.43	0
<b>Sub-total (A) (1):-</b>	<b>51444750</b>	<b>0</b>	<b>51444750</b>	<b>41.97</b>	<b>51444825</b>	<b>0</b>	<b>51444825</b>	<b>41.97</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A) (2)</b>	<b>51444750</b>	<b>0</b>	<b>51444750</b>	<b>41.97</b>	<b>51444825</b>	<b>0</b>	<b>51444825</b>	<b>41.97</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2233274	3621	2236895	1.83	3681250	3621	3684871	3.01	1.18
b) Banks / FI	5758	7614	13372	0.01	7558	7304	14862	0.01	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	425729	125	425854	0.35	975804	50	975854	0.80	0.45
g) FIs	8433845	1388	8435233	6.88	11414793	1388	11416181	9.31	2.43
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>11098606</b>	<b>12748</b>	<b>11111354</b>	<b>9.06</b>	<b>16079405</b>	<b>12363</b>	<b>16091768</b>	<b>13.13</b>	<b>4.07</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	13197070	26355	13223425	10.79	8490989	25920	8516909	6.95	-3.84
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	19585369	2278078	21863447	17.84	23171394	2175503	25346897	20.68	2.84
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	24907387	26515	24933902	20.34	21150039	26515	21176554	17.28	-3.06
c) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	<b>57689826</b>	<b>2330948</b>	<b>60020774</b>	<b>48.97</b>	<b>52812422</b>	<b>2227938</b>	<b>55040360</b>	<b>44.90</b>	<b>-4.07</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>68788432</b>	<b>2343696</b>	<b>71132128</b>	<b>58.03</b>	<b>68891827</b>	<b>2240301</b>	<b>71132128</b>	<b>58.03</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>120233182</b>	<b>2343696</b>	<b>122576878</b>	<b>100.00</b>	<b>120336577</b>	<b>2240301</b>	<b>122576878</b>	<b>100.00</b>	<b>0</b>

**(ii) Shareholding of Promoters**

Sl No.	Promoter's Name	Shareholding at the beginning of the year (As on April 1, 2014)			Share holding at the end of the year (As on March 31, 2014)			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	RAJAN NANDA	1039196	0.85	0.00	1039196	0.85	0.00	0
2	NIKHIL NANDA	212875	0.17	0.00	212875	0.17	0.00	0
3	RITU NANDA	73487	0.06	0.00	67487	0.06	0.00	-0.005
4	HARDEEP SINGH	1000	0.00	0.00	1000	0.00	0.00	0
5	SUBHASH CHANDRA BHARGAVA	500	0.00	0.00	500	0.00	0.00	0
6	NAVYA NAVELI NANDA	18000	0.01	0.00	18000	0.01	0.00	0
7	NITASHA NANDA	5500	0.00	0.00	500	0.00	0.00	-0.004
8	SHWETA NANDA	17000	0.01	0.00	17000	0.01	0.00	0
9	KRISHNA KAPOOR	579	0.00	0.00	579	0.00	0.00	0
10	MASTER AGASTYA NANDA U/G NIKHIL NANDA	10000	0.01	0.00	10000	0.01	0.00	0
11	DAVE SURENDRA AMBALAL	10000	0.01	0.00	10000	0.01	0.00	0
12	BIG APPLE CLOTHING PVT. LTD.	1771837	1.45	0.00	1771837	1.45	0.00	0
13	ESCORTS FARMS LIMITED	500	0.00	0.00	500	0.00	0.00	0
14	CHARAK AYURVEDIC TREATMENTS PVT. LTD.	2000	0.00	0.00	2000	0.00	0.00	0
15	SURENDRA AMBALAL DAVE TRUSTEE OF ESCORTS BENEFIT AND WELFARE TRUST	37300031	30.43	0.00	37300031	30.43	0.00	0
16	HAR PARSHAD AND COMPANY PVT. LTD.	9291008	7.58	0.00	9291008	7.58	0.00	0
17	ESCORTS FINANCE LTD.	31	0.00	0.00	31	0.00	0.00	0
18	AAA PORTFOLIOS PVT. LIMITED	1687280	1.38	0.00	1687280	1.38	0.00	0
19	NIKY TASHA ENERGIES PVT. LTD.	1250	0.00	0.00	1250	0.00	0.00	0
20	NIKY TASHA COMMUNICATIONS PVT. LTD.	1850	0.00	0.00	1850	0.00	0.00	0
21	SIETZ TECHNOLOGIES INDIA PVT. LTD.	826	0.00	0.00	826	0.00	0.00	0
22	RACHANA MATHUR *	0	0.00	0.00	75	0.00	0.00	0
23	GIRISH BEHARI MATHUR *	0	0	0.00	11000	0.01	0.00	0.01
		51444750	41.97	0.00	51444825	41.97	0.00	0.001

\* Inserted w.e.f. January 16, 2015.

**(iii) Change in Promoters' Shareholding**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding (No.)	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-14) end of the year (31-03-15)	% of total shares of the Company				No. of shares	% of total shares of the company
1	Ritu Nanda	73487	0.06					
				16-05-2014	-6000	Transfer	67487	
		67487	0.06	31-03-2015			67487	0.06
2	Nitasha Nanda	5500	0	01-04-2014				
				14-08-2014	-5000	Transfer	500	0
		500	0	31-03-2015			500	0

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No	Name	Shareholding		Date	Increase Decrease in shareholding (No.)	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-14) and at the end (31-03-15) of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Jhunjhunwala Rakesh Radheshyam	6700000		01-04-2014				
				30-01-2015	800000	Transfer	7500000	6.12%
				24-02-2015	499950	Transfer	7999950	6.53%
				06-03-2015	500050	Transfer	8500000	6.93%
				13-03-2015	500000	Transfer	9000000	7.34%
				20-03-2015	375000	Transfer	9375000	7.65%
				27-03-2015	499841	Transfer	9874841	8.06%
2	FID Funds (Mauritius) Ltd.	9975000	8.14%	31-03-2015	100159	Transfer	9975000	8.14%
		3690975	3.01%	01-04-2014				
				04-04-2014	-754267	Transfer	2936708	2.40%
				11-04-2014	-2218071	Transfer	718637	0.59%
				18-04-2014	-477417	Transfer	241220	0.20%
				16-05-2014	-241220	Transfer	0	0
		0	0	31-03-2015			0	0
3	Pradeep Kumar Gupta Trustee of ESOS-2006	3313612	2.70%	01-04-2014				
				30-05-2014	-5000	Transfer	3308612	2.70%
				04-07-2014	-5000	Transfer	3303612	2.70%
				08-08-2014	-5000	Transfer	3298612	2.69%
				10-10-2014	-5000	Transfer	3293612	2.69%
		3293612	2.69%	31-03-2015			3293612	2.69%
4	Goldman Sachs India Fund Limited	0	0	01-04-2014				
				30-05-2014	643709	Transfer	643709	0.53%
				21-10-2014	65161	Transfer	708870	0.58%
				22-10-2014	-65161	Transfer	643709	0.53%
				14-11-2014	25250	Transfer	668959	0.55%
				21-11-2014	39911	Transfer	708870	0.58%
				12-12-2014	35416	Transfer	744286	0.61%
				23-01-2015	44726	Transfer	789012	0.64%
				30-01-2015	64788	Transfer	853800	0.70%
				13-02-2015	69345	Transfer	923145	0.75%
				27-02-2015	1087090	Transfer	2010235	1.64%
				06-03-2015	481326	Transfer	2491561	2.03%
				27-03-2015	151951	Transfer	2643512	2.16%
		2643512	2.16%	31-03-2015				
5	Bengal Finance & Investment Pvt Ltd	1999879	1.63%	01-04-2014				
				11-07-2014	-999879	Transfer	1000000	0.82%
				21-10-2014	601300	Transfer	1601300	1.31%
				22-10-2014	-601300	Transfer	1000000	0.82%
				24-10-2014	601300	Transfer	1601300	1.31%
				05-12-2014	1000000	Transfer	601300	0.49%
				31-12-2014	-101300	Transfer	500000	0.41%
				09-01-2015	-500000	Transfer	0	
		0		31-03-2015			0	
6	Dimensional Emerging Markets Value Fund	1368597	1.12%	01-04-2014				
				21-10-2014	-52631	Transfer	1315966	1.07%
				22-10-2014	52631	Transfer	1368597	1.12%
				14-11-2014	-10128	Transfer	1358469	1.11%
				21-11-2014	-42503	Transfer	1315966	1.07%
				28-11-2014	-61598	Transfer	1254368	1.02%
				05-12-2014	-180490	Transfer	1073878	0.88%
		12-12-2014	-59038	Transfer	1014840	0.83%		

Sl. No	Name	Shareholding		Date	Increase Decrease in shareholding (No.)	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-14) and at the end (31-03-15) of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
				19-12-2014	-44689	Transfer	970151	0.79%
				31-12-2014	-53819	Transfer	916332	0.75%
				09-01-2015	-8959	Transfer	907373	0.74%
				16-01-2015	-6874	Transfer	900499	0.73%
		900499	0.73%	31-03-2015			900499	0.73%
7	DSP Black Rock Small And MID Cap Fund	0	0	01-04-2014				
				19-09-2014	567811	Transfer	567811	0.46%
				30-09-2014	398911	Transfer	966722	0.79%
				03-10-2014	368618	Transfer	1335340	1.09%
				10-10-2014	200000	Transfer	1535340	1.25%
				17-10-2014	335687	Transfer	1871027	1.53%
				13-02-2015	-95801	Transfer	1775226	1.45%
				27-03-2015	-29107	Transfer	1746119	1.42%
		1746119	1.42%	31-03-2015			1746119	1.42%
8	DSP Black Rock Equity Fund	0	0	01-04-2014				
				19-09-2014	878274	Transfer	878274	0.72%
				30-09-2014	230786	Transfer	1109060	0.90%
				03-10-2014	94102	Transfer	1203162	0.98%
				17-10-2014	44984	Transfer	1248146	1.02%
				21-10-2014	-7375	Transfer	1240771	1.01%
				22-10-2014	7375	Transfer	1248146	1.02%
				07-11-2014	-7375	Transfer	1240771	1.01%
				28-11-2014	-23995	Transfer	1216776	0.99%
				13-02-2015	-136199	Transfer	1080577	0.88%
				20-02-2015	-17211	Transfer	1063366	0.87%
				13-03-2015	-32640	Transfer	1030726	0.84%
				20-03-2015	-13322	Transfer	1017404	0.83%
				27-03-2015	-15571	Transfer	1001833	0.82%
				31-03-2015	-9106	Transfer	992727	0.81%
		992727	0.81%	31-03-2015			992727	0.81%
9	Government Pension Fund Global	0	0	01-04-2014				
				21-10-2014	1842251	Transfer	1842251	1.50%
				28-11-2014	-10162	Transfer	1832089	1.49%
				05-12-2014	-13713	Transfer	1818376	1.48%
				13-02-2015	-170131	Transfer	1648245	1.34%
				20-03-2015	-10225	Transfer	1638020	1.34%
				27-03-2015	-16027	Transfer	1621993	1.32%
				31-03-2015	-7226	Transfer	1614767	1.32%
		1614767	1.32%	31-03-2015			1614767	1.32%
10	Vanjana Sunder Iyer	1091701	0.89	01-04-2014				
				01-08-2014	-2500	Transfer	1089201	0.89%
				05-09-2014	-459000	Transfer	630201	0.51%
				30-09-2014	-30201	Transfer	600000	0.49%
				17-10-2014	-100000	Transfer	500000	0.41%
				05-12-2014	-500000	Transfer	0	0
		0	0	31-03-2015			0	0
11	Vanaja Sunder	970000	0.79%	01-04-2014				
				01-08-2014	-55128	Transfer	914872	0.75%
				05-09-2014	-414872	Transfer	500000	0.41%
				12-12-2014	-500000	Transfer	0	0
		0	0	31-03-2015			0	0

Sl. No	Name	Shareholding		Date	Increase Decrease in shareholding (No.)	Reason	Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
		No. of Shares at the beginning (01-04-14) and at the end (31-03-15) of the year	% of total shares of the Company				No. of Shares	% of total shares of the Company
12	Rajan Nanda Trustee of Escorts Benefit Trust	927050	0.76%	01-04-2014				
				29-08-2014	-100000	Transfer	827050	0.67%
				30-09-2014	-60000	Transfer	767050	0.63%
				27-03-2015	-75000	Transfer	692050	0.56%
		692050	0.56%	31-03-2015			692050	0.56%
13	MVSCIF Mauritius	717826	0.59%	01-04-2014				
				04-04-2014	16066	Transfer	733892	0.60%
				11-04-2014	56224	Transfer	790116	0.64%
				02-05-2014	16056	Transfer	806172	0.66%
				09-05-2014	56193	Transfer	862365	0.70%
				16-05-2014	136550	Transfer	998915	0.81%
				23-05-2014	16060	Transfer	1014975	0.83%
				30-05-2014	56290	Transfer	1071265	0.87%
				13-06-2014	264184	Transfer	1335449	1.09%
				20-06-2014	-80	Transfer	1335369	1.09%
				30-06-2014	-40402	Transfer	1294967	1.06%
				04-07-2014	48348	Transfer	1343315	1.10%
				11-07-2014	-8058	Transfer	1335257	1.09%
				18-07-2014	-40315	Transfer	1294942	1.06%
				25-07-2014	40290	Transfer	1335232	1.09%
				08-08-2014	-32270	Transfer	1302962	1.06%
				14-08-2014	-48411	Transfer	1254551	1.02%
				22-08-2014	-56497	Transfer	1198054	0.98%
				30-09-2014	-77197	Transfer	1120857	0.91%
				10-10-2014	-73848	Transfer	1047009	0.85%
				17-10-2014	-32820	Transfer	1014189	0.83%
				21-10-2014	-49418	Transfer	964771	0.79%
				22-10-2014	49418	Transfer	1014189	0.83%
				24-10-2014	-49308	Transfer	964881	0.79%
				31-10-2014	-2754	Transfer	962127	0.78%
				14-11-2014	5606	Transfer	967733	0.79%
				21-11-2014	-2962	Transfer	964771	0.79%
		05-12-2014	16931	Transfer	981702	0.80%		
		12-12-2014	8143	Transfer	989845	0.81%		
		19-12-2014	-24300	Transfer	965545	0.79%		
		31-12-2014	-159259	Transfer	806286	0.66%		
		09-01-2015	22211	Transfer	828497	0.68%		
		13-02-2015	20319	Transfer	848816	0.69%		
		27-03-2015	-36243	Transfer	812573	0.66%		
		819419	0.67%	31-03-2015	6846	Transfer	819419	0.67%
14	TwentyFirst Century Management Services Ltd	800000	0.65%	01-04-2014				
				09-05-2014	-500000	Transfer	300000	0.24%
				16-05-2014	-300000	Transfer	0	0
		0	0	31--3-2015			0	0
15	Tata Investment Corporation Limited	410210	0.33%	01-04-2014				
				11-04-2014	320000	Transfer	730210	0.60%
				02-05-2014	70000	Transfer	800210	0.65%
		800210	0.65%	31-03-2015			800210	0.65%

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name	Shareholding		Date	Increase Decrease in shareholding (No.)	Reason	Cumulative Shareholding during the Year (01-04-2014 to 31-03-2015)		
		No. of Shares at the beginning (01-04-14) end of the year (31-03-15)	% of total shares of the Company				No. of Shares	% of total shares of the Company	
<b>A Director's</b>									
1	Rajan Nanda Chairman & Managing Director	1039196	0.85	01-04-2014	0	Nil Movement during the year	1039196	0.85	
		1039196	0.85	31-03-2015					
2	Nikhil Nanda Managing Director	212875	0.17	01-04-2014	0	Nil Movement during the year	212875	0.17	
		212875	0.17	31-03-2015					
3	Nitasha Nanda Whole-time Director (appointed w.e.f. 16-01- 2015)	500	0	16-01-2015	0	Nil Movement during the period	500	0	
		500		31-03-2015					
4	Dave Surendra Ambalal Director	10000	0.01	01-04-2014	0	Nil Movement during the year	10000	0.01	
		10000	0.01	31-03-2015					
5	Subhash Chandra Bhargava Director	500	0	01-04-2014	0	Nil Movement during the year	500	0	
		500	0	31-03-2015					
6	Hardeep Singh Director	1000	0	01-04-2014	0	Nil Movement during the year	1000	0	
		1000	0	31-03-2015					
7	P H Ravikumar Director (appointed w.e.f. 29-07-2014)	0	0	01-04-2014	0	Nil Movement during the period	0	0	
		0	0	31-03-2015					
8	Vibha Paul Rishi Director (appointed w.e.f. 29-07-2014)	0	0	01-04-2014	0	Nil Movement during the period	0	0	
		0	0	31-03-2015					
9	Sutanu Behuria Director (appointed w.e.f. 16-01-2015)	0	0	01-04-2014	0	Nil Movement during the period	0	0	
		0	0	31-03-2014					
10	Girish Behari Mathur Director (appointed w.e.f. 16-01-2015)	11000	0.01	16-01-2015	0	Nil Movement during the period	11000	0.01	
		11000	0.01	31-03-2015					
11	P. S. Pritam (ceased to be Director w.e.f. 04-06-2014)	0	0	01-04-2014	0	Nil Movement during the period	0	0	
		0	0	04-06-2014					
<b>B Key Managerial Personnel (KMP's)</b>									
1	Bharat Madan Group Financial Controller	0	0	01-04-2014	0	Nil Movement during the year	0	0	
		0	0	31-03-2015					
2	Ajay Kumar Sharma Group General Counsel & Company Secretary (appointed w.e.f. 16-01-2015)	0	0	16-01-2015	0	Nil Movement during the period	0	0	
		0	0	31-03-2015					
3	Girish Behari Mathur Executive Vice President - Company Secretary & Strategic Advisor (ceased to be KMP w.e.f. 15-01-2015)	0	0	01-04-2014	0		5000	0	
				30-05-2014	5000				ESOS Allotment
				04-07-2014	-2500				Transfer
				08-08-2014	5000				ESOS Allotment
				05-09-2014	-3500				Transfer
				06-10-2014	5000				ESOS Allotment
				10-10-2014	-2300				Transfer
				21-10-2014	-700				Transfer
				22-10-2014	700				Transfer
		31-10-2014	-700	Transfer					



## V. Indebtedness

### Indebtedness of the Company including interest outstanding/ accrued but not due for payment (₹ Cr.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	427.10	9.08	0.11	436.29
ii) Interest due but not paid	0.12	-	-	0.12
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>427.22</b>	<b>9.08</b>	<b>0.11</b>	<b>436.41</b>
Change in Indebtedness during the financial year				
• Addition	163.62			163.62
• Reduction	112.76	6.04	0.11	118.91
<b>Net Change</b>	<b>50.86</b>	<b>(6.04)</b>	<b>(0.11)</b>	<b>44.71</b>
Indebtedness at the end of the financial year				
i) Principal Amount	477.96	3.04	-	481.00
ii) Interest due but not paid	0.12	-	-	0.12
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>478.08</b>	<b>3.04</b>	<b>-</b>	<b>481.12</b>

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/ or Manager: (₹ Cr.)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda*	
1.	<b>Gross salary</b>				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4.679	4.859	0.269	9.806
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.130	0.004	0.001	0.134
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	0.536	0.222	0.032	0.790
	<b>Total (A)</b>	<b>5.344</b>	<b>5.084</b>	<b>0.302</b>	<b>10.730</b>
	<b>Overall Ceiling as per the Act</b>	₹ 10.98 Crore (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

\* Appointed as Director w.e.f. January 16, 2015

**B. Remuneration to other directors:**

(₹ Cr.)

Sl. No.	Particulars of Remuneration	Name of Directors								
		Dr. S. A. Dave	Mr. S. C. Bhargava	Mr. P. H. Ravikumar**	Mrs. Vibha Paul Rishi**	Dr. Sutanu Behuria***	Dr. P. S. Pritam*	Mr. Hardeep Singh	Mr. G. B. Mathur***	Total Amount
<b>1</b>	<b>Independent Directors</b>									
	• Fee for attending Board/ Committee Meetings	0.034	0.038	0.011	0.013	0.007	0.012	-	-	0.115
	• Commission	-	-	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>0.034</b>	<b>0.038</b>	<b>0.011</b>	<b>0.013</b>	<b>0.007</b>	<b>0.012</b>	<b>-</b>	<b>-</b>	<b>0.115</b>
<b>2</b>	<b>Other Non-Executive Directors</b>									
	• Fee for attending Board/ Committee Meetings	-	-	-	-	-	-	0.042	0.009	0.051
	• Commission	-	-	-	-	-	-	-	-	-
	• Others: Professional Fee	-	-	-	-	-	-	-	0.416	0.416
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.042</b>	<b>0.425</b>	<b>0.467</b>
	<b>Total (B) = (1+2)</b>	<b>0.034</b>	<b>0.038</b>	<b>0.011</b>	<b>0.013</b>	<b>0.007</b>	<b>0.012</b>	<b>0.042</b>	<b>0.425</b>	<b>0.582</b>
	<b>Total Managerial Remuneration (A + B)</b>									<b>11.312</b>
	<b>Overall Ceiling as per the Act</b>	₹ 1.10 Crore (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)								

\* Ceased to be Director w.e.f. June 4, 2014

\*\* Appointed w.e.f. July 29, 2014

\*\*\* Appointed w.e.f. January 16, 2015

**C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD**

(₹ Cr.)

Sl. No.	Particulars of Remuneration	Name of KMP			Total Amount	
		Mr. Bharat Madan	Mr. G.B. Mathur*	Mr. Ajay Sharma**		
<b>1</b>	<b>Gross Salary</b>					
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		1.061	1.417	0.124	2.602
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961		0.003	0.003	-	0.006
	c. Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961		-	-	-	-
<b>2</b>	<b>Stock Option</b>		-	-	-	-
<b>3</b>	<b>Sweat Equity</b>		-	-	-	-
<b>4</b>	<b>Commission</b>		-	-	-	-
	- as % of profit		-	-	-	-
	- others		-	-	-	-
<b>5</b>	<b>Others</b>		-	-	-	-
	<b>Total</b>		<b>1.064</b>	<b>1.420</b>	<b>0.124</b>	<b>2.608</b>

\* KMP till January 15, 2015

\*\* KMP w.e.f. January 16, 2015

**VII. Penalties/ Punishment/ Compounding of Offence:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty					
Punishment				NIL	
Compounding					

**OTHER OFFICERS IN DEFAULT**

Penalty					
Punishment				NIL	
Compounding					

## Annexure – J 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 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15, and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2014-15 (₹ in Cr)	% Increase in Remuneration in the financial year 2014-15	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Mr. Rajan Nanda Chairman and Managing Director	5.344	#	66.8	#
2.	Mr. Nikhil Nanda Managing Director	5.084	#	63.55	
3.	Mr. Nitasha Nanda Whole-time Director	0.285	*	*	
4.	Mr. G.B. Mathur Non-Executive Director	0.425	*	*	
5.	Mr. Hardeep Singh Non-Executive Director	0.042	#	0.53	
6.	Dr. S.A. Dave Non-Executive Director	0.034	#	0.43	
7.	Mr. S.C. Bhargava Non-Executive Director	0.038	#	0.48	
8.	Mr. P.H. Ravikumar Non-Executive Director	0.011	*	*	
9.	Mrs. Vibha Paul Rishi Non-Executive Director	0.013	*	*	
10.	Dr. Sutanu Behuria	0.007	*	*	
11.	Dr. P.S. Pritam	0.012	**	**	
12.	Mr. Bharat Madan Group Financial Controller	1.061	#	Not Applicable	
13.	Mr. G.B. Mathur Company Secretary and Strategic Advisor	1.420	***	Not Applicable	
14.	Mr. Ajay Sharma Company Secretary and Chief Compliance Officer	0.124	***	Not Applicable	

\* Details not given as Ms. Nitasha Nanda, Mr. G.B. Mathur and Dr. Sutanu Behuria were directors only for part of financial year 2014-15 i.e. w.e.f. January 16, 2015 and Mr. P.H. Ravikumar & Mrs. Vibha Paul Rishi were directors only for part of financial year 2014-15 i.e. w.e.f. July 29, 2014.

\*\* Details not given as Dr. P. S. Pritam was a Director only for part of the financial year i.e. upto June 4, 2014.

\*\*\* Details not given as Mr. G.B. Mathur was KMP only for part of financial year i.e. upto January 15, 2015 and Mr. Ajay Sharma was KMP only for part of financial year i.e. w.e.f. January 16, 2015.

# In view of the figures of previous Financial Year (FY 2012-14) being for a period of 18 months the same are not comparable with the current financial year figures. Accordingly the data relating to the following have not been provided:

- (i) Increase in median remuneration of employees for the previous Financial Year;
  - (ii) Relationship between average increase in remuneration and Company's performance;
  - (iii) Comparison of Remuneration of Key Managerial Personnel against the performance of the Company; and
  - (iv) Average percentage increase made in salaries of employees other than the managerial personnel in the last financial year.
- (II) There were 4,157 permanent employees on the rolls of the Company as on March 31, 2015.
- (III) a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2015 was ₹ 1561.02 crore (₹ 1412.70 crore as on March 31, 2014).
- b) Price Earnings ratio of the Company was 20.34 as at March 31, 2015 and was 7.50 as at March 31, 2014.
- c) Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the company came out with the last public offer in the year- The Company had come out with initial public offer (IPO) in 1960. An amount of ₹ 1000 invested in the said IPO has been increased to ₹ 4.85 lakh as on March 31, 2015 excluding conversion of debentures, warrants and dividend amount.
- (IV) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees.
- (V) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- (VI) It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees.

# Independent Auditor's Report

## To The Members of Escorts Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Escorts Limited ('the Company'), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities, selection and application of appropriate accounting policies, making judgements 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34a of the financial statements;
  - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34c of the financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S. N. Dhawan & Co.  
Chartered Accountants  
(Firm Registration No. 000050N)

(Vijay Dhawan)  
Partner  
M.No.:12565

Place: New Delhi

Dated: May 28, 2015

## Annexure to Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended March 31, 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year, except for materials lying with third parties for which certificates confirming stocks held by them have been obtained in most of the cases.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories. Discrepancies noticed on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control systems.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of the products manufactured by the Company and are of the opinion that *prima facie* the prescribed accounts have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess were in arrears, as at March 31, 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the details of statutory dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute are given below:

Name of the Statute	Nature of Dues	Amount* (₹ Crores)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Acts	Sales Tax	25.88	1987-2014	Adjudicating Authority/ Appellate Authority/ High Court
Central Excise Act, 1944	Excise Duty	1.94	1992-2013	Adjudicating Authority/ Appellate Authority
Central Excise Act, 1944	Excise Duty	11.90	1995-2012	CESTAT
Finance Act, 1994	Service Tax	2.09	2005-2011	CESTAT
Income Tax Act, 1961	Income Tax	0.53	2007-2008 (A.Y. 2008-2009)	ITAT
Haryana Local Area Development Tax Act, 2000	Local Area Development Tax	12.90	2006-2008	Supreme Court

\* net of deposits

- (c) According to the information and explanations given to us, the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder has been transferred to such fund within time.
- (viii) The Company does not have accumulated losses as at March 31, 2015 and has not incurred cash losses during the financial period covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were applied for the purposes for which the loans were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For S. N. Dhawan & Co.  
Chartered Accountants  
(Firm Registration No. 000050N)

(Vijay Dhawan)  
Partner  
M.No.: 12565

Place: New Delhi

Dated: May 28, 2015



**Balance Sheet** As At March 31, 2015

₹ Crores

	Notes	As At 31.03.2015	As At 31.03.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	119.29	119.27
Reserves and Surplus	4	1,677.01	1,712.11
<b>Non-Current Liabilities</b>			
Long-term Borrowings	5	105.81	144.30
Other Long-term Liabilities	7	34.53	29.61
Long-term Provisions	8	113.55	118.22
<b>Current Liabilities</b>			
Short-term Borrowings	9	302.60	206.10
Trade Payables	10	700.63	829.66
Other Current Liabilities	11	245.77	251.53
Short-term Provisions	8	87.90	81.90
<b>Total</b>		<b>3,387.09</b>	<b>3,492.70</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	12	1,566.98	1,623.53
Intangible Assets		15.98	19.16
Capital Work-in-Progress		19.40	29.95
Intangible Assets under Development		36.06	7.41
Non-current Investments	13	380.03	378.08
Deferred Tax Assets (Net)	6	47.81	7.37
Long-term Loans and Advances	14	19.80	16.04
Other Non-current Assets	15	2.93	2.95
<b>Current Assets</b>			
Current Investments	16	3.42	3.42
Inventories	17	415.92	550.97
Trade Receivables	18	397.06	352.41
Cash and Bank Balances	19	236.41	261.90
Short-term Loans and Advances	14	233.20	233.85
Other Current Assets	15	12.09	5.66
<b>Total</b>		<b>3,387.09</b>	<b>3,492.70</b>
Summary of Significant Accounting Policies	2.1		

The accompanying Notes (1 to 52) are an integral part of the Financial Statements.

For and on Behalf of the Board

**RAJAN NANDA**  
Chairman and Managing Director

**NIKHIL NANDA**  
Managing Director

**Dr. S. A. DAVE**  
Director

As per our Report attached  
for S. N. DHAWAN & CO.  
Chartered Accountants  
(Firm Regn. No. 000050N)

**S. C. BHARGAVA**  
Director

**HARDEEP SINGH**  
Director

**BHARAT MADAN**  
Group Financial Controller

**AJAY SHARMA**  
Group General Counsel & Company Secretary

**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad  
Date : May 28, 2015

## Statement of Profit and Loss For the Year Ended March 31, 2015

₹ Crores

	Notes	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>INCOME</b>			
Revenue from Operations (Gross)	20	4,061.64	6,424.38
Less: Excise Duty		75.81	132.87
Revenue from Operations (Net)		<b>3,985.83</b>	<b>6,291.51</b>
Other Income	21	60.65	81.41
<b>Total Revenue (I)</b>		<b>4,046.48</b>	<b>6,372.92</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components Consumed	22	2,561.50	4,222.68
Purchases of Traded Goods	23	205.05	303.74
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	24	82.07	(15.94)
Employee Benefits Expense	25	431.83	667.35
Finance Costs	26	57.11	110.67
Depreciation and Amortisation Expense	27	66.06	83.22
Other Expenses	28	543.98	732.44
<b>Total Expenses (II)</b>		<b>3,947.60</b>	<b>6,104.16</b>
<b>Profit before Exceptional Items and Tax (I - II)</b>		<b>98.88</b>	<b>268.76</b>
Exceptional Items	29	30.63	(3.64)
<b>Profit Before Tax</b>		<b>68.25</b>	<b>272.40</b>
Tax Expense:			
(a) Current Tax		15.52	64.97
(b) Minimum Alternative Tax Entitlement		(3.29)	(27.28)
(c) Deferred Tax		(18.69)	(10.18)
<b>Profit for the Year/ Period</b>		<b>74.71</b>	<b>244.89</b>
<b>Earnings Per Equity Share (in ₹) (face value ₹ 10/- each)</b>			
Basic		6.26	20.53
Diluted		6.26	20.53
Summary of Significant Accounting Policies	2.1		

The accompanying Notes (1 to 52) are an integral part of the Financial Statements.

For and on Behalf of the Board

**RAJAN NANDA**  
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Group General Counsel & Company Secretary

**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad  
Date : May 28, 2015

## Notes to Financial Statements For the Year Ended March 31, 2015

### 1. CORPORATE INFORMATION

Escorts Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company's shares are listed with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Delhi Stock Exchange Limited. The Company is engaged in the business of manufacturing of agricultural tractors, engines for agricultural tractors, round and flat tubes, heating elements, double acting hydraulic shock absorbers for railways coaches, center buffer couplers, automobile shock absorbers, telescopic front fork and Mcpherson struts, brake block, internal combustion engine and all types of brake used by railway's, construction, earth moving and material handling equipments.

It also trades in oils and lubricants, implements, trailers, tractors, compressor accessories and spares, construction, earth moving and material handling equipments and aero business.

### 2. BASIS OF PREPARATION

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis (except for certain plant and machinery, land and building which are carried at revalued amounts). GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 2.1 Summary of Significant Accounting Policies

##### a. Change in Accounting Policy

Effective April 01, 2014, the Company has with retrospective effect changed its policy of providing depreciation on fixed assets to Straight Line Method for all assets as against the earlier policy of providing depreciation on Straight Line Method for plant and machinery and Diminishing Balance Method for other assets. The Management believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits will be derived from the use of these assets.

##### b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that effect the reported amount of revenues, expenses, assets and liabilities and the disclosure of the contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates, any revision to the accounting estimates is recognised in the period in which the results are known.

##### c. Tangible Fixed Assets

Fixed assets are stated at cost or at replacement cost in case of revaluation, less accumulated depreciation/amortisation and impairment losses, if any. Cost of acquisition or construction is inclusive of all incidentals and other attributable costs of bringing the asset to its working condition for its intended use and is net of available duty/tax credits.

##### d. Intangible Fixed Assets

Intangible Assets are valued at cost less accumulated amortisation and any impairment losses.

##### e. Impairment of Assets

Impairment is ascertained at each balance sheet date in respect of cash generating units as per Accounting Standard 28- 'Impairment of Assets' issued by Institute of Chartered Accountants of India. An impairment loss is recognised in books of accounts in the financial year concerned whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

## Notes to Financial Statements For the Year Ended March 31, 2015

### f. Depreciation and Amortisation

#### Tangible Assets

- i. Depreciation on tangible assets is provided on the straight line method over the useful lives of assets prescribed in schedule of the Companies Act, 2013 except Leasehold Land, which is amortised over the lease period.
- ii. The depreciation on assets acquired/sold/discarded/demolished during the year is provided from/upto the month the asset is commissioned/sold or discarded.
- iii. Assets costing upto ₹ 5,000 are depreciated fully in the year of purchase.
- iv. Leasehold Improvements are written off over a lease period .

#### Intangible Assets

- i. Prototypes including work-in-progress developed during Research and Development, tractors/construction equipment and parts thereof used for carrying R&D activities and advances given for tooling are written off over a period of four years.
- ii. Technical know-how fee and expenditure on major software products are written off over a period of six years.

### g. Inventory Valuation

- i. Raw Material and components, stores and machinery spares are stated at lower of cost and net realisable value.
- ii. Loose tools are stated at cost or under.
- iii. Work in progress, finished and trading goods/spare parts are stated at lower of cost and net realisable value.
- iv. In determining the cost of raw materials and components, trading goods, tools, jigs and dies, stores and machinery spares weighted average cost method is used.
- v. Work in progress and finished goods include cost of conversion and other costs incurred in bringing the Inventories to their present location and condition.

### h. Revenue Recognition

- i. Dividend is accounted for an accrual basis when the right to receive the dividend is established.
- ii. Income recognition/provisions on non-performing assets is in accordance with the non-banking financial prudential norms (Reserve Bank) Directions, 2007.

### i. Research and Development

Revenue expenditure incurred for research and development is charged to the statement of profit and loss. Fixed assets purchased for research and development activities are capitalised in the year the same are put to use.

### j. Employee Benefits

#### i. Defined Contribution Plan :

Employee benefits in the form of provident fund, employee state insurance and labour welfare fund are considered as defined contribution plans and the contributions are charged to the statement of profit and loss of the year when the contribution to respective funds are due.

#### ii. Defined Benefit Plan :

Retirement benefits in the form of Gratuity is considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet.

Actuarial gain/losses are immediately recognised in the statement of profit and loss.

## Notes to Financial Statements For the Year Ended March 31, 2015

### iii. Other Long Term Benefits :

Long term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet. Actuarial gain/losses are immediately recognised in the statement of profit and loss.

### k. Investments

Investments intended to be held for less than one year are classified as current investments and are carried at lower of cost or market value. All other investments are classified as long-term investments and are carried at cost. Investments in foreign companies are stated at the exchange rates prevailing on the date of investment.

A provision for diminution is made to recognise a decline other than temporary in the value of long term investments.

### l. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognised in the statement of profit and loss. Foreign currency monetary assets and liabilities are restated at the exchange rate prevailing at the year-end and the overall net gain/loss is adjusted to the statement of profit and loss.

In case of forward exchange contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised in the statement of profit and loss over the life of the contract.

### m. Tax Expense

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "Minimum Alternative Tax Entitlement". The company reviews the "Minimum Alternative Tax Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, representing the difference between the taxable income/(loss) and accounting income/(loss) that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets viz. unabsorbed depreciation and carry forward losses are recognised if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### n. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of cost of such assets upto the date the assets are ready for its intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

## Notes to Financial Statements For the Year Ended March 31, 2015

### o. Unamortised Expenditure

Development expenditure represents project related development expenditure/business process re-engineering consultancy and market research. Such expenditure is written off over a period of six years.

### p. Employee Stock Option Scheme

In respect of stock options granted pursuant to employees stock option scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the options) is accounted as employee compensation cost over the vesting period.

### q. Leases

i. Asset acquired under leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii. Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

### r. Government Grants

Government grants are recognised when there is a reasonable assurance that the same will be received. Cash subsidies and capital grants relating to specific assets are reduced from the gross value of the respective assets, other capital grants and cash subsidies are credited to capital reserve.

### s. Provisions and Contingent Liabilities and Contingent Assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i. the company has a present obligation as a result of a past event,
- ii. a probable outflow of resources is expected to settle the obligation,
- iii. the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

- i. A present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- ii. A possible obligation, of which the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### t. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 3 : SHARE CAPITAL

₹ Crores

	As At 31.03.2015	As At 31.03.2014
<b>Authorised</b>		
(i) 401,000,000 (Previous period - 401,000,000 Shares ) Equity Shares of ₹ 10 each	401.00	401.00
(ii) 888,000,000 (Previous period - 888,000,000 Shares) Unclassified Shares of ₹ 10 each	888.00	888.00
	<b>1,289.00</b>	<b>1,289.00</b>
<b>Issued, Subscribed and Paid-Up Capital</b>		
122,576,878 (Previous period 122,576,878) Equity Shares of ₹ 10/- each	122.58	122.58
Less: Amount Recoverable from Escorts Employees Benefit and Welfare Trust (face value of 3,293,612 shares allotted to trust) - (Previous period - 3,313,612)	3.29	3.31
<b>Total Share Capital</b>	<b>119.29</b>	<b>119.27</b>

#### (a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As At 31.03.2015	As At 31.03.2014
At the beginning of the year	122,576,878	122,576,878
Add : Issued during the year	-	-
Less : Buyback during the year	-	-
At the end of the year	<b>122,576,878</b>	<b>122,576,878</b>

#### (b) Terms/Rights 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. The final dividend @ ₹ 1.20 per share, recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. 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

Name of Shareholders	As At 31.03.2015		As At 31.03.2014	
	% Held	No. of Shares	% Held	No. of Shares
Escorts Benefit and Welfare Trust	30.43	37,300,031	30.43	37,300,031
Harprasad and Company Private Limited	7.58	9,291,008	7.58	9,291,008
Jhunjhunwala Rakesh Radheshyam	8.14	9,975,000	5.47	6,700,000

#### (d) Shares issued for consideration other than cash during the period of five years immediately preceding March 31, 2015:

Particulars	As At 31.03.2015	As At 31.03.2014
	No. of Shares	No. of Shares
Equity shares allotted as fully paid pursuant to consideration other than cash	28,255,770	28,255,770

In addition, the Company has issued total 318,000 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:

For details of share reserved for issue under the Employee Stock Option Plan (ESOP) of the company - (refer Note 36)

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 4 : RESERVES AND SURPLUS

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>Capital Reserve</b>		
Balance as per the last Financial Statements	97.70	97.70
Closing Balance	97.70	97.70
<b>Capital Redemption Reserve</b>		
Balance as per the last Financial Statements	4.00	4.00
Closing Balance	4.00	4.00
<b>Securities Premium Reserve</b>		
Balance as per the last Financial Statements	431.85	431.85
Add : Shares issued under the Employee Stock Option Scheme 2006	0.15	-
Closing Balance	432.00	431.85
<b>Revaluation Reserve</b>		
Balance as per the last Financial Statements	36.17	46.29
Less : Amount transferred to the Statement of Profit and Loss as reduction from depreciation	-	9.90
Amount utilised for assets sold/ written off	-	0.22
Closing Balance	36.17	36.17
<b>Employee Stock Option Outstanding Account</b>		
Gross employee stock compensation for options granted in earlier years	0.33	0.81
Add : Gross compensation for option granted during the year/ period	-	0.05
Deduction during the year/ period	0.29	0.53
Closing Balance	0.04	0.33
<b>General Reserve</b>		
Balance as per the last Financial Statements	608.05	589.68
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	-	18.37
Transfer from other reserves	0.29	-
Less : Adjustment on account of realignment of useful life of fixed assets as per Schedule II of Companies Act, 2013 (refer Note 35)	94.48	-
Closing Balance	513.86	608.05
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per the last Financial Statements	534.01	324.36
Add : Dividend on shares held by Escorts Benefit and Welfare Trust (refer Note 41)	2.22	8.94
Profit for the Year/ Period	74.71	244.89
Less : Appropriations		
Transfer to General Reserve	-	18.37
Interim Dividend Nil (Previous period ₹ 1.20) per share	-	14.71
Proposed Dividend @ ₹ 1.20 (Previous period ₹ 0.60) per share	14.71	7.35
Tax on Dividend	2.99	3.75
Closing Balance	593.24	534.01
<b>Total</b>	<b>1,677.01</b>	<b>1,712.11</b>



## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 5 : LONG-TERM BORROWINGS

₹ Crores

	Non-Current Portion		Current Maturities	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
<b>Secured</b>				
<b>Term Loans</b>				
From Banks	105.63	139.17	69.67	81.77
From Other Parties	0.04	0.04	0.02	0.02
<b>Unsecured</b>				
Finance Lease Obligation	-	0.33	0.33	1.42
Other Loans and Advances	0.14	4.76	2.57	2.57
<b>Total</b>	<b>105.81</b>	<b>144.30</b>	<b>72.59</b>	<b>85.78</b>

Current maturities of long-term borrowings are classified as other current liabilities (refer Note 11)

#### (a) Term Loans from Bank

(Term loans from banks carries interest @ 12.00% to 12.75%)

- (i) Exclusive first charge on the Plant and Machinery/ Equipments acquired/ to be acquired out of the said term loans.

##### State Bank of India

₹ 10.15 Crores

(Repayable in 6 installment of ₹ 1.75 crores each upto 30.09.2016)

- (ii) Exclusive charge on Land and Building and hypothecation of plant and other assets of Escorts Construction Equipment division excluding plant and machinery specifically charged to other term lenders.

##### Punjab National Bank

₹ 3.57 Crores

(Repayable in 1 installment of ₹ 3.75 crores each upto 30.06.2015)

- (iii) First charge by way of equitable mortgage of freehold immovable property being a part of Site No. 2, Sector-13, Faridabad.

##### Oriental Bank of Commerce

₹ 45.00 Crores

(Repayable in 2 installment of ₹ 5 crores each and 2 installment of ₹ 10 crores each and last installment of ₹ 15 crores upto 31.05.2016)

##### Industrial Development Bank of India

₹ 95.00 Crores

(Repayable in 2 installment of ₹ 2.50 crores, 4 installment of ₹ 5.00 crores, 8 installment of ₹ 8.75 crores, upto 01.07.2018 including loan amount yet to be disbursed)

- (iv) Exclusive first charge on the Plant and Machinery acquired/to be acquired out of the said term loan. Collateral: first charge by way of equitable mortgage of freehold immovable property being a part of Site No. 2, Sector-13, Faridabad.

##### Oriental Bank of Commerce

₹ 21.58 Crores

(Repayable in 6 installment of ₹ 3.52 crores, 1 installment of ₹ 0.46 crores upto 28.11.2017 including loan amount yet to be disbursed)

#### (b) Term Loan from Others

Life insurance corporation of India

(Secured against insurance policy)

₹ 0.06 Crores

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 5 : LONG-TERM BORROWINGS (Contd.)

#### (c) Other Loan and Advances

Repayment of loan as under :

2015-2016

₹ 2.57 Crores

2016-2017

₹ 0.14 Crores

### NOTE 6 : DEFERRED TAX ASSETS / (LIABILITY) - NET

₹ Crores

	As At 31.03.2015	As At 31.03.2014
<b>Deferred Tax Liability</b>		
Fixed Assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting	14.16	41.48
<b>Total Deferred Tax Liability (A)</b>	<b>14.16</b>	<b>41.48</b>
<b>Deferred Tax Assets</b>		
Impact of expenditure charged to the statement of profit and loss in current period but allowed for tax purpose on payment basis and others	61.97	48.85
<b>Total Deferred Tax Assets (B)</b>	<b>61.97</b>	<b>48.85</b>
<b>Total Deferred Tax Assets / (Liability) (A - B)</b>	<b>47.81</b>	<b>7.37</b>

### NOTE 7 : OTHER LONG TERM LIABILITIES

₹ Crores

	As At 31.03.2015	As At 31.03.2014
<b>Others</b>		
Security Deposits	23.44	18.52
Advance Received	11.09	11.09
<b>Total</b>	<b>34.53</b>	<b>29.61</b>

### NOTE 8 : PROVISIONS

₹ Crores

	Long-Term		Short-Term	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
<b>Provision for Employee Benefits</b>				
Gratuity	-	-	55.57	56.81
Leave Encashment	13.98	13.90	2.66	4.14
Superannuation	-	-	1.30	2.03
Others	-	-	2.77	2.73
	<b>13.98</b>	<b>13.90</b>	<b>62.30</b>	<b>65.71</b>
<b>Others</b>				
Provision for Warranty	-	-	7.90	7.59
Provision for Contingency/Claims	99.57	104.32	-	-
Proposed Dividend	-	-	14.71	7.35
Dividend Tax	-	-	2.99	1.25
	<b>99.57</b>	<b>104.32</b>	<b>25.60</b>	<b>16.19</b>
<b>Total</b>	<b>113.55</b>	<b>118.22</b>	<b>87.90</b>	<b>81.90</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 9 : SHORT-TERM BORROWINGS

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>Secured</b>		
<b>From Banks</b>		
Cash Credit / Export Packing Credit and Working Capital Demand Loans	302.60	206.10
<b>Total</b>	<b>302.60</b>	<b>206.10</b>

#### Nature of Security

Cash Credit/Export Packing Credit and Working Capital Demand Loans from Banks are secured against first charge on current assets and second charge on movable fixed assets excluding assets specifically charged to the term lenders and repayable on demand and carries interest @ 10.5-12.5% per annum.

### NOTE 10 : TRADE PAYABLES

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
Acceptances	155.04	242.21
Trade Payables (refer Note 39)	545.59	587.45
<b>Total</b>	<b>700.63</b>	<b>829.66</b>

### NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
Current maturities of long-term borrowings (refer Note 5 for details)	72.59	85.78
Interest accrued and due on borrowings	0.12	0.12
<b>Investor Education and Protection Fund will be credited by following amounts (as and when due)</b>		
Unpaid Dividends	1.02	0.96
Unpaid Matured Deposits and Interest Accrued thereon	-	0.11
<b>Other Payables</b>		
Statutory Dues	52.66	49.85
Other Liabilities	119.38	114.71
<b>Total</b>	<b>245.77</b>	<b>251.53</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

## NOTE 12 : FIXED ASSETS

₹ Crores

	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	As At 01.04.2014	Addition	Deletion/ Adjustment*	As At 31.03.2015	As At 01.04.2014	Write Back (Net)*	Transferred to General Reserve*	For the Period	Deductions/ Adjustment*	As At 31.03.2015	As At 31.03.2014
<b>Tangible Assets:</b>											
Land Freehold	1,082.30	-	-	1,082.30	-	-	-	-	-	1,082.30	1,082.30
Buildings	376.02	2.46	-	378.48	223.99	71.19	69.85	6.99	-	148.84	152.03
Plant and Machinery	784.69	24.81	34.92	774.58	443.55	(0.41)	35.41	39.92	31.66	286.95	341.14
Furniture and Fixtures	83.07	3.26	(3.22)	89.55	57.73	11.55	8.27	7.08	(2.18)	25.84	25.34
Office Equipment	23.71	0.12	16.04	7.79	16.67	2.08	1.52	2.37	12.70	2.01	7.04
Vehicles	9.85	4.66	3.84	10.67	6.69	2.51	0.02	1.47	2.89	7.89	3.16
Leasehold Improvements	0.05	-	-	0.05	0.01	-	-	-	-	0.04	0.04
<b>Assets Under Lease:</b>											
Land Leasehold	8.89	-	-	8.89	0.61	-	-	0.10	-	8.18	8.28
Plant and Machinery	3.68	-	(0.43)	4.11	0.91	-	-	0.27	(0.20)	2.73	2.77
IT Equipments	8.08	-	(4.24)	12.32	6.71	2.39	1.16	2.54	(2.10)	2.20	1.37
Vehicles	0.23	-	0.23	-	0.17	-	-	-	0.17	-	0.06
<b>Total - A</b>	<b>2,380.57</b>	<b>35.31</b>	<b>47.14</b>	<b>2,368.74</b>	<b>757.04</b>	<b>89.31</b>	<b>116.23</b>	<b>60.74</b>	<b>42.94</b>	<b>1,566.98</b>	<b>1,623.53</b>
<b>Intangible Assets:</b>											
Prototypes	2.17	-	(0.91)	3.08	0.75	-	-	0.64	(0.72)	2.11	1.42
Technical Knowhow	10.45	-	2.72	7.73	9.17	-	-	0.26	2.52	0.82	1.28
Software Development	28.76	2.20	0.54	30.42	12.30	-	-	4.42	0.49	14.19	16.46
<b>Total - B</b>	<b>41.38</b>	<b>2.20</b>	<b>2.35</b>	<b>41.23</b>	<b>22.22</b>	<b>-</b>	<b>-</b>	<b>5.32</b>	<b>2.29</b>	<b>15.98</b>	<b>19.16</b>
<b>Total - (A+B)</b>	<b>2,421.95</b>	<b>37.51</b>	<b>49.49</b>	<b>2,409.97</b>	<b>779.26</b>	<b>89.31</b>	<b>116.23</b>	<b>66.06</b>	<b>45.23</b>	<b>1,582.96</b>	<b>1,642.69</b>
Capital Work-in-Progress (CWIP) (C)	29.95	39.90	50.45	19.40	-	-	-	-	-	19.40	29.95
Intangible Assets under Development (D)	7.41	15.88	(12.77)	36.06	-	-	-	-	-	36.06	7.41
<b>Total - (A+B+C+D)</b>	<b>2,459.31</b>	<b>93.29</b>	<b>87.17</b>	<b>2,465.43</b>	<b>779.26</b>	<b>89.31</b>	<b>116.23</b>	<b>66.06</b>	<b>45.23</b>	<b>1,638.42</b>	<b>1,680.05</b>
<b>Previous Period</b>	<b>2,362.75</b>	<b>263.23</b>	<b>166.67</b>	<b>2,459.31</b>	<b>710.01</b>	<b>-</b>	<b>-</b>	<b>93.12</b>	<b>23.87</b>	<b>1,680.05</b>	<b>-</b>

## Note:

1. Fixed Assets include Assets in use for In House Research and Development Centers:

- Research and Development Centre (Tractors)	202.69	7.56	2.41	207.84	51.30	5.52	2.59	11.76	2.29	57.84	151.39
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- Research and Development Centre (Construction Equipments)	5.27	0.03	0.13	5.17	2.94	0.12	0.09	0.63	0.13	1.76	2.33
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2. Capital Work-in-Progress includes borrowing cost of ₹ 2.22 crores (Previous period ₹ 1.92 crores), capitalised during the year.

3. \*Refer Note 35

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 13 : NON-CURRENT INVESTMENTS

	Face Value Per Share	No. of Shares/Units		Amount (₹ Crores)	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Trade Investments (Valued at Cost Unless Stated Otherwise)</b>					
<b>a) Quoted (Fully Paid up)</b>					
<b>Investment in Equity Shares</b>					
Escorts Finance Limited	₹ 10	3,819,700	3,819,700	4.01	4.01
<b>b) Unquoted (Fully Paid up)</b>					
<b>Investment in Equity Shares</b>					
Farmtrac Tractors Europe SP zoo, Poland	1000 PLN	9,500	9,500	8.35	8.35
EDDAL Credit Limited	₹ 10	50,000	50,000	0.05	0.05
Escorts Skill Development	₹ 10	9,500	-	0.01	-
<b>Investments in Preference Shares</b>					
Escorts Finance Limited (10%, Cumulative)	₹ 10	9,500,000	9,500,000	-	-
<b>Other Investments (Valued at Cost Unless Stated Otherwise)</b>					
<b>a) Quoted (Fully Paid up)</b>					
<b>Investment in Equity Shares</b>					
Asahi India Glass Limited	₹ 1	18,862	18,862	-	-
Godavari Drugs Limited	₹ 10	19,700	19,700	0.07	0.07
Tamilnadu Newsprints and Papers Limited	₹ 10	100	100	-	-
<b>b) Unquoted (Fully Paid up)</b>					
<b>Investment in Equity Shares of Subsidiary</b>					
Escorts Assets Management Limited	₹ 10	3,000,000	3,000,000	3.00	3.00
Escorts Securities Limited	₹ 10	1,960,000	-	1.96	-
<b>Investment in Equity Shares of Joint Venture</b>					
Hughes Communications India Limited	₹ 10	2,074,492	2,074,492	2.07	2.07
<b>Investment in Equity Shares of Associate</b>					
Escorts Motors Limited	₹ 10	100,000	100,000	1.50	1.50
Escorts Consumer Credits Limited	₹ 10	1,250,000	1,250,000	1.00	1.00
<b>Investment In Equity Shares</b>					
Drillmac Limited (in liquidation)	₹ 10	20,000	20,000	0.02	0.02
Twenty First Century Medicare Limited	₹ 10	19,400	19,400	0.04	0.04
American Paints Limited	₹ 10	241,300	241,300	0.24	0.24
The Faridabad Central Co-operative Consumers Stores Limited	₹ 10	447	447	-	-
<b>Beneficiary Interest in Trust</b>					
Interest as Sole Beneficiary in Escorts Benefit and Welfare Trust	-	-	-	358.93	358.93
<b>Others</b>					
Unit Trust of India	₹ 100	1,830	1,830	0.02	0.02
Units under Venture Capital Unit Scheme - 1990 (VECAUS-II)					
Credit Capital Finance Corporation Limited	₹ 10	100	100	-	-
[Current year (₹ 1,000), Previous period (₹ 1,000)]					
Other Government Securities				-	-
[Current year (₹ 17,000), Previous period (₹ 17,000)]					
<b>Total</b>				<b>381.27</b>	<b>379.30</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 13 : NON CURRENT INVESTMENTS (Contd.)

	Face Value Per Share	No. of Shares/Units		Amount (₹ Crores)	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Less: Provision for diminution in value of Investments in :					
Drillmac Limited (in liquidation)				(0.02)	(0.02)
Escorts Finance Limited				(0.89)	(0.89)
Godavari Drugs Limited				(0.07)	(0.07)
American Paints Limited				(0.21)	(0.21)
Twenty First Century Medicare Limited				(0.03)	(0.03)
Unit Trust Of India and Other Govt Security				(0.02)	-
<b>Total</b>				<b>380.03</b>	<b>378.08</b>
Aggregate value of quoted investment (including Investment held in beneficiary trust)				363.01	363.01
Aggregate market value of quoted investment				486.79	437.79
Aggregate value of unquoted investment				18.26	16.29
Aggregate provision for diminution in value of investments				1.24	1.22

### NOTE 14 : LOANS AND ADVANCES

₹ Crores

	Non-Current		Current	
	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2015	AS AT 31.03.2014
<b>Capital Advances</b>				
Unsecured : Considered Good	8.47	6.09	-	-
: Considered Doubtful	0.04	-	-	-
	8.51	6.09	-	-
Less: Provision for Doubtful Advances	0.04	-	-	-
	8.47	6.09	-	-
<b>Security Deposits</b>				
Unsecured : Considered Good	11.33	9.95	-	-
: Considered Doubtful	0.73	0.70	-	-
	12.06	10.65	-	-
Less: Provision for Doubtful Deposits	0.73	0.70	-	-
	11.33	9.95	-	-
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured : Considered Good	-	-	157.83	165.20
: Considered Doubtful	-	-	40.10	34.03
	-	-	197.93	199.23
Less: Provision for Doubtful Advances	-	-	40.10	34.03
	-	-	157.83	165.20
<b>Other Loans and Advances</b>				
Advance Income Tax (net of provisions)	-	-	30.28	24.00
MAT Credit Entitlement	-	-	45.09	44.65
<b>Total</b>	<b>19.80</b>	<b>16.04</b>	<b>233.20</b>	<b>233.85</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 15 : OTHER ASSETS

₹ Crores

	Non-Current		Current	
	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2015	AS AT 31.03.2014
Interest Accrued on Bank Deposits	-	-	12.09	5.07
Unamortised Expenditure (refer Note 30)	-	0.02	-	0.59
Others	2.93	2.93	-	-
<b>Total</b>	<b>2.93</b>	<b>2.95</b>	<b>12.09</b>	<b>5.66</b>

### NOTE 16. CURRENT INVESTMENTS

	No. of Shares / Units		Amount (₹ Crores)	
	AS AT 31.03.2015	AS AT 31.03.2014	AS AT 31.03.2015	AS AT 31.03.2014
<b>Quoted</b>				
<b>In Mutual Funds (valued at lower of cost or market value)</b>				
Birla Sun Life Dynamic Bond Fund (Growth)	930,977.267	930,977.267	1.95	1.95
IDFC SSIF Short Term Plan (Growth)	664,208.439	664,208.439	1.46	1.46
<b>Unquoted</b>				
<b>In Bond (At Cost)</b>				
ICICI Deep Discount Bonds	26.000	26.000	0.01	0.01
<b>Total</b>			<b>3.42</b>	<b>3.42</b>
Aggregate market value of quoted investments			4.17	3.70

### NOTE 17 : INVENTORIES

₹ Crores

	AS AT 31.03.2015	AS AT 31.03.2014
<b>Raw Materials and Components</b>	213.64	249.44
Goods-in-transit	0.46	3.75
Less: Provision for obsolete and slow moving	41.14	32.78
	<b>172.96</b>	<b>220.41</b>
<b>Work-in-Progress</b>	<b>36.73</b>	<b>44.48</b>
<b>Finished Goods</b>	127.13	186.85
Goods-in-transit	5.94	13.24
Less: Provision for obsolete and slow moving	1.02	0.61
	<b>132.05</b>	<b>199.48</b>
<b>Traded Goods</b>	53.59	60.81
Goods-in-transit	0.36	0.44
Less: Provision for obsolete and slow moving	16.96	0.74
	<b>36.99</b>	<b>60.51</b>
<b>Stores and Spares</b>	<b>25.14</b>	<b>14.04</b>
<b>Loose Tools</b>	13.64	13.64
Less: Provision for obsolete and slow moving	1.59	1.59
	<b>12.05</b>	<b>12.05</b>
<b>Total</b>	<b>415.92</b>	<b>550.97</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 18 : TRADE RECEIVABLES

₹ Crores

	AS AT 31.03.2015	AS AT 31.03.2014
<b>Trade Receivables</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good	1.22	1.23
Unsecured : Considered Good	17.81	34.50
: Considered Doubtful	64.42	56.24
	83.45	91.97
Less: Provision for Doubtful Debts	64.42	56.24
	<b>19.03</b>	<b>35.73</b>
<b>Others</b>		
Secured, Considered Good	31.72	36.73
Unsecured, Considered Good	346.31	279.95
	<b>378.03</b>	<b>316.68</b>
<b>Total</b>	<b>397.06</b>	<b>352.41</b>

### NOTE 19 : CASH AND BANK BALANCES

₹ Crores

	AS AT 31.03.2015	AS AT 31.03.2014
<b>Cash and Cash Equivalents</b>		
<b>Balances with Bank</b>		
Cash Credit Accounts	3.04	0.50
Current Accounts	26.46	37.61
Cheques/Drafts on Hand	-	3.18
Cash on Hand	0.32	0.46
Bank Deposits with less than 12 months maturity	85.12	113.22
	<b>114.94</b>	<b>154.97</b>
<b>Other Balances with Bank</b>		
Earmarked Unpaid Dividend Accounts	1.02	0.96
Escrow Account (refer Note 34 b)	109.57	101.13
Margin Money	10.88	4.84
(includes ₹ 0.11 crores (previous period ₹ 0.09 crore) pledged with various authorities)		
<b>Total</b>	<b>236.41</b>	<b>261.90</b>



## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 20 : REVENUE FROM OPERATIONS

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Sale</b>		
Gross Sales	4,038.09	6,400.49
Less : Excise Duty	75.81	132.87
<b>Net Sale</b>	<b>(A) 3,962.28</b>	<b>6,267.62</b>
<b>Other Operating Income</b>		
Erection and Servicing	8.33	5.67
Export Incentive	3.91	4.18
Scrap Sale	6.62	10.24
Others	4.69	3.80
	<b>(B) 23.55</b>	<b>23.89</b>
<b>Total</b>	<b>(A+B) 3,985.83</b>	<b>6,291.51</b>

#### Details of Gross Sale Value of Manufactured Goods

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Manufactured Goods</b>		
Agricultural Tractors	2,872.28	4,676.91
Internal Combustion Engine	29.90	40.58
Round and Flat Tubes and Heating Elements	14.58	20.97
Double Acting Hydraulic Shock Absorbers for Railway Coaches	15.37	24.43
Centre Buffer Couplers	32.42	28.19
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts	96.67	189.28
Brake Block	24.37	31.76
All types of Brakes used by Railways	36.47	68.95
Construction Equipments	506.86	739.52
Others	93.17	123.52
<b>Total</b>	<b>3,722.09</b>	<b>5,944.11</b>

#### Details of Gross Sale Value of Traded Goods

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Traded Goods</b>		
Implements Trailers, Tractors, Compressor Accessories, Spares, Construction Equipment and Others	249.41	339.88
Oils and Lubricants	54.37	71.94
Others	12.22	44.56
<b>Total</b>	<b>316.00</b>	<b>456.38</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 21 : OTHER INCOME

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Interest Income</b>		
Bank Deposits	13.29	20.13
Others	34.22	44.63
Dividend Income From Long Term Investment	-	0.02
Net Gain on Sale of Current Investments	-	0.24
Foreign Exchange Variation (Net)	(1.71)	3.73
Miscellaneous Income	14.85	12.66
<b>Total</b>	<b>60.65</b>	<b>81.41</b>

### NOTE 22 : COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Opening Stock	253.19	223.12
Add : Purchases	2,522.41	4,252.75
	<b>2,775.60</b>	<b>4,475.87</b>
Less : Closing Stock	214.10	253.19
<b>Raw Material and Components Consumed*</b>	<b>2,561.50</b>	<b>4,222.68</b>

\* Net of Duty Drawback

#### Details of Raw Material and Component Consumed

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Castings and Forgings	209.99	367.01
Other Metal Parts	142.10	48.37
Others	2,209.41	3,807.30
<b>Total</b>	<b>2,561.50</b>	<b>4,222.68</b>

### NOTE 23 : PURCHASE OF TRADED GOODS

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Purchases of Traded Goods	205.05	303.74
<b>Total</b>	<b>205.05</b>	<b>303.74</b>

#### Details of Purchase of Traded Goods

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Implements Trailers, Tractors, Compressor Accessories, Spares, Construction Equipment and Others	159.91	260.74
Oils and Lubricants	38.51	14.45
Others	6.63	28.55
<b>Total</b>	<b>205.05</b>	<b>303.74</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Opening Stock</b>		
Finished Goods	200.09	182.75
Work-in-Progress	44.48	48.43
Traded Goods	61.25	58.70
	<b>305.82</b>	<b>289.88</b>
<b>Closing Stock</b>		
Finished Goods	133.07	200.09
Work-in-Progress	36.73	44.48
Traded Goods	53.95	61.25
	<b>223.75</b>	<b>305.82</b>
<b>(Increase)/Decrease in Stock</b>	<b>82.07</b>	<b>(15.94)</b>

#### Details Of Finished and Traded Goods Inventories

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Finished Goods</b>		
Agricultural Tractors	108.37	159.99
Round and Flat Tubes and Heating Elements	0.52	0.79
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts	3.67	4.55
All types of Brakes and Shock Absorbers used by Railways	0.06	0.12
Construction Equipments	16.66	34.00
Others	3.79	0.64
<b>Total</b>	<b>133.07</b>	<b>200.09</b>
<b>Work-in-Progress</b>		
Agricultural Tractors	13.39	16.59
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts	4.72	4.45
All types of Brakes and Shock Absorbers used by Railways	8.95	10.92
Construction Equipments	9.67	12.52
<b>Total</b>	<b>36.73</b>	<b>44.48</b>
<b>Traded Goods</b>		
Implements Trailers, Tractors, Compressor Accessories, Spares, Construction Equipment and Others	45.54	52.43
Oils and Lubricants	0.12	0.11
Others	8.29	8.71
<b>Total</b>	<b>53.95</b>	<b>61.25</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 25 : EMPLOYEE BENEFITS EXPENSE

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Salary, Wages and Bonus	366.82	546.51
Employee Stock Option Scheme	0.02	(0.50)
Contribution to Gratuity Fund	10.19	25.33
Contribution to Provident Fund and Other Funds	18.15	26.93
Staff Welfare Expenses	36.65	69.08
<b>Total</b>	<b>431.83</b>	<b>667.35</b>

### NOTE 26 : FINANCE COSTS

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Interest Expense*</b>		
On Long Term Loans	24.13	46.88
On Cash Credit and Short-Term Loans	22.28	25.36
Others	2.94	19.97
Bank and Finance Charges	7.76	18.46
<b>Total</b>	<b>57.11</b>	<b>110.67</b>

\* Interest expenses are net of interest capitalised of ₹ 2.22 crores (refer Note 12)

### NOTE 27 : DEPRECIATION AND AMORTISATION

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Depreciation and Amortisation	66.06	93.12
Less: Transfer from Revaluation Reserve	-	9.90
<b>Total</b>	<b>66.06</b>	<b>83.22</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 28 : OTHER EXPENSES

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014	
Consumption of Stores, Spares and Tools	39.16	63.72	
Power and Fuel	44.80	64.03	
Excise Duty on Increase/(Decrease) in Stock of Finished Goods	(0.66)	2.73	
Repairs and Maintenance			
Building	5.72	10.22	
Plant and Machinery	17.43	24.83	
Others	37.55	41.59	
Warranties	16.74	24.68	
Rent (Net)	4.64	9.23	
Rates and Taxes	3.00	7.54	
Insurance	3.52	5.84	
Travelling and Conveyance	39.12	58.15	
Postage and Telephones	5.58	9.26	
Legal and Professional	44.15	31.48	
Commission, Discount and Sales Incentive	92.39	140.62	
Advertisement and Promotional Expenses	49.73	68.34	
Royalty	19.81	33.42	
Packing, Freight and Forwarding	70.52	90.45	
Directors Sitting Fees and Commission	0.20	0.23	
Corporate Social Responsibility (CSR) Expenditure *	0.78	-	
Miscellaneous Expenses	49.80	46.08	
<b>Total</b>	<b>543.98</b>	<b>732.44</b>	
<b>* CSR Expenditure</b>			
a) Gross amount required to be spent by the company during the year	3.28	-	
b) Amount spent during the year on:	In Cash	Other Than Cash	Total
i. Construction/acquisition of any asset	-	-	-
ii. Purposes other than (i) above	0.78	-	0.78

### NOTE 29 : EXCEPTIONAL ITEMS

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
(Surplus)/Loss on fixed assets sold/discarded (net)	0.39	(2.28)
Bad Debts/ Obsolete Inventory	42.63	-
Provision For Doubtful Debts/ Obsolete Inventories/ Advances and Deposits	37.40	-
Amount Written Off (Net)	7.66	(4.70)
Depreciation Written Back (refer Note 35)	(89.31)	-
Voluntary Retirement Expenses	31.86	3.34
Bad Debts and Inventory Written Off	2.38	0.41
Less: Provision Already Held	2.38	(0.41)
<b>Total</b>	<b>30.63</b>	<b>(3.64)</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 30: UNAMORTISED EXPENDITURE REPRESENTS

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Upfront Fee / Employee Stock Option Scheme</b>		
As per the last Financial Statements	0.61	1.26
Add: Addition During the Period	-	0.02
Less: Written off During the Period	0.61	0.67
Closing Balance	-	0.61

### NOTE 31: EARNINGS PER SHARE

		Year Ended 31.03.2015	Period Ended 31.03.2014
Net Profit After Tax (₹ Crores)	Basic	74.71	244.89
	Diluted	74.71	244.89
Weighted Average Number of Shares Outstanding	Basic	119,276,965	119,263,266
	Diluted	119,350,084	119,293,579
Earnings per Share (face value ₹ 10 per share)	Basic	6.26	20.53
	Diluted	6.26	20.53

### NOTE 32: LEGAL AND PROFESSIONAL EXPENSES INCLUDE AUDITORS REMUNERATION

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Audit Fee	0.75	0.86
Tax Audit Fee	0.21	0.41
<b>In other capacity</b>		
Limited Review of Quarterly Results	0.23	0.39
Certification and Other Services	0.27	0.27
Out of Pocket Expenses	0.05	0.08

### NOTE 33: THE OUTSTANDING DERIVATIVE INSTRUMENTS AS AT MARCH 31, 2015

The Export Receivables of the Company as at year end have not been hedged by Forward Contract (Previous period NIL)

The Foreign Currency Exposure not hedged by a derivative instrument or otherwise as on March 31, 2015 are as follows:

Amount (Millions)

	Currency	As AT 31.03.2015	As AT 31.03.2014
Amount Receivable on Account of Sales of Goods/Services	USD	2.79	2.59
	EURO	4.81	3.71
	JPY	3.70	-
Amount Payable on Account of Purchase of Material/Services	USD	1.36	1.78
	EURO	0.19	0.48
	JPY	4.01	0.84

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 34: DISCLOSURE REQUIRED BY ACCOUNTING STANDARD (AS) 29 'PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS':

#### 34.a. Contingent Liabilities\*

₹ Crores

	As At 31.03.2015	As At 31.03.2014
I) Estimated amounts of contracts remaining to be executed on capital account and not provided for	32.52	33.85
II) Claims not acknowledged as debts	0.55	0.55
III) There is a contingent liability of :		
(a) Excise Duty/ Customs Duty/Service Tax demands not acknowledged as liability	15.94	15.04
(b) ESI additional demand not acknowledged as liability	5.55	4.14
(c) Sales Tax and other demands not acknowledged as liability	35.94	10.90
(d) Pending legal cases - Personnel	4.33	3.79
- Others	89.58	89.91
(e) Demand raised by Faridabad Municipal Corporation for external development charges where the company is in litigation	2.38	2.38
(f) Guarantees given to banks under channel finance program and bill discounting	25.74	32.70
(g) LC/Guarantees executed in favour of others	47.41	22.38
(h) Demand raised by Income Tax Department, disputed by the Company and pending in appeal (Against demand the Company has deposited a sum of ₹ 0.28 crores (Previous period ₹ 25.89 crores) under protest)	0.81	136.94
(i) Liability towards surety bond in favour of Governor of Haryana for sales tax registration under VAT	4.46	3.50

\* 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.

34.b. During the period 2004-05, Escorts Limited (EL) sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement dated September 25, 2005. There were certain pending disputed Income Tax Demands of ₹ 52.33 crores and interest thereon amounting to ₹ 29.16 crores on EHIRCL and in terms of the agreement EL has undertaken to indemnify the purchaser to the extent of ₹ 64.99 crores plus one-third of any amount in excess of ₹ 64.99 crores, upon the final adjudication of the demand in law or finally settled in terms of the provisions of the said Share Purchase Agreement. For this purpose and in terms of said Share Purchase Agreement an amount of ₹ 64.99 crores has been kept in an Escrow Account as fixed deposit, which after renewal (s) amounts to ₹ 109.57 crores as on March 31, 2015. A provision of ₹ 65.00 crores has been made on prudent basis to meet this liability, if and when the same arises.

#### 34.c. (i) Movement in provisions: (Figures in brackets are in respect of the previous period)

₹ Crores

Class of Provision	As at 01.04.2014	Additions	Amount Used	Unused Amounts Reversed	As At 31.03.2015
Product Warranties	7.59	6.84	6.53	-	7.90
	(8.16)	(7.68)	(2.04)	(6.21)	(7.59)

## Notes to Financial Statements For the Year Ended March 31, 2015

### (ii) Nature of Provision:

Product Warranties: 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 the outflows is expected to be within a period of one year.

### NOTE 35:

The Company has revised its policy of providing depreciation on fixed assets effective April 1, 2014. Depreciation is now provided on a straight line basis for all assets as against the policy of providing on written down value basis for some assets and straight line basis for others. As a result of these changes, the differential depreciation effect relating to the period prior to April 1, 2014 has been included in 'Exceptional Item' in the statement of profit and loss.

Had the Company continued to use the earlier methods of depreciation, the profit after tax for the current year would have been lower by the like amount.

Further the Company has also realigned the remaining useful life of its fixed assets in accordance with the provisions prescribed under Schedule II to the Companies Act, 2013. Consequently, the carrying value of those assets which have completed their useful life in accordance with the life prescribed under Schedule II to the Act, as on April 1, 2014 amounting to ₹ 94.48 crores (net after deferred tax ₹ 21.75 Crores) has been adjusted to the retained earnings and in case of the other assets the carrying value is being depreciated over the revised remaining useful life.

### NOTE 36: DISCLOSURE REGARDING EMPLOYEES STOCK OPTION PLAN PURSUANT TO THE SEBI (EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEES STOCK PURCHASE SCHEME) GUIDELINES, 1999

(a) Total Number of Options as on 31/03/2014	212,000		
(b) Options Granted During the year	Options	Grant Date	
	192,000	Wednesday, October 1, 2014	
(c) Pricing Formula	At a price not less than the par value of Company's share and not more than the closing Market Price of the Stock Exchanges:		
	Options	Gross Price (₹)	Market Price (₹)
	192,000	85	149.40
(d) Options Vested	212,000		
(e) Options Exercised	20,000		
(f) The Total number of shares arising as a result of exercise of options	20,000		
(g) Options Lapsed	192,000		
(h) Variation of Terms of Options	Nil		
(i) Money realised by Exercise of Options	1,700,000		
(j) Total Number of Options in Force	192,000 as on 31.03.2015		
(k) Employee Wise Details of Options Granted to:			
- Senior Managerial Personnel During the year	<b>Name</b>	<b>Number of Options</b>	
	Mr. S. Sridhar	60,000	
	Mr. Shailendra Agarwal	30,000	
	Mr. Sameer Tandon	24,000	
	Mr. Dipankar Ghosh	24,000	
	Mr. Bharat Madan	15,000	
	Mr. Shenu Agarwal	15,000	
	Mr. Rajneesh Agarwal	12,000	
	Mr. Ashok Gupta	12,000	
	<b>Total</b>	<b>192,000</b>	



## Notes to Financial Statements For the Year Ended March 31, 2015

- Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year.	All the senior managerial personnel, as stated above, have been granted options amounting to 5% or more, during the year. Except the above no other employees has been granted options amounting to 5% or more, during the year.
- Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL
(l) Diluted Earnings Per Share(EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard(AS) 20 'Earnings Per Share'.	₹ 6.26 per Equity Share
(m) Where the Company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and EPS of the Company shall also be disclosed.	The profit of the year would have been higher by ₹ 123.65 lakhs. The EPS for the year would have been higher by ₹ 0.10.
(n) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Fair value option is ₹ (29.85) and Exercise Price is ₹ 85.00.
(o) A description of the method and significant assumptions used during the period to estimate the fair values of options, including the following weighted average information:	The Black Scholes Option Pricing Model for dividend paying stock has been use to compute the fair value of the options. The significant assumptions made are: Option Issued on October 1, 2014
- Risk Free Interest Rate	8.67%
- Expected Life	3 years
- Expected Volatility	0.022
- Expected Dividends, and	12%
- The price of the underlying share in market at the time of option grant	₹ 149.40
	The shares to be issued under stock options shall rank <i>pari passu</i> , including the right to receive dividend. Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known anticipated dividend payouts over the life of the option are made to the formulae under the Black Scholes method.

### NOTE 37:

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 and Haryana High Court in their judgment dated October 1, 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which is pending for adjudication before the Constitutional Bench. Based on the legal advice received by the Company no further provision on this account is considered necessary after March 31, 2008.

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 38:

The Company has executed an agreement to sell for transfer of 25 acres of land at Plot No. 219, Sector 58, Balabhgarh, Haryana for a consideration of ₹ 9.00 crores . The said transfer is subject to necessary approval from HUDA and accordingly the consideration amount of ₹ 9.00 crores is being treated as advance.

### NOTE 39:

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/ payable under this Act have not been given.

### NOTE 40:

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 March 4, 2011. On the interim directions of the said High Court, fixed deposit liability of ₹ 130.32 crores has already been discharged by the Hardship Committee constituted under the directions of the said High Court for discharging the unclaimed deposit, balance 2,401,050 shares have been transferred to Escorts Benefit Trust (Trust) and the Hardship Committee has been dissolved. The Hon'ble High Court has confirmed that Escorts Limited has no outstanding liability towards payment to Escorts Finance Limited deposit holders.

### NOTE 41:

Escorts Benefit and Welfare Trust holds 37,300,031 equity share of Escorts Limited, the sole beneficiary of which is the company. The Dividend received by the Trust on these shares is recognised in the statement of profit and loss account in Notes No: 4 - Reserves and Surplus

### NOTE 42: EMPLOYEE BENEFITS

₹ Crores

	31.03.2015		31.03.2014	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>(a) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation:</b>				
Defined Benefit Obligation at the Beginning of the Period	99.59	16.75	96.24	14.80
Acquisition Adjustment	5.01	-	-	-
Current Service Cost	4.50	1.89	7.43	3.05
Past Service Cost	-	-	-	-
Interest Cost	7.97	1.34	11.56	1.88
Actuarial (Gain)/Loss	2.49	3.31	12.16	4.72
Benefits Paid	(30.71)	(6.65)	(22.59)	(6.41)
Defined Benefit Obligation at Period End	<b>88.85</b>	<b>16.64</b>	<b>104.80</b>	<b>18.04</b>
<b>(b) Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at Beginning of the Period	104.60	-	95.51	-
Expected Return on Plan Assets	9.52	-	12.03	-
Actuarial Gain/(Loss)	(6.15)	-	(6.50)	-
Employer Contribution	-	-	-	-
Benefits Paid	(30.71)	-	(22.00)	-
Fair Value of Plan Assets at Period End	<b>77.26</b>	<b>-</b>	<b>79.04</b>	<b>-</b>
<b>(c) Reconciliation of Fair Value of Assets and Obligations</b>				
Fair Value of Plan Assets as at March 31, 2015	77.26	-	79.04	-
Present Value of Obligation as at March 31, 2015	88.85	16.64	104.80	18.04
Net Assets/(Liability) Recognised in Balance Sheet	<b>(11.59)</b>	<b>(16.64)</b>	<b>(25.76)</b>	<b>(18.04)</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 42: EMPLOYEE BENEFITS (Contd.)

₹ Crores

	31.03.2015		31.03.2014	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>(d) Expenses Recognised During the Period</b>				
Current Service Cost	4.50	1.89	7.43	3.05
Past Service Cost	-	-	-	-
Interest Cost	7.97	1.34	11.56	1.88
Expected Return on Plan Assets	(9.52)	-	(12.03)	-
Actuarial (Gain)/Loss	8.64	3.31	18.66	4.72
Share of Participating Companies	-	-	(0.29)	-
Net Cost	11.59	6.54	25.33	9.65

### NOTE 43:

#### (I) EXPENSES ON RESEARCH AND DEVELOPMENT CENTRE INCLUDED UNDER FOLLOWING HEADS:

₹ Crores

		Tractor		Construction Equipment	
		Year Ended	Period Ended	Year Ended	Period Ended
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Materials	Note 22	0.23	4.76	-	0.01
Personnel Expenses	Note 25	26.62	36.15	4.78	4.06
Other Expense	Note 28	23.28	19.42	1.02	0.54
Depreciation	Note 27	11.76	8.75	0.63	1.39
Exceptional Items (VRS Cost)	Note 29	0.10	-	-	-
		61.99	69.08	6.43	6.00

#### (ii) Assets Purchased/Capitalised for Research and Development Centers (as Certified by the Management)\*

Tractors	₹ 7.56 Crores (Previous period ₹ 26.94 Crores)
Construction Equipment	₹ 0.03 Crores (Previous period ₹ 0.40 Crores)
*doesn't include Capital Advance/Capital Work in Progress	

#### (iii) Expenses on Research and Development as percentage to Gross Turnover is :

Tractors	2.40% (Previous period 2.04%)
Construction Equipment	1.27% (Previous period 0.87%)

### NOTE 44: EXPENSES PERTAINING TO PREVIOUS PERIOD:

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Others	-	0.12

### NOTE 45: PROFIT & LOSS ACCOUNT OF AGRICULTURAL BUSINESS IS AS FOLLOWS :

In ₹

	Year Ended 31.03.2015	Period Ended 31.03.2014
Expenses	2,124,331.00	2,157,995.90
Sales and Other Income	-	238,320.00
Net Profit/(Loss)	(2,124,331.00)	(1,919,675.90)

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 46: RELATED PARTY DISCLOSURES (as identified and certified by the management)

Related party disclosures as required under Accounting Standard - 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given hereunder:

#### (i) Subsidiary Companies

##### Domestic

Escorts Securities Limited  
Escorts Asset Management Limited  
EDDAL Credit Limited

##### Overseas

Beaver Creeks Holdings LLC, USA  
Farmtrac Tractors Europe Sp. Z.o.o, Poland  
Farmtrac North America LLC, USA  
(formerly Long Agri Business LLC, USA)

#### (ii) Joint Ventures and Associates

Hughes Communications India Limited  
Escorts Motors Limited  
Escorts Consumer Credit Limited

#### (iii) Key Management personnel and their relatives

Mr. Rajan Nanda	Mrs. Ritu Nanda	Mr. Nikhil Nanda
Ms. Nitasha Nanda	Mrs. Shweta Nanda	

#### (iv) Others

Rimari India Private Limited	Sharak Healthcare Private Limited	Charak Ayurvedic Treatments Private Limited
Tashaka India Private Limited	Raksha TPA Private Limited	Crystal Care Advisors Private Limited
AAA Portfolios Private Limited	Ritu Nanda Insurance Service Private Limited	Momento Communications Private Limited
Niky Tasha Energies Private Limited	Sun & Moon Advisory Services Private Limited	Rakshak Health Service Private Limited
Rimari IT Solutions Private Limited	Big Apple Clothing Private Limited	Har Parshad And Company Private Limited
Breeze Trading Private Limited	Escolife IT Services Private Limited	Sietz Technologies India Private Limited
Niky Tasha Electronics Limited	Academy of Management and Financial Planing Private Limited	Niky Tasha Communications Private Limited
Escorts Investment Trust Limited	Escorts Employees Welfare Limited	Escorts Skill Development
Sun & Moon Travels (India) Private Limited	Escorts Benefit and Welfare Trust	

#### (v) Related Party Transactions - Refer Annexure - I

### NOTE 47:

Accounting for Leases (AS-19). Details as per Annexure - II

### NOTE 48:

Figures have been rounded off to the nearest lakh rupees. Previous period figures regrouped/rearranged wherever necessary.

### NOTE 49:

The previous accounting period is for 18 months (from October 1, 2012 to March 31, 2014) and is not comparable with the current year.

## Notes to Financial Statements For the Year Ended March 31, 2015

### ANNEXURE – I

#### DISCLOSURE OF RELATED PARTIES

##### Transactions with Subsidiaries for the period 01.04.2014 to 31.03.2015

₹ Crores

Nature of Transactions	EDDAL Credit Limited	Escorts* Securities Limited	Escorts Assets Management Limited	Farmtrac Tractors Europe Sp. z.o.o, Poland
<b>For the Year Ended 31.03.2015</b>				
Sale of Goods	-	-	-	32.45
	-	-	-	(27.23)
Interest Expense	0.20	-	-	-
	(0.29)	-	-	-
Receiving of Services	-	-	-	0.74
	-	-	-	(0.97)
Purchases of Goods	-	-	-	0.21
	-	-	-	(0.04)
Warranty Reimbursements	-	-	-	0.63
	-	-	-	(1.03)
Dividend Paid*	-	-	-	-
	-	-	-	-
<b>Balances As At 31.03.2015</b>				
Investments	0.05	1.96	3.00	8.35
	(0.05)	-	(3.00)	(8.35)
Advances Given	-	-	-	-
	-	-	-	-
Receivables / Debtors	-	-	-	22.40
	-	-	-	(16.52)
Payables	2.07	-	-	0.15
	(1.93)	(0.14)	-	(0.20)

##### Transactions with Joint Ventures and Associates for the period 01.04.2014 to 31.03.2015

₹ Crores

Nature of Transactions	Hughes Communications India Limited	Escorts Motors Limited	Escorts Consumer Credits Limited
<b>Balances As at 31.03.2015</b>			
Investments	2.07	1.50	1.00
	(2.07)	(1.50)	(1.00)

## Notes to Financial Statements For the Year Ended March 31, 2015

### ANNEXURE – I (Contd.)

Transactions with Key Management Personnel & their Relatives and others for the year 01.04.2014 to 31.03.2015

Nature of Transactions	Royalty	Remuneration	Rent Received	Rent Paid	Purchase of Goods	Investments Purchased	Sale of Goods	Receiving of Services (Expense)	Dividend Paid*	Balance as at 31.03.2015		
										Advances Given	Debtors/ Receivables	Payables
Rajan Nanda	-	5.34 (7.80)	-	-	-	-	-	-	0.06 (0.10)	-	-	-
Ritu Nanda*	-	-	-	0.36 (0.58)	-	-	-	-	(0.01) 0.01	-	-	-
Nikhil Nanda	-	5.08 (6.61)	0.44 (0.66)	-	-	-	-	-	0.01 (0.02)	-	-	-
Shweta Nanda*	-	-	-	-	-	-	-	-	-	-	-	-
Nitasha Nanda*	-	1.30 (1.69)	-	0.39 (0.59)	-	-	-	-	-	0.06 (0.06)	-	-
Harpashad and Co. Private Limited	21.77 (33.42)	-	-	-	-	-	-	-	0.56 (0.93)	-	7.21 (4.75)	-
Raksha TPA Private Limited	-	-	0.75 (1.12)	-	-	-	-	-	-	0.29 (0.24)	-	0.01
Rimari India Private Limited	-	-	-	-	-	-	-	0.04	-	0.12 (0.12)	-	-
Momento Communications Private Limited	-	-	-	-	-	-	-	0.16	-	-	-	-
AAA Portfolios Private Limited	-	-	-	-	-	0.98	-	-	0.10 (0.17)	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	0.98	-	-	0.11 (0.18)	-	-	-
Niky Tasha Communications Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Energies Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Sietz Technologies India Private Limited	-	-	0.37	1.17	238.86	-	2.37	0.02	-	0.37	1.21	9.14
Sun & Moon Travels (India) Private Limited	-	-	0.02 (0.02)	-	-	-	-	7.92 (10.36)	-	-	-	0.18 (0.02)
Charak Ayurvedic Treatments Private Limited	-	-	-	-	-	-	-	-	-	(0.12)	-	-
Escorts Skill Development	-	-	-	-	-	0.01	-	-	-	-	-	0.01
Sharak Health Care Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Escorts Employees Welfare Limited	-	-	-	-	-	-	-	(0.09)	-	-	-	-
Escorts Benefit and Welfare Trust**	-	-	-	-	-	-	-	-	-	3.04	-	-
	-	-	-	-	-	-	-	-	2.24	-	-	-

\* Nil amount represents dividend paid less than a lakh.

\*\* Refer Note 41

₹ Crores

## Notes to Financial Statements For the Year Ended March 31, 2015

### ANNEXURE – II DISCLOSURE UNDER ACCOUNTING STANDARD - 19 (LEASES)

The details of Minimum Lease Payments Outstanding as at March 31, 2015 and Present Value thereof are as under:

	₹ Crores		
	Minimum Lease Payments Outstanding	Present Value of Minimum Lease Payments Outstanding	Future Interest on Outstanding Lease Payments
Total Amount Due	0.36	0.33	0.03
	(1.90)	(1.75)	(0.15)
Due Within One Year	0.36	0.33	0.03
	(1.54)	(1.42)	(0.12)
Due Later than One Year and not later than Five Years	-	-	-
	(0.36)	(0.33)	(0.03)

### NOTE 50: EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Expenditure in Foreign Currency</b>		
Royalty/Technical Know-How/Product Development	0.41	8.61
Travelling Expenses	3.14	4.17
Others	22.20	12.25
<b>Total</b>	<b>25.75</b>	<b>25.03</b>
<b>Earnings in Foreign Currency</b>		
Export of Goods Including Partly Executed Sales Contracts on F.O.B Basis	231.13	200.08
Others	0.83	4.65
<b>Total</b>	<b>231.96</b>	<b>204.73</b>

### NOTE 51: VALUE OF IMPORTS - CIF BASIS

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Raw Material	22.33	43.55
Components and Spare Parts	33.02	42.91
Capital Goods	11.96	15.08
<b>Total</b>	<b>67.31</b>	<b>101.54</b>

## Notes to Financial Statements For the Year Ended March 31, 2015

### NOTE 52: IMPORTED AND INDIGENOUS RAW MATERIALS AND COMPONENTS, STORES AND SPARES AND TOOLS CONSUMED

₹ Crores

	Year Ended 31.03.2015		Period Ended 31.03.2014	
	₹ Crores	Percentage	₹ Crores	Percentage
Imported	41.73	1.60	71.05	1.66
Indigenous	2,558.93	98.40	4,215.35	98.34
<b>Total</b>	<b>2,600.66</b>	<b>100.00</b>	<b>4,286.40</b>	<b>100.00</b>

For and on Behalf of the Board

**RAJAN NANDA**  
Chairman and Managing Director

**NIKHIL NANDA**  
Managing Director

**Dr. S. A. DAVE**  
Director

As per our Report attached  
for S. N. DHAWAN & CO.  
Chartered Accountants  
(Firm Regn. No. 000050N)

**S. C. BHARGAVA**  
Director

**HARDEEP SINGH**  
Director

**BHARAT MADAN**  
Group Financial Controller

**AJAY SHARMA**  
Group General Counsel & Company Secretary

**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad  
Date : May 28, 2015



## Cash Flow Statement For the year ended March 31, 2015

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	68.25	272.40
Adjustments for :		
Gain on Sale of Investments (Current)	-	(0.24)
Gain on Sale of Asset	(2.01)	(2.28)
Depreciation	66.06	83.22
Miscellaneous Expenses/ Assets Write off / Provisions	2.89	(1.62)
Interest Expense	49.35	92.21
Dividend Income	-	(0.02)
Interest Income	(47.51)	(64.76)
Operating Profit before Working Capital Changes	137.03	378.91
Adjustments for :		
Trade and Other Receivables	(68.51)	111.91
Inventories	81.27	(58.65)
Trade Payables and Others	(120.91)	(29.62)
	(108.15)	23.64
Cash Generated from Operations	28.88	402.55
Direct Taxes (Paid)/Refunds	(19.08)	(55.92)
<b>Net Cash Flow from Operating Activities</b>	<b>9.80</b>	<b>346.63</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale/(Purchase) of Fixed Assets	(51.73)	(118.37)
Movement in Loans and Advances	(11.35)	(20.84)
Sale/(Purchase) of Investments	(1.97)	4.63
Interest Received	40.50	72.17
Dividend Received	-	0.02
<b>Net Cash Flow from Investing Activities</b>	<b>(24.55)</b>	<b>(62.39)</b>
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Proceed from Share Capital and Security Premium	0.17	-
Proceeds/(Repayment) from Long-Term Borrowings	(51.69)	(33.07)
Proceeds/(Repayment) from Short-Term Borrowings (Net)	96.50	(84.18)
Interest Paid	(49.34)	(93.10)
Dividend and Dividend Tax paid	(6.38)	(25.36)
<b>Net Cash Generated from/(used in) Financing Activities</b>	<b>(10.74)</b>	<b>(235.71)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(25.49)</b>	<b>48.53</b>
<b>Cash and Cash Equivalents as at 01.04.2014</b>	<b>261.90</b>	<b>213.37</b>
<b>Cash and Cash Equivalents as at 31.03.2015</b>	<b>236.41</b>	<b>261.90</b>

## Notes:

1. Cash and cash equivalents include cash in hand, demand deposits with banks and short-term highly liquid investments.
2. Previous periods figures have been regrouped wherever necessary.
3. Figures in bracket shows cash outflow.

For and on Behalf of the Board

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**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad  
Date : May 28, 2015

## Independent Auditor's Report

### To The Members of Escorts Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ESCORTS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group 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; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

#### Basis for Qualified Opinion

(a) *The consolidated financial statements include unaudited financial statements of a joint venture company. This unaudited financial statements have been compiled by the management and reflect total assets of ₹ 45.66 crores as at March 31, 2015 and the total revenues of ₹ 36.84 crores for the year then ended. Our opinion, insofar as it relates to the amounts included in respect of this joint venture company is based solely on such management accounts. Since the financial statements for the year*

*ended March 31, 2015, which was compiled by the management of this company, was not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements.*

- (b) *The Company has not considered the financial statements of Farmtrac North America LLC, Beaver Creeks Holdings LLC, Escorts Motors Limited and Escorts Consumer Credit Limited in preparation of consolidated financial statements. In absence of financial statements, we are not able to give our opinion on amounts not included in respect of these subsidiaries. (Refer Note 2.a).*

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2015, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

#### Other Matters

We did not audit the financial statements / financial information of three subsidiaries, whose financial statements / financial information reflect total assets of ₹ 78.04 crores as at March 31, 2015 and total revenues of ₹ 120.82 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information 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 and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and, except for the possible effect of the matter described in sub-paragraph (b) of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, 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 Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, there were no pending litigations which would impact the consolidated financial position of the Group, its associates and jointly controlled entities.
  - ii. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, the Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For S. N. Dhawan & Co.  
Chartered Accountants  
(Firm Registration No. 000050N)

(Vijay Dhawan)  
Partner  
M. No. 12565

Place: New Delhi

Dated: May 28, 2015

## Consolidated Balance Sheet As At March 31, 2015

	Notes	As At 31.03.2015	As At 31.03.2014
₹ Crores			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	119.29	119.27
Reserves and Surplus	4	1,711.38	1,746.27
Minority Interest		14.68	17.75
<b>Non-Current Liabilities</b>			
Long-term Borrowings	5	106.82	145.25
Deferred Tax Liability (Net)	6	13.67	41.76
Other Long-term Liabilities	7	34.69	29.92
Long-term Provisions	8	114.45	119.68
<b>Current Liabilities</b>			
Short-term Borrowings	9	304.64	207.02
Trade Payables	10	738.43	869.61
Other Current Liabilities	11	256.08	263.48
Short-term Provisions	8	88.51	82.18
<b>Total</b>		<b>3,502.64</b>	<b>3,642.19</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
Tangible Assets		1,579.11	1,633.97
Intangible Assets		16.42	19.74
Capital Work-in-Progress		19.66	31.21
Intangible Assets under Development		36.06	7.49
Non-current Investments		367.40	367.57
Deferred Tax Assets (Net)	6	67.97	55.28
Long-term Loans and Advances	13	25.42	28.07
Other Non-current Assets	14	2.93	10.94
<b>Current Assets</b>			
Current Investments		5.24	4.46
Inventories	15	452.82	587.10
Trade Receivables	16	414.26	372.45
Cash and Bank Balances	17	251.36	270.71
Short-term Loans and Advances	13	251.45	243.50
Other Current Assets	14	12.54	9.70
<b>Total</b>		<b>3,502.64</b>	<b>3,642.19</b>
Summary of Significant Accounting Policies	2		

The accompanying Notes (1 to 40) are an integral part of the Financial Statements.

For and on Behalf of the Board

**RAJAN NANDA**  
Chairman and Managing Director

**NIKHIL NANDA**  
Managing Director

**Dr. S. A. DAVE**  
Director

As per our Report attached  
for S. N. DHAWAN & CO.  
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Director

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Director

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Group Financial Controller

**AJAY SHARMA**  
Group General Counsel & Company Secretary

**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad

Date : May 28, 2015

## Consolidated Statement of Profit and Loss For the Year Ended March 31, 2015

₹ Crores

	Notes	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>INCOME</b>			
Revenue from Operations (Gross)	18	4,188.49	6,635.17
Less: Excise Duty		75.81	133.43
Revenue from Operations (Net)		4,112.68	6,501.74
Other Income	19	65.24	82.86
<b>Total Revenue (I)</b>		<b>4,177.92</b>	<b>6,584.60</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components Consumed	20	2,633.53	4,358.24
Purchases of Traded Goods	21	210.59	318.48
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	22	83.03	(18.28)
Employee Benefits Expense	23	447.35	690.31
Finance Costs	24	58.26	112.20
Depreciation and Amortisation Expense	25	68.63	85.97
Other Expenses	26	575.48	766.03
<b>Total Expenses (II)</b>		<b>4,076.87</b>	<b>6,312.95</b>
<b>Profit before Exceptional Items and Tax (I-II)</b>		<b>101.05</b>	<b>271.65</b>
Exceptional Items	27	30.62	(3.47)
<b>Profit Before Tax</b>		<b>70.43</b>	<b>275.12</b>
Tax Expense:			
(a) Current Tax		16.94	68.40
(b) Minimum Alternative Tax Entitlement		(3.34)	(27.34)
(c) Deferred Tax		(19.18)	(12.85)
<b>Profit for the Year/Period</b>		<b>76.01</b>	<b>246.91</b>
Less: Minority Interest		(0.30)	0.20
<b>Profit After Tax Attributable to the Company</b>		<b>76.31</b>	<b>246.71</b>
<b>Earnings Per Equity Share (in ₹) (face value ₹ 10/- each)</b>			
Basic		6.40	20.69
Diluted		6.39	20.68
Summary of Significant Accounting Policies	2		

The accompanying Notes (1 to 40) are an integral part of the Financial Statements.

For and on Behalf of the Board

**RAJAN NANDA**  
Chairman and Managing Director

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As per our Report attached  
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Group General Counsel & Company Secretary

**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad  
Date : May 28, 2015

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### 1. CORPORATE INFORMATION

Escorts Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company's shares are listed with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Delhi Stock Exchange Limited. The Company is engaged in the business of manufacturing of agricultural tractors, engines for agricultural tractors, round and flat tubes, heating elements, double acting hydraulic shock absorbers for railways coaches, center buffer couplers, automobile shock absorbers, telescopic front fork and Mcpherson struts, brake block, internal combustion engine and all types of brake used by railway's, construction, earth moving and material handling equipments.

It also trades in oils & lubricants, implements, trailers, tractors ,compressor accessories and spares, construction, earth moving and material handling equipments and aero business.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Principal of Consolidation

The consolidation of accounts is prepared in accordance with the requirement of Accounting Standard 21 (AS21) "Consolidated Financial Statement", Accounting Standard 23 (AS23) "Accounting for Investments in Associates in the Consolidated Financial Statements and Accounting Standard (AS27) "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India. The consolidated financial statements include the financial statements of Escorts Limited ('the Parent Company'), its Subsidiary Companies and Joint Ventures.

- The Subsidiaries and Joint Ventures considered in the preparation of consolidated financial statements are as follows

Sl. No.	Name of Company	Country of Incorporation	Proportion of ownership as on 31.03.2015	Held by	Reporting Period
<b>LIST OF SUBSIDIARIES</b>					
1	Farmtrac Tractors Europe Sp. z.o.o	Poland	100%	Escorts Limited	January-March (15 months)
2	Escorts Securities Ltd. (ESL) (Board Controlled)	India	49.00%	EAML	April-March
3	Escorts Asset Management Ltd. (EAML) (Board Controlled)	India	30.00%	Escorts Limited	April-March
4	EDDAL Credit Limited	India	99.86%	Escorts Limited	April-March
<b>LIST OF JOINT VENTURES</b>					
1	Hughes Communications India Limited	India	13.38%	Escorts Limited	April-March

- Beaver Creek Holdings LLC (BCH), Escorts Motors Limited and Escorts Consumer Credit Limited total assets being insignificant, the Company has not considered the financial Statements for consolidation.

- At the behest of the creditors of Farmtrac North America LLC (FNA) (a subsidiary of the Company), the Superior Court Division of Country of Edgecanbe, North Carolina, USA have appointed a Receiver for FNA, who has taken over all the assets, book & records of FNA accordingly the financial statement of FNA was not considered for consolidation.

#### b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that effect the reported amount of revenues, expenses, assets and liabilities and the disclosure of the contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates any, revision to the accounting estimates is recognised in the period in which the results are known.

#### c. Tangible fixed assets

Fixed assets are stated at cost or at replacement cost in case of revaluation, less accumulated depreciation/amortisation and impairment losses, if any. Cost of acquisition or construction is inclusive of all incidentals and other attributable costs of bringing the asset to its working condition for its intended use and is net of available duty/tax credits.

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### d. Intangible fixed assets

Intangible Assets are valued at cost less accumulated amortisation and any impairment losses.

### e. Impairment of assets

Impairment is ascertained at each balance sheet date in respect of cash generating units as per Accounting Standard-28 'Impairment of Assets' issued by Institute of Chartered Accountants of India. An impairment loss is recognised in books of accounts in the financial year concerned whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

### f. Depreciation and amortisation

#### Tangible Assets

- i. Depreciation on tangible assets is provided on the straight line method over the useful lives of assets prescribed in schedule II of the Companies Act, 2013 except Leasehold Land, which is amortised over the lease period.
- ii. The depreciation on assets acquired/ sold/ discarded/ demolished during the year is provided from/upto the month the asset is commissioned/sold or discarded.
- iii. Assets costing upto ₹ 5,000 are depreciated fully in the year of purchase.
- iv. Leasehold Improvements are written off over a period of six years or lease period whichever is less.

#### Intangible Assets

- i. Prototypes including work-in-progress developed during Research and Development, tractors/construction equipments and parts thereof used for carrying R&D activities and advances given for tooling are written off over a period of four years.
- ii. Technical know-how fee and expenditure on major software products are written off over a period of six years.

### g. Inventory valuation

- i. Raw material and components, stores and machinery spares are stated at lower of cost and net realisable value.
- ii. Loose tools are stated at cost or under.
- iii. Work-in-progress, finished and trading goods/spare parts are stated at lower of cost and net realisable value.
- iv. In determining the cost of raw materials and components, trading goods, tools, jigs and dies, stores and machinery spares weighted average cost method is used.
- v. Work-in-progress and finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

### h. Revenue recognition

- i) Dividend is accounted for an accrual basis when the right to receive the dividend is established.
- ii) Income recognition/provisions on non-performing assets is in accordance with the non-banking financial prudential norms (Reserve Bank) Directions, 2007.

### i. Research & Development

Revenue expenditure incurred for research and development is charged to the statement of profit and loss. Fixed assets purchased for research and development activities are capitalised in the year the same are put to use.



## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### j. Employee Benefits

#### i) Defined Contribution Plan:

Employee benefits in the form of provident fund, employee state insurance and labour welfare fund are considered as defined contribution plans and the contributions are charged to the statement of profit and loss of the year when the contribution to respective funds are due.

#### ii) Defined Benefit Plan:

Retirement benefits in the form of Gratuity is considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet.

Actuarial gain/losses are immediately recognised in the statement of profit and loss.

#### iii) Other Long-Term Benefits:

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet. Actuarial gain/losses are immediately recognised in the statement of profit and loss.

### k. Investment

Investments intended to be held for less than one year are classified as current investments and are carried at lower of cost or market value. All other investments are classified as long-term investments and are carried at cost. Investments in foreign companies are stated at the exchange rates prevailing on the date of investment.

A provision for diminution is made to recognise a decline other than temporary in the value of long term investments.

### l. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognised in the statement of profit and loss. Foreign currency monetary assets and liabilities are restated at the exchange rate prevailing at the year-end and the overall net gain/loss is adjusted to the statement of profit and loss.

In case of forward exchange contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised in the statement of profit and loss over the life of the contract.

### m. Tax Expense

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognised in equity and not in the statement of profit and loss.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "Minimum Alternative Tax Entitlement" The company reviews the "Minimum Alternative Tax Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, representing the difference between the taxable income/(loss) and accounting income/(loss) that originated in one period and are capable of reversal

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets viz. unabsorbed depreciation and carry forward losses are recognised if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### n. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of cost of such assets upto the date the assets are ready for its intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

### o. Unamortised Expenditure

Development expenditure represents project related development expenditure/business process re-engineering consultancy and market research. Such expenditure is written off over a period of six years.

### p. Employee Stock Option Scheme

In respect of stock options granted pursuant to employees stock option scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the options) is accounted as employee compensation cost over the vesting period.

### q. Leases

- i. Asset acquired under leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii. Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

### r. Government Grants

Government grants are recognised when there is a reasonable assurance that the same will be received. Cash subsidies and capital grants relating to specific assets are reduced from the gross value of the respective assets, other capital grants & cash subsidies are credited to capital reserve.

### s. Provisions and Contingent Liabilities and Contingent Assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i. the company has a present obligation as a result of a past event,
- ii. a probable outflow of resources is expected to settle the obligation,
- iii. the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

- i. A present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation,
- ii. A possible obligation, of which the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 3 : SHARE CAPITAL

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>Authorised</b>		
(i) 401,000,000 (Previous period - 401,000,000 Shares ) Equity Shares of ₹ 10 each	401.00	401.00
(ii) 888,000,000 (Previous period - 888,000,000 Shares) Unclassified Shares of ₹ 10 each	888.00	888.00
	<b>1,289.00</b>	<b>1,289.00</b>
<b>Issued, Subscribed and Paid-Up Capital</b>		
122,576,878 (Previous period 122,576,878) Equity Shares of ₹ 10/- each	122.58	122.58
Less: Amount Recoverable from Escorts Employees Benefit and Welfare Trust (face value of 3,293,612 shares allotted to trust) - (Previous period- 3,313,612)	3.29	3.31
<b>Total Share Capital</b>	<b>119.29</b>	<b>119.27</b>

### NOTE 4 : RESERVES AND SURPLUS

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>Capital Reserve</b>		
Balance as per the last Financial Statements	97.70	97.70
Closing Balance	<b>97.70</b>	<b>97.70</b>
<b>Capital Redemption Reserve</b>		
Balance as per the last Financial Statements	4.00	4.00
Closing Balance	<b>4.00</b>	<b>4.00</b>
<b>Securities Premium Reserve</b>		
Balance as per the last Financial Statements	432.07	432.07
Add: Shares issued under the Employee Stock Option Scheme 2006	0.15	-
Closing Balance	<b>432.22</b>	<b>432.07</b>
<b>Revaluation Reserve</b>		
Balance as per the last Financial Statements	36.17	46.29
Less: Amount Transferred to the Statement of Profit and Loss as reduction from depreciation	-	9.90
Amount Utilised for Assets Sold/Written off	-	0.22
Closing Balance	<b>36.17</b>	<b>36.17</b>
<b>Employee Stock Option Outstanding Account</b>		
Gross Employee Stock Compensation for Options Granted in Earlier Years	0.33	0.81
Add: Gross Compensation for Option Granted During the Period	-	0.05
Deduction During the Period	0.29	0.53
Closing Balance	<b>0.04</b>	<b>0.33</b>

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 4 : RESERVES AND SURPLUS (Contd.)

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>General Reserve</b>		
Balance as per the last Financial Statements	608.50	592.16
Add: Amount Transferred from Surplus Balance in the Statement of Profit & Loss	-	18.37
Transfer from Other Reserves	0.91	-
Consolidation Adjustment	-	(2.03)
Less: Adjustment on Account of realignment of useful life of Fixed Assets as per Schedule II of Companies Act, 2013	94.79	-
Closing Balance	514.62	608.50
<b>Reserves Fund</b> (Maintained pursuant to Section 145-IC of Reserve Bank of India (Amendment) Act, 1997)		
Balance as per the last Financial Statements	0.62	0.51
Add: Amount Transferred from Surplus Balance in the Statement of Profit & Loss	-	0.11
Less: Amount Transferred to General Reserve	0.62	-
Closing Balance	-	0.62
<b>Surplus in the Statement of Profit &amp; Loss</b>		
Balance as per the last Financial Statements	566.88	352.64
Add: Profit for the Year/Period	76.31	246.71
Consolidation Adjustment	(1.08)	2.88
Dividend on shares held by Escorts Benefit and Welfare Trust (refer Note 37)	2.22	8.94
Less: Appropriations		
Transfer to General Reserve	-	18.48
Interim Dividend Nil (Previous period ₹ 1.20) per share	-	14.71
Proposed Dividend @ ₹ 1.20 (Previous period ₹ 0.60) per share	14.71	7.35
Tax on Dividend	2.99	3.75
Closing Balance	626.63	566.88
<b>Total</b>	<b>1,711.38</b>	<b>1,746.27</b>
Includes Joint Venture Share	22.41	19.96

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 5 : LONG-TERM BORROWINGS

₹ Crores

	Non-Current Portion		Current Maturities	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
<b>Secured</b>				
<b>Term Loans</b>				
From Banks	105.63	139.17	69.67	81.77
From Other Parties	0.04	0.04	0.02	0.02
<b>Unsecured</b>				
Finance Lease Obligation	1.02	1.28	0.66	1.68
Other Loans & Advances	0.13	4.76	2.57	2.57
<b>Total</b>	<b>106.82</b>	<b>145.25</b>	<b>72.92</b>	<b>86.04</b>
Includes Joint Venture Share	1.02	0.94	0.33	0.26

Current maturities of long-term borrowings are classified as other current liabilities (Refer Note 11).

#### Nature of Security

Loans under different categories are secured against certain assets, property, implement and other immovable properties, inventories and receivables of the parent Company or concerned subsidiaries and joint ventures.

### NOTE 6 : DEFERRED TAX ASSETS / (LIABILITY) - NET

₹ Crores

	As At 31.03.2015	As At 31.03.2014
<b>Deferred Tax Liability</b>		
Fixed Assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	13.67	41.76
<b>Total Deferred Tax Liability (A)</b>	<b>13.67</b>	<b>41.76</b>
<b>Deferred Tax Assets</b>		
Impact of expenditure charged to the statement of profit and loss in current period but allowed for tax purpose on payment basis and others	67.97	55.28
<b>Total Deferred Tax Assets (B)</b>	<b>67.97</b>	<b>55.28</b>
<b>Total Deferred Tax Assets/(Liability) (A - B)</b>	<b>54.30</b>	<b>13.52</b>
Includes Joint Venture Share	2.19	2.04

#### Nature of Security

Loans under different categories are secured against certain assets, property, equipment and other immovable properties, inventories and receivables of the parent Company or concerned subsidiaries and joint ventures.

### NOTE 7 : OTHER LONG-TERM LIABILITIES

₹ Crores

	As At 31.03.2015	As At 31.03.2014
<b>Others</b>		
Security Deposits	23.57	18.52
Advance Received	11.12	11.40
<b>Total</b>	<b>34.69</b>	<b>29.92</b>
Includes Joint Venture Share	-	-

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 8 : PROVISIONS

₹ Crores

	Long-Term		Short-Term	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
<b>Provision for Employee Benefits</b>				
Gratuity	0.56	0.57	55.71	56.92
Leave Encashment	14.32	14.18	2.80	4.28
Superannuation	-	-	1.30	2.03
Others	-	-	3.10	2.76
	<b>14.88</b>	<b>14.75</b>	<b>62.91</b>	<b>65.99</b>
<b>Others</b>				
Provision for Warranty	-	-	7.90	7.59
Provision for Contingency/Claims	99.57	104.93	-	-
Proposed Dividend	-	-	14.71	7.35
Dividend Tax	-	-	2.99	1.25
	<b>99.57</b>	<b>104.93</b>	<b>25.60</b>	<b>16.19</b>
<b>Total</b>	<b>114.45</b>	<b>119.68</b>	<b>88.51</b>	<b>82.18</b>
Includes Joint Venture Share	0.24	0.37	0.20	0.19

### NOTE 9 : SHORT-TERM BORROWINGS

₹ Crores

	As At 31.03.2015	As At 31.03.2014
<b>Secured</b>		
<b>From Banks</b>		
Cash Credit/ Export Packing Credit and Working Capital Demand Loans	304.64	207.02
<b>Total</b>	<b>304.64</b>	<b>207.02</b>
Includes Joint Venture Share	2.05	0.92

#### Nature of Security

Cash Credit/Export Packing Credit and Working Capital Demand Loans from Banks are secured against first charge on current assets and second charge on movable fixed assets excluding assets specifically charges to the term lenders and repayable on demand and carries interest @ 10.5 - 12.5% per annum.

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 10 : TRADE PAYABLES

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
Acceptances	155.04	242.21
Trade Payables (Refer Note 35)	583.39	627.40
<b>Total</b>	<b>738.43</b>	<b>869.61</b>
Includes Joint Venture Share	12.54	15.49

### NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
Current maturities of long-term borrowings (refer Note 5 for details)	72.92	86.04
Interest Accrued and due on borrowings	0.12	0.12
<b>Investor Education and Protection Fund will be credited by following amount (as and when due)</b>		
Unpaid Dividends	1.02	0.96
Unpaid Matured Deposits and Interest Accrued thereon	-	0.11
<b>Other Payables</b>		
Statutory Dues	53.12	50.16
Other Liabilities	128.90	126.09
<b>Total</b>	<b>256.08</b>	<b>263.48</b>
Includes Joint Venture Share	5.13	5.88

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 12: FIXED ASSETS\*

₹ Crores

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As At 01.04.2014	Addition	Deletion/ Adjustment	As At 31.03.2015	As At 01.04.2014	Write Back (Net)*	Transferred to General Reserve	For the Period	Deductions/ Adjustment	As At 31.03.2015	As At 31.03.2014
<b>Tangible Assets:</b>											
Land Freehold	1,082.83	0.36	-	1,083.19	-	-	-	-	-	1,083.19	1,082.83
Buildings	379.46	2.48	-	381.94	224.85	71.19	69.85	7.12	-	230.63	151.31
Plant and Machinery	798.40	26.26	37.90	786.76	453.74	(0.41)	35.41	40.59	33.28	496.87	289.89
Furniture and Fixtures	83.80	3.34	(3.21)	90.35	58.32	11.55	8.34	7.10	(2.19)	64.40	25.95
Office Equipment	24.94	0.38	14.63	10.69	17.77	2.08	1.91	2.63	11.90	8.33	2.36
Vehicles	10.63	4.66	3.84	11.45	7.16	2.51	0.01	1.54	2.88	3.32	8.13
Leasehold Improvements	0.61	-	0.01	0.60	0.47	-	-	0.02	-	0.49	0.11
<b>Assets Under Lease :</b>											
Land Leasehold	8.89	-	-	8.89	0.61	-	-	0.10	-	0.71	8.18
Plant and Machinery	7.54	2.25	(1.48)	11.27	1.65	-	-	1.24	(0.59)	3.48	7.79
IT Equipments	8.08	-	(4.24)	12.32	6.71	2.39	1.16	2.54	(2.10)	10.12	2.20
Vehicles	0.23	-	0.23	-	0.16	-	-	-	0.16	-	-
<b>Total - A</b>	<b>2,405.41</b>	<b>39.73</b>	<b>47.68</b>	<b>2,397.46</b>	<b>771.44</b>	<b>89.31</b>	<b>116.68</b>	<b>62.88</b>	<b>43.34</b>	<b>818.35</b>	<b>1,579.11</b>
<b>Intangible Assets:</b>											
Prototypes	2.17	-	(0.91)	3.08	0.75	-	-	0.64	(0.72)	2.11	0.97
Technical Knowhow	11.96	-	2.72	9.24	10.21	-	-	0.55	2.53	8.23	1.01
Software Development	30.83	2.45	0.54	32.74	14.26	-	-	4.56	0.52	18.30	14.44
<b>Total - B</b>	<b>44.96</b>	<b>2.45</b>	<b>2.35</b>	<b>45.06</b>	<b>25.22</b>	<b>-</b>	<b>-</b>	<b>5.75</b>	<b>2.33</b>	<b>28.64</b>	<b>16.42</b>
<b>Total - (A+B)</b>	<b>2,450.37</b>	<b>42.18</b>	<b>50.03</b>	<b>2,442.52</b>	<b>796.66</b>	<b>89.31</b>	<b>116.68</b>	<b>68.63</b>	<b>45.67</b>	<b>846.99</b>	<b>1,595.53</b>
Capital Work-in-Progress (CWIP) (C)	31.21	41.24	52.79	19.66	-	-	-	-	-	-	19.66
Intangible Assets under Development (D)	7.49	15.88	(12.69)	36.06	-	-	-	-	-	-	36.06
<b>Total - (A+B+C+D)</b>	<b>2,489.07</b>	<b>99.30</b>	<b>90.13</b>	<b>2,498.24</b>	<b>796.66</b>	<b>89.31</b>	<b>116.68</b>	<b>68.63</b>	<b>45.67</b>	<b>846.99</b>	<b>1,651.25</b>
<b>Previous period</b>	<b>2,388.01</b>	<b>269.74</b>	<b>168.68</b>	<b>2,489.07</b>	<b>726.41</b>	<b>-</b>	<b>-</b>	<b>95.87</b>	<b>25.62</b>	<b>796.66</b>	<b>1,692.41</b>

\* Includes Joint Venture Share

	As At 31.03.2015	As At 31.03.2014
Original Cost	21.83	19.87
Depreciation	13.04	13.02
Net Book Value	8.79	6.85
Capital Work-in-progress and Intangible Assets under Development	0.25	1.07
<b>Total Fixed Assets</b>	<b>9.04</b>	<b>7.92</b>



## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 13 : LOANS AND ADVANCES

₹ Crores

	Non-Current		Current	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
<b>Capital Advances</b>				
Unsecured, Considered Good	8.90	6.64	-	-
Unsecured, Considered Doubtful	0.04	-	-	-
	8.94	6.64	-	-
Less: Provision for Doubtful Advances	0.04	-	-	-
	8.90	6.64	-	-
<b>Security Deposits</b>				
Unsecured : Considered Good	16.15	16.49	-	-
: Considered Doubtful	0.78	0.72	-	-
	16.93	17.21	-	-
Less: Provision for Doubtful Deposits	0.78	0.72	-	-
	16.15	16.49	-	-
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured : Considered Good	0.37	4.94	168.56	168.15
: Considered Doubtful	0.03	0.07	40.16	34.11
	0.40	5.01	208.72	202.26
Less: Provision for Doubtful Advances	0.03	0.07	40.16	34.11
	0.37	4.94	168.56	168.15
<b>Other Loans and Advances</b>				
Advance Income Tax (Net of Provisions)	-	-	37.69	30.70
MAT Credit Entitlement	-	-	45.20	44.65
<b>Total</b>	<b>25.42</b>	<b>28.07</b>	<b>251.45</b>	<b>243.50</b>
Includes Joint Venture Share	3.01	4.20	11.85	7.64

### Note 14 : OTHER ASSETS

₹ Crores

	Non-Current		Current	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
<b>Bank Balances</b>				
Deposit with maturity period more than 12 months	-	7.99	-	-
<b>Others</b>				
Interest Accrued on Bank Deposits	-	-	12.54	5.19
Unamortised Expenditure (refer Note 29)	-	0.02	-	0.59
Others	2.93	2.93	-	3.92
<b>Total</b>	<b>2.93</b>	<b>10.94</b>	<b>12.54</b>	<b>9.70</b>
Includes Joint Venture Share	-	0.30	-	3.86

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 15 : INVENTORIES

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>Raw Materials and Components</b>	239.09	272.97
Goods-in-transit	0.46	3.75
Less: Provision for obsolete and slow moving	41.33	32.78
	<b>198.22</b>	<b>243.94</b>
<b>Work-in-Progress</b>	<b>38.43</b>	<b>46.18</b>
<b>Finished Goods</b>	135.35	194.93
Goods-in-transit	5.94	13.24
Less: Provision for obsolete and slow moving	1.02	0.61
	<b>140.27</b>	<b>207.56</b>
<b>Traded Goods</b>	55.31	62.98
Goods-in-transit	0.36	1.09
Less: Provision for obsolete and slow moving	16.96	0.74
	<b>38.71</b>	<b>63.33</b>
<b>Stores and Spares</b>	25.14	14.04
<b>Loose Tools</b>	13.64	13.64
Less: Provision for obsolete and slow moving	1.59	1.59
	<b>12.05</b>	<b>12.05</b>
<b>Total</b>	<b>452.82</b>	<b>587.10</b>
Includes Joint Venture Share	1.72	2.81

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 16 : TRADE RECEIVABLES

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>Trade Receivables</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good	1.22	1.23
Unsecured : Considered Good	24.70	45.62
: Considered Doubtful	68.85	59.55
	94.77	106.40
Less: Provision for Doubtful Debts	68.85	59.55
	<b>25.92</b>	<b>46.85</b>
<b>Others</b>		
Secured, Considered Good	56.47	36.73
Unsecured, Considered Good	331.87	288.87
Unsecured, considered doubtful	-	0.47
	<b>388.34</b>	<b>326.07</b>
Less: Provision for doubtful debts	-	0.47
	<b>388.34</b>	<b>325.60</b>
<b>Total</b>	<b>414.26</b>	<b>372.45</b>
Includes Joint Venture Share	14.54	15.40

### NOTE 17 : CASH AND BANK BALANCES

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
<b>Cash and Cash Equivalents</b>		
<b>Balances With Bank</b>		
Cash Credit Accounts	3.04	0.50
Current Accounts	30.57	43.84
Cheques/Drafts on Hand	1.48	5.22
Cash on Hand	0.41	0.47
Bank Deposits with less than 12 months maturity	94.39	113.75
	<b>129.89</b>	<b>163.78</b>
<b>Other Balances with Bank</b>		
Earmarked Unpaid Dividend Accounts	1.02	0.96
Escrow Account	109.57	101.13
Margin Money	10.88	4.84
(includes ₹ 0.11 crores (previous period ₹ 0.09 crores) pledged with various authorities)		
<b>Total</b>	<b>251.36</b>	<b>270.71</b>
Includes Joint Venture Share	3.30	1.65

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 18 : REVENUE FROM OPERATIONS

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Sale</b>		
Gross Sales	4,133.59	6,569.21
Less : Excise Duty	75.81	133.43
<b>Net Sale</b> (A)	<b>4,057.78</b>	<b>6,435.78</b>
<b>Other Operating Income</b>		
Erection and Servicing	8.33	5.67
Export Incentive	3.91	4.18
Scrap Sale	6.62	10.24
Others	36.04	45.87
	(B)	65.96
<b>Total</b> (A+B)	<b>4,112.68</b>	<b>6,501.74</b>
Includes Joint Venture Share	34.70	34.47

### NOTE 19 : OTHER INCOME

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Interest Income</b>		
Bank Deposits	19.18	21.48
Others	30.02	45.75
Dividend Income From Long-Term Investment	0.04	0.04
Net Gain on Sale of Current Investments	0.24	0.24
Foreign Exchange Variation (Net)	(2.15)	1.71
Miscellaneous Income	17.91	13.64
<b>Total</b>	<b>65.24</b>	<b>82.86</b>
Includes Joint Venture Share	2.14	0.16

### NOTE 20 : COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Opening Stock	276.72	240.60
Add : Purchases	2,596.36	4,394.36
	<b>2,873.08</b>	<b>4,634.96</b>
Less : Closing Stock	239.55	276.72
<b>Raw Material and Components Consumed*</b>	<b>2,633.53</b>	<b>4,358.24</b>
Includes Joint Venture Share	-	-

\*Net of Duty Drawback

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 21 : PURCHASE OF TRADED GOODS

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Purchases of Traded Goods	210.59	318.48
<b>Total</b>	<b>210.59</b>	<b>318.48</b>
Includes Joint Venture Share	5.55	14.75

### NOTE 22 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Opening Stock</b>		
Finished Goods	208.17	186.48
Work-in-Progress	46.18	52.46
Traded Goods	64.07	61.20
	<b>318.42</b>	<b>300.14</b>
<b>Closing Stock</b>		
Finished Goods	141.29	208.17
Work-in-Progress	38.43	46.18
Traded Goods	55.67	64.07
	<b>235.39</b>	<b>318.42</b>
<b>(Increase)/Decrease in Stock</b>	<b>Total</b>	<b>(18.28)</b>
Includes Joint Venture Share	1.09	(0.31)

### NOTE 23 : EMPLOYEE BENEFITS EXPENSE

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
Salary, Wages and Bonus	380.03	568.59
Employee Stock Option Scheme	0.02	(0.50)
Contribution to Gratuity Fund	10.33	25.41
Contribution to Provident Fund and Other Funds	18.41	27.25
Staff Welfare Expenses	38.56	69.56
<b>Total</b>	<b>447.35</b>	<b>690.31</b>
Includes Joint Venture Share	3.32	4.02

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 24 : FINANCE COSTS

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Interest Expense</b>		
On Long-Term Loans	24.13	46.88
On Cash Credit and Short-Term Loans	22.42	25.47
Others	3.78	21.13
Bank and Finance Charges	7.93	18.72
<b>Total</b>	<b>58.26</b>	<b>112.20</b>
Includes Joint Venture Share	0.54	0.80

### NOTE 25 : DEPRECIATION AND AMORTISATION

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Depreciation and Amortisation	68.63	95.87
Less: Transfer from Revaluation Reserve	-	9.90
<b>Total</b>	<b>68.63</b>	<b>85.97</b>
Includes Joint Venture Share	1.80	1.61

### NOTE 26 : OTHER EXPENSES

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Consumption of stores, spares and tools	39.28	63.89
Power and Fuel	45.17	64.48
Excise Duty on increase/(decrease) in stock of finished goods	(0.66)	2.73
Repairs and Maintenance		
Building	6.39	10.42
Plant and Machinery	17.43	24.83
Others	37.55	42.34
Warranties	16.74	24.68
Rent (Net)	4.78	10.15
Rates and Taxes	5.42	10.42
Insurance	3.61	5.97
Travelling and Conveyance	39.62	59.16
Postage and Telephones	6.87	11.38

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 26 : OTHER EXPENSES (Contd.)

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Legal and Professional	47.52	37.30
Commission, Discount and Sales Incentive	92.39	140.62
Advertisement and Promotional Expenses	50.17	69.10
Royalty	19.81	33.42
Packing, Freight and Forwarding	70.99	91.19
Directors Sitting Fees and Commission	0.26	0.28
Corporate Social Responsibility (CSR) Expenditure	0.78	-
Miscellaneous Expenses	71.36	63.67
<b>Total</b>	<b>575.48</b>	<b>766.03</b>
Includes Joint Venture Share	20.99	24.75

### NOTE 27 : EXCEPTIONAL ITEMS

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
(Surplus)/Loss on fixed assets sold/discarded (net)	0.38	(2.25)
Loss on Sale of Long-Term Investment	-	0.14
Bad Debts/Obsolete Inventory	42.63	-
Amounts Written Off (net)	7.66	(4.70)
Depreciation Written Back	(89.31)	-
Voluntary Retirement Expenses	31.86	3.34
Provision for Doubtful Debts/ Obsolete Inventories/ Advances & Deposit	37.40	-
Bad Debts & Inventory Written Off	2.38	0.41
Less: Provision Already Held	2.38	0.41
<b>Total</b>	<b>30.62</b>	<b>(3.47)</b>
Includes Joint Venture Share	(0.01)	-

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 28 : SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2015

₹ Crores

	Agri Machinery	Auto Ancillary Products	Railway Equipment	Construction Equipments	Others	Unallocated	Total
External Revenue	3,278.92	103.35	182.77	514.87	43.82	4.99	4,128.72
	(5,248.90)	(192.41)	(253.44)	(758.21)	(58.13)	(6.28)	(6,517.37)
Internal Revenue	50.50	0.26	0.98	0.90	-	0.38	53.02
	(55.01)	(18.17)	(2.34)	(4.99)	(0.29)	(0.46)	(81.26)
Segment Revenue	3,329.42	103.61	183.75	515.77	43.82	5.37	4,181.74
	(5,303.91)	(210.58)	(255.78)	(763.20)	(58.42)	(6.74)	(6,598.63)
Eliminations	50.50	0.26	0.98	0.90	-	0.38	53.02
	(55.01)	(18.17)	(2.34)	(4.99)	(0.29)	(0.46)	(81.26)
Total Revenue							4,128.72
							(6,517.37)
Segment Result	228.27	(23.66)	17.53	(24.82)	3.17	(66.06)	134.43
	(494.09)	29.63	(14.56)	32.22	(5.32)	88.40	(363.72)
Interest Expense							58.26
							(112.20)
Unallocated Corporate Interest Income							24.88
							(20.13)
Exceptional Items							30.62
							3.47
Profit Before Taxation							70.43
							(275.12)
<b>Provision for Taxation:</b>							
Current Tax							16.94
							(68.40)
MAT Entitlement							(3.34)
							27.34
Deferred Tax							(19.18)
							12.85
Profit After Tax	-	-	-	-	-	-	76.01
							(246.91)
Minority Interest							(0.30)
							(0.20)
<b>Other Information</b>	<b>As At 31/03/2015</b>	<b>As At 31/03/2015</b>	<b>As At 31/03/2015</b>	<b>As At 31/03/2015</b>	<b>As At 31/03/2015</b>	<b>As At 31/03/2015</b>	<b>As At 31/03/2015</b>
Segment Assets	1,736.90	107.50	178.32	380.26	85.50	1,000.77	3,489.25
	(1,880.65)	(116.86)	(154.86)	(404.81)	(88.09)	(955.12)	(3,600.39)
Segment Liabilities	645.67	56.10	54.71	205.43	31.59	16.88	1,010.38
	(810.92)	(55.82)	(49.29)	(173.76)	(34.99)	(4.42)	(1,129.20)
Addition to Tangible Fixed Assets	24.85	0.21	3.93	1.13	3.90	5.71	39.73
	(112.97)	(4.10)	(3.31)	(9.58)	(4.36)	(8.44)	(142.76)
Addition to Intangible Fixed Assets	2.10	-	-	-	0.25	0.10	2.45
	(4.59)	-	(0.54)	(0.80)	(0.07)	(10.54)	(16.54)
Depreciation	42.85	2.32	3.46	7.84	1.99	10.17	68.63
	(50.87)	(3.48)	(5.21)	(11.77)	(1.91)	(12.73)	(85.97)
Non-Cash Expenses other than Depreciation	-	-	-	-	-	0.61	0.61
	-	-	-	-	-	(0.67)	(0.67)



## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 28 : SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

	₹ Crores		
	India	Outside India	Consolidated Total
Revenue By Geographical Market - External	4,010.34	118.38	4,128.72
	(6,338.82)	(178.55)	(6,517.37)
Carrying Amount of Segement Assets	3,430.02	59.23	3,489.25
	(3,542.87)	(57.52)	(3,600.39)
Addition to Tangible Fixed Assets	39.20	0.53	39.73
	(142.37)	(0.39)	(142.76)
Addition to Intangible Fixed Assets	2.45	-	2.45
	(16.08)	(0.46)	(16.54)

### NOTE 29 : UNAMORTISED EXPENDITURE REPRESENTS

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>Upfront Fee/Employee Stock Option Scheme</b>		
As per the last Financial Statements	0.61	1.26
Add: Addition during the period	-	0.02
Less: Written off during the period	0.61	0.67
Closing Balance	-	0.61

### NOTE 30 : EARNINGS PER SHARE

		Year Ended 31.03.2015	Period Ended 31.03.2014
Net Profit After Tax (₹ Crores)	Basic	76.31	246.71
	Diluted	76.31	246.71
Weighted Average Number of Shares Outstanding	Basic	119,276,965	119,263,266
	Diluted	119,350,084	119,293,579
Earnings per Share (face value ₹ 10 per share)	Basic	6.40	20.69
	Diluted	6.39	20.68

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 31: DISCLOSURE REQUIRED BY ACCOUNTING STANDARD (AS) 29 'PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS':

#### Contingent Liabilities

	₹ Crores	
	As At 31.03.2015	As At 31.03.2014
I) Estimated amounts of contracts remaining to be executed on capital account and not provided for	32.52	33.90
II) Claims not acknowledged as debts	0.75	0.71
III) There is a contingent liability of:		
(a) Excise Duty/ Customs Duty/ Service Tax demands not acknowledged as liability	18.40	19.46
(b) ESI additional demand not acknowledged as liability	5.59	4.16
(c) Sales tax & other demands not acknowledged as liability	35.94	10.93
(d) Pending legal cases - Personnel	4.33	3.79
- Others	89.58	89.91
(e) Demand raised by faridabad municipal corporation for external development charges where the company is in litigation	2.38	2.38
(f) Guarantees given to banks under channel finance program and bill discounting	25.74	32.70
(g) LC/Guarantees executed in favour of others	48.71	23.64
(h) Demand raised by Income Tax Department, disputed by the company and pending in appeal (Against demand the company has deposited a sum of ₹ 0.28 crores (previous period ₹ 28.88 crores) under protest)	2.97	139.48
(i) Demand raised by Department of Telecommunication (DOT)	9.92	9.92
(j) Liability towards surety bond in favour of Governor of Haryana for Sales tax registration under VAT	4.46	3.50

### NOTE 32 : PROPORTIONATE SHARE OF JOINT VENTURES IN THE FOLLOWING LINE ITEMS IS GIVEN BELOW AS THERE IS NO SEPARATE NOTE ATTACHED

	₹ Crores	
	Year Ended 31.03.2015	Period Ended 31.03.2014
Provision for Taxation:		
Current Taxation	1.26	1.42
Deferred Taxation	(0.15)	0.23
Contingent Liability	14.57	14.98

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 33 :

During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Areas 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 judgement dated October 1, 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which is pending for adjudication before the Constitutional Bench. Based on the legal advice received by the Company no further provision on this account is considered necessary after March 31, 2008.

### NOTE 34 :

The Company has executed an agreement to sell for transfer of 25 acres of land at Plot No. 219, Sector 58, Balabhgarh, Haryana for a consideration of ₹ 9.00 crores. The said transfer is subject to necessary approval from HUDA and accordingly the consideration amount of ₹ 9.00 crores is being treated as advance.

### NOTE 35 :

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.

### Note 36 :

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 March 4, 2011. On the interim directions of the said High Court, fixed deposit liability of ₹ 130.32 crores has already been discharged by the Hardship Committee constituted under the directions of the said High Court for discharging the unclaimed deposit, balance 2,401,050 shares have been transferred to Escorts Benefit Trust (Trust) and the Hardship Committee has been dissolved. The Hon'ble High Court has confirmed that Escorts Limited has no outstanding liability towards payment to Escorts Finance Limited deposit holders.

### NOTE 37 :

Escorts Benefit and Welfare Trust holds 37,300,031 equity shares of Escorts Limited, the sole beneficiary of which is the company. The Dividend received by the Trust on these shares is recognised in the statement of profit & loss account in Note No: 4 - Reserves and Surplus.

## Notes to Consolidated Financial Statements For the Year Ended March 31, 2015

### NOTE 38: DISCLOSURE UNDER ACCOUNTING STANDARD - 19 (LEASES)

(a) The details of Minimum Lease Payments outstanding as at March 31, 2015 and present value thereof are as under:

₹ Crores

	Minimum Lease Payments Outstanding		Present Value of Minimum Lease Payments Outstanding		Future Interest on Outstanding Lease Payments	
	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014	As At 31.03.2015	As At 31.03.2014
Total amount due	1.87	3.39	1.68	2.96	0.19	0.43
Due within one year	0.69	1.91	0.66	1.68	0.03	0.23
Due later than one year and not later than five years	1.18	1.48	1.02	1.28	0.16	0.20

(b) Assets taken on Operating Cancellable leases

The total lease payments recognised in profit and loss account for the year ended March 31, 2015 is ₹ 0.55 crores (Previous period - ₹ 0.66 crores)

### NOTE 39:

Figures have been rounded off to the nearest lakh rupees. Previous period figures regrouped/rearranged wherever necessary.

### NOTE 40:

The previous accounting period is for 18 months (from October 1, 2012 to March 31, 2014) and is not comparable with the current year.

For and on Behalf of the Board

**RAJAN NANDA**  
Chairman and Managing Director

**NIKHIL NANDA**  
Managing Director

**Dr. S. A. DAVE**  
Director

As per our Report attached  
for **S. N. DHAWAN & CO.**  
Chartered Accountants  
(Firm Regn. No. 000050N)

**S. C. BHARGAVA**  
Director

**HARDEEP SINGH**  
Director

**BHARAT MADAN**  
Group Financial Controller

**AJAY SHARMA**  
Group General Counsel & Company Secretary

**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad  
Date : May 28, 2015

## Consolidated Cash Flow Statement For the Year Ended March 31, 2015

₹ Crores

	Year Ended 31.03.2015	Period Ended 31.03.2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	70.43	275.12
Adjustments for:		
Gain on Sale of Investments (Net)	(0.24)	(0.10)
Gain on Sale of Asset (Net)	(2.02)	(2.26)
Depreciation	68.63	85.97
Miscellaneous Expenses / Assets Write off / Provisions	6.63	(1.79)
Interest Expense	50.33	93.47
Dividend Income	(0.04)	(0.04)
Interest Income	(49.20)	(67.23)
Operating Profit before Working Capital Changes	144.52	383.14
Adjustments for:		
Trade and Other Receivables	(74.44)	93.42
Inventories	79.29	(66.97)
Trade Payables and Others	(123.35)	(5.03)
	(118.50)	21.42
Cash Generated from Operations	26.02	404.56
Direct Taxes (Paid) / Refunds	(20.85)	(61.93)
<b>Net Cash Flow from Operating Activities</b>	<b>5.17</b>	<b>342.63</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale / (Purchase) of Fixed Assets	(55.21)	(124.64)
Movement in Loans and Advances	(12.32)	(21.79)
Sale / (Purchase) of Investments	(0.23)	0.99
Interest Received	41.86	75.40
Dividend Received	0.04	0.04
<b>Net Cash Flow from Investing Activities</b>	<b>(25.86)</b>	<b>(70.00)</b>
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Proceeds from Share Capital and Securities Premium	0.17	-
Proceeds from / (to) Minority Interest (net)	(1.31)	5.11
Proceeds / (Repayment) from Long-Term Borrowings	(38.43)	(32.02)
Proceeds / (Repayment) from Short-Term Borrowings (Net)	97.62	(83.26)
Interest Paid	(50.33)	(94.36)
Dividend and Dividend Tax paid (net)	(6.38)	(25.36)
<b>Net Cash Generated from / (used in) Financing Activities</b>	<b>1.34</b>	<b>(229.89)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(19.35)</b>	<b>42.74</b>
<b>Cash and Cash Equivalents as at 01.04.2014</b>	<b>270.71</b>	<b>227.97</b>
<b>Cash and Cash Equivalents as at 31.03.2015</b>	<b>251.36</b>	<b>270.71</b>

**Notes:**

1. Cash and cash equivalents include cash in hand, demand deposits with banks and short-term highly liquid investments.
2. Previous period figures have been regrouped wherever necessary.
3. Figures in bracket shows cash outflow.

For and on Behalf of the Board

**RAJAN NANDA**  
Chairman and Managing Director

**NIKHIL NANDA**  
Managing Director

**Dr. S. A. DAVE**  
Director

As per our Report attached  
for **S. N. DHAWAN & CO.**  
Chartered Accountants  
(Firm Regn. No. 000050N)

**S. C. BHARGAVA**  
Director

**HARDEEP SINGH**  
Director

**BHARAT MADAN**  
Group Financial Controller

**AJAY SHARMA**  
Group General Counsel & Company Secretary

**VIJAY DHAWAN**  
Partner  
M No. 12565

Place : Faridabad  
Date : May 28, 2015

## Statement for Subsidiaries Information for Financial year 2014-15

Sr. No.	Name of the Company	Share Capital	Reserves and Surplus	Total Assets		Total liability	Turnover and Other Income	Profit Before Tax	Profit After Tax	Proposed Dividend	Reporting Period	% of Shareholding
				Non-Current Investments	Other							
1.	Escorts Asset Management Limited	150,000,000	(25,449,835)	60,055,193	75,135,627	10,640,655	20,222,018	(5,895,482)	(4,366,815)	-	April - March	30%
2.	Escorts Securities Limited	78,000,000	27,776,106	5,989,628	222,468,548	122,682,070	66,432,837	2,350,433	896,528	-	April - March	49%
3.	EDDAL Credit Limited	25,500,700	20,388,704	-	46,543,801	654,397	2,021,013	1,978,551	1,351,561	-	April - March	99.86%
4.	Farmtrac Tractors Europe Spolka Zo.o (1PLN = ₹ 16.35 INR)	83,465,616	79,890,982	-	595,418,877	432,062,279	1,495,495,980	(10,908,140)	(9,366,839)	-	Jan - March (15 Months)	100%

### Statement for Joint Ventures and Associates for Financial Year 2014-15

Sr. No	Particulars	Hughes Communications India Limited
1	Latest Audited Balance Sheet Date	Un Audited
2	Shares held by Company	
	Numbers	2,074,492
	Amount	20,744,920
	Holding %	13.38%
3	Significant Influence	No
4	Reason for not considered for consolidation	NA
5	Networth attributable to Shareholding	244,842,836
6	Profit/(Loss) for the Year	183,049,471
	i) Considered in consolidation	24,492,019
	ii) Not considered in consolidation	158,557,452

1. At the behest of the creditors of Farmtrac North America LLC (FNA) (a subsidiary of the Company), the Superior Court Division of Country of Edgcombe, North Carolina, USA have appointed a Receiver for FNA, who has taken over all the assets, books and records of FNA, accordingly the information relating to Farmtrac North America LLC (FNA) has not been given.

2. Beaver Creek Holdings LLC (BCH), Escorts Motors Limited and Escorts Consumer Credit Limited total assets being insignificant, the company has not considered the financial statements for consolidation.

For and on Behalf of the Board

**RAJAN NANDA**

*Chairman and Managing Director*

**NIKHIL NANDA**

*Managing Director*

**Dr. S. A. DAVE**

*Director*

**S. C. BHARGAVA**

*Director*

**HARDEEP SINGH**

*Director*

**BHARAT MADAN**

*Group Financial Controller*

**AJAY SHARMA**

*Group General Counsel & Company Secretary*

Place : Faridabad

Date : July 10, 2015



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Rajan Nanda,  
*Chairman and Managing Director*

Mr. Nikhil Nanda,  
*Managing Director*

Ms. Nitasha Nanda,  
*Whole-time Director*

Dr. S. A. Dave,  
*Director*

Mr. S. C. Bhargava,  
*Director*

Mr. Hardeep Singh,  
*Director*

Mr. P.H. Ravikumar,  
*Director*

Mrs. Vibha Paul Rishi,  
*Director*

Dr. Sutanu Behuria,  
*Director*

Mr. G.B. Mathur,  
*Director*

## GROUP GENERAL COUNSEL & COMPANY SECRETARY

Mr. Ajay Sharma

## SECRETARIAL AUDITORS

M/s. Jayant Gupta & Associates

## STATUTORY AUDITORS

M/s. S. N. Dhawan & Co.

## INTERNAL AUDITORS

Grant Thornton India LLP

## COST AUDITORS

M/s. Ramanath Iyer & Co.

## REGISTERED OFFICE

SCO-232, First Floor, Sector-20, Panchkula-134109,  
Haryana, India

## CORPORATE CENTRE

15/5, Mathura Road, Faridabad -121003, Haryana,  
India

## BANKERS

Andhra Bank

Axis Bank

IDBI Bank

ICICI Bank

Indusind Bank

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

State Bank of Patiala



## Escorts Limited

### Corporate Centre:

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

### Registered Office:

SCO-232, First Floor, Sector-20  
Panchkula - 134 109  
Haryana, India



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