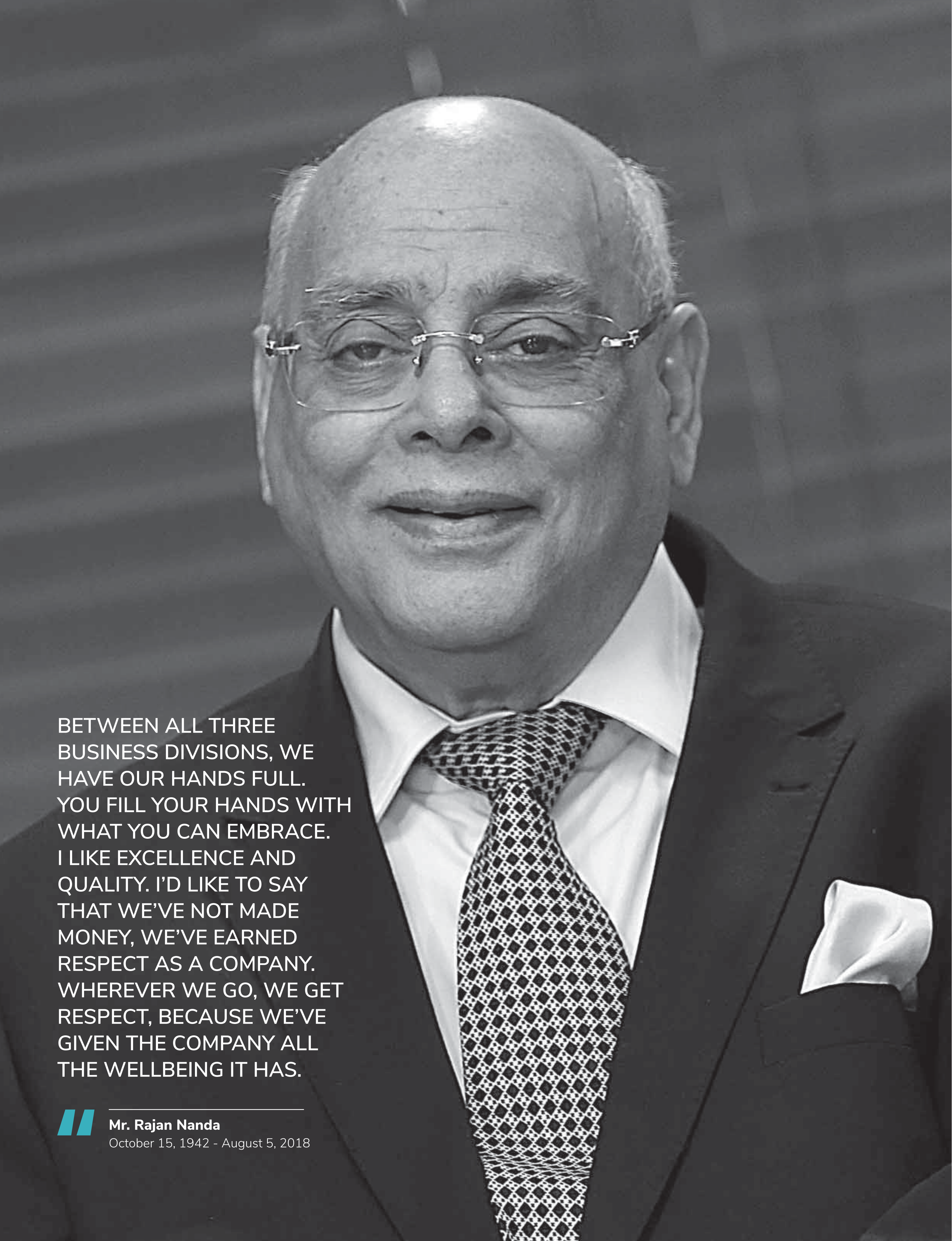
ESCORTS

INNOVATION TO IMPACT

ESCORTS LIMITED

72nd Annual Report 2017-18



BETWEEN ALL THREE BUSINESS DIVISIONS, WE HAVE OUR HANDS FULL. YOU FILL YOUR HANDS WITH WHAT YOU CAN EMBRACE. I LIKE EXCELLENCE AND QUALITY. I'D LIKE TO SAY THAT WE'VE NOT MADE MONEY, WE'VE EARNED RESPECT AS A COMPANY. WHEREVER WE GO, WE GET RESPECT, BECAUSE WE'VE GIVEN THE COMPANY ALL THE WELLBEING IT HAS.

Mr. Rajan Nanda
October 15, 1942 - August 5, 2018

THE LEGACY LIVES ON

We, at Escorts, are committed to strengthen the vision and ideals of our late Chairman and Managing Director, Mr. Rajan Nanda, who has left behind a stellar trail of corporate excellence. He touched the lives of millions of people as an industrialist, nationalist and a committed philanthropist.

Mr. HP Nanda founded the Escorts Group, after migrating from Lahore to New Delhi during Partition. As the pioneer of farm mechanisation in India, Mr. HP Nanda dedicated his entire life to the wellbeing and prosperity of farmers. Mr. Rajan Nanda joined Escorts in 1965 at the age of 23. He helped steer Escorts through many upheavals, in step with India's gradual progress towards a globally integrated and a liberalised economy.

Taking over the mantle of Chairmanship in 1994, Mr. Nanda was instrumental in chartering the growth of Escorts as a leading agricultural and infrastructure solutions company with world-class manufacturing excellence.

Like his illustrious father, Mr. Rajan Nanda believed in empowering India with the latest in innovation and ingenuity to help eradicate human drudgery through technology-driven agriculture and infrastructure. Under his leadership, Escorts has successfully navigated unprecedented challenges and grown consistently in capabilities, influence, technological advances and response to customer requirements. He always believed in making Escorts customer's best companion for respective products and solutions.

Mr. Nanda was also a very active member of several apex industry bodies and played a critical role in various policy frameworks and trade relations with multiple countries. His opinion and recommendations across agriculture and infrastructure were highly valued across segments and gained respect across sections of the industry.

Mr. Nanda also helped shape a culture that encourages and supports superlative performance, teamwork, knowledge-sharing, and leadership. He was the principal architect in setting up the state-of-the-art R&D facility for Escorts at Faridabad, which today serves as the bedrock for innovation and new product development for global exports. Known as the Knowledge Management Centre, the facility is supported by hundreds of engineers who are engaged in creating innovative technology solutions for the discerning needs of customers.

The grand arc of his vision extended far beyond business priorities. He firmly believed that businesses must play a pivotal role in social engineering and uplift. This conviction encouraged him to proactively pursue the cause of education, healthcare and other community initiatives.

Although he is no longer among us, his legacy lives on. Every member of the Escorts family will continue to be guided and inspired by Mr. Rajan Nanda's sound philosophy of corporate governance, acumen and value-driven management practices.

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For further information, log on to www.escortsgroup.com

KEY HIGHLIGHTS OF THE YEAR

Revenue (₹ in crores)

5,016.0 ↑ **20.4%**

EBITDA (₹ in crores)

557.2 ↑ **72.1%**

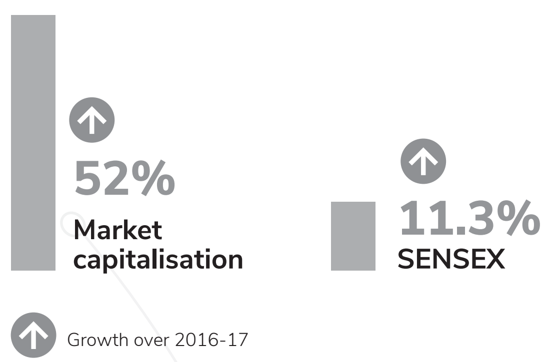
Earnings per share (₹)

28.8 ↑ **114.8%**

Net profit (₹ in crores)

344.7 ↑ **114.9%**

Comparison of growth in market capitalisation vis-à-vis SENSEX



EQUITY SHARE INFORMATION

Proposed dividend

₹2.0 per share
(Face value: ₹10 per share)

Promoters holding

40%

NSE

ESCORTSEQ

BSE

500495

WE

- are reimagining our business in line with the changing times on the strength of our innovation and foresight.
- are using our know-how and technologies to equip farmers and make agriculture contribute more to the national GDP.
- are participating in nation-building and helping India's infrastructure stand out globally.
- are facilitating safety, comfort and reliability for millions of railway passengers in India every day.
- are developing global capabilities to make our customers future-ready across geographies.

Our customers are at the centre of our universe and helping them build a better world motivates us every day. Through a strategic focus on operational excellence and expanded product offerings and services, we are moving in step with their aspirations, in India and large parts of the world.

Our market insight enables us to deliver on the expectations of customers and stakeholders.

And create impact that is extensive, enduring and empowering for all.

COMPANY AT A GLANCE

INTRODUCING ESCORTS

Escorts Limited (Escorts) manufactures best-in-class equipment for agriculture, infrastructure and railway for national and international markets.

We are committed to transforming lives by designing future-ready solutions, leveraging the power of technology and imagination. More than 1.5 million tractors and 65,000+ construction equipment across the world reflect our commitment to societal progress and human well-being.

For over seven decades, we have been partnering India's journey towards economic prosperity and inclusive growth, with focus on empowerment from the grassroots.

Across three core businesses in which we operate, we aspire to bring the best that the world has to offer to India and take India's best capabilities to the world.

Our Vision

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

Our Core Values

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

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

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

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

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

Our Strategic Values

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

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

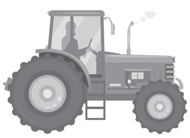
Excellence
We will strive to achieve and surpass world-class standards in all that we do.

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

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

Our Business Divisions

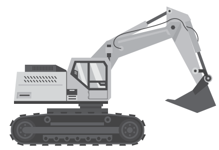
1 Escorts Agri Machinery (EAM)



We are one of India's foremost tractor manufacturers, offering more than 225 variants (12 to 75 HP) in the domestic market under three marquee brands, Farmtrac, Powertrac and Steeltrac; our comprehensive range addresses the widest of industry preferences. Additionally, EAM offers crop solutions, engines, spare parts and lubricants, SHIP (Sprayers, Harvesters, Implements and Planters) and gensets.

For more information see **page 22**

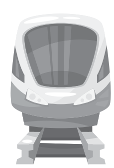
2 Escorts Construction Equipment (ECE)



We are a dominant player in material handling, earth moving and road construction segments of construction equipment. The Company is among the world's largest manufacturers of Pick and Carry (PnC) hydraulic mobile cranes.

For more information see **page 26**

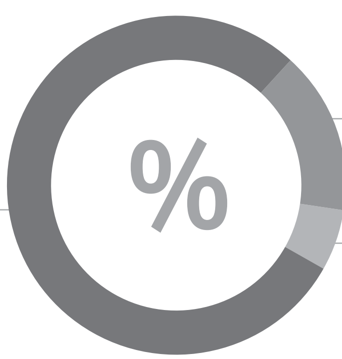
3 Railway Equipment Division (RED)



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

For more information see **page 30**

Revenue contribution in FY 2017-18



78.7

15.6

5.7

Manufacturing Facilities

Escorts Agri Machinery (EAM)

INDIA

3

Plants in Faridabad, Haryana, spread over 2,96,836 sq. m.

1,00,000

Tractors annual production capacity

POLAND

1

Plant with an installed annual capacity of 2,500 tractors

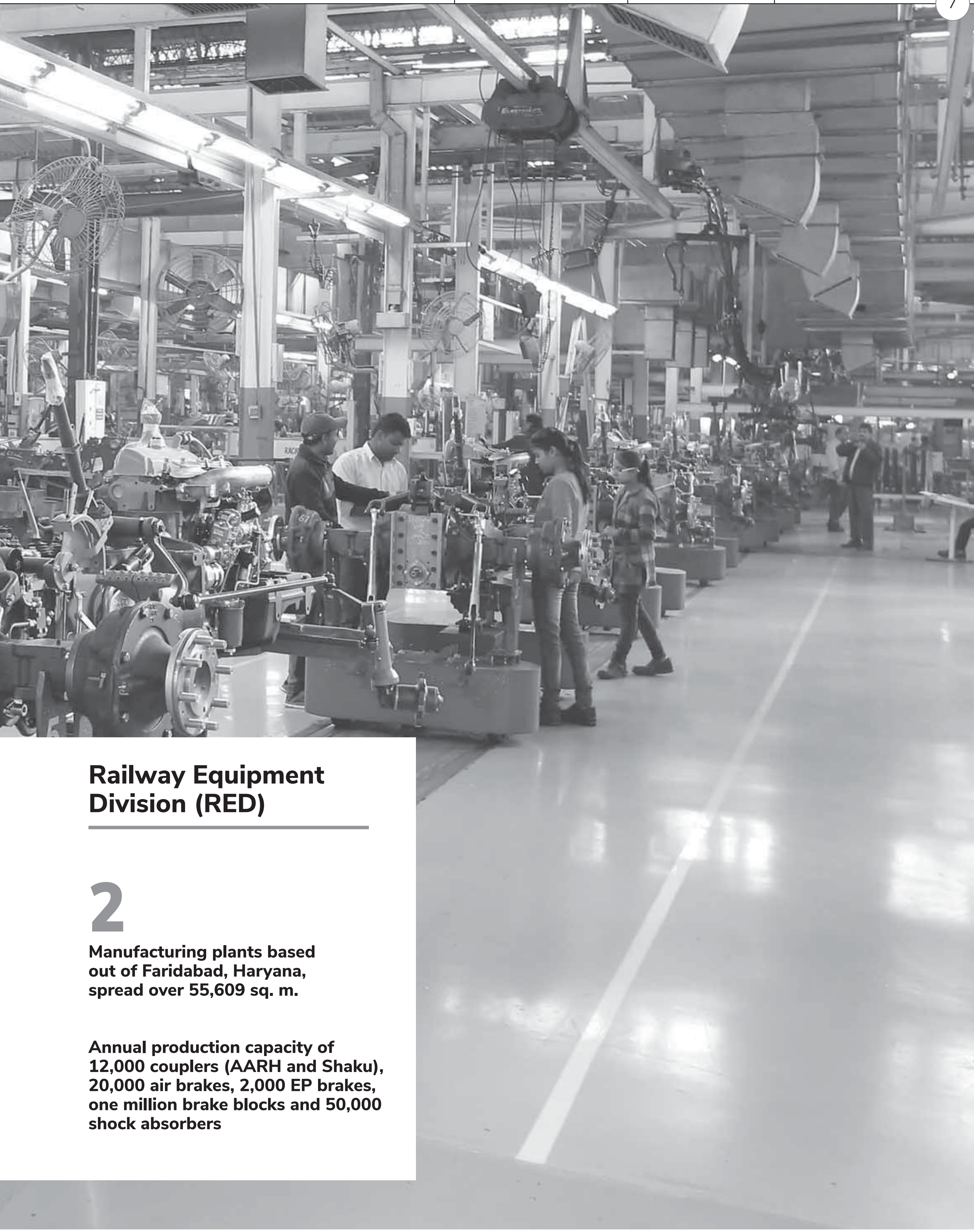
Escorts Construction Equipment (ECE)

1

Manufacturing and assembly plant in Faridabad, Haryana, spread over 60,702 sq. m.

10,000

Units annual capacity



Railway Equipment Division (RED)

2

Manufacturing plants based out of Faridabad, Haryana, spread over 55,609 sq. m.

Annual production capacity of 12,000 couplers (AARH and Shaku), 20,000 air brakes, 2,000 EP brakes, one million brake blocks and 50,000 shock absorbers

BUSINESS HIGHLIGHTS OF THE YEAR

OPERATIONAL CANVAS

Escorts Agri Machinery (EAM)

Escorts, on an occasion marked as 'International Day', launched an expanded global portfolio, in the 22-90 HP range, under the flagship brands Farmtrac and Powertrac. The day also marked the launch of ‘ESCLUSIVE’, a platform for introducing innovative products and solutions that the Company has pledged to unveil every year.

At the 2017 edition of the world’s biggest trade fair for agricultural technology, Agritechnica, Escorts launched India’s first electric and hydrostatic concept tractor, Farmtrac 26E. Held biennially in Hanover, Germany, the event saw the Company highlight the New Escorts Tractor Series (NETS) that is fully compliant with the tier-4 emission norms of Europe and USA.

A revolutionary addition to the Escorts’ 21-30 HP compact tractor segment is the Farmtrac Atom. Feature-rich, compact and stylish, the tractor is designed for every type of orchard farming. It is ideal for all applications, including high-end sprayers, rotavators and haulage. Its low-turning radius and best-in-class cooling system gives it a clear edge over competition.

Farmtrac F20 is India’s first double-HP tractor that offers 100% power on full load and bigger savings on ideal load. The F20 technology not only enables farmers to save up to 20% of fuel, but also improves the life of their machine by optimising load handling.

Launched India’s first electric and hydrostatic concept tractor, Farmtrac 26E.

Escorts Construction Equipment (ECE)

Escorts debuted the CT Smart 15 crane at the Excon 2017, India's leading construction equipment exhibition. The crane caters to all material handling requirements that arise in any city.

Escorts forayed into the crawler excavator segment by signing an exclusive distribution agreement with Korea's Doosan Infracore Co. Ltd. The agreement sanctions sale and service of the entire range of Doosan products for the Indian market, including crawler excavators, mini excavators and wheel loaders. Doosan's product diversity, coupled with the strength of Escorts' pan-India distribution network, will bolster the Company's reputation in the country.

Entered into an exclusive distribution agreement with Korea's Doosan Infracore Co. Ltd. for sale and service of the entire range of Doosan products in the Indian market.

Railway Equipment Division (RED)

RED showcased its new and state-of-the-art offerings at New Delhi's International Railway Equipment Exhibition (IREE) 2017. These included high-end AARH couplers, EP brakes, BMBS, LHB dampers and locomotive brake electronics, besides different types of rubber and friction material, railway braking systems, railway brake electronics, coupling systems and suspension systems.

Escorts became one of the few Indian companies to be International Railway Industry Standard (IRIS)-certified. RED underwent a comprehensive evaluation process to achieve the accreditation. The successful implementation of IRIS creates a win-win for stakeholders, whether they are equipment manufacturers, system integrators, operators or business partners.

After receiving the IRIS certificate, the Company, at present, is upgrading its systems in line with the ISO/TS 22163 standards – another operational milestone for Escorts.

One of the few Indian companies to be certified by International Railway Industry Standard (IRIS).

WE WANT OUR PRODUCTS TO HAVE THE FINEST FEATURES, THE HIGHEST EFFICIENCIES AND THE BEST USER EXPERIENCE. WE ARE CONFIDENT OF OUR CAPABILITY AND CAPACITY TO EXECUTE. WITH UNWAVERING FOCUS ON CORE COMPETENCIES AND CONSISTENT IMPROVEMENTS ACROSS THE BOARD, ESCORTS WILL CONTINUE TO CREATE UNMATCHED VALUE FOR STAKEHOLDERS.

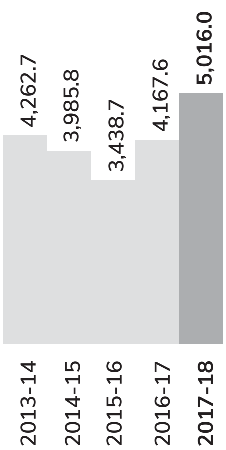
Mr. Shailendra Agrawal
Group Chief Operating Officer, Escorts Limited

KEY PERFORMANCE INDICATORS

ENTERING A NEW GROWTH ERA

Revenue from operations

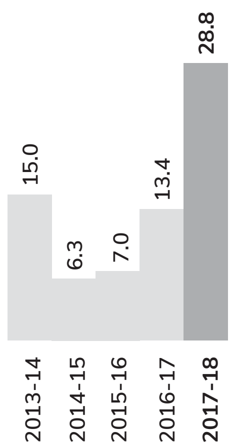
(₹ in crores)



↑ 3.3%

Earnings per share

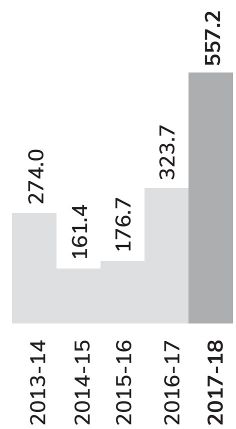
(₹)



↑ 13.9%

EBITDA

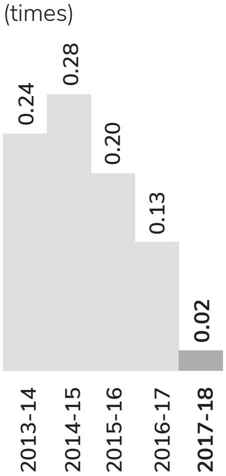
(₹ in crores)



↑ 15.2%

Debt-Equity ratio

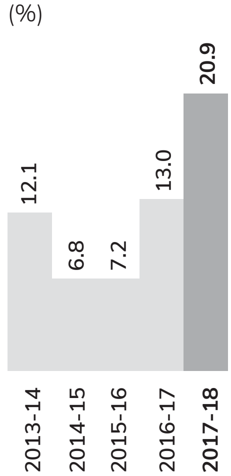
(times)



↓ 39.1%

Return on capital employed

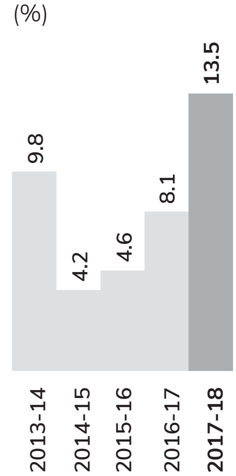
(%)



↑ 11.6%

Return on equity

(%)



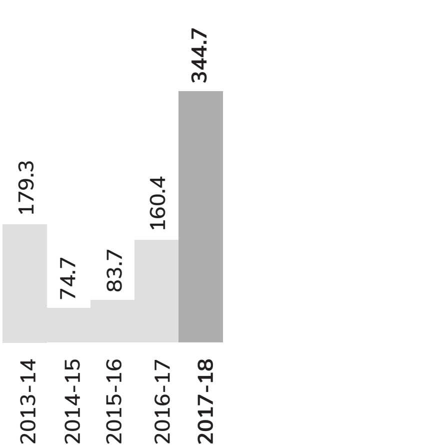
↑ 6.6%

2013-14 figures are for trailing 12 months period for purpose of comparison

↓ ↑ 5 Year CAGR

Profit after tax

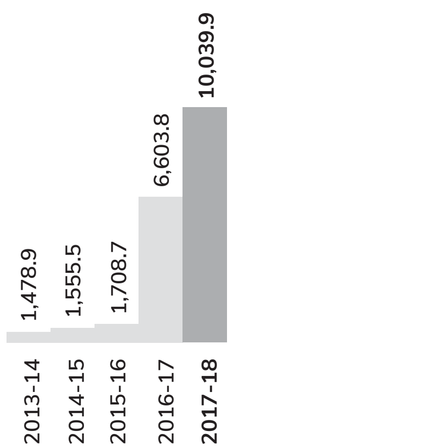
(₹ in crores)



14.0%

Market capitalisation*

(₹ in crores)

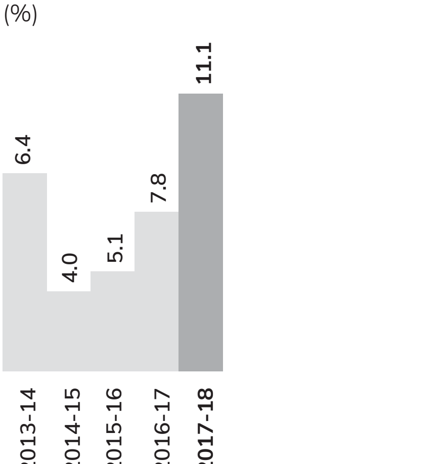


46.7%

*as on March 31

EBIDTA margin

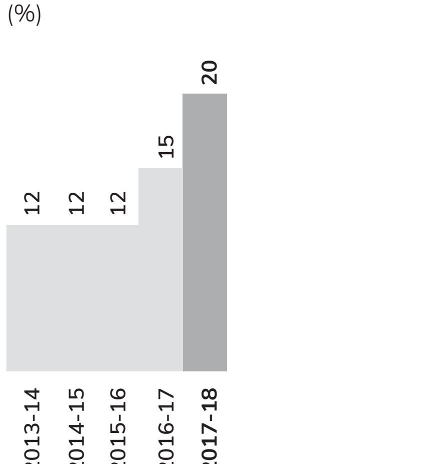
(%)



11.6%

Proposed dividend per share

(%)



10.8%

2013-14 figures are for trailing 12 months period for purpose of comparison

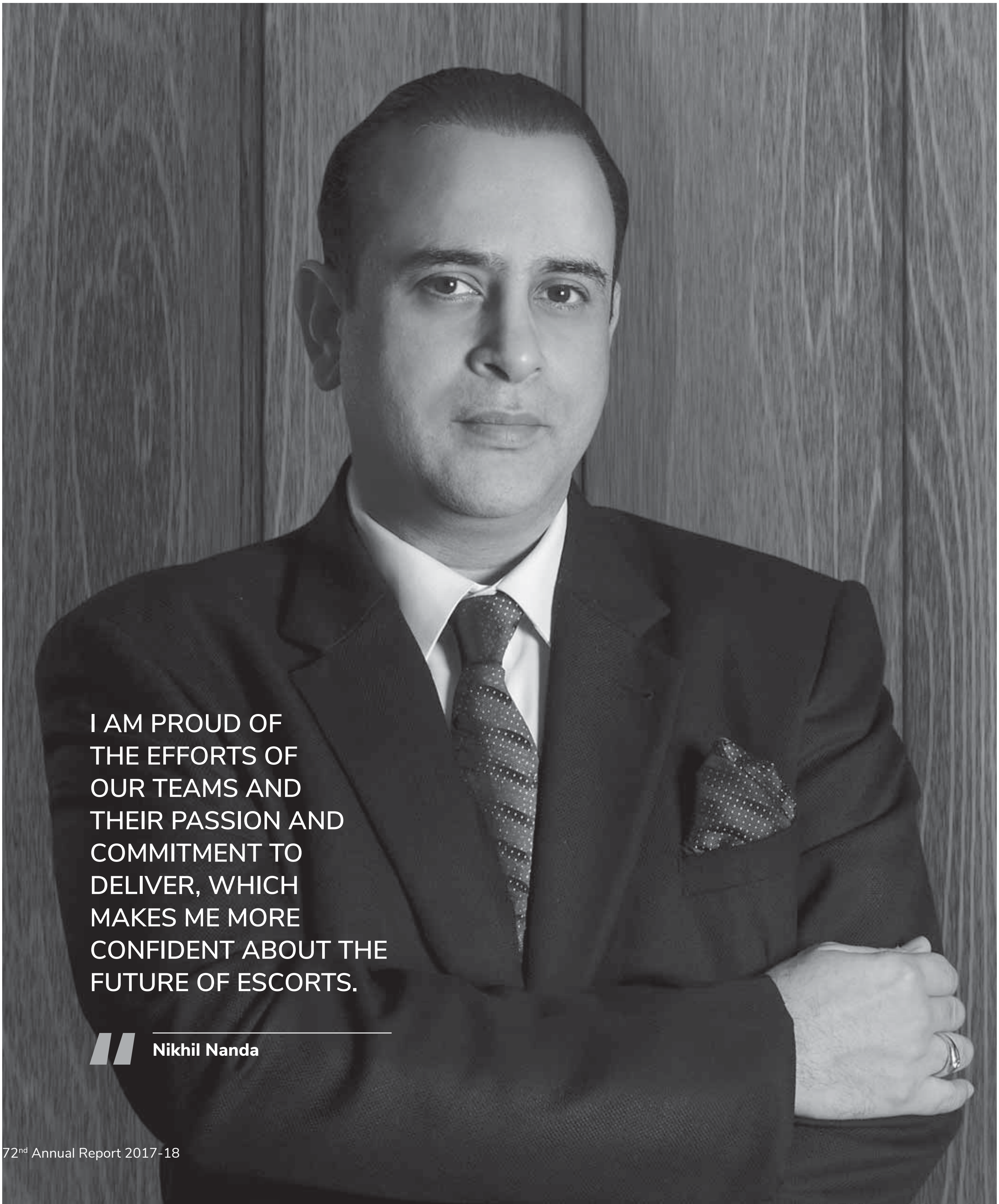
5 Year CAGR

FY 2017-18 WAS THE BEST YEAR TILL DATE FOR ESCORTS. BE IT SALES, PROFITABILITY, CASHFLOWS OR MARGINS, WE ACHIEVED THE HIGHEST FIGURES ACROSS EACH SEGMENT. AS A RESULT OF OUR HEALTHY BALANCE SHEET, WE RECEIVED UPGRADES IN OUR CREDIT RATINGS. I AM POSITIVE THAT FY 2018-19 IS GOING TO BE ANOTHER STRONG YEAR FOR US.

Mr. Bharat Madan
Group Chief Financial Officer,
Escorts Limited

IN CONVERSATION WITH THE CHAIRMAN AND MANAGING DIRECTOR

AN INSTITUTION AT WORK!



I AM PROUD OF THE EFFORTS OF OUR TEAMS AND THEIR PASSION AND COMMITMENT TO DELIVER, WHICH MAKES ME MORE CONFIDENT ABOUT THE FUTURE OF ESCORTS.

Nikhil Nanda

Dear shareowners,

THIS ANNUAL REPORT IS A TRIBUTE TO OUR LATE CHAIRMAN, MR. RAJAN NANDA, WHO DEDICATED HIS LIFE TO BRINGING THE BEST OF THE WORLD'S TECHNOLOGY TO INDIA AND ENGINEERING INDIGENOUS SOLUTIONS FOR INDIAN FARMING, CONSTRUCTION AND RAILWAYS. WHILE HE IS NO LONGER WITH US, HIS SPIRIT OF INNOVATION WILL ALWAYS MOTIVATE US TO DEVELOP TECHNOLOGIES FOR RURAL PROSPERITY AND NATIONAL DEVELOPMENT.
I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK YOU ON HIS BEHALF FOR YOUR CONTINUED SUPPORT. IT IS YOUR BELIEF THAT WILL HELP ME TAKE THE LEGACY FORWARD AND FULFIL HIS DREAM OF ELEVATING ESCORTS TO AN INDUSTRY BENCHMARK.

Core philosophy and purpose

Escorts as an institution is a collective engineering effort with a focused vision. We are an agricultural company and an engineering company, and we are building a productive company to strengthen the nation. We are in the process of bringing the pedigree of technology focus, related to change and advancement. The opportunities, disruptions and changes that are taking place in the world, will accelerate progress and change the way we live and work. Embracing this new world order, we will continue to invest in our business with the right resources, tools and strengths – essentials to win in the future.

Our actions are aligned to our purpose of delivering encouraging outcomes across our business through relevant products, technology and innovation to create wide-ranging impact for diverse stakeholders. Therefore, whether it is helping farmers achieve their true potential, customising products for India's infrastructure creation, and creating highly engineered products for mass transportation through railway, our focus remains clear. We have always leveraged the power of partnerships and strategic technology collaborations to lead new thinking and technology in the areas we are present in. We have taken our technology to the world and are committed to continuously investing in innovation in order to help create greater impact. This core strength, coupled with our values have enabled us to imagine and manufacture products that can win in markets across geographies.

The culture of innovation runs deep in Escorts and is evident in each of our businesses. We will continue to create genuine product differentiation by application-oriented development in construction and helping build safer railway systems through better and more efficient product design. Innovation has a significant role to play in the way we look at costs, and efficiencies.
We are consistently strengthening our distribution and reach and thinking of novel ways of addressing our customers' requirements. We are building a stronger Escorts by delivering great products and service excellence to our customers, elevating our innovation capabilities, focusing on efficient capital allocation and execution; and reinforcing a culture of ownership and accountability in our teams. This has also helped us in expanding our exports, and the results are promising. We are now devising sharper export strategies, bearing in mind the requirements of different markets in terms of technology demands and consumption patterns. 2017-18, in particular, was a remarkable year for a number of reasons: above-industry performance, margin expansion, multiple new launches, turnaround of our construction equipment business, a renewed focus on cost management and success beyond India's borders.

Vision for the next five years and beyond

We will emerge strongly as a 'technology solutions organisation'.
I am delighted to share that Escorts has a clear 'Vision 2022' mapped out.
We are looking at a significant increase in our revenue and profit, accelerating our businesses across three segments.
We have done very well in our agri vertical, registering growth in both volume and profit; our construction business has shown significant turnaround and is ready for a stronger year; and our railway division is growing

IN CONVERSATION WITH THE CHAIRMAN AND MANAGING DIRECTOR

robustly year on year. We plans structured for inorganic and organic growth through strategic partnerships, Joint Ventures (JVs) and investments in state-of-the-art technology.

Enhanced customer value propositions and user experience with digitised and autonomous agri-equipment; smart construction equipment; and mechatronics-based safety and braking technology for railways and locomotives underscore our efforts to provide engineering excellence with in-built intelligence. We will do everything that will elevate value and usability for our customers.

Escorts aspires to transform agriculture by empowering farmers with mechanised, precision-based autonomous technology and to partner the nation in building smart and safe infrastructure. We will create platforms wherein the world can participate collaborate with us – combining unique technologies to create futuristic products and solutions that will transform lives and earn global thought leadership for Escorts.

Performance during the year under review

We are on track. Six years ago, we had drawn up a comprehensive transformation roadmap. Our objective is ‘innovative engineering disruption’ for sustained industry leadership, and we are well on our way towards achieving that.

Our financial position is now stronger than ever. At the end of FY 2017-18, our revenue from operations stood at ₹5,016 crores, growing by 20% over the previous year. EBITDA during the period was ₹557 crores, a healthy 72% increase, compared to that of last year, while net profit stood at ₹345 crores, growing at 115% y-o-y. Escorts’ market capitalisation, as on March 31, 2018, was ₹10,040 crores, a 52% rise over the previous year. I am confident that our innovative mindset and technological calibre will enable us to continue to perform sustainably.

We launched the revolutionary electric tractor concept during the year. This eco-friendly tractor will change the way we look at India’s dependence on fossil fuel in agriculture. We invested in greater customisation of our material handling equipment, down to the very last container bucket. We continued to evolve breakthrough railway components, with mechatronics as our ally.

Take on the macro landscape

Despite temporary headwinds, I believe the macro undercurrents are playing in our favour, and there has never been a better time for us to grow and build resilience for the future. I remain enthused by the enabling environment that is currently prevailing in India. For the last couple of years, the Government of India has implemented a wide range of reforms to usher in transparency, enhance the ease of doing business in India and attract foreign investment. The implementation of Goods and Services Tax (GST) is a game-changer as the nation evolves towards being a single and more competitive market. The Union Budget for FY 2018-19 reiterated the Government of India’s firm focus on agriculture and infrastructure development. The country’s manufacturing sector is also looking up after a few months of underperformance. However, inflationary pressures may prove to be a challenge, going forward.

Broad industry trends, particularly in India

While agriculture accounts for half of domestic employment, it contributes the least to GDP output vis-à-vis manufacturing and services sectors. Only a marginal fraction of Indian farmers own a tractor, and mechanical failures in tractors paralyse farmers owing to unavailability of nearby service centres and timely genuine parts, affecting their productivity cycles. In addition, tractor purchases and heavy finance costs burden farmers and their families. Inadequate mechanisation and outdated agronomic practices coupled with rapid rate of urbanisation have resulted in many rural youths shifting to cities and towns. Further, there is widespread want for smart construction equipment with advanced safety solutions, both for urban development and rail transport.

We must think disruptively to empower the farming community. India is still at an early stage of farm mechanisation; and we need to help accelerate the process. Consumers are also evolving to a broader concept of value in terms of functionality and features. These developments augur well for us as we look into the future.

Our response to these trends

We witnessed the nation’s journey, through the turmoil, the revolution, the dreams and achievements, to become one of the world’s fastest growing economies. At this critical juncture in history, the opportunities, disruptions and changes that are taking place in the world, will accelerate progress and change the way we live and work. Embracing this new world order, Escorts continues to strengthen its presence across three key sectors and invest in the right resources, tools and strengths – essentials to win in the future.

Shared services will define the future of agriculture and hence we are pioneering Escorts Crop Solutions that will offer farmers a bouquet of state-of-the-art technologies and equipment, available on a 'pay-per-use' rent-based farming model that will improve their yield by 25-30%.

We are happy to introduce another innovative agri proposition, known as TRAXI. It is a platform that allows a farmer who owns a tractor to lend his idle machine to a fellow farmer on rent through an app-based service model. This will usher in and foster 'agri-preneurship' and will help a larger base of small and marginal farmers to get access to technology.

With seven decades of tractor manufacturing lineage behind us, Escorts takes the opportunity to offer 'smart implements' to the farmers. Under our SHIP (Sprayers, Harvesters, Implements and Planters) initiative, we are introducing several implements that have been developed in partnership with various leaders in this segment. These smart implements not only address the growing problem of emissions, but also ensure that our customers have access to high-end machines that make their daily tasks easier and faster.

Our customers don't just need great machines; they need great service too. With the help of technology partners, we are not just introducing high-tech machines here; we are also ensuring that our customers experience superior levels of care and attention during the entire lifecycle of our product. Through our unique 'Care' concept, we are leveraging the power of digital technology to bring last-mile connectivity with our spare parts to be delivered in 48 hours – ensuring reduced machine down-time and improved longevity.

Our highly skilled in-house R&D team is adopting pathbreaking technologies to help build smart infrastructural components such as engineering unique mechatronics-based smart braking solutions for rail locomotives. Further, we are collaborating with De Lage Landen (DLL), a wholly owned subsidiary of Rabobank Group, a reputed international financial organisation, for equipment finance ease for our customers.

Escorts is building on a robust foundation of innovation and advanced technology to enrich customer experience and set new industry trends. From creating specialised solutions to providing doorstep delivery service convenience, from incorporating call-to-action service buttons on our machines to embracing the platform of Internet of Things (IoT), we are working hard to push the envelope further and stay ahead of the curve.

Performance beyond India

We have steadily expanded our geographic footprint, registering robust growth in overall exports. We are devising sharper export strategies, bearing in mind the requirements of different markets in terms of technology demands and consumption patterns. We want to build global capabilities and create impact. We are strengthening relationships with partners across the world to deepen our insight into new technologies and markets. Our culture encourages constant learning and cross-pollination of ideas inside the organisation and beyond.

We are identifying opportunities beyond 62 countries we operate in. We are developing capabilities in other countries to cater to operational excellence. Our training will be along the lines of the technical and operational efficiency skills imparted at Escorts Training and Development Centre (ETDC), Bangalore. We are in talks with leading international distributors to be a part of our business stream for reinforced segmentation and positioning.

Strategic direction

We are shifting gears, but our solutions-centric approach across our core businesses remains the same.
During the year, we redefined our Purpose Statements in line with our corporate priorities of building the nation. Our objective is to deliver encouraging outcomes across our business to create wide-ranging impact for diverse stakeholders. Through these Statements, we reinforced our commitment to – power the dreams of farmers; become the preferred partner for nation-building; ensure safety and comfort in rail transport.

The full complement of our three businesses is anchored in our responsibility towards developing world-class products. We will continue to delve into miniscule details of our products to strengthen the promise of our brands. At our core, we are an engineering company with a deep desire to create societal well-being through innovation, and we will continue to remain so.

IN CONVERSATION WITH THE CHAIRMAN AND MANAGING DIRECTOR

Environmental challenges and risks

Uncertainties in the form of inadequate monsoon, geopolitical occurrences, industry volatilities and rising fuel prices are some of the potential risks that may impact the business. Besides, obsolescence, credit availability and government policy changes are temporary risks to the business. We are taking proactive initiatives to step up the emissions compliance of our products and minimise our carbon footprint, in our effort to combat climate change. We have also institutionalised a robust framework for risk governance as part of our sustainability strategy.

Priorities on our radar

We have evolved a future-focused enterprise that leans on advanced research and development to create highly engineered products. Therefore, whether it is helping farmers achieve their true potential, customising products to satiate India's appetite for smart infrastructural solutions and fabricating key components for mass rail transportation, our focus remains clear. Our future priorities comprise: curtailing legacy costs, adopting digitisation, simplifying our operating architecture, and above all, embracing frugality and sophistication in operations.

We are strengthening our distribution and reach and thinking of novel ways to address our customers' requirements. We are building a stronger Escorts by delivering great products and service excellence to our customers, elevating our capabilities, focusing on efficient capital allocation and execution; and reinforcing a culture of ownership and accountability in our teams. I am honoured to helm a group of real go-getters and innovators, who have the capability and the commitment to translate our vision for the future into reality. I am proud of the efforts of our teams and their passion to deliver makes me more confident about the future of Escorts.

Human resource training and development remains a critical focus for the organisation and we will continue to invest in building competence and people capabilities to achieve our future aspirations and enhanced performance. Besides, we will strengthen our governance principles. We have a vibrant and strong Board to formulate the right strategies and help us reach new harbours of growth and opportunity. What has helped us progress in all these decades is our strong value system, our ability to always put the customer at the centre of our strategy and a never-ending desire to collaborate and learn.

Message for our shareholders

Escorts' journey has been remarkable, and we are at an inflection point, where we cannot afford to be complacent. Our shareholders play an important role by keeping the faith and endorsing our strategy. For that, I am extremely grateful. I am enthused by the enabling environment that is currently being created in India – with consistent focus and programmes designed to double farmers' incomes, policy reforms that are future-focused and a strong push for domestic manufacturing.

Disruptions are the new normal in business and we are geared to embrace it by virtue of our innovative mindset, quick adoption of 'ahead-of-the-curve' technology, customer-centricity and a strong performance ethic. I am proud of the efforts of our teams and their passion and commitment to deliver, makes me more confident about the future of Escorts. Our journey in all these decades has been extraordinary and we will together continue to serve the nation with relevant and strong engineering. That's why, we are putting sharper pencils to work. Every single day.

Since inception, we have always touched and transformed lives in more ways than one. True to our legacy, we will continue to be the harbinger of progress and prosperity for all.

Warm regards,

Nikhil Nanda
Chairman and Managing Director


FARMTRAC

MEGATRENDS

OUR OPERATING CONTEXT

As global economies are on a recovery mode, we are optimistic about the way forward. Although economic activity in advanced economies has improved, the long-term growth opportunity across emerging markets is significant, and is in contrast to the structural growth impediments facing many developed markets.

Food Security

Against the backdrop of stagnating agricultural productivity and rising threat of climate change, the concern for food security is paramount across the world. Developing economies, with resource constraints, feel the need for precision farming and mechanisation more than ever.

Global population trends
(in billion)

2050 **9.8**

2030 **8.6**

2017 **7.6**

[Source: United Nations]

Our Response

We are reaching out to more farmers, imparting technical know-how on best-in-class agronomic practices and offering them high-yield crop solutions, right from sowing to harvesting.

Infrastructure Investments

Across the world, countries are focusing either on revamping existing infrastructure or building new ones to support economic growth and aspirations for a better quality of life.

A G20-led forum for infrastructure, Global Infrastructure Hub estimates that the world's infrastructure investment needs to be at an average of US$ 3.7 trillion annually, till 2040, to support the current growth rates. Electricity and roads together account for more than two-thirds of this investment requirement.

63%

Contribution of emerging markets in global construction by 2020

[Source PwC Global Construction 2025]

Our Response

We are elevating our innovation capabilities and fostering collaboration with global partners to leverage emerging opportunities in the infrastructure space.

Urbanisation

Some of the key indicators of rapid urbanisation are development of smart cities, smart networks and smart corridors. The more urbanised a nation, the greater is its dependence on rail transportation, particularly high-speed rail.

The expanding population exerts a huge demand on infrastructure, services, job creation, climate and environment.

1.5 Mn

People added to the global urban population every week

[Source: PwC UK]

Our Response

We are developing new technologies and solutions that contribute to infrastructure creation and safe and convenient transportation of people.

BUSINESS MODEL
HOW WE CREATE VALUE SUSTAINABLY

Key Drivers

Capex*
Total capital expenditure
(₹ in crores)

110.6

People*
Employee benefits expense
(₹ in crores)

431.1

Innovation*
Total R&D spend
(₹ in crores)

95.5

Service Excellence
Total customer touchpoints
(Nos.)

1,500+

Our Business

We imagine and create solutions to partner national priorities; and also reach out to global markets with best-in-class capabilities.

Our Processes

Sourcing
Collecting inputs from our suppliers and vendors

Manufacturing
Creating equipment solutions at our plants

Distribution
Supplying our products and solutions through dealers and distributors

Our Divisions

1

Escorts Agri Machinery (EAM)
Tractors, attachments, spare parts, lubricants and gensets

Revenue*
(₹ in crores)

3,957.9

2

Escorts Construction Equipment (ECE)
Material handling, road construction and earth moving

Revenue*
(₹ in crores)

780.3

*in FY 2017-18

Core Strengths

1
Products that are central to national growth aspirations

2
Enriched product mix that diversifies risk and helps counter cyclicality

3
State-of-the-art manufacturing capabilities that ensure consistency in product pipeline

Customer Care
Offering exhaustive after-sales service

Business Expansion
Developing new businesses and geographies

3

Railway Equipment Division (RED)
Brake systems, shock absorbers, couplers and brake pads

Revenue*
(₹ in crores)
286.6

Value Generated for Stakeholder Groups*

Customers
Interactions held
(Nos.)
2,74,000+

Shareholders
Dividend paid
(₹ in crores)
18.4

Communities
Total CSR spend
(₹ in crores)
3.2

Employees
Training imparted
(hours per person)
24

Government
Tax contribution
(₹ in crores)
1,005

*in FY 2017-18

4
Frugality and sophistication in engineering that underpin design excellence

5
Strong balance sheet with healthy cash flow; zero debt profile

6
Robust and decisive leadership, coupled with a passionate and enterprising workforce

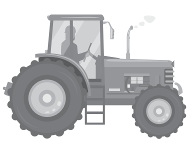
BUSINESS REVIEW

BUILDING A ROBUST BUSINESS

For over seven decades, we, at Escorts, have meticulously worked hard to build our business with a singular focus to deliver promising outcomes for a wide range of stakeholders. From agricultural machinery to construction equipment and critical railway components, our technology and innovation are helping us reach diverse markets in India and the world.

1

Escorts Agri Machinery (EAM)



Escorts Agri Machinery (EAM) is one of the pioneers of farm mechanisation in India, augmenting the country's agricultural productivity. The division accounted for 78.7% of the Company's revenue in FY 2017-18.
EAM caters to the 12 to 75 HP range of tractors in the domestic market, with its technologically superior tractors, under three flagship brands: Farmtrac, Powertrac and Steeltrac.

Revenue*
(₹ in crores)

3,957.9 y-o-y ↑ **18.3%**

*in FY 2017-18

Our Flagship Brands

Farmtrac
Strengthened by modern engineering excellence that facilitates best-in-class power and traction, Farmtrac tractors bring together world-class functionality and convenience. This premium range of tractors is renowned for their unmatched performance, versatility, durability and comfort.

Powertrac
Designed using frugal engineering techniques, Powertrac tractors offer an optimum mix of power and fuel efficiency at an attractive value-for-money proposition.

Steeltrac
Catering to the emerging specialty applications such as inter-row farming, light-duty haulage and municipal applications, Steeltrac is best suited for sundry chores in and around a small farm.

Other Products and Solutions

E-TOP

Precision engineering, corrosion protection, higher safety and quality standards define Escorts Tractor Original Parts (ETOP). These parts lower ownership cost and ensure longer uptime, higher performance and dependable tractor operation.

Escorts Genuine Accessories (EGA)

EGAs are designed and engineered to enhance ownership experience, by delivering distinctive style, utility, comfort, and performance.

Suraksha

For its complete range of tractors, Escorts offers genuine engine and gear oils, transmission oil, coolants and grease, suited for various temperatures and climatic conditions.

Gensets

Escorts distributes efficient, safe and durable gensets, with focus on multiple, hassle-free automated operations for back-up power.

Engines

The Company offers best-in-class engines that cater to the consumers' fuel economy needs and power requirements.

Emerging Businesses and International Markets

Escorts Crop Solutions

Escorts provides comprehensive and advanced crop mechanisation solutions, whereby farmers can hire a complete basket of farm mechanisation services on pay-per-use model. This breakthrough innovation will go a long way in empowering the farming community by enhancing their crop yields and lowering their input cost and capital expenditure.

SHIP (Sprayers, Harvesters, Implements and Planters) Business

Escorts offers a wide range of attachments and implements that are critical to a tractors' day-to-day working. Escorts tractor customers are assured of 100% compatibility other than advanced technology and high-quality standards.

International Markets

Escorts tractors enjoy the confidence of farmers in 62 countries. The Company is the first to own a manufacturing facility in Europe. Additionally, it exports to markets in Latin America, Africa, Europe, the USA and the SAARC countries.

BUSINESS REVIEW

Escorts Agri Machinery (EAM)

Key Innovative Projects

- **Farmtrac Atom:** Introduced the Farmtrac Atom series for the orchard and vineyard market – piloting in Maharashtra – the epicentre of this market segment.
- **Electric tractor concept:** Developed light-weight tractors for paddy fields that are functionally more advanced and durable. Launched India's first electric tractor concept that will be commercialised in the forthcoming financial year; the environment-friendly tractor redefines efficiency, energy consumption and carbon emissions.
- **TRAXI:** Introduced TRAXI (a tractor-taxi service) in building better equipment access to agri-masses, significantly leveraging the asset value of the current population of tractors.
- **ESMS (Escorts Sales Management System):** Digitised the entire sales process to ensure effective management of the sales activation and prospect pipeline.
- **Dual distribution:** A dual network of distribution, with dedicated dealers and sales teams to strengthen the flagship brands of Powertrac and Farmtrac.
- **Express 48:** Partnership with key companies in telecom and logistics to improve last-mile availability of genuine spare parts even in remote areas.
- **Care Direct 24x7:** 100% anytime customer access to ensure quick turnaround time when customers need any assistance.

Strategic Advantages

- **Market Focus:** EAM works with a three-pronged strategy to grow its market share that includes plugging portfolio gaps in the regional strongholds, gaining significance in weaker markets and categorically developing region-specific solutions to enter opportunity markets.
- **Product Design:** Frugality in engineering and a strong pipeline fuel the consistent launches of products. Products are benchmarked vis-à-vis world standards and are designed to be relevant, affordable and productive for customers.
- **Margin Enhancement:** Escorts leads the industry in terms of cost optimisation. EAM, in particular, has been able to reduce 7-8% of material costs for tractors in recent years. Secondly, product repositioning enables the business to obtain higher prices at the same cost.
- **Supply Chain Efficiency:** The division works closely with vendors to ensure that their processes are efficient and costs are optimised, resulting in cost savings for both vendors and the Company.
- **Spare Parts Availability:** EAM exercises a multi-channel distribution strategy to make Escorts Tractor's Original Parts (ETOP) easily available to every Escorts owner. In addition, the Company's dedicated customer care personnel extend support to the channel partners for prompt resolution of customer feedback.
- **Big Data Analytics:** An important aspect of sales has been optimised with the introduction of analytics. Data is leveraged to refine the sales management process, enhancing the value delivered by every field agent.

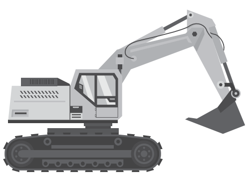
OUR AGENDA IS TWO-FOLD. FIRSTLY, WE SEE SIGNIFICANT POTENTIAL IN BOTH THE DOMESTIC AND EXPORT MARKETS, IN LINE WITH OUR 2X GROWTH ASPIRATION, AND ARE TAKING THE RIGHT STEPS TO REALISE THAT. SECONDLY, WE ARE CREATING A FUTURE-READY, DISRUPTIVE BUSINESS MODEL, THAT REDEFINES THE PACE OF MECHANISATION OF INDIAN FARMS. EAM ASPIRES TO POWER THE DREAMS OF INDIAN FARMERS BY MAKING A DIRECT IMPACT ON PRODUCTIVITY OF FARMS THROUGH MECHANISATION.

Mr. Shenu Agarwal
Chief Executive – Escorts Agri Machinery
(Sales & Marketing and Emerging Businesses)

BUSINESS REVIEW

2

Escorts Construction Equipment (ECE)



Escorts focuses on creating an ecosystem that can help create a sustainable future for India. Escorts Construction Equipment (ECE), with a comprehensive range of products, addresses the opportunities that exist in the sectors of the country's infrastructure development.

Besides, the business also engages in international operations through private lending, contract manufacturing and exports. ECE devotes equal focus to its three broad domestic segments (material handling, earthmoving and compactors), while also driving international operations. ECE contributed to 15.6% of the Company's revenue in the financial year 2017-18.

Revenue*
(₹ in crores)

780.3 y-o-y ↑ **28.5%**

*in FY 2017-18

Product portfolio

Material Handling Equipment

Escorts is as much a crane company as it is a tractor company. The Company had introduced Pick & Carry Crane concept in India way back in 1971 and has continued with this legacy. Escorts currently manufactures crane ranging from 10 to 40 tonnes, with varying reach & height. The equipment (economical, safe and reliable) is considered to be the best in class.

Earthmoving Equipment

The first Indian company to have indigenously designed backhoe loaders, Escorts' backhoes deliver unmatched performance with regard to reach, productivity and cost per cubic metre of excavated earth.

Compaction Machines

ECE's diverse compactors are designed in collaboration with global technology leaders. Suited for road compaction and relaying, these feature-rich machines are the most productive, economical and durable performers in their segments.


ESCORTS
4X4
ESCORTS

BUSINESS REVIEW

Escorts Construction Equipment (ECE)

Key Projects

- Strengthened earthmoving portfolio (to include wheel-loaders and excavators, among others) by entering into an exclusive distribution agreement with South Korea's Doosan Infracore Co. Ltd.
- Developed differentiated products for foreign geographies, such as the cranes and backhoes for focused markets.
- Enhanced after-sales focus for optimising the product life cycle.
- Creating product differentiation to improve the value proposition for the customer.
- Launching niche products with application focus.
- Disrupting the market by introducing new products and variants with the aim to create new segments.
- Improving the product mix to improve contribution.
- Upselling in strong and opportunity international markets.

Strategic Advantages

- **Cost Focus:** The division emphasises on improving both back-end and front-end cost efficiencies, optimising design and harnessing synergies emanating from other Escorts divisions. Value engineering at the back-end, while workforce optimisation and effective market distribution models, at the front-end, together lower costs. Commonality across our best-in-class products (axles, transmissions, engines and motors) mitigates risks and leads to economies of sourcing.
- **Solutions-oriented Offerings:** The business consistently upgrades the existing portfolio and launches application-based customised equipment variants. ECE endeavours to create new segments and plugs the gaps in offerings, increasing the value proposition for customers and catering to market demand.
- **Customer Focus:** Escorts strives to be a preferred partner for customers and delivers the best possible post-purchase solutions, including preventive maintenance. ECE's service reach includes 65 dealers and 120 customer touchpoints, with plans to expand customer touch points on a continual basis.
- **Capacity Upgradation:** With de-bottlenecked manufacturing operations and engineering processes, ECE possesses the capacity to respond to growing demand. Investment in fabrication and vendor capacity enhancement further propels expansion.

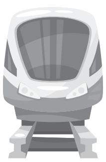
WE ARE NOT IN HASTE TO GAIN MARKET SHARE. WE ARE NOW FOCUSING ON CONTINUED PRODUCT DEVELOPMENT THAT STRENGTHENS THE VALUE OF OUR MARKET CONTRIBUTION AND LENDS US COMPETITIVE ADVANTAGE VIS-À-VIS INTERNATIONAL PLAYERS. OUR PORTFOLIO IN THE COMING YEARS WILL SEE SOLUTION-ORIENTED LAUNCHES IN EVERY PRODUCT SEGMENT – FOCUSING ON SAFETY, TECHNOLOGY AND CONNECTIVITY. WE ARE ON TRACK FOR THE THREE-FOLD GROWTH OUTLINED IN OUR VISION 2022.

Mr. Ajay Mandahr
Chief Executive – Escorts Construction Equipment

BUSINESS REVIEW

3

Railway Equipment Division (RED)



Escorts' Railway Equipment Division (RED) has a rich experience in manufacturing critical railway components, and accounted for 5.7% of the Company's revenue in FY 2017-18. Since 1962, the division has been a reliable partner of Indian Railways throughout its journey of modernisation.

RED is engaged in design, manufacture, supply, installation and service of a wide range of products like brake systems, couplers, suspension systems and rubber and friction products, besides new high-tech products like locomotive brake electronics, loco dampers, axle mounted disc brakes, brake disc and LHB dampers. Our products are certified to ISO 9001:2008 and conform to Indian Railways standards such as RDSO as well as international standards such as UIC and AAR.

Verticals

Brake Systems

Escorts is the first to commence the manufacture of compressed air brake systems in India for the railway sector. The Company maintains advanced precision manufacturing facilities for distributor valves and is Asia's largest manufacturer, having supplied more than 1,00,000 units to the Indian Railways for numerous freight and passenger car applications, besides exporting to neighbouring countries of SE Asia, Iran, Iraq, Egypt and few African nations.

Couplers

Escorts is a leading player in supplying AARH couplers for LHB coaches (that have saved many precious lives during different rail accidents due to their anti-lift, anti-torsion design), besides the Schaku couplers for electric multiple units (EMU) and mainline electric multiple units (MEMU), and loco couplers for different locomotives in Indian Railways. We have supported Indian Railways in massive cost rationalisation and design indigenisation of the AARH couplers which were previously supplied only by few MNCs in India.

Shock Absorbers

From traditional shock absorbers for the older rolling stock to the newer variety of dampers, Escorts develops every type of dampers through in-house R&D. The Company manufactures heavy-duty hydraulic dampers and air suspension control equipment for the Indian Railways. These suspension systems ensure constancy in the floor height for coaches, by optimising the values of stiffness and reducing the vibration, to provide passenger comfort.

Friction and Rubber Products

Escorts supplies different types of composite brake blocks and pads for Indian Railways and caters to export markets. It is the only Indian company manufacturing its own brake pad. While the raw materials are sourced from trusted manufacturers and mines to safeguard quality, the mixers are controlled by Programmable Logic Controller (PLC) to eliminate human error.

Revenue*
(₹ in crores)

286.6 y-o-y ↑ **18.1%**

*in FY 2017-18

BUSINESS REVIEW

Railway Equipment Division (RED)

Key Projects

- Upgraded the Bogie-Mounted Brake Systems (BMBS) for wagons and commenced its pan-India commercialisation.
- Launched new type of EP brake systems for the Mumbai Rail Vikas Coaches (MRVC).
- Launched axle-mounted disc brake systems that are the mainstay of the Indian Railways; Escorts is the only Indian company to receive approval for the same.
- Upgraded production plant and associated machinery to achieve benchmark quality and manufacturing excellence, including advanced manufacturing capabilities to produce new-age coupling systems and shock absorbers, and state-of-the-art validation laboratories (fitted with accelerated testing systems).
- Successfully designed the Microprocessor Controlled Brake System (MCBS) and its related test simulator wherein all conditions relevant to locomotive braking (whether in India or overseas) can be simulated and is in the process of filing for patent ownership of the technology.
- Certified by the International Railway Industry Standard (IRIS) – a global accreditation body – for design, development and manufacture, becoming one of the very few Indian companies to be certified for all three capabilities accreditation body – for design, development and manufacture.

Strategic Advantages

- **Product Strength:** RED is uniquely positioned to meet the growing needs of the railway sector, with its diverse portfolio of brake systems, couplers (with anti-lift and anti-torsion mechanism), suspension systems, composite materials, vestibules and testing equipment.

- **In-house Capabilities:** Besides investing in a fully-equipped research and testing facility, the business has enriched its talent pool, with experienced hires. With frugal engineering, RED builds in value into every product and service.

- **Localisation:** Prior to Escorts' entry, the market for brake systems in India was dominated by international players. Overcoming stringent competition, Escorts has developed and launched its own brake systems that are completely locally sourced – it represents a significant savings opportunity for the railway sector.

- **Integrated Competencies:** As a components player, the business integrates its mechanical and electrical abilities to supervise, validate and ensure near-zero error and failure in its products.

DURING FY 2017-18, WITH AN ORDER BOOK OF ₹350 CRORE, RED PROVED TO BE ESCORTS' MOST PROFITABLE BUSINESS. INTERNATIONAL RECOGNITION OF RED'S MANUFACTURING PROCESSES VALIDATES THE DEPTH OF OUR R&D CAPABILITIES. WE ARE WORKING ON A GAME PLAN TOWARDS GREATER IMPORT SUBSTITUTION AND INPUT COST OPTIMISATION THOUGH FRUGAL ENGINEERING AND VALUE INNOVATION. SUPERIOR TECHNOLOGY AND OPTIMISED COSTS WILL SUSTAIN OUR GROWTH MOMENTUM AND ENABLE US TO ACHIEVE A 4X MARGIN IMPROVEMENT BY THE YEAR 2022.

Mr. Dipankar Ghosh
Chief Executive – Railway Equipment Division

BETTER THINKING. SMARTER OUTCOMES.

FRUGAL INNOVATION AT THE CORE

The culture of innovation is deeply embedded in our operational fabric. It supports our growth and defines the relationships we depend on and the wide-ranging impact we aim to achieve in the short, medium and long term for our stakeholders.

From conceptualisation to delivery, every component of the process bears the trademark of Escorts' frugal engineering and innovation excellence. We work backwards by closely analysing market trends to design products that are competitive across global markets. Across our three business, we aligned our actions to our newly defined Purpose Statements.

Powering the Dreams of Farmers

Our environment-friendly electric tractor, the first-of-its-kind Farmtrac 26E was launched at Agritechnica, the world's biggest agricultural technology roadshow. It underscores the foresight that propels innovative engineering at Escorts.

Farm mechanisation, while being the need of the hour, is faced with the obstacle of small and fragmented landholdings. We drew inspiration from the popular cab aggregator service models to solve the challenge. We have introduced the unique TRAXI concept to create a win-win proposition for those with idle tractors at their disposal and those in need of farm equipment. TRAXI effects a pay-per-use model and helps small farmers improve their agricultural yield. We have also designed differentiated paddy tractors that are lightweight and deliver better performance than their conventional counterparts.

Becoming the Preferred Partner for Nation-building

Our Jodhpur Special cranes, as the name suggests, are customised to handle blocks at surface mines in Jodhpur. We gained traction in the reporting year through the unit increase in tonnage of our Hydra series of cranes – achieving product differentiation at the same price point, enhancing the value proposition for our customers.

Our CR Smart 15 crane is the first in India with unique anti-toppling and anti-lifting features and a turning radius of 6m. It is equipped with an auto de-rated load chart in 20° and 40° articulation, further substantiating our Company's commitment to material handling safety in urban areas.

Ensuring Safety and Comfort in Rail Transport

As a major railway components player, we have put in place facilities for meticulous quality control and testing. The Microprocessor Controlled Brake System (MCBS), for instance, is a breakthrough innovation to replicate (through a simulation generated by 28 computers) every conceivable condition for locomotive braking. Our research and development (R&D) capabilities are accredited by the International Railway Industry Standard (IRIS) certification.

We upgraded our production plants and all associated machinery to maximise operational efficiencies and achieve benchmark manufacturing excellence. Further, with streamlined processes, efficient human assets and decisive leadership, we sharpened our focus on our businesses.

The outcome of our innovation capabilities, design frugality, value analysis, pricing and positioning is reflected in our margin momentum and brand reputation.

BETTER THINKING. SMARTER OUTCOMES.

BOLD LEAP TOWARDS THE FUTURE

We commenced Project LEAP during the year to build a more agile and value-focused organisation. It touches all aspects of the business, from energising our marketing initiatives, elevating capacity utilisation and rationalising the cost structure to enhancing service excellence and seeking new opportunities. Overall, we are targeting better products, stronger margins and faster impact.

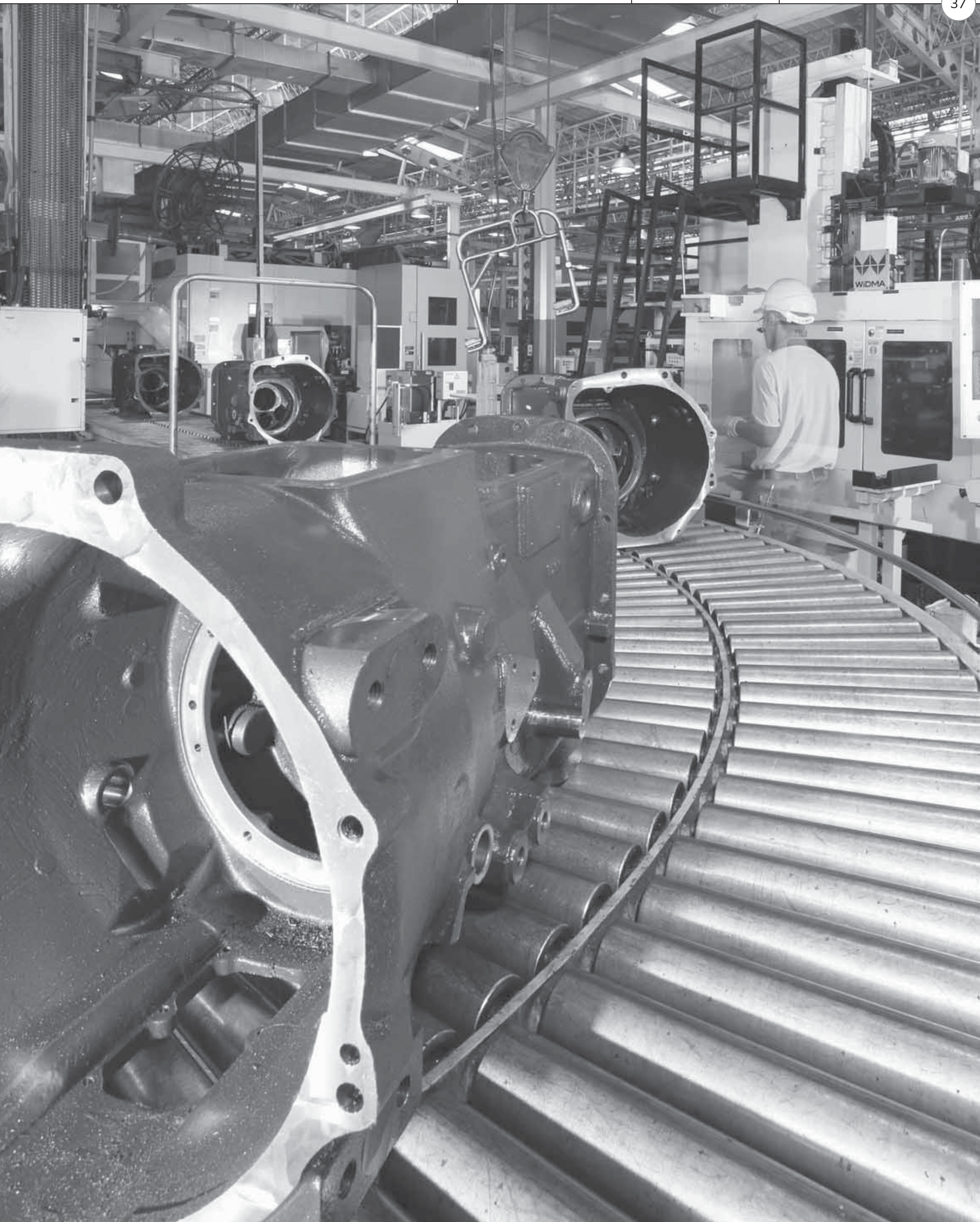
Excellence across the board

We have adopted a scientific approach to formulate better strategies and bolster our marketing initiatives and customer engagements. We keep our ear to the ground, integrating customers insights into our solutions. At the other end of the spectrum, we are looking into the operational canvas in greater detail. We are focusing on human resource optimisation, variable cost rationalisation and revenue expansion. We invest in group-level synergies to eliminate operational bottlenecks, improve material procurements and save costs.

Project LEAP is also about reinforcing our service architecture. With greater efficiency of parts, improved last-mile linkages for distributors and dealers, and responsive customer care personnel, we are working towards the availability of a 48-hour doorstep delivery for spare parts.

New opportunities

Another key focus area of the programme is developing opportunities, which are aligned to our core business. We are manufacturing tractor attachments such as sprayers, harvesters, implements and planters (SHIP), and spare parts. We are enriching and expanding our portfolio to help our customers in the markets in which we operate. We are also exploring international partnerships to adopt ahead-of-the-curve technologies in line with global standards.


WIDMA

BOARD OF DIRECTORS

COMMITTED GOVERNANCE


1

2

3

4

5

1 Mr. Nikhil Nanda
Chairman and Managing Director

Mr. Nanda joined Escorts as Director, Business Development of Escorts Yamaha Motor Ltd. (EYML) in 1998. He has contributed immensely in the areas of operations, finance and senior management functions such as strategic planning and investment decisions. He has played a central role in leveraging Escorts' inherent capabilities to strengthen its position as a company dedicated to frugal engineering.

He is a member of CII's Northern Regional Council; Federation of Indian Chambers of Commerce and Industry (FICCI); the Indo American Chambers of Commerce (IACC); Young President's Organization (YPO); All India Management Association (AIMA); Young India Committee of CII; and the Science & Technology in Society (STS) Forum of Japan. He is one of the few business leaders chosen by the Government to represent India at the Indo-Spain CEOs Forum.

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

2 Mr. Hardeep Singh
Director

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

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

3 Mr. P. H. Ravikumar
Director

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

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

4 Mrs. Vibha Paul Rishi
Director

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

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

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

5 Dr. Sutanu Behuria
Director

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

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

6 Mr. G. B. Mathur
Director

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

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

7 Ms. Nitasha Nanda
Director

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

She worked with multinational organisations such as ANZ Grindlays Bank, PricewaterhouseCoopers (PwC) and Hewlett Packard.

She is a Commerce graduate from University of Delhi.

8 Mr. D. J. Kakalia
Director

Mr. Kakalia specialises in litigation for the power and manufacturing sector. At present, he is a partner in Mulla & Mulla & Craige, Blunt & Caroe, Advocates, Solicitors & Notaries. He is a Director and a member of various Board Committees for Aditya Birla Finance Ltd., Reliance Broadcast Network Ltd. and Reliance Power Ltd.

He has been an advocate at Bombay High Court, since 1973, wherein he qualified as a solicitor in 1976. He also qualified as a solicitor of the Supreme Court of England in 1982.

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

9 Mr. Ravi Narain
Director

Mr. Narain has a vast experience of 34 years wherein he has offered his services in various professional capacities to reputed pan-India organisations. He serves as Vice-Chairman of World Federation of Exchanges. He is a Director and member of various Board committees in PI Industries Ltd. and NSDL e-Governance Infrastructure Ltd.

He has served as an Adviser at Advent International Corporation and National Stock Exchange of India (NSE) as Non-Executive Vice-Chairman. He also co-founded this state-of-the-art exchange for the Indian securities and derivatives markets in 1994.

He has an MBA from the Wharton School of the University of Pennsylvania. He also has degrees in Economics from St. Stephen's College, India, and Cambridge University, England.

KEY MANAGEMENT TEAM

RESPONSIBLE LEADERSHIP

1 Mr. Nikhil Nanda

Chairman and Managing Director

Mr. Nanda started his journey at Escorts as Director of Business Development division at Escorts Yamaha Motor Ltd. (EYML) in 1998. In the last two decades, he has contributed tremendously in operations, finance and senior management functions such as strategic planning and investment decisions. He has played a central role in leveraging Escorts' inherent capabilities to strengthen its position as a company dedicated to frugal engineering.

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

2 Mr. Shailendra Agrawal

Group Chief Operating Officer

Mr. Agrawal, a strong advocate of challenging established benchmarks, is responsible for leading business operations, executing growth strategy and ensuring operational excellence. In his current role, for driving business transformation, Mr. Agrawal is spearheading strategic growth initiatives with a focus on profitability and revenue as envisaged in Vision 2022. These include Project LEAP and TPM special award; and forging alliances with globally respected brands for inorganic growth.

He was instrumental in business process engineering. He played a central role in creating a product and technology roadmap through world-class 'product development process' and partnerships with leading technology providers.

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

3 Mr. Shenu Agarwal

Chief Executive – Escorts Agri Machinery (Sales & Marketing and Emerging Businesses)

Mr. Agarwal is responsible for driving transformative sales and marketing initiatives for Escorts Agri Machinery. In addition, he develops new growth engines for Escorts through new and emerging businesses and leads the Company's Vision 2022 programme. He joined the Company as a Graduate Engineering Trainee and worked in numerous key positions across sales and marketing, product development, strategy and project management.

He is an MBA from Duke University, USA, with 26 years of industry experience.

4 Mr. Ajay Mandahr

Chief Executive, Escorts Construction Equipment

Mr. Mandahr steers the ECE business division of the Company. He is proficient in the areas of sales and marketing, product development and business formulation and strategy. He previously worked with Larsen & Toubro, Indian Aluminium, Manitou South Asia Ltd. and Toyota Material Handling India.

He is a management graduate, with 26 years of diverse experience in leadership positions.

5 Mr. Dipankar Ghosh

Chief Executive, Railway Equipment Division

Mr. Ghosh is a passionate people leader, inherently entrepreneurial, specialising in new technology and frugal innovation and is a keen technology evangelist in the Railway segment.

His competencies include full lifecycle product development, manufacturing operations, engineering management and business development. He is an ex-Indian Railway Service officer and holds a Six Sigma Black Belt. Prior to Escorts, he was heading the John Deere India Tech Center, managing the Caterpillar India Design and Bombardier Transportation Global Railway Design Centre (India).

He is a technocrat and a management graduate from the ISB, Hyderabad. He pursued Advanced Global Leadership from London School of Economics as a British Chevening Scholar. He has more than 27 years of deep industry experience and building new businesses from scratch.

6 Mr. Amanppreet Singh Bhatia
Group Chief Human Resource Officer

Mr. Bhatia facilitates organisational transformation by leading initiatives in the direction of creating performance-driven culture, building leadership pipeline, establishing an internal coaching culture and managing employee relations across manufacturing locations. He has previously worked in companies like Volvo Eicher Commercial Vehicles, Nestle, Citicorp and Gillette. He was also a member of Executive Management Board for all Eicher Group companies and Volvo Trucks.

He is an alumnus of University Business School (UBS) Panjab University, Chandigarh, with more than 27 years of rich and varied experience.

7 Mr. Bharat Madan
Group Chief Financial Officer

Mr. Madan joined Escorts in 2005 and has since looked after every aspect of Corporate and Business Finance including financial and management accounting; audits; cash management and capital allocation; financial restructuring and organisation transformation; evaluation of M&A opportunities, mergers and demergers, business strategy; budgeting; planning and forecasting; risk management; treasury, project finance and banking operations; tax planning and optimisation; ERP and business intelligence tool implementation; financial modelling and analysis; digitisation initiatives within Finance and investors relations. He played a key role in the integration and consolidation of the finance and outbound supply chain functions across all business units of the Group. In his last assignment, he was the Financial Controller at Electrolux Kelvinator Limited.

He is a Fellow Chartered Accountant (1988), with over 30 years of experience in financial management.

8 Mr. Ajay Sharma
Group General Counsel & Company Secretary

Mr. Sharma is instrumental in developing and implementing statutory and legal controls that are aimed at improving compliance management. Prior to Escorts, he worked with Bharat Forge Limited.

He is an associate member of the Institute of Company Secretaries of India and a Law graduate. He has over 25 years of experience in the fields of corporate law, overseas acquisition, legal due diligence, and Joint Venture structuring. He is proficient in international laws as well.

PEOPLE PRACTICES

'IT IS THE PEOPLE THAT MAKE A GOOD COMPANY GREAT'

Escorts is committed to nurturing the talent that drives its engines. We believe in investing in the education and training of all our employees, thus developing the workforce of today and tomorrow, while addressing the skills shortage. Our values – Respect for People, Empowerment, Transparency and Collaboration – underline our people practices.

Diversifying Recruitment

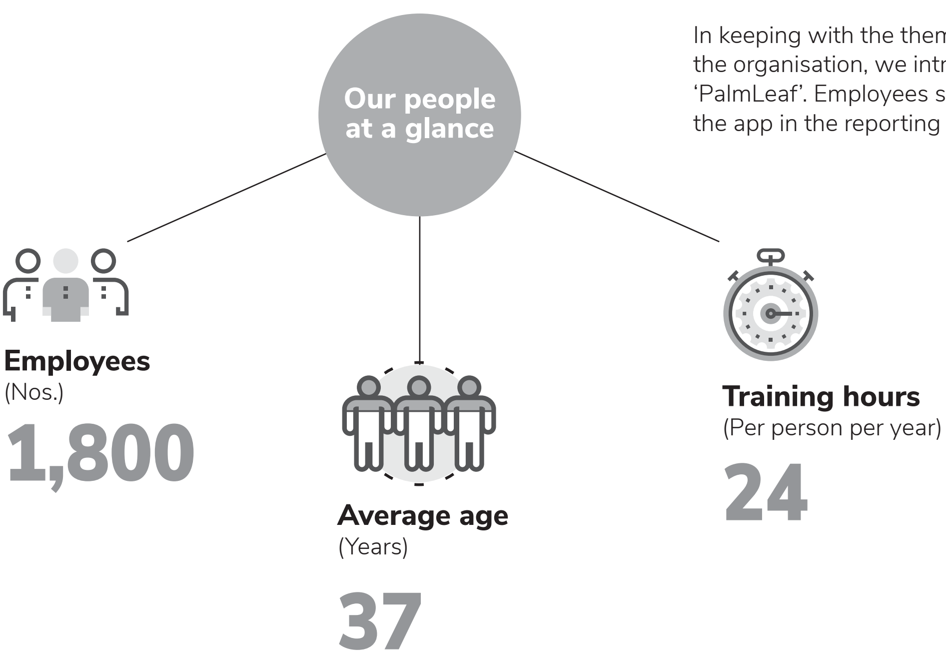
We believe in consistently attracting a dynamic talent pool with multi-sectoral experiences, academic credentials and field knowledge. In the financial year 2017-18, we focused on recruiting experienced talent to deepen industry insight. Our managerial cadre strength stands at 1,800, as on March 31, 2018.

Building Capabilities

At Escorts, we have fostered a pool of high-performing employees to enhance overall productivity within the organisation.

We devoted three days of training per person this year and conducted more than 175 training programmes focusing on functional, behavioural and technical aspects of capability-building. Pre-eminent industry experts were invited to engage in thought-provoking conversations with employees, across different subjects.

In keeping with the theme of digitisation adopted throughout the organisation, we introduced an app-based platform called 'PalmLeaf'. Employees spent more than 500 learning hours on the app in the reporting year.



Culture Development

With the objective of building customer-centricity within the organisation, we initiated our orientation programme 'Parichay' in April 2017 for all existing employees and new joinees, across all levels. This programme generated awareness about our products, internal processes (from manufacturing to delivery), and the challenges faced by our front-end teams and channel partners, and their efforts on the ground. We covered more than 1,000 employees by April 2018.

Parichay

Our new employee orientation programme effected from April 2017

12

Town Hall meets

Greater Engagement

In a modern workplace, corporate Town Hall meets serve as an interface between executives and employees. These meetings articulate organisational priorities and the future direction of the Company. We facilitated such inter-tier management interactions by conducting more than 12 Town Halls in the year, between the Managing Director and hundreds of our employees.

Safety and Health

The safety of our people is of paramount importance to us. We conducted extensive workshops for employees as well as vendors to educate them about the same. We organised seminars for the workforce, to motivate them to adopt a healthier lifestyle.

CORPORATE SOCIAL RESPONSIBILITY

ENGINEERING EMPOWERMENT

Responsible corporate citizenship is deeply embedded in our overarching sustainability roadmap; and we continue to strengthen our initiatives with prudent resource allocation and outcome mapping. Our efforts in the areas of road safety, green landscaping, education and skill development, among others, define our approach towards engineering holistic community development and environment sustainability.

Road Safety

Objectives

- To spread awareness among citizens on road safety measures
- To sensitise those members of the community, in particular, who have limited or no access to awareness aids and the means to cope with traumatic incidents

Highlights

- We engaged school and college students in different competitions like road safety quizzes, puzzles, slogan writing and so on. We organised the state-level quiz in 2016 with Haryana Police in which 2,00,000 students participated. We also actively supported the Haryana marathon in February 2017.
- We initiated joint patrolling with Faridabad police with the help of three fully equipped Global Positioning System (GPS) tracking-enabled Police Control Room (PCR) vehicles for Faridabad in February 2017. Our efforts have reduced the rate of accidents in Faridabad, besides making people in the area feel secured and acts as a deterrent to possible crimes.
- We supplemented the 'smart policing' endeavour of Haryana Police 'Apki Surakhsa Apke Saath'. We also provided timely medication to road accidents victims by taking them to the nearest hospitals.

Landscaping of Green Belts

Objectives

- To increase green footprint within Faridabad and promote a clean environment by transplanting dilapidated green covers with suitable landscaping in accordance to the Smart City scheme of the Union Government

Highlights

- Started in 2015, through this project, we were able to restore ecological balance and reduce the city's carbon footprint.
- We created two water points in 2016 to preserve the green belts and avoid the nuisance of stray animals. We awarded the annual maintenance contract to an external agency with the direct intervention and supervision of internal stakeholders.

- We partnered the greening effort of the Haryana Government, 'Harit Haryana', and helped promote a collective sense of ownership among different stakeholders of the society in maintaining ecological balance.

Education

Objectives

- To partner with Haryana-based NGO Arpana Trust and cater to the holistic development of disadvantaged children in relocated slum colonies of Gautampuri Phases I and II in the Molar Bund area of south Delhi
- To facilitate their scholastic journey, building their confidence and self-esteem to meet the challenges of a competitive job market
- To provide educational support to the children who have dropped out of school or find it difficult to cope with studies

Highlights

- We have reached out to 600 students so far, helping enhance their mental abilities, team spirit, concentration and problem-solving skills. Students consistently scored above 75% marks in their annual results.
- We helped spread awareness on the importance of knowledge, team building and mental health.
- We covered Faridabad's Government Primary School and Government Middle School under our 'Escorts School WASH' programme in FY 2015-16. During the year under review, we helped develop school infrastructure and raised awareness around education and healthy lifestyle among students.

Skill Development

Objectives

- To upskill and train the less-privileged, through a not-for-profit organisation incorporated as Escorts Skill Development – a non-funded partner of National Skill Development Corporation (NSDC) as well as several sector-specific skill councils established by the Ministry of Skill Development

Highlights

- Escorts Skill Development, in three-and-a-half years of existence, imparted training to more than 1,500 candidates.
- We established two training centres and reached 2,200 aspirants, including the socially marginalised categories, under the Ministry of Rural Development's Deen Dayal Upadhyay Gramin Kaushal Yojna.

Healthcare

- We helped build a state-of-the-art non-profit healthcare dispensary in Faridabad, under the aegis of the Tajinder Singh Memorial Charitable Trust, to provide medical facilities for the general public, including the privileged and economically weaker sections of the society. This facility has trained medical staff to provide the best medical treatment keeping in view to cover all niche of the society so that no ill person can be remain without treatment.
- We set up the Escorts Green Outdoor Fitness Park in Faridabad to inculcate preventive healthcare habits across all age groups. The Park, complete with world class outdoor gymnasiums, brings different community members closer to each other, thereby also strengthening social bonds. We also built similar parks in Palwal and Faridabad District Jail for inmates and staff. Besides, we installed swimming ropes at the Government-sponsored swimming pool in Faridabad, to promote interest in the sport. This initiative, over time, will be scaled to include yoga, health and self-defence camps for addressing preventive healthcare needs.

Sanitation

- In line with the current adminstration's 'Clean India Movement', we developed two customised sewer/drain cleaning machines for Haryana Urban Development Authority (HUDA), Faridabad and two machines for Municipal Corporation of Faridabad. As opposed to the existing bulky machines, these one-of-a-kind, low-cost mobile solutions for sewer/drain cleaning are fit onto different powerful tractors for maximum efficiency, reliability and accessibility. Equipped with GPS, the vehicles automatically log real-time data on their movements. This project can be scaled to various parts of the city, solving its drainage woes.
- We partnered with Residential Welfare Associations (RWAs) across Faridabad and some parts of south Delhi, to mechanise city-cleaning and maintenance as well as periodically clean clogged drains and sewers. We removed sewer lines blockages, especially in narrow lanes of the city, with the help of strong and compact jetting and suction machines.
- We handed over a tractor with trolley and cultivator to renowned environmentalist Mr. Afroz Shah, for his remarkable cleanliness initiative in Versova beach, Mumbai.

MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Environment

World

In 2017, global economies are estimated to have grown at an accelerated pace, primarily due to broad-based improvement in most countries belonging to the advanced and emerging world. According to estimates of the International Monetary Fund (IMF), global economy grew by 3.8% in 2017, which was marginally higher compared to 2016. Revival in investment spends in advanced economies and stabilising investments in select commodity-exporting economies played a major role to catalyse this improvement.

With accelerated output across the economies of western Europe, Japan and the US, among others, recovering commodity prices and rising trade and investment, global growth is on track to achieve the projected rate of 3.9% in 2018 and 2019.

GLOBAL GROWTH (GDP) TREND (%)

Source: International Monetary Fund (IMF) I E: Estimate I P: Projection

India

The Government of India implemented the landmark Goods and Services Tax (GST) regime from July 1, 2017. This is a significant structural reform in the country that pushes for the creation of a unified common market, laying aside the inefficiencies of multiple tax incidences in different states.

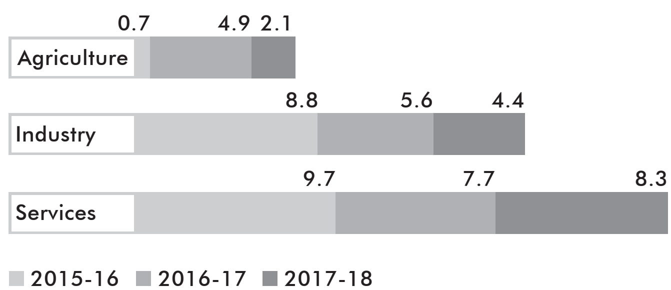
The initial execution challenges of implementing the GST, coupled with the lingering impact of demonetisation, led to subdued consumer sentiments in the first half of the reporting year. With India Inc. gradually benefiting from the landmark measure, the economy witnessed a revival in activity in the second half – leading to an overall 6.7% growth rate in FY 2017-18.

During the same period, the agriculture sector grew by 2.1%, the industrial sector by 4.4% and the services sector by 8.3% [Source: Economic Survey of India 2017-18]. Broad structural reforms undertaken by the Government helped India to rise up to 30 places and reach the top-100 of the World Bank's Ease of Doing Business Index. Additionally, the international credit rating agency Moody's upgraded India's sovereign rating for the first time in 14 years, revising the outlook from stable to positive.

INDIA'S GDP GROWTH (%)

Source: Central Statistics Office (CSO)

SECTORAL GROWTH (%)



Source: Central Statistics Office (CSO) and Economic Survey of India 2017-18

Union Budget 2018-19, key takeaways

The Government of India continues to reinforce its focus to achieve its objective of doubling farmer income by 2022, among others. These initiatives are expected to generate 321 crores person-days of employment, pave 3.17 lakh km rural roads, build 51 lakh new rural houses and 1.88 crore toilets; and provide 1.75 crores new household electric connections to bolster overall agricultural and infrastructural growth.

Agriculture

- Minimum Support Price (MSP) for kharif crops set at 1.5 times the production cost; 'Operation Green', with ₹500 crores investment allocation will address price fluctuations in potato, tomato and onion.

- 22,000 Gramin Agricultural Markets (GrAMs) will be developed and upgraded to protect the interest of 86% small and marginal farmers; an agricultural market fund, with a ₹2,000-crore corpus to oversee the GrAM marketing infrastructure.

- Allocation to the food processing sector doubled from ₹750 crores in FY 2017-18 to ₹1,400 crores in FY 2018-19; specialised agro-processing and financial institutions to be promoted, while cluster-model approach will be adopted for agricultural production.

- Institutional credit for agriculture will be raised to ₹11 lakh crore for FY 2018-19.

Infrastructure

- Total infrastructure spend is likely to touch ₹5.97 lakh crore vis-à-vis ₹4.94 lakh crore (revised estimate) in FY 2017-18, indicating an increase of over ₹1 lakh crore to facilitate economic recovery.

- ₹2,100 crores additionally allocated for rural roads, under the Pradhan Mantri Gram Sadak Yojana (PMGSY), while the corpus for the livelihood mission was doubled to ₹1,200 crores.

- 99 cities were selected under the Smart Cities mission, for an outlay of ₹2.04 lakh crore; these cities have witnessed the commencement of various projects, including smart roads, solar roof and intelligent transport system – projects worth ₹2,350 crores have been completed, while those worth ₹20,850 crores are under progress.

Railways

- Capital and development expenditure for Indian Railways is pegged at ₹1.48 lakh crore.

- Funds are earmarked for optimal electrification of railway network, track maintenance, railway safety ('Rashtriya Rail Sanraksha Kosh') and station redevelopment, while work on the dedicated East-West freight corridors are in progress.

- World-class contemporary trains will be created, including the high-speed 'Train 18' and 'Train 20' that will be manufactured at Integral Coach Factory, Chennai.

- ₹40,000 crores will be spent on upgrading the Mumbai railway network, aside from the ₹11,000 crores allocated to the 465-km suburban rail of the city; ₹17,000 crores will be set aside to establish 160 km of suburban rail in Bengaluru.

Industry Overview

Agriculture

India has grown from an agricultural importer to be a surplus producer of food grains, through a favourable interplay of infrastructure, technology and policy support. Central Statistics Office (CSO)'s 2017-18 third advance estimates place total food grain production at 279.51 million tonnes, at par with the record-breaking production of 275.11 million tonnes in FY 2016-17. The agricultural sector employs more than half of the nation's total workforce and contributes to 17-18% of the GDP. However, policymakers recognise that with increasing scarcity of natural resources, progress in agriculture, today, can only be achieved through an increase in productivity.

The Economic Survey of India 2017-18 observes that research and development (R&D) initiatives are the primary source of innovation required to sustain productivity in the agricultural sector. The loss in farming income due to climate change is expected to between 15 and 18%, intensifying even more in unirrigated areas. Mechanisation is the need of the hour; it is estimated that the proportion of agricultural workers in the total workforce will decline from 58.2% in 2001 to 25.7% by 2050. One of the major indicators of the level of farm mechanisation is the sale of tractors and other agricultural equipment in the country.

Growth Drivers

Robust demand: A large population is the principal demand driver for agricultural products. Increasing urban and rural incomes have also facilitated demand growth.

Wider modernisation: Improving demand for agricultural inputs as well as storage capacity for agricultural produce facilitate sectoral demand. Rapid mechanisation in agriculture, combined with upgradation of irrigation facilities through major, medium and minor irrigation projects, is key as well.

Government support: Policies are in place to sustainably improve soil fertility through the Soil Health Card Scheme; to support organic farming through Paramparagat Krishi Vikas Yojana (PKVY); to boost farmer income with the creation of a unified national agriculture market; and to mitigate agricultural risk with crop insurance availed under the Pradhan Mantri Fasal Bima Yojana (PMFBY).

Tractors

India is the largest manufacturer of farm equipment, including tractors. The country's tractor industry accounts for almost one-third of the global pie. The domestic tractor industry grew by 22.2%, in volume terms, to 7.09 lakh units in FY 2017-18, vis-à-vis 5.80 lakh units in FY 2016-17. The sector is projected to produce 12-15 lakh units by 2030 [Source: India Brand Equity Foundation].

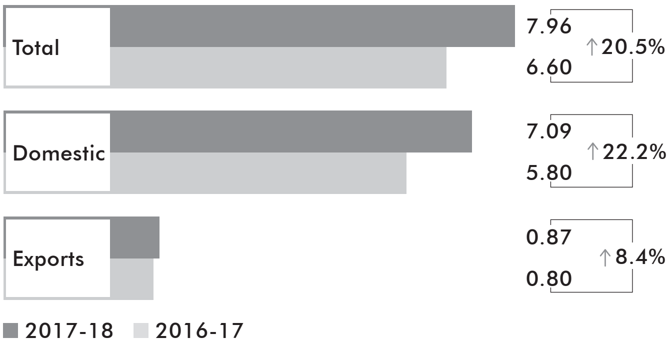
Segment performance: The 41-50 HP segment, which grew by 18%, continues to account for a significant 47% share of total sales. The other major category is the 31-40 HP segment; it grew by 26%, accounting for 36% of the domestic market.

Exports: Tractor exports from India grew by 8.4% in FY 2017-18, to 87K units, vis-à-vis 80K units in the previous fiscal.

A combination of adequate monsoon, greater incidence of mechanisation, implementation of MSP for key crops, farm loan waivers, subsidy support for tractor purchase in some states, and easier availability of retail finance drive industry growth.

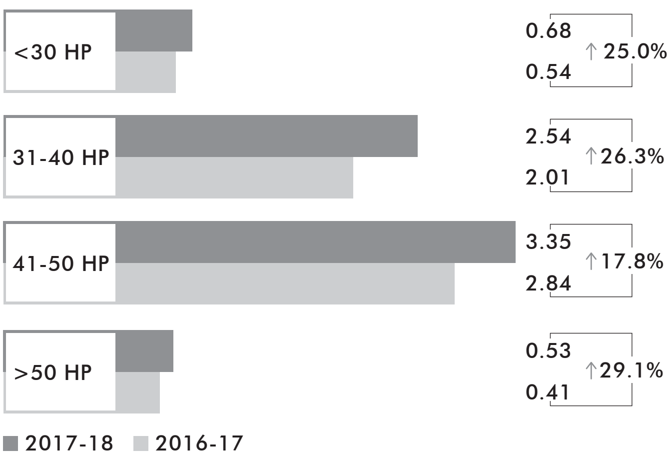
TRACTOR INDUSTRY GROWTH

(in lakh units)



SEGMENT GROWTH IN THE DOMESTIC TRACTOR INDUSTRY

(in lakh units)



Escorts Agri Machinery (EAM)

Escorts Agri Machinery (EAM), the pioneer of farm mechanisation, supplies tractors with state-of-the-art technology, under the two flagship brands – Farmtrac and Powertrac.

The domestic volume of your Company rose by 25.1%, to 78,446 units in FY 2017-18, as compared to 62,699 units in FY 2016-17. The domestic market share improved by 26 bps, from 10.8% to 11%, wherein market share was strengthened in the strong markets by 10 bps and in the opportunity markets by 50 bps.

During the year, export volumes rose by 81.3% to 1,971 units in FY 2017-18, as compared to 1,087 units in FY 2016-17.

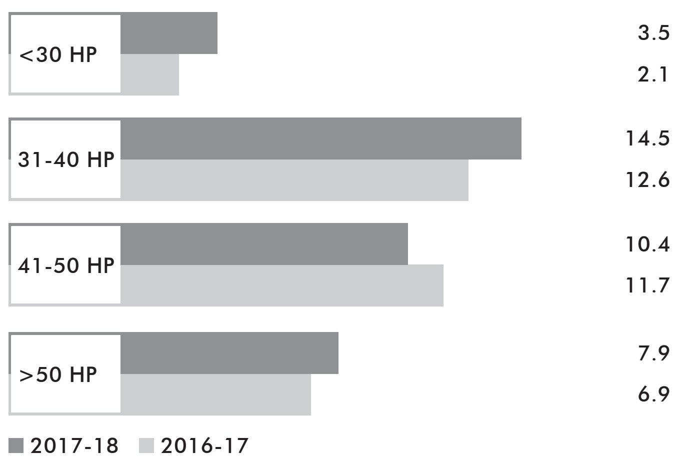
Product launches: NETS series (77-90 HP), Farmtrac Atom (26HP), Concept Electric Tractor and Farmtrac 6050 4WD.

EAM PERFORMANCE

(in units)

EAM DOMESTIC MARKET SHARE PERFORMANCE

(%)



Farmtrac Atom (26HP)

Concept Electric Tractor

Farmtrac Compact (a NETS offering)

Outlook

The domestic tractor market is expected to rise by 8-10% CAGR in the next decade. EAM is developing products for markets of opportunity, while reinforcing its existing distribution and sales networks. To de-risk the business from the inherent cyclical nature of the tractor industry, your Company is expanding its operations in the agricultural sector – by expanding export footprints and exploring emerging businesses, complete crop solutions, engines and SHIP (Sprayers, Harvesters, Implements and Planters).

Infrastructure

India is witnessing a significant infrastructure resurgence, with the Government of India focused on revamping the sector to sustain long-term socio-economic prosperity. The country soared 19 places in the 2016 edition of World Bank's Logistics Performance Index (LPI), to rank 35th among 160 countries. India is attracting a lot of attention from international investors in the infrastructure space. Foreign Direct Investment (FDI) received in the construction development sectors, between April 2000 and December 2017, stood at US$ 24.67 billion, according to the Department of Industrial Policy and Promotion (DIPP).

The Economic Survey of India 2017-18 observes the following:

- While infrastructure investment is likely to rise in the next two decades, the sector suffers from fractured Public-Private-Partnerships (PPP), stressed balance sheets of private companies and administrative red tape relating to land clearances.
- An estimated US$ 4.5 trillion worth of investment is required till 2040, to develop infrastructure and improve economic wellbeing of citizens, whereas the current trend reflects that India can meet US$ 3.9 trillion of it – leaving a US$ 526 billion gap by 2040.
- Under 'Bharatmala Pariyojana' and 'Sagar Mala' programmes, the Government seeks to fill critical gaps in transport infrastructure and logistics framework.

Growth Drivers

Growing income: The country's per capita income grew at 10% CAGR, in the period 2012-2017. As of June 2017, almost 69% of the country's 1.3 billion people were in prime house-buying age (20 to 40 years) – highest in the world.

Investment potential: India's infra space, at present, needs an investment worth ₹50 trillion by 2022 alone, for the country's sustainable development. Sectors such as power transmission, roads and highways, and renewable energy, will drive the investment, going forward. In October 2017, the Government announced that highway projects worth ₹1.45 trillion would be undertaken in the north-eastern regions in the coming years.

Policy support: With initiatives like 'Housing for All' and 'Smart Cities Mission', the Government is working to eliminate infrastructure bottlenecks. Affordable housing has been assigned infrastructure status. The Government is attempting to revive and boost Public-Private Partnerships. Other policy reforms such as the Real Estate (Regulation and Development) Act, GST and Real Estate Investment Trusts (REIT), will further strengthen the real estate and construction sectors.

Construction Equipment

The total construction equipment industry grew by 27% in FY 2017-18. Major segments like earth-moving, material handling and road construction, reported positive movements. The served segments of backhoe loaders, Pick and Carry (PnC) cranes and compactors rose by 31.3 % in FY 2017-18. Material handling has emerged as the biggest gainer, with 82% growth, followed by backhoe loaders at 26% and compactors at 16%. The overall construction equipment sector is projected to grow by 16-18% in long-term.

Expanding infrastructure investment, growing private sector involvement and progress in the real estate sector drive industry growth.

Escorts Construction Equipment (ECE)

Escorts Construction Equipment (ECE) meets the growing requirements of the country's infrastructure development, mining, realty and other sectors. The total volume (manufactured as well as traded products) of ECE grew by 35.3% to 4,486 units in FY 2017-18, as against 3,315 units in FY 2016-17.

EC3212

Your Company outperformed the industry, owing to increasing focus on strategic tie-ups, material cost management, export reach, channel financing, dealership and outlet reach.

Partnerships: ECE, previously, addressed 40% of the revenue potential present in the construction equipment industry. Following an exclusive distribution agreement with Doosan Infracore Co. Ltd. in February 2018, your Company now caters to more than 80% of the industry, in value terms.

Product launches: TRX15, RT40 XP (Powered Boom) and EC 3212.

RT40 XP (Powered Boom)

ECE PERFORMANCE (in units)

35.3% Y-o-Y growth in ECE total volume

Outlook

Your Company is firmly set on the growth track, supported by favourable demand. India's construction equipment sector is expected to cross US$ 5 billion by 2020, in revenue terms; the

TRX15

sector is likely to reach 97,000 units in 2020, from 66,000 units in 2017. The country's infrastructure potential represents a US$ 1 trillion opportunity for Escorts in 2022, and US$ 6.6 trillion in 2025. Your Company will continue to focus on better product mix, leaner strategy and stronger cost management, leading to a triple-fold rise in revenue in the next five years.

Railways

Indian Railways received the highest-ever budgetary allocation under the Union Budget 2018-19 at US$ 22.86 billion. Of this allocation, US$ 22.55 billion is capital expenditure to be used for capacity creation and redevelopment of 600 rail stations. The Government aims to electrify all the trains by 2022. The sector will require investment to the tune of US$ 545.26 billion by 2032, for capacity addition and modernisation. The capital expenditure in the sector is likely to be increased 92% annually (Source: IBEF).

The Economic Survey of India 2017-18 observes that the pace of electrification and commissioning broad gauge lines, as well as capital investment in Railways, has accelerated in the recent years. Policies focus on areas such as dedicated freight corridors, high-speed rail, high-capacity rolling stock, last-mile rail linkages and port connectivity, while also attracting private and foreign direct investment and generating employment opportunities. Higher-capacity rail-based mass transit system, known as the metro rail, has been increasingly accepted as the solution to the increased demand for urban transportation.

Growth Drivers

Higher passenger and freight traffic: Urban population in India grew to more than 30% of total population, raising traffic between urban and rural areas across the country. Improvement in urban-rural connectivity has been another major contributor towards the sector's growth. Secondly, with rapid industrialisation and greater private sector participation, freight traffic is expected to grow significantly over the medium to long term.

Improved safety and modernisation: The safety of passengers is non-negotiable; the Government has embarked on significant investments in upgrading infrastructure and taking up re-laying of tracks. It has implemented advanced digital technologies through private participation. Simultaneously, it has started building new tracks that can serve passengers at high speed, while adopting faster electrification and signalling.

Policy support: According to the Union Budget 2018-19, capacity constraints in the railways network will be eliminated, through doubling of 18,000 kilometres of tracks, third and fourth lines, and converting 5,000 kilometres of tracks into broad gauge. A new Metro Rail Policy was approved in August 2017 to bolster private investments by mandating a PPP component in new projects.

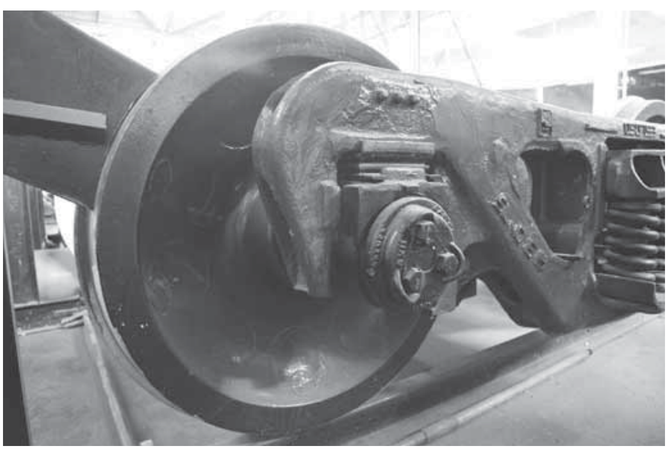
Railway Equipment

India is self-reliant in the manufacture of railway equipment; the country is also capable of exporting such equipment to Asian and African nations. In the next five years, rail infrastructure is likely to see major expenditure, and in the 10-year period thereafter, the sector will see a focus shift towards rolling stock. Cumulative FDI inflows in railway-related components, between April 2000 and June 2017, stood at US$12.21 billion.

Railway Equipment Division (RED)

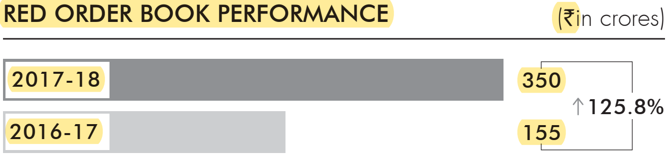
Escorts' Railway Equipment Division (RED) partners with the Indian Railways to deliver critical products, parts and components that are focused on safety, comfort and reliability. The order book for this division, at the end of FY 2017-18, stood at ₹350 crores. Several new products were launched across the sector, including metro rail.

These new rail products were developed through frugal and value engineering, along with an enhanced thrust on indigenous manufacturing from the 'Make in India' programme. Your Company is a leading domestic player in brake, coupler and suspension systems. The business exports to South Asian, South-East Asian, African, Australian and European countries, with a strong market position in coaching and electric multiple units (EMU) segments.



Certification: In August 2017, International Railway Industry Standard (IRIS) Management System awarded your Company the globally recognised accreditation for design, development and manufacturing in the rail sector.

RED ORDER BOOK PERFORMANCE (₹in crores)



₹350 crores RED order book in FY 2017-18

Outlook

Owing to the Government of India's enhanced focus on freight corridors, high-capacity rolling stock, last-mile rail linkages, high-speed trains and port connectivity, there are abundant opportunities in the sector. With a wide product range and diverse in-house R&D capabilities, the business is poised to achieve leadership in the served segment within the country. It has the potential to emerge as a major sourcing partner for global rolling stock Original Equipment Manufacturers (OEMs) and operators.

In the long term, your Company will expand operations, through technology partnerships and inorganic opportunities, and will be focusing on electrical components along with mechanical onces.

Risk Management

Your Company is committed to effective risk management to grow its shareholder value sustainably. It recognises that proactive risk management is both an essential element of sound corporate governance and a crucial enabler in realising opportunities.

Your Company has integrated an efficient Enterprise Risk Management System (ERMS), which regularly analyses the internal and external environment to identify risks, decide on possible mitigation plans and incorporate those plans in its strategy.

Monsoon: Monsoon is a major risk associated with the tractor industry, since close to 52% of farm fields are dependent on the vagaries of the season. Supported by normal monsoon forecast, the sector is likely to witness double-digit growth in the next fiscal.

Government policies: The sluggish pace of policy rollout and stringent regulatory measures directly and indirectly impact the construction equipment and railway equipment sectors that are largely dependent on public spending. With support from the Government of India in the form of ambitious structural reforms and higher all-round infrastructure expenditure, both sectors are, at present, poised for growth.

Raw material cost: Rising cost of metals such as steel, influences the businesses, particularly the construction equipment segment. Your Company was able to neutralise the fallout from the higher raw material cost in FY 2017-18, with greater emphasis on production volume and better product positioning.

Fuel prices: Increasing international crude oil prices compound the upward pressure on automotive fuel in the domestic economy and raise the cost of equipment ownership, adversely impacting end users of your Company's products.

Internal Controls

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

Information Technology

Your Company is transforming and IT is playing a critical role to enable business processes via technologies, and therefore initiated projects divided into two categories – digital and digitisation. Under digitisation, processes to improve productivity and controls and digital projects to increase customer reach to improve services level have been implemented. The Company upgraded enterprise applications infrastructure to cater to the need for increased business transactions. It enabled dealer sales executive on mobile learning platform to learn later feature of products which is helping increase business and customer experience.

Rational Cost Structure

Your Company is streamlining operations, including materials, manufacturing and overheads. Employees, right from the shop floor to the corporate office, were involved in this initiative, wherein each team was given cost-saving targets to achieve. Measures were taken to build a lean supplier base, benchmarking against the best. Notably, through Project LEAP, your Company not only improved segment-wise market share, but also underwent a holistic transformation, resulting in profitable growth.

Human Assets

Your Company manages 10,165 employees (including temporary, casual and contractual employees), who are involved in various responsibilities across hierarchies. It recognises the need to redefine the Performance Management Process to build a culture of transparency for better governance and performance.

Digitised Human Resource (HR) processes and best-in-class technology, impactful HR analytics and real-time information access strengthen your Company's work culture. Employee engagement is periodically measured to attract, develop and retain industry relevant talent. Your Company endeavours to create and empower an internal pool of future leaders; to coach channel partners; and to build dealership clinics – ensuring competence at back-end and front-end levels of the organisation.

Community Empowerment

Your Company consistently engages in multiple community development initiatives in Haryana, including health check-up camps, blood donation drives, female empowerment programmes, among others. As a responsible corporate citizen, your Company contributes to social and environmental causes regularly. Your Company's Corporate Social Responsibility (CSR) initiatives reflect its enduring social commitments. Refer to Page 44 for more details on CSR.

Investor Relations

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

Your Company's website (www.escortsgroup.com) contains a dedicated 'Investor Information' section where relevant information meant for shareholders is available, including information on the Directors, shareholding pattern, quarterly reports, financial results, annual reports, press releases, details of unpaid/unclaimed dividends and various policies. Periodic reminders for unpaid dividends were sent to the shareholders, as per records of your Company; they are also accessible on the website. For any queries/suggestions, one can write to investorrelation@escorts.co.in and your Company will revert within three working days.

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

Financial Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Indian Accounting standards (Ind AS). Your Company provided segment-wise reporting, as per para 4 of Ind AS 108 'Operating segments'. This information appears along with the consolidated accounts.

Your Company's revenue from operations increased by 20.3%, from ₹4,168 crores in FY 2016-17 to ₹5,016 crores in FY 2017-18. Overall Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) stood at ₹557 crores in FY 2017-18, vis-à-vis ₹324 crores in FY 2016-17. Profit Before Tax (PBT) stood at ₹509 crores in FY 2017-18, compared to ₹218 crores in FY 2016-17, while Profit After Tax (PAT) stood at ₹345 crores in FY 2017-18, compared to ₹160 crores in FY 2016-17.

Segment Performance

The EAM division revenue increased by 18.3%, from ₹3,346 crores in FY 2016-17 to ₹3,958 crores in FY 2017-18. Tractor sales stood at 80,417 units in FY 2017-18, vis-à-vis 63,786 units in FY 2016-17, representing 26.07% growth. The Earnings Before Interest and Tax (EBIT) for the division stood at ₹539.9 crores in FY 2017-18, compared to ₹344.7 crores in FY 2016-17, growing by 56.7%.

The ECE division revenue increased by 28.6%, from ₹606.9 crores in FY 2016-17 to ₹780 crores in FY 2017-18. Construction equipment volumes rose by 35.3%, from 3,315 units in FY 2016-17 to 4,486 units in FY 2017-18. The EBIT stood at ₹15.01 crores in FY 2017-18, compared to negative ₹13.8 crores in FY 2016-17.

The RED division revenue grew from ₹242.5 crores in FY 2016-17 to ₹286.6 crores in FY 2017-18, rising by 18.1%. The EBIT rose by 29.7%, from ₹30.7 crores in FY 2016-17 to ₹39.8 crores in FY 2017-18.

For and on behalf of the Board of Directors
Sd/-
Rajan Nanda
Chairman & Managing Director

Place: Faridabad
Date: May 17, 2018

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Seventy Second Annual Report of the Company along with Company's audited financial statements (standalone and consolidated) for the financial year ended on March 31, 2018.

Financial Results

(₹ crores)

Particulars	**Year ended on March 31, 2018**	Year ended on March 31, 2017
Gross Revenue	5,075.38	4,211.04
Excise Duty	20.85	74.42
Net Revenue	**5,054.53**	**4,136.62**
Profit from continuing operations before Interest, Depreciation, Exceptional Items & Tax	616.63	367.17
Finance Cost	28.57	31.11
Profit from continuing operations before Depreciation, Exceptional Items & Tax	588.06	336.06
Depreciation & Amortisation	72.48	63.07
Profit from continuing operations before Exceptional Items & Tax	**515.58**	**272.99**
Exceptional Item	6.76	(3.76)
Profit from continuing operations before Tax	**508.82**	**276.75**
Tax Expense	164.10	75.60
Profit from continuing operations after Tax	**344.72**	**201.15**
Profit / (Loss) from discontinued operations before Tax	-	(58.46)
Tax Expense of discontinued operations	-	(17.75)
Profit / (Loss) from discontinued operations after Tax	-	(40.71)
Profit for the year	**344.72**	**160.44**
Appropriations for the year:		
Dividend on Equity Shares (excluding Tax)	(17.93)	(14.35)
Tax on dividends	(3.74)	(2.99)
Dividend received on share held by beneficiary trust*	5.59	4.48

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

Financial Performance

The brief highlights of the Company's performance (Standalone) for the financial year ended March 31, 2018* are:-

- Net Revenue of the Company for FY 2018 of ₹5054.53 crores was higher by 22.19% over the last year (₹4,136.62 crores in FY 2017)
- Profit from continuing operations Before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹616.63 crores
- Profit from continuing operations Before Tax (PBT) stood at ₹508.82 crores and Profit from continuing operations After Tax (PAT) stood at ₹344.72 crores Net profit for the period stood at ₹344.72 crores.
- Your Company sold 80,417 tractors during the year under review.

Management Discussion & Analysis

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

Dividend

Based on the Company's performance, your Directors are pleased to recommend, for approval of the members, a Dividend of ₹2.00 per Equity Share (20%) on the face value of ₹10/- each, aggregating ₹24.52 crores (exclusive of tax on dividend) for the financial year ended March 31, 2018. The dividend payout is subject to the approval of members at the ensuing Annual General Meeting (AGM).

The dividend payout for the period under review has been formulated in accordance with shareholders' aspirations and the

Company's Dividend Distribution Policy to pay sustainable dividend linked to long-term growth objectives of the Company to be met by internal cash accruals.

Employee Stock Option Scheme

The particulars with regard to the Employees Stock Options as on March 31, 2018 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 (hereinafter referred as "the Act") and Articles of Association of the Company, Mr. Hardeep Singh, Director and Mr. G.B. Mathur, Director retires by rotation at the ensuing AGM and being eligible, offers themselves for re-appointment.

The Company has on the recommendation of Nomination and Remuneration Committee and in accordance with the provisions of the Act and SEBI Listing Regulations co-opted Mr. Ravi Narain as an Additional and Independent Director on the Board of the Company with effect from September 21, 2017 subject to approval of the members at the AGM. He shall hold office as Director of the Company upto the date of ensuing AGM and is eligible for appointment as a Director.

The Board of Directors, in their meeting held on May 17, 2018, had recommended the re-appointment of Dr. Sutanu Behuria as an Independent Director for a further period of 5 years for approval of members of the Company at the ensuing AGM.

Pursuant to the provisions of Section149 and other applicable provisions of the Act, your directors are seeking appointment of Mr. Ravi Narain as an Independent Director for a period of 3 years and re-appointment of Dr. Sutanu Behuria as an Independent Director for a period of 5 years.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under Regulation 16(1)(b) of SEBI Listing Regulations. The policy for selection of directors and determining directors independence is attached as **Annexure - 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 disclosures relating to the Directors who are proposed to be appointed/ re-appointed, as required to be disclosed pursuant to Regulation 36 of the SEBI Listing Regulations and Clause 1.2.5 of the Secretarial Standard 2 are given in the Annexure to the Notice of the 72nd AGM.

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

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

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

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

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

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

Corporate Governance

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

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

Corporate Social Responsibility (CSR)

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

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

The CSR Policy may be accessed on the Company's website www.escortsgroup.com under Investors Information Section. During the year, the Company has spent ₹3.25 crores (2.11%) of the average net profits of last three financial years on CSR activities.

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

Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) on February 16, 2015, notified that Indian Accounting Standards (Ind AS) are applicable to certain classes of companies from April 1, 2016 with a transition date of April 1, 2015. Ind AS has replaced the previous Indian GAAP prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Ind AS is applicable to the Company from April 1, 2016.

Consolidated Financial Statements

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

Subsidiaries, Joint Ventures and Associate Companies

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

During the financial year ended on March 31, 2018, the Company has infused additional equity in Escorts Securities Limited and Escorts Crop Solutions Limited, subsidiaries of the Company. The Company has divested its investment in Escorts Asset Management Limited, the Board Controlled Subsidiary of the Company. The details of the said investment/ disinvestment is provided in the note 6(i) of the Notes to Accounts of the Standalone Financial Statements of the Company.

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

Contracts and Arrangements with Related Parties

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

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

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 under Investors Information Section.

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

Auditors and Auditors' Report

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, the shareholders of the Company in the 71st AGM held on September 21, 2017 had appointed M/s Walker Chandiok & Co LLP, Chartered Accountants, New Delhi (Firm Registration No. 001076N/ N500013) as Statutory Auditors of the Company for a period of 5 years i.e. upto the conclusion of AGM to be held in the year 2022. The first year of audit was of the financial statements for the year ending March 31, 2018, which included the audit of the quarterly financial statements for the year.

In accordance with the Companies (Amendment) Act, 2017 enforced on May 7, 2018 by MCA, the appointment of Statutory Auditors is not required to be ratified by members at every AGM.

The observations and comments given by M/s. Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors in their report read together with notes to Accounts for the year ended March 31, 2018 are self-explanatory and hence, do not call for any further comments under Section 134 of the Act.

Cost Auditors

The Board of Directors of the Company has re-appointed M/s. Ramanath Iyer and Co., Cost Accountants, New Delhi (Firm Registration No. 000019), Cost Auditors of the Company under Section 148 of the Act, for conducting the audit of cost records for the financial year 2018-19.

The due date of filing the Cost Audit Report for the year ended on March 31, 2017 was September 30, 2017 and the same has been filed on September 29, 2017.

Secretarial Auditors

The Board of Directors of the Company had appointed M/s. Jayant Gupta and Associates, Practicing Company Secretary to conduct secretarial audit of the Company for the financial year 2017-18.

The Secretarial Audit Report for the financial year ended March 31, 2018 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 Act.

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

Risk Management

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

Internal Financial Control and its Adequacy

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

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

Disclosures

Meetings of the Board

Seven 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

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

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

Extracts of Annual Return

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

Vigil Mechanism

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

Registrar and Share Transfer Agent

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

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

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

General Reserve

₹217.09 crores have been credited/ appropriated in General Reserves for the amount received by the Company as Beneficiary of Escorts Benefit and Welfare Trust on account of sale of treasury stock.

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

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

Particulars of Employees and related disclosures

In terms of provisions of Section 197(12) of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the prescribed limits are available with the Company Secretary. Having regard to the provisions of Section 136(1) of the Act, the Annual

Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company and the same will be furnished on request.

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

Public Deposits

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

Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends and shares as per the requirements of the IEPF rules, details of which are provided on our website.

As on March 31, 2018, no unclaimed deposits are pending for transfer to Investor Education and Protection Fund.

Credit Rating

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

ICRA Limited has upgraded the long-term rating from "A" to "A+" and short-term rating from "A1" to "A1+" with Positive outlook.

India Ratings has upgraded the long-term rating from 'IND A' to 'IND A+' and short-term rating from "A1" to "A1+" with upward change in outlook from "STABLE" to "POSITIVE"

Material Changes and Commitment affecting the financial position

There are no material changes affecting the financial position of the Company subsequent to the close of the Fiscal 2018 till the date of this report.

Prevention of Sexual Harassment

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

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

Secretarial Standards

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

Business Responsibility Report (BRR)

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

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

Directors' Responsibility Statement

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

(i) in the preparation of the annual accounts for the year ended March 31, 2018, 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, 2018 and of the profit and loss of the Company for the year ended on that date;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual accounts for financial year ended March 31, 2018 on a 'going concern' basis;

(v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

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

General

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

1. Details relating to deposits covered under Chapter V of the Act.

2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.

4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future. However, members attention is drawn to note 34 on Commitments and Contingencies in the Notes forming part of the financial statement.

Acknowledgement

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

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

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

For and on behalf of the Board of Directors

Sd/-

Place: Faridabad
Date: May 17, 2018

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

(a) Total Number of Options as on March 31, 2017	27,100
(b) Options granted during the year	NIL
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: No Options were granted during the financial year ended on March 31, 2018.
(d) Options Vested	27,100
(e) Options Exercised	27,100
(f) The Total number of shares arising as a result of exercise of options	27,100
(g) Options Lapsed/Cancelled	NIL
(h) Variation of terms of options	NIL
(i) Money realised by exercise of options	₹23,03,500
(j) Total number of options in force	NIL
(k) Employee wise details of options granted to:	
• Senior managerial personnel during the year	NIL
• any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year.	NIL
• 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 IND AS-33 'Earnings Per Share'.	₹28.85 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 ₹NIL. The EPS for the year would have been higher by ₹NIL.
(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 ₹16.30 and Exercise Price is ₹85.00.
(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 :	The Black Scholes Option Pricing Model for dividend paying stock has been used to compute the fair value of the options. The significant assumptions made are: Option Issued on October 1, 2015
• Risk free interest rate	7.46 %
• Expected life	3 Years
• Expected volatility	0.0159
• Expected dividends, and	20%
• The price of the underlying share in market at the time of option grant	₹154.00 on October 1, 2015 The shares to be issued under stock options shall rank pari passu, 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.

For and on behalf of the Board of Directors

Sd/-
RAJAN NANDA
Chairman & Managing Director

Place: Faridabad
Date: May 17, 2018

ANNEXURE – B

to the Directors' Report

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

1. Preamble

(i) This Policy on Appointment of Directors and Members of Senior Management (the "Policy") applies to the Board of Directors (the "Board") of Escorts Limited ("Escorts" or the "Company") and the Senior Management of Escorts. This Policy was recommended by the Nomination and Remuneration Committee of the Company ("NRC") and approved by the Board at its meeting held on January 16, 2015 and shall be subjected to periodic review by NRC.

(ii) The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors and Members of Senior Management who should have the capacity and ability to lead Escorts towards achieving its stated goals and strategic objectives, taking into account the interest of all stakeholders.

(iii) The Board is ultimately responsible for the appointment of Directors and recommending the appointment of Independent Directors to the shareholders for their approval.

(iv) The Board delegates its responsibility for the assessment and selection of suitable candidates for the position of Directors of Escorts to the NRC, which will submit its recommendations to the Board, in accordance with this Policy.

2. Definitions

For the purposes of this Policy:

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

'Senior Management' shall mean and include the following:

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

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

(i) Matching the requirements of Escorts and enhancing the competencies of the Board are the basis for NRC to shortlist and recommend a candidate for appointment to the Board. Such candidate shall have primary or substantial strategic and balance sheet management/ profitability management responsibilities. When recommending a candidate for such appointment, NRC shall consider:

(a) the results of assessment of the proposed appointee against a range of criteria formulated by NRC which include but shall not be limited to skill sets, regional and industry experience, background, integrity and other qualities required to operate successfully in the position of Director, having due regard to the benefits of diversity of the Board;

(b) the extent to which the proposed appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors and Senior Management;

(c) the present and potential future needs and requirements of the Company and sector in which it conducts its business and operations;

(d) the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgment;

(e) any requirements under applicable law (including but not limited to under the Companies Act, 2013 ("the Act") and/or the rules and regulations made thereunder) and/or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations")

(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 recognized specialist in disciplines or areas relevant to the Company and/or its business;

(e) experience in the management of a diverse organization, whether located in India and/or overseas, in the Sector where the Company is already doing business or intents 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 Act, and the rules and regulations made there under, the provisions of the Listing Regulations 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 Act, and the rules and regulations made thereunder, the Listing Regulations, 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 finalize 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 Act, rules made thereunder and the Listing Regulations 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 Act, rules made thereunder, the Listing Regulations 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 Act, the Listing Regulations 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 Act 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. Term/ Tenure

(i) Managing Director/Whole-Time Director

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

(ii) Independent Director

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

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

No Independent Director shall hold the office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not during the said period of three years, be appointed in or be associated with the Company in other capacity, either directly or indirectly. However if a person who has already served as an Independent Director for five years or more in the

Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of upto five years only.

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

7. Letters of Appointment to Directors

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

8. Evaluation Procedure for Directors

(i) NRC shall develop such assessment criteria as it shall deem fit for the purposes of undertaking performance evaluation of the Directors and the Board as a whole. NRC shall undertake an annual performance evaluation of all Directors of Escorts based on the relevant assessment criteria developed by it.

(ii) The assessment criteria for performance evaluation of Directors shall be disclosed in accordance with the relevant provisions of the Act, the rules framed thereunder and the Listing Regulations.

9. Removal

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director or KMP subject to the provisions and compliance of said Act, rules and regulations.

10. Retirement

The Whole-time Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act, and the prevailing policy of the Company.

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

11. Policy Review

(i) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Act, and rules made thereunder, the Listing Regulations, 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 ("the Act") read with rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), 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 Act, read with rules made thereunder and the approval of the shareholders, as applicable. They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be eligible for stock options.

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

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

(i) The Whole-time Directors are appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by NRC/ Board and approval of the shareholders.

(ii) The remuneration paid to Whole-time Directors is within the limits approved by the shareholders of Escorts which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Act. 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 D&O Policy.

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

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

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

(i) Senior Management shall mean and include the following:

(a) Employees in the grade of Associate Vice President and above; and

(b) KMPs (other than Whole-time Directors).

(ii) The key components of remuneration package of the Senior Management and other employees of Escorts shall comprise of basic salary, dearness allowance, house rent allowance, transport allowance, ex-gratia, performance bonus, contribution to provident fund and superannuation fund, premium on medical insurance and personal accident insurance, scholarship for children, gratuity, leave travel allowance, leave encashment etc., which is linked to their grade. They are also eligible for stock options as per the scheme framed/ to be framed by Escorts, from time to time.

(iii) The remuneration, performance appraisal and rewards of Members of Senior Management and other employees, shall be in line with the stated objectives.

(iv) The annual increments for the Senior Management and KMP (other than Whole-time Directors) and other employees shall be linked to their overall performance and as decided by the Chairman and Managing Director in consultation with their reporting managers and Company's HR. The Board, on the recommendation of NRC, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

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

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

6. Disclosures in the Board's Report

(i) The disclosures as required under the relevant provisions of the Act, rules made thereunder and the revised Listing Regulations, 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 Act, rules made thereunder, the Listing Regulations, 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 Absorbtion, Foreign Exchange Earning and Outgo

I) Conservation of Energy

1. The Steps taken or impact on conservation of energy

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

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

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

In pursuit of the Continual Improvement in Energy Conservation in the Generation Distribution & Consumption Areas, many initiatives have been taken in the year 2017-18.

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

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

a) Replacement of conventional lights with Energy Efficient LED lights across EAM completed in March 18.

b) Replaced Continuous Running 2/3 Star Split and Window AC replaced with Energy Efficient 5 Star Split Air conditioners.

c) Optimizations of Blowers and VFD installed in Powertrac Plant Paint shop – Sheet Metal line.

d) Movement Sensors installed in Toilets and meeting rooms, offices

e) Installed LED lights in place of Mercury/Halogen.

f) Installed VFD on Motors.

g) Replaced HVLS Fans with Air Coolers.

a) Replaced/provided air compressors with energy efficient/ energy saving variable speed models.

b) Saving of 600 units/day of electricity done by machine cycle modifications/air cooling unit running time reduction by timers/LED lights replacement with 80w/36w instead of higher power consumption 250 w mercury vapour lamps.

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

a) Roof top Solar Power plants project implemented in 2017-18 1.2 MW Power Generation.

b) Solar Power installation

c) Generating 1.75 lakh units of electricity per annum from roof mounted solar panels.

3. Capital Investment on Energy Conservation Equipment

a) Lighting – ₹1.64 Cr

b) Air-Conditioning - ₹0.25 Cr

c) Paint Shop - ₹0.03 Cr

d) Automation - ₹0.07 Cr

e) Turbo Ventilators for Air Exhaust & Poly Carbonate sheets for day light improvement - ₹0.07 Cr

f) Other Energy Conservation Equipments - ₹0.41 Cr

II) Technology Absorption

1. The efforts made towards technology absorption

I. Powertrac Euro series tractors introduced with New hydraulic lift [Sensi-1] in 50 HP category for precision farming.

II. Introduction of New Compact series tractors with NETS Styling & inhouse designed transmission series family for Exports and domestic market in 22 HP -30 HP Range.

III. Design and development of commercial tractor in 55 HP category for heavy duty applications like loader/dozer.

IV. Design and development of paddy cum utility special tractors in 45 – 50 HP series (Cross over) in 2 WD / 4WD Version.

V. New Farmtrac Pro series introduce to improve the aesthetic & reliability 45 – 55 HP series.

VI. Introduction of 50 HP – 75 HP tractor for USA market.

VII. Design and development of fuel efficient tractor in 50 HP category, F20 Technology.

VIII. Design and development of Farmtrac NETS Series Cabin tractors with CRDI Engine range 65-75 HP for Europe and USA Market.

IX. Design initiated for Higher HP Segment Tractors with 105 HP Engine for European & ROW market.

X. Initiated Design & Development for future Engine norms with CRDI technology Stage V/Tier IV range 50-105 HP to meet 2020-21 emission norms for European & USA Market.

XI. Design & development of new high end Tractors in 80 HP category for Domestic markets.

XII. Feature & Reliability enhancement in Powertrac and Farmtrac series of tractors to meet the applications needs like DCV, Care help device, PS etc.

XIII. Design and development of new series of tractors for Potato farming.

XIV. Introduction of complete product range of tractors from 37 to 90 HP tractors for export market.

XV. Design validation & virtual testing thru predictive analysis software and load accelerated test rigs.

XVI. New 15 Ton safe crane model introduced in 2WD & 4WD variants with features like hydraulic clutch to offer more cost-effective & comfortable solution to customer.

XVII. New 23 Ton safe crane variant with outrigger feature introduced in market to cater high altitude applications with increased safety.

XVIII. Introduced new 20 Ton Safe cranes in 4WD variant to meet high grade requirement & tough applications needs.

XIX. New Slew crane model "RT40 XP" introduced with 4th Part powered boom technology to meet high end requirements of niche application.

XX. New Backhoe loader with Perkins Engine introduced for export markets to enhance exports market share.

XXI. Introduced new Backhoe loader with attachment "Extendible Dipper" to meet export application needs.

XXII. New 12 Ton vibratory soil compactor model introduced with added utility features to offer more value to customer.

XXIII. New 13 Ton & 15 Ton Hydra crane model introduced to cater different emerging application requirement in a cost-effective manner.

XXIV. Up-gradation of Design, Development and testing infrastructure at R&D to develop & absorb new contemporary technologies in a most cost-effective manner to offer products at a competitive price.

XXV. Design validation & analysis thru Finite Element Analysis.

XXVI. New testing Labs established.

XXVII. Validation tools(CAD/FEA) acquired.

XXVIII. IRIS process implementation in Railway Division.

2. Benefits derived like product improvement, cost reduction, product development or import substitution

a) Escorts Introduced series of new products with Modern style, enhanced power & performance and made a better value proposition for customers in exports and domestic markets. This has given more customer coverage for Escorts products & resulted in to consistent volumes and market share gain.

b) Full range of tractors from 22 – 90 HP would be available for both exports and domestic markets.

c) New tractors with all power range, more nos. of speeds transmission and enhanced product features have given to market for increased utility at customer end. Significant Material cost reduction in tractors through design optimization and renegotiation.

d) Product cost optimization through VE/VA.

e) Design & development of new high end tractor series for future upcoming emission norms for international market.

f) High end transmissions to meeting all emerging application (Agri, construction equipment etc).

g) Design & development of future Tractor series like electric tractor.

h) Expanding Product range for global market.

i) Application specific tractor for niche market like row crop, potato farming, garden tractor etc.

j) Escorts delivered a series of new products with enhanced power and performance and made a better value proposition for customers in domestic & export market. This has given more customer & application coverage for Escorts construction products & resulted in to enhanced volumes and gain in market share.

k) Cost effective & customized solution will help customers to afford the solution and enable them to produce more output per unit cost of input & help them to meet emerging market challenges.

l) Use of in-house aggregates will support to offer cost effective solutions to customer.

m) Improved safety, comfort to the passengers

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

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

4. Expenditure incurred on Research & Development

₹ crores

	For the financial year ended on March 31, 2018	For the financial year ended on March 31, 2017
a) Capital Expenditure*	12.79	44.70
b) Recurring Expenditure	100.40	85.97
Total R&D Expenditure	113.19	130.67
Total R&D Expenditure as a percentage of total turnover	2.28%	3.15%

*Does not include capital advance/ capital work in progress

III) Foreign Exchange Earnings and Outgo

Activities relating to export

Escorts entered in to new markets like Algeria, Namibia, Cambodia and Zimbabwe. In Europeon 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

₹ crores

	For the financial year ended on March 31, 2018	For the financial year ended on March 31, 2017
a) Foreign exchange outgo:		
- Imports (including capital goods)	61.87	71.43
- Others	27.69	16.90
Total	**89.56**	**88.33**
b) Foreign Exchange earned	184.50	122.00

For and on behalf of the Board of Directors

Sd/-

Place: Faridabad
Date: May 17, 2018

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 deregularisation of industry and business. The objective of any Corporate Governance system is to simultaneously improve corporate performance and accountability. These, in turn, help to attract financial and human resources on the best possible terms and prevent corporate failure.

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

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

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

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

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

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

II. Board of Directors

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

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

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

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

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

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

As on March 31, 2018, 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 Memberships / (Chairmanships) in Public Companies (^)
1.	Mr. Rajan Nanda	Chairman & Managing Director	Executive & Non-Independent (Promoter)	Father of wMr. Nikhil Nanda and Ms. Nitasha Nanda	7	N	1	-
2.	Mr. Nikhil Nanda	Managing Director	Executive & Non-Independent (Promoter)	Son of Mr. Rajan Nanda and Brother of Ms. Nitasha Nanda	7	Y	2	-
3.	Ms. Nitasha Nanda	Whole-time Director	Executive & Non-Independent (Promoter)	Daughter of Mr. Rajan Nanda and Sister of Mr. Nikhil Nanda	7	N	4	2(1)
4.	Mr. Hardeep Singh	Director	Non –Executive and Non – Independent	*	7	Y	3	1
5.	Mr. P.H. Ravikumar	Director	Non –Executive and Independent	*	7	Y	8	3
6.	Mrs. Vibha Paul Rishi	Director	Non –Executive and Independent	*	6	N	10	4(1)
7.	Dr. Sutanu Behuria	Director	Non –Executive and Independent	*	7	Y	4	3(1)
8.	Mr. G.B. Mathur	Director	Non-Executive and Non Independent	*	6	Y	3	2
9.	Mr. D.J. Kakalia	Director	Independent Director	*	5	Y	6	6
10	Mr. Ravi Narain (&)	Director	Independent Director	*	4	N.A.	3	2

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 Regulation 26, Membership/ Chairmanships of Audit Committees and Stakeholders' Relationship Committees in all Public Limited companies (excluding Escorts Limited) have been considered.
(&) Appointed as an Additional Independent Director w.e.f. September 21, 2017. Attended all 4 Board meetings held during his tenure.
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 provisions of the Listing Regulations, none of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees (Committees being, Audit Committee and Stakeholders' Relationship Committee) across the companies in which they are associated as Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies including ten public companies (including 7 listed companies).

IV. Board Meetings

During the financial year ended on March 31, 2018 the Board of Directors met Seven (7) times on the following dates:-

April 19, 2017, May 29, 2017, July 28, 2017, September 21, 2017, October 31, 2017, January 31, 2018 and March 23, 2018.

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

Board Meeting Procedures

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

Information supplied to the Board

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

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

Code of Conduct

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

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

Declaration by C.E.O.

The Board of Directors,
Escorts Limited
Dear Sir,

I hereby confirm that:

The Company has received from the members of the Board and Senior Management, a declaration of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year ended on March 31, 2018.

Sd/-
Place: Faridabad — RAJAN NANDA
Date: May 17,2018 — 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 Ethics Policy of the Company. The Whistle Blower Policy has been circulated to all the employees and directors of the Company and the same is also available on the Company's website: www.escortsgroup.com.

V. Audit Committee

Constitution

During the financial year ended on March 31, 2018 the Audit Committee had been reconstituted by inducting Mr. Ravi Narain as member of the Committee on March 23, 2018.

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

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

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

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

During the financial year ended on March 31, 2018 the Committee met Six (6) times on the following dates:-

May 29, 2017, July 28, 2017, September 21, 2017, October 31, 2017, January 31, 2018 and March 23, 2018.

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

Terms of Reference

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    a. Matters required to be included in the Directors' Responsibility Statement forming part of Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Act.

    b. Changes, if any, in accounting policies and practices and reasons for the same.

    c. Major accounting entries involving estimates based on the exercise of judgement by management.

    d. Significant adjustments made in the financial statements arising out of audit findings.

    e. Compliance with listing and other legal requirements relating to financial statements.

    f. Disclosure of any related party transactions.

    g. Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing and monitoring the auditors independence & performance, and effectiveness of audit process.

8. Approval or any subsequent modification of transactions of the Company with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the Company, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Reviewing, with the management, performance of statutory & internal auditors, adequacy of the internal control systems.

13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

14. Discussion with internal auditors of any significant findings and follow up thereon.

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

18. To review the functioning of the Whistle Blower mechanism.

19. Approving the appointment of Chief Financial Officer (i.e. the Whole-time Finance Head or any other person heading the finance function or discharging that function) after

assessing the qualifications, experience & background, etc. of the candidate.

20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.

21. Carrying out any other function as may be referred to the Committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.

22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost and the Secretarial Auditors.

23. The Committee has systems and procedures in place to ensure that the Audit Committee periodically reviews:

    a. Management discussion and analysis of financial condition and results of operations;

    b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

    c. Management letters/ letters of internal control weaknesses issued by the statutory auditors;

    d. Internal audit reports relating to internal control weaknesses, if any;

    e. Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any;

    f. The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under the Listing Regulations;

    g. Details of material transactions with related parties, which are not in the normal course of business; and

    h. Details of material transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same.

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

The Audit Committee is endowed with the following powers:

a) To investigate any activity within its terms of reference.

b) To seek information from any employee.

c) To obtain outside legal or other professional advice.

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

e) To invite such of the executives, as it considers appropriate (and particularly the head of the finance) to be present at the meetings of the committee.

Meetings & Attendance

Name of Member	No. of Meeting	
	Held	Attended
Mr. P.H. Ravikumar (Chairman)	6	6
Mr. Hardeep Singh	6	6
Mrs. Vibha Paul Rishi	6	5
Dr. Sutanu Behuria	6	6
Mr. Ravi Narain*	-	-

*No Audit Committee Meeting held during his tenure as Audit Committee Member

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

VI. Nomination and Remuneration Committee

Constitution

As on March 31, 2018, the Nomination and Remuneration Committee comprises of following Non-Executive Directors:

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

Terms of Reference

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

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

2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;

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

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

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

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

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

Meetings & Attendance

During the financial year ended on March 31, 2018 the Committee met Four (4) times on May 29, 2017, September 21, 2017, January 31, 2018 and March 23, 2018.

Name of Member	No. of Meeting	
	Held	Attended
Mr. P.H. Ravikumar (Chairman)	4	4
Mr. Hardeep Singh	4	4
Mrs. Vibha Paul Rishi	4	3
Dr. Sutanu Behuria	4	4

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 ₹42.80 lakhs (excluding applicable taxes). The director wise payment of sitting fee is provided in Form MGT-9 attached as **Annexure - I** to the Directors' Report.

The shareholders of the Company has approved the payment of commission to Non-Executive Directors in the Annual General Meeting held on September 19, 2014 for a period of five years. Accordingly, for the financial year ended on March 31, 2018, Mr. P.H. Ravikumar, Mrs. Vibha Paul Rishi, Dr. Sutanu Behuria, Mr. D.J. Kakalia, Mr. Ravi Narain and Mr. Hardeep Singh have been paid commission of ₹9,00,000/- (Rupees Nine Lakh only) each, aggregating to ₹54,00,000/- (Rupees Fifty Four Lakh only) and the same is within the limits of 1% of the net profits of the Company calculated under Section 198 of the Companies Act, 2013.

The remuneration paid/ payable to 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, 2018 are as follows:

(In ₹)

Particulars	Mr. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda
Basic Salary	1,80,00,000	1,99,20,000	60,00,000
Allowances & Perquisites	2,97,18,763	3,09,15,600	71,38,792
Provident Fund Contribution	21,60,000	23,90,400	7,20,000
Superannuation Allowance	27,00,000	29,88,000	9,00,000
Others	10,00,000	11,55,182	-
Commission*	4,25,00,000	4,50,00,000	1,50,00,000
Total	**9,60,78,763**	**10,23,69,182**	**2,97,58,792**

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

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

VII. Shares held by Non-Executive Directors

Name	Category	No. of Equity shares held
Mr. P.H. Ravikumar	Independent	-
Mrs. Vibha Paul Rishi	Independent	-
Dr. Sutanu Behuria	Independent	-
Mr. D.J. Kakalia	Independent	-
Mr. Ravi Narain	Independent	-
Mr. Hardeep Singh	Non-Independent	1,000
Mr. G.B. Mathur	Non-Independent	179

VIII. Stakeholders' Relationship Committee

Constitution

As on March 31, 2018, the Stakeholders' Relationship Committee comprises of following Non-Executive Directors:-

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

Terms of Reference

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

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

Meetings & Attendance

During the financial year ended on March 31, 2018, the Committee met on January 31, 2018.

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

Compliance Officer

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

Complaints received/ resolved

During the period under review, 110 complaints were received from investors which were replied/ resolved to the satisfaction of investors except 5 complaints pending as on March 31, 2018 which were replied/ resolved subsequently.

Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending for redressal as on March 31, 2018.

IX. Risk Management Committee

Constitution

The Risk Management Committee comprises of following persons:-

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

Terms of Reference

The charter of the Committee shall be as follows:

(i) Formulation & modification of the Risk Management Policy.

(ii) Framing, implementing and monitoring the Risk Management Plan.

(iii) Periodic reporting to the Audit Committee on the risk and its mitigation.

(iv) Others functions in accordance with the applicable provisions of the Act read with rules made thereunder and the Listing Regulations.

Meetings & Attendance

During the financial year ended on March 31, 2018, the Committee met on May 29, 2017.

Name of Member	Designation	No. of Meeting	
		Held	Attended
Mr. Rajan Nanda	Chairman	1	1
Mr. Nikhil Nanda	Member	1	1
Dr. Sutanu Behuria	Member	1	1
Mr. Bharat Madan	Member	1	1

X. Corporate Social Responsibility

Constitution

The Corporate Social Responsibility (CSR) Committee comprises of following persons:

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

Terms of Reference

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

Meetings & Attendance

During the financial year ended on March 31, 2018, the Committee met on May 29, 2017.

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

XI. Functional Committee

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

Procedure of Committee Meetings

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

XII. General Body Meetings

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

Financial Year	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2016-17	September 21, 2017	11.00A.M	Aravali Golf Club, NH-3, N.I.T. Faridabad – 121 001 Haryana	Three
2015-16	September 20, 2016	11.00A.M	Aravali Golf Club, NH-3, N.I.T. Faridabad – 121 001 Haryana	NIL
2014-15	September 18, 2015	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector – 10, Opp. Bus stand, Panchkula – 134 113 Haryana	One

XIII. Special Resolution passed through Postal Ballot

During the financial year ended on March 31, 2018, 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.

XIV. Disclosures

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

   All the related party transactions during the financial year ended on March 31, 2018 were as per the "Policy on Materiality of Related Party Transactions and dealing with Related Parties".

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

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

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

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

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

e) Policy for determining 'Material Subsidiaries'

   The Policy for determining Material Subsidiaries is available on the website of the Company www.escortsgroup.com under Investor Information Section.

f) Policy on dealing with Related Party Transactions

   The Policy on dealing with Related Party Transactions is available on the website of the Company www.escortsgroup.com under Investor Information Section.

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

h) Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account: During the year, the Company has transferred 455637 equity shares into IEPF Account in terms of provisions of the Act because the shareholders have not encashed/ claimed their dividend amount for the last 7 consecutive years.

Subsidiary Companies

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

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

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

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

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

XV. MEANS OF COMMUNICATION

Key Financial Reporting dated during the year ended on March 31, 2018

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

For Year ended 31.03.17: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 30.06.17: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 30.09.17: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 31.12.17: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

The Quarterly Results were displayed on Company's website viz. www.escortsgroup.com in accordance with the requirement of the Listing Regulations.

The website also displays official news releases.

News Releases, Presentation
Official news releases, detailed presentations made to media, analysts, institutional investors etc. are displayed on the Company's website i.e. www.escortsgroup.com.

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

XVI. 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 : Wednesday, September 12, 2018

Time : 10:00 a.m.

Venue : Radisson Blu Faridabad, Sector – 20B,

Mathura Road, Faridabad - 121 001, Haryana

Financial Year:
April 1 to March 31

Appointment/ Re-appointment of Directors
In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Hardeep Singh and Mr. G.B. Mathur, Directors retires by rotation at the ensuing AGM of your Company and being eligible, offer themselves for re-appointment.

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

Financial Calendar 2018-19 (Tentative)
Meetings of Board/ Committee thereof to take on record:

Particulars	Tentative Date
Financial results for Quarter ended 30.06.2018	14.08.2018
Financial results for Quarter ended 30.09.2018	14.11.2018
Financial results for Quarter ended 31.12.2018	14.02.2019
Financial results for Quarter/ Year ended 31.03.2019	30.05.2019

Annual General Meeting for the Financial Year ending March, 2019:
By September 30, 2019.

Cut off Date for e-voting
September 5, 2018 has been fixed as the cut off date to record entitlement of the shareholder to cast their vote electronically in the forthcoming AGM.

Book Closure
The members register will be closed from August 25, 2018 to September 7, 2018 (both days inclusive) for the purpose of payment of Dividend for the financial year 2017-18.

Dividend
1. The Board of Directors of the Company have decided to recommend dividend @ ₹2.00 per share (being 20% of the nominal value of ₹10 per share) for the financial year 2017-18, subject to the approval of the shareholders in the forthcoming AGM.

2. 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:-

   a) whose names appear as beneficial owners as at the end of the business hours on August 24, 2018 in the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode and;

   b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before August 24, 2018.

3. The dividend amount shall be credited in the shareholders bank account directly through NECS. Alternatively physical warrant/ Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Company.

The intimation for credit of dividend amount through NECS shall also be sent to the shareholders through E-mail/ ordinary post thereafter.

Dividend Payment History for Ten Years

Year	Rate	Date of Payment
2008-2009	10%	March 23, 2010
2009-2010	15%	March 10, 2011
2010-2011	15%	March 27, 2012
2011-2012	12%	March 30, 2013
2012-2014	12% (Interim)	October 21, 2013
2012-2014	6% (Final)	September 29, 2014
2014-2015	12%	September 28, 2015
2015-2016	12%	September 29, 2016
2016-2017	15%	September 29, 2017
2017-2018	20% (Proposed)	To be paid within 30 days from the date of declaration of Dividend

LISTING

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

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

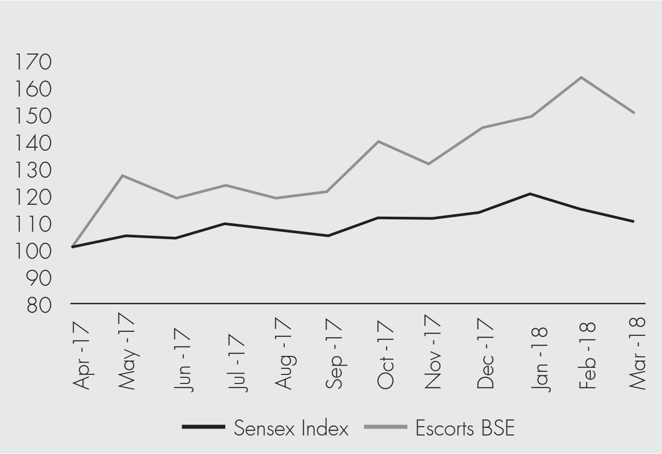
Listing Fees

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

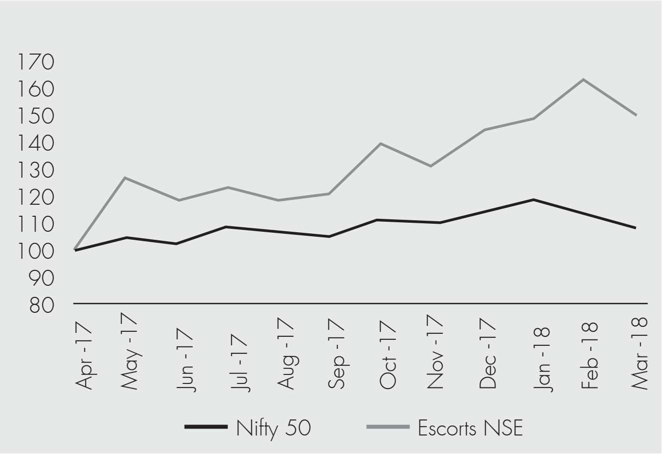
Monthly Stock Market Data

Month	National Stock Exchange of India Limited		BSE Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2017	563.50	520.20	563.20	518.60
May, 2017	696.75	553.25	696.00	553.35
June, 2017	767.55	635.00	767.70	633.75
July, 2017	695.95	634.55	695.30	627.10
August, 2017	709.00	544.00	711.90	544.55
September,2017	687.15	605.40	689.00	606.50
October, 2017	787.75	652.05	788.00	652.85
November, 2017	780.90	679.20	780.65	680.00
December, 2017	796.60	645.85	796.40	645.00
January, 2018	852.65	740.00	851.95	741.00
February, 2018	922.95	814.05	921.90	814.05
March, 2018	906.90	788.15	910.00	785.10

BSE Sensex vs Escorts Share Price (Indexed)



NSE Nifty vs Escorts Share Price (Indexed)



Share Transfer System

Escorts Limited has appointed Karvy Computershare Private Limited ("Karvy") as its Registrar and Share Transfer Agent (RTA). The share transfer work in both physical as well as electronic mode has been carried on by Karvy. The authority relating to share transfer has been delegated to RTA. The Share Transfer Committee of the Board of Directors take note of the Transfer, Transmission, Remat, Split & Consolidation of share certificates etc. periodically.

The RTA ensures the approval of share transfer/ transmission/ spliting and consolidation of valid request with in a period of 15 days from their receipt and also processing of valid Demat request within a week.

Investors Relation Centers

Escorts Limited	Escorts Limited	Karvy Computershare Private Limited
Escorts Corporate Centre, 15/5, Mathura Road, Faridabad – 121 003 Telephone No.: (0129) 2564921 & 4275 Fax No.: (0129) 2250060	Times Square A Wing, Unit No. 1, 3rd Floor, Andheri – Kurla Road, Andheri (East), Mumbai – 400 059 Telephone No.: (022) 67868607 Fax No.: (022) 67868687	Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel.: No. 040-67162222 Fax: No. 040-23420814 Email: einward.ris@karvy.com

Investors Communication

All enquiries relating to transfer, transmission, transposition, demat, remat, split, consolidation, nomination, change of address and payment of dividend can be addressed to RTA i.e. Karvy Computershare Private Limited or e-mail: einward.ris@karvy.com or sent by post at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

Nomination Facility

Shareholders can file their nominations against shares held under physical mode as well as electronic mode. The facility of nomination is not available to non-individual shareholders such as societies, trusts, bodies corporate, karta of Hindu Undivided families and holders of Powers of Attorney. The shareholders, who are holding shares in physical form and wish to avail this facility, may send prescribed Nomination Form SH-13 duly filled and signed to RTA i.e. Karvy Computershare Private Limited or email einward.ris@karvy.com or sent by post at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

Shareholding Pattern as on March 31, 2018

Category of Shareholders	No. of shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	19	49112638	40.07
2. Foreign Institutional Investors	188	29877102	24.37
3. Domestic Institutional Investors, Banks & Mutual Funds	56	6601845	5.39
4. Public & Others	94480	36985293	30.17
Total	**94743**	**122576878**	**100.00**

Distribution of Shareholding as on March 31, 2018

Category of Shareholders	Number of shareholders	% of Total
1 to 5,000	90902	93.51
5,001 to 10,000	3429	3.53
10,001 to 20,000	1429	1.47
20,001 to 30,000	449	0.46
30,001 to 40,000	211	0.22
40,001 to 50,000	170	0.17
50,001 to 1,00,000	255	0.26
1,00,001 & above	366	0.38
Total	**97211**	**100.00**

Dematerialisation

As on March 31, 2018 dematerialised shares accounted for 98.74% (98.28% up to March 31, 2017) 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.

S. No.	Dematerialisation of shares as on March 31, 2018		
	Mode of holding	No. of Shares	%
1.	NSDL	114471172	93.39
2.	CDSL	6551082	5.34
3.	Physical	1554624	1.27
Total		**122576878**	**100.00**

Shares Liquidity

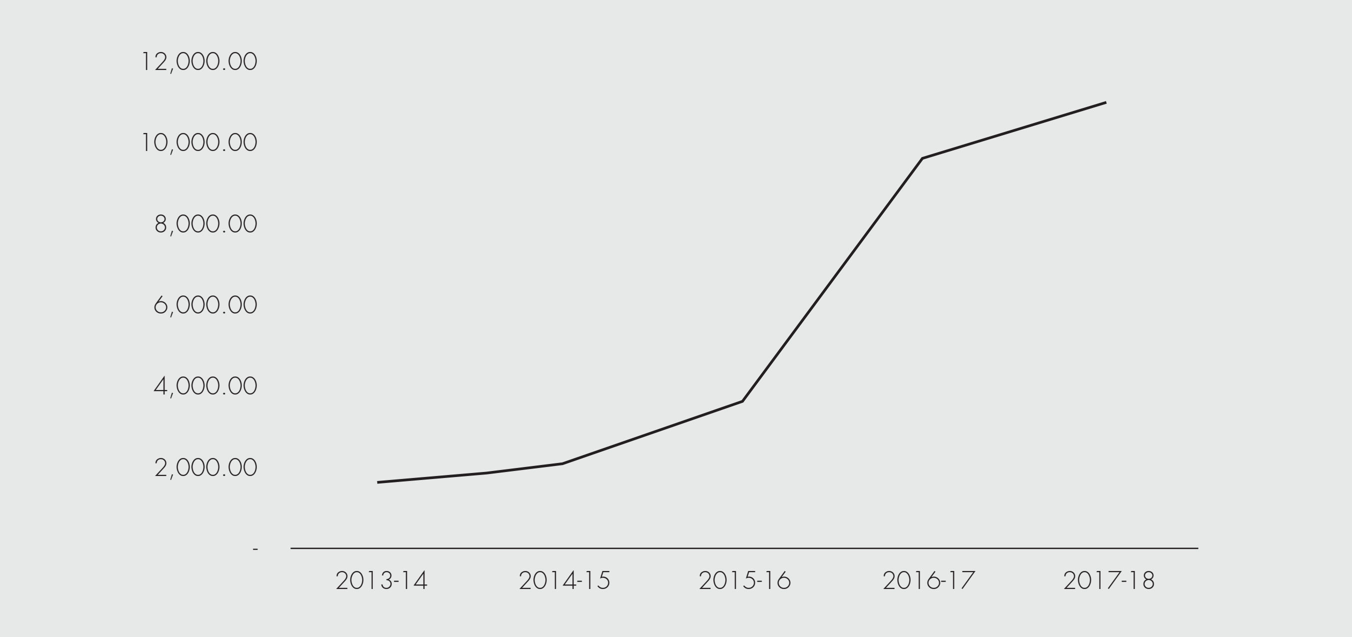
The trading volumes at major Stock Exchanges, during the financial year ended on March 31, 2018 are as follows:

Month	National Stock Exchange of India Ltd		BSE Limited	
	No. of Shares	Value (₹ In Lakhs)	No. of Shares	Value (₹ in Lakhs)
April, 2017	15582499	85260.54	2703225	14766.51
May, 2017	40126284	254179.64	7183757	45469.03
June, 2017	39086982	279107.14	6129413	43790.46
July, 2017	25989113	173449.50	4065774	27165.59
August, 2017	32612266	207556.48	4997409	31945.02
September,2017	23855609	156888.05	3161593	20764.14
October, 2017	24036713	172429.33	3291367	23612.58
November, 2017	21513841	152779.51	2605724	18514.13
December, 2017	28414170	200833.95	11023072	77370.03
January, 2018	30334024	244188.13	3813424	30572.96
February, 2018	38078931	334054.63	4574167	40105.07
March, 2018	16313026	137669.58	1414154	12016.90
Total				

Market Capitalisation

The Market Capitalisation of the Company for last 5 years based on year end closing prices quoted in the BSE Limited is given below:

(₹ in Crores)



Outstanding GDRs/ ADRs/ Warrants/ Stock Options etc.

There are no outstanding GDRs/ ADRs/ Warrants/ stock options for conversion into equity shares. 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 ESOP & 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. 15/5, Mathura Road, Faridabad - 121 003, Haryana
3. Plot No. 2, Sector 13, Faridabad - 121 007, Haryana
4. Plot No. 3, Sector 13, Faridabad - 121 007, Haryana
5. Plot No. 114-115, Sector 24, Faridabad - 121 005, Haryana
6. Plot No. 219, Sector – 58, Ballabhgarh, Faridabad – 121 004, Haryana
7. Plot No. 9, Sector 1, Integrated Industrial Estate, Pant Nagar, Rudrapur – 263 145, Uttrakhand

The Company has its training centre at Ramakrishnapura, Chandapura - Anekal Road, Chandapura, Post Bangalore - 560 099, Karnataka.

Address for Correspondence

ESCORTS LIMITED
Registered Office
Corporate Secretarial & Law

15/5, Mathura Road, Faridabad – 121 003, Haryana
Tel.: 0129 – 2250222, Extension: 4275/ 4254
Fax: 0129 – 2250060
E-mail: corpsect@ndb.vsnl.net.in
Website: www.escortsgroup.com

Registrar and Transfer Agents

KARVY COMPUTERSHARE PRIVATE LIMITED
Karvy Selenium Tower B, Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Tel.: 040 67162222 | Fax: 040 23420814
einward.ris@karvy.com | www.karvycomputershare.com

XVII. 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

Sd/-
RAJAN NANDA
Chairman & Managing Director

Place: Faridabad
Date: May 17, 2018

CEO/CFO CERTIFICATION

The Chairman and Managing Director and the Group Chief Financial Officer of the Company give annual certification to the Board on financial reporting and internal controls in terms of Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 pertaining to CEO and CFO certification for the financial year ended on March 31, 2018.

To,
The Board of Directors
Escorts Limited
Dear Sir,

We, Rajan Nanda, Chairman and Managing Director and Bharat Madan, Group Chief Financial Officer certify to the Board of Directors that:

a) We have reviewed financial statements and the cash flow statement of Escorts Limited for the financial year ended March 31, 2018 and to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i. significant changes in internal control over financial reporting during the financial year;

   ii. significant changes in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Sd/-	Sd/-
Place: Faridabad	**Bharat Madan**	**Rajan Nanda**
Date: May 17, 2018	Group Chief Financial Officer	Chairman & Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Escorts Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 27 September 2017.

2. We have examined the compliance of conditions of corporate governance by Escorts Limited ('the Company') for the year ended on 31 March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

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

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

per **Siddharth Talwar**
Partner
Membership No.: 512752

Place: Faridabad
Date: August 7, 2018

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

a. Mr. Rajan Nanda

b. Mr. Nikhil Nanda

c. Mr. Hardeep Singh

d. Mrs. Vibha Paul Rishi

e. Mr. G.B. Mathur

3. Average Net Profit of the Company for last three financial years: ₹153.92 crores

4. Prescribed CSR Expenditure: ₹3.08 crores

5. Details of CSR spent during the financial year

a. Total amount to be spent for the financial year: ₹3.08 crores

b. Amount unspent: Nil

c. Amount spent during the financial year: Details attached as Appendix-I to this Annexure

6. Reasons for not spending the amount: Not Applicable

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

"The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company."

Sd/-
Rajan Nanda
Chairman and Managing Director
and Chairman of CSR Committee

Place: Faridabad
Date: May 17, 2018

Appendix-I to Annexure-F

₹ crores

S. No.	CSR Project or Activity identified	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:		Details of Implementing Agency
			Local Area or other	Specify the State & District where projects or programs was undertaken		Direct Expenditure on projects or programs	Overheads		Direct	Through Implementing Agency	
1	Road Safety Initiative/ Education	a) Schedule VII (ii) under "promoting education". Cl. (ii) promoting education - "Educating the Masses and Promotion of Road Safety awareness in all facets of road usage. Cl. (i) Promoting Health Care including preventive health care - "giving medical and Legal aid, treatment to road accident victims	Local Area and other	Haryana - Faridabad, Ballabhgarh		0.44	–	0.52	0.44	–	1) A.K. Bhutani Security Agency 2) Leaseplan India Private Limited 3) Chowdhary Auto Service
2	Green Landscaping	Cl. (iv) Ensuring environmental sustainability & Ecological Balance	Local Area and other	Haryana - Faridabad		0.06	–	0.06	–	0.06	1) Nurturing Green Plantation Pvt Ltd 2) Valiant Security Pvt Ltd
3	Drain/ Sewage Cleaning Machines & Tractor with Trolley under Clean India Movement	Cl. (i) Promoting Healthcare including Preventive Healthcare and sanitation under Swachh Bharat Abhiyan (National Movement-Clean India Movement)	Local Area and other	Haryana – Faridabad, Maharashtra - Mumbai		0.71	–	0.71	0.71	–	–
4	Escorts Outdoor Fitness Park & Escorts Swimming Pool Lane Ropes	Cl. (i) Promoting Healthcare including Preventive Healthcare	Local Area and other	Haryana – Faridabad and Palwal		0.32	–	0.32	0.32	–	1) Grandslam Fitness (P) Ltd 2) Bhawna Engineering
5	Supporting education of underprivileged children at Molarbund Area, Delhi	Cl. (ii) promoting Education including Special Education	other	Delhi		0.06	–	0.06	–	0.06	Arpana Trust
6	Escorts S WASH & Smart School	Cl. (i) Promoting Healthcare including Preventive Healthcare and sanitation and making available safe drinking water Cl. (ii) promoting Education including special education	Local Area and other	Haryana - Faridabad		0.06	–	0.06	0.06	–	A.K. Interior
7	Skill Development Project	Cl. (ii) Promoting Education, including special education and Employment Enhancing Vocation Skills	Local Area and Other	Haryana – Faridabad, Ballabhgarh, Palwal, New Delhi, Maharashtra – Pune, Orissa-Bhubaneshwar		1.05	–	1.12	–	1.05	Escorts Skill Development (A Section 8 Company)
8	Healthcare Project	Cl. (i) Promoting Healthcare including Preventive Healthcare by setup of charitable hospital	Local Area and Other	Haryana - Faridabad		0.40	–	0.40	–	0.40	Tajinder Singh Memorial and Escorts Medicare Foundation
9	Overheads	–	–	–	–	–	0.15	–	0.15	–	–

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: May 17, 2018

ANNEXURE – H
to the Directors' Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
(For the Financial Year ended March 31, 2018)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
ESCORTS LIMITED
15/5, Mathura Road,
Faridabad – 121003, Haryana

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Escorts Limited (hereinafter called "the Company"/"EL"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Escorts Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Escorts Limited for the period ended on March 31, 2018 according to the provisions of:

I. The Companies Act, 2013 ('the Act') and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period); and

   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VI. I further report that, having regard to the compliance system prevailing in the Company and based on the representation made by the management of the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

(a) The Motor Vehicles Act, 1988 and the Rules made thereunder;

(b) The Aircraft Act, 1934 and Rules made thereunder (Applicable only for part of the Audit Period); and

(c) The Petroleum Act, 1934 and the Rules made thereunder.

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

(i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with Stock Exchanges.

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

I further report that:

a. Subsequent to the resignation of an Independent Director from the Board of Directors of the Company on September 20, 2016, the Board of Directors of the Company could appoint another Independent Director on September 21, 2017 to meet the requirement of minimum number of Independent Directors on the Board of Directors under regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

This report is to be read with my letter of even date which is annexed as Annexure and forms integral part of this report.

For Jayant Gupta and Associates

(Jayant Gupta)
Practicing Company Secretary
FCS : 7288
CP : 9738

Place : New Delhi
Date : May 17, 2018

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF ESCORTS LIMITED FOR FINANCIAL YEAR ENDED MARCH 31, 2018

To,
The Members
ESCORTS LIMITED

Management Responsibility for Compliances

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Jayant Gupta and Associates

(Jayant Gupta)
Practicing Company Secretary
FCS : 7288
CP : 9738

Place : New Delhi
Date : May 17, 2018

ANNEXURE – I
to the Directors' Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018

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

I. Registration And Other Details:

i)	CIN	L74899HR1944PLC039088
ii)	Registration Date	October 17, 1944
iii)	Name of the Company	Escorts Limited
iv)	Category / Sub-Category of the Company	Public Company/ Limited by Shares
v)	Address of the Registered office and contact details	15/5, Mathura Road, Faridabad – 121 003, Haryana, India Tel.: 0129-2250222
vi)	Whether Listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph No 040-67162222 Fax 040-23420814 Email – einward.ris@karvy.com

II. Principal Business Activities of the Company
All the business activities contributing 10 % or more of the total turnover of the company is as follows:-

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	78.70%
2	Construction Equipments	2824	15.60%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Escorts Securities Limited Premises No.- 2/90, Block-P, Connaught Circus, New Delhi – 110 001	U74899DL1994PLC062140	Subsidiary	98.86%	2(87)(i)
2	Escorts Asset Management Limited* Premises No.- 2/90, Block-P, Connaught Circus, New Delhi – 110 001	U74899DL1995PLC074265	Subsidiary	30%	2(87)(i)
3	Escorts Crop Solutions Limited (earlier known as Eddal Credit Limited) 18/4, Mathura, Road, Faridabad – 121 007	U65929HR1995PLC032681	Subsidiary	100%**	2(87)(ii)
4	Escorts Finance Limited SCO-64-65, Third Floor, Sector – 17A, Chandigarh - 160017	L65910CH1987PLC033652	Subsidiary	69.42%	2(87)(ii)
5	Farmtrac Tractors Europe Sp. Zo.o Ul. Przemyslowa 11, 11-700 Mragowo, Poland	N.A.	Subsidiary	100%	2(87)(ii)
6	Adico Escorts Agri Equipments Private Limited Galaxy Oil Compound, Suvey No. 211/1-2, Kothariaya, Rajkot – 360 003, Gujarat	U29211GJ2011PTC065867	Joint Venture	40%	2(6)
7	Escorts Consumer Credit Limited C-30, Friends Colony (East), New Delhi – 110 065	U65991DL1991PLC174993	Associate	29.41%	2(6)

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
8	Pancha Sakha Agri Services LLP Darada, Basta, Balasore, Baleshwar, Orissa – 756022 (w.e.f. 14.07.2017)	AAG-9093	Subsidiary	100%	2(87)(ii)
9	Babachandaneswar Agri Services LLP Garsahi, Muntunia, Jaleswar, Balasore, Baleshwar, Orissa – 756033 (w.e.f. 14.07.2017)	AAG-9090	Subsidiary	100%	2(87)(ii)
10	Jayjagannath Agri Services LLP Ganja, Langaleswar, Baliapal, Balasore, Baleshwar, Orissa – 756026 (w.e.f. 14.07.2017)	AAG-9091	Subsidiary	100%	2(87)(ii)
11	Revanpalli Raytu Sangam Agri Services LLP 18/4, Mathura Road, Faridabad, Haryana – 121007 (w.e.f. 21.03.2018)	AAG-0840	Subsidiary	100%	2(87)(ii)
12	Haritha Raithu Mithra Agri Services LLP 18/4, Mathura Road, Faridabad, Haryana – 121007 (w.e.f. 21.03.2018)	AAG-3463	Subsidiary	100%	2(87)(ii)

* Ceased to be subsidiary w.e.f. February 20, 2018.
**rounded off to 100%

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1385825	0	1385825	1.13	1419225	0	1419225	1.16	0.03
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.	13991882	0	13991882	11.42	13991882	0	13991882	11.42	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other - Trust	37300031	0	37300031	30.43	33700031	0	33700031	27.49	-2.94
Sub-total (A) (1)	**52677738**	**0**	**52677738**	**42.98**	**49111138**	**0**	**49111138**	**40.07**	**-2.91**
(2) Foreign									
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) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**52677738**	**0**	**52677738**	**42.98**	**49111138**	**0**	**49111138**	**40.07**	**-2.91**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	4558590	6948	4565538	3.72	6242933	665	6243598	5.09	1.37
b) Banks / FI	19241	3727	22968	0.02	269363	2855	272218	0.22	0.20
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	95729	300	96029	0.08	85729	300	86029	0.07	-0.01
g) FIIs	20188108	1388	20189496	16.47	29876652	450	29877102	24.37	7.90
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
Sub-total (B)(1)	**24861668**	**12363**	**24874031**	**20.29**	**36474677**	**4270**	**36478947**	**29.76**	**9.47**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4100142	24773	4124915	3.37	2732372	18061	2750433	2.24	-1.12
ii) Overseas	0	0	0	0	0	0	0	0	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	15563960	1964332	17528292	14.30	14313251	1453415	15766666	12.86	-1.44
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	21520821	26515	21547336	17.58	16614564	10153	16624717	13.56	-4.02
c) Others	0	0	0	0	0	0	0	0	0
i) Clearing Members	490756	0	490756	0.40	261079	0	261079	0.21	-0.19
ii) IEPF	0	0	0	0	455637	0	455637	0.37	0.37
iii) NBFC	33242	0	33242	0.03	9377	0	9377	0.01	-0.02
iv) Non Resident Indian	815638	17700	833338	0.68	619019	15110	634129	0.52	-0.16
v) NRI Non-Repriation	244652	15038	259690	0.21	260094	12541	272635	0.22	0.01
vi) NRI Repriation	0	48486	48486	0.04	0	41074	41074	0.03	-0.01
vii) Trusts	158054	0	158054	0.13	169546	0	169546	0.14	0.01
d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**42927265**	**2096844**	**45024109**	**36.73**	**35434939**	**1550354**	**36985293**	**30.17**	**-6.56**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**67788933**	**2165250**	**69898140**	**57.02**	**71909616**	**1554624**	**73464240**	**59.93**	**2.91**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**120467671**	**2165250**	**122576878**	**100.00**	**121022254**	**1554624**	**122576878**	**100.00**	**0**

(ii) Shareholding of Promoters

Sl No.	Promoter's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total shares	
1	Rajan Nanda	1039196	0.85	0.00	1039196	0.85	0.00	0
2	Nikhil Nanda	212875	0.17	0.00	212875	0.17	0.00	0
3	Ritu Nanda	85000	0.07	0.00	100000	0.08	0.00	0.01
4	Hardeep Singh	1000	0.00	0.00	1000	0.00	0.00	0
5	Girish Behari Mathur	1679	0.00	0.00	179	0.00	0.00	0
6	Navya Naveli Nanda	18000	0.01	0.00	18000	0.01	0.00	0
7	Nitasha Nanda	500	0.00	0.00	20900	0.02	0.00	0.02
8	Shweta Nanda	17000	0.01	0.00	17000	0.01	0.00	0
9	Agastya Nanda	10000	0.01	0.00	10000	0.01	0.00	0
10	Rachana Mathur	75	0.00	0.00	75	0.00	0.00	0
11	Big Apple Clothing Pvt Ltd	1771837	1.45	0.00	1771837	1.45	0.00	0
12	Charak Ayurvedic Treatments Pvt Ltd	2000	0.00	0.00	2000	0.00	0.00	0
13	Sutanu Behuria Trustee of Escorts Benefit and Welfare Trust	37300031	30.43	0.00	33700031	27.49	0.00	-2.94
14	Har Parshad and Company Pvt Ltd	10526308	8.59	0.00	10526308	8.59	0.00	0
15	Escorts Finance Ltd	31	0.00	0.00	31	0.00	0.00	0
16	Aaa Portfolios Pvt Limited	1687280	1.38	0.00	1687280	1.38	0.00	0
17	Niky Tasha Energies Pvt Ltd	1250	0.00	0.00	1250	0.00	0.00	0
18	Niky Tasha Communications Pvt Ltd	3850	0.00	0.00	3850	0.00	0.00	0
19	Sietz Technologies India Pvt Ltd	826	0.00	0.00	826	0.00	0.00	0
Total		**52678738**	**42.98**	**0.00**	**49112638**	**40.07**	**0.00**	**-2.91**

(iii) Change in Promoters' Shareholding

Sl No.	Name	Shareholding at the beginning (01-04-2017) and at the end of the year (31-03-2018) No. of Shares	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year No. of Shares	% of total shares of the Company
1	Nitasha Nanda	500	0.00	01/04/2017	0		500	0.00
				09/06/2017	1350	Purchase during the year	1850	0.00
				11/08/2017	1500		3350	0.00
				10/11/2017	1400		4750	0.00
				09/02/2018	1150		5900	0.00
				02/03/2018	7500		13400	0.01
				09/03/2018	2500		15900	0.01
				30/03/2018	5000		20900	0.02
		20900	0.02	31/03/2018			20900	0.02
2	Ritu Nanda	85000	0.07	01/04/2017			85000	0.07
				27/02/2018	4000	Purchase during the year	89000	0.07
				21/02/2018	11000		100000	0.08
		100000	0.08	31/03/2018			100000	0.08
3	Dr. Sutanu Behuria, Trustee of Escorts Benefit and Welafre Trust	37300031	30.43	01/04/2017	0		37300031	30.43
				29/11/2017	-3600000	Sold during the year	33700031	27.49
		33700031	27.49	31/03/2018			33700031	27.49

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

Sl. No.	Name	Shareholding at the beginning (01-04-2017) and at the end of the year (31-03-2018) No. of Shares	% of total Shares of the company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year No. of Shares	% of total Shares of the company
1	Jhunjhunwala Rakesh Radheshyam	11225000	9.16	01/04/2017			11225000	9.16
				10/11/2017	-275000	Transfer	10950000	8.93
				17/11/2017	-450000	Transfer	10500000	8.57
				24/11/2017	-400000	Transfer	10100000	8.24
				01/12/2017	-100000	Transfer	10000000	8.16
		10000000	8.16	31/03/2018			10000000	8.16
2	Uti Mid Cap Fund	3417081	2.79	01/04/2017			3417081	2.79
				26/05/2017	-75000	Transfer	3342081	2.73
				23/06/2017	-35522	Transfer	3306559	2.70
				14/07/2017	1100	Transfer	3307659	2.70
				21/07/2017	5500	Transfer	3313159	2.70
				04/08/2017	-6600	Transfer	3306559	2.70
				08/09/2017	14300	Transfer	3320859	2.71
				22/09/2017	-3300	Transfer	3317559	2.71
				06/10/2017	20900	Transfer	3338459	2.72
				13/10/2017	-65000	Transfer	3273459	2.67
				20/10/2017	-142000	Transfer	3131459	2.55
				10/11/2017	13200	Transfer	3144659	2.57
				17/11/2017	3300	Transfer	3147959	2.57
				24/11/2017	75900	Transfer	3223859	2.63
				24/11/2017	-224501	Transfer	2999358	2.45
				08/12/2017	-14300	Transfer	2985058	2.44
				22/12/2017	-4400	Transfer	2980658	2.43
				05/01/2018	-34100	Transfer	2946558	2.40
				12/01/2018	-58400	Transfer	2888158	2.36
				19/01/2018	-4370	Transfer	2883788	2.35
				26/01/2018	-5949	Transfer	2877839	2.35

Sl. No.	Name	Shareholding at the beginning (01-04-2017) and at the end of the year (31-03-2018)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
				02/02/2018	47300	Transfer	2925139	2.39
				02/02/2018	-35601	Transfer	2889538	2.36
				09/02/2018	-48400	Transfer	2841138	2.32
				02/03/2018	209018	Transfer	3050156	2.49
				02/03/2018	-198000	Transfer	2852156	2.33
				09/03/2018	1416	Transfer	2853572	2.33
				23/03/2018	111624	Transfer	2965196	2.42
		2965196	2.42				2965196	2.42
3	Girish Behari Mathur, Trustee of ESOS	3101612	2.53	01/04/2017			3101612	2.53
				09/06/2017	-27100	Transfer	3074512	2.51
		3074512	2.51	31/03/2018			3074512	2.51
4	Goldman Sachs India Fund Limited	3406073	2.78	01/04/2017			3406073	2.78
				07/04/2017	129033	Transfer	3535106	2.88
				23/06/2017	-710779	Transfer	2824327	2.30
		2824327	2.30	31/03/2018			2824327	2.30
5	T. Rowe Price International Discovery Fund	2289674	1.87	01/04/2017			2289674	1.87
				14/04/2017	436851	Transfer	2726525	2.22
				21/04/2017	49826	Transfer	2776351	2.26
				12/05/2017	200789	Transfer	2977140	2.43
		2977140	2.43	31/03/2018			2977140	2.43
6	RWC Emerging Markets Equity Master Fund Limited	0	-	01/04/2017			0	0.00
				13/10/2017	301819	Transfer	301819	0.25
				20/10/2017	246998	Transfer	548817	0.45
				27/10/2017	234696	Transfer	783513	0.64
				31/10/2017	86436	Transfer	869949	0.71
				03/11/2017	47051	Transfer	917000	0.75
				08/12/2017	1136210	Transfer	2053210	1.68
				05/01/2018	107000	Transfer	2160210	1.76
				02/02/2018	101500	Transfer	2261710	1.85
				16/02/2018	-328400	Transfer	1933310	1.58
				09/03/2018	203000	Transfer	2136310	1.74
		2136310	1.74	31/03/2018			2136310	1.74
7	Abu Dhabi Investment Authority - Behave	1789000	1.46	01/04/2017			1789000	1.46
				12/05/2017	-909000	Transfer	880000	0.72
				07/07/2017	-440000	Transfer	440000	0.36
				14/07/2017	-281353	Transfer	158647	0.13
				21/07/2017	-158647	Transfer	0	0.01
				13/10/2017	170265	Transfer	170265	0.14
				20/10/2017	120000	Transfer	290265	0.24
				27/10/2017	285416	Transfer	575681	0.47
				27/10/2017	-170265	Transfer	405416	0.33
				31/10/2017	45584	Transfer	451000	0.37
				08/12/2017	443132	Transfer	894132	0.73
				19/01/2018	20500	Transfer	914632	0.75
				16/02/2018	-134100	Transfer	780532	0.64
		780532	0.64	31/03/2018			780532	0.64
8	HSBC Global Investment Funds - Asia Ex Japan Equit	1548089	1.26	01/04/2017			1548089	1.26
				07/04/2017	-148943	Transfer	1399146	1.14
				12/05/2017	-87011	Transfer	1312135	1.07
				23/06/2017	71703	Transfer	1383838	1.13
				30/06/2017	74899	Transfer	1458737	1.19
				08/09/2017	79542	Transfer	1538279	1.25
				22/09/2017	78809	Transfer	1617088	1.32
				29/09/2017	36082	Transfer	1653170	1.35
				06/10/2017	28297	Transfer	1681467	1.37
				31/10/2017	-150079	Transfer	1531388	1.25
				03/11/2017	-116401	Transfer	1414987	1.15
				17/11/2017	-96781	Transfer	1318206	1.08
				08/12/2017	-148404	Transfer	1169802	0.95
				15/12/2017	-77135	Transfer	1092667	0.89
				02/02/2018	-392366	Transfer	700301	0.57
		700301	0.57	31/03/2018			700301	0.57
9	Schroder International Selection Fund Emerging Asia	1274430	1.04	01/04/2017			1274430	1.04
				07/07/2017	-382600	Transfer	891830	0.73
				11/08/2017	-891830	Transfer	0	0.00
		0	0.00	31/03/2018			0	0.00

Sl. No.	Name	Shareholding at the beginning (01-04-2017) and at the end of the year (31-03-2018)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company				No. of Shares	% of total Shares of the company
10	RWC Funds - RWC Global Emerging Markets Fund	0	0.00	01/04/2017			0	0.00
				13/10/2017	147094	Transfer	147094	0.12
				20/10/2017	124493	Transfer	271587	0.22
				27/10/2017	143597	Transfer	415184	0.34
				31/10/2017	60816	Transfer	476000	0.39
				03/11/2017	14300	Transfer	490300	0.40
				10/11/2017	29800	Transfer	520100	0.42
				17/11/2017	-1200	Transfer	518900	0.42
				24/11/2017	-22000	Transfer	496900	0.41
				01/12/2017	15900	Transfer	512800	0.42
				08/12/2017	503953	Transfer	1016753	0.83
				05/01/2018	20000	Transfer	1036753	0.85
				19/01/2018	126600	Transfer	1163353	0.95
				02/02/2018	62500	Transfer	1225853	1.00
				16/02/2018	-129300	Transfer	1096553	0.89
				09/03/2018	-18024	Transfer	1078529	0.88
				16/03/2018	17256	Transfer	1095785	0.89
				23/03/2018	62900	Transfer	1158685	0.95
		1158685	0.95	31/03/2018			1158685	0.95

(v) Shareholding of Directos and Key Managerial Personnel

Sl No.	Name	Shareholding at the beginning (01-04-2017) and at the end of the year (31-03-2018)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
A	Director's							
1	Rajan Nanda Chairman & Managing Director	1039196	0.85	01/04/2017	0	Nil Movement during the year	1039196	0.85
		1039196	0.85	31/03/2018			1039196	0.85
2	Nikhil Nanda Managing Director	212875	0.17	01/04/2017	0	Nil Movement during the year	212875	0.17
		212875	0.17	31/03/2018			212875	0.17
3	Nitasha Nanda Whole-time Director	500	0.00	01/04/2017	0		500	0.00
				09/06/2017	1350	Purchase during the year	1850	0.00
				11/08/2017	1500		3350	0.00
				10/11/2017	1400		4750	0.00
				09/02/2018	1150		5900	0.00
				02/03/2018	7500		13400	0.01
				09/03/2018	2500		15900	0.01
				30/03/2018	5000		20900	0.02
		20900	0.02	31/03/2018			20900	0.02
4	Hardeep Singh Director	1000	0.00	01/04/2017	0	Nil Movement during the year	1000	0.00
		1000	0.00	31/03/2018			1000	0.00
5	Girish Behari Mathur Director	1679	0.00	01/04/2017			1679	0.00
				29/12/2017	-1500	Sold during the year	179	0.00
		179	0.00	31/03/2018			179	0.00
6	P H Ravikumar Director	0	0.00	01/04/2017	0	Nil Movement during the year	0	0.00
		0	0.00	31/03/2018			0	0.00
7	Vibha Paul Rishi Director	0	0.00	01/04/2017	0	Nil Movement during the year	0	0.00
		0	0.00	31/03/2018			0	0.00
8	Sutanu Behuria Director	0	0.00	01/04/2017	0	Nil Movement during the year	0	0.00
		0	0.00	31/03/2018			0	0.00
9	Darius Jehangir Kakalia Director	0	0.00	01/04/2017	0	Nil Movement during the year	0	0.00
		0	0.00	31/03/2018			0	0.00
10	Ravi Narain Director	0	0.00	01/04/2017	0	Nil Movement during the year	0	0.00
		0	0.00	31/03/2018			0	0.00

SI No.	Name	Shareholding at the beginning (01-04-2017) and at the end of the year (31-03-2018) No. of Shares	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year No. of Shares	% of total shares of the Company
B	Key Managerial Personnel (KMP's)							
1	Bharat Madan Group Chief Financial Officer	10100 10100	0.01 0.01	01/04/2017 31/03/2018	0	Nil Movement during the year	10100 10100	0.01 0.01
2	Ajay Kumar Sharma Group General Counsel & Company Secretary	0 0	0.00 0.00	01/04/2017 31/03/2018	0 0	Nil Movement during the year	0 0	0.00 0.00

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	262.69	0.12	-	262.81
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**262.69**	**0.12**	**-**	**262.81**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	212.75	-	-	212.75
Net Change	**212.75**	**-**	**-**	**212.75**
Indebtedness at the end of the financial year				
i) Principal Amount	49.94	0.12	-	50.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**49.94**	**0.12**	**-**	**50.06**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in crores

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda*	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4.679	5.377	1.382	11.437
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.124	0.004	0.001	0.129
	(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**	4.250	4.500	1.500	10.250
5.	Others	0.555	0.356	0.093	1.004
	Total	**9.608**	**10.237**	**2.976**	**22.821**
	Overall Ceiling as per the Act	₹53.58 crores (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013			

* Sitting fee paid to Nitasha Nanda is not included in above calculation

** proposed commission

B. Remuneration to other directors:

₹ in crores

Sl. no.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. P.H. Ravikumar	Mrs. Vibha Paul Rishi	Dr. Sutanu Behuria	Mr. D.J. Kakalia	Mr. Ravi Narain*	Mr. Hardeep Singh	Mr. G.B. Mathur**	
1.	Independent Directors								
	• Fee for attending board / committee meetings	0.075	0.063	0.077	0.027	0.020	-	-	0.262
	• Commission	0.090	0.090	0.090	0.090	0.090	-	-	0.450
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**0.165**	**0.153**	**0.167**	**0.117**	**0.110**	**-**	**-**	**0.712**
2.	Other Non-Executive Directors								
	• Fee for attending board / committee meetings	-	-	-	-	-	0.087	0.032	0.119
	• Commission	-	-	-	-	-	0.090	-	0.090
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	0.177	0.032	0.209
	Total (B)=(1+2)	0.165	0.153	0.167	0.117	0.110	0.177	0.032	0.921
	Total Managerial Remuneration								23.742
	Overall Ceiling as per the Act	₹5.36 crores (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013							

* Appointed w.e.f. September 21, 2017
**Professional fee paid to Mr. G.B. Mathur under Section 197(4) of the Act, is not included in above calculation

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

₹ in crores

Sl. no.	Particulars of Remuneration	Name of KMP		Total Amount
		Mr. Bharat Madan	Mr. Ajay Sharma	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.802	1.148	2.950
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.004	0.004	0.008
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-		-
	-as % of profit	-	-	-
	-others	-	-	-
5.	Others	0.215	0.120	0.335
	Total	**2.021**	**1.272**	**3.292**

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Company/ Directors					
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 2017-18 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2017-18 (₹ In crores	% Increase in Remuneration in the financial year 2017-18	Ratio of remuneration of each Director/ to the median remuneration of employees
1.	Mr. Rajan Nanda Chairman and Managing Director	9.61	9.69	102.05
2.	Mr. Nikhil Nanda Managing Director	10.24	19.26	108.73
3.	Ms. Nitasha Nanda Whole-time Director	3.02	20.39	32.11
4.	Mr. G.B. Mathur Non-Executive Director	0.03	45.45	0.34
5.	Mr.Hardeep Singh Non-Executive Director	0.18	28.26	1.88
6.	Mr. P.H. Ravikumar Non-Executive Director	0.17	27.91	1.75
7.	Ms. Vibha Paul Rishi Non-Executive Director	0.15	40.37	1.63
8.	Dr. Sutanu Behuria	0.17	42.74	1.77
9.	Mr. D.J. Kakalia	0.12	30.00	1.24
10.	Mr. Ravi Narain	0.11	*	*
11.	Mr. Bharat Madan Group Chief Financial Officer	2.02	7.94	Not Applicable
12.	Mr. Ajay Sharma Group General Counsel & Company Secretary	1.27	30.04	Not Applicable

*Details not given as Mr. Ravi Narain was director only for part of financial year 2017-18 i.e. from September 21, 2017

(II) Increase in median remuneration of employees for the previous Financial Year: 7.28%

(III) Average percentage increase made in salaries of employees other than the managerial personnel in the last financial year: 6.42%

(IV) Comparison with the percentage increase in the managerial remuneration and justification thereof: Percentage increase in remuneration in the financial year 2017-18 is due to increase in commission paid to Directors taking into account the substantially improved performance of the Company during financial year 2017-18.

(V) Exception circumstances for increase in the managerial remuneration: Percentage increase in remuneration in the financial year 2017-18 is due to increase in commission paid to Directors taking into account the substantially improved performance of the Company during financial year 2017-18.

(VI) There were 3749 permanent employees on the rolls of the Company as on March 31, 2018.

(VII) It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees.

ANNEXURE – K
to the Directors' Report

BUSINESS RESPONSIBILITY REPORT

SECTION A

Sl. No	General Information about the Company	Details	
1.	Corporate Identity of the Company	L74899HR1944PLC039088	
2.	Name of the Company	Escorts Limited	
3.	Registered Address	15/5, Mathura Road, Faridabad 121003, Haryana, India.	
4.	Website	www.escortsgroup.com	
5.	E-Mail id	statutoryfiling@escorts.co.in	
6.	Financial year reported	2017-18	
7.	Sectors that Company is engaged in	Sectors	NIC Code
		Agri Machinery	28211
		Construction and Material Handling	2824
		Railway Equipment	30204
8.	List three products/services that the Company manufactures (as in balance sheet)	Agriculture Tractors, Construction Equipment, Railway Equipment and spares thereof	
9.	Total No. of Locations where business activity is undertaken by the Company	9	
	i. No. of International Locations	1 (Poland)	
	ii. No. of National Locations	Business locations – 8, Escorts conducts its operations through a network of area offices located all over the India.	
10.	Markets served by the Company –local/ State/ National/ International	National: Across India International: - **Agriculture Tractors** Afghanistan, Algeria, Angola, Argentina, Australia, Bangladesh, Benin, Botswana, Brazil, Burkina Faso, Cambodia, Cameroon, Chile, Colombia, Congo, Cote De Ivoire, Egypt, Ethiopia, Gabon, Gambia, Georgia, Ghana, Guyana, Indonesia, Iran, Israel, Jordan, Kenya, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mexico, Morocco, Mozambique, Myanmar, Namibia, New Zealand, Nicaragua, Nigeria, Oman, Pakistan, Philippines, PNG, Poland, Saudi Arabia, Senegal, South Africa, Sri Lanka, Sudan, Suriname, Tajikistan, Tanzania, Thailand, Togo, Tunisia, Turkey, Uganda, USA, Vietnam, Zambia, Zimbabwe **Construction and Machinery Handling** Nepal, Bhutan, Bangladesh, Myanmar, Kenya, Tanzania, Tunisia, South Africa, Kuwait, Bahrain, Oman, Turkey, Iraq and Argentina **Railway Equipment** Bangladesh, Sri Lanka, Myanmar, Thailand, Malaysia, Indonesia, Vietnam, New Zealand, China, Egypt, Kenya, Tanzania, Senegal, Ghana, Gabon	

SECTION B

Sl. No	Particulars	Details
1.	Paid up capital (₹)	122.58 cr.
2.	Total Turnover (₹)	5075.38 cr.
3.	Total Profit after Taxes (₹)	344.72 cr
4.	Total CSR spent (₹)	3.25 cr.
5.	Total spending on CSR as percentage of profit after tax (%)	0.94%
6.	Total spending on CSR as percentage of average Net profits of the previous three years as per Companies Act 2013	2.11 %
7.	List of Activities in which expenditure in 4 above has been incurred	Detailed list of CSR activities is mentioned in Annexure -F of the Annual Report of the Company.

SECTION C

Sl. No	Particulars	Details
1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the Number of such subsidiary company(s)	The Company has 11 direct and indirect subsidiary companies as on March 31, 2018. Given the current size and scale of operations, subsidiary companies as of now, are not engaged in BR initiatives process of the Company.
7.	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? (Less than 30%, 30%-60%, More than 60%)	The other entities with whom the Company does business with viz. suppliers, distributors, etc. are not directly included in the BR initiatives of the Company.

SECTION D: BR Information

1. Details of Director/ Directors responsible for BR

a) Details of the Director responsible for implementation of the BR policy/ policies.

DIN Number	Name	Designation
00043432	Nikhil Nanda	Managing Director

b) Details of the BR head

No	Particulars	Details
1.	DIN Number (if applicable)	-
2.	Name	Ajay Kumar Sharma
3.	Designation	Group General Counsel and Company Secretary
4.	Telephone Number	0129-2564696
5.	E-mail ID	statutoryfiling@escorts.co.in

2. Principle-wise (as per NVGs) BR Policy/policies

1 Principle

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

2 Principle

Businesses should provide goods and services that are safe and contribute to sustainability through out their life cycle.

3 Principle

Businesses should promote the well being of all employees.

4 Principle

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

5 Principle

Businesses should respect and promote human rights.

6 Principle

Business should respect, protect, and make efforts to restore the environment.

7 Principle

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

8 Principle

Businesses should support inclusive growth and equitable development

9 Principle

Businesses should engage with and provide value to their customers and consumers in responsible manner.

a) Details of Compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for….	y	y	y	y	y	y	y	y	y
2	Has the policy being formulated in consultation with the relevant stakeholders?	y	y	y	y	y	y	y	y	y
3	Does the policy conform to any national/International standards? If yes, specify? (50words)	The policies are in conformance to the spirit of international standards like ISO 9000, ISO 14000 and meet the national regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also guidelines as per NVG on social, environment and economic responsibility of business have been considered for formulation of some policies.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	y	y	y	y	y	y	y	y	y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6	Indicate the link for the policy to be viewed online?	Code of conduct is available on our website- www.escortsgroup.com and other policies related to the employees are accessible to all employees.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	y	y	y	y	y	y	y	y	y
8	Does the company have in-house structure to implement the policy/ policies.	y	y	y	y	y	y	y	y	y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	y	y	y	y	y	y	y	y	y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, the Internal Auditor of the Company periodically reviews/ evaluates the working of the policies of the Company.								

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick upto 2 options)

Sl. No	Particualrs	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason {please specify)	-	-	-	-	-	-	*	-	-

*Policy Advocacy: The Company doesn't have a separate policy on policy advocacy. For advocacy on policies related to the Tractor and Construction Equipment, the company works through various Industry associations such as Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), PHD Chambers of Commerce & Industry (PHDCCI), Indian Manufacturers Association, Indo-American Chambers of Commerce (IACC), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Tractor and Mechanization Association, Faridabad Industries Association and Indian Construction Equipment Manufacturers Association (ICEMA)

In Escorts, there are particular group of persons, specifically dedicated in the Company for interacting with these Industry bodies and Managing Government Affairs.

3. Governance related to BR

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: Within 3 months,3-6months, Annually, More than 1year**

The Managing Director and Top management periodically review the BR performance of the Company. Besides them, the CSR Committee of the Board also reviews the social performance of the Company as per provisions of the Companies Act, 2013.

b) **Does the Company publish a BR or a Sustainability Report? What Is the hyperlink for viewing this report? How frequently it Is published?**

From the year 2016-17, the Company has decided to make Business Responsibility Report an integral part of the Annual Report. Such report can be viewed on www.escortsgroup.com The report is published on an annual basis .

SECTION E- Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group / Joint Ventures/ Suppliers/ Contractors / NGOs/ Others?**

   The Company considers Corporate Governance as an integral part of good management. The Company's policy relating to ethics, bribery and corruption is covered under Escorts Limited Code of Ethics and Business Policies, which are applicable and binding on all the employees of the Company.

All employees sign a code of conduct at the time of joining the Company. The middle and senior management sign the Code of Conduct every year. The Company also has in place a Whistle Blower Policy.

All joint ventures, suppliers and contractors of the Company are Independent entities. Therefore, the Company's code of conduct and Whistle Blower Policy do not apply to them.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.**
   During the year under review, the Company has not received any complaint in connection with ethics, bribery or corruption.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

1. **List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.**
   The following productsl services have been designed to incorporate social or et environmental concerns as well as benefit from the available opportunities:

   A. Product
      i. Design & development of F20 tractor series giving 20% fuel saving
      ii. Launch of T20 tractor series to meeting various field /Soil condition & application requirement including land development
      iii. Design & development of New BHL variant Jungli with fuel efficient Escorts engine (Approx. 4% fuel saving).
      iv. Introduction of 95 bore Escorts fuel efficient engine in all hydra models.

   B. Electrical Energy Saving
      i. Installed Solar System of capacity 1.6 MW
      ii. Installed Motion / Occupancy Sensors in labs / Offices for auto switching of lights when not in use, resulting in saving of 20-30% power saving in the related areas.
      iii. Replaced conventional work lights into energy efficient LED Lights resulting in reduction of 10KW load in different areas of Escorts Group.

   C. Underground Water Saving
      i. Approx 16 Nos Waterless Urinals installed, results in saving of 1.2 Lacs Ltr of potable water per month.
      ii. Sewage Treatment Plan (STP) Treated Water reused for Gardening, saving of ~600KL Potable Water per month

   D. Environmental improvement :
      i. Air pollution has been reduced by eliminating transport for carrying various locations of Escorts. Now Fuel line has been lay down for meeting the fuel requirement in various locations .

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
   a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
      As production lines at the Company are flexible and produce multiple models, there is practical difficulty in isolating model-wise resource utilization data. The detailed information related to resource conservation is given elsewhere in the Annual Report.

   b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
      The end users of the vehicles produced by the Company are Individual customers and have experienced reduction in fuel consumption for our products.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**
   a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
      Escorts has around 450 Nos. of component suppliers. Nearly, 50% of supplier base by value is within 50 Km radius of the company. We strive to procure components without compromising on Quality. The Company has been encouraging and supporting its suppliers towards Green Supply Chain. We direct suppliers to prohibit use of banned substances as per law in component manufacturing.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**
   a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
      Majority of small parts which are used in Manufacturing process are coming from local producers only. Services, whether related to Plant maintenance or giving contracts related to cleaning/ maintaining are preferred to be taken from local suppliers only.

      The Company undertakes initiatives to build capabilities of its suppliers. In 2017-18, the Company strengthened its efforts towards quality across the value chain. Following initiatives were taken in this direction:

i. Supplier selection is as per integrated Health card index that includes assessment on 4 major pillars (A) Overall health & track record (B) Technical & Manufacturing capability (C) Quality management (D) Management capacity.

ii. The Company supports supplier in building Capacity and Capability through regular assessment and guiding the improvement areas in the field of machine requirements, infrastructure, quality system, process improvement, transportation and packaging.

5. **Does the company have a mechanism to recycle products and waste?**
As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like:

- 50% of re-cycled water from sewage treatment plant is used for maintenance of greenery in the Plant.
- Implementation of rain water harvesting.
- 100% of hazardous waste sent to authorised party.
- Recycling of packing boxes.

Principle 3 : Businesses should promote the well being of all employees.

We have a constructive work environment wherein the employees are motivated to understand their talent and potential by providing challenging work opportunities. This also helps in their professional growth. We are committed to providing our employees with a safe and healthy work environment. We employ various talents through different platforms thus setting up a strong foundation for the future.

1. **Please Indicate the Total number of employees.**
Approximately there are total 10165 employees in Escorts which includes casuals and contractual also.

2. **Please Indicate the Total number of employees hired on temporary/ contractual/ Casual basis.**
As on March 31, 2018, Escorts have approx. 6416 employees on temporary & contractual basis.

3. **Please Indicate the Number of permanent women employees.**
There are approximately 76 permanent women employees.

4. **Please Indicate the Number of permanent employees with disabilities.**
Eight (8).

5. **Do you have an employee association that is recognized by management?**
The Company has an integral Employee Union named as “All Escorts Employee Union” and all workmen are the members of such union and the same is recognized by the Management.

6. **What percentage of your permanent employees is members of this recognized employee association?**
The Company’s unions represent 100% of workers.

7. **Please indicate the Number of complaints relating to child labour, forced labour, Involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labourl forced labourl involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. **What percentage of your undermentioned employees were given safety & skill up gradation training in the last year?**
I. Permanent Employees
II. Permanent Women Employees
III. Casual/ temporary/Contractual
IV. Employees with Disabilities

The Company strives to impart training to all its employees under various training programmes. For the year 2017-18, following percentage of employees are covered under the safety & skill up gradation training:

1. Permanent Employees/ workmen- 100%
2. Permanent Women Employees- 100%
3. Casual temporary/Contractual Employees- 100%
4. Employees with Disabilities- 100%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

The Company follows very high standard of Corporate Governance which covers all stakeholders. The Company is especially sensitive to needs of the underprivileged segment of the community around us and is working in improving their lifestyle. These are covered in greater detail under Principle 8.

1. Has the company mapped Its internal and external stakeholders?

   Yes, the principal stakeholders of the Company are its employees, shareholders, suppliers, customers, vendors, partners, government and regulatory authorities, trade union, associates, etc. These stakeholders are mapped in a structured manner through systematic communication platforms which helps us to understand the customer needs and the improvement opportunities for the Company in all prospects.

2. Out of the above, has the company Identified the disadvantaged, vulnerable & Marginalized stakeholder

   The Company has identified following two vulnerable sections:

   Yes, programs have been conducted under the CSR and environment protection initiatives, so as to have positive social impact on the disadvantaged, vulnerable and marginalised stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

   The Company covers a wide range of social issues both at local as well as national level. The three main CSR areas are:

   1. Community Development
   2. Skill Development
   3. Road safety

Principle 5 : Businesses should respect and promote human rights.

The Company fosters a culture of working with respect and dignity for its employees and all the stakeholders. We are committed to respect the dignity of every person associated with us and take every possible effort to promote this philosophy. The Company strictly prohibits any harassment (mental or physical) or discrimination on race, color, sex, language, religion, etc. and strives to render a fair treatment and equal opportunity to everyone. We strongly support the ideology of human rights and comply with applicable laws related to the employees and associates.

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

   The Company does not have a standalone policy for human rights, however, the Company's internal policies on Code of Conduct, Ethics and CSR recognises all the key aspects of human rights and we provide equal opportunity to all the sections of the society without any discrimination. These policy covers all the employees of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   The Company did not receive any stakeholder complaint during the past financial year regarding human rights.

Principle 6 : Businesses should respect, protect and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

   Our companies in the group are committed to achieve the global standards of health, safety and environment. We believe in sharing process and product innovations within the group and extending its benefits to the Industry and safeguarding environment for long term.

2. Does the Company have strategies/ Initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.

   The Company has taken following initiatives to address global environmental issues:

   1. To exploit solar energy into electricity, Company installed solar system of capacity 1.6 MW.

   2. Introduced system of collecting waste paper for recycling.

   3. Escorts Research and development Center has achieved Zero Liquid Discharge (ZLD) Company since last 3 years.

   4. Considering water as precious and natural resource, Company has planned to make all Operating plants and units as ZLD company till 2020.

   5. Green Area has been developed outside the Company and the Company has developed 3600 SqM area in last 4 years.

3. **Does the company Identify and assess potential environmental risks?**
Escorts Limited is an ISO14001-2016 (Environmental Management System) certified Company for which Aspect Impact Analysis have been done and controls as SOP, Kaizen have also been developed. The study is reviewed every year or when it is required & suitable controls are taken. All processes and operations are studied for its aspect and impact on environment and for significant aspects periodical objective and targets are set, operate and monitored.

For example:

1. Waste oils or collected oils are collected, stored, recycle reused and ultimate waste oils are disposed to Pollution Control Board (PCB) authorized Vendors.
2. Paint sludge are collected, stored and disposed to PCB authorized Vendors.
3. All stacks are monitored for their emissions for defined parameters set by PCB
4. Company has Effluent Treatment Plant (ETP) for effluent treatment at all locations to treat it's all effluent generated.
5. Company has Sewage Treatment Plant (STP) for sewage treatment at all locations to treat it's all sewage generated.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report Is filed?**
The Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects. However, we don't have any registration for CDM projects.

5. **Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.**
Yes, following are the initiatives being taken by the Company on clean technology, energy efficiency, renewable energy, etc.

1) Initiatives on renewable energy

i. Renewable Energy Initiative by installation of Roof Top Solar Plants across various roofs for a combined capacity of 1040 Kwp.

ii. Solar Power generation

iii. Installed and commissioned PV Solar Power Plant of 149.04 KWP Capacity

2) Initiatives on energy efficiency

i. Introduced High bay LED Lights of 72 Watt as a replacement of existing 270 watt high bay lights in various shop floors in various plants of Escorts (73% less consumption)

ii. Replaced the Electrical Heating (Electrical Heaters) in washing machines in FT & PT Assembly Plants by Heat Pump (Reverse AC technology) with same quality output (55% less energy consumption).

iii. Productivity improvement & Oven Process optimization in PT & FT Paint shop resulting in reduction in Power & PNG Gas Consumption(3.63% reduction from Fy 15-16 figures).

iv. Maximum use of low cost Power through Open Access (daily Power Bidding) to reduce the Power Cost.

v. Replaced Conventional 250 watt Electric Lamps with 150 watt LED Lamps.

vi. Replaced High Pressure Line Air Compressor with Energy Saving Variable Speed Compressor.

3) Initiatives on clean Technology

i. New Farmtrac smart series introduced to improve fuel efficiency or 45 – 50 hp series.

ii. Design and development of fuel efficient low cost engine series <50 hp category.

iii. New series of tractors introduced with high power & fuel efficient engines for enhanced performance (30hp - 45 hp).

iv. Design & development of new high end Tractors with 90 hp engine for export markets.

v. Design and development of new CRDI engine to meet the export requirement

vi. Feature & Reliability enhancement in Powertrac series of tractors to meet the applications needs

vii. Design and development of complete product range from 37 to 75 hp tractors for export market

viii. New concept of 20 speeds (16F + 4R) extended to other range of products to meet the new and emerging agricultural application requirements.

ix. Initiated new Projects for special farming needs like paddy cultivation, intercultural operations, sprayer applications and loader dozer applications. New series of higher hp tractors (in 37 – 75 hp) developed for domestic and export markets

x. Initiated projects to extend product range in both the lower and higher hp range from the current range of tractors. Introduced new looks and features for making modern tractors

xi. Up-gradation of Design, Development and testing infrastructure at R&D to develop & absorb new contemporary technologies in a most cost effective manner to offer products at a competitive price

xii. Design validation & virtual testing thru predictive analysis software and load accelerated test rigs

xiii. Filing of patents/ design registrations for new and innovative designs

xiv. Enhanced facilities for Noise intensity mapping and noise source identification to cater coming noise norms and operator comfort norms.

6. **Are the Emissions/ Waste generated by the company within the permissible limits given by CPCBI SPCB for the financial year being reported?**
All emissions and waste generated by the Company are within the limits defined by CPCB/SPCB in 2017-18.

7. **Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.**
NIL

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**
Following is the list of major industry bodies and expert agencies with whom Escorts engages for policy making activities. This list is indicative:

I. Confederation of Indian Industry (CII)

II. Federation of Indian Chambers of Commerce & Industry (FICCI)

III. PHD Chambers of Commerce & Industry

IV. Indo-American Chambers of Commerce (IACC)

V. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)

VI. Tractor and Mechanization Association

VII. Faridabad Industries Association

VIII. Indian Construction Equipment Manufacturers Association (ICEMA)

2. **Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**
Escorts Limited is an active participant in committees set up by the CII, FICCI, IACC, Tractor and Mechanization Association, Faridabad Industries Association, Indian Construction Equipment Manufacturers Association (ICEMA) and the Government on various subjects pertaining to policy and regulation with various policy makers for framing new regulations and policies.

The Company's engagements include areas such as agriculture, R&D, technology, international collaborations, and more.

Principle 8 : Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/ Initiatives/ projects In pursuit of the policy related to Principle 8? If yes details thereof.**
Yes, The Company supports inclusive growth and equitable development through various training and development programmes for its employees as well as its key stakeholders.

1. The Company's approach and projects are given in the CSR Policy.

2. Social Projects implemented in 2017-18 and the details thereof is given in the Annual Report.

3. Escorts organized Blood Donation drive in which employees of Escorts participated and donated the blood.

4. Contributed for the flood affected people through basic medicines, food items and clothes contributed by local team.

5. Escorts had taken an initiative of Road Safety whose information is provided in the annual report of the Company.

2. **Are the programmes/ projects undertaken through in-house team/own foundation/ External NGO/ government structures/ any other organization?**
The Company is directly involved in the needs assessment process, project design, execution and sustainability of its projects. Over the years Company has initiated various programmes which mainly focus on good health , Skill Development and Road Safety and the same have also been implemented to the large extent.

For better execution of the CSR Plans, the programmes were undertaken both, through in-house teams as well as in co-ordination with external NGOs.

3. **Have you done any impact assessment of your initiative?**
On a periodic basis, we measure the direction of our initiatives and their impact. The assessment helps in focusing our efforts and achieving better results.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken**
During the year under review, the Company has spend ₹3.25 Crore towards various CSR activities. The project wise details are provided in Annexure-F of the Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain In 50 words, or so.**
The company is striving for a favorable behavioral change among communities towards the facilities developed. To bring about the change in behavior and build capabilities of the Community, the Company has tied with few agencies and these agencies are engaging with the community for educating them on adopting and maintaining the common community assets constructed by the Company.

Principle 9- Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**
In 2017-18, Escorts Agri Machinery sold 63,786 vehicles and Escorts Construction Equipment sold 3,315 units. During the year 2016-17, total customer cases registered under Escorts Agri Machinery were Twenty Two (22) and under Escorts Construction Equipment One (1) case was registered.

Total customer cases pending as on March 31, 2018 under Escorts Agri Machinery are 98, 0.17% (of total sales) and under Escorts Construction Equipment these are 28, 0.94% (of total sales). These cases are under process of resolution and the same are not significant in comparison to total sales volume.

2. **Does the company display product Information on the product label, over and above what is mandated as per local laws? YesI NoI N.A.I Remarks (additional information)**
Yes. The Company complies with disclosure requirements relating to its products and services.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, Irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
No court case is pending against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior as on the end of Financial year 2017-18.

4. **Did company carry out any consumer survey/ consumer satisfaction trends?**
Yes, the Company does various consumer satisfaction survey by using the following methodologies:

1. Text message
2. Secondary Research
3. Training Program
4. Database
5. Telephonic Interview
6. Qualitative Research
7. Quantitative + Quantitative Research
8. Quantitative - Face to Face interview
9. Secondary/ Desk Research + Telephonic Interview
10. Quantitative - Telephonic interview
11. ESMS Training
12. Interviews, Infra Structure Planning
13. F to F qualitative interviews

INDEPENDENT AUDITOR'S REPORT

To the Members of Escorts Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Escorts Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. 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 of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. 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.

5. 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 these standalone financial statements are free from material misstatement.

6. 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 controls 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. 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.

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

Opinion

8. 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The comparative financial information for the year ended 31 March 2017 prepared in accordance with Ind AS included in these standalone financial statements have been audited by the predecessor auditor. The report of the predecessor auditor dated 29 May 2017 on the comparative financial information expressed an unmodified opinion on the financial information for the year ended 31 March 2017. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a

statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 17 May 2018 as per Annexure A expressing an unmodified opinion;

    g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in Note 34 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Siddharth Talwar
Partner
Membership No.: 512752

Place: Faridabad
Date: 17 May 2018

Annexure I to the Independent Auditor's Report of even date to the members of Escorts Limited, on the standalone financial statements for the year ended 31 March 2018

ANNEXURE I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and material discrepancies noticed on physical verification have been properly dealt with in the books of account.

(iii) The Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Sales Tax Acts	Sales Tax	1.35	1.35	1996-2006	The Hon'ble Supreme Court of India
Sales Tax Acts	Sales Tax	5.94	-	1988-1999, 1996-2005 and 2007-2012	High Court
Sales Tax Acts	Sales Tax	0.18	-	2009-2010 and 2012-2014	Additional Commissioner Appeals
Sales Tax Acts	Sales Tax	12.47	1.46	1992-1996, 1999-2000, 2002-2005 and 2008-17	Appellate Tribunal
Sales Tax Acts	Sales Tax	63.50	4.77	1996-1998 and 2000-2017	Assistant Commissioner/Additional Commissioner/ Joint Commissioner/ Deputy Commissioner
Central Excise Act, 1944	Excise Duty	19.65	-	2003-2004, 2004-2005 and 2005-006	High Court
Central Excise Act, 1944	Excise Duty	465.43	49.31	1995-1998 and 2004-2016	CESTAT
Central Excise Act, 1944	Excise Duty	0.34	0.03	1995-1996, 2014-2016 and 2007-2008	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	4.72	-	1992-1997, 2007-2011, 2014-2016	Assistant Commissioner/Additional Commissioner / Joint Commissioner / Deputy Commissioner
Finance Act, 1994	Service Tax	1.69	0.01	2005-2009, 2010-2012	CESTAT
Finance Act, 1994	Service Tax	1.87	1.12	2008-2015	Assistant Commissioner/Additional Commissioner / Joint Commissioner / Deputy Commissioner
Income Tax Act, 1961	Income Tax	22.15	-	2006-2007	CIT (Appeals)
The Customs Act, 1962	Custom Duty	6.97	6.97	2007-2008	CESTAT
Haryana Local Area Development Tax, 2000	Local Area Development Tax	12.91	-	2006-2008	High Court

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Siddharth Talwar**
Partner
Membership No.: 512752

Place: Faridabad
Date: 17 May 2018

Annexure A to the Independent Auditor's Report of even date to the Members of Escorts Limited on the standalone financial statements for the year ended 31 March 2018

ANNEXURE A

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of Escorts Limited ("the Company") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Siddharth Talwar
Partner
Membership No.: 512752

Place: Faridabad
Date: 17 May 2018

BALANCE SHEET
as at 31 March 2018

(₹ crores)

	Note	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	3 (i)	1,521.95	1,510.49
Capital work-in-progress	3 (ii)	46.79	26.56
Investment property	4	23.23	23.38
Intangible assets	5 (i)	35.87	43.89
Intangible assets under development	5 (ii)	17.27	8.14
Financial assets			
Investments	6 (i)	409.44	418.66
Loans	7 (i)	4.41	4.17
Other financial assets	8 (i)	-	-
Deferred tax assets (net)	9 (i)	-	47.04
Income tax assets (net)		16.78	-
Other non current assets	10 (i)	79.26	13.36
Total non-current assets		**2,155.00**	**2,095.69**
Current assets			
Inventories	11	541.06	429.48
Financial assets			
Investments	6 (ii)	484.89	168.80
Trade receivables	12	599.98	458.02
Cash and cash equivalents	13	148.74	54.51
Bank balances other than above	14	163.16	173.89
Loans	7 (ii)	5.94	4.50
Other financial assets	8 (ii)	12.14	11.07
Other current assets	10 (ii)	149.58	102.33
Total current assets		**2,105.49**	**1,402.60**
Assets held for sale	15	9.00	14.86
Total assets		**4,269.49**	**3,513.15**
Equity and Liabilities			
Equity			
Equity share capital	16	122.58	122.58
Other equity	17	2,425.53	1,868.58
Total equity		**2,548.11**	**1,991.16**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18 (i)	13.68	56.25
Other financial liabilities	19 (i)	14.09	12.92
Provisions	21 (i)	15.32	19.36
Deferred tax liabilities (net)	9 (i)	19.71	-
Other non-current liabilities	20 (i)	9.40	16.91
Total non-current liabilities		**72.20**	**105.44**
Current liabilities			
Financial liabilities			
Borrowings	18 (ii)	-	159.02
Trade payables	22	1,225.47	893.78
Other financial liabilities	19 (ii)	148.44	112.02
Other current liabilities	20 (ii)	124.91	116.54
Provisions	21 (ii)	132.83	131.46
Current tax liabilities		17.53	3.73
Total current liabilities		**1,649.18**	**1,416.55**
Total equity and liabilities		**4,269.49**	**3,513.15**

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Siddharth Talwar
Partner

For and on behalf of the Board of Directors

Rajan Nanda
Chairman and
Managing Director
(DIN: 00043256)

Nikhil Nanda
Managing Director
(DIN: 00043432)

Hardeep Singh
Director
(DIN: 00088096)

P.H. Ravikumar
Director
(DIN: 00280010)

Bharat Madan
Group Chief Financial
Officer

Ajay Sharma
Group General Counsel &
Company Secretary
Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

STATEMENT OF PROFIT AND LOSS
for the year ended 31 March 2018

(₹ crores)

	Note	**Year ended 31 March 2018**	Year ended 31 March 2017
Income			
Revenue from operations	23	5,015.97	4,167.58
Other income	24	59.41	43.46
Total income		**5,075.38**	**4,211.04**
Expenses			
Cost of materials consumed	25 (i)	3,147.80	2,597.96
Purchases of stock-in-trade		232.80	244.12
Changes in inventories of finished goods, stock-in -trade and work-in-progress	25 (ii)	(22.78)	(49.66)
Excise duty		20.85	74.42
Employee benefits expense	26	431.08	390.15
Finance costs	27	28.57	31.11
Depreciation and amortisation expense	28	72.48	63.07
Other expenses	29	649.00	586.88
Total expenses		**4,559.80**	**3,938.05**
Profit before exceptional items and tax		515.58	272.99
Exceptional items	30	6.76	(3.76)
Profit before tax from continuing operations		**508.82**	**276.75**
Tax expense	9(ii)		
Current tax		98.98	81.75
Deferred tax (credit)/charge		65.12	(6.15)
Total tax expense		**164.10**	**75.60**
Profit for the period from continuing operations		344.72	201.15
Discontinued operations			
Profit/(Loss) from discontinued operations	31 (ii)	-	(58.46)
Tax expense of discontinued operations	9 (ii)	-	(17.75)
Profit/(Loss) from discontinued operations after tax		-	(40.71)
Net profit for the year		**344.72**	**160.44**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		12.04	7.76
Re-measurements of defined employee benefit plans		0.58	(2.64)
Income tax relating to items that will not be reclassified to profit or loss		(1.63)	0.02
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income for the year		**10.99**	**5.14**
Total comprehensive income for the year		**355.71**	**165.58**
Earnings per equity share (for continuing operations):	32		
Basic (₹)		28.85	16.84
Diluted (₹)		28.85	16.84
Earnings per equity share (for discontinued operations):			
Basic (₹)		-	(3.41)
Diluted (₹)		-	(3.41)
Earnings per equity share (for discontinued and continuing operations):			
Basic (₹)		28.85	13.43
Diluted (₹)		28.85	13.43

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Siddharth Talwar
Partner

For and on behalf of the Board of Directors

Rajan Nanda
Chairman and Managing Director
(DIN: 00043256)

Nikhil Nanda
Managing Director
(DIN: 00043432)

Hardeep Singh
Director
(DIN: 00088096)

P.H. Ravikumar
Director
(DIN: 00280010)

Bharat Madan
Group Chief Financial Officer

Ajay Sharma
Group General Counsel & Company Secretary

Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

CASH FLOW STATEMENT
for the year ended 31 March 2018

(₹ crores)

		Year ended 31 March 2018	Year ended 31 March 2017
A	**Cash flow from operating activities**		
	Profit before tax from		
	Continuing operations	508.82	276.75
	Discontinued operations	-	(58.46)
	Profit before tax including discontinued operations	508.82	218.29
	Adjustments for:		
	Depreciation and amortisation expense	72.48	64.52
	Bad debts and advances written off, allowance for doubtful trade receivable, write backs & others (net)	19.02	34.10
	Interest expense	21.44	27.60
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	2.23	7.43
	Interest income	(23.95)	(25.78)
	Distribution received from subsidiary	-	(15.00)
	Gain on disposal of property, plant and equipment (net)	(2.79)	(1.63)
	Gain on sale of investments (net)	(7.18)	(0.83)
	Gain on investments carried at fair value through profit or loss (net)	(10.56)	(3.79)
	Unrealised foreign exchange gain	(1.78)	0.45
	Operating profit before working capital changes	577.73	305.36
	Movement in working capital		
	Inventories	(123.18)	(57.45)
	Trade receivables	(142.53)	(78.86)
	Other financial assets	(4.72)	(4.30)
	Other assets	(105.08)	(1.63)
	Trade payables	347.47	155.44
	Other financial liabilities	27.41	11.77
	Other liabilities and provisions	(2.94)	14.84
	Cash flow from operating activities post working capital changes	**574.16**	**345.17**
	Income tax paid (net)	(101.96)	(44.38)
	Net cash flow from operating activities (A)	**472.20**	**300.79**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment (including capital advances)	(99.57)	(65.87)
	Sale of property, plant and equipment	14.14	13.05
	Purchase of intangible assets	(15.12)	(12.57)
	Sale of intangible assets	-	0.09
	Proceeds from sale of non current investment	3.00	-
	Investment in subsidiaries	(17.34)	-
	Purchase of current investment (net)	(298.35)	(159.56)
	Bank deposit (having original maturity of more than 3 months)	15.87	49.60
	Margin/bank deposits	(5.56)	(8.17)
	Interest received	24.55	28.76
	Distribution received from subsidiary	-	15.00
	Net cash flows used in investing activities (B)	**(378.38)**	**(139.67)**

CASH FLOW STATEMENT
for the year ended 31 March 2018

(₹ crores)

		Year ended 31 March 2018	Year ended 31 March 2017
C	**Cash flows from financing activities (refer note 18 (iii))**		
	Proceeds from options exercised during the year	0.23	0.71
	Repayment of long term borrowings	(54.15)	(53.31)
	Proceeds from long term borrowings	-	16.58
	Repayment from short term borrowings (net)	(158.98)	(61.21)
	Interest paid	(20.92)	(27.78)
	Amount received as beneficiary of treasury stock sold by Escorts Benefit and Welfare Trust	250.34	-
	Dividend and tax thereon paid	(16.08)	(12.86)
	Net cash used in financing activities (C)	**0.44**	**(137.87)**
	Increase in cash and cash equivalents (A+B+C)	94.26	23.25
	Cash and cash equivalents at the beginning of the year (refer note 13)	54.51	31.26
	Exchange difference on translation of foreign currency cash and cash equivalents	(0.03)	-
	Cash and cash equivalents at the end of the year (refer note 13)	**148.74**	**54.51**

Note: The above statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

As per our Report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Siddharth Talwar
Partner

For and on behalf of the Board of Directors

Rajan Nanda
Chairman and
Managing Director
(DIN: 00043256)

Nikhil Nanda
Managing Director
(DIN: 00043432)

Hardeep Singh
Director
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P.H. Ravikumar
Director
(DIN: 00280010)

Bharat Madan
Group Chief Financial
Officer

Ajay Sharma
Group General Counsel &
Company Secretary
Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

A Equity share capital

(₹ crores)

Balance as at 1 April 2017	Changes in equity share capital during the year	**Balance as at 31 March 2018**
122.58	-	122.58

B Other equity

(₹ crores)

	Treasury shares	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Employees' stock options outstanding	Retained earnings	Equity instruments through other comprehensive income	Total
Balance as at 1 April 2017	**(26.22)**	**97.40**	**4.00**	**456.59**	**513.86**	**0.10**	**793.98**	**28.87**	**1,868.58**
Profit for the year	-	-	-	-	-	-	344.72	-	344.72
Dividends paid	-	-	-	-	-	-	(17.93)	-	(17.93)
Tax on dividends	-	-	-	-	-	-	(3.74)	-	(3.74)
Dividend received on shares held by beneficiary trusts	-	-	-	-	-	-	5.59	-	5.59
Transfer from employee stock option reserve in respect to options exercised during the year	-	-	-	0.10	-	(0.10)	-	-	-
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	0.39	-	0.39
Other comprehensive income for the year	-	-	-	-	-	-	-	10.60	10.60
Amount received as beneficiary of Escorts Benefit and Welfare Trust	-	-	-	-	217.09	-	-	-	217.09
Adjustment for options exercised during the year	0.23	-	-	-	-	-	-	-	0.23
Balance as at 31 March 2018	**(25.99)**	**97.40**	**4.00**	**456.69**	**730.95**	**-**	**1,123.01**	**39.47**	**2,425.53**

As per our Report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Siddharth Talwar
Partner

Place : Faridabad
Date : 17 May 2018

For and on behalf of the Board of Directors

Rajan Nanda
Chairman and Managing Director
(DIN: 00043256)

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Bharat Madan
Group Chief Financial Officer

Ajay Sharma
Group General Counsel & Company Secretary

Place : Faridabad
Date : 17 May 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

1. Company overview

Escorts Limited ("the Company") is a public limited company incorporated and domiciled in India and having its registered office at 15/5, Mathura Road, Faridabad (Haryana). The Company's shares are listed with Bombay Stock Exchange, National Stock Exchange and Delhi Stock Exchange. The Company is engaged in the business of manufacturing of agricultural tractors, engines for agricultural tractors, construction, earth moving and material handling equipment, round and flat tubes, heating elements, double acting hydraulic shock absorbers for railways coaches, center buffer couplers, automobile shock absorbers, telescopic front fork & Mcpherson struts, brake block, internal combustion engines and all types of brake used by railways. It also trades in oils & lubricants, implements, trailers, tractors, compressor accessories and spares, construction, earth moving and material handling equipment and aero business.

2. Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2018 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 17 May 2018.

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under historical cost convention basis except for the following –

- Certain financial assets which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;
- Share based payments which are measured at fair value of the options; and
- Assets held for sale – measured at lower of carrying amount and fair value less cost to sell.

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date when the outcome of the transaction can be estimated reliably.

Revenues from the sale of extended warranties and maintenance contracts embedded in the original sales contracts are recognized over the life of the contract and matched to related costs.

Income from export incentives are recognised on accrual basis.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services , evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.

Interest Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost (refer 'h' below), interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

b) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') and are rounded to two decimal places of crores, which is also the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

d) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives mentioned below:

Asset category	Estimated useful life (in years)
Factory buildings	30
Office buildings	60
Tubewells and fencing	5
Roads	10
Sheds	3
Plant and machinery	3-15*
Furniture and fixtures	5-10*
Office equipment	3-10
Vehicles	8-10
Leasehold improvements	Over the effective term of the lease
Electrical appliances	10
IT equipment	6
Computers	3

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for certain items within these classes of assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

e) Investment properties

Recognition and initial measurement

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

f) Intangible assets

Recognition and initial measurement

Purchased intangible assets are stated at cost less accumulated amortization and impairment, if any.

Internally developed intangible assets

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement (amortisation)
All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

Asset category	Estimated useful life (in years)
Software	6
Prototypes	4
Technical know how	6

g) Leases

Finance leases
Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Company obtains ownership of the asset at the end of the lease term. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance lease liability. Assets held under finance leases (including land) are depreciated over their estimated useful lives. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of profit and loss, as finance costs over the period of the lease.

Refer note 2.2 (d) for the depreciation methods and useful lives for assets held under finance leases.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating lease
All leases other than finance leases are treated as operating leases. Where the Company is a lessee, lease rentals are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Where the Company is a lessor, the respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs. Refer note 2.2 (e) for the depreciation methods and useful lives for assets given on operating lease.

h) Financial instruments
Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. Financial assets at amortised cost –
a financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Financial assets at fair value

- Investments in equity instruments (other than subsidiaries/ associates/ joint ventures) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

- Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

(i) **For debtors that are not past due** – The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Life time expected credit losses are assessed and accounted based on company's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

(ii) **For debtors considered past due** – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Company writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Company.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

j) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

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To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

k) Fair value measurement

The Company measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 37 for fair value hierarchy.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed using weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

m) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (Minimum alternate tax credit entitlement) or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

n) Investment in subsidiaries, joint ventures and associates

In accordance with Ind AS 27 – Separate Financial Statements, investments in equity instruments of subsidiaries, joint ventures and associates can be measured at cost or at fair value in accordance with Ind AS 109. The Company

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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has opted to measure such investments at cost at initial recognition.

Subsequently, such investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

o) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

q) Post-employment, long term and short term employee benefits

The Company provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity is post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

r) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

s) Share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

t) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

u) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

v) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Significant management judgements in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts recognized

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in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant management estimates

Allowance for doubtful debts – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

Allowance for obsolete and slow-moving inventory – The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

Product warranties – The Company makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Company seeks to improve vehicle quality and minimize warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligations (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Significant management judgments

Capitalisation of internally developed intangible assets – Distinguishing the research and development phases for new products and design enhancements determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalised costs may be impaired.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Contingent liabilities – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

2.4 Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition

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of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On 28 March 2018, MCA has notified Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard being recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company is evaluating the requirements of this new standard and their impact on the financial statements.

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3 (i) Property, plant and equipment

(₹ crores)

Description	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
Gross carrying value										
As at 1 April 2016	1,049.02	8.89	379.21	0.05	805.43	69.56	34.84	11.80	7.74	2,366.54
Additions	-	-	1.70	-	46.22	3.05	6.43	1.41	0.27	59.08
Transferred to assets held for sale	-	-	-	-	(13.49)	-		(0.54)	-	(14.03)
Disposals	-	-	-	-	(65.65)	(7.78)	(0.91)	(0.24)	(0.62)	(75.20)
As at 31 March 2017	**1,049.02**	**8.89**	**380.91**	**0.05**	**772.51**	**64.83**	**40.36**	**12.43**	**7.39**	**2,336.39**
Additions	-	-	5.97	-	53.30	4.25	7.42	2.39	1.93	75.26
Disposals	-	-	(0.22)	-	(33.66)	(0.74)	(3.29)	(2.58)	(0.11)	(40.60)
As at 31 March 2018	**1,049.02**	**8.89**	**386.66**	**0.05**	**792.15**	**68.34**	**44.49**	**12.24**	**9.21**	**2,371.05**
Accumulated depreciation										
As at 1 April 2016	-	0.81	235.34	0.01	520.99	46.68	32.60	3.50	6.40	846.33
Charge for the year	-	0.10	6.66	-	35.68	4.31	3.08	1.53	0.51	51.87
Disposals	-	-	-	-	(54.86)	(5.30)	(3.37)	(0.14)	(0.58)	(64.25)
Transferred to assets held for sale	-	-	-	-	(7.92)	-	-	(0.13)	-	(8.05)
As at 31 March 2017	**-**	**0.91**	**242.00**	**0.01**	**493.89**	**45.69**	**32.31**	**4.76**	**6.33**	**825.90**
Charge for the year	-	0.10	6.73	-	40.87	5.05	3.39	1.46	0.71	58.31
Adjustment for disposals	-	-	(0.13)	-	(29.05)	(0.71)	(3.28)	(1.83)	(0.11)	(35.11)
As at 31 March 2018	**-**	**1.01**	**248.60**	**0.01**	**505.71**	**50.03**	**32.42**	**4.39**	**6.93**	**849.10**
Net block as at 1 April 2016	**1,049.02**	**8.08**	**143.87**	**0.04**	**284.44**	**22.89**	**2.23**	**8.30**	**1.34**	**1,520.21**
Net block as at 31 March 2017	**1,049.02**	**7.98**	**138.91**	**0.04**	**278.62**	**19.14**	**8.05**	**7.67**	**1.06**	**1,510.49**
Net block as at 31 March 2018	**1,049.02**	**7.88**	**138.06**	**0.04**	**286.44**	**18.31**	**12.07**	**7.85**	**2.28**	**1,521.95**

Notes:

(i) **Property, plant and equipment include assets in use for in house research and development**
Refer note 36 for details.

(ii) **Contractual obligations**
Refer note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) **Property plant and equipment pledged as security**
Refer note 46 for information on property, plant and equipment pledged as security by the Company.

(iv) **Finance leases**
The Company has a land on finance lease. Refer note 41 for contractual commitments for lease payments in respect of leasehold land.

(v) **Discontinued operations**
Depreciation for the current year includes depreciation for discontinued operations ₹Nil (31 March 2017: ₹1.41 crores).

3 (ii) Capital work-in-progress

(₹ crores)

	31 March 2018	31 March 2017
Capital work-in-progress	46.79	26.56

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Movement in capital work in progress during the year:

(₹ crores)

Particulars	Amount
Capital work-in-progress as at 1 April 2016	**21.36**
Add: additions during the year	64.28
Less: capitalisation during the year	(59.08)
Capital work-in-progress as at 31 March 2017	**26.56**
Add: additions during the year	95.49
Less: capitalisation during the year	(75.26)
Capital work-in-progress as at 31 March 2018	**46.79**

Notes:

(i) **Capitalised borrowing cost**

The borrowing costs capitalised during the year ended 31 March 2018 ₹0.15 crores (31 March 2017 ₹nil).

(ii) **Contractual obligations**

Refer note 34 for disclosure of contractual commitments for the acquisition of property, plat and equipment.

4 Investment property

(₹ crores)

Description	Freehold land	Building	Total
Gross carrying value			
As at 1 April 2016	20.04	4.88	24.92
Additions	-	-	-
Disposals	(0.34)	(0.02)	(0.36)
As at 31 March 2017	**19.70**	**4.86**	**24.56**
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2018	**19.70**	**4.86**	**24.56**
Accumulated depreciation			
As at 1 April 2016	-	1.04	1.04
Additions	-	0.15	0.15
Disposals	-	(0.01)	(0.01)
As at 31 March 2017	**-**	**1.18**	**1.18**
Charge for the year	-	0.15	0.15
Adjustment for disposals	-	-	-
As at 31 March 2018	**-**	**1.33**	**1.33**
Net block as at 1 April 2016	**20.04**	**3.84**	**23.88**
Net block as at 31 March 2017	**19.70**	**3.68**	**23.38**
Net block as at 31 March 2018	**19.70**	**3.53**	**23.23**

(i) Amount recognised in profit and loss for investment property

	31 March 2018	31 March 2017
Rental income	0.34	0.36
Direct operating expenses that generated rental income	-	0.21
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	0.34	0.15

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(ii) Leasing arrangements
Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given, as required by Ind AS 17 "Leases".

(iii) Fair value of investment property

Particulars	31 March 2018	31 March 2017
Fair value	23.88	23.75

The Company obtains independent valuations for its investment property annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer considers information from a variety of sources including:

a) In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.

b) in case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2010-12/1997 have been taken as the basis of valuation. These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account.

5 (i) Intangible assets

(₹ crores)

Description	Prototypes	Technical know how	Software	Total
Gross carrying value				
As at 1 April 2016	3.07	11.52	30.14	44.73
Additions	28.49	6.34	6.42	41.25
Disposals	-	-	(0.31)	(0.31)
As at 31 March 2017	**31.56**	**17.86**	**36.25**	**85.67**
Additions	0.06	-	5.94	6.00
Disposals	-	-	-	-
As at 31 March 2018	**31.62**	**17.86**	**42.19**	**91.67**
Accumulated amortisation				
As at 1 April 2016	2.72	7.20	19.60	29.52
Charge for the year	6.28	1.73	4.47	12.48
Disposals	-	-	(0.22)	(0.22)
As at 31 March 2017	**9.00**	**8.93**	**23.85**	**41.78**
Charge for the year	7.14	1.91	4.97	14.02
Disposals	-	-	-	-
As at 31 March 2018	**16.14**	**10.84**	**28.82**	**55.80**
Net block as at 1 April 2016	**0.35**	**4.32**	**10.54**	**15.21**
Net block as at 31 March 2017	**22.56**	**8.93**	**12.40**	**43.89**
Net block as at 31 March 2018	**15.48**	**7.02**	**13.37**	**35.87**

Notes:

(i) Contractual obligations
Refer note 34 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) Expenses incurred and assets in use for in house research and development :
During the year, expenditure of ₹82.72 crores (31 March 2017: ₹71.26 crores) was incurred on research and development (excluding depreciation) recognised in statement of profit and loss.
Refer note 36 for detail.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(iii) Discontinued operations
Amortisation for the current year includes amortisation for discontinued operations ₹nil (31 March 2017: ₹0.03 crores).

(iv) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

5 (ii) Intangible assets under development

(₹ crores)

	31 March 2018	March 2017
Intangible assets under development	17.27	8.14

Movement in intangible assets under development during the year :

(₹ crores)

Particulars	Amount
Intangible assets under development as at 1 April 2016	**36.83**
Add: additions during the year	12.56
Less: capitalisation during the year	(41.25)
Intangible assets under development as at 31 March 2017	**8.14**
Add: additions during the year	15.13
Less: capitalisation during the year	(6.00)
Intangible assets under development as at 31 March 2018	**17.27**

6 Investments
(i) Investments - non-current

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Investments carried at cost		
Subsidiary companies		
Fully paid equity shares (quoted)	1.77	3.12
Fully paid equity shares (unquoted)	353.37	372.29
Joint ventures and associates		
Fully paid equity shares (unquoted)	6.00	7.00
Investments carried at fair value through OCI		
Fully paid equity shares (quoted)	0.76	0.52
Fully paid equity shares (unquoted)	47.54	35.73
	409.44	**418.66**
Market value of quoted investments :	2.53	5.26
Aggregate amount of provision for impairment :	2.35	-

(ii) Investments - current

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Investment carried at fair value through profit or loss		
Mutual funds (quoted)	484.88	168.79
Bonds (unquoted)	0.01	0.01
	484.89	**168.80**

The market value of quoted investments is equal to the carrying value.

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Details of investments are as follows:
Non-current investments

(₹ crores)

In equity instruments*	Number of shares		Amount	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Subsidiaries (quoted)				
Escorts Finance Limited	38,19,700	38,19,700	3.12	3.12
less: provision for impairment			(1.35)	-
			1.77	3.12
Subsidiaries (unquoted)				
Escorts Assets Management Limited (refer (i) below)	-	30,00,000	-	3.00
Escorts Securities Limited	54,60,000	19,60,000	5.46	1.96
Farmtrac Tractors Europe SP Z.o.o, Poland (face value of 1000 PLN each)	15,500	9,500	18.68	8.35
Escorts Crop Solution Limited (formerly known as EDDAL Credit Limited)	35,50,000	50,000	3.55	0.05
Sole beneficiary interest in Escorts Benefit and Welfare Trust	-	-	325.68	358.93
			353.37	372.29
Joint ventures and associates (unquoted)				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
less: provision for impairment			(1.00)	-
			-	1.00
Adico Escorts Agri Equipment Private Limited	60,00,000	60,00,000	6.00	6.00
			6.00	7.00
Others (quoted)				
Asahi India Glass Limited (face value of ₹1 each)	18,862	18,862	0.63	0.41
Godavari Drugs Limited	19,700	19,700	0.06	0.07
Twenty First Century Medicare Limited	19,400	19,400	0.07	0.04
Tamilnadu Newsprints & Papers Limited	100	100	-	-
			0.76	0.52
Others (unquoted)				
Escorts Skill Development^	9,500	9,500	-	-
Hughes Communications India Limited	20,74,492	20,74,492	45.90	34.47
Escorts Motors Limited	1,00,000	1,00,000	1.64	1.26
			47.54	35.73
In preference shares				
Subsidiaries				
Escorts Finance Limited (10%, cumulative)	95,00,000	95,00,000	-	-

*All equity shares are of ₹10 each unless otherwise stated.
^Amount less than ₹1 lakh

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(₹ crores)

	31 March 2018	31 March 2017
Current investments		
Mutual funds (quoted)		
Axis Liquid Fund (Direct) (Growth)	20.03	-
Axis Regular Savings Fund (Direct) (Growth)	20.02	-
Birla Sun Life Corporate Bond Fund (Direct) (Growth)	0.88	0.81
Birla Sun Life Corporate Bond Fund-Regular Growth	2.92	-
Birla Sun Life Cash Plus Fund (Direct) (Growth)	26.96	-
Birla Sun Life Dynamic Bond Fund (Growth)	-	2.70
Birla Sun Life Dynamic Bond Fund (Direct) (Growth)	-	24.62
Birla Sun Life Medium Term Plan (Regular) (Growth)	0.05	0.05
Birla Sun Life Medium Term Plan (Direct) (Growth)	40.80	37.60
BSL Short Term Fund (Direct) (Growth)	15.02	-
Edelweiss EAF Sr I Opt IV_1603 (Direct) (Growth)	10.06	-
HDFC Corporate Debt Opp. Fund (Direct) (Growth)	14.01	-
HDFC Fmp - Series 39-1208 Days (Direct) (Growth)	25.13	-
HDFC Medium Term Opportunities (Direct) (Growth)	21.98	21.26
HDFC Short Term Opp. Fund (Direct) (Growth)	20.02	-
ICICI Equity Arbitrage Fund (Direct) (Growth)	12.46	-
ICICI FMP - Series 82 - 1136 Days (Direct) (Growth)	25.06	-
ICICI Prudential Income Opportunities (Direct) (Growth)	39.80	37.52
ICICI Pru Money Market Fund (Direct) (Growth)	11.05	-
IDFC Credit Opp. Fund (Direct) (Growth)	6.01	-
IIFL - LWFEC825-140520 Structured Product	15.14	-
Kotak Equity Arbitrage Fund (Direct) (Growth)	15.00	-
Kotak Medium Term Fund (Direct) (Growth)	21.90	20.37
Kotak Floater ST (Direct) (Growth)	20.03	-
L&T Resurgent Corporate Bond Fund (Direct) (Growth)	15.01	-
SBI Premier Liquid Fund (Direct) (Growth)	15.03	-
UTI Fixed Term Income Fund Series XXVIII-XIII - 1134 Days (Direct) (Growth)	25.08	-
UTI Money Market Fund (Direct) (Growth)	20.03	-
UTI Short Term Income Fund (Direct) (Growth)	25.40	23.86
	484.88	**168.79**
Bonds (unquoted)		
ICICI deep discount bonds	0.01	0.01
	0.01	**0.01**
Total	**484.89**	**168.80**

Notes:

(i) During the year, the Company entered into share sale agreement for sale of 3,000,000 shares in Escorts Assets Management Limited. In this regard, the necessary approvals from Securities and Exchange Board of India (SEBI) were obtained and transfer of shares were completed on 20 February 2018.

(ii) Refer note 37 - Financial instruments for disclosure of fair value of investments and underlying assumptions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

7 Loans

(i) Non-current loans

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	4.41	4.17
	4.41	4.17

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses

(ii) Current loans

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	5.94	4.50
	5.94	4.50

The carrying values are considered to be a reasonable approximation of their fair values.

8 Other financial assets

(i) Non-current financial assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Advances to related parties	2.93	2.93
Allowance for doubtful advances	(2.93)	(2.93)
	-	-

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses

(ii) Current financial assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Export incentives receivable	7.47	4.85
Claims receivable	0.91	2.50
Other recoverable	-	
-from related parties (refer note 47 for related party advances)	2.30	1.86
-from others	1.46	1.86
	12.14	11.07

The carrying values are considered to be a reasonable approximation of their fair values.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

9 (i) Deferred tax assets (net)

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Deferred tax asset arising on account of :		
Financial assets and financial liabilities at amortised cost	40.41	36.35
Provision for employee benefits and other liabilities deductible on actual payment	28.48	31.56
MAT credit entitlement	11.38	63.43
Deferred tax liability arising on account of :		
Property, plant and equipment, investment property and intangible assets	(89.52)	(78.99)
Investments carried at fair value	(10.46)	(5.31)
Net deferred tax assets/(liabilities)	**(19.71)**	**47.04**

Notes:

(a) Movement in deferred tax assets for the year ended 31 March 2018 is as follows:

(₹ crores)

	Opening balance	Recognised (reversed) in profit and loss	Recognised (reversed) in other comprehensive income	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Property, plant and equipment, investment property and intangible assets	(78.99)	(10.53)	-	(89.52)
Financial assets and financial liabilities at amortised cost	36.35	4.06	-	40.41
Provision for employee benefits and other liabilities deductible on actual payment	31.56	(2.89)	(0.19)	28.48
MAT credit entitlement	63.43	(52.05)	-	11.38
Investments carried at fair value	(5.31)	(3.71)	(1.44)	(10.46)
Net deferred tax assets/(liabilities)	**47.04**	**(65.12)**	**(1.63)**	**(19.71)**

(b) Movement in deferred tax assets for the year ended 31 March 2017 is as follows:

(₹ crores)

	Opening balance	Recognised (reversed) in profit and loss	Recognised (reversed) in other comprehensive income	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Property, plant and equipment, investment property and intangible assets	(80.26)	1.27	-	(78.99)
Financial assets and financial liabilities at amortised cost	29.25	7.10	-	36.35
Provision for employee benefits and other liabilities deductible on actual payment	31.56	(0.91)	0.91	31.56
MAT credit entitlement	63.43	-	-	63.43
Investments carried at fair value	(3.10)	(1.31)	(0.89)	(5.31)
Net deferred tax assets/(liabilities)	**40.88**	**6.15**	**0.02**	**47.04**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

9 (ii) Tax expense
The income tax expense consists of the following:

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax		
Current tax expense	98.98	81.75
Deferred tax expense / (credit)	65.12	(6.15)
Total income tax expense for continuing operations	**164.10**	**75.60**
Tax expense of discontinued operations	-	(17.75)
Total tax expense	**164.10**	**57.85**

Notes:

(a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before income tax from continuing and discontinued operations	508.82	218.29
Statutory income tax rate	34.61%	34.61%
Expected income tax expense	176.09	75.55
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Income exempted from tax	-	(5.19)
Tax on expense not eligible for deduction	1.37	1.62
Weighted and standard deduction for certain expenditure under Income Tax Act,1961	(10.30)	(18.98)
Adjustment for tax expense/(benefit) pertaining to prior years	(6.34)	7.24
Impact of different tax rate on certain items	0.32	-
Others	2.96	(2.39)
Total income tax expense	**164.10**	**57.85**

(b) Unutilised tax losses and credits
Minimum alternate tax

The Company had unutilised MAT credit amounting to ₹11.38 crores as at 31 March 2018 (31 March 2017: ₹63.43 crores).Revised returns for assessment years 2016-17 and 2017-18 have resulted in additional MAT entitlement of ₹9.65 crores and ₹6.93 crores respectively, not considered in accounts. The same shall be accounted for on completion of assessments.

Tax credits have been recognised on the basis that recovery is probable in the foreseeable future. This recognised MAT credit expires, if unutilized, based on the year of origination as follows:

Financial year ending

(₹ crores)

Year of origination	Year of expiry	
31 March 2016	31 March 2031	4.77
31 March 2017	31 March 2032	6.61
		11.38

Capital losses

The Company has not recognised deferred tax asset of ₹13.23 crores on unutilised losses under the head Capital Gains as the Company is not likely to generate taxable capital gain income under the same head in foreseeable future. The significant portion of these losses will expire in financial year ending 31 March 2019.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

10 Other assets
(i) Other non-current assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Prepaid expenses	0.27	0.12
Capital advances	15.54	7.35
Deposits with statutory authorities*	65.49	7.40
	81.30	**14.87**
Allowance for doubtful advances	(2.04)	(1.51)
	79.26	**13.36**

* includes deposit paid under protest with statutory authorities.

(ii) Other current assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Advances to suppliers	13.25	16.34
Prepaid expenses	11.23	7.43
Balances with statutory authorities	129.48	81.60
Other advances	23.14	22.94
	177.10	**128.31**
Allowance for doubtful advances	(27.52)	(25.98)
	149.58	**102.33**

11 Inventories

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Raw materials and components	221.95	145.93
Goods-in-transit	18.52	3.03
	240.47	**148.96**
Work-in-progress	36.52	35.16
Finished goods	150.34	141.53
Goods-in-transit	26.07	22.34
	176.41	**163.87**
Stock-in-trade	64.82	57.45
Goods-in-transit	1.43	1.94
	66.25	**59.39**
Stores and spares	13.52	13.26
Loose tools	7.89	8.84
	541.06	**429.48**

(i) Refer note 18 and 46 for Inventories pledged as security for liabilities .

(ii) Amount of write down and reversal of write down of inventories recognised in statement of profit and loss:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(₹ crores)

Particulars	Amount
Allowance for obsolete and slow moving inventories as at 1 April 2016	**23.97**
Add: write-down recognised during the year	6.21
Less: reversal of write-down during the year	(0.66)
Less: write-off against allowance during the year	(3.31)
Allowance for obsolete and slow moving inventories as at 31 March 2017	**26.21**
Add: write-down recognised during the year	13.62
Less: reversal of write-down during the year	(0.32)
Less: write-off against allowance during the year	(5.69)
Allowance for obsolete and slow moving inventories as at 31 March 2018	**33.82**

12 Trade receivables

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Secured : considered good	85.53	52.40
Unsecured : considered good	532.57	420.25
: considered doubtful	41.07	42.84
	659.17	**515.49**
Allowance for doubtful receivables		
Unsecured : considered good (expected credit loss)	(18.12)	(14.63)
: considered doubtful	(41.07)	(42.84)
	(59.19)	**(57.47)**
	599.98	**458.02**

(i) Refer note 18 and 46 for trade receivables pledged as security for liabilities.
(ii) Refer note 37 - Financial instruments for assessment of expected credit losses.
(iii) The carrying values are considered to be a reasonable approximation of their fair value.
(iv) Trade receivables include ₹24.37 crores (31 March 2017 ₹29.33 crores) due from related parties. For details refer note 47 - related party disclosures

13 Cash and cash equivalents

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Balances with banks in current accounts	39.69	38.70
Cheques / drafts in hand	-	15.00
Cash on hand	0.01	0.31
Debit balance in cash credit accounts	67.04	0.50
Bank deposits with original maturity less than 3 months	42.00	-
	148.74	**54.51**

There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting period and previous period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

14 Other bank balances

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Earmarked bank balances	1.40	1.15
Fixed deposits maturity of more than 3 months but less than 12 months	27.52	44.56
Margin money deposits	0.12	0.42
Escrow account	134.12	127.76
	163.16	**173.89**

(i) Earmarked balances with banks largely pertains to unclaimed dividends.
(ii) ₹nil (31 March 2017: ₹18.93 crores) represents deposits with original maturity for more than 3 months but less than 12 months, held by the entity and are not available for use by the Company, as these are pledged against loans.
(iii) ₹0.12 crores (31 March 2017: ₹0.10 crores) representing margin money pledged with various authorities.
(iv) Other than as disclosed, there are no repatriation restrictions with respect to cash and bank balances as at the end of the reporting period and prior periods.
(v) The carrying values are a reasonable approximate of their fair value.

15 Assets held for sale

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Assets held for sale	9.00	14.86
	9.00	**14.86**
Details of assets held for sale:		
Land	9.00	9.00
Helicopter	-	5.57
Vehicle	-	0.29
Total	**9.00**	**14.86**

Notes:

(i) Details of assets held for sale :

a. The Company executed an agreement to sell in earlier years, for transfer of 25 acres of land at Plot No. 219, Sector 58, 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 classified in other current liabilities. Owing to the inordinate delay in obtaining approval from HUDA , the transfer has been delayed beyond one year that was not originally envisaged. However, the Company is taking necessary action to respond to the current conditions and favorable resolution is expected. Therefore, such land continues to be classified as held for sale.

b. During the previous year, the Company had executed an aircraft purchase and sale agreement for transfer of its Bell 407 helicopter for a consideration of ₹8.75 crores. The said transfer was subject to deregistration from Indian Civil Aviation Authority and an advance of ₹2.5 crores was classified in other current liabilities. This asset has been transferred during the year ended 31 March 2018.

c. During the previous year, the Company had executed a sale agreement for transfer of a vehicle for a consideration of ₹0.29 crores. This asset has been transferred during the period ended 31 March 2018.

(ii) Non-recurring fair value measurements

Asset classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹0.76 crores was made in retained earnings and statement of profit and loss on account of such measurement. This is Level 3 measurement as per fair value hierarchy set out in fair value measurement disclosures (refer note 37).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

16 Equity Share Capital

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Authorised		
401,000,000 (previous year 401,000,000) equity shares of ₹10 each	401.00	401.00
888,000,000 (previous year 888,000,000) unclassified shares of ₹10 each	888.00	888.00
	1,289.00	1,289.00
Issued, subscribed and fully paid-up		
122,576,878 (previous year 122,576,878) equity shares of ₹10 each	122.58	122.58
	122.58	122.58

(a) Reconciliation of number of shares

	As at 31 March 2018		As at 31 March 2017	
	No of shares	₹ crores	No of shares	₹ crores
Equity shares at the beginning of the year	12,25,76,878	122.58	12,25,76,878	122.58
Changes during the year	-	-	-	-
Equity shares at the end of the year	12,25,76,878	122.58	12,25,76,878	122.58

(b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of shares, i.e., equity shares having a face value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	No of shares	% holding	No of shares	% holding
Escorts Benefit and Welfare Trust	3,37,00,031	27.49	3,73,00,031	30.43
Harprasad and Company Private Limited	1,05,26,308	8.59	1,05,26,308	8.59
Jhunjhunwala Rakesh Radheyshyam	1,00,00,000	8.16	1,12,25,000	9.16

(d) Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the balance sheet date :

	As at 31 March 2018	As at 31 March 2017
	No of shares	No of shares
Equity shares allotted as fully paid pursuant to consideration other than cash	-	1,69,58,842

In addition, the Company has issued total 5,37,100 (31 March 2017: 5,10,000) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(e) Shares reserved for issue under options

	As at 31 March 2018	As at 31 March 2017
	No of shares	No of shares
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹10 each, at an exercise price of ₹85 per share	30,74,512	31,01,612

*For terms and other details refer note 40

17 Other equity

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Capital reserve	97.40	97.40
Capital redemption reserve	4.00	4.00
General reserve		
Opening balance	513.86	513.86
Add: amount received as beneficiary of treasury stock sold by Escorts Benefit and Welfare Trust (refer note 45)	217.09	-
	730.95	**513.86**
Securities premium reserve		
Opening balance	456.59	456.57
Add: transferred from employees' stock option outstanding account against options exercised during the year	0.10	0.02
	456.69	**456.59**
Employees' stock option outstanding account		
Opening balance	0.10	0.07
Add: charge for the year	-	0.05
Less: transferred to Securities premium reserve against options exercised during the year	(0.10)	(0.02)
	-	**0.10**
Treasury shares		
Opening balance	(26.22)	(26.92)
Less: adjustment for options exercised during the year	0.23	0.70
	(25.99)	**(26.22)**
Retained earnings		
Opening balance	795.27	647.69
Add: net profit for the year	344.72	160.44
Less: equity dividend (during FY 2017-18: ₹1.50 per share paid for FY 2016-17) (during FY 2016-17: ₹1.20 per share paid for FY 2015-16)	(17.93)	(14.35)
Less : tax on equity dividend	(3.74)	(2.99)
Add: dividend received on beneficial interest of Company in shares held by Escorts Benefit and Welfare Trust (refer note 45)	5.59	4.48
	1,123.91	**795.27**
Other comprehensive income, net of tax		
Equity instruments measured at fair value through other comprehensive income		
Opening balance	28.87	22.00
Add : changes during the year	10.60	6.87
	39.47	**28.87**
Re-measurements of defined employee benefit plans		
Opening balance	(1.29)	0.43
Add : changes during the year	0.39	(1.72)
	(0.90)	**(1.29)**
	2,425.53	**1,868.58**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

Nature and purpose of reserves:

(i) Securities premium reserve

Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Employee's stock options outstanding account

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

(iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of consideration paid at the time of amalgamation done in earlier years. This reserve is not available for the distribution to the shareholders.

(v) Treasury shares

Treasury shares represents Company's own equity shares held by Escorts Employees Benefit and Welfare Trust, which is created under the Employee Stock Option Plan.

(vi) General reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

(vii) Other comprehensive income (OCI)

(a) The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(b) The Company has recognised remeasurement of defined benefits plans through other comprehensive income.

18 Borrowings
(i) Non-current borrowings

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Secured		
Term loans from banks	13.38	55.80
Other loans from financial institutions	0.18	0.33
Finance lease obligations (refer note 41)	0.12	0.12
	13.68	**56.25**
Current maturities of long-term borrowings (refer note 19)	36.38	47.54
	50.06	**103.79**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

Notes:

a. Rate of interest - The Company's borrowings from banks are at an effective weighted average rate of 10.26% (31 March 2017: 10.80%)

b. Other terms

Nature of security	31 March 2018	31 March 2017
(i) Term loan from IDBI Bank is secured by first charge by way of equitable mortgage of freehold immovable property being a part of Site no.2, Sector-13, Faridabad. The same is repayable in equal quarterly instalments till 1 July 2018.	17.50	52.50
(ii) Term loan from State Bank of India is secured by exclusive first charge on the plant and machinery acquired/to be acquired out of the said term loan and exclusive charge by way of equitable mortgage of freehold immovable property being a part of Site no.2, Sector-13, Faridabad. The same is repayable in equal quarterly instalments starting from 31 December 2017.	32.14	50.89
(iii) Finance lease obligations are secured by the hypothecation of assets financed. Refer note 41 for repayment schedule for these obligations.	0.12	0.12
(iv) Vehicle and other loans are secured by the hypothecation of respective equipments and vehicles and are repayable in equal monthly installments.	0.35	0.45
Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(0.05)	(0.17)
	50.06	**103.79**

c. Refer note 37 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(ii) Current borrowings

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Secured		
Cash Credit and other working capital facilities from banks	-	153.71
Loan against factored receivables	-	5.31
	-	**159.02**

(a) Security details

(i) Cash Credit and other working capital facilities from banks are secured against first pari passu charge on current assets and second charge on moveable fixed assets (excluding assets specifically charged to other term loan lenders) . These facilities carried interest in the range of 6.75%.- 10.75% p.a. in year ended 31 March 2018 (31 March 2017: 7.66%-10.80% p.a).

(ii) Loan against factored receivables is secured by first charge on trade receivables subject to factoring arrangement. This facility carried a rate of interest of 10.45% p.a in year ended 31 March 2017.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(b) The carrying values are considered to be reasonable approximation of their fair values.

(iii) Reconciliation of financial liabilities arising from financing activities:

Particulars	Non-current borrowings and Current maturities of long-term borrowings	Current borrowings
Opening balance as at 1 April 2017	**103.79**	**159.02**
Cash flows:	-	-
Repayments	(54.15)	(159.02)
Interest expenses	12.50	8.84
Interest paid	(12.08)	(8.84)
Closing balance as at 31 March 2018	**50.06**	**-**

19 Other financial liabilities
(i) Other non-current financial liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Security deposits	14.09	12.92
	14.09	**12.92**

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(ii) Other current financial liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term borrowings (refer note 18)	36.38	47.54
Capital creditors	20.33	-
Security deposits	1.00	0.68
Unpaid dividends*	1.40	1.15
Payable to related parties (refer note 47)	1.79	3.82
Employee related payables	66.65	34.67
Retention money	0.77	0.77
Other payables	20.12	23.39
	148.44	**112.02**

*Investor Education and Protection Fund will be credited as and when due
The carrying values are considered to be a reasonable approximation of their fair values.

20 Other liabilities
(i) Other non-current liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Advance against sale of land	-	9.00
Deferred income	9.40	7.91
	9.40	**16.91**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(ii) Other current liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Advances received from customers	38.28	43.94
Advance against sale of property, plant and equipment	9.00	2.50
Payable to statutory authorities	38.79	58.66
Deferred income	13.55	11.44
Other accrued liabilities	25.29	-
	124.91	116.54

21 Provisions
(i) Non-current

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for compensated absences	12.72	12.42
Others		
Provision for claims	-	6.57
Provision for warranty	2.60	0.37
	15.32	19.36

(ii) Current

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity	45.51	45.63
Provision for compensated absences	2.93	2.66
Others	-	
Provision for warranty	11.99	10.81
Provision for claims	72.40	72.36
	132.83	131.46

Notes:

1 Information about individual provisions:

Provision for claims

a) During the year 2004-05, the Company sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated 25 September 2005. At the time of sale, EHIRCL had certain pending disputed income tax demands of ₹52.33 crores and interest thereon amounting to ₹29.16 crores. In accordance with the terms of said SPA, the Company 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 its final settlement. For this purpose and in terms of said SPA, an amount of ₹64.99 crores has been kept in an Escrow Account as fixed deposit, which after renewal(s) along with interest amounts to ₹134.12 crores as on 31 March 2018 (31 March 2017: ₹127.76 crores). Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹65.00 crores on 31 March 2018 (31 March 2017: ₹65.00 crores).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

b) Farmtrac North America, LLC (FNA), previously subsidiary of the Company had entered into a distribution agreement for distribution of tractors manufactured by M/s L S Mtron (LSC). During 2006-07. FNA however defaulted in making payments to LSC for the tractors supplied to them. LSC initiated International Arbitration conducted by ICC against the Company. FNA is currently under receivership and its assets had been disposed off by the Receiver and proceeds were distributed to secured creditors. A settlement agreement was executed between the Company and LSC during FY 2015-16 and according to such settlement agreement, out of the total amount payable ₹47.67 crores, 50% was paid during FY 2015-16 and balance is payable in three equal yearly installments, there after. In terms of the settlement agreement, the Company has paid three installments and the remaining installment is payable in FY2018-19. The carrying balance of provision for such amount payable to LSC is ₹7.40 crores on 31 March 2018 (31 March 2017: ₹13.93 crores).

Provision for warranty

The Company gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/ replacement. The timing of outflows is expected to be within a period of one to five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to incur the related expenditure over the next year.

2 Movement in other provisions :

(₹ crores)

	Provision for claims	Provision for warranty
Provision at 1 April 2016	**80.75**	**10.65**
Additions during the year	-	10.22
Amount utilised during the year	(7.99)	(9.76)
Unwinding of discount and effect of change in discount rate	6.50	0.07
Exchange fluctuation	(0.33)	-
Provision at 31 March 2017	**78.93**	**11.18**
Additions during the year	-	12.92
Amount utilised during the year	(7.75)	(9.65)
Amounts reversed during the year		
Unwinding of discount and effect of change in discount rate	1.21	0.14
Exchange fluctuation	0.01	-
Provision at 31 March 2018	**72.40**	**14.59**

3 For disclosures on employee benefits, refer note 39.

22 Trade payables

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Acceptances	180.69	168.22
Trade payables	-	
-due to micro, small and medium enterprises (refer note 43)	32.94	-
-due to others	803.90	556.23
Other accrued liabilities	207.94	169.33
	1,225.47	**893.78**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

23 Revenue from operations

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Operating revenue		
Sale of products*		
Export	187.58	105.25
Domestic	4,786.57	4,047.36
	4,974.15	4,152.61
Other operating revenue		
Sale of services	15.17	6.45
Export incentives	10.35	1.70
Scrap sales	13.98	4.13
Others	2.32	2.69
	41.82	14.97
	5,015.97	4,167.58

*including excise duty till 30 June 2017

24 Other income

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest from		
Bank deposits	9.10	14.30
Other financial assets carried at amortised cost	13.74	11.47
Others	1.11	0.01
	23.95	25.78
Other income		
Unclaimed balances and excess provisions written back	2.38	6.32
Gain on foreign currency transactions (net)	5.91	-
Lease rentals	2.44	1.74
Gain on sale of investments (net)	7.18	0.83
Gain on investments carried at fair value through profit or loss (net)	10.56	3.79
Gain on sale of assets (net)	2.79	-
Miscellaneous income	4.20	5.00
	35.46	17.68
	59.41	43.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

25 Cost of materials consumed

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Cost of material consumed		
Opening stock	162.82	153.79
Purchases	3,242.40	2,621.44
	3,405.22	2,775.23
Closing stock	(256.93)	(162.82)
Less: cost of material consumed for discontinued operations	(0.49)	(14.45)
	3,147.80	2,597.96
(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods		
Opening stock		
Finished goods	164.80	141.84
Work-in-progress	35.16	35.25
Stock-in-trade	70.81	58.94
	270.77	236.03
Closing stock		
Finished goods	(177.00)	(164.80)
Work-in-progress	(36.52)	(35.16)
Stock-in-trade	(80.03)	(70.81)
	(293.55)	(270.77)
Less: changes in inventories for discontinued operations	-	(14.92)
	(22.78)	(49.66)

26 Employee benefits expense

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	381.05	344.18
Share based payments to employees (refer note 40)	-	0.05
Post-employment and other long term benefits expense (refer note 39)	10.68	8.05
Contribution to provident and other funds (refer note 39)	16.63	16.22
Staff welfare	22.72	21.65
	431.08	390.15

27 Finance costs

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest on		
Long term loans	8.86	15.65
Cash credit and short term loans	8.84	8.22
Others	3.74	3.73
Finance and bank charges	4.90	5.32
Unwinding of discount on provisions and financial liabilities carried at amortised cost	2.23	7.43
	28.57	40.35
Less: finance costs related to discontinued operations	-	(9.24)
	28.57	31.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

28 Depreciation and amortisation

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on		
Property, plant and equipment	58.31	50.46
Investment property	0.15	0.15
Amortisation on		
Intangible assets	14.02	12.46
	72.48	**63.07**

29 Other expenses

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Stores and spares consumed	37.62	36.30
Power, fuel and electricity	37.18	38.46
Excise duty on increase/(decrease) in stock of finished goods	-	(0.56)
Repair and maintenance		
Building	8.05	8.95
Machinery	12.49	17.43
Others	23.46	26.28
Outsourcing expenses	30.87	29.31
Warranties and after sale service	18.50	14.18
Rent	7.61	7.01
Research and testing expense on projects	11.86	14.12
Rates and taxes	2.64	2.62
Insurance	4.52	3.62
Traveling and conveyance	51.48	45.54
Postage and telephones	6.19	6.63
Manpower hiring on contract	84.87	81.57
Legal and professional	50.63	54.36
Audit fees(refer note 33)	1.00	1.19
Commission, discounts and sales incentive	12.71	19.36
Advertisement and promotional expenses	49.84	38.80
Royalty paid	24.77	20.39
Packing, freight and forwarding	102.01	67.58
Security charges	5.80	6.58
Printing and stationery	3.67	3.04
Loss on foreign currency transactions (net)	-	1.19
Director's sitting fees and commission	11.23	8.58
Corporate social responsibility (CSR) expenditure *	3.25	3.30
Provision for doubtful debts/advances and deposits	20.73	5.30
Bad debts and inventory written off	5.63	27.82
Less : Provision already held	(5.63)	(27.82)
Assets written off	0.13	0.69
Loss on sale of assets (net)	-	0.98
Miscellaneous expenses	25.89	24.08
	649.00	**586.88**
*** CSR Expenditure**		
(i) Gross amount required to be spent by the Company during the year	3.08	3.42
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	3.25	3.30

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

30 Exceptional items

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Voluntary retirement scheme expenses	6.76	11.24
Income from Escorts Benefit Trust (refer note 44)	-	(15.00)
	6.76	**(3.76)**

31 Discontinued operations

(i) Description

Pursuant to approval of the Board and execution of the Asset Purchase Agreement (Agreement) dated 11 August 2016, the Company had divested its OEM and Export business of its Auto Product Division. The said divestment became effective w.e.f. 6 December 2016 upon completion of defined actions and covenants as per the Agreement. The Company shall continue to pursue its sale of auto products in after market operations.

(ii) Financial performance and cash flow information

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Total income	5.88	**53.91**
Total expenses	5.88	**73.45**
Loss before exceptional items and tax	-	**(19.54)**
Profit on disposal of non-current assets of discontinued operation	-	3.00
Exceptional items*	-	(41.92)
Loss before tax from discontinued operations	-	(58.46)
Income tax expense	-	(17.75)
Loss for the year from discontinued operations	-	**(40.71)**

*This includes expenses on providing/writing off various unrecoverable amounts in respect to various items of inventories, trade receivables and other assets.

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Net cash outflow from operating activities	-	(1.25)
Net cash inflow from investing activities	-	10.26
Net cash outflow from financing activities	-	(9.01)
Net cash inflow/(outflow) from discontinued operation	-	-

32 Earnings per share (EPS)

(₹ crores)

	For year ended 31 March 2018	For year ended 31 March 2017
Net profit from		
Continuing operations	344.72	201.15
Discontinued operation	-	(40.71)
Net profit for the year from continuing and discontinued operations	**344.72**	**160.44**
Profit from continuing operations (A)	344.72	201.15
Total shares issued	**12,25,76,878**	**12,25,76,878**
less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust at the beginning of the year	31,01,612	31,85,612

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

32 Earnings per share (EPS) (Contd.)

(₹ crores)

	For year ended 31 March 2018	For year ended 31 March 2017
add: weighted average number of options exercised during the year	23,165	53,622
Weighted-average number of equity shares for basic EPS (B)	11,94,98,431	11,94,44,888
Effect of dilution :		
Weighted average number of share options granted to employees	-	21,099
Weighted average number of equity shares adjusted for the effect of dilution (C)	**11,94,98,431**	**11,94,65,987**
Basic EPS (Amount in ₹) (A/B)	28.85	16.84
Diluted EPS (Amount in ₹) (A/C)	28.85	16.84
Loss from discontinued operations (A)	-	(40.71)
Weighted-average number of equity shares for basic EPS (B)	**11,94,98,431**	**11,94,44,888**
Effect of dilution :		
Weighted average number of share options granted to employees	-	48,307
Weighted average number of equity shares adjusted for the effect of dilution (C)	**11,94,98,431**	**11,94,93,195**
Basic EPS (Amount in ₹) (A/B)	-	(3.41)
Diluted EPS (Amount in ₹) (A/C)	-	(3.41)
Profit from continuing operations and discontinued operations (A)	344.72	160.44
Weighted-average number of equity shares for basic EPS (B)	**11,94,98,431**	**11,94,44,888**
Effect of dilution :		
Weighted average number of share options granted to employees	-	21,099
Weighted average number of equity shares adjusted for the effect of dilution (C)	**11,94,98,431**	**11,94,65,987**
Basic EPS (Amount in ₹) (A/B)	28.85	13.43
Diluted EPS (Amount in ₹) (A/C)	28.85	13.43

33 Legal and professional expenses includes payments to auditor

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
As Auditor:		
Audit fee	0.90	0.98
Tax audit fee	0.10	0.21
Certification and other services	0.05	0.32
For reimbursement of expenses	0.06	0.05

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

34 Commitments and contingencies**

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
A. Commitments		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	91.12	52.50
- Letter of Credit/guarantees executed in favour of others	34.35	41.99
B. Contingencies		
(i) Taxation related contingencies		
Excise duty/ customs duty /service tax demands	478.70	471.44
Sales tax & other demands	95.54	80.84
Demand raised by Income Tax department, disputed by the Company and pending in appeal (refer note (a) below)	25.82	22.15
(ii) Others		
Cases under litigation relating to :		
- Personnel	4.09	4.46
- Others	33.45	37.92
(iii) Claims not acknowledged as debts	0.60	0.55
(iv) ESI additional demand not acknowledged as liability	0.13	5.55
(v) Demand raised by Faridabad Municipal Corporation for external development charges where the Company is in litigation	2.38	2.38

Notes:

(a) Contingencies regarding Income tax cases pending in Escorts Heart Institute and Research Center Limited for which amount is indeterminable (refer note 21 for details)

**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.

35 Loss from agricultural business:

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Expenses		
Sales and other income	0.23	0.21
Net loss from agricultural activities	0.02	-
	(0.21)	(0.21)

36 Research and development

(i) Research and development costs on in house R&D centers amounting to ₹100.39 crores (31 March 2017: ₹83.98 crores) were incurred during the year.

Particulars	Tractor		Construction equipment	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Materials	0.84	0.49	-	0.11
Personnel expenses	42.46	34.87	5.48	4.61
Other expense	31.62	29.19	2.32	1.99
Depreciation	16.03	13.70	1.65	1.01
Total	**90.95**	**78.25**	**9.45**	**7.72**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(ii) Assets purchased/capitalised for research and development centers*:

(₹ crores)

Description	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
Gross carrying value		
As at 1 April 2016	**214.31**	**7.40**
Additions	41.80	2.90
Disposals	(0.58)	-
As at 31 March 2017	**255.53**	**10.30**
Additions	11.69	1.10
Disposals	(3.80)	-
As at 31 March 2018	**263.42**	**11.40**
Accumulated depreciation		
As at 1 April 2016	**67.56**	**4.00**
Depreciation for the year	13.70	1.01
Disposals	(0.55)	-
As at 31 March 2017	**80.71**	**5.01**
Depreciation for the year	16.03	1.65
Disposals	(3.75)	-
As at 31 March 2018	**92.99**	**6.66**
Net block as at 1 April 2016	**146.75**	**3.40**
Net block as at 31 March 2017	**174.82**	**5.29**
Net block as at 31 March 2018	**170.43**	**4.74**

* Exclude capital advance/capital work-in-progress

(iii) Expenses on research and development as percentage to gross turnover is:

(₹ crores)

	31 March 2018	31 March 2017
Tractors	1.83%	1.88%
Construction equipment	0.19%	0.19%

37 Financial Instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

(₹ crores)

	Note	**As At 31 March 2018**	As At 31 March 2017
Financial assets measured at fair value			
Investments measured at			
Fair value through other comprehensive income	6 (i)	48.30	36.25
Fair value through profit and loss	6 (ii)	484.89	168.80
Financial assets measured at amortised cost			
Trade receivables	12	599.98	458.02
Loans	7	10.35	8.67
Cash and cash equivalents	13	148.74	54.51
Other bank balances	14	163.16	173.89
Other financial assets	8 (ii)	12.14	11.07
Total		**1,467.56**	**911.21**
Financial liabilities measured at amortised cost			
Borrowings	18 (i), 18 (ii)	50.06	215.27
Trade payables	22	1,225.47	893.78
Other financial liabilities	19 (i), 19 (ii)	126.15	124.94
Total		**1,401.68**	**1,233.99**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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Investment in subsidiaries, joint ventures and associates are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

B Fair values hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:
Level 1: Quoted prices for identical instruments in an active market;
Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crores)

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.76	-	47.54	48.30
Fair value through profit and loss	484.89	-	-	484.89

(₹ crores)

As at 31 March 2017	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.52	-	35.73	36.25
Fair value through profit and loss	168.80	-	-	168.80

a. Valuation process and technique used to determine fair value

(i) The fair value of investments in government securities and quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.

(ii) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(iii) In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. The techniques used by the valuer are as follows:

a) Asset approach - Net assets value method
b) Income approach - Discounted cash flows ("DCF") method
c) Market approach - Enterprise value/Sales multiple method

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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b. Significant unobservable inputs used in Level 3 fair values and sensitivity of the closing values as at end of reporting period to such inputs is as below :
Unquoted equity shares

(₹ crores)

Description	31 March 2018	31 March 2017
Impact on fair value if change in earnings growth rate		
- Impact due to increase of 0.50 % for 2018 and 0.50 % for 2017	0.36	0.27
- Impact due to decrease of 0.50 % for 2018 and 0.50 % for 2017	(0.36)	(0.25)
Impact on fair value if change in risk adjusted discount rate		
- Impact due to increase of 0.50 % for 2018 and 0.50 % for 2017	(1.79)	(0.61)
- Impact due to decrease of 0.50 % for 2018 and 0.50 % for 2017	1.84	0.67

c. The following table presents the changes in level 3 items for the periods ended 31 March 2018 and 31 March 2017:

(₹ crores)

Particulars	Unquoted equity shares
As at 1 April 2016	**28.07**
Gain recognised in other comprehensive income	7.66
As at 31 March 2017	**35.73**
Gain recognised in other comprehensive income	11.81
As at 31 March 2018	**47.54**

B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ crores)

As at 31 March 2018	Carrying value	Fair value
Loans given	4.41	4.43
Security deposits received	14.09	15.68

(₹ crores)

As at 31 March 2017	Carrying value	Fair value
Loans given	4.17	4.18
Security deposits received	12.92	14.34

The management assessed that fair values of current loans, current financial assets, cash and cash equivalents, other bank balances, trade receivables, other receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

(ii) The fair values of the Company's fixed interest-bearing loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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(iii) All the other long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

C Financial Risk Management

Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's activities expose it to market risk, liquidity risk and credit risk This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

C.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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The Company provides for expected credit loss based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss Other financial assets - 12 month expected credit loss
High credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss or specific provision whichever is higher Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher

Financial assets that expose the entity to credit risk* –

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
(i) Low credit risk on financial reporting date		
Loans	10.35	8.67
Trade receivables	85.53	52.40
Cash and cash equivalents	148.74	54.51
Other bank balances	163.16	173.89
Other financial assets	12.14	11.07
(ii) Moderate credit risk		
Trade receivables	532.57	420.25
(iii) High credit risk		
Trade receivables	41.07	42.84
Other financial assets	2.93	2.93

*These represent carrying values of financial assets, without deduction for expected credit losses

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

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for the year ended 31 March 2018

b) Expected credit losses for financial assets

i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The reconciliation of expected credit loss recorded for all sub categories of financial assets (other than trade receivables) are disclosed below.

31 March 2018

(₹ crores)

	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	148.74	0%	-	148.74
Other bank balances	163.16	0%	-	163.16
Loans	10.35	0%	-	10.35
Other financial assets	15.07	19.4%	2.93	12.14

31 March 2017

(₹ crores)

Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	54.51	0%	-	54.51
Other bank balances	173.89	0%	-	173.89
Loans	8.67	0%	-	8.67
Other financial assets	14.00	21.0%	2.93	11.07

ii) Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for).

(₹ crores)

Particulars	31 March 2018			
	Agri machinery	Auto products*	Construction equipment	Railway products
Gross sales in respect of customers where no specific default has occurred	3,784.46	-	741.86	284.12
Expected loss rate	0.10%	-	1.57%	1.01%
Expected credit loss (loss allowance provision)	3.62	-	11.62	2.87
Receivables due from customers where specific default has occurred	11.48	5.42	19.95	4.22

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(₹ crores)

Particulars	31 March 2017			
	Agri machinery	Auto products*	Construction equipment	Railway products
Gross sales in respect of customers where no specific default has occurred	3,247.73	-	589.82	233.40
Expected loss rate	0.11%	-	1.59%	0.78%
Expected credit loss (loss allowance provision)	3.46	-	9.35	1.82
Receivables due from customers where specific default has occurred	11.92	9.96	17.84	3.12

* Auto products business was discontinued and all assets & liabilities were transferred under a sale agreement executed in FY 2016-17 (refer note 31), except certain receivables and other assets which remained with the Company.

Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ crores)

Reconciliation of loss allowance	Trade receivables	Other financial assets
Loss allowance on 1 April 2017	**57.47**	**(2.93)**
Assets originated or purchased	8.01	-
Loss allowance written back	(4.97)	-
Write – offs	(1.32)	-
Loss allowance on 31 March 2018	**59.19**	**(2.93)**

C.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ crores)

Floating rate	**31 March 2018**	31 March 2017
- Expiring within one year (cash credit and other facilities)	425	305
- Expiring beyond one year (bank loans)	-	99
	425	**404**

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, the Company in previous year ended 31 March 2017 had certain facilities which could be drawn till 31 December 2017 for ₹99 crores (subject to the continuance of satisfactory credit ratings) and have an average maturity of 2.5 years as at 31 March 2017. There were no undrawn facilities as at 31 March 2018.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

31 March 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings	47.50	14.35	-	-	61.85
Finance lease obligation	0.01	0.01	0.01	1.04	1.07
Trade payable	1,225.47	-	-	-	1,225.47
Security deposits	1.05	-	-	22.85	23.90
Other financial liabilities	111.06	-	-	-	111.06
Total	**1,385.09**	**14.36**	**0.01**	**23.89**	**1,423.35**

31 March 2017	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings	215.61	45.99	14.10	0.16	275.86
Finance lease obligation	0.01	0.01	0.01	1.05	1.08
Trade payable	893.78	-	-	-	893.78
Security deposits	0.70	-	0.42	21.71	22.83
Other financial liabilities	63.80	-	-	-	63.80
Total	**1,173.90**	**46.00**	**14.53**	**22.92**	**1,257.35**

C.3 Market risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ crores)

Particulars	**31 March 2018**	31 March 2017
Financial assets	14.65	19.09
Financial liabilities	12.81	20.63
Net exposure to foreign currency risk (liabilities)	**1.84**	**(1.54)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	**31 March 2018**	31 March 2017
USD sensitivity		
INR/USD- increase by 150 bps (31 March 2017 150 bps)*	0.03	(0.02)
INR/USD- decrease by 150 bps (31 March 2017 150 bps)*	(0.03)	0.02

*Holding all other variables constant

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

(₹ crores)

Particulars	31 March 2018	31 March 2017
Financial assets	21.52	28.12
Financial liabilities	1.67	6.63
Net exposure to foreign currency risk (liabilities)	**19.85**	**21.49**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2018	31 March 2017
EURO sensitivity		
INR/EURO- increase by 200 bps (31 March 2017 200 bps)*	0.40	0.43
INR/EURO- decrease by 200 bps (31 March 2017 200 bps)*	(0.40)	(0.43)

* Holding all other variables constant

(iii) Foreign currency risk exposure in JPY:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ crores)

Particulars	31 March 2018	31 March 2017
Financial assets	-	-
Financial liabilities	3.00	0.13
Net exposure to foreign currency risk (liabilities)	**(3.00)**	**(0.13)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2018	31 March 2017
JPY sensitivity		
INR/JPY- increase by 500 bps (31 March 2017 500 bps)*	(0.15)	(0.01)
INR/JPY- decrease by 500 bps (31 March 2017 500 bps)*	0.15	0.01

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At 31 March 2018 and 31 March 2017, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(₹ crores)

Particulars	31 March 2018	31 March 2017
Variable rate borrowing	49.58	162.22
Fixed rate borrowing	0.48	100.59
Total borrowings	**50.06**	**262.81**
Amount disclosed under other current financial liabilities	**36.38**	**47.54**
Amount dislosed under borrowings	**13.68**	**215.27**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

Sensitivity
Below is the sensitivity of profit or loss in interest rates.

(₹ crores)

Particulars	31 March 2018	31 March 2017
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	0.50	1.62
Interest rates – decrease by 100 basis points (100 bps)	(0.50)	(1.62)

* Holding all other variables constant

ii) Assets
The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk
i) Exposure
The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

ii) Sensitivity
The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

Impact on profit before tax

(₹ crores)

Particulars	31 March 2018	31 March 2017
Mutual funds		
Net assets value – increase by 100 bps (100bps)	4.85	1.69
Net assets value – decrease by 100 bps (100bps)	(4.85)	(1.69)

Impact on other comprehensive income before tax

(₹ crores)

Particulars	31 March 2018	31 March 2017
Unquoted equity instruments		
Value per share – increase by 500 bps (500bps)	2.38	1.79
Value per share – decrease by 500 bps (500bps)	(2.38)	(1.79)
Quoted equity instruments		
Market price – increase by 500 bps (500bps)	0.04	0.03
Market price – decrease by 500 bps (500bps)	(0.04)	(0.03)

38 Capital management
The Company' s capital management objectives are
- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(a) Debt equity ratio

(₹ crores)

Particulars	31 March 2018	31 March 2017
Net debts	50.06	262.81
Total equity	2,548.11	1,991.16
Net debt to equity ratio	**2%**	**13%**

(b) Dividends

(₹ crores)

Particulars	31 March 2018	31 March 2017
(i) Equity shares		
Final dividend for the year ended 31 March 2017 of ₹1.50 per share (excluding tax)	18.39	-
Final dividend for the year ended 31 March 2016 of ₹1.20 per share (excluding tax)	-	14.71

(ii) Dividends proposed

In addition to the above dividends, the dividends, if any recommended by the Board of Directors post end of relevant reporting year shall be accrued and distributed in the year of approval in annual general meeting.

39 Employee benefits

A Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

(i) Amount recognised in the balance sheet is as under:

(₹ crores)

Particulars	31 March 2018		31 March 2017	
	Current	Non-current	Current	Non-current
Gratuity :				
Present value of defined benefit obligation	81.93	-	82.61	-
Fair value of plan assets	36.42	-	36.98	-
Net value of defined benefit obligation	**45.51**	**-**	**45.63**	**-**

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(ii) Amount recognised in the statement of profit and loss is as under:

(₹ crores)

Description	31 March 2018	31 March 2017
Current service cost	4.44	4.26
Past service cost including curtailment gains/losses	2.74	
Net interest cost	3.50	4.10
Net impact on profit (before tax)	**10.68**	**8.36**
Continuing operations	10.68	8.05
Discontinued operations	-	0.31
Actuarial loss/(gain) recognised during the year (Continuing operations)	(0.58)	2.64
Amount recognised in the statement of profit and loss	**10.10**	**11.00**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2018	31 March 2017
Present value of defined benefit obligation as at the start of the year	82.61	86.52
Current service cost	4.44	4.26
Past service cost	2.74	-
Interest cost	6.21	6.92
Actuarial loss/(gain) recognised during the year	(0.58)	2.69
Benefits paid	(13.49)	(17.78)
Present value of defined benefit obligation as at the end of the year	**81.93**	**82.61**

(iv) Movement in the plan assets recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2018	31 March 2017
Fair value of plan assets at beginning of year	36.98	34.96
Expected return on plan assets	2.71	2.83
Employer's contribution	10.22	16.92
Benefits paid	(13.49)	(17.78)
Actuarial gain/(loss) on plan assets	-	0.05
Fair value of plan assets at the end of the year	**36.42**	**36.98**
Actual return on plan assets	2.71	2.88

(v) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	31 March 2018	31 March 2017
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(0.91)	(0.20)
Actuarial (gain)/loss on arising from experience adjustment	0.33	2.84
Total actuarial (gain)/loss	**(0.58)**	**2.64**

(vi) Actuarial assumptions

(₹ crores)

Description	31 March 2018	31 March 2017
Discount rate	7.73%	7.52%
Future salary increase	5.00%	5.00%
Expected average remaining working lives of employees (years)	17.57	16.89

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Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vii) Sensitivity analysis for gratuity liability

(₹ crores)

Description	31 March 2018	31 March 2017
Impact of the change in discount rate		
Present value of obligation at the end of the year	81.93	82.61
- Impact due to increase of 0.50 %	(2.09)	(2.17)
- Impact due to decrease of 0.50 %	2.22	2.29
Impact of the change in salary increase		
Present value of obligation at the end of the year	81.93	82.61
- Impact due to increase of 0.50 %	2.26	2.34
- Impact due to decrease of 0.50 %	(2.16)	(2.23)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

(viii) Maturity profile of defined benefit obligation

(₹ crores)

Description	31 March 2018	31 March 2017
Within next 12 months	14.63	11.99
Between 1-5 years	15.94	16.02
Beyond 5 years	51.36	54.60

(ix) Category of plan assets :

(₹ crores)

Particulars	31 March 2018	31 March 2017
LIC of India - Group Gratuity Cash Accumulation Fund	35.90	36.63
Others	0.43	0.35
Total	**36.33**	**36.98**

(x) The Company expects to contribute ₹6.72 crores (previous year ₹7.66) to its gratuity plan for the next year.

B Compensated absences (unfunded)

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the

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independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹5.25 crores (previous year: ₹4.24 crores) has been recognised in the statement of profit and loss.

(₹ crores)

Particulars	31 March 2018		31 March 2017	
	Current	**Non-current**	Current	Non-current
Compensated absences (unfunded)	2.93	12.72	2.66	12.42

C Defined contribution plans
The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹16.32 crores (Previous year: ₹15.84 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹0.26 crores (Previous year: ₹0.33 crores).

D The Company has taken an Insurance policy for medical benefits in respect of its retired and working employees. The Insurance policy for on-roll employees is fully funded by the Company.

40 Share-based payments
The option plan is designed to provide incentives to employees of the Company. Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting conditions	Exercise period	Exercise price per share (₹)
Employees Stock Option Scheme, 2006	Vested after one year from the date of grant	Two years from the date of vesting	85.00

Options are granted under the plan for the consideration of ₹85 per share and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan:

(₹ crores)

Particulars	31 March 2018	31 March 2017
	Number of options	Number of options
Opening balance	27,100	1,11,100
Granted during the year	-	-
Exercised during the year*	27,100	84,000
Lapsed during the year	-	-
Closing balance	-	27,100

* The weighted average share price at the date of exercise of options during the year ended 31 March 2018 was ₹595.35 (31 March 2017 ₹260.00).
Weighted average remaining contractual life of options as at 31 March 2018 Nil (31 March 2017 : 1.50 years).

41 Leases
Operating leases – Assets taken on lease
The Company has leased certain land and buildings under operating lease arrangements. The leases are renewable on periodical basis and cancellable at Company's option. Total lease payments recognised in the statement of profit and loss is ₹7.61 crores (31 March 2017: ₹7.01 crores).

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Finance leases – Assets taken on lease

The Company has a leasehold land at Rudrapur which has been taken on a lease for a period of 90 years in the year 2004. Initial land premium of ₹1.7 crores has been paid. In addition to the land premium, the Company pays an annual rent of ₹0.02 every year. Also, the management has revalued the amount of land in 2009 and has created a revaluation reserve of ₹7.13 crores pertaining to the same. The said lease of land was considered to be finance lease by the Company.

The disclosures for minimum lease payments in respect of such finance lease are as follows:

(₹ crores)

	31 March 2018			
	Minimum lease payments due			
	within 1 year	**1 to 5 years**	**after 5 years**	**Total**
Lease payments	0.01	0.06	1.01	1.08
Finance charges	-	0.02	0.94	0.96
Net present values	**0.01**	**0.04**	**0.07**	**0.12**

(₹ crores)

	31 March 2017			
	Minimum lease payments due			
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	0.01	0.06	1.02	1.09
Finance charges	-	0.02	0.95	0.97
Net present values	**0.01**	**0.04**	**0.07**	**0.12**

42 During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgment dated 1 October 2008.The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which was disposed of by the Hon'ble Supreme Court by nine Hon'ble Judges of Constitution Bench and hence that Compensator issue is no more relevant as it does not arise out of the Constitution but imaginary. Matters are not decided by Division Bench by making an order that the interested parties may prefer writs before the High Court. Hence the matter remains pending till its decision. Based on the legal advice received by the Company no further provision on this account is considered necessary after 31 March 2008.

43 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ crores)

		As at 31 March 2018	As at 31 March 2017
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	32.94	-
ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.73	-
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

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44 (a) The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated 4 March 2011. 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 and 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.

In the year ended 31 March 2017, Escorts Benefit Trust has realised the investments held by it and remitted the surplus of ₹15.00 crores to the Company (beneficiary) after retaining sufficient funds for meeting its liability towards Escorts Finance Limited deposits.

(b) Contractual manpower cost during year ended 31 March 2017 amounting to ₹48.84 crores have been regrouped from employee benefits expense to other expenses to provide relevant information.

45 A Scheme of Arrangement and Amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Escorts Construction Equipment Limited ('ECEL'), a subsidiary company and Escotrac Finance and Investments Private Limited ('Escotrac') and Escorts Finance Investments and Leasing Private Limited ('EFILL'), joint ventures of the Company (together referred to as 'transferor companies'), was sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh vide its order dated 9 August 2012 (hereinafter referred to as 'the Scheme'). Upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana by the Transferor Companies and Transferee Company, the Scheme became effective on 12 October 2012. In accordance with the Scheme, 37,300,031 equity shares of the Company comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Company were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Company in EBWT, has been accounted for as an Investment by the Company in the manner prescribed in the Scheme.

Consequently, EBWT holds 33,700,031 (31 March 2017: 37,300,031) equity shares of the Company and 23,497,478 (31 March 2017: 23,497,478) equity shares of Escorts Finance Limited (subsidiary of the Company). The Company is the sole beneficiary of the Trust. The dividend received by the trust on the Company's shares are credited directly in "Retained earnings" in note 17 - Other equity. Further, during the year ended 31 March 2018, EBWT sold 3,600,000 shares of the Company and remitted ₹250.34 crores to the Company as distribution. Consistent with the accounting for the Scheme, whereby the difference between the net assets of the Transferor Companies and the purchase consideration issued by the Company to EBWT was adjusted in Equity of the Company, the aforementioned distribution from EBWT (net of cost of investment) amounting to ₹217.09 crores has been credited to Equity in the General Reserve. Market value of outstanding shares held by Trust on 31 March 2018 is ₹2768.72 crores (31 March 2017: ₹2038.70 crores).

46 Assets pledged as security for borrowings

(₹ crores)

	Notes	**31 March 2018**	31 March 2017
Current			
Financial assets			
First charge			
Trade receivables	12	599.98	458.02
Specific fixed deposits	14	-	18.93
Non financial assets			
Inventories	11	541.06	429.48
Total current assets pledged as security		**1,141.04**	**906.43**
Non-current			
First charge			
Land & Building	3 (i)	203.47	203.46
Plant & machinery	3 (i)	41.55	41.55
Second Charge			
Other movable assets (other than specifically charged to other term lenders)	3 (i)	285.42	278.68
Total non-currents assets pledged as security		**530.44**	**523.69**
Total assets pledged as security		**1,671.48**	**1,430.12**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2018

47 Related party transactions

The Company's related party transactions and outstanding balances are with its subsidiaries, associates and joint venture, key management and others as described below.

A Relationships

Subsidiaries

Domestic		Overseas
Escorts Crop Solutions Limited (Earlier known as EDDAL Credit Limited)		Farmtrac Tractors Europe Sp. Z.o.o, Poland
Escorts Asset Management Limited (cease to be subsidiary w.e.f. 20 February 2018)		
Escorts Securities Limited		
Escorts Benefit and Welfare Trust		
Escorts Finance Limited		
Escorts Benefit Trust		
Joint venture		
Adico Escorts Agri Equipment Private Limited		
Associates		
Escorts Consumer Credit Limited		
B Key management personnel		
Mr. Rajan Nanda	Chairman and Managing Director	
Mr. Nikhil Nanda	Managing Director	
Mr. Bharat Madan	Group Chief Financial Officer	
Mr. Ajay Sharma	Group General Counsel and Company Secretary	
Other directors		
Ms. Nitasha Nanda		
Mr. Hardeep Singh		
Mr. P.H Ravikumar		
Ms. Vibha Paul Rishi		
Mr. Sutanu Behuria		
Mr. Darius Jehangir Kakalia		
Mr. Ravi Narain		
Mr. G. B. Mathur		
Enterprises over which key management personnel and relatives of such personnel exercise significant influence		
Rimari India Private Limited		
AAA Portfolios Private Limited		
Escorts Skill Development		
Niky Tasha Energies Private Limited		
Momento Communications Private Limited		
Har Parshad And Company Private Limited		
Raksha Health Insurance TPA Private Limited (earlier known as Raksha TPA Private Limited)		
Ritu Nanda Insurance Service Private Limited		
Niky Tasha Limited (Formerly Niky Tasha Electronics Limited)		
Sun & Moon Travels (India) Private Limited		
Big Apple Clothing Private Limited		
Sietz Technologies India Private Limited		
Niky Tasha Communications Private Limited		
Escorts Employees Welfare Limited		

List of other related parties

Mrs. Ritu Nanda

Escorts Limited Employees' Group Gratuity Fund Trust (refer note 39 for transaction)

Key management personnel remuneration includes the following expenses:

(₹ crores)

	31 March 2018	31 March 2017
Short-term employee benefits:	26.10	19.66
Other long-term benefits:	0.05	-
Post-employment benefits:	0.91	0.54
Total remuneration	**27.06**	**20.20**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

C Transactions with related party
(i) Transactions with joint ventures

(₹ crores)

Nature of transactions*	Purchase of goods	Rent Paid	Interest Income	Rendering of services	Services received	Purchase of goods	Advance Given	Refund of Advance	Dividend Paid**	Distribution received	Debtors / Receivables	Payables
Adico Escorts Agri Equipment	42.74	0.01	0.12	-	-	-	1.50	1.50	-	-	-	2.64
Private Limited	(16.94)	(0.01)	-	-	-	-	-	-	-	-	-	(0.02)

(ii) Transactions with associates
There is a payable outstanding on account of transactions as at 31 March 2018 of ₹2.09 crores (31 March 2017: ₹2.09 crores) against Escorts Consumer Credit Limited.

(iii) Transactions with Subsidiaries :

(₹ crores)

Nature of transactions*	Sale of goods	Interest expense/ Discounting Charges	Lease income Discounting Charges	Rendering of services Discounting Charges	Reimbursement of expenses	Purchase of goods	Warranty reimbursements	Investments Purchased	Sales Proceeds	Dividend Paid**	Distribution received	Debtors / Receivables	Payables
Farmtrac Tractors Europe	28.20	-	-	-	0.15	0.31	0.77	10.33	-	-	-	21.57	-
Sp. Z.o.o, Poland	(6.41)	-	-	-	(0.15)	(1.55)	(0.42)	-	-	-	-	(27.97)	(0.37)
Escorts Crop Solutions	0.77	0.04	0.15	0.31	-	-	-	3.50	-	-	-	1.22	0.21
Limited	-	(0.04)	-	-	-	-	-	-	-	-	-	-	(1.72)
Escorts Securities Limited	-	-	-	-	-	-	-	3.50	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Escorts Benefit Trust	-	-	-	-	-	-	-	-	-	-		-	-
	-	-	-	-	-	-	-	-	-	-	(15.00)	-	-
Escorts Benefit and	-	-	-	-	-	-	-	-	250.34	5.60	-	-	-
Welfare trust	-	-	-	-	-	-	-	-	-	(4.48)	-	-	-
Escorts Asset	-	-	-	-	-	-	-	-	3.00	-	-	-	-
Management Limited	-	-	-	-	-	-	-	-	-	-	-	-	-

*Numbers in brackets represents financial year ending 31 March 2017

** The Company receives the same dividend back from Escorts Benefit and Welfare Trust in the same year as the Company is the sole beneficiary of this trust (refer note 45)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(iv) Transactions with key management personnel, their relatives and entities in which they exercise control/significant influence

(₹ crores)

Nature of transactions*	Royalty	Remuneration / commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Debtors	Payables
Rajan Nanda	-	9.61	-	-	-	-	-	0.16	-	-	4.25
	-	(8.76)	-	-	-	-	-	(0.12)	-	-	(3.50)
Ritu Nanda	-	-	-	0.36	-	-	-	0.01	-	-	-
	-	-	-	(0.36)	-	-	-	(0.01)	-	-	-
Nikhil Nanda	-	10.24	0.46	-	-	-	-	0.03	-	-	4.50
	-	(8.58)	(0.49)	-	-	-	-	(0.03)	-	-	(3.50)
Nitasha Nanda	-	2.98	-	0.46	-	-	0.05	-	0.06	-	1.50
	-	(2.48)	-	(0.41)	-	-	(0.02)	-	(0.06)	-	(1.00)
Bharat Madan	-	2.02	-	-	-	-	-	-	-	-	-
	-	(1.87)	-	-	-	-	-	-	-	-	-
Ajay Sharma	-	1.27	-	-	-	-	-	-	-	-	-
	-	(0.98)	-	-	-	-	-	-	-	-	-
Girish Bihari Mathur**	-	-	-	-	-	-	1.08	-**	-	-	0.08
	-	-	-	-	-	-	(1.03)	-	-	-	(0.08)
S.A. Dave	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.02)	-	-	-	-
Hardeep Singh	-	0.09	-	-	-	-	0.09	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.06)	-	-	-	(0.08)
P.H Ravikumar	-	0.09	-	-	-	-	0.08	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.05)	-	-	-	(0.08)
Vibha Paul Rishi	-	0.09	-	-	-	-	0.06	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.03)	-	-	-	-
Sutanu Behuria	-	0.09	-	-	-	-	0.08	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.04)	-	-	-	(0.08)
Darius Jehangir Kakalia	-	0.09	-	-	-	-	0.03	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.02)	-	-	-	(0.08)
Ravi Narain	-	0.09	-	-	-	-	0.02	-	-	-	0.09
	-	-	-	-	-	-	-	-	-	-	-
Harparshad & Co. Private Limited	24.77	-	-	-	-	-	-	1.58	-	-	0.33
	(20.62)	-	-	-	-	-	-	(1.26)	-	-	(0.22)
Raksha TPA Private. Limited	-	-	0.72	-	-	-	-	-	0.58	-	-
	-	-	(0.79)	-	-	-	-	-	(0.53)	-	-
Rimari India Private Limited	-	-	-	-	-	-	0.08	-	0.12	-	-
	-	-	-	-	-	-	(0.05)	-	(0.12)	-	-
Ritu Nanda Insurance Service Private Limited	-	-	-	-	-	-	-	-	0.08	-	-
	-	-	-	-	-	-	-	-	(0.06)	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

(₹ crores)

Nature of transactions*	Royalty	Remuneration / commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Debtors	Payables
Momento Communications Private	-	-	-	-	-	-	0.15	-	-	-	-
Limited	-	-	-	-	-	-	(0.37)	-	-	-	-
AAA Portfolios Private. Limited	-	-	-	-	-	-	-	0.25	-	-	-
	-	-	-	-	-	-	-	(0.20)	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	0.27	-	-	-
	-	-	-	-	-	-	-	(0.21)	-	-	-
Niky Tasha Communications Private	-	-	-	-	-	-	-	**	-	-	-
Limited**	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Energies Private Limited**	-	-	-	-	-	-	-	**	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Sietz Technologies India Private Limited	-	-	0.34	1.22	277.29	1.65	0.02	-	1.23	1.58	31.23
	-	-	(0.36)	(1.22)	(232.53)	(1.44)	(0.28)	-	(0.97)	(1.36)	(15.39)
Sun & Moon Travels (India) Private	-	-	0.02	-	-	-	15.22	-	0.02	-	0.11
Limited	-	-	(0.02)	-	-	-	(11.25)	-	(0.51)	-	(0.74)
Escorts Employee Welfare Limited	-	-	-	-	-	-	0.06	-	3.20	-	-
(Gross of provisions)	-	-	-	-	-	-	-	-	(3.00)	(0.15)	-
Escorts Skill Development	-	-	-	-	-	-	1.05	-	-	-	-
	-	-	-	-	-	-	(0.50)	-	-	-	(6.60)

* Numbers in brackets represents financial year ending 31 March 2017
** Nil amount represents dividend paid less than a lakh

48 The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in these financial statements.

As per our Report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Siddharth Talwar
Partner

Place : Faridabad
Date : 17 May 2018

For and on behalf of the Board of Directors

Rajan Nanda
Chairman and
Managing Director
(DIN: 00043256)

Nikhil Nanda
Managing Director
(DIN: 00043432)

Hardeep Singh
Director
(DIN: 00088096)

P.H. Ravikumar
Director
(DIN: 00280010)

Bharat Madan
Group Chief Financial
Officer

Ajay Sharma
Group General Counsel &
Company Secretary
Place : Faridabad
Date : 17 May 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Escorts Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Escorts Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. 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 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its associate and joint venture are responsible for the design, implementation and maintenance of internal control 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. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its associate company and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. 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 thereunder.

5. 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 these consolidated financial statements are free from material misstatement.

6. 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 judgment, 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 controls 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. 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.

7. 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 paragraph 9 of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint venture, 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 (consolidated financial position) of the Group, its associate and joint venture as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

9. We did not audit the financial statements of 11 subsidiaries, whose financial statements reflect total assets of ₹87.73 crores and net liabilities of ₹142.97 crores as at 31 March 2018, total revenues of ₹83.47 crores and net cash outflows amounting to ₹6.32 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹0.37 crores for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of 1 joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of the other auditors.

   Further, of these subsidiaries, associate and joint venture, 1 subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of the other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

   Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

10. We did not audit the financial statements of 1 subsidiary which was sold during the year, whose financial statements reflect total revenues of ₹1.22 crores and net cash outflows amounting to ₹1.41 crores for the year ended on that date (upto the date of sale), as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹Nil for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of 1 associate whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associate, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

11. The comparative financial information for the year ended 31 March 2017 prepared in accordance with Ind AS included in these consolidated financial statements have been audited by the predecessor auditor, on which they had expressed an unmodified opinion vide their report dated 29 May 2017. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint venture, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate company and joint venture company covered under the Act, none of the directors of the Group companies, its associate company and joint venture company covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, associate company and joint venture company covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint venture:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as detailed in Note 34 to the consolidated financial statements.

(ii) The Group, its associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) Escorts Finance Limited, Subsidiary of the Company has not deposited sum of ₹10.95 crores against various due dates upto 17 May 2018 to Investor Education and Protection Fund.

(iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Siddharth Talwar**
Partner
Membership No.: 512752

Place: Faridabad
Date: 17 May 2018

CONSOLIDATED BALANCE SHEET
as at 31 March 2018

(₹ crores)

	Note	**As at 31 March 2018**	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3 (i)	1,528.00	1,513.43
Capital work-in-progress	3 (ii)	48.45	26.56
Investment property	4	23.23	23.38
Intangible assets	5 (i)	36.57	44.33
Intangible assets under development	5 (ii)	17.27	8.14
Investments accounted for using equity method	6 (i)	0.65	1.07
Financial assets			
Investments (other than investment accounted using equity method)	6 (ii)	49.65	37.92
Loans	7 (i)	9.17	8.11
Other financial assets	8 (i)	8.49	10.30
Deferred tax assets (net)	9 (i)	0.81	51.50
Income tax assets (net)		17.73	0.81
Other non current assets	10 (i)	80.47	13.41
Total non-current assets		**1,820.49**	**1,738.96**
Current assets			
Inventories	11	565.73	450.30
Financial assets			
Investments	6 (iii)	498.74	173.35
Trade receivables	12	592.00	456.45
Cash and cash equivalents	13	154.13	69.22
Bank balances other than above	14	163.16	174.88
Loans	7 (ii)	6.04	4.99
Other financial assets	8 (ii)	12.75	13.67
Other current assets	10 (ii)	151.30	102.54
Total current assets		**2,143.85**	**1,445.40**
Assets held for sale	15	9.00	14.86
Total assets		**3,973.34**	**3,199.22**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	122.58	122.58
Other equity	17	2,092.56	1,498.35
Total of Equity (for shareholders of parent)		**2,215.14**	**1,620.93**
Non-controlling interests	18	(0.40)	1.74
Total equity		**2,214.74**	**1,622.67**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	19(i)	14.71	58.59
Other financial liabilities	20 (i)	14.08	13.05
Provisions	22 (i)	16.62	20.73
Deferred tax liabilities (net)	9 (i)	19.70	-
Other non-current liabilities	21 (i)	9.41	17.07
Total non-current liabilities		**74.52**	**109.44**
Current liabilities			
Financial liabilities			
Borrowings	19 (ii)	-	159.30
Trade payables	23	1,234.49	910.14
Other financial liabilities	20 (ii)	173.87	143.48
Other current liabilities	21 (ii)	125.17	117.67
Provisions	22 (ii)	132.92	131.51
Current tax liabilities		17.63	5.01
Total current liabilities		**1,684.08**	**1,467.11**
Total equity and liabilities		**3,973.34**	**3,199.22**

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

Siddharth Talwar
Partner

Rajan Nanda
Chairman and Managing Director
(DIN: 00043256)

Nikhil Nanda
Managing Director
(DIN: 00043432)

Hardeep Singh
Director
(DIN: 00088096)

P.H. Ravikumar
Director
(DIN: 00280010)

Bharat Madan
Group Chief Financial Officer

Ajay Sharma
Group General Counsel & Company Secretary

Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2018

(₹ crores)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	24	5,080.19	4,219.76
Other income	25	65.32	47.09
Total income		**5,145.51**	**4,266.85**
Expenses			
Cost of materials consumed	26 (i)	3,185.73	2,633.66
Purchases of stock-in-trade		232.80	244.12
Changes in inventories of finished goods, stock-in -trade and work-in-progress	26 (ii)	(21.39)	(46.49)
Excise duty		20.85	74.43
Employee benefits expense	27	442.45	402.17
Finance costs	28	29.49	32.21
Depreciation and amortisation expense	29	73.22	63.42
Other expenses	30	666.15	602.32
Total expenses		**4,629.30**	**4,005.84**
Profit before exceptional items, share of net profit of investment accounted for using the equity method and tax		516.21	261.01
Share of loss of equity accounted investments		(0.37)	(1.06)
Profit before exceptional items and tax		**515.84**	**259.95**
Exceptional items	31	6.76	11.24
Profit before tax from continuing operations		**509.08**	**248.71**
Tax expense:	9(ii)		
Current tax		97.24	81.75
Deferred tax charge/(credit)		65.25	(4.50)
Total tax expense		**162.49**	**77.25**
Profit for the year from continuing operations		346.59	171.46
Discontinued operations			
Loss from discontinued operations	32 (ii)	-	(58.46)
Tax expense of discontinued operations	32 (ii)	-	(17.75)
Loss from discontinued operations after tax		-	**(40.71)**
Net profit for the year		**346.59**	**130.75**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		12.04	7.76
Re-measurements of defined employee benefit plans		0.61	(2.63)
Income tax relating to items that will not be reclassified to profit or loss		(1.65)	0.02
Items that will be reclassified to profit or loss		-	-
Exchange differences on translation of foreign operations		0.32	(0.07)
Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income for the year		**11.32**	**5.08**
Total comprehensive income for the year		**357.91**	**135.83**
Profit attributable to:			
(i) Owners		347.02	131.27
(ii) Non-controlling interests		(0.43)	(0.52)
Other comprehensive income attributable to:			
(i) Owners		11.32	5.08
(ii) Non-controlling interests		-	-
Total comprehensive income attributable to:			
(i) Owners		358.34	136.35
(ii) Non-controlling interests		(0.43)	(0.52)
Earnings per equity share (for continuing operations):	33		
Basic (₹)		41.62	20.94
Diluted (₹)		41.62	20.93
Earnings per equity share (for discontinued operations):			
Basic (₹)		-	(4.96)
Diluted (₹)		-	(4.95)
Earnings per equity share (for discontinued & continuing operations):			
Basic (₹)		41.62	15.98
Diluted (₹)		41.62	15.98

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Siddharth Talwar
Partner

For and on behalf of the Board of Directors

Rajan Nanda
Chairman and Managing Director
(DIN: 00043256)

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P.H. Ravikumar
Director
(DIN: 00280010)

Bharat Madan
Group Chief Financial Officer

Ajay Sharma
Group General Counsel & Company Secretary

Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

(₹ crores)

		Year ended 31 March 2018	Year ended 31 March 2017
A	**Cash flow from operating activities**		
	Profit before tax from		
	Continuing operations	509.08	248.71
	Discontinued operation	-	(58.46)
	Profit before tax including discontinued operations	509.08	190.25
	Adjustments for:		
	Depreciation and amortisation expense	73.22	64.87
	Bad debts and advances written off, allowance for doubtful trade receivable,written backs & others (net)	19.22	34.15
	Interest expense	21.98	28.63
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	2.55	7.43
	Interest income	(24.55)	(27.52)
	Share of loss of equity accounted investments	0.37	1.06
	Gain on disposal of property, plant and equipment (net)	(2.79)	(1.63)
	Loss on disposal of subsidiary	0.12	-
	Gain on sale of investments (net)	(7.64)	(3.79)
	Gain on investments carried at fair value through profit or loss (net)	(11.24)	(0.62)
	Unrealised foreign exchange gain	(0.06)	(0.15)
	Operating profit before working capital changes	580.26	292.68
	Movement in working capital		
	Inventories	(127.07)	(42.67)
	Trade receivable	(138.26)	(92.48)
	Other financial assets	(5.91)	(5.69)
	Other assets	(106.43)	(1.66)
	Trade payables	340.52	159.23
	Other financial liabilities	22.68	23.63
	Other liabilities and provisions	(3.66)	14.47
	Cash flow from operating activities post working capital changes	**562.13**	**347.51**
	Income tax paid (net)	(102.05)	(43.68)
	Net cash flow from operating activities (A)	**460.08**	**303.83**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment (including capital advances)	(104.64)	(65.89)
	Sale of property, plant and equipment	14.21	13.40
	Purchase of intangible assets	(15.51)	(13.00)
	Sale of intangible assets	-	0.10
	Proceeds from disposal of subsidiary	7.90	-
	Purchase of investments (net)	(311.22)	(161.48)
	Bank deposit (having original maturity of more than 3 months)	16.63	52.65
	Margin/bank deposits	(6.74)	(10.78)
	Interest received	25.15	30.41
	Dividend received	0.02	0.01
	Net cash used in investing activities (B)	**(374.20)**	**(154.58)**
C	**Cash flows from financing activities (refer note 19 (iii))**		
	Proceeds from treasury shares	250.57	29.52
	Repayment of preference shares	(0.50)	1.90
	Repayment of long term borrowings	(54.15)	(53.32)
	Proceeds from long term borrowings	-	16.58
	Repayment of short term borrowings (net)	(159.27)	(66.34)
	Interest paid	(21.57)	(28.70)
	Dividend and tax thereon paid	(16.07)	(12.76)
	Net cash used in financing activities (C)	**(0.99)**	**(113.12)**
	Increase in cash and cash equivalents (A+B+C)	84.89	36.13
	Cash and cash equivalents at the beginning of the year (refer note 13)	69.22	33.12
	Exchange difference on translation of foreign currency cash and cash equivalents	0.02	(0.03)
	Cash and cash equivalents at the end of the year (refer note 13)	**154.13**	**69.22**

Note: The above statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7,'Statement of Cash Flows'.

For Walker Chandiok & Co LLP
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Siddharth Talwar
Partner

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(DIN: 00043256)

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(DIN: 00280010)

Bharat Madan
Group Chief Financial Officer

Ajay Sharma
Group General Counsel & Company Secretary

Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

A Equity share capital

(₹ crores)

Balance as at 1 April 2017	Changes in equity share capital during the year	**Balance as at 31 March 2018**
122.58	-	122.58

B Other equity

(₹ crores)

	Treasury shares	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Employee stock option outstanding account	Retained earnings	Additional paid in capital	Special reserve	Other comprehensive income - Reserve: Equity Instruments through other comprehensive income	Other comprehensive income - Reserve: Foreign currency translation reserve	Total attributable to owners of the parent	Attributable to non-controlling interest	Total
Balance as at 1 April 2017	**(370.71)**	**97.40**	**6.00**	**456.59**	**513.33**	**0.10**	**758.09**	**7.97**	**0.07**	**28.87**	**0.64**	**1,498.35**	**1.74**	**1,500.09**
Profit for the year	-	-	-	-	-	-	347.02	-	-	-	-	347.02	(0.43)	346.59
Dividends paid	-	-	-	-	-	-	(12.33)	-	-	-	-	(12.33)	-	(12.33)
Tax on dividends	-	-	-	-	-	-	(3.74)	-	-	-	-	(3.74)	-	(3.74)
Employee stock option charge for the year	-	-	-	-	-		-	-	-	-	-	-	-	-
Transfer from employee stock option reserve in respect to options exercised during the year	-	-	-	0.10		(0.10)	-	-	-	-	-	-	-	-
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	0.40	-	-	-	-	0.40	-	0.40
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	10.60	0.32	10.92	-	10.92
Amount received as beneficiary of treasury stock sold by Escorts Benefit and Welfare Trust	-	-	-	-	217.09	-	-	-	-	-	-	217.09	-	217.09
Adjustment on disposal of subsidiary	-	-	-	-	(0.47)	-	6.00	(5.53)	-	-	-	-	(1.76)	(1.76)
Adjustment on transaction between shareholders	-	-	-	-	-	-	0.05	-	-	-	-	0.05	(0.05)	-
Adjustment for options exercised during the year	0.23	-	-	-	-	-	-	-	-	-	-	0.23	-	0.23
Treasury shares sold during the year	33.25	-	-	-	-	-	-	-	-	-	-	33.25	-	33.25
Movement during the year	-	-	-	-		-	-	1.32	-	-	-	1.32	0.10	1.42
Balance as at 31 March 2018	**(337.23)**	**97.40**	**6.00**	**456.69**	**729.95**	**-**	**1,095.49**	**3.76**	**0.07**	**39.47**	**0.96**	**2,092.56**	**(0.40)**	**2,092.16**

As per our Report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

Siddharth Talwar
Partner

Rajan Nanda
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(DIN: 00280010)

Bharat Madan
Group Chief Financial
Officer

Ajay Sharma
Group General Counsel &
Company Secretary

Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

1 Group information

The Company, its subsidiaries, its joint venture and associates (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

A. Subsidiaries

Name of the entity	Principal activities	Country of incorporation	% equity Interest 31 March 2018	31 March 2017
Escorts Finance Limited	Recovery of delinquent loan assets	India	69.42%	69.42%
Escorts Asset Management Limited*	Management and administrative services to deploy funds	India	-	78.99%
Escorts Securities Limited	Provide security trading services	India	98.86%	98%
Escorts Benefit & Welfare Trust	Holding stocks on behalf of Settlor Escorts Limited	India	100%	100%
Escorts Benefit Trust	Holding fund for payment of dues of fixed deposit holders of Escorts Finance Limited	India	100%	100%
Farmtrac Tractors Europe Spolka z.o.o	Production, development and import of parts and accessories, sale of agricultural tractors and organisation of services in respect of agricultural tractors	Poland	100%	100%
Escorts Crop Solution Limited	Crop solution services	India	**100%	99.86%
Haritha Raithu Mithra Agri Services LLP (LLP)	Crop solution services	India	100%	***
Revanpalli Raytu Sangam Agri Services LLP (LLP)	Crop solution services	India	100%	***
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	Crop solution services	India	100%	***
Pancha Sakha Agri Services LLP, Balasore (LLP)	Crop solution services	India	100%	***
Jay Jagannath Agri Services LLP, Balipal (LLP)	Crop solution services	India	100%	***

* Escorts Asset Management Limited cease to be subsidiary w.e.f 20 February 2018.
** Rounded off to 100%
*** LLP mentioned above become subsidiary of the Company w.e.f. following date

Haritha Raithu Mithra Agri Services LLP (LLP)	21 March 2018
Revanpalli Raytu Sangam Agri Services LLP (LLP)	21 March 2018
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	14 July 2017
Pancha Sakha Agri Services LLP, Balasore (LLP)	14 July 2017
Jay Jagannath Agri Services LLP, Balipal (LLP)	14 July 2017

B. Interests in associates and joint ventures

Name of the entity	Principal activities	Country of incorporation	31 March 2018 % Ownership Interest	31 March 2017 % Ownership Interest	Relationship	Accounting method
Adico Escorts Agri Equipment Private Limited	Manufacturing and trading of agricultural equipments and its spares and implements	India	40%	40%	Joint venture	Equity method
Escorts Consumer Credit Limited	Financing Activity	India	29.4%	29.4%	Associate	Equity method
Pancha Sakha Agi Services, Balasore (Partnership)	Crop solutions services	India	-	50.0%	Associate	Equity method
Jay Jagannath Agri Services, Balipal (Partnership)	Crop solutions services	India	-	50.0%	Associate	Equity method
Baba Chadaneswar Agri Services, Balasore (Partnership)	Crop solutions services	India	-	50.0%	Associate	Equity method

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

Name of the entity	Principal activities	Country of incorporation	31 March 2018 % Ownership Interest	31 March 2017 % Ownership Interest	Relationship	Accounting method
Haritha Raithu Mithra Agri Services LLP (LLP)	Crop solutions services	India	**	51.0%	Associate	Equity method
Revanpalli Raytu Sangam Agri Services LLP (LLP)	Crop solutions services	India	**	51.0%	Associate	Equity method
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	Crop solutions services	India	**	51.0%	Associate	Equity method
Pancha Sakha Agri Services LLP, Balasore (LLP)	Crop solutions services	India	**	51.0%	Associate	Equity method
Jay Jagannath Agri Services LLP, Balipal (LLP)	Crop solutions services	India	**	51.0%	Associate	Equity method

** LLP mentioned above become subsidiary of the Company w.e.f. following date

Haritha Raithu Mithra Agri Services LLP (LLP)	21 March 2018
Revanpalli Raytu Sangam Agri Services LLP (LLP)	21 March 2018
Baba Chadaneswar Agri Services LLP, Balasore (LLP)	14 July 2017
Pancha Sakha Agri Services LLP, Balasore (LLP)	14 July 2017
Jay Jagannath Agri Services LLP, Balipal (LLP)	14 July 2017

C. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated net assets	Amount (₹ crores)
Parent								
Escorts Limited	115.05%	2,548.11	99.46%	344.72	97.08%	10.99	99.38%	355.71
Indian subsidiaries								
Escorts Crop Solutions Limited	0.24%	5.28	-0.03%	(0.12)	-	-	-0.03%	(0.12)
Escorts Asset Management Limited#	-	-	-0.19%	(0.65)	-	-	-0.18%	(0.65)
Escorts Securities Limited	0.56%	12.36	-0.04%	(0.13)	0.09%	0.01	-0.03%	(0.12)
Escorts Benefit and Welfare Trust	-	0.01	73.84%	255.93	-	-	71.50%	255.93
Escorts Finance Limited	-8.0%	(178.18)	-0.28%	(0.97)	-	-	-0.27%	(0.97)
Escorts Benefit Trust	0.51%	11.23	-	-	-	-	-	-
Haritha Raithu Mithra Agri Services LLP ^	-	-	-	-	-	-	-	-
Revanpalli Raytu Sangam Agri Services LLP (LLP)	-	(0.04)	-0.02%	(0.07)	-	-	-0.02%	(0.07)
Baba Chadaneswar Agri Services LLP (Balasore)	-	-	-	(0.01)	-	-	-	(0.01)
Pancha Sakha Agri Services LLP (Balasore)	-	(0.01)	-	(0.01)	-	-	-	(0.01)
Jay Jagannath Agri Services LLP (Baliapal)	-	(0.01)	-	(0.01)	-	-	-	(0.01)
Foreign subsidiaries								
Farmtrac Tractors Europe Sp. Z.o.o, Poland	0.31%	6.83	0.21%	0.74	2.83%	0.32	0.29%	1.06
Joint venture and associate (investment as per the equity method)								
Indian								
Adico Escorts Agri Equipment Private Limited	0.03%	0.65	-0.11%	(0.37)	-	-	-0.10%	(0.37)
Non-controlling interest in all subsidiaries	-0.02%	(0.40)	-0.12%	(0.43)	-	-	-0.12%	(0.43)
Intercompany elimination and consolidation adjustment	-8.63%	(191.09)	-72.72%	(252.03)	-	-	-70.42%	(252.03)
Total	**100%**	**2,214.74**	**100%**	**346.59**	**100.0%**	**11.32**	**100%**	**357.91**

#Escorts Asset Management Limited cease to be subsidiary w.e.f 20 February 2018.
^ Amount less than ₹1 lakh

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

2. Basis of preparation, measurement, consolidation and significant accounting policies

2.1 Overall consideration

Basis of preparation and measurement

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The consolidated financial statements for the year ended 31 March 2018 were approved for issue by the Board of Directors on 17 May 2018.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention basis except for the following –

- Certain financial assets which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;
- Share based payments which are measured at fair value of the options; and
- Assets held for sale – measured at lower of carrying amount and fair value less cost to sell

Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profit/(loss) and Other Comprehensive Income ('OCI') of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting date of 31 March 2018.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/(loss) and each component of OCI are attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Associates

Investment in entities in which there exists significant influence but not a controlling interest are accounted for under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

Joint ventures – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2.2 Summary of significant accounting policies

a) Revenue recognition

Sale of goods and services

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with nor effective control over the goods sold, it is probable that economic benefits will flow to the Group, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date when the outcome of the transaction can be estimated reliably.

Revenues from the sale of extended warranties and maintenance contracts embedded in the original sales contracts are recognized over the life of the contract and matched to related costs.

Income from export incentives are recognised on accrual basis.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises and where scheduled increase in rent compensates the lessor for expected inflationary costs.

Interest Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost (refer 'h' below), interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

b) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian Rupee and are rounded to two decimal places of crores, which is also the functional and presentation currency of the Group.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

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Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

d) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment of the Group is provided on the straight-line method except for Adico Escorts Agri Equipment Private Limited (Joint Venture) which provided depreciation on written down value method, computed on the basis of useful lives mentioned below:

Asset category	Estimated useful life (in years)
Factory buildings	30
Office buildings	60
Tubewells and fencing	5
Roads	10
Sheds	3
Plant and machinery	3-15*
Furniture and fixtures	5-10*
Office equipment	3-10
Vehicles	8-20
- Leasehold improvements	Over the effective term of the lease
Electrical appliances	10
IT equipments	6
Computers	3

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for certain items within these classes of assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the

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case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

In case of one of the subsidiary (Farmtrac Tractors Europe Spolka Z.O.O). No depreciation of the land with perpetual usufruct right is made by the Company.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

e) Investment properties

Recognition and initial measurement

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

f) Intangible assets

Recognition and initial measurement

Purchased intangible assets are stated at cost less accumulated amortization and impairment, if any.

Internally developed intangible assets

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred.

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Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement (amortisation)
All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset

Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

Asset category	Estimated useful life (in years)
Software	2- 6
Prototypes	4
Technical know how	6

g) Leases

Finance leases
Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Group obtains ownership of the asset at the end of the lease term. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance lease liability. Assets held under finance leases (including land) are depreciated over their estimated useful lives. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to statement of profit and loss, as finance costs over the period of the lease.

Refer note 2.2 (d) for the depreciation methods and useful lives for assets held under finance leases.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating lease
All leases other than finance leases are treated as operating leases. Where the Group is a lessee, lease rentals are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs. Associated costs, such as maintenance and insurance, are expensed as incurred.

Where the Group is a lessor, the respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight line basis over the lease term except where scheduled increase in rent compensates the Group with expected inflationary costs. Refer note 2.2 for the depreciation methods and useful lives for assets given on operating lease.

h) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

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Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. Financial assets at amortised cost – a financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Financial assets at fair value

- Investments in equity instruments other than above – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

- Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that

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the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

(i) For debtors that are not past due – The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

Life time expected credit losses are assessed and accounted based on group's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates for each identified segment.

The Group defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

(ii) For debtors considered past due – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Group writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Group.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

j) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations

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and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

k) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 35 for fair value hierarchy.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

m) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (Minimum alternate tax credit entitlement) or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity..

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

n) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

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o) Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

p) Post-employment, long term and short term employee benefits
The Group provides post-employment benefits through various defined contribution and defined benefit plans

Defined contribution plans
A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which related employee services are received.

Defined benefit plans
The defined benefit plans sponsored by the Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group.

Gratuity is post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits
Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

Short-term employee benefits
Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

q) Non-current assets held for sale and discontinued operations
An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

r) Share based payments
The Group has equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

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Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

s) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or

- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

t) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors assess the financial performance and position of the Group, and makes strategic decisions and therefore the board would be the chief operating decision maker.

The Group has the following operating/reportable segments: Agri machinery, Construction equipment, Railway equipment and Auto ancillary products (Discontinued in financial year 2016-17). In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

v) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares

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outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Significant management judgements in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Group's accounting policies and that may have the most significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant management estimates

Allowance for doubtful debts – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on the Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

Allowance for obsolete and slow-moving inventory – The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

Product warranties- The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimize warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Significant management judgments

Capitalisation of internally developed intangible assets- Distinguishing the research and development phases for new products and design enhancements determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalised costs may be impaired.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Non-consolidation of Farmtrac North America LLC (FNA) – At the behest of the creditors of FNA the authorities had appointed receiver who has taken over all the assets, books and records of FNA. Therefore, the Group has lost its control on the relevant activities of FNA, hence the Group has not considered FNA for consolidation in these financial statements.

Contingent liabilities – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and

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taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

2.4 Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On 28 March 2018, MCA has notified Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard being recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company is evaluating the requirements of this new standard and their impact on the financial statements.

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3 (i) Property, plant and equipment

(₹ crores)

Description	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers	Vehicles	Office Equipment	Total
Gross carrying value										
As at 1 April 2016	1,049.04	9.30	381.32	0.05	805.98	69.81	35.75	12.02	8.33	2,371.60
Additions	-	-	1.70	-	46.22	3.14	6.43	1.41	0.43	59.33
Transfer to assets held for sale	-	-	-	-	(13.49)	-	-	(0.54)	-	(14.03)
Disposals	-	-	-	-	(65.99)	(7.78)	(0.91)	(0.24)	(0.62)	(75.54)
Exchange differences	-	(0.02)	(0.13)	-	(0.01)	(0.02)	-	(0.01)	-	(0.19)
As at 31 March 2017	**1,049.04**	**9.28**	**382.89**	**0.05**	**772.71**	**65.15**	**41.27**	**12.64**	**8.14**	**2,341.17**
Additions	-		5.97	0.28	53.79	4.32	7.57	4.87	1.88	78.68
Adjustment on disposal of subsidiary	-	-	-	-	-	(0.07)	-	-	(0.38)	(0.45)
Disposals	-	-	(0.21)	-	(33.69)	(0.74)	(3.29)	(2.67)	(0.11)	(40.71)
Exchange differences	-	0.06	0.31	-	0.03	0.03	-	0.03	-	0.46
As at 31 March 2018	**1,049.04**	**9.34**	**388.96**	**0.33**	**792.84**	**68.69**	**45.55**	**14.87**	**9.53**	**2,379.15**
Accumulated depreciation										
As at 1 April 2016	-	0.81	235.43	0.01	521.06	46.74	33.43	3.56	6.90	847.94
Charge for the year	-	0.10	6.76	-	35.73	4.33	3.08	1.58	0.53	52.11
Adjustment for disposals	-	-	-	-	(54.86)	(5.30)	(3.37)	(0.14)	(0.58)	(64.25)
Transfer to assets held for sale	-	-	-	-	(7.92)	-	-	(0.13)	-	(8.05)
Exchange differences	-	-	(0.01)	-	-	-	-	-	-	(0.01)
As at 31 March 2017	**-**	**0.91**	**242.18**	**0.01**	**494.01**	**45.77**	**33.14**	**4.87**	**6.85**	**827.74**
Charge for the year	-	0.10	6.83	0.08	40.93	5.11	3.44	1.59	0.77	58.85
Adjustment for disposals	-	-	(0.13)	-	(29.07)	(0.71)	(3.27)	(1.84)	(0.11)	(35.13)
Adjustment on disposal of subsidiary	-	-	-	-	-	(0.03)	-	-	(0.37)	(0.40)
Exchange differences	-	-	0.04	-	0.02	0.01	-	0.02	-	0.09
As at 31 March 2018	**-**	**1.01**	**248.92**	**0.09**	**505.89**	**50.15**	**33.31**	**4.64**	**7.14**	**851.15**
Net block as at 1 April 2016	**1,049.04**	**8.49**	**145.89**	**0.04**	**284.92**	**23.07**	**2.32**	**8.46**	**1.43**	**1,523.66**
Net block as at 31 March 2017	**1,049.04**	**8.37**	**140.71**	**0.04**	**278.70**	**19.38**	**8.13**	**7.77**	**1.29**	**1,513.43**
Net block as at 31 March 2018	**1,049.04**	**8.33**	**140.04**	**0.24**	**286.95**	**18.54**	**12.24**	**10.23**	**2.39**	**1,528.00**

Notes:

(i) Contractual obligations
Refer note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Property plant and equipment pledged as security
Refer note 45 for information on property, plant and equipment pledged as security by the Group.

(iii) Finance leases
The Group has certain properties taken on lease. Refer note 41 for contractual commitments for lease payments in respect of these assets.

(iv) Discontinued operations
Depreciation for the current year includes depreciation for discontinued operations ₹Nil (31 March 2017: ₹1.41 crores).

(v) Property, plant and equipment include assets in use for in house research and development
Refer note 44 for details.

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3 (ii) Capital work-in-progress

(₹ crores)

	31 March 2018	31 March 2017
Capital work-in-progress	48.45	26.56

Movement in capital work in progress:

(₹ crores)

Particulars	Amount
Capital work-in-progress as at 1 April 2016	**21.60**
Add: additions during the year	64.28
Less: foreign exchange translation	(0.01)
Less: capitalisation during the year	(59.31)
Capital work-in-progress as at 31 March 2017	**26.56**
Add: additions during the year	97.16
Less: foreign exchange translation	-
Less: capitalisation during the year	(75.27)
Capital work-in-progress as at 31 March 2018	**48.45**

Notes:

(i) Capitalised borrowing cost

The borrowing costs capitalised during the year ended 31 March 2018 ₹0.15 crores (31 March 2017 ₹nil).

(ii) Contractual obligations

Refer note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

4 Investment property

(₹ crores)

Description	Freehold land	Building	Total
Gross carrying value			
As at 1 April 2016	20.04	4.88	24.92
Additions	-	-	-
Disposals	(0.34)	(0.02)	(0.36)
As at 31 March 2017	**19.70**	**4.86**	**24.56**
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2018	**19.70**	**4.86**	**24.56**
Accumulated depreciation			
As at 1 April 2016	-	1.04	1.04
Charge for the year	-	0.15	0.15
Disposals	-	(0.01)	(0.01)
As at 31 March 2017	**-**	**1.18**	**1.18**
Charge for the year	-	0.15	0.15
Disposals	-	-	-
As at 31 March 2018	**-**	**1.33**	**1.33**
Net block as at 1 April 2016	**20.04**	**3.84**	**23.88**
Net block as at 31 March 2017	**19.70**	**3.68**	**23.38**
Net block as at 31 March 2018	**19.70**	**3.53**	**23.23**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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(i) Amount recognised in profit and loss for investment property

(₹ crores)

	31 March 2018	31 March 2017
Rental income	0.34	0.36
Direct operating expenses that generated rental income	-	0.21
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	**0.34**	**0.15**

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. However all the leases are cancellable at the option of lessee, hence there is no lease disclosure given as required by Ind AS 17 "Leases".

(iii) Fair value of investment property

(₹ crores)

Particulars	31 March 2018	31 March 2017
Fair value	23.88	23.75

The Group obtains independent valuations for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer consider information from a variety of sources including:

a) In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.

b) In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2010-12/1997 have been taken as the basis of valuation. These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account.

5 (i) Intangible assets

(₹ crores)

Description	Prototypes	Technical know how	Software	Total
Gross carrying value				
As at 01 April 2016	3.07	11.95	30.93	45.95
Additions	28.49	6.77	6.42	41.68
Disposals	-	-	(0.31)	(0.31)
Exchange differences	-	(0.04)	-	(0.04)
As at 31 March 2017	**31.56**	**18.68**	**37.04**	**87.28**
Additions	0.06	0.32	6.00	6.38
Adjustment on disposal of subsidiary	-	-	(0.19)	(0.19)
Disposals	-	-	-	-
Exchange differences	-	0.15	-	0.15
As at 31 March 2018	**31.62**	**19.15**	**42.85**	**93.62**
Accumulated amortisation				
As at 01 April 2016	2.72	7.52	20.35	30.59
Charge for the year	6.28	1.85	4.47	12.60
Adjustment for disposals	-	-	(0.22)	(0.22)
Exchange differences	-	(0.02)	-	(0.02)
As at 31 March 2017	**9.00**	**9.35**	**24.60**	**42.95**

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(₹ crores)

Description	Prototypes	Technical know how	Software	Total
Charge for the year	7.14	2.07	5.01	14.22
Adjustment on disposal of subsidiary	-	-	(0.19)	(0.19)
Adjustment for disposals	-	-	-	-
Exchange differences	-	0.07	-	0.07
As at 31 March 2018	**16.14**	**11.49**	**29.42**	**57.05**
Net block as at 01 April 2016	**0.35**	**4.43**	**10.58**	**15.36**
Net block as at 31 March 2017	**22.56**	**9.33**	**12.44**	**44.33**
Net block as at 31 March 2018	**15.48**	**7.66**	**13.43**	**36.57**

Notes:

(i) **Contractual obligations**

Refer note 34 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) **Discontinued operations**

Amortisation for the current year includes amortisation for discontinued operations ₹Nil (31 March 2017: ₹0.03 crores).

(iii) **Expenses incurred and assets in use for in house research and development :**

During the year, expenditure of ₹82.72 crores (31 March 2017: ₹71.26 crores) was incurred on research and development (excluding depreciation) recognised in statement of profit and loss.

Refer note 44 for details.

(iv) **Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.**

5 (ii) Intangible assets under development

(₹ crores)

	31 March 2018	31 March 2017
Intangible assets under development	17.27	8.14

Movement in intangible assets under development :

(₹ crores)

Particulars	Amount
Intangible assets under development as at 1 April 2016	**36.83**
Add: additions during the year	12.56
Less: capitalisation during the year	(41.25)
Intangible assets under development as at 31 March 2017	**8.14**
Add: additions during the year	15.12
Less: capitalisation during the year	(5.99)
Intangible assets under development as at 31 March 2018	**17.27**

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6 Investments

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Investments - Non-current		
(i) Investments accounted for using equity method		
Fully paid equity shares (unquoted)	0.65	1.02
Interest in partnership firms and LLP's (refer note 1B)	-	0.05
	0.65	1.07

Aggregate amount of provision for impairment :	1.00	1.00

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
(ii) Investments (other than investment accounted using equity method)		
(A) Investments carried at fair value through OCI		
Fully paid equity shares (quoted)	0.76	0.52
Fully paid equity shares (unquoted)	47.54	35.73
(B) Investment carried at fair value through profit and loss		
Fully paid equity shares (quoted)	0.02	0.10
(C) Debt instruments quoted at amortised cost		
Fully paid preference shares (unquoted)	1.33	1.57
	49.65	37.92

The market value of quoted investments is equal to the carrying value.

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
(iii) Investments - Current		
(A) Investment carried at fair value through profit or loss		
Investment in equity shares (quoted)	0.90	1.00
Debentures (quoted)	-	0.39
Mutual funds (quoted)	497.83	171.95
Bonds (unquoted)	0.01	0.01
	498.74	173.35

The market value of quoted investments is equal to the carrying value.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Details of investments are as follows:

Non-current investments

(₹ crores)

	Number of shares		Amount	
	As at 31 March 2018	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017
In equity instruments ^				
Joint ventures and associates (unquoted)				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
Less: provision for impairment			(1.00)	(1.00)
			-	-
Interest in partnership firms (refer note 1B)			-	0.05
Adico Escorts Agri Equipment Private. Limited	60,00,000	60,00,000	0.65	1.02
			0.65	**1.07**
Others (quoted)				
Asahi India Glass Limited (face value of ₹1 each)	18,862	18,862	0.63	0.41
Godavari Drugs Limited	19,700	19,700	0.06	0.07
Twenty First Century Medicare Limited	19,400	19,400	0.07	0.04
Tamilnadu Newsprints & Papers Limited*	100	100	-	-
Nagarjuna Fertilizers and Chemicals Limited (face value of ₹1 each)	-	1,650	-	0.06
Gujarat State Financial Corporation Limited	93,600	93,600	0.02	0.04
Reliance Power Limited*	-	875	-	-
GVK Power & Infra Limited (face value of ₹1 each)*	-	5,000	-	-
			0.78	**0.62**
Others (unquoted)				
Escorts Skill Development*	9,500	9,500	-	-
Hughes Communications India Limited.	20,74,492	20,74,492	45.90	34.47
Escorts Motors Limited	1,00,000	1,00,000	1.64	1.26
			47.54	**35.73**
In preference shares				
Allgrow Finance & Investment Private Limited. (face value of ₹10 each, 10% reedemable non-cumulative preference share)	7,30,000	10,00,000	0.14	0.60
Allgrow Finance & Investment Private Limited (face value of ₹100 each, 4% reedemable non-cumulative preference share)	1,97,000	-	1.19	-
Diamond Leasing and Finance Limited (face value of ₹100 each, 4 % reedemable non-cumulative preference share)	-	3,57,250	-	0.71
Emerald Wealth Management Limited (face value of ₹10 each, 8 % redeemable non-cumulative preference share)	-	20,00,000	-	0.26
			1.33	**1.57**

^All equity shares are of ₹10 each unless otherwise stated.

*Amount less than ₹1 lakh

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(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Current investments		
Mutual funds and others (quoted)		
Axis Liquid Fund	20.03	-
Axis Regular Savings Fund (Direct) (Growth)	20.02	-
Birla Sun Life Corporate Bond Fund (Direct) (Growth)	0.88	0.81
Birla Sun Life Corporate Bond Fund-(Regular) (Growth)	2.92	-
Birla Sun Life Cash Plus Fund (Direct) (Growth)	26.96	-
Birla Sun Life Dynamic Bond Fund (Growth)	-	2.70
Birla Sun Life Dynamic Bond Fund (Direct) (Growth)	-	24.62
Birla Sun Life Floating Rate Fund STP (Direct) (Growth)	-	-
Birla Sun Life Medium Term Plan (Regular) (Growth)	0.05	0.05
Birla Sun Life Medium Term Plan (Direct) (Growth)	40.80	37.60
BSL Short Term Fund (Direct) (Growth)	15.02	-
Edelweiss EAF Sr I Opt IV_1603 (Direct) (Growth)	10.06	-
HDFC Corporate Debt Opp. Fund (Direct) (Growth)	14.01	-
HDFC FMP - Series 39-1208 Days (Direct) (Growth)	25.13	-
HDFC Medium Term Opportunities (Direct) (Growth)	21.98	21.26
HDFC Short Term Opp. Fund (Direct) (Growth)	20.02	-
ICICI Equity Arbitrage Fund (Direct) (Growth)	12.46	-
ICICI FMP - Series 82 - 1136 Days (Direct) (Growth)	25.06	-
ICICI Prudential Income Opportunities (Direct) (Growth)	39.80	37.52
ICICI Pru Money Market Fund (Direct) (Growth)	11.05	-
IDFC Credit Opp. Fund (Direct) (Growth)	6.01	-
IIFL - LWFEC825-140520 Structured Product	15.14	-
Kotak Equity Arbitrage Fund (Direct) (Growth)	15.00	-
Kotak Medium Term Fund (Direct) (Growth)	21.90	20.37
Kotak Floater ST (Direct) (Growth)	20.03	-
L&T Resurgent Corporate Bond Fund (Direct) (Growth)	15.01	-
SBI Premier Liquid Fund (Direct) (Growth)	15.03	-
UTI Fixed Term Income Fund Series XXVIII-XIII - 1134 Days (Direct) (Growth)	25.08	-
UTI Money Market Fund (Direct) (Growth)	20.03	-
UTI Short Term Income Fund (Direct) (Growth)	25.40	23.86
Escorts Mutual Fund	1.41	3.16
Aditya Birla SL Corporate Bond (Regular) (Growth)	3.62	
Aditya Birla SL Medium Term (Growth)	4.12	
HDFC Corporate Debt Opportunities (Regular) (Growth)	3.80	
	497.83	171.95
Bonds (unquoted)		
ICICI Deep Discount Bonds	0.01	0.01
	0.01	0.01
Others*		
Equity shares	0.90	1.00
Debentures	-	0.39
Total	**498.74**	**173.35**

Notes:

* This item contains investment in multiple companies which have been held by the group to earn short term capital appreciation, hence these investments are carried at FVTPL. The individual amounts of investment in each company is considered insignificant by the management, hence not disclosed.

Refer note 35 - Financial Instruments for disclosure of fair value of investments and underlying assumptions.

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7 Loans
(i) Non-current loans

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	9.17	8.11
	9.17	**8.11**

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses

(ii) Current loans

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good		
Security deposits	6.04	4.99
	6.04	**4.99**

The carrying values are considered to be a reasonable approximate of their fair values.

8 Other financial assets
(i) Non-current financial assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Deposits with remaining maturity more than 12 months	8.49	8.50
Advances to related parties	2.93	2.93
Others	2.54	15.38
	13.96	**26.81**
Allowance for doubtful advances	(5.47)	(16.51)
	8.49	**10.30**

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses

(ii) Current financial assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Export incentives receivable	7.47	4.85
Claims receivable	0.90	2.63
Other recoverable		
-from related parties (refer note 46 for related party advances)	2.30	1.86
-from others	2.08	4.33
	12.75	**13.67**

The carrying values are considered to be a reasonable approximate of their fair values.

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9 (i) Deferred tax assets (net)

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Deferred tax asset arising on account of :		
Receivables, financial assets and financial liabilities at amortised cost	40.93	38.04
Provision for employee benefits and other liabilities deductible on actual payment	28.71	31.81
MAT credit entitlement	11.55	63.60
Unabsorbed losses	0.08	2.35
Deferred tax liability arising on account of :		
Investments carried at fair value	(10.56)	(5.30)
Property, plant and equipment, investment property and intangible assets	(89.60)	(79.00)
Net deffered tax (liabilities)/assets	**(18.89)**	**51.50**

Notes:

(a) Movement in deferred tax assets/(liabilities) for the year ended 31 March 2018 is as follows:

(₹ crores)

	Opening balance	Recognised/ (reversed) through profit and loss	Recognised/ (reversed) in other comprehensive income/equity	Closing balance deferred tax liabilities	Closing balance deferred tax assets
Deferred tax assets/(liabilities) in relation to:					
Property, plant and equipment, investment property and intangible assets	(79.00)	(10.59)	(0.01)	(89.52)	(0.08)
Receivables, financial assets and liabilities at amortised cost	38.04	3.90	(1.01)	40.54	0.39
Provision for employee benefits and other liabilities deductible on actual payment	31.81	(2.77)	(0.33)	28.47	0.24
MAT credit entitlement	63.60	(52.05)	-	11.38	0.17
Unrealised gain on investment carried at fair value	(5.30)	(3.82)	(1.44)	(10.57)	0.01
Unabsorbed losses	2.35	0.08	(2.35)	-	0.08
Net deferred tax assets/(liabilities)	**51.50**	**(65.25)**	**(5.14)**	**(19.70)**	**0.81**

(b) Movement in deferred tax assets for the year ended 31 March 2017 is as follows:

(₹ crores)

	Opening balance	Recognised/ (reversed) through profit and loss	Recognised/ (reversed) in other comprehensive income/equity	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Property, plant and equipment, investment property and intangible assets	(80.28)	1.27	-	(79.00)
Receivables, financial assets and liabilities at amortised cost	32.91	5.03	0.10	38.04
Provision for employee benefits and other liabilities deductible on actual payment	32.18	(1.25)	0.90	31.81
MAT credit entitlement	63.60	-	-	63.60
Unrealised gain on investment carried at fair value	(3.16)	(1.24)	(0.89)	(5.30)
Unabsorbed losses	1.65	0.69	-	2.35
Net deffered tax assets	**46.90**	**4.50**	**0.11**	**51.50**

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9 (ii) Tax expense
The income tax expense consists of the following:

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax		
Current tax expense	97.24	81.75
Deferred tax expense/ (credit)	65.25	(4.50)
Total income tax expense for continuing operations	**162.49**	**77.25**
Tax expense for discontinued operations	-	(17.75)
Total income tax expense	**162.49**	**59.50**

Notes:
(a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before income tax from continuing and discontinued operations	509.08	190.25
Statutory income tax rate	34.61%	34.61%
Expected income tax expense	176.18	65.84
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax effect of expenses not eligible for deduction	1.37	1.62
Weighted and standard deduction for certain expenditures under Income Tax Act, 1961	(10.30)	(18.98)
Adjustment for tax expense/(benefit) pertaining to prior years	(8.11)	7.24
Impact of different tax rate on certain items	0.32	1.50
Tax losses on which no deferred tax is recognised	1.03	1.82
Brought forward loss on which earlier deffered tax not created adjust during the year	(0.25)	-
Others	2.25	0.46
Total income tax expense	**162.49**	**59.50**

(b) Unused tax losses and credits
Minimum alternate tax (MAT)

The Company had unutilised MAT credit amounting to ₹11.55 crores as at 31 March 2018 (31 March 2017: ₹63.60 crores). Revised returns for assessment years 2016-17 and 2017-18 have resulted in additional MAT entitlement of ₹9.65 crores and ₹6.93 crores respectively, not considered in accounts. The same shall be accounted for on completion of assessments.

Tax credits have been recognised on the basis that recovery is probable in the foreseeable future. This recognised MAT credit expires, if unutilized, based on the year of origination as follows:

Financial year ending

(₹ crores)

Year of origination	Year of expiry	Amount
31 March 2016	31 March 2031	4.94
31 March 2017	31 March 2032	6.61
		11.55

Capital losses

The Group has not recognised deferred tax asset of ₹13.23 crores on unused losses under the head Capital Gains as the Group is not likely to generate taxable income under the same head in foreseeable future. The significant portion of these losses will expire in financial year ending 31 March 2019.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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Unrecognised temporary difference

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Temporary difference relating to investment in subsidiaries for which deferred tax liability have not been recognised		
Undistributed earnings	1.40	1.19
Unrecognized deferred tax liabilities relating to the above temporary difference	0.28	0.24

A subsidiary of the group have undistributed earnings which, if paid out as dividends, would be subject to tax in the hands of recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from a subsidiary and is not expected to distribute these profits in the foreseeable future.

10 Other assets
(i) Other non-current assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Prepaid expenses	1.47	0.13
Capital advances	15.55	7.35
Deposits with statutory authorities*	65.49	7.44
	82.51	**14.92**
Allowance for doubtful advances	(2.04)	(1.51)
	80.47	**13.41**

* includes deposit paid under protest with statutory authorities.

(ii) Other current assets

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Advances to suppliers	14.52	16.38
Prepaid expenses	11.42	7.50
Balances with statutory authorities	129.50	81.68
Other	23.38	22.96
	178.82	**128.52**
Allowance for doubtful advances	(27.52)	(25.98)
	151.30	**102.54**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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11 Inventories

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Raw materials and components	241.55	160.72
Goods-in-transit	18.52	3.03
	260.07	**163.75**
Work-in-progress	38.44	36.15
Finished goods	153.64	146.57
Goods-in-transit	26.07	22.35
	179.71	**168.92**
Stock-in-trade	64.67	57.45
Goods-in-transit	1.43	1.94
	66.10	**59.39**
Stores and spares	13.52	13.25
	13.52	**13.25**
Loose tools	7.89	8.84
	7.89	**8.84**
	565.73	**450.30**

Note :
(i) Inventories have been pledged as security for liabilities, for details refer note 19 and 45
(ii) Amount of write down and reversal of write down of inventories recognised in statement of profit and loss

(₹ crores)

Particulars	Amount
Allowance for obsolete and slow moving inventories as at 1 April 2016	**24.19**
Add: write-down recognised during the year	6.21
Less: reversal of write-down during the year	(0.66)
Less: write-off against allowance during the year	(3.33)
Allowance for obsolete and slow moving inventories as at 31 March 2017	**26.41**
Add: write-down recognised during the year	13.64
Less: reversal of write-down during the year	(0.32)
Less: write-off against allowance during the year	(5.69)
Allowance for obsolete and slow moving inventories as at 31 March 2018	**34.05**

12 Trade receivables

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Secured : considered good	97.77	57.56
Unsecured : considered good	512.35	413.52
: considered doubtful	51.68	53.05
	661.80	**524.13**
Allowance for doubtful receivables		
Unsecured : considered good (expected credit loss)	(18.12)	(14.63)
: considered doubtful	(51.68)	(53.05)
	(69.80)	**(67.68)**
	592.00	**456.45**

Notes:
(i) Trade receivables have been pledged as security for liabilities, for details refer note 19 and 45
(ii) Refer note 35 - Financial instruments for assessment of expected credit losses.
(iii) The carrying values are considered to be a reasonable approximation of their fair value.
(iv) Trade receivables include ₹1.58 crores (31 March 2017 ₹1.36 crores) due from related parties. For details refer note 46 - related party disclosures

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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13 Cash and cash equivalents

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Balances with banks in current accounts	44.46	53.31
Cheques / drafts in hand	-	15.00
Cash in hand	0.15	0.41
Debit balance in cash credit accounts	67.04	0.50
Bank deposits with maturity less than 3 months	42.48	-
	154.13	**69.22**

There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting period and previous period.

14 Other bank balances

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Earmarked bank balances	1.40	1.15
Fixed deposits maturity of more than 3 months but less than 12 months	27.52	45.56
Margin money deposits	0.12	0.41
Escrow account	134.12	127.76
	163.16	**174.88**

Notes:
(i) Earmarked balances with banks largely pertains to unclaimed dividends.
(ii) ₹Nil (31 March 2017: ₹18.93 crores) represents deposits with original maturity for more than 3 months but less than 12 months, held by the entity that are not available for use by the Company, as these are pledged against loans.
(iii) ₹0.12 crores (31 March 2017: ₹0.10 crores) representing margin money pledged with various authorities.
(iv) Other than as disclosed, there are no repatriation restrictions with respect to cash and bank balances as at the end of the reporting period and prior periods.
(v) The carrying values are considered to be a reasonable approximate of their fair value.

15 Asset held for sale

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Asset held for sale	9.00	14.86
	9.00	**14.86**
Details of assets held for sale:		
Land	9.00	9.00
Helicopter	-	5.57
Vehicle	-	0.29
Total	**9.00**	**14.86**

Notes:

(i) **Details of assets held for sale :**

a. The Group executed an agreement to sell in earlier years, for transfer of 25 acres of land at Plot No. 219, Sector 58, 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 classified in other current liabilities. Owing to the inordinate delay in obtaining approval from HUDA, the transfer has been delayed beyond one year that was not originally envisaged. However, the Group is taking necessary action to respond to the current conditions and favorable resolution is expected. Therefore, such land continues to be classified as held for sale.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

b. During the previous year, the Group had executed an aircraft purchase and sale agreement for transfer of its Bell 407 helicopter for a consideration of ₹8.75 crores. The said transfer was subject to deregistration from Indian Civil Aviation Authority and an advance of ₹2.5 crores was classified in other current liabilities. This asset has been transferred during the year ended 31 March 2018.

c. During the previous year, the Group had executed a sale agreement for transfer of a vehicle for a consideration of ₹0.29 crores. This asset has been transferred during the period ended 31 March 2018.

(ii) Non-recurring fair value measurements

Asset classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹0.76 crores was made in retained earnings and statement of profit and loss on account of such measurement. This is Level 3 measurement as per fair value hierarchy set out in fair value measurement disclosures (refer note 35).

16 Equity Share Capital

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Authorised		
401,000,000 (previous year 401,000,000) equity shares of ₹10 each	401.00	401.00
888,000,000 (previous year 888,000,000) unclassified shares of ₹10 each	888.00	888.00
	1,289.00	**1,289.00**
Issued, Subscribed and Fully paid-up		
122,576,878 (previous year 122,576,878) equity shares of ₹10 each	122.58	122.58
	122.58	**122.58**

(a) Reconciliation of number of shares

	As at 31 March 2018		As at 31 March 2017	
	No of shares	**₹ crores**	No of shares	₹ crores
Equity shares at the beginning of the year	12,25,76,878	122.58	12,25,76,878	122.58
Changes during the year	-	-	-	-
Equity shares at the end of the year	**12,25,76,878**	**122.58**	**12,25,76,878**	**122.58**

(b) Rights/preferences/restrictions attached to equity shares

The Parent Company has only one class of shares, i.e. equity shares having a face value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. In the event of liquidation of the Parent Company, equity shareholders will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

	As at 31 March 2018		As at 31 March 2017	
	No of shares	**% holding**	No of shares	% holding
Escorts Benefit and Welfare Trust	3,37,00,031	27.49	3,73,00,031	30.43
Harprasad and Company Private Limited	1,05,26,308	8.59	1,05,26,308	8.59
Jhunjhunwala Rakesh Radheyshyam	1,00,00,000	8.16	1,12,25,000	9.16

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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(d) Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the balance sheet date :

	As at 31 March 2018	As at 31 March 2017
	No of shares	No of shares
Equity shares allotted as fully paid pursuant to consideration other than cash	-	1,69,58,842

In addition, the Parent company has issued total 537,100 (31 March 2017: 510,000) 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

	As at 31 March 2018	As at 31 March 2017
	No of shares	No of shares
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹10 each, at an exercise price of ₹85 per share	30,74,512	31,01,612

For terms and other details refer note 40

17 Other equity

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Capital reserve	97.40	97.40
Capital redemption reserve	6.00	6.00
General reserve		
Opening balance	513.33	513.33
Less: adjustment on disposal of subsidiary	(0.47)	-
Add: amount received as beneficiary of treasury stock sold during the year	217.09	-
	729.95	**513.33**
Securities premium reserve		
Opening balance	456.59	456.57
Add: transferred from employees' stock option outstanding account against options exercised during the year	0.10	0.02
	456.69	**456.59**
Employee stock option outstanding account		
Opening balance	0.10	0.07
Add: charge for the year	-	0.05
Less: transferred to Securities premium reserve against options exercised during the year	(0.10)	(0.02)
	-	**0.10**
Treasury Shares		
Opening balance	(370.71)	(383.75)
Less: adjustment for treasury stock sold during the year	33.25	-
Less: adjustment for options exercised during the year	0.23	13.04
	(337.23)	**(370.71)**
Retained earnings		
Opening balance	759.38	624.69
Add: net profit for the year	347.02	131.27

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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17 Other equity (Contd.)

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Less: Equity dividend (net of dividend on treasury shares)	(12.33)	(10.07)
Less : tax on equity dividend	(3.74)	(2.99)
Add: gain on sale of treasury shares	-	16.48
Add: adjustment on disposal of subsidiary	6.00	-
Add: gain on transaction between shareholders against dilution of non-controlling stake in subsidiaries	0.05	-
	1,096.38	**759.38**
Additional paid in capital		
Opening balance	7.97	6.38
Add: changes during the year	1.32	1.59
Less: adjustment on disposal of subsidiary	(5.53)	-
	3.76	**7.97**
Special reserve		
Opening balance	0.07	0.07
	0.07	**0.07**
Other comprehensive income, net of tax		
Equity instruments measured as fair value through other comprehensive income		
Opening balance	28.87	22.00
Add: changes during the year	10.60	6.87
	39.47	**28.87**
Re-measurements of defined employee benefit plans		
Opening balance	(1.29)	0.43
Add: changes during the year	0.40	(1.72)
	(0.89)	**(1.29)**
Foreign currency translation reserve		
Opening balance	0.64	0.71
Add: changes during the year	0.32	(0.07)
	0.96	**0.64**
Total	**2,092.56**	**1,498.35**

Nature and purpose of other reserves

(i) Securities premium reserve

Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Employee's stock options outstanding account

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

(iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of consideration paid at the time of amalgamation done in earlier year. This reserve is not available for the distribution to the shareholders.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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(v) Treasury shares

This reserve represents the cost of Parent Company's own equity shares held by the Escorts Employees Benefit and Welfare Trust, which is created under the Employee Stock Option Plan, Escorts Benefit and Welfare Trust and Escorts Benefit Trust which has been consolidated in these financial statements. During the year, shares held by Escorts Benefit and Welfare Trust were sold and the surplus funds were transferred to the Parent Company. The excess realisation over and above the cost of such treasury stock was credited to general reserve.

(vi) General reserve

The Group has transferred a portion of the net profit of the group before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013

(vii) Other Comprehensive Income (OCI) reserve

(i) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(ii) The Group has recognised remeasurements of defined benefits plans through other comprehensive income.

(iii) The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

18 Non-controlling interest

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Opening balance	1.74	1.88
Less: adjustment for disposal of subsidiary	(1.76)	-
Less: adjustment on transaction between shareholders for loss realised on dilution of stake in certain subsidiaries	(0.05)	-
Add: equity component of financial instrument carried at amortised cost attributed to non-controlling interest	0.10	0.38
Less: share of profit/(loss) for the year	(0.43)	(0.52)
Closing non-controlling interest	**(0.40)**	**1.74**

Refer note 38 for summarised financial information of subsidiary that has non-controlling interest that are material to the Group

19 Borrowings
(i) Non-current borrowings

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Secured		
Term loans from banks	13.38	55.80
Other loans from financial institutions	0.18	0.33
Finance lease obligations (refer note 41)	0.12	0.12
Unsecured		
Liability portion of compound instruments	1.03	2.34
	14.71	**58.59**
Current maturities of long-term borrowings (refer note 20)	36.38	47.54
	51.09	**106.13**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Notes:

a. Rate of interest - The Group borrowings from banks are at an effective weighted average rate of 10.26% (31 March 2017: 10.80%)

b. Other terms

(₹ crores)

	Nature of security	31 March 2018	31 March 2017
(i)	Term loan from Industrial development bank of India is secured by first charge by way of equitable mortgage of freehold immovable property being a part of site no.2, sector-13, Faridabad. The same is repayable in equal quarterly installments till 1 July 2018.	17.50	52.50
(ii)	Term loan from State bank of India is secured by exclusive first charge on the plant and machinery acquired/to be acquired out of the said term loan and exclusive charge by way of equitable mortgage of freehold immovable property being a part of site no.2, sector-13, Faridabad. The same is repayable in equal quarterly installments starting from 31 December 2017.	32.14	50.89
(iii)	Finance lease obligations are secured by the hypothecation of assets financed. Refer note 41 for repayment schedule for these obligations.	0.12	0.12
(iv)	Vehicle and other loans are secured by the hypothecation of respective equipments and vehicles and are repayable in equal monthly installments.	0.35	0.45
(v)	Unsecured - liability portion of compound instruments in respect to :-		
	- 8.5% non cumulative redeemable preference shares issued to Allgrow Finance and Investment Private Limited, payable in April 2021	0.63	0.57
	- 7.0% non cumulative redeemable preference shares issued to Charak Ayurvedic Treatments Private Limited, payable in February 2036	0.16	0.14
	- 7.0% non cumulative redeemable preference shares issued to Escorts Assets Management Limited, payable in December 2034	0.24	0.21
	- 9.0% non cumulative redeemable preference shares issued to Amil Holdings India Private Limited, payable in October 2035	-	0.31
	- 9.0% non cumulative redeemable preference shares issued to Quant Employee Foundation Private Limited, payable in October 2035	-	0.31
	- 9.5% non cumulative redeemable preference shares issued to Quant Employee Foundation Private Limited, payable in October 2035	-	0.22
	- 8.0% non cumulative redeemable preference shares issued to Escorts Dealers Development Association Limited, payable in July 2023	-	0.58
	Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(0.05)	(0.17)
		51.09	**106.13**

(c) Refer note 35 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(ii) Current borrowings

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Secured		
Cash credit and other working capital facilities from banks	-	153.99
Loan against factored receivables	-	5.31
	-	**159.30**

(a) Security details

(i) Cash credit and other working capital facilities from banks are secured against first charge on current assets and second charge on moveable fixed assets (excluding assets specifically charged to other term lenders). These facilities carried interest in the range of 6.75%.- 10.75% p.a. in year ended 31 March 2018 (31 March 2017: 7.66%-10.80% p.a).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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(ii) Loan against factored receivables is secured by first charge on trade receivables subject to factoring arrangement. This facility carried a rate of interest of 10.45% p.a in the year ended 31 March 2017.

(b) The carrying values are considered to be reasonable approximation of their fair values.

(iii) The reconciliation of movement in net debt is as follows:

(₹ crores)

	Non-current borrowings and current maturities of long term borrowings	Preference shares	Current borrowings
Opening balance as at 1 April 2017	**103.79**	**2.34**	**159.30**
Cash flows:	-	-	-
Repayments	(54.15)	(0.50)	(159.27)
Interest paid	(12.73)	-	(8.84)
Interest expenses	13.15	0.11	8.84
Other non cash transactions	-	(0.92)	(0.03)
Closing balance as at 31 March 2018	**50.06**	**1.03**	**-**

20 Other financial liabilities

(i) Other non-current financial liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Security deposits	14.08	13.05
	14.08	**13.05**

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

(ii) Other current financial liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Current maturities of long-term borrowings (refer note 19)	36.38	47.54
Capital creditors	20.33	-
Security deposits	7.36	6.74
Unpaid dividends*	1.40	1.17
Payable to related parties (refer note 46)	1.49	2.09
Employee related payables	67.12	46.45
Retention money	0.77	0.77
Liability against fixed deposit holders	10.95	11.33
Other payables	28.07	27.39
	173.87	**143.48**

*Investor Education and Protection Fund will be credited as and when due

The carrying values are considered to be a reasonable approximation of their fair values.

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21 Other liabilities

(i) Other non-current liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Advance against sale of land	-	9.00
Deferred income	9.41	7.92
Others	-	0.15
	9.41	**17.07**

(ii) Other current liabilities

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Advances received from customers	38.39	43.95
Advance against sale of property, plant and equipment	9.00	2.50
Payable to statutory authorities	38.95	59.78
Deferred income	13.54	11.44
Other	25.29	-
	125.17	**117.67**

22 Provisions

(i) Non-current

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity	0.35	0.52
Provision for compensated absences	13.67	13.27
Others		
Provision for claims	-	6.57
Provision for warranty	2.60	0.37
	16.62	**20.73**

(ii) Current

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Provision for employee benefits		
Provision for gratuity	45.56	45.65
Provision for compensated absences	2.97	2.69
Others		
Provision for warranty	11.99	10.81
Provision for claims	72.40	72.36
	132.92	**131.51**

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1 Information about individual provisions

Provision for claims

a) During the year 2004-05, Group sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated 25 September 2005. At the time of sale, EHIRCL had certain pending disputed income tax demands of ₹52.33 crores and interest thereon amounting to ₹29.16 crores. In accordance with the terms of said SPA, the Company 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 its final settlement. For this purpose and in terms of said SPA, an amount of ₹64.99 crores has been kept in an Escrow Account as fixed deposit, which after renewal(s) along with interest amounts to ₹134.12 crores as on 31 March 2018 (31 March 2017: ₹127.76 crores). Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹65.00 crores on 31 March 2018 (31 March 2017: ₹65.00 crores).

b) Farmtrac North America, LLC (FNA), previously subsidiary of the Company had entered into a distribution agreement for distribution of tractors manufactured by M/s L S Mtron (LSC). During 2006-07; FNA however defaulted in making payments to LSC for the tractors supplied to them. LSC initiated International Arbitration conducted by ICC against the Company. FNA is currently under receivership and its assets had been disposed off by the Receiver and proceeds were distributed to secured creditors. A settlement agreement was executed between the Company and LSC during FY 2015-16 and according to such settlement agreement, out of the total amount payable ₹47.67 crores, 50% was paid during FY 2015-16 and balance is payable in three equal yearly installments, there after. In terms of the settlement agreement, the Company has paid three installments and the remaining installment is payable in FY2018-19. The carrying balance of provision for such amount payable to LSC is ₹7.40 crores on 31 March 2018 (31 March 2017: ₹13.93 crores).

Provision for warranty

The Group gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/ replacement. The timing of the outflows is expected to be within a period of one to five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the related expenditure over the next year.

2 Movement in provisions :

(₹ crores)

	Provision for claims	Provision for warranty
Provision at 1 April 2016	**80.75**	**10.65**
Additions during the year	-	10.22
Amount utilised during the year	(7.99)	(9.76)
Unwinding of discount and effect of change in discount rate	6.50	0.07
Exchange fluctuation	(0.33)	-
Provision at 31 March 2017	**78.93**	**11.18**
Additions during the year	-	12.92
Amounts used during the year	(7.75)	(9.65)
Unwinding of discount and effect of change in discount rate	1.21	0.14
Exchange fluctuation	0.01	-
Provision at 31 March 2018	**72.40**	**14.59**

3 For disclosures on employee benefits, refer note 39.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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23 Trade Payables

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
Acceptances	180.69	168.22
Trade payables		
-due to micro, small and medium enterprises (refer note 43)	32.94	-
-due to others	810.36	571.43
Other accrued liabilities	210.50	170.49
	1,234.49	**910.14**

24 Revenue from operations

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Operating revenue		
Sale of products*		
Export	159.39	109.85
Domestic	4,868.41	4,087.87
	5,027.80	**4,197.72**
Other operating revenue		
Sale of services	15.17	6.45
Export incentives	10.35	1.70
Scrap sales	13.98	4.13
Management fee/brokerage income	6.19	5.58
Others	6.70	4.18
	52.39	**22.04**
	5,080.19	**4,219.76**

*Including excise duty till 30 June 2017

25 Other income

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest from :		
Bank deposits	9.71	15.15
Other financial assets carried at amortised cost	13.73	12.29
Others	1.11	0.07
	24.55	**27.51**
Other income		
Unclaimed balances and excess provisions written back	3.28	6.58
Gain on foreign currency transactions (net)	5.91	-
Lease rentals	2.59	1.88
Gain on sale of investments (net)	7.65	3.79
Fair value gain on investments carried at fair value through profit or loss (net)	11.24	0.94
Gain on sale of assets (net)	2.79	-
Miscellaneous income	7.31	6.39
	40.77	**19.58**
	65.32	**47.09**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

26 Cost of materials consumed

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Cost of material consumed		
Opening stock	177.81	179.91
Purchases	3,283.60	2,647.32
	3,461.41	2,827.23
Closing stock	(276.76)	(177.81)
Foreign currency translation	1.57	(1.31)
Less: cost of material consumed for discontinued operations	(0.49)	(14.45)
	3,185.73	2,633.66
(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods		
Opening stock		
Finished goods	169.84	149.59
Work-in-progress	36.15	37.18
Stock-in-trade	70.82	58.94
	276.81	245.71
Closing stock		
Finished goods	(180.31)	(169.84)
Work-in-progress	(38.44)	(36.15)
Stock-in-trade	(79.88)	(70.82)
	(298.63)	(276.81)
Foreign currency translation	0.43	(0.47)
Adjustment/transfer for discontinued operations	-	(14.92)
	(21.39)	(46.49)

27 Employee benefit expense

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	392.11	343.97
Share based payments to employees (refer note 40)	-	0.05
Post-employment and benefits expense (refer note 39)	10.79	8.14
Contribution to provident and other funds (refer note 39)	16.74	16.38
Staff welfare	22.81	33.63
	442.45	402.17

28 Finance costs

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest on		
Long term loans	8.86	16.33
Cash credit and short term loans	8.84	8.22
Others	4.27	4.09
Finance and bank charges	4.97	5.38
Unwinding of discount on provisions and financial liabilities carried at amortised cost	2.55	7.43
	29.49	41.45
Less: finance cost related to discontinued operations	-	(9.24)
	29.49	32.21

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

29 Depreciation and amortisation

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Depreciation on		
Property, plant and equipment	58.85	50.70
Investment property	0.15	0.15
(ii) Amortisation on		
Intangible assets	14.22	12.57
	73.22	**63.42**

30 Other expenses

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Stores and spares consumed	37.64	36.33
Power, fuel and electricity	38.20	38.84
Excise duty on increase/(decrease) in stock of finished goods	-	(0.56)
Repair and maintenance		
Building	8.05	9.07
Machinery	12.67	17.47
Others	24.04	26.60
Outsourcing expenses	30.87	29.31
Warranties and after sale service	18.92	14.79
Rent	8.08	7.40
Research and testing expense on projects	11.86	14.11
Rates and taxes	3.13	3.41
Insurance	4.59	3.70
Traveling and conveyance	52.11	46.29
Postage and telephones	6.80	7.18
Manpower hiring on contract	85.01	48.84
Legal and professional	53.65	57.71
Commission, discounts and sales incentive	14.22	19.73
Advertisement and promotional expenses	51.03	72.45
Royalty paid	24.77	20.39
Packing, freight and forwarding	102.87	68.15
Security charges	5.92	6.44
Printing and stationery	4.05	3.23
Director's sitting fees and commission	11.26	8.69
Corporate social responsibility (CSR) expenditure *	3.25	3.30
Provision for doubtful debts/advances and deposits	21.41	6.26
Bad debts & inventory written off	19.22	28.32
Less : Provision already held	(19.22)	(28.32)
Loss on disposal of subsidiary	0.12	-
Assets written off	0.23	0.69
Miscellaneous expenses	31.40	32.50
	666.15	**602.32**
* CSR Expenditure		
(i) Gross amount required to be spent by the Group during the year	3.08	3.42
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	3.25	3.30

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

31 Exceptional items

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Voluntary retirement scheme expenses	6.76	11.24
	6.76	11.24

32 Discontinued operations

(i) Description

Pursuant to approval of the Board and execution of the Asset Purchase Agreement (Agreement) dated 11 August 2016, the Group had divested its OEM and Export business of its Auto Product Division. The said divestment became effective w.e.f. 6 December 2016 upon completion of defined actions and covenants as per the Agreement. The Company shall continue to persue its sale of auto products in after market operations.

(ii) Financial performance and cash flow information Revenue

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Total income	5.88	**53.91**
Total expenses	5.88	**73.45**
Loss before exceptional items and tax	-	**(19.54)**
Profit on disposal of non-current assets of discontinued operation	-	3.00
Exceptional items*	-	(41.92)
Loss before tax from discontinued operations	-	**(58.46)**
Income tax expense	-	(17.75)
Loss for the year from discontinued operations	-	**(40.71)**

*This includes expenses on providing/writing off various unrecoverable amounts in respect to various items of inventories, trade receivables and other assets

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Net cash outflow from operating activities	-	(1.25)
Net cash inflow from investing activities	-	10.26
Net cash outflow from financing activities	-	(9.01)
Net cash inflow/(outflow) from discontinued operation	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

33 Earnings per share (EPS)

	Year ended 31 March 2018	Year ended 31 March 2017
Net profit from:		
Continuing operations attributable to owners of the Company (₹in crores)	347.02	171.98
Discontinued operation (₹in crores)	-	(40.71)
Net profit for the year from continuing and discontinued operations	**347.02**	**131.27**
Profit from continuing operations attributable to owners of the Company (A) (₹in crores)	347.02	171.98
Computation of weighted average number of shares for EPS		
Total shares issued	12,25,76,878	12,25,76,878
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust at the beginning of the year	31,01,612	31,85,612
Less: shares held by Escorts Benefit and Welfare Trust at the beginning of the year	3,73,00,031	3,73,00,031
add: weighted average number of options exercised during the year	23,165	53,622
Add: weighted average number of treasury shares sold during the year	11,83,562	-
Weighted-average number of equity shares for basic EPS (B)	**8,33,81,962**	**8,21,44,857**
Effect of Dilution :		
Weighted average number of share options granted to employees	-	21,099
Weighted average number of Equity shares adjusted for the effect of dilution (C)	**8,33,81,962**	**8,21,65,956**
Basic EPS (Amount in ₹) (A/B)	41.62	20.94
Diluted EPS (Amount in ₹) (A/C)	41.62	20.93
Loss from discontinued operations attributable to owners of the Company (A)	**-**	**(40.71)**
Weighted-average number of equity shares for basic EPS (B)	**8,33,81,962**	**8,21,44,857**
Effect of Dilution :		
Weighted average number of share options granted to employees		21,099
Weighted average number of Equity shares adjusted for the effect of dilution (C)	**8,33,81,962**	**8,21,65,956**
Basic EPS (Amount in ₹) (A/B)	-	(4.96)
Diluted EPS (Amount in ₹) (A/C)	-	(4.95)
Profit from continuing operations and discontinued operations attributable to owners of the Company (A) (₹in crores)	347.02	131.27
Weighted-average number of equity shares for basic EPS (B)	**8,33,81,962**	**8,21,44,857**
Effect of Dilution :		
Weighted average number of share options granted to employees	-	21,099
Weighted average number of equity shares adjusted for the effect of dilution (C)	**8,33,81,962**	**8,21,65,956**
Basic EPS (Amount in ₹) (A/B)	41.62	15.98
Diluted EPS (Amount in ₹) (A/C)	41.62	15.98

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

34 Commitments and contingencies**

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
A. Commitments		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	91.13	52.50
- Letter of Credit/guarantees executed in favour of others	34.35	42.99
B. Contingencies		
(i) Taxation related contingencies		
Excise duty/ customs duty /service tax demands	478.70	471.44
Sales Tax & other demands	95.57	80.84
Demand raised by Income Tax department, disputed by the Company and pending in appeal refer note (a) below	25.82	22.62
(ii) Others		
Cases under litigation relating to :		
- Personnel	4.09	4.46
- Others	33.45	37.92
(iii) Claims not acknowledged as debts	0.60	0.59
(iv) ESI additional demand not acknowledged as liability	0.13	5.55
(v) Demand raised by Faridabad Municipal Corporation for external development charges where the Company is in litigation	2.38	2.38

Notes:

a. Contingencies regarding Income tax cases pending in Escorts Heart Institute and Research Center Limited for which amount is indeterminable (refer note 22 for details)

**The amount 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.

35 Financial Instruments

A Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

(₹ crores)

	Note	As At 31 March 2018	As At 31 March 2017
Financial assets measured at fair value			
Investments measured at			
Fair value through other comprehensive income	6 (ii)	48.30	36.25
Fair value through profit and loss	6 (ii), 6 (iii)	498.76	173.45
Financial assets measured at amortised cost			
Investments	6 (ii)	1.33	1.57
Trade receivables	12	592.00	456.45
Loans	7	15.21	13.10
Cash and cash equivalents	13	154.13	69.22
Other bank balances	14	163.16	174.88
Others	8	21.24	23.97
Total		**1,494.13**	**948.89**
Financial liabilities measured at amortised cost			
Borrowings	19 (i), 19 (ii)	51.09	217.89
Trade payables	23	1,234.49	910.14
Other financial liabilities	20	187.95	156.53
Total		**1,473.53**	**1,284.56**

Investment in joint ventures and associates are measured using equity method and hence, not presented here.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

B Fair values hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:
Level 1: Quoted prices for identical instruments in an active market;
Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crores)

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.76	-	47.54	**48.30**
Fair value through profit and loss	498.76	-	-	**498.76**

(₹ crores)

As at 31 March 2017	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	0.52	-	35.73	**36.25**
Fair value through profit and loss	173.45	-	-	**173.45**

Valuation process and technique used to determine fair value

(i) The fair value of investments in government securities and quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.

(ii) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(iii) In order to arrive at the fair value of unquoted investments, the Group obtains independent valuations. The techniques used by the valuer are as follows:

a) Asset approach - Net assets value method
b) Income approach - Discounted cash flows ("DCF") method
c) Market approach - Enterprise value/Sales multiple method

Significant unobservable inputs used in Level 3 fair values and sensitivity of the closing values as at end of reporting period to such inputs is as below :

Unquoted equity shares

(₹ crores)

Description	**31 March 2018**	31 March 2017
Impact on fair value if change in earnings growth rate		
- Impact due to increase of 0.50 % for 2018 and 0.50 % for 2017	**0.36**	0.27
- Impact due to decrease of 0.50 % for 2018 and 0.50 % for 2017	**(0.36)**	(0.25)
Impact on fair value if change in risk adjusted discount rate		
- Impact due to increase of 0.50 % for 2018 and 0.50 % for 2017	**(1.79)**	(0.61)
- Impact due to decrease of 0.50 % for 2018 and 0.50 % for 2017	**1.84**	0.67

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

The following table presents the changes in level 3 items for the periods ended 31 March 2018 and 31 March 2017:

(₹ crores)

Particulars	Unquoted equity shares
As at 1 April 2016	**28.07**
Gains recognised in other comprehensive income	7.66
As at 31 March 2017	**35.73**
Gains recognised in other comprehensive income	11.81
As at 31 March 2018	**47.54**

B.2 Fair value of instruments measured at amortised cost
Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ crores)

As at 31 March 2018	**Carrying value**	**Fair value**
Loans	9.17	9.18
Liability portion of compound instruments	1.03	1.20
Investments	1.33	1.33
Security deposits received	14.08	15.68

(₹ crores)

As at 31 March 2017	Carrying value	Fair value
Loans	8.11	8.12
Liability portion of compound instruments	2.34	3.49
Investments	1.57	1.72
Security deposits received	13.05	14.48

The management assessed that fair values of current loans, current financial assets, cash and cash equivalents, other bank balances, trade receivables, other receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

(ii) The fair values of the Group fixed interest-bearing loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.

(iii) All the other long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

C Financial Risk Management

Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's board of directors has overall responsibility for the establishment and oversight of the Group risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

C.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Group provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss Other financial assets - 12 month expected credit loss
High credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss or specific provision whichever is higher Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher

a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

In respect of trade receivables, the Group recognises a provision for lifetime expected credit loss.

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

Financial assets that expose the entity to credit risk* –

(₹ crores)

	As at 31 March 2018	As at 31 March 2017
(i) Low credit risk on financial reporting date		
Loans	15.21	13.10
Investments	1.33	1.96
Trade receivables	97.77	57.56
Cash and cash equivalents	154.13	69.22
Other bank balances	163.16	174.88
Other financial assets	21.24	23.97
(ii) Moderate credit risk		
Trade receivables	512.35	413.52
(iii) High credit risk		
Trade receivables	51.68	53.05
Other financial assets	5.47	16.51

*These represent carrying values of financial assets, without deduction for expected credit losses

Cash & cash equivalents and bank deposits
Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables
Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

Other financial assets measured at amortised cost
Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

b) Expected credit losses for financial assets other than trade receivables

i) The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population For such financial assets, the Group's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The reconciliation of expected credit loss recorded for all sub categories of financial assets (other than trade receivables) are disclosed below.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

31 March 2018

(₹ crores)

Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	154.13	0%	-	154.13
Other bank balances	163.16	0%	-	163.16
Loans	15.21	0%	-	15.21
Other financial assets	26.71	20.5%	5.47	21.24

31 March 2017

(₹ crores)

Particulars	Gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	69.22	0%	-	69.22
Other bank balances	174.88	0%	-	174.88
Loans	13.10	0%	-	13.10
Other financial assets	40.48	40.8%	16.51	23.97

ii) Expected credit loss for trade receivables under simplified approach

The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for).

(₹ crores)

Particulars	31 March 2018				
	Agri machinery	Auto products	Construction equipment	Railway products	Financing & Others
Gross sales in respect of customers where no specific default has occurred	3,784.46	-	741.86	284.12	-
Expected loss rate	0.10%	-	1.57%	1.01%	-
Expected credit loss(loss allowance provision)	3.62	-	11.62	2.87	-
Receivables due from customers where specific default has occurred	11.48	5.42	19.95	4.22	10.60

(₹ crores)

Particulars	31 March 2017				
	Agri machinery	Auto products	Construction equipment	Railway products	Financing & Others
Gross amount of trade receivables where no default (as defined above) has occurred	3,247.73	-	589.82	233.40	-
Expected loss rate	0.11%	-	1.59%	0.78%	-
Expected credit loss(loss allowance provision)	3.46	-	9.35	1.82	-
Receivables due from customers where specific default has occurred	14.59	9.96	17.84	3.12	7.55

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for the year ended 31 March 2018

Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ crores)

Reconciliation of loss allowance	Trade receivables	Other financial assets
Loss allowance on 1 April 2016	**74.96**	**16.51**
Assets originated or purchased	8.90	-
Loss allowance written back	(0.57)	-
Write – offs	(15.61)	-
Loss allowance on 31 March 2017	**67.68**	**16.51**
Assets originated or purchased	8.52	-
Loss allowance written back	(5.09)	-
Write – offs	(1.31)	(11.04)
Loss allowance on 31 March 2018	**69.80**	**5.47**

C.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Group liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ crores)

Floating rate	**31 March 2018**	31 March 2017
- Expiring within one year (cash credit and other facilities- Fixed rate)	425.00	305.27
- Expiring beyond one year (bank loans - Floating rate)	-	99.00
	425.00	404.27

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, the Company in previous year ended 31 March 2017 had certain facilities which could be drawn till 31 December 2017 for ₹99 crores (subject to the continuance of satisfactory credit ratings) and have an average maturity of 2.5 years as at 31 March 2017. There was no undrawn facilities as at 31 March 2018.

(b) Maturities of financial liabilities

The tables below analyse the Group financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

31 March 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings	47.50	14.35	-	3.70	65.55
Finance lease obligation	0.01	0.01	0.01	1.04	1.07
Trade payable	1,234.49	-	-	-	1,234.49
Security deposits	7.41	-	-	22.85	30.26
Other financial liabilities	130.13	-	-	-	130.13
Total	**1,419.54**	**14.36**	**0.01**	**27.59**	**1,461.50**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

31 March 2017	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings	215.61	45.99	14.10	10.56	286.26
Finance lease obligation	0.01	0.01	0.01	1.05	1.08
Trade payable	910.14	-	-	-	910.14
Security deposits	0.70	-	0.42	21.85	22.97
Other financial liabilities	89.20				89.20
Total	**1,215.66**	**46.00**	**14.53**	**33.46**	**1,309.65**

C) Market risk

a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO, GBP and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. Considering the low volume of foreign currency transactions, the Group's exposure to foreign currency risk is limited and the Group hence does not use any derivative instruments to manage its exposure. Also, the Group does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Group exposure to foreign currency risk at the end of the reporting period expressed in ₹are as follows

(₹ crores)

Particulars	**31 March 2018 USD**	31 March 2017 USD
Financial assets	14.66	19.09
Financial liabilities	12.81	20.63
Net exposure to foreign currency risk assets/(liabilities)	**1.85**	**(1.54)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	**31 March 2018**	31 March 2017
USD sensitivity		
INR/USD- increase by 150 bps (31 March 2017 150 bps)*	0.03	(0.02)
INR/USD- decrease by 150 bps (31 March 2017 150 bps)*	(0.03)	0.02

* Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹are as follows:

(₹ crores)

Particulars	**31 March 2018 EURO**	31 March 2017 EURO
Financial assets	2.36	0.15
Financial liabilities	1.96	5.92
Net exposure to foreign currency risk assets/(liabilities)	**0.40**	**(5.77)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2018	31 March 2017
EURO sensitivity		
INR/EURO- increase by 200 bps (31 March 2017 200 bps)*	0.01	(0.12)
INR/EURO- decrease by 200 bps (31 March 2017 200 bps)*	(0.01)	0.12

* Holding all other variables constant

(iii) Foreign currency risk exposure in JPY:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹are as follows

(₹ crores)

Particulars	31 March 2018 JPY	31 March 2017 JPY
Financial assets	-	-
Financial liabilities	3.00	0.13
Net exposure to foreign currency risk (liabilities)	(3.00)	**(0.13)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2018	31 March 2017
JPY sensitivity		
INR/JPY- increase by 500 bps (31 March 2017 500 bps)*	(0.15)	(0.01)
INR/JPY- decrease by 500 bps (31 March 2017 500 bps)*	0.15	0.01

* Holding all other variables constant

(iv) Foreign currency risk exposure in GBP:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in are as follows

(₹ crores)

Particulars	31 March 2018 GBP	31 March 2017 GBP
Financial assets	0.19	0.04
Financial liabilities	0.19	0.05
Net exposure to foreign currency risk (liabilities)	-	**(0.01)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ crores)

Particulars	31 March 2018	31 March 2017
GBP sensitivity		
INR/GBP- increase by 150 bps (31 March 2017 150 bps)*	-	-
INR/GBP- decrease by 150 bps (31 March 2017 150 bps)*	-	-

* Holding all other variables constant

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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b) Interest rate risk

i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

(₹ crores)

Particulars	31 March 2018	31 March 2017
Variable rate borrowing	49.57	162.50
Fixed rate borrowing	1.52	102.94
Total borrowings	**51.09**	**265.44**
Amount disclosed under other current financial liabilities	**36.38**	**47.54**
Amount dislosed under borrowings	**14.71**	**217.90**

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

(₹ crores)

Particulars	31 March 2018	31 March 2017
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	0.50	1.62
Interest rates – decrease by 100 basis points (100 bps)	(0.50)	(1.62)

* Holding all other variables constant

ii) Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

i) Exposure

The Group's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period :

Impact on profit after tax

(₹ crores)

Particulars	31 March 2018	31 March 2017
Equity Share (quoted)		
Net assets value – increase by 100 bps (100bps)	0.01	0.01
Net assets value – decrease by 100 bps (100bps)	(0.01)	(0.01)
Debenture (quoted)		
Net assets value – increase by 100 bps (100bps)	-	-
Net assets value – decrease by 100 bps (100bps)	-	-
Mutual funds		
Net assets value – increase by 100 bps (100bps)	4.98	1.72
Net assets value – decrease by 100 bps (100bps)	(4.98)	(1.72)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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Impact on other comprehensive income

(₹ crores)

Particulars	31 March 2018	31 March 2017
Unquoted equity instruments		
Value per share – increase by 500 bps (500bps)	2.38	1.79
Value per share – decrease by 500 bps (500bps)	(2.38)	(1.79)
Quoted equity instruments		
Market price – increase by 500 bps (500bps)	0.04	0.03
Market price – decrease by 500 bps (500bps)	(0.04)	(0.03)

36 Capital management

The Group' s capital management objectives are

- to ensure the Group's ability to continue as a going concern

- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(a) Debt equity ratio

(₹ crores)

Particulars	31 March 2018	31 March 2017
Net debts	51.09	265.44
Total equity	2,214.74	1,622.67
Net debt to equity ratio	**2%**	**16%**

(b) Dividends

(₹ crores)

Particulars	31 March 2018	31 March 2017
(i) Equity shares		
Final dividend for the year ended 31 March 2017 of ₹1.50 per share (excluding tax)	18.39	-
Final dividend for the year ended 31 March 2016 of ₹1.20 per share (excluding tax)	-	14.71
(ii) Dividends proposed		
In addition to the above dividends, the dividends, if any recommended by the Board of Directors post end of relevant reporting year shall be accrued and distributed in the year of approval in annual general meeting.		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

37 Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Adico Escorts Agri Equipment Private Limited	
	31 March 2018	31 March 2017
Current assets		
Cash and cash equivalents	1.72	0.07
Other assets	13.29	4.47
Total current assets	**15.01**	**4.54**
Total non-current assets	**7.98**	**8.12**
Current liabilities		
Financial liabilities	13.54	7.20
Other liabilities	7.75	0.33
Total current liabilities	**21.29**	**7.53**
Non-current liabilities		
Financial liabilities	-	-
Other liabilities	0.09	2.59
Total non-current liabilities	**0.09**	**2.59**
Net assets	**1.61**	**2.54**

(₹ crores)

Reconciliation to carrying amounts	Adico Escorts Agri Equipment Private Limited	
	31 March 2018	31 March 2017
Opening net assets	2.54	5.29
Loss for the year	(0.93)	(2.75)
Other comprehensive income	-	-
Closing net assets	**1.61**	**2.54**
Group's share in %	40%	40%
Group's share in Indian Rupees	0.65	1.02
Carrying amount	**0.65**	**1.02**

(₹ crores)

Summarised statement of profit and loss	Adico Escorts Agri Equipment Private Limited	
	31 March 2018	31 March 2017
Revenue	38.01	18.00
Loss for the year	(0.93)	(2.75)
Total comprehensive loss	**(0.93)**	**(2.75)**

38 Summarised financial information for subsidiary that has non-controlling interest that is material to the Group:

The Group has non-controlling interest in the following subsidiaries:

1. Escorts Finance Limited
2. Escorts Securities Limited
3. Escorts Asset Management Limited (cease to be subsidiary w.e.f 20 February 2018)

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Out of above, the non-controlling interest considered material to the Group is in Escorts Asset Management Limited, whose summarised financial information is produced below. During the year ended 31 March 2018, the Group sold its stake in Escorts Asset Management Limited, resulting in loss of control. Accordingly, no disclosures have been given for non-controlling interest in current year.

(₹ crores)

Summarised balance sheet	Escorts Asset Management Limited	
	31 March 2018	31 March 2017
Current assets	-	3.82
Current liabilities	-	1.45
Net current assets	**-**	**2.37**
Non-current assets	-	7.86
Non-current liabilities	-	1.17
Net non-current assets	**-**	**6.69**
Net assets	**-**	**9.06**
Accumulated NCI	**-**	**1.90**

(₹ crores)

Summarised statement of profit and loss	Escorts Asset Management Limited	
	31 March 2018	31 March 2017
Revenue	1.22	1.56
Loss for the year	(0.65)	(0.70)
Other comprehensive income	-	-
Total comprehensive income loss	**(0.65)**	**(0.70)**
Loss allocated to NCI	(0.14)	(0.15)

(₹ crores)

Summarised cash flows	Escorts Asset Management Limited	
	31 March 2018	31 March 2017
Cash flows from operating activities	-	(0.71)
Cash flows from investing activities	-	0.12
Cash flows from financing activities	-	2.00
Net increase/ (decrease) in cash and cash equivalents	**-**	**1.41**

39 Employee benefits

Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

(i) Amount recognised in the balance sheet is as under:

(₹ crores)

Particulars	**31 March 2018**		31 March 2017	
	Current	**Non-current**	Current	Non-current
Gratuity	45.56	0.35	45.65	0.52

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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(ii) Amount recognised in the statement of profit and loss is as under:

(₹ crores)

Description	31 March 2018	31 March 2017
Current service cost	4.47	4.31
Past service cost including curtailment gains/losses	2.79	
Net interest cost	3.53	4.14
Net impact on profit (before tax)	**10.79**	**8.45**
Continuing operations	10.79	8.14
Discontinued operations	-	0.31
Actuarial loss/(gain) recognised during the year (Continuing operations)	(0.61)	2.63
Amount recognised in the statement of profit and loss	**10.18**	**11.08**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2018	31 March 2017
Present value of defined benefit obligation as at the start of the year	**83.09**	**86.94**
Current service cost	4.47	4.31
Past service cost	2.79	-
Interest cost	6.24	6.96
Actuarial loss/(gain) recognised during the year	(0.61)	2.69
Benefits paid	(13.51)	(17.81)
Adjustment on disposal of subsidiary	(0.17)	-
Present value of defined benefit obligation as at the end of the year	**82.30**	**83.09**

(iv) Movement in the plan assets recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2018	31 March 2017
Fair value of plan assets at beginning of year	36.98	34.96
Expected return on plan assets	2.71	2.83
Employer's contribution	10.22	16.95
Benefits paid	(13.49)	(17.81)
Actuarial gain/(loss) on plan assets*	-	0.05
Fair value of plan assets at the end of the year	**36.42**	**36.98**
Actual return on plan assets	2.71	2.88

*Amount less than ₹ 1 lakh

(v) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	31 March 2018	31 March 2017
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	(0.94)	(0.20)
Actuarial (gain)/loss on arising from experience adjustment	0.33	2.83
Total actuarial (gain)/loss	**(0.61)**	**2.63**

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(vi) Actuarial assumptions

Description	31 March 2018	31 March 2017
Discount rate	7.73%	7.52%
Future salary increase	5.00%	5.00%
Expected average remaining working lives of employees (years)	17.57	16.89

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vii) Sensitivity analysis for gratuity liability

(₹ crores)

Description	31 March 2018	31 March 2017
Impact of the change in discount rate		
Present value of obligation at the end of the year	82.30	83.09
- Impact due to increase of 0.50 %	(2.09)	(2.17)
- Impact due to decrease of 0.50 %	2.22	2.29
Impact of the change in salary increase		
Present value of obligation at the end of the year	82.30	83.09
- Impact due to increase of 0.50 %	2.26	2.34
- Impact due to decrease of 0.50 %	(2.16)	(2.23)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

(viii) Maturity profile of defined benefit obligation

(₹ crores)

Description	31 March 2018	31 March 2017
Within next 12 months	14.63	11.99
Between 1-5 years	15.94	16.02
Beyond 5 years	51.36	54.60

(ix) Category of plan assets :

(₹ crores)

Particulars	31 March 2018	31 March 2017
LIC of India-Group gratuity cash accumulation fund	35.90	36.63
Others	0.43	0.35
Total	**36.33**	**36.98**

(x) The Group expects to contribute ₹6.72 crores (previous year ₹7.66) to its gratuity plan for the next year.

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B Compensated absences (unfunded)

The leave obligations cover the Group's liability for sick and earned leaves. The Group does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹5.25 crores (previous year: ₹4.24 crores) has been recognised in the statement of profit and loss.

(₹ crores)

Particulars	31 March 2018		31 March 2017	
	Current	**Non-current**	Current	Non-current
Compensated absences (unfunded)	2.97	13.67	2.69	13.27

C Defined contribution plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹16.42 crores (previous year: ₹16.53 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹0.27 crores (previous year: ₹0.35 crores).

D The Group has taken an Insurance policy for medical benefits in respect of its retired and working employees. The Insurance policy for on-roll employees is fully funded by the Group.

40 Share-based payments

The option plan is designed to provide incentives to employees of the Group. Under the plan, participants have been granted options which will vest as follows –

Scheme	Vesting conditions	Exercise period	Exercise price per share (₹)
Employees Stock Option Scheme, 2006	Vested after one year from the date of grant	Two years from the date of vesting	85.00

Options are granted under the plan for the consideration of ₹85 per share and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan:

(₹ crores)

Particulars	31 March 2018	31 March 2017
	Number of options	Number of options
Opening balance	27,100	1,11,100
Granted during the year	-	-
Exercised during the year*	27,100	84,000
Lapsed during the period	-	-
Closing balance	-	27,100

* The weighted average share price at the date of exercise of options during the year ended 31 March 2018 was ₹595.35 (31 March 2017 ₹260.00).
Weighted average remaining contractual life of options as at 31 March 2018 Nil (31 March 2017 : 1.50 years).

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41 Leases - Assets taken on lease

(A) Operating leases

The Group has leased certain land and buildings under operating lease arrangements. The leases are renewable on periodical basis and cancellable at Group's option. Total lease payments recognised in the statement of profit and loss is ₹8.08 crores (31 March 2017: ₹7.40 crores).

(B) Finance leases

The Group has a leasehold land at Rudrapur which has been taken on a lease for a period of 90 years in the year 2004. Initial land premium of ₹1.7 crores has been paid. In addition to the land premium, the Group pays an annual rent of ₹0.02 crores every year. Also, the management has revalued the amount of land in 2009 and has created a revaluation reserve of ₹7.13 crores pertaining to the same. The said lease of land was considered to be finance lease by the Group.

The disclosures for minimum lease payments in respect of such finance lease are as follows:

(₹ crores)

	31 March 2018			
	Minimum lease payments due			
	within 1 year	**1 to 5 years**	**after 5 years**	**Total**
Lease payments	0.01	0.06	1.00	1.07
Finance charges	-	0.02	0.93	0.95
Net present values	**0.01**	**0.04**	**0.07**	**0.12**

(₹ crores)

	31 March 2017			
	Minimum lease payments due			
	within 1 year	1 to 5 years	after 5 years	Total
Lease payments	0.01	0.06	1.02	1.09
Finance charges	-	0.02	0.95	0.97
Net present values	**0.01**	**0.04**	**0.07**	**0.12**

42 (a) During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgment dated 1 October 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which was disposed of by the Hon'ble Supreme Court by nine Hon'ble Judges of Constitution Bench and hence that Compensator issue is no more relevant as it does not arise out of the Constitution but imaginary. Matters are not decided by Division Bench by making an order that the interested parties may prefer writs before the High Court. Hence the matter remains pending till its decision. Based on the legal advice received by the Group no further provision on this account is considered necessary after 31 March 2008.

(b) A Scheme of Arrangement and Amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Escorts Construction Equipment Limited ('ECEL'), a subsidiary company of the Escorts Limited and Escotrac Finance and Investments Private Limited ('Escotrac') and Escorts Finance Investments and Leasing Private Limited ('EFILL'), joint ventures of Escorts Limited (together referred to as 'transferor companies'), was sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh vide its order dated 9 August 2012 (hereinafter referred to as 'the Scheme'). Upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana by the Transferor Companies and Transferee Company, the Scheme became effective on 12 October 2012. In accordance with the Scheme, 37,300,031 equity shares of the Parent comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Escorts Limited were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Escorts Limited in EBWT, has been accounted for as an Investment by the Escorts Limited in the manner prescribed in the Scheme.

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Consequently, EBWT holds 33,700,031 (31 March 2017: 37,300,031) equity shares of the Escorts Limited and 23,497,478 (31 March 2017: 23,497,478) equity shares of Escorts Finance Limited (subsidiary of the Company). The Escorts Limited is the sole beneficiary of the Trust. The dividend received by the trust on the Company's shares are credited directly in "Retained earnings" in note 17 - Other equity. Further, during the year ended 31 March 2018, EBWT sold 3,600,000 shares of the Company and remitted ₹250.34 crores to the Escorts Limited as distribution. Consistent with the accounting for the Scheme, whereby the difference between the net assets of the Transferor Companies and the purchase consideration issued by the Escorts Limited to EBWT was adjusted in Equity of the Company, the aforementioned distribution from EBWT (net of cost of investment) also has been credited to Equity in the General Reserve. Market value of outstanding shares held by Trust on 31 March 2018 is ₹2,768.72 crores (31 March 2017: ₹2,038.70 crores).

(c) Contractual manpower cost during year ended 31 March 2017 amounting to ₹48.84 crores have been regrouped from employee benefits expense to other expenses to provide relevant information.

43 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ crores)

		As at 31 March 2018	As at 31 March 2017
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	32.94	-
ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.73	-
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

44 Research and development

(i) Research and development costs on in house R&D centers amounting to ₹100.40 crores (31 March 2017: ₹85.97 crores) were incurred during the year.

(₹ crores)

Particulars	Tractor		Construction equipment	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Materials	0.84	0.49	-	0.11
Personnel expenses	42.46	34.87	5.48	4.61
Other expense	31.62	29.19	2.32	1.99
Depreciation	16.03	13.70	1.65	1.01
Total	**90.95**	**78.25**	**9.45**	**7.72**

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(ii) Assets purchased/capitalised for research and development centers*:

(₹ crores)

Description	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
Gross carrying value		
As at 1 April 2016	**214.31**	**7.40**
Additions	41.80	2.90
Disposals	(0.58)	-
As at 31 March 2017	**255.53**	**10.30**
Additions	11.69	1.10
Disposals	(3.80)	-
As at 31 March 2018	**263.42**	**11.40**
Accumulated depreciation		
As at 1 April 2016	**67.56**	**4.00**
Depreciation for the year	13.70	1.01
Disposals	(0.55)	-
As at 31 March 2017	**80.71**	**5.01**
Depreciation for the year	16.03	1.65
Disposals	(3.75)	-
As at 31 March 2018	**92.99**	**6.66**
Net block as at 1 April 2016	**146.75**	**3.40**
Net block as at 31 March 2017	**174.82**	**5.29**
Net block as at 31 March 2018	**170.43**	**4.74**

* Exclude capital advance/capital work-in-progress

(iii) Expenses on research and development as percentage to gross turnover is:

	31 March 2018	31 March 2017
Tractors	1.81%	1.86%
Construction equipment	0.19%	0.18%

45 Assets pledged as security

(₹ crores)

	Notes	**31 March 2018**	31 March 2017
Current			
Financial assets			
First charge			
Trade receivables	12	599.98	458.02
Specific fixed deposits	14	-	18.93
Non Financial assets			
Inventories	11	541.06	429.48
Total current assets pledged as security		**1,141.04**	**906.43**
Non-current			
First charge			
Land & Building	3 (i)	203.47	203.46
Plant & machinery	3 (i)	41.55	41.55
Second Charge			
Other movable Assets (other than specifically charged to other term lenders)	3 (i)	285.42	278.68
Furniture, fittings and equipment acquired under finance lease	3 (i)		-
Total non-currents assets pledged as security		**530.44**	**523.69**
Total assets pledged as security		**1,671.48**	**1,430.12**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

46 Related party transactions

A Joint venture in the Group

Adico Escorts Agri Equipment Private Limited

B Associates in the Group

Escorts Consumer Credit Limited
Haritha Raithu Mithra Agri Services (LLP) (cease to be associates w.e.f 21 March 2018.)
Revanpalli Raytu Sangam Agri Services (LLP) (cease to be associates w.e.f 21 March 2018.)
Baba Chadaneswar Agri Services, Balasore (LLP) (cease to be associates w.e.f 14 July 2017.)
Pancha Sakha Agri Services, Balasore (LLP) (cease to be associates w.e.f 14 July 2017.)
Jay Jagannath Agri Services, Balipal (LLP) (cease to be associates w.e.f 14 July 2017.)
Pancha Sakha Agri Services, Balasore (Partnership) (cease to be associates w.e.f 14 July 2017.)
Jay Jagannath Agri Services, Balipal (Partnership) (cease to be associates w.e.f 14 July 2017.)
Baba Chadaneswar Agri Services, Balasore (Partnership) (cease to be associates w.e.f 14 July 2017.)

C	Key management personnel	
	Mr. Rajan Nanda	Chairman and Managing Director
	Mr. Nikhil Nanda	Managing Director
	Mr. Bharat Madan	Group Chief Financial Officer and Director
	Mr. Ajay Sharma	Group General Counsel and Company Secretary
	Mr. Ashok Aggarwal	Whole Time Director
	Mrs. Ritu Nanda	Director
	Ms. Nitasha Nanda	Director
	Mr. G. B. Mathur	Director
	Mr. Ashish Kumar Bhattacharya	Director
	Mr. Priyank Kalra	Director
	Mr. Sachin Tyagi	Director
	Mr. Shenu Agarwal	Director
	Mr. Sridhar Sambandam	Director
	Mr. Arbindo Biswas	Director
	Ms. Rupinder Kaur	Company Secretary
	Mr. Pradeep Kumar Jain	Company Secretary
	Mr. Vicky Chauhan	Company Secretary
	Mr. Donald Fernandez	Chief Financial Officer
	Mr. Sushant Arora	Financial Controller
	Ms. Pushpa Rai	Director (cease to be Director w.e.f 20 February 2018)
	Mr. Sunjit Sahed	Director (cease to be Director w.e.f 20 February 2018)
	Other directors in the Group	
	Mr. Hardeep Singh	
	Mr. P.H Ravikumar	
	Ms. Vibha Paul Rishi	
	Mr. Sutanu Behuria	
	Mr. Darius Jehangir Kakalia	
	Mr. Ravi Narain	
	Enterprises over which key management personnel and relatives of such personnel exercise significant influence	
	Rimari India Private Limited	
	AAA Portfolios Private Limited	
	Escorts Skill Development	
	Niky Tasha Energies Private Limited	
	Momento Communications Private Limited	
	Harparshad and Company Private Limited	
	Raksha Health Insurance TPA Private Limited (formarly known as Raksha TPA Private Limited)	
	Ritu Nanda Insurance Service Private Limited	
	Niky Tasha Limited (Formerly Niky Tasha Electronics Limited)	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

Sun & Moon Travels (India) Private Limited
Big Apple Clothing Private Limited
Sietz Technologies India Private Limited
Niky Tasha Communications Private Limited
Escorts Employees Welfare Limited
List of other related parties in the Group
Mrs. Ritu Nanda
Escorts Limited Employees' Group Gratuity Fund Trust (refer note 39 for transaction)

Key management personnel remuneration includes the following expenses:

(₹ crores)

	31 March 2018	31 March 2017
Short-term employee benefits:	28.08	21.98
Other long-term benefits:	0.05	-
Post-employment benefits:	0.91	0.56
Total remuneration	**29.04**	**22.54**

(i) Transactions with joint ventures

(₹ crores)

Nature of transactions*	Purchase of goods	Rent Paid	Interest Income	Rendering of services	Services received	Purchase of goods	Advance Given	Refund of Advance	Dividend Paid**	Payables
Adico Escorts Agri Equipment Private Limited	42.74	0.01	0.12	-	-	-	1.50	1.50	-	2.64
	(16.94)	(0.01)	-	-	-	-	-	-	-	(0.02)

(ii) Transactions with associates

There is a payable outstanding on account of transactions as at 31 March 2018 of ₹2.09 crores (31 March 2017: ₹2.09 crores) against Escorts Consumer Credit Limited.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

(iii) Transactions with key management personnel, their relatives and entities in which they exercise control/significant influence

(₹ crores)

Nature of transactions*	Royalty	Remuneration / commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Interest Income	Dividend paid	Advance given/other recoverable	Debtors	Payables
Rajan Nanda	-	9.61	-	-	-	-	-	-	0.16	-	-	4.25
	-	(8.76)	-	-	-	-	-	-	(0.12)	-	-	(3.50)
Ritu Nanda^	-	-	-	0.36	-	-	0.00	-	0.01	-	-	-
	-	-	-	(0.36)	-	-	(0.00)	-	(0.01)	-	-	-
Nikhil Nanda	-	10.24	0.46	-	-	-	-	-	0.03	-	-	4.50
	-	(8.58)	(0.49)	-	-	-	-	-	(0.03)	-	-	(3.50)
Nitasha Nanda	-	2.98	-	0.46	-	-	0.06	-	-	0.06	-	1.50
	-	(2.48)	-	(0.41)	-	-	(0.03)	-	-	(0.06)	-	(1.00)
Bharat Madan	-	2.02	-	-	-	-	-	-	-	-	-	-
	-	(1.87)	-	-	-	-	-	-	-	-	-	-
Ajay Sharma	-	1.27	-	-	-	-	-	-	-	-	-	-
	-	(0.98)	-	-	-	-	-	-	-	-	-	-
Girish Bihari Mathur^	-	0.01	-	-	-	-	1.09	-	^	-	-	0.08
	-	-	-	-	-	-	(1.03)	-	-	-	-	(0.08)
Ravi Narain	-	0.09	-	-	-	-	0.02	-	-	-	-	0.09
S.A. Dave	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.02)	-	-	-	-	-
Hardeep Singh	-	0.09	-	-	-	-	0.09	-	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.06)	-	-	-	-	(0.08)
P.H Ravikumar	-	0.09	-	-	-	-	0.08	-	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.05)	-	-	-	-	(0.08)
Vibha Paul Rishi	-	0.09	-	-	-	-	0.06	-	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.03)	-	-	-	-	(0.08)
Sutanu Behuria	-	0.09	-	-	-	-	0.08	-	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.04)	-	-	-	-	(0.08)
Darius Jehangir Kakalia	-	0.09	-	-	-	-	0.03	-	-	-	-	0.09
	-	(0.08)	-	-	-	-	(0.02)	-	-	-	-	(0.08)
Dr. Ashok Aggarwal	-	0.34	-	-	-	-	-	-	-	-	-	-
	-	(0.55)	-	-	-	-	-	-	-	-	-	-
Ms. Pushpa Rai	-	-	-	-	-	-	-	-	-	-	-	-
	-	(0.16)	-	-	-	-	-	-	-	-	-	-
Ms. Sunjit Sahel	-	-	-	-	-	-	-	-	-	-	-	-
	-	(0.09)	-	-	-	-	-	-	-	-	-	-
Pradeep Kumar Jain	-	0.15	-	-	-	-	-	-	-	-	-	-
	-	(0.14)	-	-	-	-	-	-	-	-	-	-
Sushant Arora	-	0.09	-	-	-	-	-	-	-	-	-	-
	-	(0.11)	-	-	-	-	-	-	-	-	-	-
Priyank Kalra	-	0.86	-	-	-	-	-	-	-	-	-	-
	-	(0.72)	-	-	-	-	-	-	-	-	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

(₹ crores)

Nature of transactions*	Royalty	Remuneration / commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Interest Income	Dividend paid	Advance given/other recoverable	Debtors	Payables
Sachin Tyagi	-	0.43	-	-	-	-	-	-	-	-	-	-
	-	(0.51)	-	-	-	-	-	-	-	-	-	-
Donald Fernandez	-	0.07	-	-	-	-	-	-	-	-	-	-
	-	(0.06)	-	-	-	-	-	-	-	-	-	-
Rupinder Kaur	-	0.01	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Ashish Kumar Bhattacharya^	-	^	-	-	-	-	-	-	-	-	-	-
Harparshad and Company	24.77	-	-	-	-	-	-	-	1.58	-	-	0.33
Private Limited	(20.62)	-	-	-	-	-	-	-	(1.26)	-	-	(0.22)
Raksha TPA Private Limited	-	-	0.72	-	-	-	-	-	-	0.58	-	-
	-	-	(0.79)	-	-	-	-	-	-	(0.53)	-	-
Rimari India Private Limited	-	-	-	-	-	-	0.08	-	-	0.12	-	-
	-	-	-	-	-	-	(0.05)	-	-	(0.12)	-	-
Ritu Nanda Insurance	-	-	-	-	-	-	-	-	-	0.08	-	-
Service Private Limited	-	-	-	-	-	-	-	-	-	(0.06)	-	-
Momento Communications	-	-	-	-	-	-	0.15	-	-	-	-	-
Private Limited	-	-	-	-	-	-	(0.37)	-	-	-	-	-
AAA Portfolios Private	-	-	-	-	-	-	-	-	0.25	-	-	-
Limited	-	-	-	-	-	-	-	-	(0.20)	-	-	-
Big Apple Clothing Private	-	-	-	-	-	-	-	-	0.27	-	-	-
Limited	-	-	-	-	-	-	-	-	(0.21)	-	-	-
Niky Tasha	-	-	-	-	-	-	-	-	^	-	-	-
Communications Private Limited^	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Energies Private	-	-	-	-	-	-	-	-	^	-	-	-
Limited^	-	-	-	-	-	-	-	-	-	-	-	-
Sietz Technologies India	-	-	0.34	1.22	277.29	1.65	0.02	-	-	1.23	1.58	31.23
Private Limited	-	-	(0.36)	(1.22)	(232.53)	(1.44)	(0.28)	-	-	(0.97)	(1.36)	(15.39)
Sun & Moon Travels (India)	-	-	0.02	-	-	-	15.22	-	-	0.02	-	0.11
Private Limited	-	-	(0.02)	-	-	-	(11.27)	-	-	(0.51)	-	(0.75)
Escorts Employee Welfare	-	-	-	-	-	-	0.06	-	-	3.20		-
Limited (Gross of provisions)	-	-	-	-	-	-	-	-	-	(3.15)		-
Escorts Skill Development	-	-	-	-	-	-	1.05	-	-	-	-	-
	-	-	-	-	-	-	(0.50)	-	-	-	-	(6.60)
	-	-	-	-	-	-	-	-	-	-	-	-

^Amount less than ₹1 lakh

*Numbers in brackets represents financial year ending 31 March 2017

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

47 Segment information
The Group has determined following reportable segments based on the information reviewed by the Group's manaagement:

i Agri machinery products

ii Construction equipments

iii Railway equipments

iv Auto ancillary products (discontinued operation)

v Others

A Segment revenue and results

(₹ crores)

Particulars	31-Mar-18							31-Mar-17						
	Agri machinery products	**Construction equipments**	**Railway equipments**	**Auto ancillary products (discontinued operation)**	**Unallocated**	**Inter segment adjustment**	**Total**	Agri machinery products	Construction equipments	Railway equipments	Auto ancillary products (discontinued operation)	Unallocated	Inter segment adjustment	Total
Revenue	4,012.88	780.34	286.60	-	10.17	(9.80)	5,080.19	3,392.54	606.76	242.47	51.34	7.68	(29.68)	4,271.11
Segment Result before interest income unallocable, exceptional items, finance cost and tax	540.35	15.01	39.77	-	(59.65)	-	535.48	336.43	(13.82)	30.67	(10.29)	(74.38)	-	268.61
Add: Interest income unallocable							10.22							14.31
Less: Finance cost							(29.49)							(41.45)
Less: Exceptional items							(6.76)							(50.16)
Add: Share of profit or loss from associates and joint ventures							(0.37)							(1.06)
Profit before tax							509.08							190.25
Less: Tax expense							162.49							59.50
Profit after tax							346.59							130.75
Other comprehensive income							11.32							5.08
Total comprehensive income							**357.91**							**135.83**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

B Other information

(₹ crores)

Segment	Segment assets		Segment liabilities	
	As on 31 March 2018	As on 31 March 2017	**As on 31 March 2018**	As on 31 March 2017
Agri machinery products	2,354.60	1,924.05	1,233.38	1,036.53
Construction equipments	345.67	309.45	263.20	255.14
Railway equipments	166.25	149.12	88.20	77.19
Auto ancillary products (discontinued operation)	0.46	7.25	7.33	15.37
Unallocated	1,106.36	811.08	166.49	194.04
Total	**3,973.34**	**3,200.95**	**1,758.60**	**1,578.27**

C Additional information by geographies

(₹ crores)

	Year ended 31 March 2018	Year ended 31 March 2017
Revenue by geographical market		
India	4,837.60	4,119.32
Outside India	242.59	151.79
	5,080.19	4,271.11
Carrying amount of segment assets		
India	3,923.73	3,151.87
Outside India	49.61	49.08
	3,973.34	3,200.95

Notes:

i Operating segments have been identified by the Group taking into account nature of services, associated risks and returns and internal reporting system that reflects the manner in which operating results are regularly reviewed by the Chief Operating Decision Maker for purpose of making decisions on resources to be allocated to such segments and assess their performance.

ii Segment revenue, segment results, segment assets and segment liabilities include the respective amount identifiable for each operating segment.

48 The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated 4 March 2011. 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 and 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. 'In the year ended 31 March 2017, Escorts Benefit Trust has realised the investments held by it and remitted the surplus of ₹15.00 crores to the Company (beneficiary) after retaining sufficient funds for meeting its liability towards Escorts Finance Limited deposits.

As per our Report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Siddharth Talwar
Partner

For and on behalf of the Board of Directors

Rajan Nanda
Chairman and
Managing Director
(DIN: 00043256)

Nikhil Nanda
Managing Director
(DIN: 00043432)

Hardeep Singh
Director
(DIN: 00088096)

P.H. Ravikumar
Director
(DIN: 00280010)

Bharat Madan
Group Chief Financial
Officer

Ajay Sharma
Group General Counsel &
Company Secretary

Place : Faridabad
Date : 17 May 2018

Place : Faridabad
Date : 17 May 2018

FORM AOC-1 FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Statement containing sailent features of the consolidated financial statements of subsidiaries/joint venture for the year 2017-18

A Subsidiaries

(₹ crores)

Name of the subsidiaries	Escorts Finance Limited	Farmtrac Tractors Europe Sp. Z.o.o, Poland *	Escorts Securities Limited	Escorts Crop Solution Limited	Haritha Raithu Mithra Agri Services LLP ^	Revanpalli Raytu Sangam Agri Services LLP (LLP)	Baba Chadaneswar Agri Services LLP (Balasore)	Pancha Sakha Agri Services LLP (Balasore)	Jay Jagannath Agri Services LLP (Baliapal)	Escorts Benefit and Welfare Trust	Escorts Benefit Trust
Reporting period	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018
Capital	40.17	25.87	7.00	3.55	-	0.01	0.01	0.01	0.01	-	-
Reserves & Surplus	(218.35)	(19.04)	5.36	1.73	-	(0.05)	(0.01)	(0.01)	(0.01)	0.01	11.23
Total assets	5.13	37.70	29.32	6.80	-	0.10	0.01	0.01	0.02	0.02	11.23
Total liability	183.31	30.87	16.96	1.52	-	0.14	0.01	0.01	0.02	0.01	-
Investments	2.71	37.70	2.63	0.02	-	-	-	-	-	-	11.20
Turnover	0.16	83.44	6.52	1.57	-	0.09	-	-	-	-	-
Profit/(loss) before taxation	(2.76)	0.74	(0.17)	(0.11)	-	(0.07)	(0.01)	(0.01)	(0.01)	255.93	-
Provision for taxation	(1.79)	-	(0.04)	0.01	-	-	-	-	-	-	-
Profit/(loss) after taxation	(0.97)	0.74	(0.13)	(0.12)	-	(0.07)	(0.01)	(0.01)	(0.01)	255.93	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	69.42%	100%	98.86%	100%	100%	100%	100%	100%	100%	100%	100%

* Note : Converted into Indian ₹ at the exchange rate 1 PLN= 18.88 ₹ (i.e. closing rate)

^Amount less than ₹ 1 lakh

B Joint venture

(₹ crores)

Name of the Joint venture	Adico Escorts Agri Equipment Private Limited
Latest audited balance sheet date	31st March, 2018
Shares held by company	
Numbers	60,00,000
Amount of investment	6.00
Holding %	40%
Description of how there is significant influence	Joint venture agreement
Reason For not considered for consolidation	Not applicable
Networth attributable to shareholding	0.65
Profit/(loss) for the Year	(0.93)
Considered in consolidation	(0.37)
Not considered in consolidation	(0.56)

For and on behalf of the Board

RAJAN NANDA
Chairman and
Managing Director
(DIN 00043256)

NIKHIL NANDA
Managing Director
(DIN 00043432)

HARDEEP SINGH
Director
(DIN 00088096)

P.H. RAVIKUMAR
Director
(DIN 00280010)

BHARAT MADAN
Group Chief Financial Officer

AJAY SHARMA
Group General Counsel &
Company Secretary

Place : Faridabad
Date : 17 May 2018

NOTES

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CORPORATE INFORMATION

Mr. Nikhil Nanda
Chairman and Managing Director

Mr. Hardeep Singh
Director

Mr. P.H. Ravikumar
Director

Dr. Sutanu Behuria
Director

Mrs. Vibha Paul Rishi
Director

Mr. D. J. Kakalia
Director

Mr. Ravi Narain
Director

Ms. Nitasha Nanda
Whole-time Director

Mr. G. B. Mathur
Director

Group General Counsel And Company Secretary
Mr. Ajay Sharma

Secretarial Auditors
M/s. Jayant Gupta & Associates

Internal Auditors
M/s. Ernst & Young LLP

Statutory Auditors
M/s Walker Chandiok & Co LLP

Cost Auditors
M/s. Ramanath Iyer & Co.

Corporate Centre & Registered Office
15/5, Mathura Road,
Faridabad -121003, Haryana, India

Bankers

Axis Bank

State Bank of India

ICICI Bank

IndusInd Bank

IDBI Bank

The Hongkong and Shanghai Banking Corporation Limited

ESCORTS

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