



# Spreading Prosperity. Impacting Lives.

75

YEARS

OF BUILDING THE FUTURE

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## About Escorts

Escorts is a leading engineering conglomerate offering solutions for agriculture, infrastructure and railways. We have created a distinctive identity for ourselves driven by innovation and engineering excellence. Today, we are actively contributing to the country's efforts towards farm mechanisation and infrastructure development, while establishing India's engineering capabilities in the world and working towards our credo of spreading prosperity and impacting lives.

## Performance 2020-21

**1,06,741**

UNITS

Tractors sold

**3,913**

UNITS

ECE volume

**₹ 7,014.42**

CRORES

Revenue from operations

**₹ 1,126.76**

CRORES

EBITDA

**16.06%**

EBITDA margin

**₹ 1,131.26**

CRORES

Cash from operating activities

**₹ 871.63**

CRORES

Net profit

**₹ 92.15**

Earnings per share - Basic

**₹ 11.82\***

CRORES

CSR spend

**11,058**

Employee base

\*Including amount transferred to unspent CSR account (refer note 30 of the standalone financial statements)

Notes:

1. Cash from operating activities net cash from operating activities after tax as per consolidated cash-flow statement.
2. Volumes includes traded as well as exports.
3. Consolidated numbers (Excluding Employee Base)



# Spreading Prosperity. Impacting Lives.

We started on a journey to help drive prosperity and happiness for millions of people in India and other parts of the world. Seventy-five years on we are shining **stronger, brighter** and more **resilient** than ever before than ever, like the products that we manufacture. The power of our engineering, innovation and commitment will continue to **empower** farmers, **enable** infrastructure creation and **enhance** safety and comfort for millions of citizens.

2020-21 was a year when we showcased the power of collective strength and resolution, and our efforts ensured that the year could prove momentous in many ways. Despite macro challenges, we took several initiatives in our factories, workplaces and the way we do business to remain committed to our cause of customers first, and also ensured safety and wellbeing of our teams, customers, partners and other stakeholders. Escortsians went out of their way to ensure we serve our customers to the best of their abilities.

We have come a long way, and our vision and enthusiasm to deliver for India and the world remain as firm as ever.





H.P. Nanda, Founder

Our legacy rests on the firm shoulders of our teams, who are inspired by the dreams of our Honourable Founder H. P. Nanda and the first architect of the next stage of evolution, our former Group Chairman Rajan Nanda.



Rajan Nanda, Ex-Chairman

## Living our legacy. Leaping ahead with confidence.

Even before India gained its independence, Escorts had set out to revolutionise agriculture sector with state-of-the-art farm equipment. In the 1950s, we manufactured our first tractor and showed that agriculture needs the helping hand of advanced technology to thrive. In 1970s, we spearheaded the grey revolution in infrastructure and construction machinery.

In the following decades, we crossed many milestones, fostered numerous partnerships and reached new markets in India and globally, impacting lives in varied ways. From breaking fresh ground to help drive infrastructure creation to nurturing the earth with rich harvests of prosperity.

From ensuring safety on the rail-tracks of progress to introducing farmers to new-age crop solutions powered by robotics and artificial intelligence, Escorts transforms lives through technology and imagination.

# Engineering excellence to empower India

For over seven decades, we have helped accelerate India's socio-economic development through our presence in three high-growth sectors: Agri-machinery, Construction & Material Handling Equipment and Railway Equipment.

We have carved a niche for ourselves in the markets we serve. The position we have built for ourselves over these years, while bolstering our goodwill, has also made us more sensitive to the evolving trends in the heavy equipment sector. We have ventured into several trans-disciplinary and trans-boundary partnerships to ensure that any innovation we introduce is tailored closely to customer needs and experience.

We are constantly reshaping, redefining and reinventing the way India lives, works and travels, using the power of technology and imagination through our in-house

R&D unit. We remain persistent in our endeavour to engineer a better world, leveraging our collaborations to bring the best of the world back home, while showcasing India's exceptional proficiencies to the world.

Over the last seven decades we have faced numerous challenges and have overcome them with our agile and resilient business model, remaining unrelenting in our credo of enriching the quality of life. Trust in our brand, diversified portfolio and strong pan-India network make us a preferred partner of choice in the industries we serve.



## 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 practicing 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 the customers needs.

### AGILITY

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

## Escorts in numbers\*

**3**  
Sectors

**62**  
Country export presence

**11,058**  
Employees

**1,100+**  
Dealers

**₹ 119.53**  
CRORES  
Spend on Technology

\*FY2021

## Manufacturing Units & Capacity



ESCORTS AGRI MACHINERY (EAM)

We are among the frontrunners in India's tractor manufacturing industry with a wide portfolio ranging 12 HP to 120 HP.

Over the years, we have strengthened our offerings and emerged as a solutions provider, helping farmers accelerate their productivity.

**3 plants**

in India for tractors and components, Faridabad, Haryana

**1,20,000**  
UNITS

Annual production capacity

**1 plant**

in Poland (100% subsidiary) catering to Eastern Europe

**2,500**  
UNITS

Annual production capacity

**1 plant**

In India as Escorts Kubota India JV with annual installed capacity of 50,000 tractors

**1 plant**

in India as Adico Escorts JV

**82%**

Share in revenue

### ESCORTS CONSTRUCTION EQUIPMENT (ECE)



We are one of the largest pick-and-carry hydraulic mobile crane players in the domestic market. Our range comprises reliable construction and material handling equipment driving India's grey revolution.

**1 plant**

in India for construction and material handling equipment at Ballabgarh, Haryana

**10,000**  
UNITS

Annual production capacity

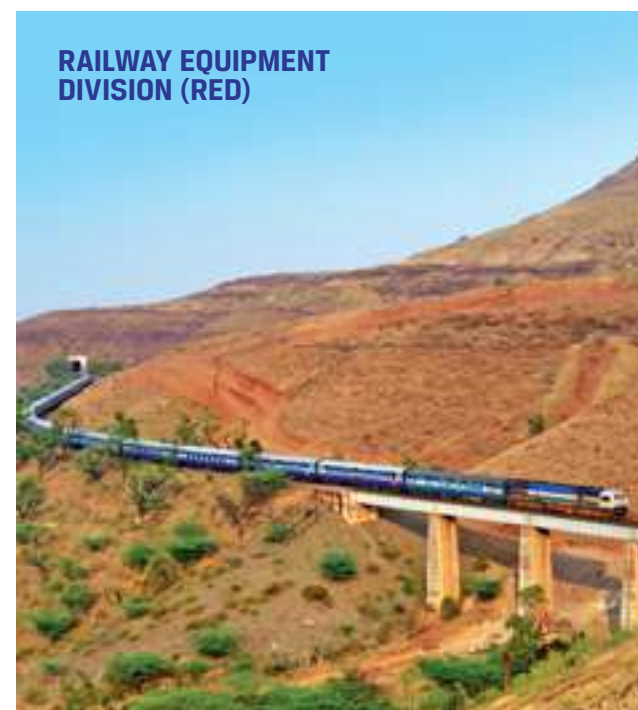
**1 plant**

in India as Tadano Escorts JV at Ballabgarh, Haryana

**11%**

Share in revenue

### RAILWAY EQUIPMENT DIVISION (RED)



We are engaged in the manufacture of advanced components providing safety, reliability and comfort to railway transportation. Our portfolio includes brake systems, couplers, suspension systems, shock absorbers and rail fastening systems.

**1 plant**

in Faridabad, Haryana

#### COMPONENT-WISE ANNUAL CAPACITY

Air Brake 18,000	EP BRAKE 3,600
Coupler AARH 9,600	Brake Block 10,87,200
Coupler SHAKU 2,160	

**7%**

Share in revenue

# Dedicated to India's prosperity for decades



## 1969

Established our Training and Development Centre at Bengaluru, India

## 1944

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

## 1961

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



## 1971

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



## 1974

Forayed into export markets for the first time



## 1977

Established an independent R&D Centre to develop new technologies

## 1991

Share Listed on NSE

## 1962

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



## 1995

- Launched Farmtrac brand of tractors
- Ended JV with Ford

## 1998

Launched Powertrac brand of tractors

## 2012

Developed bogie-mounted brake systems for the Indian Railways indigenously

## 2015

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

## 2016

- Set up Escorts Skill Development Centre in Faridabad, Haryana

## 2017

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



## 2018

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



## 2019

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



## 2020

- Deepened partnership with Kubota, where the Japanese tractor and heavy

equipment manufacturer picked up a 10% equity stake (post capital reduction) in Escorts, while Escorts acquired a 40% stake in Kubota's India business

- Set up the Rajan Nanda Innovation Lab (RNIL) to incubate new, promising and disruptive business ideas
- Launched India's first hybrid tractor concept, hybrid backhoe loader concept and multi-utility rural transport vehicle concept
- Working to launch BS IV (Bharat Stage IV-compliant tractors by 2021)



## 2021

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

YYYY is accounting year ended

YYYY is accounting year ended

# Optimising resource utilisation to maximise value creation

At Escorts, we have categorised our resources under six capitals. We have streamlined our processes to effectively utilise the resources under each capital and maximise output. Thus, we generate optimum value for each capital and achieve our defined strategic objectives.

## Financial capital



The financial capital includes the financial resources we deploy to run the business. Our core focus remains on maximising returns for the providers of capitals. It includes the shareholders' funds, retained earnings and the borrowed funds. We work relentlessly to optimise returns for providers of our financial capital. We endeavour to maximise surplus funds from business operations.

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**₹ 7,014.42**  
CRORES

Revenue from operations

**₹ 424.09**  
CRORES

Economic value added

**₹ 6,184.15**  
CRORES

Economic value distributed

## Manufactured capital



The manufactured capital includes our plant and machinery, our state-of-the-art technology, and our logistics. We ensure effective utilisation of the assets to maximise output, while ensuring efficiency improvement, safety, sustainability and reliability of our processes. We continuously invest in our operations, along with logistics operations.

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**1,01,192**  
Tractors manufactured

**3,765**  
Construction equipment manufactured

## Intellectual capital



The intellectual capital includes the knowledge base of the organisation, as well as the systems, processes, patents, trademarks, copyrights and new products developed through R&D, improvement initiatives and collaboration with institutions. Our focus on innovation and research reinforces our drive for operational efficiency and introduction of state-of-art and future-ready products.

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**15**  
New products launched (ECE: 8 and EAM: 7)

**29**  
Registered patents

## Human capital



Human capital of the Company includes diverse skills, capabilities and experience of the employees as well as their safety wellbeing and the ability to align with the organisation's vision. Our work culture ensures steady career progression, safety, health, competency enhancement and the overall well-being of our employees.

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**3,764**  
Employees on roll

**2.8%**  
Share of women in on roll employees

## Social and relationship capital



Social and relationship capital of the Company includes the mutual trust and the relationship with key stakeholders such as investors, customers, vendors, society and government, providing the Company social license to operate.

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**₹ 11.82\***  
CRORES  
Total CSR Spends

\*Including amount transferred to unspent CSR account (refer note 30 of the standalone financial statements)

## Natural capital



The natural capital includes the resources we use including metal, power along with air, water energy, land and biodiversity and the impact on them owing to the Company's operations. We strive for excellence in environmental performance, resource efficiency and environmentally responsible products to mitigate our ecological footprint.

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**28 Ton**  
Waste paper sent for recycling

**305 KL**  
Water cycled and reuse

Plantation drive across group

Numbers pertain to FY 2020-21, unless otherwise stated

# Capitalising on India's high-growth sectors

If we consider the advanced countries of the world, India's agriculture, infrastructure and rail transportation have a huge runway for growth. As India's leading engineering conglomerates, we have enhanced our presence across these key sectors that will play a pivotal role in the nation's progress in the coming years.



## Strong portfolio

Our strong product portfolio comprises tractors and other farm mechanisation equipment and we are continuously investing in technology to introduce new products leveraging cutting edge technology to plug portfolio gaps and move up in the value chain towards higher HP products. Besides, the products comply with various emission norms to make them environmentally responsible. We have also introduced hybrid technology and electric tractors. Our rental and pay-per-use services help us cover a wide gamut of consumer base. We have a reliable portfolio in the construction equipment space as well as railway equipment, making us a relevant player in the country's infrastructure growth story.

### Escorts Agri Machinery (EAM)

Expanded product line ranging from 11 HP to 120 HP with latest engine technology, helping enhance agriculture productivity

### Escorts Construction Equipment (ECE)

A comprehensive product portfolio comprising material handling equipment, earth moving equipment and road construction equipment

### Railway Equipment Division (RED)

Manufacturing advanced components for railway brake systems, couplers, suspension systems, shock absorbers and rail fastening systems

## 14.89%

Five-year revenue CAGR leading to FY21



## Growth through collaboration

We have forged collaborations with various global industry leaders to co-develop products and markets. This helps in reducing the lead time to conceptualise and market products, accelerate innovation and benefit from the mutual access to advanced technologies and processes. Our collaboration with Kubota Corporation is helping ramp up exports. It is also strengthening our product development capabilities, and helping improve our portfolio. Besides, we have also collaborated with a Japanese major to introduce a high-end braking system in India.

## 50,000

Capacity of the JV unit between Escorts and Kubota



## Track record

We have a strong management team with diverse and extensive sector and global experience. This helps in efficient and responsible management of operations. The management team guides us in driving a disciplined approach to development, growing our portfolio steadily across our operations, with continued focus on operational efficiency and cost savings.

## 169+

Years of cumulative experience of our senior leadership



## Financial prudence

We have a healthy capital structure, and a conservative approach to capital allocation. We continue to maintain healthy cash and bank balances, resulting in a strong liquidity profile. We have been able to maintain healthy profitability and return indicators over the past few years, benefitting from economies of scale and various cost-efficiency measures.

## 66.34x

Debt service coverage ratio



## Frugal operations

Our continued focus on the principles of lean and frugal engineering helps us achieve operational excellence, deliver industry-leading products and strong margins. Our teams explore every possibility to refine processes to optimise costs, evaluate capital expenditures and put ROI parameters on all new products and projects related spend.

## 11.80%+

Average EBITDA margin in the past five years



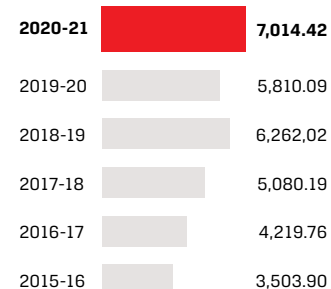


# Our progress reflected in numbers

## REVENUE FROM OPERATIONS (₹ in crores)

**20.73%** ↑

y-o-y Growth



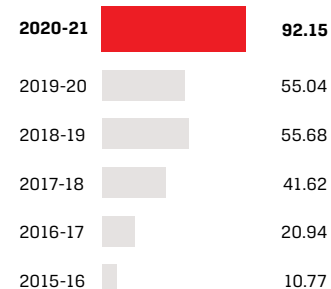
**14.89%** ↑

5-year CAGR

## BASIC EARNING PER SHARE (₹)

**67.42%** ↑

y-o-y Growth



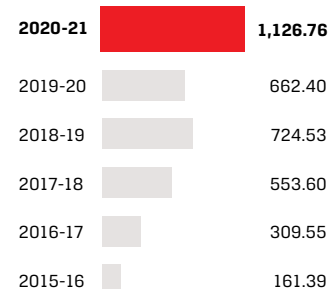
**53.62%** ↑

5-year CAGR

## EBITDA (₹ in crores)

**70.10%** ↑

y-o-y Growth



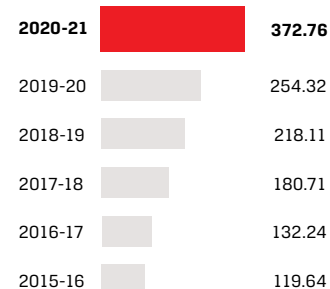
**47.50%** ↑

5-year CAGR

## BOOK VALUE PER SHARE (₹)

**46.57%** ↑

y-o-y Growth



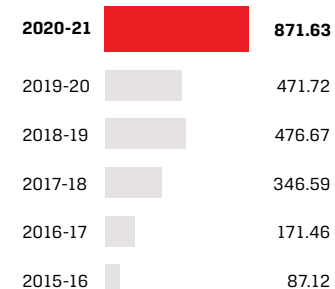
**25.52%** ↑

5-year CAGR

## PROFIT AFTER TAX (₹ in crores)

**84.78%** ↑

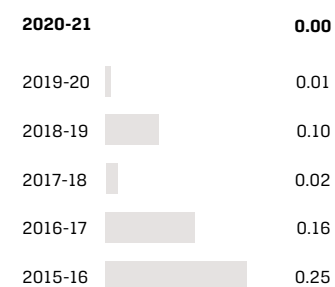
y-o-y Growth



**58.50%** ↑

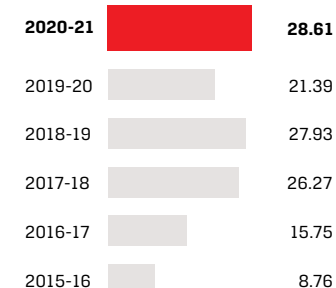
5-year CAGR

## DEBT-EQUITY RATIO (X)

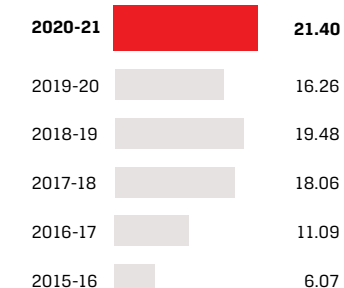


**DEBT-FREE**

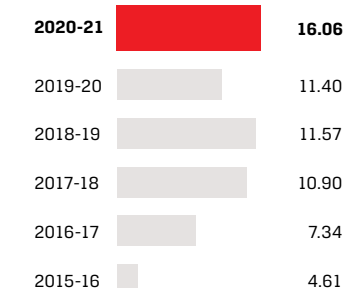
## RETURN ON CAPITAL EMPLOYED (%)



## RETURN ON EQUITY (%)



## EBITDA MARGIN (%)



## QUARTER WISE PERFORMANCE

	EAM volumes	ECE volumes	RED revenues	Revenue from operations (₹ in crores)	Net profit (₹ in crores)
Q1	18,150	233	54.91	1,089.26	92.58
Q2	24,441	809	160.21	1,654.18	227.22
Q3	31,562	1,228	117.38	2,042.23	286.42
Q4	32,588	1,588	146.46	2,228.75	265.41

# Aligned to Growth



## 75 Years of Delivering Excellence

**EVER SINCE INCEPTION, WE HAVE ALWAYS GIVEN PRIMACY TO NATIONAL PRIORITIES, AND WE ARE PROUD TO PARTNER INDIA'S JOURNEY AS AN EMERGING ECONOMY AND CONTRIBUTING TO ITS SOCIOECONOMIC DEVELOPMENT WITH OUR PRESENCE ACROSS CORE SECTORS VIZ AGRICULTURE, INFRASTRUCTURE, AND RAILWAYS**

**Nikhil Nanda**  
Chairman and Managing Director

### Dear shareholders,

I am proud and happy to present to you our 75th Annual Report. The journey started with a purpose led vision of an Indian to spread prosperity and impact lives of millions, across the globe. We did witness good as well as challenging times on the way, but we emerged stronger year on year. Ever since inception, we have always given primacy to national priorities, and we are proud to partner India's journey as an emerging economy and contributing to its socio-economic development with our presence across core sectors viz agriculture, infrastructure, and railways. We are committed to mechanise agriculture; partner national infrastructure build-up and make rail transport safe and comfortable. Escorts feels immense pride in continuing this journey to build the future of India, creating value for our stakeholders and transforming our organisation to an institution delivering excellence.

### Been a difficult year but we remained steadfast

COVID-19 and its two waves impacted livelihoods, health, and existence of many. It caused social and economic disruption and the lockdowns had a devastating effect across many sectors. This time the second wave has impacted the rural geographies as well affecting our core customer base.

As an organisation our priority has been safety and wellbeing of our employees, partners, customers and community at large. While the government is extremely active with support and stimulus measures, we continue to support our stakeholders and community with best of our abilities and resources. We did our best to provide agriculture equipment and technology to farmers who continued to toil hard to produce food enough to feed people across the nation. We collaborated with state authorities and local partners to keep our communities supported in the time of uncertainty. We are building resources for our current and future readiness to fight the pandemic with our resolute strength and resilience. Escorts, as a responsible corporate, will keep supporting government initiatives to pull the nation out of these unfortunate times, ensure agriculture remains normal in the post-Covid world While the contribute to infrastructure growth.

### Leveraging national and global opportunities in agriculture and infrastructure

Food and agri business form a \$5 trillion global industry that is only getting bigger. Agriculture, globally, is evolving to precision-based mechanisation creating a huge demand for innovative-agriculture solutions.

A larger infrastructure play would see a significant demand for construction technology. Metros and high-speed rail corridors by 2030 will witness a huge influx

of budgets for mobility, intra and intercity connectivity, offering greater opportunity for railway equipment.

This makes Escorts a strategic fit in the ever-growing industry segments of farm machinery, construction equipment and railway mobility, on the national and global front.

Our focus remains food security for the world and contributing to smarter and robust infrastructure in India and overseas geographies. We wish to be a leading player in the export of made-in-India farm machinery, construction equipment, and railway products to markets like US, Europe and Africa. We will continue to make strategic and financial investments in strengthening our technologies and products required to make significant entries in these markets.

In India, our focus would be to contribute towards making agriculture self-reliant with mechanisation through affordable technology and efficient and farmer friendly service platforms and solutions. With positive monsoon prediction, government food procurement measures, record harvest and increased sowing, 2021-22 could be another growth year for agriculture. Similarly, as the COVID-19 wave subsides and pending projects get reactivated, we hope to see positive momentum in construction and railway businesses going ahead. The Government of India has significantly raised budgetary allocation for the infrastructure sector as a part of its fiscal stimulus to bring the economy back into growth territory. The Railway sector may take some more time, but with progress in vaccination, mobility is expected to reach pre-Covid levels. The Agriculture sector has remained resilient even during the pandemic, and the positive macro developments in this space augurs well for our business going forward.

**WITH POSITIVE MONSOON PREDICTION, GOVERNMENT FOOD PROCUREMENT MEASURES, RECORD HARVEST AND INCREASED SOWING, 2021-22 COULD BE ANOTHER GROWTH YEAR FOR AGRICULTURE.**

## YOUR COMPANY ACHIEVED A HISTORIC MILESTONE OF 100,000 TRACTOR SALES AND PRODUCTION IN THE FINANCIAL YEAR, WITH TRACTOR VOLUMES UP BY 24.1% TO 1,06,741 TRACTORS AS AGAINST 86,018 TRACTORS DURING PREVIOUS YEAR.

### Historic milestone and sustained performance

Your Company achieved a historic milestone of more than 100,000 tractor sales and production in the financial year, with tractor volumes up by 24.1% to 1,06,741 tractors as against 86,018 tractors during previous year. We are thankful to all our customers, dealers, suppliers, employees, and everyone who contributed to help us reach this important landmark.

Agri machinery industry remained buoyant in Q4 of FY21 owing to positive macro-economic factors and pent-up demand from first and second quarters of the year. Escorts did well in this space by registering significantly higher share of market in Q4 than our average market share of the year as the supply chain normalised.

The momentum also picked up with positive developments in the construction equipment and railway equipment space. This should now accelerate further. While the nation is fighting the pandemic, we are sure that with ongoing government initiatives, accelerated vaccination drive and supportive measures, safety will prevail for all, and the economy will be back on strength.

### Sharpening strategy for profitable growth ahead

At Escorts, our focus will be on the following strategic pillars which

will help us in driving the next phase of growth. Our strategy emphasises continuous innovation, growth through partnerships and collaboration, further strengthening our presence in untapped markets across domestic and global geographies, and leveraging technology to create differentiated positioning for our brands.

We are continuously rolling out new products in line with the evolving requirements of our customers. In tractors, higher HP products are continuously gaining market traction. We launched new series of tractors in both our key brands: Farmtrac 'Powermaxx' Series and the Powertrac 'Euro Next' series, setting new benchmarks of performance and quality in the domestic market.

Identifying a distinct need of technology-rich and affordable agriculture implements, we are investing to enhance our offerings in the FARMPOWER range of implement line. Under Escorts Crop Solution initiative, we have partnered with global agri input corporations to provide farmers access to innovative agri technologies for greater yields.

We are continuously focusing on expanding our distribution network both in domestic and global geographies. Our major focus remains South and West India and global emerging markets.

To cater to the emerging requirements of fleet owners and corporate customers in the construction segment, we launched the Whiteline range of products with integrated telematics and performance monitoring.

Our Railway Business is focused on providing safety and comfort in rail transport. During the year we also received Research Designs and Standards Organisation, RDSO, approval for our new products Air Spring, Brake Disc and Brake Pads for passenger coaches. They are now launched for field trial and expected to be commercialised by FY 2023-24.

We are in the last year of Vision 2022 wherein we embarked on an aspirational journey and goals. We are happy to share that we have achieved our EBIDTA margin and ROCE targets. We are in continuous efforts to achieve the rest of the parameters and are hopeful to reach the milestones in a short duration. The time has come to think ahead for the future. We have initiated the MTBP (Mid Term Business Plan) exercise across our businesses to be able to achieve even better results through process improvement, digitisation, disruptive marketing and cost optimisation.

### Accelerating growth through collaboration

We strongly believe that collaboration at the global level will help in taking us forward and closer to our aspirations. Leveraging on the strengths of our partners including their global distribution channel, will pave new ways for us to grow.

We are happy to state that we have taken our partnership with Kubota to the next step. We have cross-invested in the joint venture during the year, further deepening our relationship. We have opened South Africa, Europe and Sri Lanka markets with Kubota channel and initial shipments have started. We will shortly ramp up our spread to Thailand, Malaysia, Kenya, Tanzania, Brazil and USA. The partnership is expected to further accelerate our export presence. Our JV with Tadano provides us an opportunity to fill key white spaces in the high margin cranes segment. The portfolio, including rough terrain and truck mounted cranes, in the fast growing 20-80 tonnage category caters to big construction companies servicing oil refineries, metro rail projects, smart city construction, solar power projects and ports, among others.

In our RED business, we are aligned to the 'Make in India' initiative and offering our innovative technology

to support rail transport periodically in its modernisation efforts with our cutting-edge technology-driven products. Our world-class research and design facility, and collaboration with leading technology providers aid us in creating a niche for ourselves in terms of providing safe and reliable products. During the year, we have collaborated with technology partners from Europe, Japan and South Korea to cater to new markets and address the gaps in the existing product offerings.

### Expanding our presence

We are continuously taking initiatives to grow our presence in the Southern and Western markets of the country, thus establishing us as a truly pan-India player. In addition to our regular products, we are investing in products especially focused on these high-opportunity markets for us.

Our wide range of products spanning from 20 HP to 120 HP, conforming to European standards of safety and emissions, shall further expand our export presence. We are currently exporting our products to more than 62 countries across the world.

Our partnership with Kubota will help us in opening opportunities in several other countries.

### Designing products for the world

We are exploring new frontiers of innovation to design and develop new products for the domestic and global markets. This led us to develop the electric tractor and successfully commercialise it. We are now regularly shipping electric tractors to various global markets. We are also working on a new engine technology which will further strengthen our presence in the overseas market.

We have set up Rajan Nanda Innovation Lab to drive collaborative innovation. We rolled out an Innovation Challenge programme where college students across India participated to transform their ideas into successful business propositions with social impact. The aim of the initiative is to spot the emerging technologies in the country and around the world by collaborating with leading technology centres, academia and research institutions. Through crowdsourcing, we plan to identify technology innovations and then incubate them with the desired funding support. Under RNIL, we are also collaborating with government ag-tech innovation platforms like Pusa Krishi and Agri Hackathon to scout emerging technologies and business ideas.

## WE ARE HAPPY TO STATE THAT WE HAVE TAKEN OUR PARTNERSHIP WITH KUBOTA TO THE NEXT STEP. WE HAVE CROSSINVESTED IN THE JOINT VENTURE DURING THE YEAR, FURTHER DEEPENING OUR RELATIONSHIP.

We have already showcased our indigenously developed rural transport vehicle, supposed to be an off-road as well as an on-road vehicle, relying on frugal and innovative engineering. We are evaluating the commercial launch of this product line in the next few years in domestic as well as export markets.

**Leveraging on future trends**

As an engineering company, we are aligned to future industry and technology megatrends in the areas of alternate fuels, autonomous and connected machines. Our key focus is on Digitisation of core operations, business models and connected applications.

We are working on strengthening our servitisation play as there will be a distinct shift from asset ownership to a service model with emergence of "Pay Per Use" models in agriculture and construction equipment space.

Our journey to 2030 will be to create a globally admired engineering company offering innovation in technology and marketing.

**Winning with the team and building young leadership**

2020-21 was a year in which we showcased the power of collective strength and resolution. Our efforts ensured that this year could prove historic in many ways. I am confident that our teams will achieve greater heights of excellence in the coming years and set new benchmarks.

We are continuously investing in capability building of our employees and creating young leadership across businesses to leverage on new and fresh thinking.

**Elevating ESG performance and gender diversity**

Compliance and governance are deeply embedded in our processes and each department stringently adheres to standard protocols and guidelines. Our overarching culture promotes corporate fairness, transparency, and accountability in the best interests of customers, partners, teams, communities, and all other stakeholders.

Aligned to global sustainability goals, our electric tractor range adds to our commitment towards green and climate friendly agriculture. We have initiated plantation drive across our plants, premises and around and target multiple tree plantations this year. Your Company is on the path of integrating sustainability development goals and several green initiatives have been planned in our social responsibility charter.

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

**Extending care to community**

We take various initiatives to support local communities and focus on creating sustainable livelihoods for farmers. We are also working towards creating platforms for helping farmers with the

**OUR OVERARCHING CULTURE PROMOTES CORPORATE FAIRNESS, TRANSPARENCY, AND ACCOUNTABILITY IN THE BEST INTERESTS OF CUSTOMERS, PARTNERS, TEAMS, COMMUNITIES, AND ALL OTHER STAKEHOLDERS.**

**OUR PRIORITY REMAINED SUPPORTING COMMUNITY IN FIGHTING THE PANDEMIC AND WE FACILITATED VARIOUS INITIATIVES IN PROVIDING FOOD, SHELTER, MEDICAL HELP IN ASSOCIATION WITH STATE AUTHORITIES AND COLLABORATING WITH LOCAL PARTNERS.**

information on best practices of farm mechanisation and growing yields.

Our priority remained supporting the community in fighting the pandemic and we facilitated various initiatives in providing food, shelter, medical help in association with state authorities and collaboration with local partners.

Smart water management, horticulture, road safety, promoting education and disaster management were some of the other initiatives that we undertook.

**Building a legacy of pride**

We continue to evolve to navigate the new normal, weaving together a digital work culture and putting in place relevant reforms to step up the efficiency curve. We are embracing innovative technologies and building strategic partnerships across segments. By collaborating with world-leaders in farming technology and other sectors such as Japan's Kubota, Tadano

and various smart construction equipment enterprises, our overriding vision is to create a powerful and sustainable agricultural, infrastructure and railway ecosystem that helps drive global economic growth.

I would like to thank each one of you for placing your precious trust in our vision and committing wholeheartedly to our mission. Your faith and unwavering support helped us in achieving what we managed in a pandemic year.

Strategic direction and guidance from our visionary Board of Directors, and collaborative efforts by all our partners and stakeholders, have been instrumental in driving our journey of profitable growth and delivering value.

I sincerely thank all our customers, employees, business partners, investors and stakeholders for being there with us at every step! Together, I am sure we will achieve even more

and continue building a legacy that is remembered with pride.

Collectively we will win over the current uncertainty which shall pass shortly.

On behalf of the entire Escorts family, I wish you and your families, safe and healthy times ahead.

**Nikhil Nanda**  
Chairman and Managing Director

# Powering our vision. Strengthening our legacy.

**WE HAVE EMBARKED ON A SERIES OF HEALTHCARE AND FINANCIAL AID. WE ARE PROVIDING FINANCIAL AID TO EMPLOYEES TESTED POSITIVE. WE HAVE ALSO INITIATED FREE-OF-COST VACCINATION CAMPS WHICH ARE BEING ORGANISED ACROSS PLANTS AND OFFICE LOCATIONS. WE HAVE TAKEN ADEQUATE MEASURES TO PROVIDE A SAFE WORKING ENVIRONMENT FOR OUR PEOPLE.**

Shailendra Agrawal  
Executive Director

## Dear Shareowners,

As I write this, the entire country is grappling with the second wave of the pandemic. Our priority continues to be the safety of our teams, customers, partners and all other stakeholders, and to enhance the global visibility and recall of Escorts.

The second wave of the pandemic is having a larger impact on people. Safety of our employees, partners and customers has been of paramount importance for us. We have embarked on a series of healthcare and financial aid. We are providing financial aid to employees tested positive. We have also initiated free-of-cost vaccination camps which are being organised across plants and office locations. We have taken adequate measures to provide a safe working environment for our people.

Financial Year 20-21 will always be remembered as one of the most challenging years. However, for Escorts, it was a year of remarkable performance.

## Committed to performance

We reported Standalone Revenue from operations at ₹ 6,929.3 crores, up by 20.3% as against ₹ 5,761.0 crores in the previous year. Our standalone profit stood at ₹ 874.1 crores, reflecting a growth of 80% against a profit of ₹ 485.5 crores in the previous year. Our consolidated net profit recorded at ₹ 871.6 crores, up by 85% as against profit of ₹ 471.7 crores in the previous year. Our differentiated product portfolio along with our strong operating discipline helped us in strengthening profitability despite the challenges posed by the pandemic. On a standalone basis, our EBIDTA margin strengthened 457 bps from 11.7% in the previous year to 16.3% during the year under review.

## Milestone Year for Escorts agri machinery

Agriculture proved to be resilient owing to two major reasons. First, the impact of the first wave of COVID-19 was relatively low in rural India compared to that of urban India. Second, good monsoons kept farm income and rural cashflow steady through the entire stretch of FY2020-21. Government support measures also helped a great deal in supporting the rural populace. The easy availability of retail finance at historically low rates also encouraged consumption. As a result, domestic tractor industry volume reached an all-time high level of 9 lakh tractors in FY 2020-21.

At Escorts, our domestic tractor volume went up by 24% at 1,01,848 tractors against 82,252 tractors in the previous fiscal. This is the first time the Company crossed 1 lakh tractor units in the domestic market.

On the export front, we outperformed the exports growth from India, driven by new product introduction and aggressive foray into new markets. Our sales through global Kubota network also started late in the year and will gradually gain momentum going forward, as we reach more markets with our products within the Kubota channel.

## New products and future technology

While we were meeting unprecedented demand in the tractor market, we continued our focus on products and technology for the future. A large number of products were successfully introduced for domestic as well as export markets. In the Farmtrac portfolio, we launched new PowerMaxx series in higher HP and Champion series in lower HP segment and in Powertrac portfolio, NEXT series in higher hp and RDX series in lower hp segment.

**» AT ESCORTS, OUR DOMESTIC TRACTOR VOLUME WENT UP BY 24% AT 1,01,848 TRACTORS AGAINST 82,252 TRACTORS IN THE PREVIOUS FISCAL. THIS IS THE FIRST TIME THE COMPANY CROSSED 1 LAKH TRACTOR UNITS IN THE DOMESTIC MARKET.**

**OUR CONSOLIDATED NET PROFIT RECORDED AT ₹ 871.6 CRORES, UP BY 85% AS AGAINST PROFIT OF ₹ 471.7 CRORES IN THE PREVIOUS YEAR**

Export markets received products in Compact FT & EK, Narrow and 110 hp category along with first ever electric tractor.

It is a matter of pride for all of us at Escorts that FY2020-21 saw us emerge as the first tractor company in India to receive the certification for electric tractor for India and stage 5 products for European market.

The inauguration of Rajan Nanda Innovation Lab (RNIL) on March 18 signalled our continued commitment to make innovation a strong catalyst to drive future growth.

The agri-machinery industry remained buoyant in Q4 of FY2020-21 owing to pent-up demand in the preceding two quarters of the year. Escorts performed well in this space by registering significantly higher market share in Q4 than our average market share of the year. While currently the demand is subdued and lockdowns in several states in the wake of the second COVID-19 wave are impacting supply chains, we believe this is a temporary phase, which will soon be over. The monsoon forecast for the current fiscal is positive, which will provide a tailwind to demand, despite COVID-19 related disruptions. Following all government guidelines, we are ensuring that farming communities are well served in the sowing season. Our focus on growth shall continue on the front end, and we will pursue cost efficiency through materials management and fixed cost management. Some new products launched recently and some about to be introduced will help us gain further market share and visibility in India and overseas.

As an integrated solutions provider, we continue to address customer aspirations with best-in-class offerings that speak volumes about our imagination, initiatives, and integrity. We also continue to engage and connect with stakeholders to gain their insights and refine our future strategies.

Digitalisation remains the key differentiator in our service basket. Across our business verticals, we analysed and enriched our offerings to diversify our portfolio and progressively minimise our risk exposure. Our electric tractor, autonomous and hybrid concept tractors reflect our vibrant culture of relentless innovation.

We are partnering with global technology and manufacturing bellwethers to adopt global standards of technology and best-in-class processes across the value chain. Our partnership with Kubota is a win-win

collaboration, which will add new avenues of growth through product innovation and complete farm mechanisation solutions, new revenue streams in agriculture implements and construction equipment. We strongly believe that such collaborations enhance our brand aura on the global grandstand.

### Escorts Construction Equipment

Revival of the infrastructure sector is a priority for the government to generate large-scale employment opportunities and kickstart sustainable economic growth. Momentum in the infra space will also trigger a positive ripple across other sectors.

While we witnessed some positive developments in the construction equipment space in the last quarter of the reporting year, demand looks sluggish following the second COVID-19 wave. However, the long-term optimism of the construction and infra sector remains unscathed. We are pioneering the industry shift to safer cranes and growing our market size in this space.

In the first half of FY2020-21, crane industry witnessed de-growth of more than 50%, resulting in corresponding decline in our volume. However, there was significant recovery in construction industry from October onwards and we have also increased our volumes almost in line with the industry.

Our served industry (backhoe loaders, PnC and compactors) grew by 11% during FY2020-21. Crane industry performance remains flat y-o-y, but due to COVID-19 and cashflow issues in the market, Pick N Carry cranes industry has shifted more towards the price sensitive HYDRA segment. The Compactor industry grew by 9.9% and Backhoe loaders by 15%. Our volume went down by 3% to 3913 machines as against 4042 machines in the previous year. Despite volume drop and commodity price inflation, our EBIT margin remains steady at around 3.6%.

ECE continued to expand product portfolio by launching new products, such as four models of safe cranes going up to 30 T, 2 models of Hydra, BHL export model, BSIV models and launch of premium 'White Line' brand.

### Railway Equipment Division

The first half of FY2020-21 was very tough for RED due to stoppage of passenger train services owing to restricted mobility of passengers. However, from Q3 onwards with partial resumption of passenger train service, our order booking started picking up.

The pandemic gave us the time to introspect our processes. We took a decisive call to embark on a transformational journey across process, materials and products to emerge as a stronger player in the sector and expand our market horizon. During the year, we introduced several new products and reported 59% of the revenues from products launched in the last three years. The new products will help us expand our product portfolio like Air Spring, Brake Disc & Pads which are already in field trial.

Revenue from Railway equipment division came to ₹ 479 crores against ₹ 477 crores in previous year. Sales from new products grew by 52.9%. Indian Railways is still not running its full operations of passenger trains, due to the pandemic. Our order book for the division stood at more than ₹ 340 crores at the end of March, 2021, that will get executed by Q3 of FY2021-22.

With government safety measures and vaccination drive picking up at pace, we expect the tendering process will return to pre-Covid level by the end of Q2. During the year, we forayed into the metro business by bagging the contract for retrofitting work.

### Win-win collaborations

During FY2020-21, both joint venture companies, Escorts Kubota (EKI) and Tadano Escorts (TEI) were at a crucial stage of setting up of manufacturing facilities and development of components.

Mass production was started at Escorts Kubota in September 2020 despite several challenges, labour shortage and supply chain issues. We are continuously producing desired units and working together to leverage the identified market opportunity with innovative product line and enhanced customer experience.

Tadano Escorts has ensured completion of phase 1 of new manufacturing facility. Excellent cooperation between Tadano Japan team and TEI team in India ensured development of parts in time for building first Truck Crane prototype which is currently undergoing testing.

Across decades, our overarching focus has always been on crafting value that is accretive, holistic and stands the test of time and that focus remains unwavering. We are constantly responding to the dynamic operating scenario and pushing the edge of the innovation envelope with our esteemed partners to deliver prosperity, impact lives and contribute to nation-building.

**WE ARE CONSTANTLY RESPONDING TO THE DYNAMIC OPERATING SCENARIO AND PUSHING THE EDGE OF THE INNOVATION ENVELOPE WITH OUR ESTEEMED PARTNERS TO DELIVER PROSPERITY, IMPACT LIVES AND CONTRIBUTE TO NATION-BUILDING.**

### Becoming future ready

Despite operational challenges and macro headwinds, we remain committed to our purpose of powering the dreams of farmers, being India's preferred partner in nation-building and ensuring safety and comfort in rail transport. We are positioned in the right sectors, which will catalyse India's growth in the coming years. We are aggressively expanding in the Southern & Western Indian markets to capture higher market share. We are moving ahead with our future-ready products built on the technology of tomorrow and plugging the gap in our portfolio. Our continuous investments in technology and automation are expected to drive efficiency and create superior customer experience.

Our focus is profitable and benchmark growth, and we are preparing our charter for next three years and beyond as our Mid Term Business Plan strategy to leverage opportunities and expand our geographic play in domestic and emerging export markets. We will continue to invest in product innovation, capacity expansion, broadening distribution network, process efficiency and R&D. Building customer experience benchmark through adoption of Manufacturing Excellence will be a priority and we will introduce new product play mapped to customer need.

We are now ready to move towards our next growth phase.

Warm regards

**Shailendra Agrawal**  
Executive Director

# Creating a future-ready Escorts



**Mr. Bharat Madan**

Group Chief Financial Officer and Corporate Head

» **A COMBINATION OF PENT-UP DEMAND IN THE FIRST TWO QUARTERS OF FY2020-21, FAVOURABLE MONSOON, INCREASE IN MSP OF ALL KEY CROPS AND EXTENSIVE PROCUREMENT BY THE GOVERNMENT RESULTED IN A STRONG DEMAND DURING THE SECOND HALF OF THE YEAR.**

FY2020-21 started off with the nationwide lockdown announced during the last week of FY2019-20 to contain the virus spread. While we ensured the safety of our employees, suppliers, channel partners and customers, the complete cessation of all economic activities resulted in nearly zero sales in April 2020, and even though sales started picking up by June 2020, still overall performance in the first quarter of the year was not up to the mark.

The agricultural sector was the only silver lining as it was kept outside the purview of restrictions. A combination of pent-up demand in the first two quarters of FY2020-21, favourable monsoon, increase in MSP of all key crops and extensive procurement by the government resulted in a strong demand during the second half of the year. Besides, the Government of India and the RBI also announced a slew of fiscal and monetary measures to enhance liquidity in the economy, support micro, small and medium enterprises and economically vulnerable sections of the population.

FY2020-21 was a landmark year for EAM business for Escorts as the Company reached the milestone of crossing annual 1 lakh tractor sales in domestic markets for the first time in its history. We continued our innovation journey and launched a slew of products across the segments, which will help reinforce our future leadership.

We were quick to implement cost optimisation measures helping us strengthen our margins and prioritised capex according to the needs. We kept strong focus on cash generation with record free cash generation and reported superior return on capital employed across all 3 businesses. Our collaboration with Kubota Corporation took a giant leap with Kubota investing in the Company for 10% stake and Company also buying 40% stake into the sales arm of Kubota in India. This collaboration will help Escorts strengthen its market leadership in the domestic market and enhance presence in the exports markets.

Despite the challenges caused by the second wave of the pandemic and rising commodity prices, we are optimistic that the industry will continue to grow based on the favourable outlook of the agriculture sector. The investments by the government in the infrastructure sector also augurs well for the ECE business segment. The Budget 2021 allocation to the Railway sector is one of the highest and is expected to have a favourable tickle-down impact on our RED business. We are excited that the cumulative impact of these developments will unlock the next phase of growth opportunity for Escorts.



**Mr. Shenu Agarwal**

CEO – Escorts Agri Machinery

» **WE CONTINUE TO PUT SIGNIFICANT EMPHASIS ON FARM MECHANISATION IN THE COUNTRY, LEVERAGING THE INHERENT STRENGTH OF OUR TWO GREAT BRANDS – POWERTRAC AND FARMTRAC, AUGMENTING THOSE WITH OUR NEW PRODUCT OFFERING**

The year FY2020-21 remained one of the best years in the history of Escorts Agri Business. It marked not only our best performance in sales and profits, but proved beyond doubt the resilience of rural India in facing even extreme conditions. Despite setbacks owing to various lockdowns and the resultant disruptions in supply chain, we achieved for the very first time the landmark of selling more than 100,000 tractors.

We continue to put significant emphasis on farm mechanisation in the country, leveraging the inherent strength of our two great brands – Powertrac and Farmtrac, augmenting those with our new product offering of farm implements and attachments under the brand FARMPOWER, expanding our reach in our opportunity markets in South and West India, and spreading ourselves wider and deeper on the global front.

We recently launched an innovative self-powered boom sprayer, an innovative solution to replace manual spraying of ag chemicals with safer, faster and more productive option. We are tying up with India's major agri-input companies to scale up mechanised farm chemical spraying in lakhs of acres. This would be a welcome addition in the existing portfolio of Escorts Crop Solutions, which currently offers the largest fleet of captive paddy track harvesters and ride-on paddy transplanters, helping address the challenge of farm mechanisation through a unique model of farm mechanisation services.

Technology continues to be the key differentiating factor for us. Our headway towards technologies like hybrid and electric will help us in making our products environmentally responsible and also position us very differently in this crowded market. Our R&D team is working relentlessly to create future-ready solutions and now has the Stage V approvals for our Farmtrac tractors for Europe and other western markets. We are also the first company to get Government certification in India for our Electric Tractor, paving way for launch of these tractors in the Indian markets as well.

Our innovative solutions like Care Device 24X7 (one touch service request for doorstep service), Traxi (rental services for tractors and farm equipment) and Digitrac (a digital marketplace for purchase of tractors) are helping provide better services to our customers.

With our global collaborations, technology leadership, and strong distribution network, we are expecting far better outcomes in the coming years, thus creating substantial value for our stakeholders.



» **DURING THE YEAR, WE LAUNCHED THE WHITE LINE, A RANGE IN THE PREMIUM SEGMENT, TARGETING FLEET OWNERS AND CORPORATE CLIENTS.**

**Mr. Ajay Mandahr**  
CEO – Escorts Construction Equipment

Our number one priority has been to keep our employees safe and protected. During the lockdown we meticulously planned & post opening implemented the hygiene and safety protocols to ensure the welling being of all our employees and their families. This new normal has continuously thrown new challenges and the agility with which the team is responding is admirable.

Our next priority was business sustenance and growth in this challenging environment. It is very heartening to see that on the business front, the team has continued to improve the performance on all the three strategy levers of Operational Excellence, Product Offerings and After Sales Penetration.

During the year, we launched the White Line, a range in the premium segment, targeting fleet owners and corporate clients. To give our targeted customers the desired level of product lifetime experience, new network is planned. The initial response to our updated offering is very encouraging. Further, even during the pandemic times, the team

worked smartly to ensure seamless transition to BS (CEV) IV emission norms applicable from April 1, 2021.

Pandemic has necessitated the adoption of digitalisation. Our teams, network and the customers embraced this change immediately. We utilised the lockdown for training our employees, vendors and network partners based on the current and future needs. Also, the respective frontend teams continued to positively engage customers.

The MSME vendor base health was continuously reviewed and financial, manpower and material planning support was provided where required.

The Service App (SA) was further improvised to provide end-to-end service to customers. Using this customers can schedule services, initiate parts requirements, and access DIY guidelines. We built an option to trigger an SOS which can be addressed by the dealers at respective locations.

Going ahead, we will continue on this path of profitable growth and optimise on the growth ahead basis the investment envisaged in in the infrastructure sector and the grey revolution embraced by the country.



» **WE ARE BUILDING A PERFORMANCE DRIVEN, PROCESS EFFICIENT, TECHNOLOGY-LED LEARNING ORGANISATION WITH 'FUTURE READY' LEADERS**

**Amit Singhal**  
Group Chief Human Resource Officer and Dy. Corporate Head

Escorts today is at the cusp of its next phase of growth and people leadership and capability will play an important role in achieving our aspiration.

We are building a performance-driven, process-efficient, technology-led learning organisation with 'Future Ready' leaders for sustainable and responsible growth.

We are working relentlessly towards building people capabilities for Today and Tomorrow and sharpening our focus on leadership and succession planning for critical roles and developing a diverse and inclusive workplace while attracting young and dynamic talent.

In a year disrupted by COVID-19, we took a number of people-centric initiatives to help them navigate through the challenges posed by the pandemic. This included medical and financial aid for the health of our employees and their families and psychological support for wellbeing. We migrated our learning to online channels with extensive coverage along with a successful rollout of young talent development programs.

We will continue to build a workplace with strong internal advocacy and external recognition and become a preferred employer strengthening the strong legacy of our Brand.



# Designed to deliver value responsibly

Despite industry cycles and economic volatilities, we, at Escorts, have always pushed the edge of our innovation envelope further, adopted breakthrough technologies and fostered winning collaborations to create value for our stakeholders.

## Key inputs » Process » Outputs » Outcomes »

**Financial capital**  
 Equity: ₹ 5,025.20 crores  
 Debt: ₹ 2.54 crores  
 Cash on hand: ₹ 1,321.76 crores

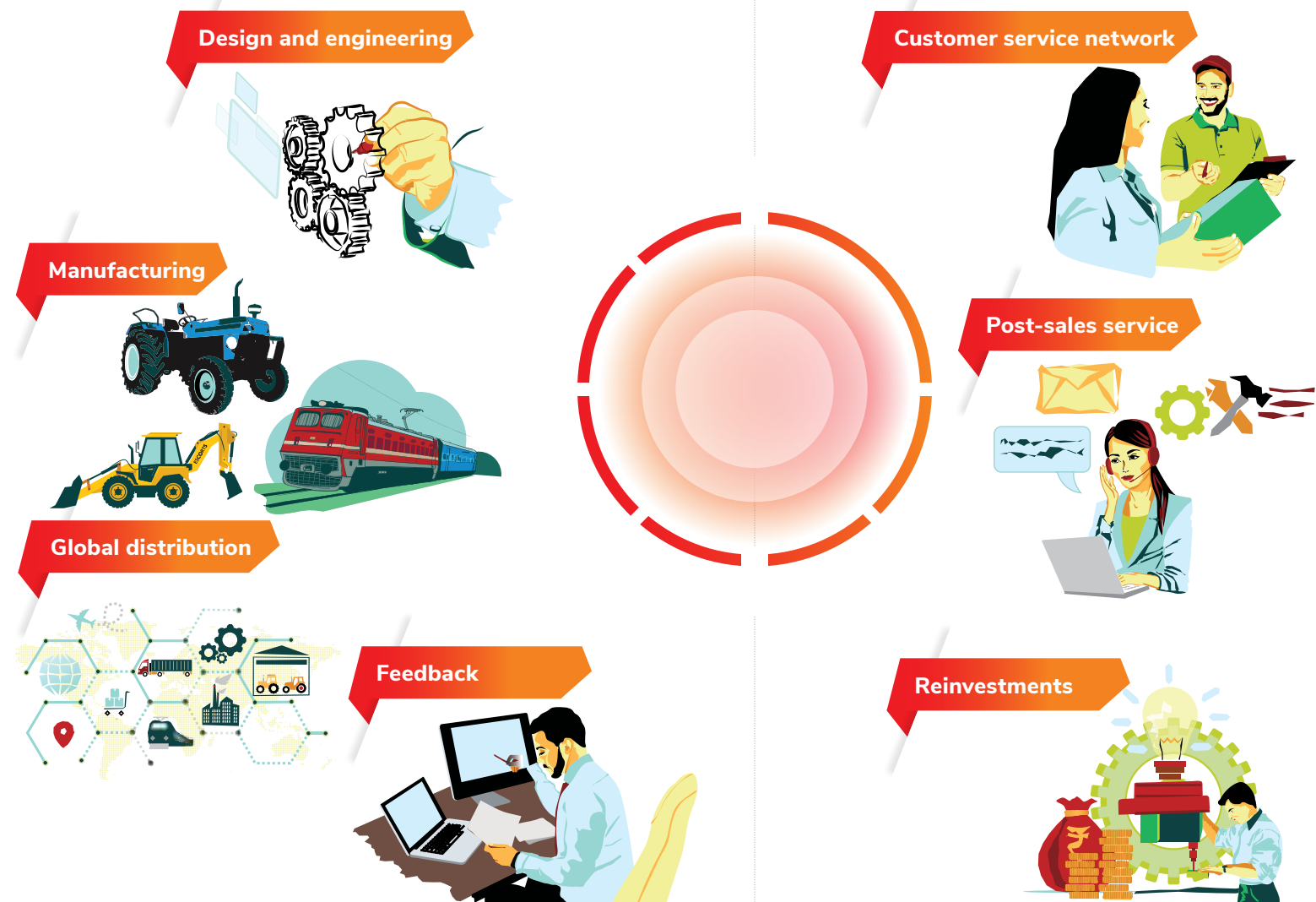
**Manufactured capital**  
 Plants: 9  
 Innovation centre: 1  
 Capex: ₹ 153 crores

**Intellectual capital**  
 Spend on Technology: ₹ 119.53 crores  
 Patents filed: 3

**Human capital**  
 Employees: 11,058  
 Employee expenditure: ₹ 546.91 crores

**Social and relationship capital**  
 Direct Suppliers: 1,150+  
 Virtual investor meetings: 100+  
 Virtual media interactions: 25+  
 Dealers: 1,100+  
 CSR spend: ₹ 11.82 crores  
 (Including amount transferred to unspent CSR account (refer note 30 of the standalone financial statements))

**Natural capital**  
 Direct Energy Consumed : 604.78 TJ  
 Renewable energy used:  
 11.06 lakh KWH



**Outputs**  
 Tractors manufactured: 1,01,192 units  
 Construction equipment manufactured: 3,765 units

**Outcomes**

**Financial capital**  
 Total Revenue: ₹ 7,174.80 crores  
 Net profit: ₹ 871.63 crores  
 Proposed Dividend: ₹ 7.50 per share

**Manufactured capital**  
 Capacity utilisation:  
 90%+ (EAM)  
 35% (ECE)  
 20-70% (across segments for RED)

**Intellectual capital**  
 Patents: 29  
 Registered: 10  
 New tractors launched: 7  
 New construction equipment launched: 8

**Human capital**  
 Employees added: 396  
 Share of women employees: 2.8%

**Social and relationship capital**  
 New dealers added – tractor: 100+

**Natural capital**  
 Waste paper sent for recycling: 28 Ton  
 Water cycled and reuse: 305 KL

**Our foundation**

<b>VISION</b>	<b>CORE VALUES</b>	<b>STRATEGIC VALUES</b>
	Respect For People Empowerment Transparency Collaboration	Customer Centricity Excellence Innovation Agility

**Key priorities**

<b>NEW LAUNCHES</b>	<b>COLLABORATION</b>
<b>INNOVATION</b>	<b>MARKET EXPANSION</b>

**Businesses**

- AGRI MACHINERY
- CONSTRUCTION EQUIPMENT
- RAILWAY EQUIPMENT DIVISION



# Evolving external scenario

Our business landscape is evolving faster than ever before, and the pandemic has been an accelerator of trends in businesses such as increasing adoption of automation and digitalisation. Sustainability has been another major area of focus for global businesses. We have always been responsive to the changes in our operating environment and continue to refine our strategies to protect our business model and the interests of all stakeholders from potential risks and uncertainties.

## Ensuring food supply



With the growing global population, there is an incremental food demand to feed additional mouths. With shrinking availability of arable land, labour shortage and climate change, it is important to increase farm mechanisation to drive productivity and meet the growing demand.

Despite good soil conditions, favourable rainfall and irrigation, the average productivity of many crops is still low. The result is that farmers do not get decent earnings out of their farm production. The availability of improved mechanisation at cost-effective rates will help enhance productivity, and in turn will increase farmer income.

### ESCORTS' RESPONSE

We, at Escorts, have been helping in enhancing the level of farm mechanisation for the past 75 years. Our cutting-edge technology along with pay-per-use model are accelerating adoption of farm mechanisation. Our purpose is to strengthen farm mechanisation in India to help mitigate the dependence on labour, increase farm yields and productivity. We have also felt farmers are not adequately well-informed about improved farming practices. We are providing farmers with all relevant information to help double farming income.

## Infrastructure sector poised attractively



With COVID-19 disrupting economic activities, the Government of India has prioritised infrastructure as a key sector to drive economic growth. It has launched its first-ever National Infrastructure Pipeline (NIP) with 6,847 projects to be implemented over the six-year period ending FY2024-25, adding up to an investment of ₹ 111 lakh crore. The Budget 2021 reinforced its commitment towards building the country's infrastructure. The gross budgetary support towards capital expenditure has been increased significantly to ₹ 5.54 lakh crore in 2021-22 budget estimates with higher allocation towards the infrastructure sector including roads and railways.

### ESCORTS' RESPONSE

We are strengthening our portfolio in the construction equipment space to capitalise on the demand. We are offering products which are safe, effective and have lower emissions. Also, we are strengthening our product portfolio through the introduction of premium products with higher capacities and improved features. We have also revamped the way we provide post-sales service.

## Environmental sustainability

Environmental degradation and climate change continue to be one of the biggest perils facing humanity today. It is a risk multiplier, as it enhances other potential risks for society such as food and water scarcity, among others. Environmental-friendly agricultural practices and shift to tractors with less or zero emissions may significantly help reduce the emissions in the coming years.

### ESCORTS' RESPONSE

We have implemented targeted initiatives that 'build responsibility into our product design', ensure that products can be used sustainably during their life cycle, and improve the resource efficiency of our operations. Examples include the introduction of a hybrid tractor that can be operated using both diesel or electricity depending on the function and customer preference, installation of a solar power plant with 1.5 MW capacity at

our Faridabad plant leading to 2,232,705 KWh of grid power per day at group level, and use of sewage treatment plant (STP) water for gardening, which leads to potable water savings of approximately 600kl per month. We seek to ensure that the environmental footprint of our operations is monitored at every stage of our operations and reduced to the extent feasible. We believe this could be our small but significant contribution to the global fight against climate change.



## Accelerating growth of Railways



The Indian Railways has always been considered as the economic backbone of the country. The Government of India is taking concerted efforts to increase both passenger traffic and freight volumes along with developing and upgrading existing infrastructure to support the growth. The Union Budget 2021 announced a whopping ₹ 1,10,055 crores for Railways, of which ₹ 1,07,100 crores is for capital expenditure. It was also announced that the Indian Railways have prepared a National Rail Plan for India. The plan will emphasise on creating a 'future ready' Railway system by 2030.

### ESCORTS' RESPONSE

Escorts has created a diversified portfolio for the Railways comprising locomotives, wagons and coaches. We are entering into alliances for technology transfers for products which will make the Railway journey safe and comfortable. We are focusing on frugal engineering and value-driven innovation to strengthen industry leadership.

# Protecting our value against uncertainties

Our Enterprise Risk Management (ERM) framework enables the achievement of the Company's strategic objectives by identifying, prioritising and managing key risks.

The systematic and proactive identification of risks and mitigation enables us to boost performance with effective and timely decision-making. The ERM framework also enables effective resource allocation. Our ERM framework encompasses key risks across four domains—strategic, operational, financial and compliance risks. Any of these categories can have internal or external dimensions.

The Company has developed and implemented a Risk Management Policy which is approved by the Board. The risk management policy articulates the risk management process, risk organisation structure and reporting.

The Company has constituted a Risk Management Committee of the Board which is authorised

to review the risk management framework and its implementation. The Committee is also empowered, inter alia, to review and recommend to the Board the modifications to the Risk Management Policy.



The key risks that may impact the Company are as follows:

Risk	Key Mitigation Strategies
<p><b>COVID-19 PANDEMIC</b> Management of COVID-19 related risks to ensure employee health and business continuity</p> <p><b>Risk Category</b> Operational</p>	<ul style="list-style-type: none"> <li>Organised free COVID-19 vaccination camps for employees</li> <li>Implemented COVID-19 relief measures for customers under the program "Escorts COVID Kavach" which includes COVID support to cover hospitalisation and home treatment expenses. The Company encouraged its dealers to conduct vaccination camps at their respective dealerships</li> <li>Implemented COVID-19 relief measures for dealerships under the program "COVID-Shield" including a no-questions-asked financial aid of ₹ 20,000 for its select dealership employees, upon testing positive for COVID-19. The Company also reimbursed cost of vaccination for all field sales employees of its dealers.</li> <li>Established a steering committee to implement systems and processes to prevent spread of COVID-19</li> <li>Followed standard operating procedures to restart plants and machineries.</li> <li>Continuous education of the workforce to observe high degree of self-discipline and safety precautions to minimise the risk of infection</li> <li>The Company is pursuing work from home, wherever possible, to ensure business continuity</li> <li>Maximising digital interface wherever possible to ensure business continuity</li> </ul>
<p><b>CYBER SECURITY</b> Guarding confidential information and IT systems from cyber attacks</p> <p><b>Risk Category</b> Operational</p>	<ul style="list-style-type: none"> <li>Establishment of Security Operations Centre (SOC) to detect IT security incidents</li> <li>Periodic vulnerability assessment and penetration testing by Specialised Auditors</li> <li>Regular awareness programmes to sensitise users on phishing attacks</li> </ul>
<p><b>SUPPLY CHAIN</b> Managing disruption in supply chain due to failure of critical supplier on account of financial stress caused by the pandemic</p> <p><b>Risk Category</b> Operational</p>	<ul style="list-style-type: none"> <li>Cost optimisation projects to bring down fixed costs and optimise variable costs</li> <li>Facilitating the suppliers to get access to attractive financing schemes for managing working capital</li> <li>Development of alternate suppliers and enhanced focus on localisation</li> </ul>
<p><b>INNOVATION &amp; COMPETITIVE INTENSITY</b> Failure to develop new products, new business initiatives and technology to respond to opportunities in the marketplace</p> <p><b>Risk Category</b> Strategic</p>	<ul style="list-style-type: none"> <li>Investing in developing new products, increasing channel reach, delivering customer-centric products and services, enhancing customer experiences and building our brand</li> <li>Investing and building capabilities in next generation digital technologies under the Rajan Nanda Innovation Lab (RNIL)</li> <li>Forming strategic alliances to drive enhanced competitiveness</li> <li>Offering continuous product upgrades and introducing superior technology</li> <li>Actively pursuing development of the Electric Vehicle (EV) market, products and technology</li> </ul>
<p><b>EXTERNAL FACTORS</b> Impact on the Company's performance due to inadequate monsoons, decline in soil fertility and other external factors, such as economic slowdown, adverse government policies among others</p> <p><b>Risk Category</b> Operational</p>	<ul style="list-style-type: none"> <li>Short- and long-term weather conditions are assessed to manage and respond.</li> <li>We are incubating novel concepts and partnering critical agricultural research to help farmers.</li> <li>We have external and internal advisors who provide guidance and assurance to each division regarding the interpretation of political, regulatory and legislative changes. The Company continues to invest in initiatives related to cost reduction, product innovation, pricing, EBITDA improvement and customer service enhancement to mitigate the external factors</li> </ul>

Risk	Key Mitigation Strategies
<p><b>COMMODITY PRICES</b> The risk associated with the Company's exposure to fluctuations in price of key commodities, including electricity, oil and metal.</p> <p><b>Risk Category</b> Financial</p>	<ul style="list-style-type: none"> <li>Continue to work on mitigating the inflationary impact through 'Commodity Risk Management', cost re-engineering and value engineering activities</li> <li>Leverage whenever there is a fall in prices of commodities and achieve material cost reduction</li> </ul>
<p><b>OCCUPATIONAL HEALTH &amp; SAFETY</b> Failure to comply with Environment, Health and Safety (EHS) laws may expose the Company to non-compliance and significant penalties from regulatory authorities.</p> <p><b>Risk Category</b> Compliance</p>	<ul style="list-style-type: none"> <li>State-of-the-art equipment and technology across our plants, as recommended by the Pollution Control Board.</li> <li>Training and awareness of employees on environmental standards and norms.</li> <li>Periodic audits to monitor compliance to applicable EHS laws.</li> <li>Disaster management system to implement the most effective accident prevention measures across our operating sites.</li> <li>Mandatory use of personal protection equipment for all on-site workers.</li> </ul>
<p><b>EMPLOYEE RELATIONS</b> Disruption in the Company's operations due to employee unrest or adverse labour relations</p> <p><b>Risk Category</b> Operational</p>	<ul style="list-style-type: none"> <li>Inculcate and develop a partnership culture among the workforce.</li> <li>Regular two-way employee-top management communication, with focus on understanding and resolving issues.</li> <li>Proactive and regular engagement with employees and their families.</li> <li>Various welfare measures for the employees.</li> <li>Continuous improvement in the efficiency and effectiveness of grievance redressal mechanism.</li> <li>Regular training and development programme for employees.</li> <li>The Company offers Employee Stock Options to its eligible employees.</li> </ul>
<p><b>INTELLECTUAL PROPERTY</b> Inability to safeguard the Intellectual property (IP) of the Company</p> <p><b>Risk Category</b> Operational</p>	<ul style="list-style-type: none"> <li>Robust policies, governance structure and technological solutions in place to identify and protect the Company's intellectual property</li> <li>Periodic audits conducted by specialised auditors to identify any gaps and recommend process improvements</li> <li>Periodic trainings conducted to spread IP awareness amongst employees</li> </ul>
<p><b>TALENT MANAGEMENT</b></p> <p><b>i. Succession Planning</b> Failure to create and implement a succession plan for key positions</p> <p><b>ii. Employee Retention</b> Failure to retain high performers</p> <p><b>Risk Category</b> Operational</p>	<ul style="list-style-type: none"> <li>Developing talent pool through learning and career development programs</li> <li>Identification of critical positions with mapping of successors and their readiness</li> <li>Monitoring of retention for key/ critical roles and high performers, analyse root cause for attrition with action plans</li> </ul>

# Setting new trends through pioneering ideas

Connected  
**SMART TRACTORS**  
for information on  
Safety, Operation & Service

At Escorts, our culture is to always question the status quo, set industry benchmarks and impact lives meaningfully. We are working on cutting-edge technologies indigenously and through alliances, across our business verticals. Our primary focus is on helping mechanise the agricultural sector, participate in India's infrastructure development, and contribute to nation-building.

## Rajan Nanda Innovation Lab (RNIL)



RNIL was born out of the vision of making Escorts future-ready and create enduring value for its stakeholders. Through RNIL, we are well-positioned to not only develop indigenous engineering solutions for agriculture and infrastructure, but also create a futuristic eco-system of innovative and disruptive technologies within the organisation. It aggregates the best practices of the world and collaborates with leading technology centres, academia and research intellect, as well as innovation labs that have established global benchmarks in agriculture, construction equipment and railways to bring in and process path breaking innovations.

### THE FIRST PHASE

It comprises innovations to build value and benefits in our current tractor portfolio. Technology solutions, such as electric transmissions and telematics, in the space of smart implements along with soil, water, efficient weed management and alternate fuel ecosystem will help to reduce crop wastage and spoilage, improving soil health, and productivity. The lab looks at creating a centre of excellence in farming in collaboration with various advanced agro-technology players.

The solutions are evaluated to address larger problems to enrich user experience, reduce input cost and help increase acreage and farming productivity for improved earnings.

### GOING FORWARD

In the subsequent phases, the lab will look at innovative technology solutions for smart construction equipment and advanced railways technologies to add to our portfolio. In the long run, RNIL will focus on small investments in tech ideas and start-up incubation, design labs, IOT, and AI set-ups which

will enhance our business portfolios and strengthen our R&D efforts by adding a disruption arm to it. RNIL is just not an innovation lab but also a belief that Escorts will do whatever it takes to innovate, develop and collaborate to bring in disruptive technologies aligned to our core engineering purpose of empowering the dreams of farmers, strengthen smart urban infrastructure, and bring in advanced comfort and safety in rail transport. At RNIL, we are committed to creating an institution of excellence to build the Escorts of the future.

### FOCUS AREAS

#### Tractor

- Technologies to boost power and reduce fuel consumption
- New innovative feature enhancements for better productivity and convenience
- Electric Tractor** – Technology roadmap for low-cost Electric components and make it affordable for farmers
- Telematics** – Connected Smart Tractors for information on Safety, Operation & Service
- Digitisation** Predictive forecasting technology
- Precision** – Advanced tractors capable of precision farming for best productivity
- Automation** – Autonomous tractors which are self-driven and going forward

integrated with AI for efficiency, precision and productivity

- Alternate Fuel** – Alternate fuel or Hybrid fuel e.g. CNG, Methane, Hydrogen, etc.

#### Implementation-based

- Innovative technology based Spraying solution** – Manual spraying causes health problems and is unproductive and time-consuming.
- Land preparation, seeding & harvesting units** – Sugarcane harvester / cutter (current solutions are expensive and require customised solutions)
- Precision guidance and crop compatibility** – Smart implements to decrease fuel cost and add benefits for premium and better margins

- Solution for weed management/ residue burning** – Solutions to address the issue sustainably
- Soil Health Analysis**
- Smart Water Management** – Moisture indexing and water mapping project for smart irrigation and reduce water wastage

#### Other Digital Platforms

- Ideas on getting farmers a better price on produce
- Start-up ideas on better farming logistics management
- Start-up ideas on getting youth back to agriculture inducing agriprenueurship
- Enable access for farmers to accessible to farm and crop intelligence and advisory
- Urban Infrastructure
- Advanced Railway Technologies

# Partnering for progress

~₹ 300 CRORES

Total Investment in Escorts Kubota JV (40:60) (till FY20)

At Escorts, we strongly believe that an accelerated growth requires carefully curated partnerships with our global counterparts. Over the years, we have fostered partnerships with renowned global brands, helping us strengthen our product offerings as well as expand in newer markets across the globe.



## Our joint venture with Kubota



In a bid to enhance our presence in the global market and gain access to unmatched Japanese quality, Escorts entered into a joint venture with Kubota. In the JV, Escorts Kubota India Pvt Ltd, Kubota Corporation has 60% ownership while the rest 40% is with Escorts. The JV was set up with a total investment of around ₹ 300 crores and has the capacity to manufacture 50,000 units of tractors annually. The capital tie up between both companies is aimed to widen the scope of the broad range of their business. This includes development, production, sales, distribution, and parts procurement, to expand reach.

## COMMENCED

Kubota tractor production in 2021

The JV started its operations and rolled out tractors made in the unit during the year and also helped us in accessing exports market through the well-established network of Kubota.

### BENEFITS OF THE JV:

- Access to unmatched innovation culture of Kubota
- Establish a joint R&D centre to shorten development period, and develop products specific to the local market
- Explore multiple avenues of growth that includes farm mechanisation and construction equipment, electric, hybrid and autonomous technologies
- Address global food insecurity and realise our ambitions to emerge as a leading player in the Indian market and a global hub of product development, manufacturing and sourcing

We are confident about this venture as it is a win-win. Kubota stands to benefit through our decades long experience in the Indian market as well as access to our frugally engineered products.

## Our Joint ventures



### Tadano Escorts India

Escorts entered into a partnership with Tadano Group, Japan's biggest and world's leading mobile crane manufacturer, rough terrain cranes and truck mounted cranes. The joint venture has helped in strengthening Escorts' technology leadership and market presence in the material handling equipment space. The JV leverages the cost effective frugal Indian engineering excellence of Escorts and world leading Japanese technology from Tadano to cater to an expanding market for heavier capacity and efficient Truck & RT Cranes and sophisticated truck mounted and rough terrain cranes in the 20 to 80 tonnage categories.

### Adico Escorts

With an aim to leverage complementary strengths, Escorts formed a JV with Amul Group for the manufacture of tractors, leveraging Amul Group's manufacturing plant.

### Kubota Agriculture Machinery India (KAI)

As a part of the journey of Escorts with Kubota, Escorts acquired 40% stake in Kubota Agricultural Machinery in India, the marketing and sales company of Kubota in India

₹ 90 CRORES

Investments by Escorts in KAI during FY21

# Creating an enabling work environment

Our human capital helps us to sustain our growth and we strive to create and promote an inclusive and diverse work environment. We are building a performance-driven organisation which is lean and agile significant employee ownership and accountability.



## Key focus areas



### PEOPLE CAPABILITY

We are building capabilities and leaders for today and tomorrow. We have sharp focus on succession planning for key and critical roles, along with an individual development plan to create a talented pool of high-performers.

Several interventions focus on the capability development and role-based certification, where we certify people for the roles that they are doing to bring higher efficiency. The training programmes are linked to the effectiveness of the job.



### PEOPLE EXPERIENCE

We are focusing on building technology and process driven people practice with diversity, inclusion and belongingness. We are undertaking a number of engagement programs with high focus on compliance and safety. Also, engagement is a regular agenda wherein there are regular connects with employees. For new joiners, we have regular bot based onboarding surveys to measure the pulse and take necessary measures to smoothen their transition to new organisation. .

Please refer to page no. 100 of this report for more details.

# Board of Directors



**Mr. Nikhil Nanda**  
Chairman and Managing Director



Mr. Nanda joined Escorts Board in 1997. He has led the transformative journey of the company to profitable growth & global reach through innovation, strategic planning, and technology collaborations. He has played a central role in leveraging Escorts' inherent capabilities to strengthen its position as a company dedicated to frugal engineering.

He is a member of CII's National Council; Federation of Indian Chambers of Commerce and Industry (FICCI); the Indo American Chambers of Commerce (IACC); Young President's Organization (YPO). He is one of the few business leaders chosen by the government to represent India at the Indo-Spain CEOs Forum.

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

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



**Mr. Hardeep Singh**  
Director



Mr. Singh started his career with the Tata Group and rose to be Director - Agrochemicals, Rallis India Limited. During his stewardship, Rallis Agrochemicals became the largest Agrochemicals business in India with unique assets and capabilities.

He was Executive Chairman of Cargill South Asia for over a decade until 2006 and was responsible for all Cargill's businesses in South Asia. Under his leadership Cargill built substantial assets and customer access in South Asia.

He has served as Chairman of Amalgamated Plantations, a Tata Enterprise, and as Non-Executive Chairman of HSBC InvestDirect India Limited.

He has chaired CII national task force on food security and is a past member of National Council of CII and National Committee for Agriculture of FICCI. He has been an invited speaker on food and agriculture at Global Forums, including World Bank, IFPRI in Washington DC and Imperial College in the UK and guest lecturer at IIM Ahmedabad.

He is an alumni of Kellogg School of Management, Advanced Management Programme.



**Mr. P. H. Ravikumar**  
Independent Director



Mr. Ravikumar is, at present, the Non-executive Chairman of Utkarsh Small Finance Bank Ltd. and on the Boards of Aditya Birla Capital Ltd. and Bharat Forge Ltd., among others. He is a Fellow (Honorary) of the UK's Chartered Institute of Securities and Investments (CISI) as well as the Chairperson of CISI's India Advisory Council. He has been the Founder, Managing Director and Chief Executive Officer of National Commodity and Derivatives Exchange Ltd. (NCDEX) and Invent Assets Securitisation and Reconstruction Pvt. Ltd. (an RBI-regulated asset reconstruction company). He is also an ex-promoter and ex-Chairperson of Vastu Housing Finance Co. Ltd., an affordable housing finance company.

He has worked at senior level positions in ICICI Bank (where he was a critical part of the founding team) and in Bank of India (where he served both in India and abroad). He has been earlier on the governing body of Entrepreneurship Development Institute of India, Ahmedabad, and a member of the Board of Directors of Federal Bank Ltd, L&T Mutual Fund and other companies.

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



**Mrs. Vibha Paul Rishi**  
Independent 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 currently serves on the board of several reputed companies such as Tata Chemicals, Indian Hotels, Asian Paints and ICICI Prudential.

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



**Dr. Sutanu Behuria**  
Independent Director



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

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



**Ms. Nitasha Nanda**  
Whole-time 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 also handling the IC Square investment in incubation projects under Rajan Nanda Innovation Lab initiative and monitoring investments, liquidity, safety and risk mitigation as member of the Investment Committee. She was responsible for managing the Company's subsidiaries, including Escorts Securities Ltd. and Escorts Asset Management Ltd. She worked with multinational organisations such as ANZ Grindlays Bank, PricewaterhouseCoopers (PwC) and Hewlett Packard.

She is a B.Com(H) from University of Delhi.

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

Ⓒ Chairperson Ⓜ Member





**Mr. Shailendra Agrawal**  
Executive Director



Mr. Agrawal, a strong advocate of challenging established benchmarks, is responsible for leading the group's business operations, executing growth strategy and ensuring operational excellence. In his current role, he is driving business transformation, by spearheading strategic growth initiatives with relentless focus on profitability and revenue. Major focus is on nurturing existing alliances for win-win profitable growth and forming new collaborations with globally respected brands for inorganic growth. His role has been paramount in taking the alliances to execution phase in terms of world-class manufacturing facility, export collaboration and expanding scope of collaborations through new revenue streams. He is playing a key role in developing our charter for next 3 years and beyond to leverage market opportunities and expand our geographic play in domestic and emerging export markets. He was instrumental in business turnaround with holistic growth while playing a central role in creating product and technology roadmap and partnerships with leading technology providers for future readiness.

He is a mechanical engineer with 39 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 its Auto component business.

**Mr. Sunil Kant Munjal**  
Independent Director



Mr. Munjal is one of the founder promoters of the Hero Group, India's premier automotive manufacturing group that has evolved from being the world's largest bicycle-maker to the largest two-wheeler maker. He is the Chairman of Hero Enterprise, with interests in insurance distribution, steelmaking, real estate and corporate training. He sits on the boards of several public limited and private companies as well as premier schools and colleges. He has also served as president of the CII and AIMA; been a member of Prime Minister's Council on Trade and Industry and was on government taskforces that prepared the ground for India's banking and insurance reforms. He is an active business promoter, institution builder, social entrepreneur, angel investor and thought leader. He has made strategic investments in several areas ranging from e-commerce to hospitality. He supports start-ups on digital learning, community transportation, healthcare, women empowerment and education.

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

- Corporate Social Responsibility Committee
- Risk Management Committee
- Nomination, Remuneration and Compensation Committee
- Member

**Ms. Tanya Dubash**  
Independent Director



Ms. Dubash serves as the Executive Director and Chief Brand Officer of Godrej Industries Ltd. and is responsible for the Godrej Group's brand and communications function, including guiding the Godrej Masterbrand. She is a Director on the Board of Godrej Industries, Godrej Consumer Products and Godrej Agrovet. She also serves on the Boards of Britannia, Go Airlines, AIESEC and India@75. She was on the Board of the Bharatiya Mahila Bank between November 2013 and May 2015 and a Trustee of Brown University between 2012 and 2018. She is a member of the Brown India Advisory Council and on the Watson Institute Board of Overseers. She was recognised by the World Economic Forum as a Young Global Leader in 2007.

She is an A.B. (cum laude) in Economics & Political Science from Brown university, USA, and an alumna of Harvard Business School.

**Mr. Harish N. Salve**  
Independent Director

Mr. Salve is a senior counsel as well as an arbitrator in India and Barrister (UK) specialising in constitutional, commercial and taxation law. He was the youngest ever to be appointed as solicitor. He primarily practises at the Supreme Court of India but also appears in various High Courts and in international arbitration, sometimes as counsel and other times as an adjudicator. He served as the Solicitor General of India from 1999 to 2002. He was appointed as Amicus Curiae by the Supreme Court in some cases, mostly relating to preservation of the environment. He is a member of the Court of the Singapore International Chamber of Arbitration and the Court of the London Council of International Arbitration. He was called to the bar and enrolled as a barrister at the Grays Inn in July 2013 and is now a Permanent tenant at Blackstone Chambers, London. He has been appointed as Queen's Counsel (QC) for the courts of England and Wales. He has appeared as counsel, as well as appointed as an arbitrator in a number of international arbitrations.

He holds an Honorary Doctorate and is a Chartered Accountant and a law graduate.

**Mr. Dai Watanabe**  
Nominee Director

Mr. Watanabe is the Director and Senior Managing Executive Officer, General Manager of Farm and Industrial Machinery Consolidated Division of Kubota Corporation. In his illustrious career, he has served in various departments/entities, such as Farm and Industrial Machinery International Planning and Control Department, Kubota Europe, S.A.S, Kubota Farm Machinery Europe, S.A.S, Kverneland AS, Agricultural Implement Business Unit, Agricultural Implement Division, Farm and Industrial Machinery Strategy and Operations Headquarters and Innovation Centre.

He graduated in 1984 from the Department of Economics, Kyoto University. He did his MBA from Kobe University in 1995.

**Mr. Yuji Tomiyama**  
Nominee Director

Mr. Tomiyama is the Senior Managing Executive Officer of Kubota Corporation. He has been associated with the Kubota Corporation since April 1980. He has served extensively in its various divisions, such as Farm and Utility Machinery, Tractors, Vehicle Base Technology Engineering among others.

He graduated in 1980 from the Department of Engineering, Tokyo Institute of Technology.

# Leadership Team



**Mr. Nikhil Nanda**

**Mr. Nikhil Nanda**

Chairman and Managing Director

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

Mr. Nanda joined Escorts Board in 1997.

**Key contributions:** Mr Nanda is leading Escorts' transformational journey from being a product-led company to being a innovation & technology-driven brand that crafts customer-centric solutions for enhanced productivity. Under his leadership, Escorts has introduced a series of innovative products that demonstrate excellence in manufacturing quality, market intelligence & enhanced customer value across India & Global emerging economies.

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

**Skills and interests:** Innovation based disruptive technologies to create better products, real time customer connect, Internet of Things & telematics, Electric mobility, Strategic planning and investment processes, collaborations with global technology majors and creating solutions that bring a paradigm shift in conventions.



**Mr. Shailendra Agrawal**

**Mr. Shailendra Agrawal**

Executive Director

**Background:** He is a mechanical engineer with 39 years of diverse experience in Tata Motors, Hero Motors and Escorts Limited. In his past assignment, he served as President of Hero Motors.

**Key contributions:** Forging and nurturing powerful alliances with globally respected brands for win-win profitable growth and taking them to execution phase in terms of world-class manufacturing facility, export collaboration and generating new revenue streams. Developing charter for next 3 years and beyond to leverage market opportunities and expand our geographic play in domestic and export markets.

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

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

**Mr. Bharat Madan**

Group Chief Financial Officer and Corporate Head

**Background:** A Commerce graduate from Sri Ram College of Commerce, Delhi University, a Fellow Chartered Accountant (1988), a Member of



**Mr. Bharat Madan**

All India Management Association (AIMA) and IMA-CFO Forum, with over 33 years of rich experience in financial management. Prior to joining Escorts, he was the Financial Controller at Electrolux Kelvinator Ltd.

**Key contributions:** Integrating finance, commercial and outbound supply chain functions; leading finance transformation with many digital initiatives and business Intelligence systems; helping improve company profitability through cost initiatives and divestment of non-core and/or loss-making businesses; ensuring optimal capital allocation and continuously improving working capital cycle; helping businesses in their growth aspirations by entering into partnership with multinational corporations; continuously identifying and evaluating inorganic opportunities for further growth; consistently improving corporate governance practices and compliance systems; driving investor relations to help the Company's market capitalisation reach a lifetime new peak over ₹ 18,000 crores.

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



**Mr. Shenu Agarwal**

finance and banking operations; tax planning and optimisation; leading IT and digital initiatives around ERP, RPA, BI and many other business applications; financial modelling and analysis, improving compliances and governance through legal, secretarial & investor relations; digitisation initiatives within finance and commercial and outbound supply chain.

**Mr. Shenu Agarwal**

CEO – Escorts Agri Machinery

**Background:** An MBA from Duke University, USA, a B.Tech from NIT Kurukshetra, and 30+ years of experience. Starting his journey as Graduate Engineering Trainee, he has worked in numerous key positions across sales and marketing, product development, strategy and project management. He is a member of the CII National Council of Agriculture and the Managing Committee of the Tractor Manufacturers Association.

**Key contributions:** Turnaround of the agri machinery business in last four years; driving transformative marketing initiatives; launching disruptive business models and products; setting new benchmarks in cost efficiency.

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



**Mr. Ajay Mandahr**

**Mr. Ajay Mandahr**

CEO – Escorts Construction Equipment

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

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

**Skills and interests:** Innovative thinker with global mindset, broad-based experience in multiple product categories, accept challenges and finding customised solutions; creating start-up culture; new products & concept launches; believe in building competitive advantages through quick learning for sustainable growth.



**Amit Singhal**

**Amit Singhal**

Group Chief Human Resource Officer & Dy. Corporate Head

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

**Key contributions:** Amit is playing a significant role in building a performance driven, process efficient, technology led learning organisation with 'Future Ready' leaders for sustainable and responsible growth while contributing to Corporate Social responsibility initiatives and managing other corporate functions.

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

# Management Discussion and Analysis



## Economic Environment

### Global Economy<sup>1</sup>

The COVID-19 pandemic caused the fourth worst global recession in the last century-and-a-half, surpassed only by the two World Wars and the Great Depression<sup>2</sup>. An unprecedented crisis in terms of its speed and synchronised nature, it forced countries to go into lockdown over variable periods in order to control the spread of the virus. The pandemic distressed all, from large conglomerates to small businesses, leading to a contraction in the global economy by 3.3%<sup>3</sup> in 2020. The impact was uneven across countries as each country was impacted based on their individual geographic, social, economic, and political factors. The advanced economies contracted by 4.7%, Emerging Market and Developing Economies (EMDE) contracted at a lower rate of 2.2%.

Governments and central banks across the globe announced a slew of expansionary fiscal policies to cushion the impact. Several countries announced sizeable fiscal and financial sector counter pre-emptive measures to forestall the economic freefall. One year into the pandemic, it is estimated that the contraction could have been three times worse had it not been for the extraordinary policy support.<sup>4</sup> Measures to provide assistance to the unemployed, and regulatory actions to ensure continued credit provision, limited widespread bankruptcies. In retrospect, the solidarity and resilience shown by the world in its fight against the pandemic is unprecedented. This is also reflected in the multiple positive revisions of estimates by the International Monetary Fund (IMF) during the year and, ultimately, the lower-than-expected economic impact across the globe in comparison to previous projections during the peak of the crisis.

### Outlook

The rising human toll worldwide and the unemployed millions are grim markers of the extreme social and economic strain that the global community still confronts. Meanwhile, virus mutation and new outbreaks continue to be cause for concern. Even though high uncertainty remains about the future course of the pandemic, light at the end of the tunnel is increasingly being visible with the ongoing vaccination drives across the world that are reducing the frequency and severity of the infections. Recently announced additional fiscal stimulus in some economies, including in heavyweight US, and continued monetary accommodation are easing the bounce back process for economies. The fast adaption of business and consumers to post-pandemic life is also responsible for the overall stronger-than-anticipated rebound of the global economy across regions despite subdued mobility and the continued restrictions in parts of the world.



**THE FAST ADAPTION OF BUSINESS AND CONSUMERS TO POST-PANDEMIC LIFE IS ALSO RESPONSIBLE FOR THE OVERALL STRONGER THAN-ANTICIPATED REBOUND OF THE GLOBAL ECONOMY ACROSS REGIONS DESPITE SUBDUED MOBILITY AND THE CONTINUED RESTRICTIONS IN PARTS OF THE WORLD.**

<sup>1</sup> IMF

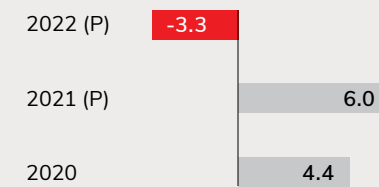
<sup>2</sup> World Bank

<sup>3</sup> IMF World Economic Outlook April 2021

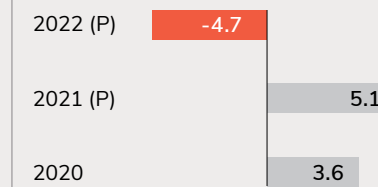
<sup>4</sup> IMF World Economic Outlook April 2021

## Global Growth Trend (%)

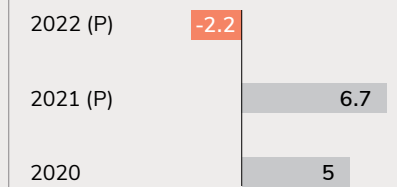
### Global Economy



### Advanced Economies



### Emerging Market & Developing Economies



Source: IMF WEO April 2021

### Indian Economy<sup>5</sup>

Trepidation over the COVID-19 outbreak in India can be traced back to the far end of March 2020. As a preventive measure, the Indian government closed the borders and enforced a complete lockdown in the country. The policy of 'lives over livelihoods' brought an already frail economy to a standstill, restricting all movement except for essentials. The countermeasures to prevent the spread of the virus sent the economy on a tailspin, leading to an economic contraction by a whopping 7.3%<sup>6</sup> in FY 2020-21 in terms of GDP and 6.2% in terms of Gross Value

Added (GVA). The Indian economy saw the worst contraction – by 22.4%<sup>4</sup> – in recorded history in the first quarter of FY 2020-21. The economy saw a V-shaped recovery led by low base, government support and continued normalisation in economic activities with a phased lifting of lockdown restrictions from June 2020 onwards. The pent-up and festive demand from an optimistic public provided the much-needed push to the economy in the second half of the year.

### GVA at Basic Price for 2020-21 (at 2011-12 prices)

	Q1	Q2	Q3	Q4	FY 21 (%)
Agriculture & Allied Activities	3.5	3.0	3.0	3.1	3.6
Mining & Quarrying	-17.2	-6.5	-6.5	-5.7	-8.5
Manufacturing	-36.0	-1.5	-1.5	6.9	-7.2
Construction	-49.5	-7.2	-7.2	14.5	-8.6
GVA	-22.4	-7.3	-7.3	3.7	-6.2

The Government of India announced one of the world's biggest fiscal and monetary policy stimuli to cushion the economic fall and fast-track recovery. The calibrated support aimed to mitigate losses suffered by the vulnerable during the lockdown and catalyse consumption and investment post unlocking. AatmaNirbhar Bharat Abhiyan, with a clarion call for a self-reliant India, was first announced in May 2020, helping boost homegrown consumption with a stimulus package of ₹ 20

lakh crores, worth 10% of India's GDP. Together with the subsequent packages, this stimulus package aimed at providing support and stimulate development across the five pillars of an Aatmanirbhar Bharat – an economy that can make quantum leaps, infrastructure that can become the identity of modern India, systems that are technology-led, democracy that derives its strength from India's vibrant demography and lead to India's self-reliance and a beneficial demand cycle that should be fully utilised. Benefits across industries and

<sup>5</sup> Key Highlight Economic Survey 2020-21, MOSPI, PIB Reports

<sup>6</sup> MOSPI

**₹ 75,000**  
CRORES

worth of foodgrains distributed for free under Pradhan Mantri Garib Kalyan Anna Yojana

sectors were announced with a special focus on Micro, Small and Medium-sized Enterprises (MSMEs) and agriculture, and the vulnerable lower strata of society, including farmers. Additional tranches announced in October and November 2020 to support the festive demand and assist the fast turnaround took the package to an estimated ~15% of the GDP.

Increased government expenditure was used as a tool to pandemic-proof demand, with earlier initiatives such as the National Infrastructure Pipeline expected to continue providing mid- to long-term aid in economic recovery. Measures to maintain ample liquidity and provide credit relief were taken, with the Reserve Bank of India (RBI) announcing a slew of measures worth ₹ 8,01,603 crores<sup>1</sup>.

Additional policy changes that aimed to ease business operations helped maintain capital flow and buoyancy in the market.

To maintain consumption at the grassroots level, 80.96 crores beneficiaries covered under the National Food Security Act, 2013 (NFSA) were provided an additional 200 LMT free foodgrains worth over ₹ 75,000 crores under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) till November 2020. The 8 crore migrants not covered under NFSA were provided 5 kg foodgrains per person per month for four months between May-August 2020 at a cost of ₹ 3,109 crores to the exchequer. This was in addition to the ₹ 30,000 crores

Additional Emergency Working Capital provided to farmers through NABARD, ₹ 2,00,000 crores credit boost to 2.5 crore farmers under Kisan Credit Card Scheme, MSP purchases worth ₹ 74,300 crores, PM KISAN Fund transfer of ₹ 18,700 crores, ₹ 1,00,000 crores Agri-Infrastructure Fund for farm-gate infrastructure apart from the other measures announced for farmers.

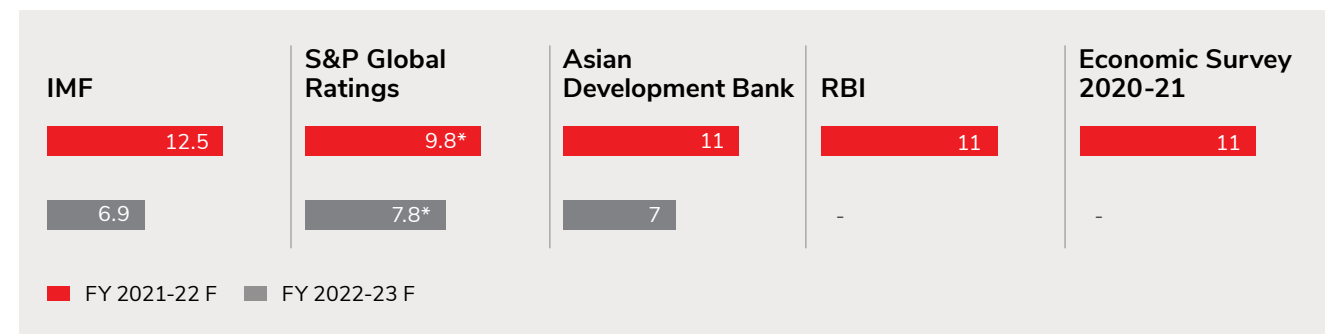
The massive government spending on agriculture-driven rural economy, rural development schemes and welfare measures taken up as relief operations following the great exodus back to the villages, drove the rural economy. Given that most rural economic activities remained unaffected as they fell under essential services, the first wave of the COVID-19 left its mark mostly on the urban economy. Millions of households in rural India retained a semblance of their old life and even saw an increase in discretionary spending capacity. Employment under MGNREGS increased agriculture activity, cash and credit transfers provided income support, while major expenses were reduced by virtue of the distribution of free staple food and money saved on rent and additional expenses incurred in workplaces in the cities. India's rural economy, normally overshadowed by its more vibrant urban counterpart, emerged as the saviour of the economy during the first wave of the pandemic.

**Outlook**

The outlook for FY2021-22 seems optimistic. However, the second wave of COVID-19, sweeping across the country, may elongate the recovery process.

State governments, learning from their past experience, are enforcing localised lockdowns. With most manufacturing activities being spared from restriction, and the formal sector having made a drastic digital transition, there appears to be a silver lining. Strengthening of the vaccination drive, public adaption to new lockdown norms and increased global demand are expected to mitigate the current wave's negative impact on the economy. The health outcome will continue to determine India's growth trajectory this year as well. Encouragingly, however, most major rating agencies and forums, although cautious, remain buoyant on India's overall growth story.

**GDP Growth Forecast (%)**



\*Moderate forecast against baseline growth of 11% in FY22 and 6.1% in FY23  
Source: IMF, S&P Global Ratings, Asian Development Bank, RBI and Economic Survey  
<sup>1</sup> Government of India



**Industry and Business Review**

**Tractor Industry**

India's agriculture sector contributes to ~16%<sup>7</sup> of India's GDP and employs 43% of its workforce. With increasing farmer education and focus on mechanisation, the sector has seen growth in yield and production over the years. Even though Indian agriculture has come a long way, it is still plagued by chronic labour shortage in peak season and low productivity, which can be reduced by further improving farm mechanisation. The Government of India has been providing policy support in the form of growing institutional credit, introduction of new schemes such as Paramparagat Krishi Vikas Yojana, Pradhanmantri Gram Sinchai Yojana, Sansad Adarsh Gram Yojana and others while increasing exports of wheat and rice. Cash support in form of direct bank transfer of ₹ 6000 per year to ~9.5<sup>8</sup> crore farmers under PM-KISAN scheme is also contributing to the spending capacity of rural India engaged in agriculture. With the sustained government focus, the sector is expected to see continued revival in investments.

Tractors have historically played a dominant role in farm mechanisation and increasing productivity across the world. The first tractors in India were bought in 1940s, but their use became more widespread in the early 1960s with full-fledged entry of homegrown companies into the scene. Over the decades, India has become the largest producer of tractors in the world and a major exporter, though the domestic industry retains its growth potential with significant headroom. The country has significantly lower mechanisation levels compared to the rest of the world. Inter-state differences in mechanisation levels also present considerable opportunity for growth

**Industry Performance**

The Indian tractor industry saw a phenomenal bounce back after lockdown last year and witnessed the highest-ever recorded growth across the domestic and exports markets. The domestic industry saw an impressive growth in volumes of 27% to 8.99 lakh tractors in FY 2020-21 as compared to 7.09 lakh tractors in the previous year. The domestic industry was buoyed by continued government support in the agriculture sector and favourable macro- and micro-economic factors, resulting in strong rural cash flows. Favourable crop production, crop prices, water facility, reverse migration of labour, availability of retail finance, increased savings and good monsoon augured well for the industry. This was further aided by a record crop procurement by the government last year.

<sup>7</sup> Second Advance Estimates, NSO

<sup>8</sup> PIB

<sup>9</sup> Invest India



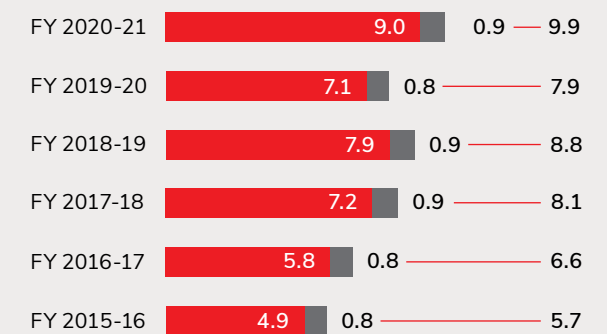
**INDIA IS THE WORLD'S LARGEST TRACTOR MANUFACTURER<sup>9</sup>**

**8.99**

**LAKHS**  
Total tractors sold in India domestic market in FY 2020-21

**Tractor Industry Performance (in lakh units)**

**11.6%** ↑ 5 year CAGR     **25.9%** ↑ y-o-y growth



■ Domestic   ■ Exports   — Total

## Domestic Tractor Industry Segment-wise Performance

	(in lakh units)						(% )	
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	y-o-y growth	5-year CAGR
<30 HP	0.5	0.5	0.8	0.8	0.7	0.8	15	8.7
31-40 HP	1.8	2.0	2.6	2.8	2.4	2.5	6.7	7.0
41-50 HP	2.3	2.8	3.4	3.7	3.5	4.8	39.3	16.3
>50 HP	0.3	0.4	0.6	0.6	0.6	0.9	49.3	21.2

## Tractor Industry Outlook

All major macro-economic factors remain strong for the industry, including prediction of a consecutive year of very good and timely monsoon. Other factors also continue to remain positive on account of a record rabi harvest and sustained crop prices. Although the second wave of the pandemic reaching the rural heartland and the ongoing restrictions

have been a dampener, government efforts and increased awareness around the pandemic are expected to help stabilise the situation. As last year, we expect to see some reprieve through pent-up demand once conditions improve. Overall, we expect growth to remain positive in the range of mid-single digit for the tractor industry throughout FY 2021-22.

## Key Long-term Growth Drivers

Rising wages and non-availability of labour

Increased Government focus on increasing farmer income

Increasing adaptability and affordability

Ease of financing through various loan schemes and easy instalment scheme

Custom Hiring Models for small and marginal farmers

## Escorts Agri Machinery (EAM)

We are the forerunners of the tractor industry in India, having started our journey at the inflection point of the introduction of farm mechanisation in the country. We today offer our more than 1.8 million domestic customers more than 225 options in the 12-75 HP segments under our four marquee brands – Farmtrac, Powertrac, Steeltrac and Digitrac. Over the years, we have added crop solutions, engines, spare parts and lubricants, SHIP (Sprayers, Harvesters, Implements and Planters) and gensets to our portfolio.

## JV with Kubota

To further augment our technology, global presence, and capacity, we tied up with Japan's Kubota through a JV towards the end of 2018 to set up India's most advanced tractor manufacturing facility. This partnership was further strengthened in early 2020 through cross investing in each other's operations. The JV plant started producing Kubota series of tractors in September 2020.



Manufacturing assets

3 PLANTS IN FARIDABAD, HARYANA

1,20,000 Annual tractors production capacity

~90%+ capacity utilisation in FY 2020-21

1 PLANT IN POLAND, EUROPE

2,500 Annual installed tractor capacity

1 PLANT IN FARIDABAD, HARYANA\*

50,000 Annual installed tractors capacity in FY2020-21

1 PLANT IN RAJKOT, GUJARAT#

\* through a JV with Kubota # through a JV with ADICO

## EAM Performance

In concurrence with the market, we registered a strong performance during the year, registering a 24.1% growth in volumes for FY 2020-21, and highest ever EBIT margins at 18.2% went up by 521 bps as against 13% last year. The record profitability is on back of our acute focus on cost efficiencies, better product mix and higher operating leverage. Clocking a 29.9% growth, the export segment grew at a faster rate than the industry average in FY 2020-21, driven by new product introduction and penetration in new markets. On the domestic front slight drop in market share, which stood at 11.3% as of March-end 2021 as against 11.6% in the previous year.

Owing to the supply chain challenge caused by the pandemic we were unable to capitalise on the sudden demand revival in the domestic market and the peak festive season sales in the initial three quarters. Our policy of maintaining a lean inventory both at our own depots and dealerships also impacted us adversely in this unforeseen scenario. Nevertheless, we accepted the challenge and bounced back as the supply situation improved, posting a higher-than-average market share of 12.7% in the last four months of the year.

In terms of segment distribution, we saw an uptick in our above-40 HP tractors segment, which accounted for 62% of our domestic sales in FY 2020-21 against 51% in the previous fiscal. This resulted in significant model mix gains and is also reflective of the success of our new products in the higher HP range. With continued efforts around channel expansion, our total dealer count in India is now more than 1,100. We will continue to further expand our dealer network in line with our dual distribution strategy for both our key brands with a primary focus on our target markets.



~1,100+  
Total number of dealers in India

## EAM Volumes

15.7% ↑ 5 year CAGR 24.1% ↑ y-o-y growth

FY 2020-21	1,01,848	4,893	1,06,741
FY 2019-20	82,252	3,766	86,018
FY 2018-19	93,323	3,089	96,412
FY 2017-18	78,446	1,971	80,417
FY 2016-17	62,699	1,087	63,786
FY 2015-16	50,698	757	51,455

■ Domestic ■ Exports — Total

## YEAR OF RECORDS

1 LAKH+

Record domestic sales

18.2%

Highest EBIT Margin Ever

## EAM Domestic Market Share Performance

	(% )					
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
< 30 HP	1.9	2.1	3.5	4.7	6.3	6.7
31-40 HP	12.8	12.6	14.5	16.5	15.2	13.3
41-50 HP	10.9	11.7	10.4	10.8	11.0	11.8
> 50 HP	6.1	6.9	7.9	5.9	6.7	7.1



**New Products**

We launched two new series in both our key brands-Farmtrac “Powermaxx” Series and the new Powertrac “Euro Next” series, setting new benchmarks of performance and quality in the Indian market. Our future product pipeline remains robust, we will be soon launching new and innovative products bridging any residual gaps in our product offerings.

**Agriculture Industry Growth Drivers**

Second-largest population

Focus on growing rural income

Growth in food consumption

Export's growth

Increased farm mechanisation

Government thrust on investments in ramping up Agri infrastructure

Substantial growth in MSP

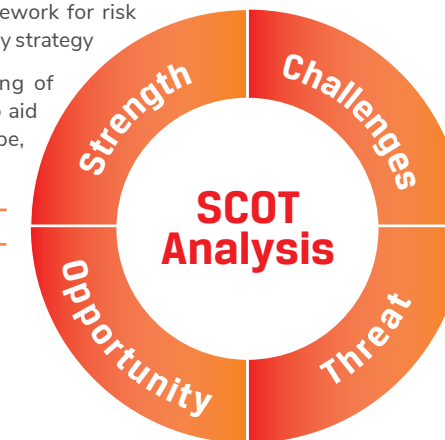
Expansion of Operation Green Scheme to 22 other products



**Opportunities and Threats**

- One of the oldest and prominent players in the segment with a significant market share and brand value
- Capability to increase production with increase in demand
- Well diversified product range catering to a wide range of customer requirements
- Strong product innovation ability, helping in being ahead of the curve in terms of upgrading product technology
- Proactive initiatives to step up the emissions compliance of our products and minimise our carbon footprint, to combat climate change
- Institutionalisation of a robust framework for risk governance as part of our sustainability strategy
- Strategic alliance and strengthening of product and distribution network to aid entry in new markets, especially Europe, Africa and South East Asia

- Sudden supply chain and network distribution disturbances can impact the business negatively
- Early obsolescence, and government policy changes are temporary risks to the business



- Government focus on increasing farmer income to increase demand
- Increased agriculture production requirement with growth in population will require focus on mechanisation
- Increased farmer education and adaptability to increase demand

- Increased competition and product option with multi-national players entering the market, especially as the industry flourishes and may lead to pricing pressure
- The agriculture industry is dependent on multiple environmental factors especially the monsoons in India and can impact demand
- Geopolitical occurrences, industry volatilities and rising fuel prices remain a threat

**EAM Outlook**

Inflation continues to pose a concern with commodity prices seeing a strong upward trend. However, we expect that going forward commodity prices will stabilise. We have already made two price increases lately, one in mid-November last year and another in the beginning of April this year to partially pass on the impact. While such frequent price increases are unprecedented in our industry, we see another price escalation in the latter part of the first half of this year, offsetting the impact of inflation for the ongoing year.

We see a continued uptrend in the demand going forward, in order to capture and meet the robust demand, we have

undertaken an immediate expansion of our production capacity at our facilities from 1.2 lakh per annum to 1.5 lakh per annum which is to be completed in current year.

Our focused market strategy of developing dual distribution strategy for our brands, along with our unswerving product innovation, positions us well to expand our market share. Our financing solutions for channel partners, technology-driven sales management and comprehensive after-sales support give us a unique advantage. Additionally, we see a strong development in our global position, post the kick-off of sales late last year through the global Kubota network.



# \$1.4

TRILLION  
Government investment  
in infrastructure by 2025

## Construction Equipment Industry

The construction equipment industry has a strong positive correlation with the progress in road construction and mining activities. The application industries have received massive boost from the government in the form of expenditure support, especially in infrastructure. The recently announced Production Linked Incentive (PLI) scheme worth ₹ 6,322 crores for speciality steel industry will also further boost activity in the downstream steel industry.

The three major heavyweights in the industry are earth moving equipment (backhoe loaders), contributing the lion's share by value, material handling (cranes) and road building (compactors). These three high muckamuck alone account for 63% of the industry. With the addition of the excavators to the mix, the concentration goes to 87% of the total market.

### Industry Performance

Overcoming the slump caused by the pandemic in the first half, the construction equipment industry grew ~35% in the second half of the year, averaging a growth rate of 9% in terms of overall sales in FY 2020-21. Overall construction equipment sales for the year were ~92K units, with exports accounting for ~5% of the volume. The 'Concrete equipment' segment registered the highest growth in the industry, growing by 62%, even though 'Earthmoving equipment' continues to be the most dominant driver for overall sales. Scope of growth remains robust. Even with strong recovery and signs of stability post the COVID-19 first wave, total sales are yet to reach the pre-pandemic levels of FY 2018-19.

Our served industry of Backhoe Loaders, Pick-N-Carry (PnC) cranes and Compactors grew by 11% during FY 2020-21. The growth was predominantly driven by the Backhoe Loaders and Compactors segments, which grew by ~15% and ~10% respectively. Overall, crane industry growth remained flat for the year, adversely impacted by the pandemic and cash flow issues in Pick N Carry crane segment, shifted towards the price-sensitive Hydra segment.

### Served Industry Volume Growth

	(in '000 units)						(%)	
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	y-o-y growth	5-year CAGR
Backhoe Loaders	22.8	30.7	38.6	47.2	39.7	45.6	15	14.6
Cranes	3.4	4.5	8.1	10.2	7.4(*)	7.4	0	16.8
Compactors	3.0	3.6	4.2	5.0	4.4(*)	4.8	9.9	9.9

\*Revised as per industry body

### Construction Equipment Industry Outlook

The industry has been adversely impacted due to COVID-19 second wave. We expect the situation to improve with the accelerated vaccination programme and other measures being adopted by the government in the near term. From the mid-

and long-term perspective, given the government's thrust on monetisation through disinvestment and huge investment through projects under NIP, we expect the industry to show stronger recovery going forward.

### Escorts Construction Equipment (ECE)

We are one of the leading players of construction equipment, primarily in the **material handling, earth moving and road building segments**. We provide an exhaustive range of products to our customers and are one of the world's largest manufacturers of pick-and-carry hydraulic mobile cranes.

### JV with Tadano

The JV with Tadano provides us an opportunity to fill key white spaces in the high margin cranes segment. The portfolio, including rough terrain and truck mounted cranes, in the fast growing 20-80 tonnage category caters to big construction companies servicing oil refineries, metro rail projects, smart city construction, solar power projects and ports, among others.

### Alliance with Doosan Infracore

Our distributorship agreement with Doosan Infracore has enabled us to cater to a much larger proportion of the overall construction equipment industry, with crawler excavators and wheel loaders.



# 41%

Sales volume growth in the second half of FY 2020-21 outperformed the market average



Manufacturing assets

1 PLANT IN INDIA FOR CONSTRUCTION AND MATERIAL HANDLING EQUIPMENT AT BALLABHGARH, HARYANA

10,000 units capacity annually

~35%+ capacity utilisation in FY 2020-21

1 PLANT IN INDIA AS TADANO ESCORTS JV AT BALLABHGARH, HARYANA

### ECE Performance

Our total volumes, including both manufactured and traded products, saw a marginal degrowth of 3%, recording a sales volume of 3,911 machines in FY 2020-21 against 4,042 machines in FY 2019-20. However, we outperformed the market in the second half of the year, with our volumes growing at 41% despite the continued supply chain challenges. Our revenues also saw some pressure due to the ongoing pandemic, standing at ₹ 776.1 crores as against ₹ 839.8 crores the previous year. We were able to maintain our EBIT margins overcoming hurdles such as loss of operational leverage and an unfavourable product mix. We saw an increase of dominance low-margin PnC from the Hydra category to 58% as against 47% seen in the previous year.

### ECE Volumes

8.9% ↑ 5 year CAGR      3.2% ↓ y-o-y growth

FY 2020-21	3,911
FY 2019-20	4,042
FY 2018-19	5,544
FY 2017-18	4,486
FY 2016-17	3,315
FY 2015-16	2,555

**New product**

Innovation and technology upgrade is a continuous process at ECE leading to enhanced customer experience. Despite the limitations caused by the pandemic, we followed all safety norms to launch multiple products in ECE segment.

**Whiteline Series**

We have successfully launch the next generation of construction equipment technology and product line—our

advanced “Escorts Whiteline” series. The hi-specification range has been designed for the value conscious buyers, both in the hiring and end-user segments who are looking for higher safety, integrated telematics, compactness, ease of manoeuvrability, travel speed, and fuel efficiency along with other ergonomic features. The series is unique because it provides the ultimate combination of industry first features, strength and stability.

**Escorts White Line- XT1610 Backhoe Loader**

Escorts White Line Backhoe Loader XT1610 provides exceptional stability, durability, reliability, performance and serviceability.

**Differentiating Features:**

- Saves over 10% of fuel per hour
- Intelligent monitoring system with virtual control
- Simultaneous multiple movements
- Additional 20% productivity and performance per litre
- Effortlessness and extra loading
- Best-in-class dig/doze productivity
- 20% more spacious and liveable cabin
- Easy access point for daily and regular maintenance



Capacity  
**11 Ton**



**Escorts Whiteline- 5511 Soil Compactor**

The soil compactor has the highest travel speed in Indian CE industry, reducing idle time at site and during travel from one site to other which is very advantageous specially for the hiring segment customers.

**Differentiating Features:**

- Incomparable travel speed
- Reduced number of passes for achieving desired compaction
- Low fuel consumption and maintenance

**Escorts Whiteline- 5090 and 5030 Tandem Compactors**

The higher static liner load, low turning radius and compact design make the machines extremely adaptable for all types of application.

**Differentiating Features:**

- Lower maintenance cost
- Versatile application

Capacity  
**9 Ton**



**Other Models Launched under the Whiteline Series**



**Model 3012 XTR**

Capacity **30 Ton** Height **12 meter**  
Engine **137 Hp**



**Model 2712 XTR**

Capacity **27 Ton** Height **12 meter**  
Engine **137 Hp**



**NXT series**

We also launched the NXT series which comes with a three-section telescopic boom and fly jib arrangement. The series aims to especially target customer interest in the hiring segment of the intensely competitive lighter capacity mobile crane business.

**Model NXT**

Capacity **13 Ton** Height **11 & 15 meter**  
Engine **49 Hp**

**Launch in Export Markets-Digmax 3E**

The newly designed exterior and interior provides the user a host of benefits in terms of comfort and ease of maneuvering the equipment.

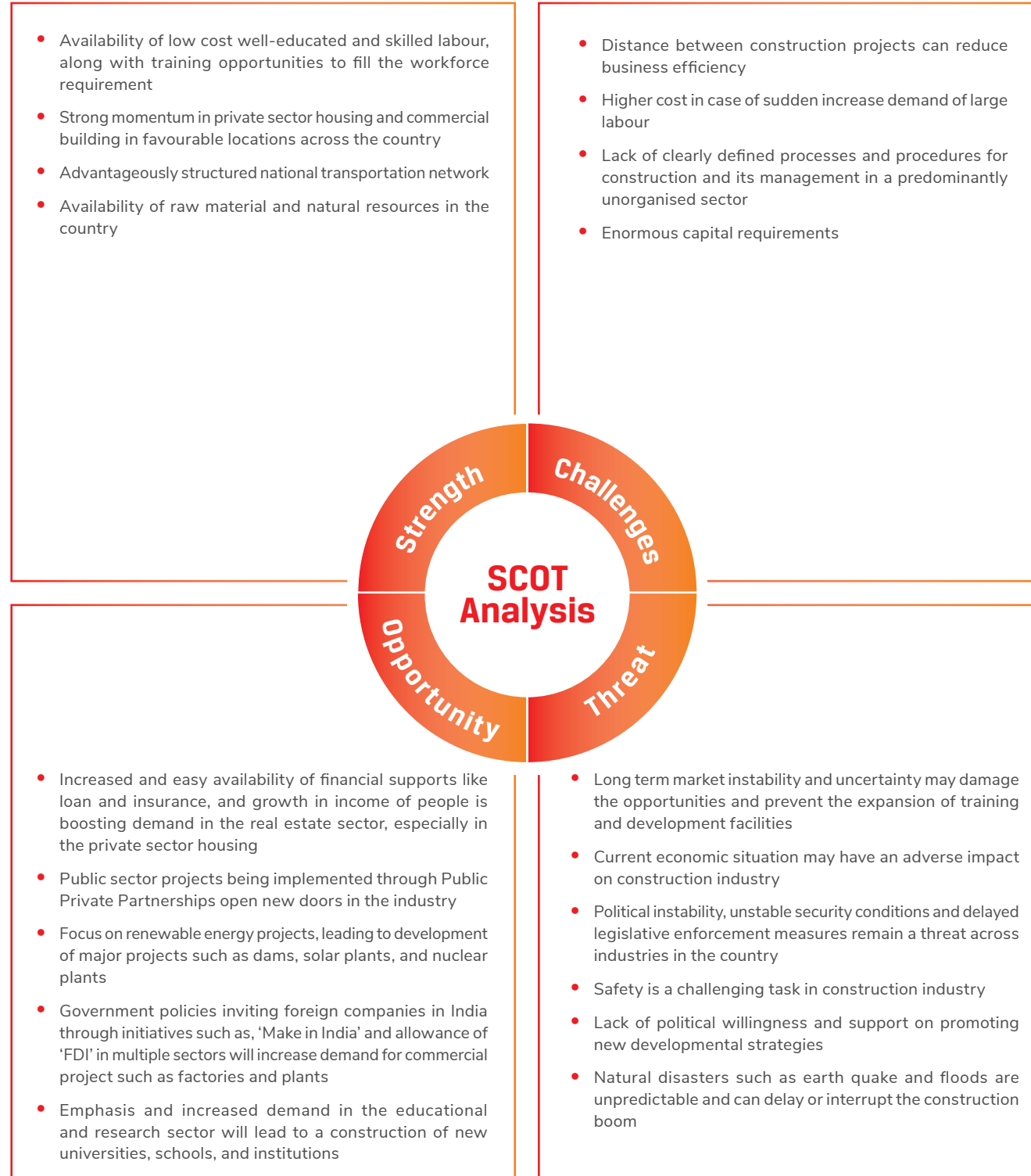
**Differentiating Features:**

- Redesigned ergonomics for better operator comfort
- Outstanding all-round visibility
- Improved air ventilation
- Ease of communication to the back of the machine
- Specially positioned controls for easy access and faster control
- Provision for storage compartments and bottle holder





## Opportunities & Threats



### External Challenges

High-end construction equipment is facing challenges in terms of imports from low-cost manufacturing countries that are expanding their distribution centres and after-sales network in India. Although these multi-national imports have been considered to be a threat, quality consciousness among Indian consumers will curb large-scale imports. The foreign players are expected to drive competition against Indian construction equipment exports in the developed markets also. We are able to mitigate the threat being well placed in the segments we serve, particularly after the JV with Tadano to manufacture rough terrain and truck cranes.

### ECE Outlook

The ongoing second wave has adversely affected our production due to the shortage of certain critical items, including industrial oxygen. We expect the situation to stabilise and the segment to grow in the higher single digit during FY 2021-22. We foresee further expansion in our margins, led by our long-term strategic operating metrics and cost control measures undertaken over the past years.

On the longer horizon, the Indian government proposing significant spend on infrastructure also opens up multiple new opportunities. We endeavour to leverage high-end cranes and expand our network in the existing geographies while augmenting our export footprint through collaborations and cross-business synergies.

### Three-pronged approach to increase margins:

Quality and cost excellence

Exhaustive product range

Digitalisation and strong after-sales customer support

### Railway Components Industry<sup>10</sup>

India, with the world's largest under single management and overall fourth largest railway system, is only behind the US, Russia and China which have more than three times India's land area. Indian Railways is the single largest employer in the country and eighth largest in the world, employing close to 1.4 million people.

The Indian rail network has 123,542 km of total tracks over a 67,415 km route and about 7,300 stations. The railways run close to 13,000 passenger trains that carry over 23 million passengers daily on average and carries 3 MT plus of freight daily. Despite the COVID-19 challenges, Indian Railways closed FY 2020-21 with record freight loading of ~1233 MT and earning of ₹ 1,17,386 crores.

<sup>10</sup> World Bank, Invest India, IBEF

The Railway component industry is intrinsically correlated to Indian Railway's spending and has become increasingly indigenous over the years. The government's recent AatmaNirbhar Abhiyan provides a further boost to the home-grown business in the segment. The Railway component industry, as the name suggests, caters to the railway industry, and is directly correlated to its performance.

### Railway Components Industry Outlook

We expect a strong recovery in the segment after a slowdown in tendering due to the pandemic. The mid to long-term factors remain strong, supported by a slew of expansion and upgradation projects being undertaken by the Indian Railways. The industry also continues to be buoyed by increasing urbanisation, rising disposable incomes across rural and urban India, and growing industrialisation across the country along with private sector participation.

Indian Railways aims to add 1.5% to the country's GDP by building infrastructure to support 40% modal freight share of the economy. Two Dedicated Freight Corridors (DFCs) have been fast tracked, while three new DFCs were announced in the current year FY 2021-22 Budget. Indian Railways is looking to electrify the entire network by 2025, which will lead to energy savings of US\$1.55 billion. The government has also prepared the National Rail Plan 2030 focused on infrastructure development.

In recent years, the Government of India has undertaken multiple policy changes, making the sector more investor-friendly policies, and is looking at increased interest in the form of foreign direct investment and public-private-partnerships. All these factors set the industry on a strong growth trajectory.

### Major Investments & Projects

**US\$ 15.19**  
BILLION

Budget Allocation for Indian Railways for FY 2021-22

**US\$ 17**  
BILLION

Allocation for 35 bullet trains by 2022

**US\$ 16.64**  
BILLION

For manufacturing of passenger coaches

**US\$ 11.12**  
BILLION

Electric Locomotive Production Project

**US\$ 4.1**  
BILLION

For private train operations

**US\$ 3.83**  
BILLION

Madhepura Electric Locomotive Procurement Project

### Railway Equipment Division (RED)

We are Indian Railways approved source and present across diversified product offering in safety and comfort component for railways and metro, with more than six decades of experience. We are present across major rolling stock categories and supply advance components for **Brake Systems, Couplers, Suspension Systems, Shock Absorbers and many others.**

We are trusted supplier of Indian Railways and from time to time in its modernisation efforts, supporting with our cutting-edge technology-driven products. Our world-class research and design facility, and collaboration with leading technology providers aid us in creating a niche for ourselves in terms of providing safe and reliable products.

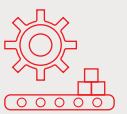
### RED Performance

Indian Railways' passenger operations have been severely impacted by the COVID-19 pandemic situation, in spite of record freight segment trajectory. The unprecedented events have led to some revision in the production plan, affecting fresh order tendering and order inflow.

Despite this, we were able to not only maintain our revenues but also saw a marginal growth in our revenues from ₹ 477.2 crores in the previous year to ₹ 479.0 crores in FY 2020-21. During the year we make entry into the Metro segment. Our EBIT margins saw some pressure at 16.0% as against 18.0% in the previous year, impacted primarily by product mix and one-off provision towards GST rate differentials. We executed 59% of the total orders from the New Products category, with high import content and lower margins as compared to the previous year, when it was only 39%.



## FORAYED INTO METRO SEGMENT



**Manufacturing assets**

**1 PLANT IN FARIDABAD, HARYANA**

**ANNUAL CAPACITY OF KEY COMPONENTS**

<p style="text-align: center;"><b>18,000</b> Air Brake i.e. DV</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid #ccc; padding: 5px;"> <p style="text-align: center;"><b>9,600</b> Coupler -AARH</p> <p style="text-align: center;"><b>~20-70%</b> capacity utilisation in FY 2020-21 (across different component categories.)</p> </td> <td style="width: 50%; padding: 5px;"> <p style="text-align: center;"><b>3,600</b> EP BRAKE</p> <p style="text-align: center;"><b>2,160</b> Coupler -SHAKU</p> </td> </tr> </table>	<p style="text-align: center;"><b>9,600</b> Coupler -AARH</p> <p style="text-align: center;"><b>~20-70%</b> capacity utilisation in FY 2020-21 (across different component categories.)</p>	<p style="text-align: center;"><b>3,600</b> EP BRAKE</p> <p style="text-align: center;"><b>2,160</b> Coupler -SHAKU</p>
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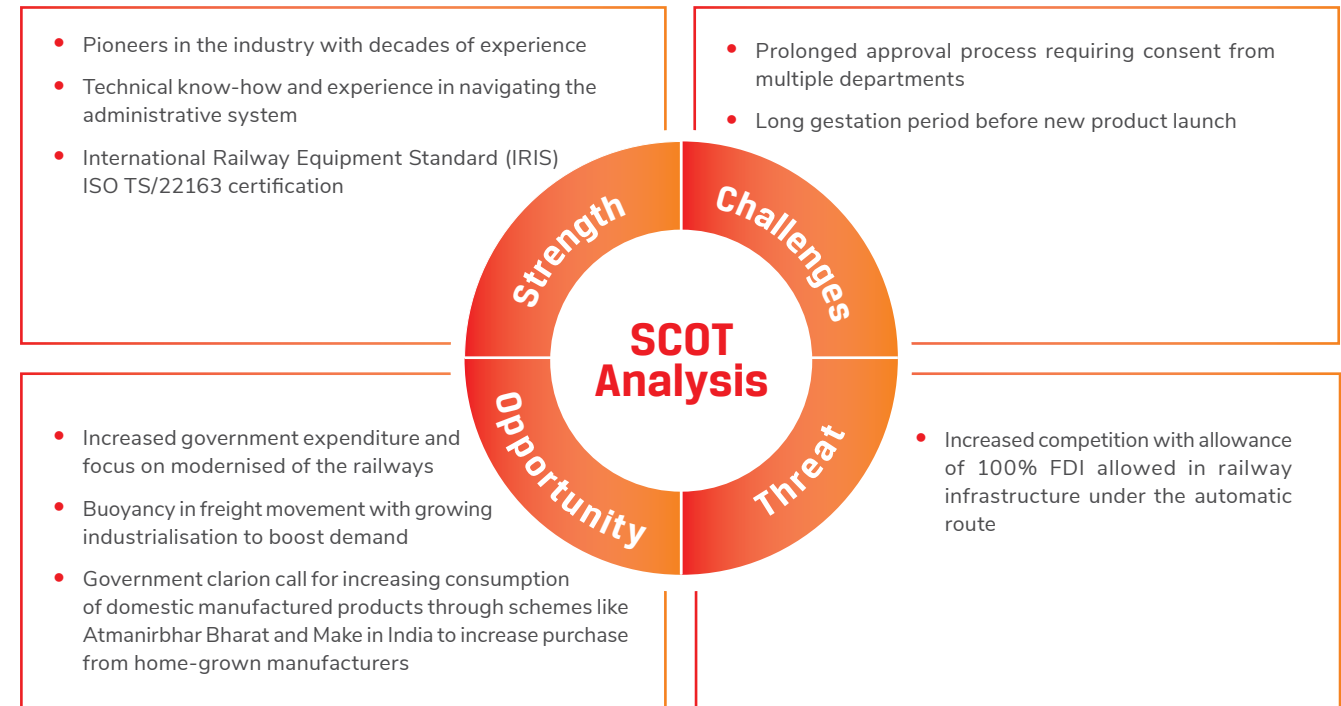
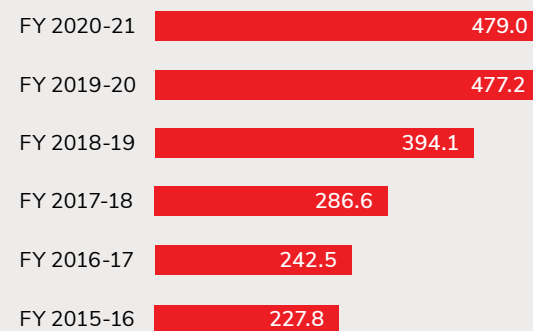


### CERTIFICATIONS & COMPLIANCE

- ISO 9001:2015 and ISO 14001:2015 certified Conforming to Indian Research Design and Standards Organisation (RDSO)
- Meeting International standards- UIC and AAR, among others
- One of the few in India to have the prestigious International Railway Equipment Standard (IRIS) ISO TS/22163 certification

### RED Revenue (in ₹ crores)

**16.02%** ↑ 5 year CAGR    **0.4%** ↑ y-o-y growth



### New product

We have recently received the Research Designs and Standards Organisation (RDSO) approval for our new products-air spring, brake disc and brake pads for passenger coaches. The products have been launched for field trials and are expected to be commercialised by FY23-FY24.

### RED Outlook

As the situation improves, we expect the tendering process to get back to the pre-COVID level by the end of second half of the current year. The order book for this division stood at more than ₹ 340 crores as of March-end 2021 and is expected to be executed within the first three quarters of the year. As the department releases fresh tenders, we expect the pent-up demand to provide a boost to the segment, and revenue to grow in the initial double digit, although the operating margins for the segment are likely to remain of around 16~18%.



With strong long-term macro factors in place, we expect the segment to be back on a sturdy footing soon again. We are committed to attaining a zero-defect manufacturing culture through our state-of-the-art in-house R&D capabilities, advanced testing facilities, technical collaborations, and precision manufacturing capabilities. We endeavour to continue setting industry benchmarks with our product innovation as we constantly expand our range of new products and explore inorganic growth opportunities. We are taking measures to enhance localisation of the imported content of our new and existing products, and thus further strengthen our margins. We are also increasing compliance with additional international standards widening our export reach.

₹ 340

**CRORES+**

Order book for the next three quarters of FY 2021-22



## COVID-19 Update

This second wave of the COVID-19 in India is way more severe and is affecting our operations. At Escorts, the safety and health of our employees, customers, dealers, suppliers, and wellness of our business ecosystem is of utmost importance. The Company is taking all measures in line with government advisories, including mass testing and vaccination drive to cover all its eligible employees.

COVID-19 has impacted our operations and the industry as a whole, but the industry is already on its path of revival. We continue to remain committed to our social responsibility controlling the spread of infection. We are focused on securing the health and safety of our employees and stakeholders. We follow all government advisories that are issued and continue to enforce stringent safety and social distancing precautions across all our facilities, while sanitising our spaces at regular intervals. With support from the local administration, our employees conducted various outreach programmes around Faridabad, India. We continue to look for opportunities to strengthen our connect with local communities, especially during this difficult time.

## Managing COVID-19 Challenges

In line with the government and COVID-19 protocol all safety and hygiene measures were followed across our units. Our meetings were shifted to virtual meeting and travel curtailed unless critical, contact was minimised following the motto of "DO GAJ KI DURU, BAHUT JARURI". Adopting to the new normal, equipment and process were upgraded including initiatives like bar-code-based attendance, installation of automated sanitisers, foot operated water cooler and so on. Understanding the impact of the pandemic on the mental and physical health of employees, multiple sessions were conducted to provide them support and insight on adapting to the new normal. Online Learning Management System (LMS)- ESTAR and other digital learning platforms were launched during the year to reduce contact and gatherings at the units.

Please refer to page no. 72 of this report for more details.

## Rational Cost Structure

We are exploring ways to lower margins, improve personnel costs, maximise productivity and monitor quality even as we devote attention to developing new products and indigenise design. Our cost efficiency has been in evidence as divestment of non-core operations has freed up capital from non-current investments. Various projects are helping Escorts further rationalise costs, including legacy bottlenecks, materials, manufacturing, and overheads, while strengthening our initiatives with prudent resource allocation and outcome mapping.

## Human Resources

We are committed to providing an energetic, enabling, and open work environment for our employees. We have ~11,058 employees on our payroll, including temporary, casual, and contractual workers who are engaged in various roles across the businesses. A detailed review of the initiatives undertaken by Escorts to transform its human capital.

Please refer to page no. 100 of this report for more details.

## Understanding Our Women Employees

We have taken a conscious decision enhance the current diversity ratio in terms of gender, demography, age and other such parameters as a part of our sustainability project D&I. During the year we focused on better understanding the requirements of our women employees through an Engagement Survey in addition to multiple other initiatives including:

- Focused Group Discussions were conducted in multiple batches to know their ideas for the organisation and their expectations from us to become their preferred employer.
- We marked Women's Day as an inclusion day, with the launch of the initiative, "Other side of ME", wherein we asked women employees to share their passion or hobbies. The objective was to enhance the inclusion, by helping our women employees connect with their colleagues.
- Interactive sessions were scheduled, where women employees got an opportunity to interact with leadership team, share their expectations and what measures can help to attract and retain more women employees in organisation.
- We checked Hygiene factor for our women colleagues-
  - Separate Female ward at all OHCs (Occupational Health Centre/ Dispensary) has been established so that women get some privacy when unwell
  - New restrooms have been ensured wherever the restroom location was far and many have been renovated
  - Installation of additional sanitary napkin dispensers at various locations
  - A new creche has been established in Plant 1; the opening has been delayed due to the ongoing pandemic
- Gender diversity is being monitored on monthly basis and shared with leadership regularly to keep the focus on hiring more women across levels in the organisation.

Going forward we will be taking multiple other initiatives to improve diversity across various parameters.

## Community Empowerment

Our corporate commitment means more than fulfilling the statutory requirements. Our corporate social responsibility efforts span across the areas of health and wellness, education, and environment safety, among others, and define our approach towards engineering holistic community development and environment.

Please refer to page no. 108 of this report for more details.

## Investor Relations

We constantly endeavour to improve our investor services and benchmark our performance against industry best practices. We have a dedicated investor relations desk, which caters to the interest of the investing community through regular contact and by providing timely communication, engaging global investors and shareholders in ongoing management meetings. In FY 2021, we quickly embraced virtual methods for our investor outreach, including meetings, virtual NDRs and conferences. In concurrence to the COVID-19 protocol we also held a virtual Annual General Meeting last year.

The Chairman and Managing Director, the Executive Director, the Group Chief Financial Officer, and investor relations team manage and represent our Company in interactions with investors, the media, and various governments. We ensure that all critical information about our Company is available to all investors by uploading such information on our website ([www.escortsgroup.com](http://www.escortsgroup.com)). The site 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. The quarterly earnings release is accompanied by an earning call, with the transcript and audio available on the website. Material developments during the quarter that might impact revenue or earnings are intimated to the stock exchanges and through the website. Quarterly results, regulatory filings, transcripts of earnings call, investor relations presentations and schedules of analyst and investor interactions are available at <https://www.escortsgroup.com/investors/overview.html>.

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

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

## Information Technology (IT)

As we transform, IT plays a critical role in further enhancing our revenue, improving efficiencies, and reducing costs. We have implemented IT-enabled business processes that leverage new technologies to deliver on digitisation as well as digitalisation. Our digitisation processes improve productivity and controls, while we have implemented digital projects to increase customer outreach.

FY 2020-21 has been a year of terms like "unprecedented" and "unanticipated." We learned many valuable lessons in the past one year, quickly adapting to them. When the pandemic induced lockdown started, we rapidly moved the workforce to work from home model, by creating a secure work environment provisioning laptops having security agents and VPN. Being an environment-conscious organisation, we are committed to move towards becoming paperless in our daily activities. The IT team has taken many digital initiatives to enable workflow to reduce paper movement to achieve this objective.

As an organisation which is constantly growing, we need to continuously upgrade and expand our data centre infrastructure. We have recently upgraded our data center storage with "IBM Flash 5100 storage" to meet the demand of high throughput of large amount of file data and business applications with better performance.

We have also planned projects to further transform to meet the ever-increasing demand from the digital marketplace. We have divided the initiatives into multiple pillars like customer centricity, operational excellence, product engineering and analytical layer to leverage the data for informed decision-making. Going forward we will be undertaking required changes as per leading industry practices as we keep evolving in our digital journey.

## Internal Controls

A strong risk management and internal control system formed the backbone of our robust corporate governance practices. We re-appointed EY as our internal auditors, to deliver a reasonable assurance of recording the transactions of operations in all material respects and providing protection against significant misuse or loss of assets, among others.

Our IT team department undertook various strategic initiatives for better control and transformation of business. Some of the major initiatives include the Data Loss Prevention Project (DLP) which has reached a very high level of maturity and Escorts is now able to monitor all the data which is generated and transmitted over the network.

Hard disk encryption software – Using this software the entire laptop's hard disk is encrypted. In case of any theft or loss of laptop, the data cannot be reused by any unauthorised source as the data cannot be de-encrypted by any means. Additionally, we endeavour to focus on enterprise risk management by

speeding up the process of implementing risk assessment methodology, developing, and implementing risk responses on behalf of management and delivering services that improve organisation risk management and control processes. We have a defined risk management policy at the Board level, based on pre-identified types of risks, risk events or factors that require regular assessment and probability-based responses.

### Risks and Mitigation

We recognise that proactive risk management is both an essential element of sound corporate governance and a crucial enabler to realise opportunities.

Please refer to page no. 34 of this report for more details.

### Financial Performance

Our consolidated revenue from operations stood at ₹ 7,014.4 crores in FY 2020-21, up by 20.7% as against

₹ 5,810.1 crores in FY 2019-20. Consolidated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) stood at ₹ 1,126.8 crores in FY 2020-21 as against ₹ 662.4 crores in FY 2019-20. Consolidated Profit Before Tax (PBT) stood at ₹ 1,154.8 crores in FY 2020-21 as against ₹ 625.2 crores in FY 2019-20, while Profit After Tax (PAT) stood at ₹ 871.6 crores in FY 2020-21 up by 85% as against ₹ 471.7 crores in FY 2019-20.

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

(in ₹ crores)

Particulars	Consolidated		Standalone	
	FY2020	FY2021	FY2020	FY 2021
Revenue from Operations	5,810.09	7,014.42	5,760.95	6,929.29
Material Costs	3,841.10	4,644.64	3,819.62	4,593.67
PAT	471.72	871.63	485.54	874.06
Revenue Growth	-7.22%	20.73%	-7.03%	20.28%
EBITDA	662.40	1,126.76	675.82	1,129.23
Operating Profit Margin	11.40%	16.06%	11.73%	16.30%
Net Profit Margin	8.12%	12.43%	8.43%	12.61%
Basic EPS	55.04	92.15	40.63	68.14
Trade Receivables	731.86	657.58	756.52	698.40
Trade Receivable Days	46	34	48	37
Inventory	883.36	718.16	822.20	674.46
Inventory Turnover	84	56	79	54
EBIT	652.78	1,168.86	663.52	1,168.09
Interest Expense	17.23	13.34	15.46	10.98
Interest Coverage Ratio	37.89	87.62	42.92	106.38
Current Ratio	1.63	2.73	1.65	2.76
Debt	19.95	2.54	6.65	-
Equity	3,122.50	5,025.22	3,480.08	5,391.59
Debt Equity Ratio	0.01	0.00	0.00	-
Networth	3,122.50	5,025.22	3,480.08	5,391.59
Return on net worth/Equity	15.11%	17.35%	13.95%	16.21%
No of Shares O/S	85,802,335 <sup>1</sup>	98,240,142 <sup>1</sup>	119,502,366 <sup>2</sup>	131,940,173 <sup>2</sup>
M Cap (As per BSE)	5,688.27	12,661.68	7,922.41	17,005.11
Revenue Multiple	0.98	1.81	1.38	2.45
PE Multiple	12.04	13.99	16.32	18.91

<sup>1</sup> Excluding 3,37,00,031 shares (FY2020: 3,37,00,031 shares) held by Escorts Benefit and Welfare Trust and 28,94,393 shares (FY2020: 30,74,512 shares) held by Escorts Employees Benefit and Welfare Trust.

<sup>2</sup> Excluding 28,94,393 shares (FY2020: 30,74,512 shares) held by Escorts Employees Benefit and Welfare Trust.

## CONTINUE TO BE DEBT-FREE

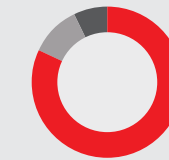
₹ 92.15  
Consolidated EPS  
↑ 67.4%

₹ 874.1  
CRORES  
Highest ever  
Standalone Net Profit

₹ 7.50

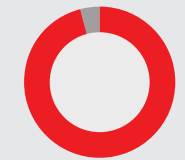
Proposed Final Dividend including  
₹ 2.50 honorarium dividend  
commemorating Platinum Jubilee

### Segment-wise Revenue Mix (%)



■ EAM 82  
■ ECE 11  
■ RED 7

### Geographic Revenue Mix (%)



■ Domestic 96  
■ Exports 4

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

Place: New Delhi  
Date: May 14, 2021

**Nikhil Nanda**  
Chairman & Managing Director

### Disclaimer

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

# Sustainability Report

## About Sustainability Reporting

Escorts Limited presents, its second Sustainability Report for FY 2020-21, in which we disclose our sustainability imperatives, initiatives, and performance, and outline our plans to transform ourselves while positively impacting our clients and industry. The Report has been prepared in accordance with the GRI Standards: Core Option and focuses primarily on the activities undertaken during the reporting period from April 1, 2020 to March 31, 2021.

The scope and boundary of the Report covers the operations of Escorts Limited, its subsidiaries, associates, and joint ventures in India and Poland, unless otherwise stated. The Report focuses on aspects of Escorts' business that have been identified as "material topics" through stakeholder engagement and materiality assessment. Additionally, the Report is also aligned with the United Nations (UN) Sustainable Development Goals (SDGs) that are relevant to our business and discloses how we are contributing to the SDGs that apply to our context.

Feedback, questions, or comments on this report are welcome. Please email us at: [sustainability@escorts.co.in](mailto:sustainability@escorts.co.in)

**Bharat Madan**  
Group CFO & Corporate Head

**Escorts Limited**  
Corporate Centre and Registered Office,  
15/5 Mathura Road,  
Faridabad – 121 003  
Haryana

# Our response to COVID-19

Amidst the ongoing COVID-19 pandemic, Escorts is working on introducing new norms and strategies of working. From staying connected while working remotely to digitisation of various processes, we are exploring new ways of working.



We have developed and deployed a COVID-19 company policy, set up a response teams, improved the sanitation procedures and educated employees on safety procedures. Some of the major initiatives undertaken during the reporting year are as follows:

## Business continuity

We accelerated our transition to digital modes of working to facilitate a seamless work-from-home experience for our employees

We adopted new ways of online learning and created a virtual support ecosystem for our employees in the form of COVID-19 support trainings and webinars on mental wellbeing

We also circulated various mailers and communications across all our offices and plants to make the employees aware of the dos and don'ts during the pandemic

Our safety measures and protocols are concise and effective and include daily office sanitisation, thorough hazard assessment, along with restructured work station layout that prevents close contacts

We also sanitise the interiors and exteriors of all our plants and operational buildings on a weekly basis

A round-the-clock thermal screening system is set up at the entrance of all our offices and service centers

## Employee wellbeing

In order to build a safe and healthy work environment, we organised testing camps for all our employees to curb the spread of the pandemic

We have introduced a COVID-19 support package for all the employees and have supported their families with medical and monetary grant in case of COVID-19 occurrence

We collaborated with a major hotel chain in Faridabad to facilitate risk free and safe quarantine facility

An equipped ambulance along with a well-qualified paramedical team is also deployed at all of our operational premises

We have also provided thorough training to the relevant security personnel on COVID-19 testing kits and use of Personal Protective Equipment (PPEs)

## Community initiative

In association with the Tajinder Singh Memorial and Escorts Medicare Foundation, Escorts has also extended support to communities in Faridabad.



# Sustainability at Escorts

Escorts has always aimed at promoting environmental and social sustainability. Although, we have incorporated various sustainability initiatives throughout the seven decades of our journey, 2020 marked our first year of formally reporting sustainability practices.

This is the second year and an important milestone in our journey towards integrating sustainability as we get the opportunity to report on new and innovative initiatives undertaken in line with our sustainability strategy and roadmap. We have incorporated several initiatives both on the environmental and the social front to further strengthen our path towards sustainability.

Please refer to page no. 87 of this report for more details.

## Stakeholder Engagement

Our stakeholder engagement approach is based on our assessment of the importance of each stakeholder group to the business. A summary of our engagement mode with each stakeholder is provided below:



### Stakeholder Engagement Modes

Stakeholder	Engagement modes	Topics discussed
<b>CUSTOMERS / DEALERS</b>	<ul style="list-style-type: none"> <li>Customer satisfaction surveys once a year</li> <li>Installation of "CARE" devices in tractors that allow the user to call our customer service executives if they face a challenge</li> </ul>	<ul style="list-style-type: none"> <li>Customer trust and satisfaction</li> <li>Timely and efficient redressal of complaints</li> </ul>
<b>EMPLOYEES / WORKERS</b>	<ul style="list-style-type: none"> <li>General feedback sessions between Chairman and employees every quarter, functional heads' feedback sessions with employees</li> <li>Training and safety programs conducted during induction and through the year.</li> <li>Festival celebrations, games, award programs</li> </ul>	<ul style="list-style-type: none"> <li>Job satisfaction</li> <li>Fair pay and performance remuneration</li> <li>Training and Development initiatives that support career growth</li> <li>Safe and congenial working atmosphere</li> <li>Equal opportunity for all</li> <li>Prompt grievance redressal mechanisms</li> </ul>

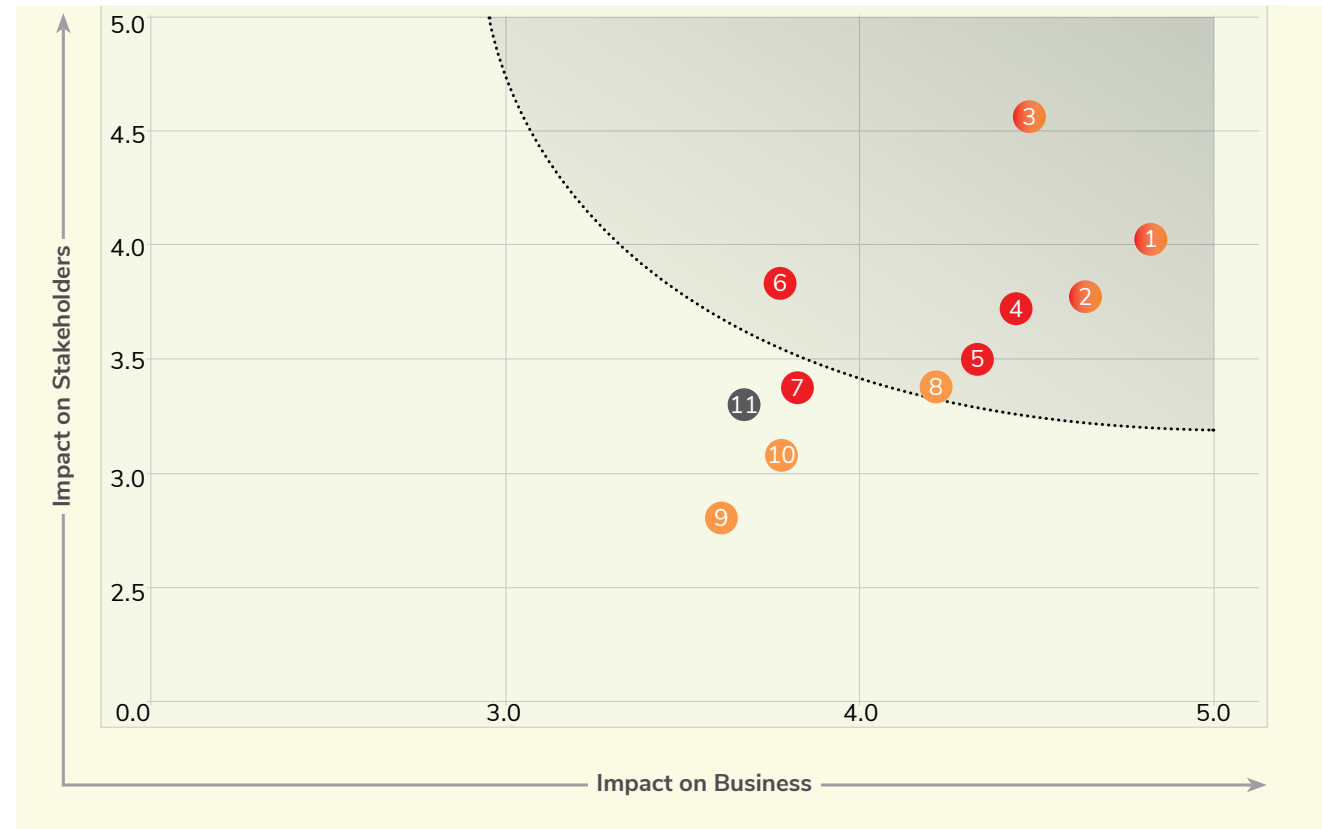
Stakeholder	Engagement modes	Topics discussed
<b>INVESTORS &amp; FINANCIAL INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>Annual General Body Meetings</li> <li>Monthly interactions with investors</li> <li>Public disclosure on financial performance and governance on our website</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder return</li> <li>Financial and non-financial (ESG) performance of the Company</li> <li>Market value of Escorts' shares</li> <li>Effective corporate governance</li> </ul>
<b>GOVERNMENTS/ LOCAL AUTHORITIES / REGULATORS</b>	<ul style="list-style-type: none"> <li>Interaction at customer-level by RED since Indian Railways is a major customer</li> <li>Engagement for innovation (such as creation of product quality standards for tractors / cranes with relevant Ministries)</li> <li>Compliance monitoring by government on adherence to socio-economic / environmental compliances</li> <li>CSR initiatives supporting local governments such as provision of vehicles to local police officials</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to applicable laws and regulations</li> <li>Positive environmental and social impact of businesses</li> <li>Alignment of businesses with policy priorities for industrial growth</li> </ul>
<b>SUPPLIERS / VENDORS / CONTRACTORS</b>	<ul style="list-style-type: none"> <li>Annual supplier conventions</li> <li>Supplier audits as and when suppliers are screened</li> <li>Informal interactions between managers and suppliers / vendors / contractors</li> </ul>	<ul style="list-style-type: none"> <li>Fair and accountable supply chain practices</li> <li>Supplier financial health, reputation, and service quality</li> <li>Access to knowledge on sustainable supply chain practices</li> </ul>
<b>INDUSTRY ASSOCIATIONS</b>	<ul style="list-style-type: none"> <li>Industry Association Meetings / Conventions</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of product and service standards</li> <li>Continuous innovation on the part of member businesses</li> <li>Cooperation between businesses to ensure overall development in a healthy, competitive environment</li> </ul>
<b>COMMUNITIES / NGOS</b>	<ul style="list-style-type: none"> <li>Through CSR initiatives / activities</li> <li>Public disclosure of company information on the website</li> <li>Local employment</li> </ul>	<ul style="list-style-type: none"> <li>Positive economic, environmental, and social impact of business on communities</li> <li>Shared value-creation of job opportunities and livelihood avenues due to presence of skilled pool of local candidates</li> </ul>

### Reinstatement

We have rephrased one of the topic discussed with our Employees, as 'Equal opportunity for all' as compared to 'Non-discrimination based on color, gender, race, or caste' that was published in our previous sustainability report, as Escorts does not discriminate its employees on any of these grounds.

## Materiality Analysis

As the first step in its pioneering journey in sustainability, Escorts conducted a comprehensive materiality assessment for the FY 2019-20 Sustainability Report to identify primary areas of focus for the Company in the forthcoming years. Since we have not witnessed any significant changes in our business practices and priorities in the reporting year, the same topics as last year continue to remain material to us this year as well.



We have engaged a third-party agency (Thinkthrough Consulting Private Limited) to conduct materiality assessment for our report.

### Creating Stakeholder Value

- 1 Financial Performance
- 2 Product Responsibility and Innovation
- 3 Customer Satisfaction

### Operational and Resource Efficiency

- 4 Resource Efficiency
- 5 Operations EHS Impact
- 6 Energy and Climate Change
- 7 Supply Chain Sustainability

### People and Communities

- 8 Employment
- 9 Diversity and Inclusion
- 10 Community Engagement

### Corporate Governance





- 11 Value, Ethics, and Compliance

## Materiality at Escorts: The "Why" Analysis

Thematic Area	Escorts Material Topic	Associated GRI Material Topic	Relevant GRI / non-GRI Indicator	Why this topic is material for Escorts	Impact Boundary	Relevant SDG
<b>CREATING STAKEHOLDER VALUE</b>	Financial Performance	201: Economic Performance	201-1: Direct economic value generated and distributed 201-3: Defined benefit plan obligations and other retirement plans	Escorts' main product line (tractors and agri-equipment) seeks to serve farmer communities in India, and the Company's economic health, hence, is crucial since it impacts essential supply chains.	Within and outside Escorts	
	Product Responsibility & Innovation	416: Customer Health and Safety	416-1: Assessment of the health and safety impacts of product and service categories <b>Non-GRI Indicators:</b> Qualitative initiatives on R&D front that have driven efficient product design, description of organisation's commitment to product safety, energy savings from fuel efficient engines	Product design, efficiency, safety, standards, and labelling are at the core of Escorts' agenda, given that the most important element of our business's survival and sustenance is customer trust and satisfaction.	Within and outside Escorts	
	Customer Satisfaction	N.A.	<b>Non-GRI Indicators:</b> Scores on customer satisfaction surveys, information on repeat orders, testimonials from customers, number of complaints reported and addressed, case studies	Innovation on modes of engagement with customers and the products we design for them, and customer satisfaction with our product's quality and durability are paramount to our business.	Within and outside Escorts	
<b>OPERATIONAL AND RESOURCE EFFICIENCY</b>	Resource Efficiency	301: Materials	301-1: Materials used by weight or volume <b>Non-GRI Indicators:</b> Case study on pay-per-use business model, qualitative information on organisation's focus on solution, rather than product selling, cost efficiency calculation of pay-per-use model against traditional purchase model.	Material efficiency is a highly pertinent topic at Escorts. In the future, Escorts aims to be a completely lean organisation through optimal resource allocation and management. Additionally, through our pay-per-use model that we introduced recently in our EAM division, we seek to create a breakthrough on significantly reducing the amount of waste generated through the traditional purchase-sell model. This would also reduce economic burden on our customers.	Within and outside Escorts	







Materiality at Escorts: The “Why” Analysis Contd.

Thematic Area	Escorts Material Topic	Associated GRI Material Topic	Relevant GRI / non-GRI Indicator	Why this topic is material for Escorts	Impact Boundary	Relevant SDG
Operations Environmental, Health, and Safety Impact	303: Water and Effluents 306: Waste and Occupational Health and Safety	303-1: Water withdrawal by source 303-3: Water recycled and reused 306-1: Water discharge by quality and destination 306-2: Waste by type and disposal method 403-1: Workers representation in joint management-worker health & safety committees 403-2: Types of injury and rates of injury, lost days, occupational diseases, and absenteeism, and number of work-related fatalities 403-3: Workers with high incidence or high risk of diseases related to their occupation 403-4: Health & Safety topics covered in formal agreements with trade unions	303-1: Water withdrawal by source 303-3: Water recycled and reused 306-1: Water discharge by quality and destination 306-2: Waste by type and disposal method 403-1: Workers representation in joint management-worker health & safety committees 403-2: Types of injury and rates of injury, lost days, occupational diseases, and absenteeism, and number of work-related fatalities 403-3: Workers with high incidence or high risk of diseases related to their occupation 403-4: Health & Safety topics covered in formal agreements with trade unions	Our operations have significant environmental impact, in terms of generation of solid, liquid, and hazardous waste, and safety risks to workers. While we strictly adhere to all norms to ensure minimal negative impact, going forward, we seek to monitor every environmental parameter to ensure we reduce impact at source.	Within and outside Escorts	 
						 
Energy and Climate Change	302: Energy 305: Emissions	302-1: Energy consumption within the organisation 302-2: Energy consumption outside of the organisation 302-3: Energy intensity 305-1: Direct (Scope 1) GHG emissions 305-2: Energy indirect (Scope 2) GHG emissions 305-4: GHG emissions intensity	302-1: Energy consumption within the organisation 302-2: Energy consumption outside of the organisation 302-3: Energy intensity 305-1: Direct (Scope 1) GHG emissions 305-2: Energy indirect (Scope 2) GHG emissions 305-4: GHG emissions intensity	Escorts' operations lead to considerable energy consumption, and hence reducing energy consumption and using clean energy where possible is a high priority for us. Escorts' sustainability strategy is aligned to mitigate climate change risks since our operations lead to impact on the environment. The Company has been undertaking annual tree plantation drives in an effort to strengthen its climate change mitigation.	Within and outside Escorts	 

Materiality at Escorts: The “Why” Analysis Contd.

Thematic Area	Escorts Material Topic	Associated GRI Material Topic	Relevant GRI / non-GRI Indicator	Why this topic is material for Escorts	Impact Boundary	Relevant SDG
PEOPLE AND COMMUNITIES	Supply Chain Sustainability	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment	204-1: Proportion of spending on local suppliers 308-1: New suppliers that were screened using environmental criteria 308-2: Negative environmental impacts in the supply chain and actions taken 414-1: New suppliers that were screened using social criteria 414-2: Negative social impacts in the supply chain and actions taken	Supplier sustainability and capacity building is an ongoing priority at Escorts. As an age-old organisation, we have several old-time suppliers whose performance we seek to counsel and improve in case any issues are observed; we also focus on local sourcing (from India) since our major operations lie in this geography.	Within and outside Escorts	 
						  
PEOPLE AND COMMUNITIES	Employment	401: Employment 402: Labor Relations 404: Training and Education 407: Freedom of Association and Collective Bargaining	401-1: New employee hires and employee turnover 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3: Parental leave 402-1: Minimum notice periods regarding operational changes 404-1: Average hours of training per year per employee 404-2: Programs for upgrading employee skills and transition assistance programs 404-3: Percentage of employees receiving regular performance and career development reviews 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employees and workers are the greatest assets of our business. Ensuring their wellbeing and safety is essential to ensure the manufacturing of quality products, and we have been driving initiatives rigorously in this regard, especially in the past couple of years (e.g. introducing role-based trainings).	Within Escorts	  
						 
Diversity and Inclusion	405: Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees 405-2: Ratio of basic salary and remuneration of women to men <b>Non-GRI Indicators:</b> Efforts to increase number of women in the workforce / in employment; description of how incidents of discrimination were handled	405-1: Diversity of governance bodies and employees 405-2: Ratio of basic salary and remuneration of women to men	Escorts comprises a mix of employees across various ethnicities and 25% of board members are women. The group meets all statutory requirements in this regard and considers this periodically in the hiring and recruitment process.	Within Escorts	 

Materiality at Escorts: The “Why” Analysis Contd.

Thematic Area	Escorts Material Topic	Associated GRI Material Topic	Relevant GRI / non-GRI Indicator	Why this topic is material for Escorts	Impact Boundary	Relevant SDG
	Community Engagement	413: Local Communities	413-1: Operations with local community engagement, impact assessments, and development programs  <b>Non-GRI Indicator:</b> Percentage of workforce that is hired from local communities.	Escorts constantly strives to minimise the negative impacts and maximise the positive impacts of the business on the surrounding communities, through its corporate social responsibility activities, conscious operations, and local hiring.	Within and outside Escorts	 
<b>CORPORATE GOVERNANCE</b>	Values, Ethics, and Compliance	102: Company Information	102-16: Organisation's values, principles, standards, and norms of behavior.	Escorts considers values and ethics as fundamental and indispensable in any scenario. The group has a unique set of core and strategic values, which define Escorts' future vision and pathways towards achieving this.	Within and outside Escorts	 
	Anti-Corruption	205: Anti-Corruption	205-1: Operations assessed for risks related to corruption			
	Environmental Compliance	307: Environmental Compliance	205-2: Communication and training about anti-corruption policies and procedures			
	Customer Health & Safety	416: Customer Health & Safety	205-3: Confirmed incidents of corruption and actions taken	Regulatory compliance on economic, environmental, and social fronts is paramount to the group – and hence we ensure that every regulation possible is mapped closely and followed. Going forward, Escorts may ascribe itself to voluntary compliance mechanisms as well in line with our sustainability journey.		
	Socio-economic Compliance	419: Socio-economic Compliance	307-1: Fines, cases, or non-monetary sanctions that the business might have faced due to non-compliance with environmental regulations  416-2: Incidents of non-compliance concerning health & safety impacts of products & services  419-1: Non-compliance with laws and regulations in the social and economic area			

Sustainability Roadmap

At the end of FY 2019-20, when we published our first sustainability report, we also undertook a comprehensive analysis of our sustainability actions and their consequences. We took inspiration from peer companies and global trends to identify certain action points to improve our sustainability performance and developed a three-year sustainability roadmap.

The roadmap spanning across all three business divisions and eight different business functions, including Finance, Governance and Risk, Strategy, Research and Development, Procurement, CSR, Operations and HR, provides directional guidelines to enhance the integration of sustainability and ESG (Environmental, Social and Governance) related parameters in the usual business operations.

Key Actions in Sustainability Roadmap

Stakeholder	Engagement modes
<b>OPERATIONS</b>	<ul style="list-style-type: none"> <li>Develop and adopt Plant Sustainability Index (PSI) to internally assess the sustainability performance of all manufacturing plants across the group</li> <li>Obtain green building certifications for manufacturing plants</li> <li>Develop data management system to measure and monitor data on key environmental indicators</li> <li>Train shop floor employees on sustainability agendas</li> </ul>
<b>HUMAN RESOURCES</b>	<ul style="list-style-type: none"> <li>Identify sustainability SPOCs for different functions and divisions</li> <li>Develop a sustainability governance structure for Escorts</li> <li>Conduct sustainability related capacity building for SPOCs and all other employees</li> <li>Define sustainability related KRAs for performance assessment</li> </ul>
<b>FINANCE AND RISK</b>	<ul style="list-style-type: none"> <li>Measuring and monitoring key non-financial indicators</li> <li>Continue disclosing annual sustainability performance through GRI compliant sustainability report and gradually transition to Integrated Reporting</li> <li>Develop a ESG risk assessment tool and integrate it within organisation Enterprise Risk Management (ERM) system</li> </ul>
<b>PROCUREMENT</b>	<ul style="list-style-type: none"> <li>Develop a sustainable procurement policy/supplier code of conduct</li> <li>Develop and adopt a multi-criteria supplier assessment framework on sustainability related parameters</li> <li>Map critical suppliers and engage in their ESG capacity building</li> </ul>
<b>RESEARCH &amp; DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>Explore technology and product level innovation that support clean and alternate fuel options</li> <li>Represent Escorts in national and global level sustainability knowledge and industry showcases</li> <li>Explore product designs that require minimum input of virgin material</li> <li>Expand product safety initiatives like 24x7 care button and assess potential innovations like remote diagnostics</li> <li>Study life cycle emissions of key products</li> </ul>
<b>STRATEGY</b>	<ul style="list-style-type: none"> <li>Develop a group level Sustainability Policy for Escorts</li> <li>Defining organisational sustainability strategy and focus areas</li> <li>Incorporate sustainability related goals and targets in Vision 2028</li> </ul>
<b>CORPORATE SOCIAL RESPONSIBILITY</b>	<ul style="list-style-type: none"> <li>Revise the CSR Policy in line with business strategy</li> <li>Conduct need assessment in local communities and identify CSR activities in line with the results</li> <li>Engage employees in volunteering programs</li> </ul>

# Creating Stakeholder Value

## Financial Performance

Escorts Limited has been witnessing rapid economic growth. In the reporting year FY 2020-21, we have generated a consolidated revenue (including other income) of ₹ 7,174.8 crores. Our profits after tax, stood at ₹ 871.6 crores while the earnings per share at ₹ 92.15. The business divisions – EAM, ECE, and RED have contributed 82%, 11% and 7%, respectively, to the gross revenue. The table below provides consolidated financial data for past three consecutive years on the economic value generated and distributed by Escorts Limited and its subsidiaries, joint ventures, and associates in India and overseas.

Please refer to page no. 87 of this report for more details.



### Our Financial Performance

Particulars	FY 2020-21	FY 2019-20	FY 2018-19
Revenue from sales	6,857.58	5,688.36	6,169.84
Revenue from financial investments and other sources	317.22	219.33	184.58
<b>Total</b>	<b>7,174.80</b>	<b>5,907.69</b>	<b>6,354.42</b>
Operating cost	5,324.73	4,624.54	5,039.15
Employee wages and benefit	546.91	520.51	484.73
Payments to provider of funds <sup>1</sup>	13.34	17.23	19.50
Payments to government <sup>2</sup>	287.354	155.54	239.03
Community development	11.82	9.85	6.13
<b>Total</b>	<b>6,184.15</b>	<b>5,327.67</b>	<b>5,788.58</b>

Note:  
<sup>1</sup>Include taxes paid to government

### Reinstatement

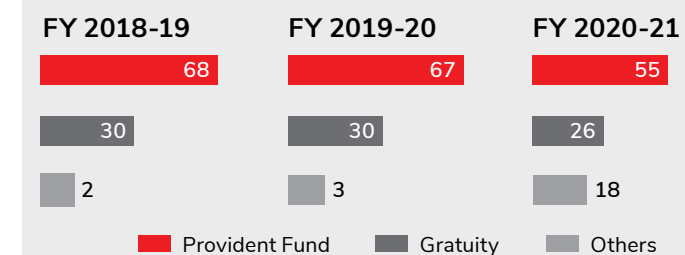
We have revised our methodology for calculating the cost of operations, and hence accordingly reinstated the previous year's financial figures.

The figure on the right summarises our contribution to employment benefit schemes such as Employees' Provident Fund Scheme (EPFS), Gratuity Fund, Employees' State Insurance (ESI) and welfare commissioner fund in past three consecutive years.

### Reinstatement

We have revised our methodology for calculating the cost of operations, and hence accordingly reinstated the previous year's financial figures.

## Contribution to employee benefit Scheme (%)



Note: Others include ESI and welfare commissioner fund

## Customer Satisfaction



The early part of COVID-19 pandemic, when most of our executives were working from home, provided us with a unique opportunity to connect with our customers on phone. The team was able to with more than 100,000 customers in a short period of time and gathered their valuable feedback.

Any complaints received from the customer are recorded, discussed and acted upon through various forums including Quality Council meetings.

At Escorts, the service team tracks Customer Satisfaction through Customer Empathy Index (CEI) and Service Quality Index (SQI).

The calculation of the CEI is based upon several pre-defined parameters such as Complaint Appointment, Turn Around Time (TAT), Customer- Satisfaction (C-SAT). SQI is based upon key parameters such as Post Service Feedback (PSF), Door Step Services (DSS), First Time Right (Comeback & Repeat), Customer Empathy Index (CEI) has seen an average growth of 5.9% since FY17 and Service Quality Index (SQI) has seen an average growth of 3%.

EAM launched CARE Device in Apr 2019 – a unique and standard feature in our tractor, first of its kind in the industry. Through the Care device customers can reach our customer service desk by the press of a button. We have seen a steady growth in the Care device usage by customer due to the convenience it offers.

The Door Step Service (DSS) has reached almost half of all services rendered in FY 2020-21. This is done with the help of 1100+ Service bikes & 120+ Mobile Service Vans deployed in the field.

Escorts is committed to continually improve the quality of service with agility to ensure smooth functioning of tractors with minimum downtime.

At Escorts, customers are most important stakeholders for our business and fulfillment of customer requirements is top priority. We strive to develop our products in line with the expectations of our customers.

Service team ensures that every tractor is properly installed and customer explained the usage and benefits of the tractor along with implements, so that our customers can take maximum benefit from our products.

Escorts endeavours to provide doorstep service for installation, preventive and breakdown maintenance of products to all their customers. This ensures that our customers do not have to spend their time and money to bring the tractor to the dealer workshop for regular services. However, major repairs are carried out at the workshop with requisite tools and expertise. Post the service a formal feedback is collected from the customer and is captured for improving our services and products.

## Product Innovation

The leadership and values of Escorts have always placed emphasis on innovation and disruptive product design. In the reporting year, FY 2020-21, Escorts has invested 2.1% of its annual turnover in Research and Development (R&D).

Our R&D facility, called Knowledge Management Centre (KMC), continuously strives to stay ahead of both our competitors as well as customer expectations. In the past year, Escorts has worked extensively on futuristic trends like electric and hybrid models of tractors and backhoe loader and autonomous driverless tractor, while many other innovative solutions are in our pipeline.

One of the Escorts' popular tractor brand Powertrac, has introduced an innovative Sensilift. It maintains the set depth while farming operations and does not change with ground undulations. The device has received overwhelming

response from customers as it helped farm productivity to soar upto 100% from close to 40% without sensilift. It has increased ease of working for farmers and has improved the overall efficiency of the product many folds.

In the reporting year, Escorts became India's first company to receive commercial selling certification of our electric tractor from the Central Farm Machinery Training and Testing Institute Budni, Madhya Pradesh. This electric tractor involves Mechanical transmission platform for sustainable and green agriculture. The certificate can be accessed at <https://www.bseindia.com/xml-data/corpfiling/AttachHis/ad08dfbf-2420-43b0-bd5d-44b89c1cfe71.pdf>.

Please refer to page no. 38 of this report for more details.



# Operational and Resource Efficiency

## Resource Efficiency

At Escorts, contributing to national resource conservation goals has always been a part of our research & development and operations agenda.

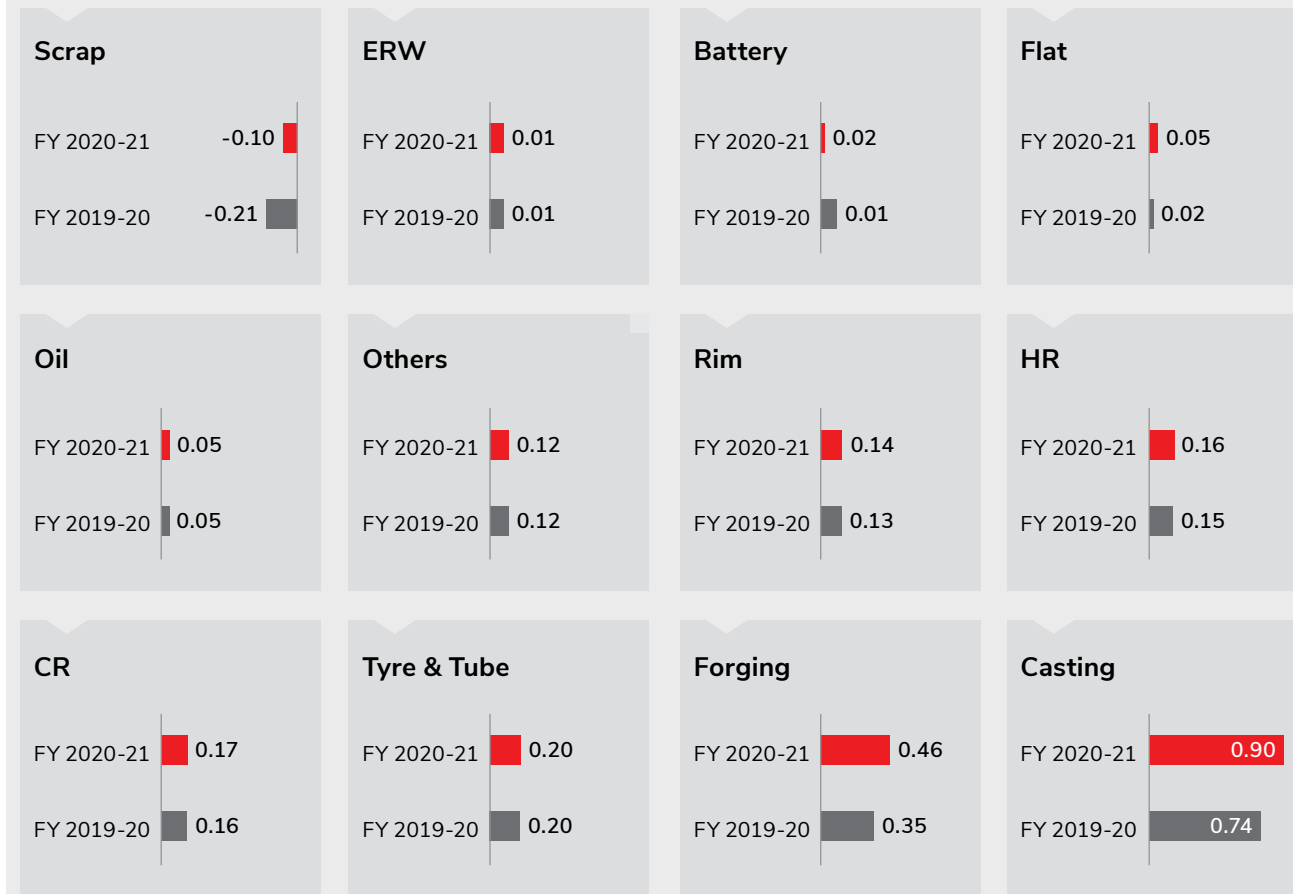


### MATERIALS

Given the diversity in our product range, the raw materials we need for their manufacturing are also varied in nature for all business divisions. For all material that is sourced, we have strict quality specifications keyed into a roster maintained by the research and development department. Whenever a new design is proposed or a material order needs to be placed, these specifications need to be referred to. Quality checks for raw materials also include criteria that ensure fuel efficiency or emissions reduction benefits from our products. In fact, in our Poland unit,

compliance related environmental and social checks are conducted on all raw materials. Moreover, long-term durability of all products and spare parts is among the defining traits of Escorts' products apart from emissions / energy savings, especially in EAM - a tractor's life cycle while planning for the product is 8-10 years or 10,000 hours. With respect to the materials procured for the railway equipment division, these strictly adhere to the norms prescribed by the Ministry of Railways (our primary customer) which include environmental and social criteria.

### Conventional Raw Materials (MT\*10<sup>5</sup>)



Note: CR: Cold Roller Steel, HR : Hot Roller Steel, ERW: Electric Resistance Welded Pipes, Others include Alternators, Steering, Pump, etc.



## Operations, Environmental, Health and Safety Impact



### WATER\*

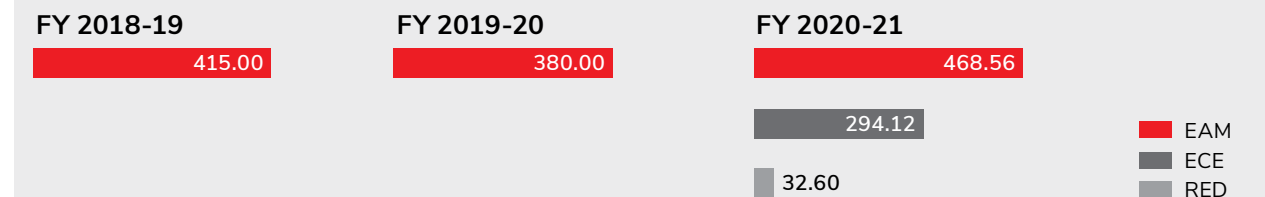
In our operations, water usage is mainly for domestic activities such as drinking, using toilets, washing, etc. Our main source of water needs is groundwater for EAM and ECE. For RED the major source for water withdrawal is surface water. The total water withdrawal by source as per GRI 2018 Water and Effluents in each of our divisions EAM, ECE and RED for the reporting year is presented in the table below:

#### Water withdrawal, consumption and discharge

Particulars	EAM	ECE	RED
Total water withdrawal (ML)	546.56	190.56	32.60
Total water discharge (ML)	190.07	10.38	12.04

Note: EAM division water withdrawal includes Powertrac, Farmtrac, and Spare Parts plants.

### Water consumption across the years (in ML)



Note: FY 2018-19 and FY 2019-20 operations (Water, Waste and Energy) data for ECE and RED divisions were not collected

\* The increase in Water consumption data is due to inclusion of ECE and RED data in FY2020-21 which was not available in previous year.



**WASTE**

At Escorts, we aim to store, handle and dispose all the waste generated at our corporate office and units in accordance with the government regulations. Discharge from the effluent treatment plant (ETP) at all our divisions EAM, ECE and RED is monitored. The ETP sludge along with paint sludge and industrial waste - all solid

hazardous waste is sent to Gujarat Enviro Protection & Infrastructure Ltd. (GEPIL), a Haryana State Pollution Control Board (HSPCB) dealer for handling solid hazardous waste, while waste oil – a liquid hazardous waste is sent to Bharat oil & Containers, also a HSPCB authorised dealer. Details on wastewater discharge and hazardous waste generated in our divisions are below:

**Hazardous waste generated and disposed at Escorts**

Hazardous Waste Disposed	FY 20-21			FY 2019-20			FY 2018-19		
	EAM	ECE	RED	EAM	ECE	RED	EAM	ECE	RED
ETP Sludge (MT)	10.30	8.74	7.60	9.15	9.32	11.34	14.07	4.72	11.25
Paint Sludge (MT)	571.78	45.64	0.45	294.62	63.57	4.96	343.27	63.36	0.20
Waste Oil (KJ)	77.17	4.46	4.20	54.66	8.346	3.713	62.82	12.28	2.10

**ETP Sludge (MT)**

EAM	ECE	RED
10.3	8.74	7.6
9.15	9.32	11.34
14.07	4.72	11.25

Legend: ■ FY 2020-21, ■ FY 2019-20, ■ FY 2018-19

**Paint Sludge (MT)**

EAM	ECE	RED
571.78	45.64	0.45
294.62	63.57	4.96
343.27	63.36	0.2

Legend: ■ FY 2020-21, ■ FY 2019-20, ■ FY 2018-19

**Waste Oil (kl)**

EAM	ECE	RED
77.17	4.46	4.2
54.66	8.346	3.713
62.82	12.28	2.1

Legend: ■ FY 2020-21, ■ FY 2019-20, ■ FY 2018-19

Moreover, to further its commitment towards holistic waste management, Escorts has started compiling the data for non-hazardous waste as well. We are under the process of mapping our total waste generation into three categories a) Hazardous waste; b) Landfill waste; and c) Recyclable and reusable waste. We also aim to

cut down our landfill waste by 50% and increasing the recycling to 25% of total waste in the next three years. In the reporting period, we have collected 71.31 metric ton of non-hazardous waste from EAM facilities and responsibly disposed it with an authorised waste management vendor.



**OCCUPATIONAL HEALTH AND SAFETY**

Escorts operates in a labor-intensive industry, and occupational health and safety is therefore very critical for us. All our facilities are ISO 45001 certified for Occupational, Health & Safety Management System (OHSMS). We maintain a safe and healthy workplace for employees by using state-of-the-art equipment, providing periodic and demonstration-based safety training, including safety parameters in our internal audit process to ensure adherence to laws, and, mandating the use of Personal Protective Equipment (PPE) at all our units.

**Review System**

We have deputed specified safety professionals and certified OHC (Occupational Health Center) personnel as per the legal requirements. In order to ensure that all the systems are in order, we conduct continuous monitoring for improvements. We have multiple levels of review system from Line manager to CEO/COO. The results of period internal and external evaluations are shared with the relevant managers and recommendations are adopted to improve system efficiency. There are several checkpoints to assess the process hazards such as internal auditing, gemba walks, external audits, and, Total Production Management (TPM) rounds. For non routine jobs JSA (Job Safety Analysis) is introduced to ensure hazards are identified and addressed before job commencement. There are also well defined Standard Operating Procedures (SOPs) for accident investigations.

Any complaints from the workers can be lodged in the monthly SCM (Safety Committee Meeting) or can be voiced in periodic team meetings. Any changes in the work flow is communicated well in advance to the workers' union. Every worker has rights to report a potential hazard to their respective line manager or safety manager, which is then monitored and escalated as required. The workers' union can also directly raise any related issue to the management.

**Training**

The introductory on-boarding safety training is provided to all employees, and post that specific trainings are designed as per job requirement and skill set. A skill matrix is prepared to identify the safety related training needs of individual employees. Some of the mandatory trainings include induction, fire safety training, first aid training, training on code of conduct and PoSH, and other job related trainings. Each worker is required to undergo at least 6 hours of safety related training every year.

In line with the compliance requirements, our OHC services along with its well-trained personnel are available round the clock for the workers. We also have a dedicated ambulance for transportation and emergency services and the capability to address any safety-related concern in local regional languages.

**Workers' Participation**

The workers are involved in the implementation and evaluation process through the following committees and schemes:



We have made good progress so far in inculcating the safety culture. Various workshops and competitions are organised time to time in order to increase awareness among the employees. Some initiatives are highlighted below.

A week-long celebration of National Safety Day starting from March 4, every year that includes various competitions such as Slogan Competition, Poster Competition, Rangoli, Online Quiz, Shop Floor quiz, Departmental quiz, displays etc. are organised annually.	We observe Fire Week under which, the fire protection systems in each plant hold demonstrations and competitions every year.	World Environment day is also celebrated by planting tree saplings and promoting environmental awareness among workers and employees.	Road Safety Week was held from January 18-25, 2021.
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**Health Safety Initiatives**

We conduct periodic health and medical checkups for our employees and engage in a detailed hazard identification process with respect to safety by preparing an emergency response plan and conducting regular mock drills. During the reporting period, we have organised health camps, first aid training program, blood donation camps, self-defence trainings for women training on nutritional values and, stress management.

In light of the recent pandemic, we have also ensured precision in adherence to social distancing norms, sanitisation, wearing masks, and, maintaining hygiene by monitoring these actions closely and creating awareness at all levels. We have provided guidance on testing kits and PPEs as part of our COVID-19

response. The oxygen and pulse rate of our employees are monitored from time to time, we also have placed thermal scanners at the entry gates and have organised mass RT-PCR tests for our employees.



**Communication**

During the reporting year, Escorts rolled out *Safescorts* - a quarterly EHS Newsletter dedicated to occupational health and safety related issues in the plants. The newsletter published messages from top leadership; related activities

from different plants; workers' voice; safety quizzes for employees connect; etc. The purpose of this newsletter to communicate and implement the safety norms horizontally.

**Glimpse of our EHS Newsletter**



**FROM CEO'S DESK**



Covid-19 has reset many assumptions and has changed a lot of priorities. The realization around the importance of environment, health and safety has suddenly heightened. It is no more of 'this is also something I need to do' or 'I need to find time for it too'. It has rather become pivotal to our existence and our relevance. It has become abundantly clear that unless we stay disciplined and focused in taking care of our health and safety, the repercussions could be devastating.

"Safety Comes First" - is no longer a slogan; it has become the reality of life. Having realized this, it is a great opportunity for organizations like us to refocus and

recalibrate our individual subscription and collective efforts in the direction of environment, health and safety. In the last few months, Escorts has taken several steps towards safety of its employees and in betterment of its environment. This journey has to go on in future with even more rigor and wider participation.

The new 'SAFESCORTS' newsletter would aim towards creating more awareness on these issues within the organization, and help build a safety culture at Escorts that we can all be proud of!

Shenu Agarwal  
Chief Executive Officer - Escorts Agri Machinery

**Work Related Hazards**

The work-related hazards that may pose a risk of injury or ill-health are identified through a series of evaluations that include regular safety inspections, safety audits, HIRA (Hazard Identification and Risk Assessment) process, safety observation, and, suggestions schemes.

In EAM division, traffic testing on road posed a high risk of injury, whereas in RED division, mechanical hazards and materials handling account for incidents of ill-health. ECE division has identified improper storage

of materials poses a high risk of injury. Work posture related ill-health incidents are identified through the group and REBA (Rapid Entire Body Assessment) score reduction has been implemented to minimise the risk.

While Escorts did not report any fatalities in the reporting year, the data on work related injuries across the divisions is presented in the table. The reported data covers January 2020 to December 2020 and Escorts is currently undertaking the consolidation of health and safety data corresponding to the financial year.

**Safety data of the employees**

Particulars	EAM	ECE	RED
High consequence of work-related injuries (excluding fatalities)	15	-	-
Recorded work related injuries	81	7	8
Man hours worked	1,40,16,724	25,68,312	18,67,673



First-Aid training,



Communication during the pandemic



Fire drill



Best department recognition



## Energy and Climate Change

Energy efficiency and resulting emissions are important considerations for Escorts. As a manufacturing company, most of our energy consumption comes from electricity used in our production processes and in addition, there is also certain amount of consumption of direct fuel in form of diesel for running the DG sets and use of natural gas for certain parts of the manufacturing process.

We are taking multiple initiatives to reduce our energy consumption by various behavioural and process modification changes.

From FY 2019-20 we are also calculating our greenhouse gas (GHG) emissions resulting from the use of fossil fuel and purchased electricity, that is Scope 1 and Scope 2 emissions as per the GHG Protocol. In order to reduce our carbon footprint, Escorts has already started sourcing part of our energy requirement from the in-house solar power plants and is planning to expand the solar production capacity in the near future.

### ENERGY

As discussed, the major sources of direct energy consumption are diesel, natural gas, LPG gas used for cooking purposes, and, solar powered electricity. While the major source of indirect energy consumption is electricity purchased from GRID, both Dakshin Haryana Bijli Vitran Nigam (DHBVN) and the open access source.

The following graphs shows a comparative analysis of energy usage among the three business divisions over past three consecutive years. The table outlines the total energy consumption along with energy intensity by revenue.



### Natural Gas (in TJ)

EAM	ECE	RED
70.46	9.19	3.00
68.89	9.82	1.80
77.51	12.10	3.50

Legend: ■ FY 2020-21, ■ FY 2019-20, ■ FY 2018-19

### Diesel (in TJ)

EAM	ECE	RED
59.36	14.40	0.69
61.11	16.56	1.03
71.13	15.19	1.47

Legend: ■ FY 2020-21, ■ FY 2019-20, ■ FY 2018-19

### LPG (in TJ)

EAM	ECE	RED
450.00	0.11	
456.00	0.11	
380.00	0.13	

Legend: ■ FY 2020-21, ■ FY 2019-20, ■ FY 2018-19

### Indirect Energy Consumption (Electricity in MWh)

FY 2018-19	FY 2019-20	FY 2020-21
37,703.00	33,664.60	36,504.70
4,440.90	3,808.50	3,192.10
4,737.30	5,459.60	4,405.30

Legend: ■ EAM, ■ ECE, ■ RED

Energy consumption and intensity

Energy Consumption	FY 2020-21	FY 2019-20	FY 2018-19
Direct Energy (TJ)	604.78	614.14	558.21
Indirect Energy (TJ)	164.76	154.56	158.77
Energy Intensity (TJ/crores ₹)	0.11	0.13	0.11

Given the volume of energy consumption and use in our operations, we have implemented several energy efficiency and renewable energy initiatives across our corporate office and units over the past few years. The major drivers for these initiatives are optimisation of energy consumption and optimisation.

Select key initiatives aimed at energy conservation

Month and year of incorporating the initiative	Brief Description	Electricity saved (GJ) FY 20-21
<b>Initiatives taken at EAM</b>		
Nature of the initiative: Process Modification		
2019-20	Productivity improvement through hanger modification	2,802.50
2019-20	Direct firing in Chassis paint shop	1,121.00
2019-20	Installation of VFD's in exhaust blowers, AHU in paint shop	10,800.30
2019-20	Installation of heat pump instead of heater in washing machine	1,800.05
2019-20	Reduction of impeller sizes for throttled pump to reduce electrical consumption	3,60.01
<b>Initiatives taken at ECE</b>		
Nature of the initiative: Process Modification		
2020-21	Installation of VFD's in exhaust blowers of shot blast	256.59
2020-21	Installation of VFD in DM/Phosphate chamber motor	167.96
2020-21	Skid utilisation in paint shop	43.35
<b>Initiatives taken at RED</b>		
Nature of the initiative: Process Modification		
2020-21	Set AC temperature at 26 deg. across the plant	35,640.00
2020-21	Stop Compressor on Sunday/Holidays	31,040.00
2020-21	Disconnect extra street lights and overhead lights	33,880.00
2020-21	1000kva Transformer replaced	58,096.00

EMISSIONS

GHG Emissions

The Scope 1 and Scope 2 emissions for the reporting year are shown in the table below. The emissions from RED division have been negligible. The emissions from diesel, natural gas and LPG account for the Scope 1 emissions. The total CO<sub>2</sub> emissions from purchased electricity account for the Scope 2 emissions. Assumptions and conversion factor used for calculation are mentioned in the notes below the graphs.



GHG Protocol is world's most widely used greenhouse gas accounting standards, according to which

**SCOPE 1** - Direct emissions from sources owned or controlled by the Company

**SCOPE 2** - Indirect emissions from purchased electricity

Scope1 Emissions for the reporting period (in ton)

EAM	ECE	RED
37,316.95	1,657.18	87.91
37,724.47	1,857.67	116.28
34,224.45	1,902.06	152.17

■ FY 2020-21  
■ FY 2019-20  
■ FY 2018-19

Scope2 Emissions for the reporting period (in tCo2e)

EAM	ECE	RED
29,933.86	0.00	3,931.98
27,604.98	0.00	4,476.83
31,293.49	3685.98	4,476.83

■ FY 2020-21  
■ FY 2019-20  
■ FY 2018-19

Notes:

Net Calorific Value of diesel is 43 TJ/Gg

Conversion factor used for natural gas is 1 MMBTU=1.055056

Conversion factor used for converting KWh into Litre Diesel: 1 KWh energy =0.4 Litre diesel

Restatement

We have further refined our methodology for calculating the Scope 1 and Scope 2 carbon emissions which has led to minor differences from the emission numbers reported in our Sustainability Report 2019-20 and accordingly we are restating the Scope 1 and Scope 2 emissions figures for FY 2018-19 and FY 2019-20.

Carbon emissions and emission intensity

Source	FY 2020-21	FY 2019-20	FY 2018-19
Total Scope 1 Emissions (tCO <sub>2</sub> )	39,068.95	39,705.57	36,286.85
Scope 1 Emission intensity	5.44	6.72	5.71
Total Scope 2 Emissions (tCO <sub>2</sub> )	38,911.45	35,204.80	36,201.54
Scope 2 Emission intensity	5.49	5.95	5.69

SOx emissions from Escorts manufacturing operations are comparatively lesser, during the reporting period, ECE has reported 316.99 kg of SOx emission which is highest of the three divisions. EAM and RED has respectively reported, 40.33 kg and 1.62 kg of total SOx emissions, whereas, KMC has not observed any SOx emissions at all.



Air Emissions

In addition to the greenhouse gas (GHG) emission, we also monitor other air emission from our production process including particulate matter (PM), SOx, and, NOx gases. The concentration of PM and NOx from Plant 1,2 and 3 of EAM; Plant 1 and 2 of RED; Manufacturing plant of ECE; and the KMC, during the reporting period is presented in the table below.

The data includes air emissions resulting from different stages of production process like primer section, over section, paint booth, engine testing, etc. as well as from the DG set stacks, as applicable. The working days for process stack emissions are considered as 292 whereas, the same for DG set stack is considered 365. The power factor for DG sets is assumed at 85%.

Air emissions from Escorts (in ton)

EAM	ECE	RED	KMC
71.06 23.6	51.55 1.44	0.01 0.22	0.06 0.16

PM (ton) Nox (ton)

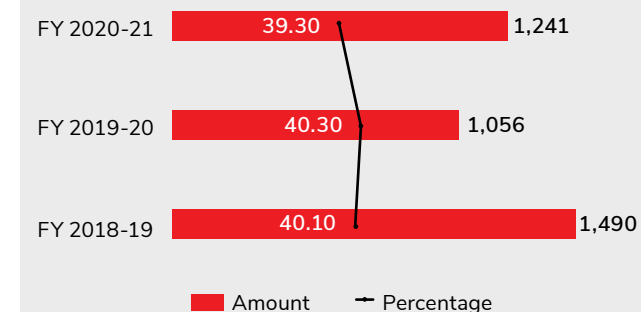
Supply Chain Sustainability



As a group that has operations in India and Poland with export markets in around 65 countries, resilience and sustainability of supply chain against shocks are essential. Post COVID-19, the importance of this aspect has been thrown into renewed focus, and we are also gearing up to ensure that not only the economic losses are curtailed, but also that environmental and social impacts of our supply chain are addressed. 50% of the total suppliers are within 50-km radius of the Company.

Escorts defines 'local' as Delhi-NCR region comprising Delhi, Gurgaon, Noida, Faridabad, and Ghaziabad. The figure shows the amount and percentage of total procurement spent on local procurement for last three years.

Amount spent and percentage of local procurement (₹ in crores)



# People and Communities

At Escorts, we are committed to nurturing and ensuring the well-being of our people by implementing robust health and safety initiatives for our employees and workers. We aim to inculcate the principles of sustainability and responsibility even at an individual level, so that collective effort translates into a fair, equal, and safe workplace for all.

We strive to create a healthy and hospitable work culture for all, and to achieve this, we focus on nurturing our workforce through various employee engagement initiatives.

Human Resources is a corporate function at Escorts and our policies are applicable across the group for all business divisions. The HR function is responsible for

manpower budgeting, recruitment, compensation and benefits, performance appraisal, talent management, and employee welfare. Our workplace culture is governed in accordance to the Escorts' Code of Business Conduct, a comprehensive guiding document is available on our website or alternatively document that can be accessed at <https://www.escortsgroup.com/investors/governance.html>.

## Employment

There are 11,058 employees working with Escorts Limited as of March 31, 2021, including management workers, permanent and contractual workers. The blue-collar employees, who constitute 14% of the total employees, are covered by collective bargaining agreements.

In the reporting year, Escorts hired 396 new employees across all three business divisions, and has observed a retention rate of 94.45% among the new joiners.<sup>1</sup> Only 3 employees have taken parental leave in FY 2020-21 and all of them have returned to work after the leave ended.



Employment data for last three consecutive financial years is shown in the table below:

### Employment data

Sr. No.	Category	FY 2020-21		FY 2019-20		FY 2018-19	
		Male	Female	Female	Female	Female	Female
<b>Workforce turnover</b>							
1	Senior management	3	-	6	0	10	0
2	Middle management	48	-	44	1	62	1
3	Junior management	257	27	307	16	361	10
4	Workers (Permanent)	365	5	109	6	165	2
	<b>Total</b>	<b>673</b>	<b>32</b>	<b>466</b>	<b>23</b>	<b>598</b>	<b>13</b>
<b>New Joinees</b>							
1	Senior management	7	-	5	0	7	0
2	Middle management	43	-	42	2	49	2
3	Junior management	322	21	487	38	472	26
4	Workers (Permanent)	3	0	3	-	5	-
	<b>Total</b>	<b>375</b>	<b>21</b>	<b>534</b>	<b>40</b>	<b>533</b>	<b>28</b>
<b>New Joinees Turnover</b>							
1	Senior management			-	-	-	-
2	Middle management		2	2	-	5	-
3	Junior management	16	4	51	3	64	3
4	Workers (Permanent)			-	-	0	-
	<b>Total</b>	<b>16</b>	<b>6</b>	<b>53</b>	<b>3</b>	<b>69</b>	<b>3</b>

<sup>1</sup>The employment data does not include temporary contractual workers, they are hired on need basis during peak season

### EMPLOYEE ENGAGEMENT

At Escorts, we ensure that we have a structured routine and mainstream interactions with our employees. We offer competitive compensation package to employees, and numerous benefits that include yearly bonuses, life insurance, health insurance employees and their dependents, provision for parental leave, and various kinds of meal and travel allowances. We also contribute to Employees' Provident Fund Scheme (EPFS), Gratuity Fund, and Employees' State Insurance (ESI) as applicable according to the law of the land. Maternity leave is also provided for 6 months as per government regulations.

We have introduced a COVID-19 support package for all the employees. To facilitate smooth functioning during work-from-home, IT assets including wi-fi devices were issued our employees. The IT helpdesk also extended round-the-clock support for troubleshooting any remote working issues.

### TRAINING AND DEVELOPMENT

At Escorts, all new employees are expected to complete some mandatory online trainings within one month of joining, with periodic assessments. Any unsatisfactory

result in this regard requires the employee to undertake the training again. These mandatory trainings include:

- a) Code of Business Conduct (CoBC);
- b) Prevention of Sexual Harassment at Workplace (PoSH)
- c) Environment, Health and Safety (EHS) Practice
- d) Escorts Value familiarisation

The managers are expected to achieve Behavioural, Technical competence building through Digital Platform- New E-Star as well as live online sessions open for all employees and certain Compliance trainings such as - CoBC, PoSH. The plant workers are expected to undertake technical training, on the job training, compliance training and safety training. These trainings are organised for contractual employees as well.

**TRAINING PROGRAMMES DURING THE PANDEMIC**

Post the pandemic, we realised that the traditional ways of classroom instructor led training is not an option. So, we adapted to other modes of education in order to ensure continuous learning.

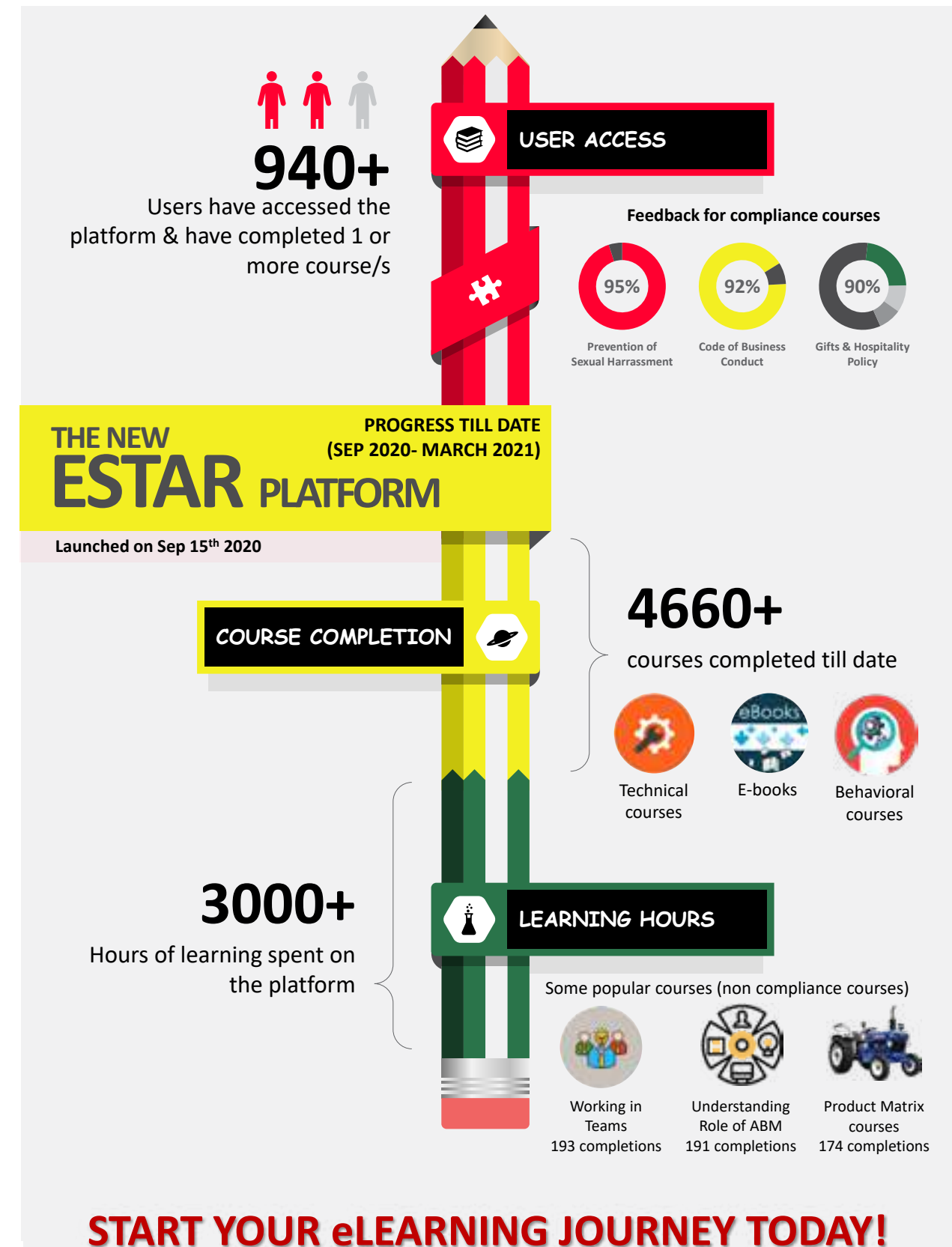
We launched *ESTAR- Learning Management System (LMS)* and other digital learning platforms to ensure continued learning during the pandemic.

ESTAR is a learning platform addressing the various learning needs of employees in form of interactive eLearning courses, webinar recordings, eBooks etc. It includes a wide range of courses (200+) addressing various functional and behavioural competencies of our employees. It also offers a comprehensive repository of Product courses (tractor features and functionalities, competitor comparison videos etc.) as well as compliance related courses.

Since its launch in September 2020 till March 2021, it has been accessed by 940+ employees, 4,660+ courses have been completed on the platform and more than 3,000 hours of learning have been spent on the digital learning platform.



**ESTAR-Learning Management System**



Trainings conducted in the reporting period

**BEHAVIOURAL AND COMPLIANCE**

- Campus to corporate
- Coaching Essentials
- InsideOut Coaching
- Knowledge Sharing Session on Strategic HR Business Partner Program
- Taking Lead, Ownership
- The Art of Mentoring
- Code of Business Conduct
- Prevention of Sexual Harassment Session

**TECHNICAL TRAINING**

- Hands on Sessions on the new ESTAR Platform
- MS Excel
- MS PowerPoint
- Session on Information Security
- Tips and Tricks on MS Excel
- Understanding Tax Structure
- Multiple Product training sessions

**COVID-19 SUPPORT TRAINING**

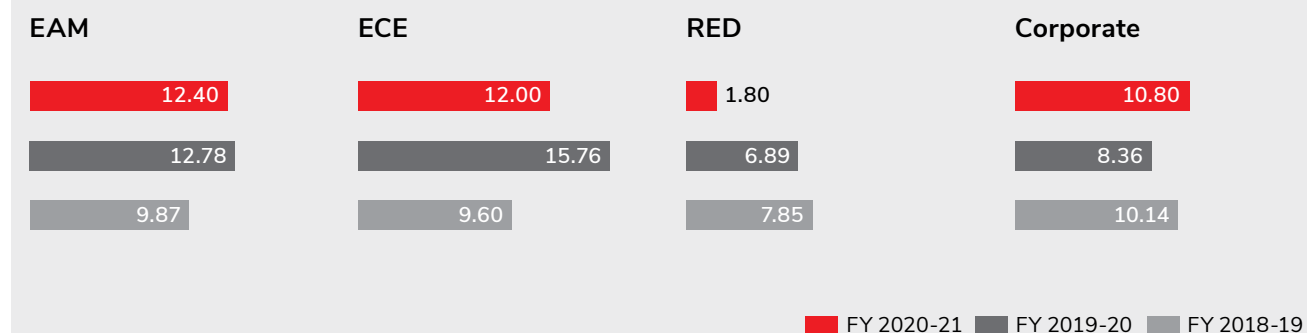
- Being Empathetic
- Collaboration in the virtual world
- Emotional Gateway
- How to take care of skin and hair
- Hands on Sessions on our Intranet portal (health and wellness page)
- Lifestyle diseases (above 40 years)
- Lifestyle diseases (below 40 years)
- Managing the Uncertain and Unknown
- Managing time while working remotely
- Mindful Thinking
- Nutrition and Mental Health of Women
- Webinar on Post COVID-19 Health Care
- Cyber Security awareness session (while working from home)

**FUNCTIONAL TRAINING**

- 8D problem solving technique
- Advanced Product Quality Planning (APQP)
- Daily work management
- Design thinking functional
- Energy Efficient System and Cost Saving Techniques
- Ergonomics
- Essentials of reliability
- Intellectual Property Rights
- ISO Internal Auditor
- Lean manufacturing
- Negotiation skills
- New labour codes
- Related party transaction
- Selling skills with customer centric approach
- Shot Blasting and Shot Peening
- The New Labour Code and its implications
- Understanding of ISO 14001:2004 & ISO 45001:2018 requirements
- Value Stream Mapping
- Webinar on selling skills
- Welding standards
- Zero based costing

During the pandemic, our learning and development department focused a lot on behavioral and awareness trainings. Multiple webinars and sessions were conducted on healthcare including mental wellbeing and mindfulness during the pandemic. While the COVID-19 support related training assumed importance, the functional and technical trainings also went ahead in its full capacity empowering employees with new skills and learnings while working from home. Our average training hours during the reporting period was reported between 10 and 12 hours. Detailed figures on average training hours for different business divisions is shown in the graph below.

**Average training hours across business divisions (in hours)**



**LABOUR RELATIONS**

It is one of the key focus areas for us. At Escorts, labour relations are managed by the production functions of the respective business divisions with supervision from Employee Relations, which, like HR, is a corporate function.

Typically, a one-day notice period is given to workers and their representatives if any significant operational changes are to be brought in, which is also mentioned in the collective bargaining agreements. There is no risk to workers' rights to exercise freedom of association or collective bargaining. Permanent workers have the right to get affiliated with trade/ labor unions. Union body elections are held every 2 years across Escorts Limited. The management abides by the Trades Union Act to provide facilities and collective bargaining opportunities in line with the Act and standing orders. All blue-collar worker at Escorts are members of Escorts Employee Union, which is part of Hind Mazdoor Sabha (HMS).

We have given due consideration to the COVID-19 norms for the workers and have provided due "support to the COVID-19 affected workers and their families".



## Diversity and Inclusion

At Escorts, as part of sustainability project, Diversity and Inclusion is one of the important pillars and we are focused to enhance the current diversity ratio in terms of gender, demography, age and so on. We aim to ensure equality of opportunity and employment without any bias in the context of having a mix of gender, race, age, ethnicity, sexual orientation etc. We aim to enhance female workforce participation and thus, gender diversity and fair pay are particularly taken care of during hiring and performance appraisals. In the reporting year, we have hired 21 new female employees and 5 new female employees at the contractual level.



Composition of our board also follows the regulatory requirement of maintaining **25% female representation**.

To further improve the diversity and inclusion at Escorts, several new initiatives were undertaken in the reporting period. We conducted an Engagement Survey with the women employees to understand the areas where there is a scope of improvement. As part of the action plan, following initiatives were taken:

- 1. Focused Group Discussions-** We conducted Focus group discussions with different female employees at Escorts, to know their ideas and understand their feedback.
- 2. Women's Day celebration-** We celebrated Women's Day as an inclusion day. We launched an initiative, *"Other side of ME"*, wherein we asked women employees to share their passion or hobbies. The objective was to enhance the inclusion, and the shared stories were published in Escorts group. Many women employees participated in this and shared interesting hobbies, that helped them connect with their colleagues better.
- 3. Leadership Interaction Session-** We conducted sessions with women employees where they got an opportunity to interact with leadership. They share their expectations and what measures can help to attract and retain more women employees in Escorts.

### 4. Hygiene Initiatives-

Separate Female ward at all OHCs (Occupational Health Centre/ Dispensary) has been established so that women get some privacy when unwell

New restrooms have been ensured wherever the restroom location was far and many have been renovated to ensure the basic hygiene

We already had installed 'Sanitary napkin' Dispensers at various locations to facilitate the women employees. During last year, we got more machines installed to cover all women restrooms.

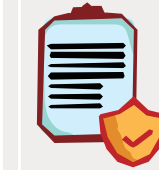
A new Creche has been established in Plant 1. Formal inauguration has been delayed due to the pandemic

- 5. Monitoring of Gender diversity** on monthly basis is of utmost importance to us and one of the key points in our agenda is to keep the focus on hiring more women across levels in the organisation.

## Community Engagement

Escorts has an immense legacy of 7 decades of contribution to the growth and development of local communities. Escorts touches the lives of the people by providing quality healthcare facilities to the surrounding communities at Faridabad. Escorts has accounted a total CSR spend of ₹ 11.82 crores\*. We are contributing to build a resilient food system that is of utmost importance amidst the pandemic. We are attempting to evolve ourselves as complete solutions provider for the farming community. We are ensuring profitability of the most technologically advanced farm machinery using the disruptive pay per use model.

\*Including amount transferred to unspent CSR account (refer note 30 of the standalone financial statements)



Our CSR Policy, first published in 2015, is a comprehensive document that guides the Company to undertake welfare activities for society and communities.

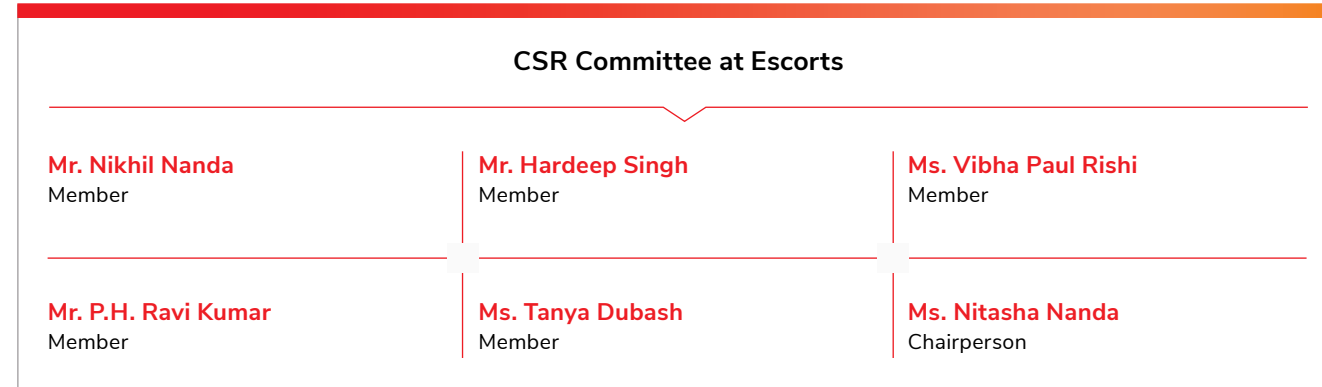
In the reporting period, Escorts has revised its CSR Policy in accordance with the recent amendments in the Companies Act, 2013 (the CSR Law)

### CSR Initiatives at Escorts



**CSR Committee**

The CSR Committee at Escorts monitors and reviews CSR implementation every year. The committee approves the CSR expenditure and calls for project appraisals, if required. The CSR committee was reconstituted during the reporting year. The figure below represents the committee members.



**FOCUS ON COVID-19 CARE**

At Escorts, care, concern and compassion is of utmost importance. In the wake of ongoing pandemic, we have placed special emphasis on COVID-19 related relief work as part of our CSR activities. Escorts has taken several initiatives to reach out and support the government and provide care for its employees and communities.

**Support to government initiatives**

Escorts have supported both central and state government to the extent possible in implementation of the COVID-19 response actions. In an effort to further strengthen our contribution to the movement, we have donated ₹ 1 crore to the **PM Cares Fund**, the Prime Minister's National Relief Fund and ₹ 0.1 crore to the Haryana Disaster Management Authority. We have also contributed to government's efforts in kind by donating COVID-19 testing kits, complete with mask and oximeters.

**Community support**

During the COVID-19 pandemic, the underprivileged were the hardest hit and it is our moral responsibility to take care of the communities that serve our business. Escorts distributed food packets and other necessary items for the community members during the lockdown. Escorts donated close to 1,350 rapid antibody test kits to Municipal Corporation and provided medical assistance.

We also held hands with Shirdi Sai Baba Temple Society and Delhi Sikh Gurudwara Management Committee for serving the food to the needy people. Escorts Limited also distributed food packets to the needy during lockdown to 1,94,000 people. We also collaborated with hands with Epsyclinic Healthcare Private Limited in serving COVID-19 patients and healthcare and frontline workers in Faridabad by providing them counselling support.



**A multiyear project, Escorts Advance Farming Institute is initiated during the reporting period. The project focuses on skilling farmers through training, practical demonstrations, and extension services. It will develop model farms using advanced crop production technologies, partnering with suitable national and foreign agri universities, progressive farmers, start-ups, and other like-minded institutions. The key stakeholders and beneficiaries from the project will be farmers, unskilled & unemployed youth, agri entrepreneur and students. It is implemented through Escorts Skill Development and is funded for a period of 3 years.**

**Other CSR activities**

In association with the Tajinder Singh Memorial and Escorts Medicare Foundation, we have provided healthcare facility to communities beyond COVID-19 support as well. We donated for medical check-ups of students and teachers. We also organised multiple health camps in association with BK Hospital, Faridabad and supported 352 free cataract operations. Our Mobile Medical Units (MMU) operated in collaboration with the Tajinder Singh Memorial and Escorts Medicare Foundation and impacted 24774 lives with all these efforts.

imposed best industry practices to ensure health and safety of our employees and their family members. We rolled out WFH (work-from-home) facility for corporate employees and shift hours for production workers. We encouraged employees to wear mask at all times and observe social distancing as prescribed by the health authorities. We took proactive measures in case potential COVID-19 incidence on premise and conducted 10211 rapid antigen/ RT-PCR test for employees and workers. Escorts also procured COVID-19 insurance for employees worth ₹ 50,000.

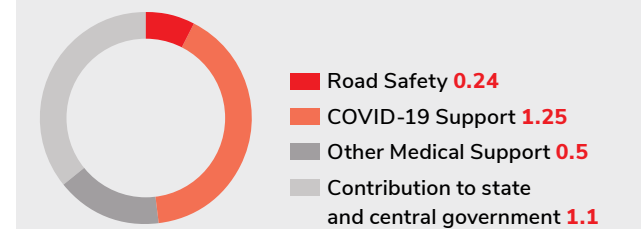
Other than COVID-19 related relief work and healthcare supports, our CSR activities during the reporting year involved projects on road safety, promoting education, and, disaster management

A break up of our expenditure on various CSR activities including the COVID-19 support for communities and donation to government funds, is shown in the figure.

Apart from the above CSR activities during COVID-19 crises, the Company also undertook few initiatives **for Employee welfare:**

Safeguarding our employee's wellbeing is central to Escorts' principles. During the COVID-19 lockdown restrictions, we followed all government guidelines and

**Break-up of CSR expenditure during the reporting period (in ₹ crores)**





# Compliance and Ethics

At Escorts, significant weightage is accorded to both the law of the land, and the inherent values we swear by (described in the "About Escorts" section). In this regard, we have in place a comprehensive, information technology-based compliance management system and checklists that map compliance requirements of almost every function in the group.

The Board of Directors tries to meet at least 5 to 6 times in a year, during which detailed presentations are made by Operations, Finance, Sales, Accounts, Marketing, and Compliance teams. These reviews follow a pre-defined agenda wherein detailed notes on each discussion are provided to the Board beforehand. The annual and operating budgets of the Company are also reviewed exhaustively by the Board of Directors.

## Corporate Governance

Corporate governance is a high-priority area at Escorts, and we work continuously to ensure that our policies and guidelines are in line with international standards. We believe that there are four driving forces behind our governance system:

### Our approach to corporate governance



Sustaining relationships with shareholders, employees, and customers and investors while ensuring razor-sharp precision in adherence to all regulatory requirements and values we uphold is a habitual activity at Escorts. We have detailed policies covering guidelines on all these areas, including code of business conduct, policy for prevention of sexual harassment at work, whistle-blower policy, and board remuneration and diversity policy. All these and the other statutory policies (including a webcast of our annual general body meeting) can be found on the

corporate governance section of our website: <https://www.escortsgroup.com/investors/governance.html>. There is also an independent team that monitors maintenance of the zero-tolerance stand on corruption through audits. Moreover, the importance of adherence to this stand is reinforced from time to time through training at the time of induction, and through informal chats between employees and their managers or the human resources team.

## COMPOSITION OF THE BOARD

Our Board of Directors comprises twelve members, each with well charted-out roles and oversight responsibilities for all business decisions – including those on sustainability. Keeping in mind the overall developmental journey of the organisation and its associated stakeholders, the Board regularly keeps up with government regulations and reviews possibilities of breaches to compliance, values, and ethics in a detailed manner. Serious action is taken on any deviations. The

Board members belong to different age groups (46-69 years), and the gender balance in the Board is in line with governmental regulations. All Board members have been appointed based on the unique domain experience and expertise they bring from their diverse backgrounds. Detailed information on the qualifying criteria for their appointment can be found on the "Governance" section of our website, in the policies for "Appointment of Directors and Members of Senior Management", and "Draft Terms and Conditions of Appointment of Independent Director".

Board of Directors			
<b>Mr. Nikhil Nanda</b> Chairman & Managing Director	<b>Mr. Hardeep Singh</b> Director	<b>Mr. P.H. Ravi Kumar</b> Independent Director	<b>Ms. Vibha Paul Rishi</b> Independent Director
<b>Mr. Sutanu Behuria</b> Independent Director	<b>Ms. Nitasha Nanda</b> Whole-time Director	<b>Mr. Shailendra Agarwal</b> Executive Director	<b>Mr. Sunil Kant Munjal</b> Independent Director
<b>Ms. Tanya Dubash</b> Independent Director	<b>Mr. Harish N. Salve</b> Independent Director	<b>Mr. Dai Watanabe</b> Nominee Director	<b>Mr. Yuji Tomiyama</b> Nominee Director

Committees of Board of Directors		
<b>Audit Committee</b>	<b>Risk Management Committee</b>	<b>Nomination, Remuneration and Committee Compensation</b>
<b>Corporate Social Responsibility Committee</b>	<b>Stakeholders' Relationship Committee</b>	

Leadership Team		
<b>Mr. Nikhil Nanda</b> Chairman & Managing Director	<b>Mr. Shailendra Agarwal</b> Executive Director	<b>Mr. Shenu Agarwal</b> CEO, Escorts Agri-Machinery
<b>Mr. Ajay Mandahr</b> CEO, Escorts Construction Equipment	<b>Mr. Bharat Madan</b> Group CFO & Corporate Head	<b>Mr. Amit Singhal</b> Group Chief Human Resource Officer & Dy. Corporate Head

Please refer to page no. 44 of this report for more details.

## Values, Ethics and Compliance

### 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.

<p><b>Respect for People</b></p> <p>We will demonstrate dignity and respect for people in all our interactions. We will not tolerate belittling of people, regardless of position, or circumstance.</p>	<p><b>Empowerment</b></p> <p>People at all levels must be vested with the power and confidence to take decisions concerning their area of work.</p>	<p><b>Transparency</b></p> <p>People will understand the processes and criteria used to arrive at decisions concerning them.</p>	<p><b>Collaboration</b></p> <p>We will work with our colleagues with the spirit of collaboration and mutual respect.</p>
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### 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.

<p><b>Customer Centricity</b></p> <p>Acute sensitivity to the needs and experiences of the customer shall guide all that we do.</p>	<p><b>Excellence</b></p> <p>We will strive to achieve and surpass world-class standards in all that we do.</p>	<p><b>Innovation</b></p> <p>We will use the power of technology and imagination to deliver solutions to customers' needs.</p>	<p><b>Agility</b></p> <p>We will operate in our markets with the ability to change direction and position with nimbleness and speed.</p>
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### CODE OF CONDUCT

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

### Aspects covered under Code of Conduct

Clause	Aspects Covered
<b>OUR RESPONSIBILITIES</b>	Outlines responsibilities of each employee at Escorts with respect to conducting themselves ethically and reporting breaches, if any.
<b>REGULATORY COMPLIANCE</b>	<ul style="list-style-type: none"> <li>Compliance with applicable law and statutes</li> <li>Compliance with competition laws</li> <li>Anti-money laundering</li> <li>Securities and Insider Trading</li> </ul>
<b>RESPECT FOR HUMAN RIGHTS</b>	<ul style="list-style-type: none"> <li>Dignity and Respect</li> <li>Equal opportunities and non-discrimination</li> <li>Anti-harassment</li> <li>Anti-sexual harassment policy</li> <li>Human Rights</li> <li>Child and Forced Labour</li> </ul>
<b>BUSINESS PRINCIPLES</b>	<ul style="list-style-type: none"> <li>Conflicts of Interest</li> <li>Gifts and Hospitality</li> <li>Protection and Use of Company Assets</li> <li>Honest &amp; Ethical Conduct and Anti-Fraud</li> <li>Financial Books and Records and Audit</li> <li>Political &amp; Extracurricular Activities</li> </ul>
<b>WORKING WITH OUR STAKEHOLDERS AND OUR CHANNEL PARTNERS</b>	<ul style="list-style-type: none"> <li>Customers</li> <li>Vendors and Channel Partners</li> <li>Shareholders</li> <li>Government</li> </ul>
<b>SAFEGUARDING ENTRUSTED INFORMATION</b>	<ul style="list-style-type: none"> <li>Confidentiality of information</li> <li>Data Privacy</li> <li>Social Media Usage</li> <li>Communication with the Media</li> </ul>
<b>HEALTH, SAFETY, AND ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>Health and safety standards at Escorts</li> <li>Substance Abuse and Weapons</li> <li>Socio-economic Environment</li> </ul>
<b>RAISING A CONCERN</b>	<ul style="list-style-type: none"> <li>Reporting on grievances</li> </ul>

### INTERNAL CONTROL MECHANISM

To ensure that all organisational risks are identified and addressed in a comprehensive manner, Escorts appointed EY LLP as its internal auditor. There is a well-defined risk management policy at the Board level, and all matters in this regard are managed by the risk management committee, led by the Chairman, the Chief Financial Officer, and one of the independent directors.

The risk management policy at Escorts is comprehensive and lists detailed steps for risk identification, assessment, and management. All risks are monitored, evaluated, and identified by the respective functions and business divisions, but significant risks are reviewed by the Board of Directors.

The major risks identified are as follows:

### Identified Risks

Our Sustainability Themes	Potential Risks
Creating Stakeholder Values	Impact of macro events on business continuity Impact of monsoon and other such external factors on tractor industry
Operational and Resource Efficiency	Inefficient cost structure resulting in reduced profitability
People and Communities	Adverse Labour relations
Compliance and Ethics	Guiding confidential information and IT systems

Please refer to page no. 34 of this report for more details.

# Road ahead to Sustainability

As Escorts embarked on the journey to sustainability last year, the road ahead towards becoming a more greener, more responsible and mature organisation has become clearer. The three year sustainability roadmap lays out multiple actions in various impact areas and we are committed to abide by them same. In next few years, Escorts will adopt a carbon neutrality strategy and will further streamline its initiatives to achieve the laid targets.

We are also looking forward to integrate sustainability in our business operations through supply chain and risk management practices. We are currently undertaking internal gap assessment of some additional sustainability disclosure frameworks such as CDP (Carbon Disclosure Project), DJSI (Dow Jones Sustainability Index), and Integrated Reporting framework by IIRC. We are also assessing the data availability for the revised BRSR (Business Responsibility and Sustainability Report) as guided by Ministry of Corporate Affairs, India.

Escorts commits to continue investing in research and development of greener alternatives like electric powered agri and construction machinery. We will continue to develop various product and process level innovations that reduce our carbon footprint and will endorse such initiatives among industry and peers. We are excited to continue growing on the path of a sustainable future and contribute towards a better, more sustainable world.



# GRI Index

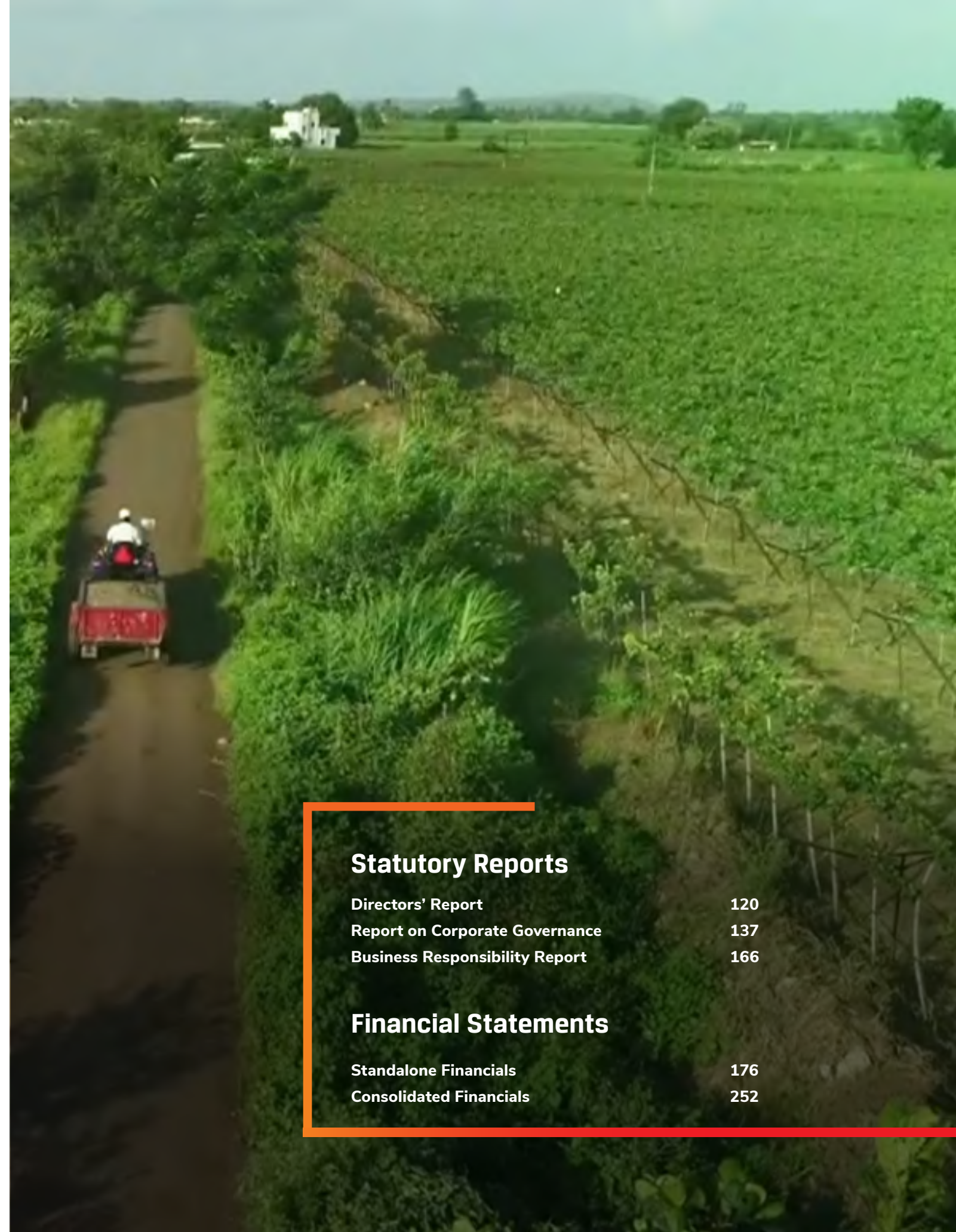
## Aspects covered under Code of Conduct

GRI Standard	Disclosure	Page no.
<b>GENERAL DISCLOSURES</b>		
<b>GRI 102:</b>	102-1 Name of the organisation	Cover page
<b>GENERAL DISCLOSURES</b>	102-2 Activities, brands, products, and services	4,6,7,54,59,64
	102-3 Location of headquarters	152
	102-4 Location of operations	152
	102-5 Ownership and legal form	189
	102-6 Markets served	166
	102-7 Scale of the organisation	6,7,12,13
	102-8 Information on employees and other workers	100-106,171
	102-9 Supply chain	99,170
	102-10 Significant changes to the organisation and its supply chain	99
	102-11 Precautionary principle or approach	87,169
	102-12 External initiatives	107-109
	102-13 Memberships of associations	174
	102-14 Statement from senior decision-maker	16-29
	102-15 Key impacts, risks, and opportunities	34-37
	102-16 Values, principles, standards, and norms of behavior	5,112
	102-18 Governance Structure	44-45, 110-113
	102-40 List of stakeholder groups	74-75
	102-41 Collective Bargaining agreements	105
	102-42 Identifying and selecting stakeholders	74
	102-43 Approach to stakeholder engagement	74-75
	102-44 Key topics & concerns raised	74-75
	102-45 Entities included in the consolidated financial statements	122
	102-46 Defining report content and topic boundaries	71
	102-47 List of material topics	76
	102-48 Restatements of information	75,82,83,98
	102-49 Changes in reporting	Sustainability disclosure are part of Annual Report FY 2020-21
	102-50 Reporting period	71
	102-51 Date of most recent report	9 November 2020
	102-52 Reporting cycle	71
	102-53 Contact point for questions regarding the report	71

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	102-54 Claims of reporting in accordance with the GRI Standards	71
	102-55 GRI Content Index	115-118
	102-56 External Assurance	Not Externally Assured
<b>SPECIFIC STANDARD DISCLOSURES</b>		
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	103-2 The management approach and its components	82
	103-3 Evaluation of management approach	82
<b>GRI 201: ECONOMIC PERFORMANCE</b>	201-1 Direct economic value generated and distributed	82
	201-3 Defined benefit plan obligations and other retirement plans	83
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	99
	103-2 The management approach and its components	99
	103-3 Evaluation of management approach	99
<b>GRI 204: PROCUREMENT PRACTICE</b>	204 -1 Proportion of spending on local suppliers	99
<b>CATEGORY: ENVIRONMENT</b>		
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	94
	103-2 The management approach and its components	94
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<b>GRI 302: ENERGY</b>	302-1 Energy consumption within the organisation	95-97
	302-3 Energy intensity	95-97
	302-4 Reduction of energy consumption	95-97
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	87
	103-2 The management approach and its components	87
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<b>GRI 303: WATER</b>	303-3 Water withdrawal	87
	303-5 Water consumption	87
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	97-98
	103-2 The management approach and its components	97-98
	103-3 Evaluation of management approach	97-98
<b>GRI 305: EMISSIONS</b>	305-1 Direct (Scope 1) GHG emissions	97-98
	305-2 Energy indirect (Scope 2) GHG emissions	97-98
	305-4 GHG emissions intensity	97-98
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	97-98

GRI Standard	Disclosure	Page no.
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	88-89
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<b>GRI 306: EFFLUENTS AND WASTE</b>	306-2 Waste by type and disposal method	88-89
<b>CATEGORY: SOCIAL</b>		
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	103-2 The management approach and its components	100-101
	103-3 Evaluation of management approach	100-101
<b>GRI 401: EMPLOYMENT</b>	401-1 New employee hires and employee turnover	100-101
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	100-101
	401-3 Parental leave	100-101
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	105
	103-2 The management approach and its components	105
	103-3 Evaluation of management approach	105
<b>GRI 402: LABOR RELATIONS</b>	402-1 Minimum notice periods regarding operational changes	105
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	90-93
	103-2 The management approach and its components	90-93
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<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>	403-1 Occupational health and safety management system	90-93
	403-2 Hazard identification, risk assessment, and incident investigation	90-93
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<b>GRI 404: TRAINING AND EDUCATION</b>	404-1 Average hours of training per year per employee	101-105
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<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	106
	103-2 The management approach and its components	106
	103-3 Evaluation of management approach	106

GRI Standard	Disclosure	Page no.
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>	405-1 Diversity of governance bodies and employees	106
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	106
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	103-3 Evaluation of management approach	106
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<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	105
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<b>GRI 407: FREEDOM OF ASSOCIATION</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	105
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary	107-109
	103-2 The management approach and its components	107-109
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<b>GRI 413: LOCAL COMMUNITIES</b>	413-1 Operations with local community engagement, impact assessments, and development programs	107-109
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## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Seventy Fifth Annual Report of the Company along with Company's audited financial statements (standalone and consolidated) for the financial year ended on March 31, 2021.

### Financial Results

Particulars	Standalone		Consolidated	
	Year ended on March 31, 2021	Year ended on March 31, 2020	Year ended on March 31, 2021	Year ended on March 31, 2020
Revenue from operations	6929.29	5760.95	7,014.42	5,810.09
Other income	154.56	92.25	160.38	97.60
<b>Total income</b>	<b>7083.85</b>	<b>5853.20</b>	<b>7,174.80</b>	<b>5,907.69</b>
Profit from operations before Interest, Depreciation, Exceptional Items & Tax	1283.79	768.07	1,286.40	758.92
Finance Cost	10.98	15.46	13.34	17.23
<b>Profit from operations before Depreciation, Exceptional Items &amp; Tax</b>	<b>1272.81</b>	<b>752.61</b>	<b>1,273.06</b>	<b>741.69</b>
Depreciation & Amortisation	115.70	104.55	118.28	107.22
<b>Profit from operations before Exceptional Items &amp; Tax</b>	<b>1157.11</b>	<b>648.06</b>	<b>1,154.78</b>	<b>634.47</b>
Exceptional Item	-	(9.22)	-	(9.22)
<b>Profit from operations before Tax</b>	<b>1157.11</b>	<b>638.84</b>	<b>1,154.78</b>	<b>625.25</b>
Tax Expense	283.05	153.30	283.15	153.53
<b>Profit from operations after Tax</b>	<b>874.06</b>	<b>485.54</b>	<b>871.63</b>	<b>471.72</b>
<b>Net profit for the period</b>	<b>874.06</b>	<b>485.54</b>	<b>871.63</b>	<b>471.72</b>

### Financial Performance/ State of Company Affairs

The brief highlights of the Company's performance (Standalone) for the financial year ended March 31, 2021 are:-

**₹ 7,083.85**  
crores

Total income of the Company for FY 2021 stood at ₹ 7,083.85 crores (₹ 5,853.20 crores in FY2020)

Profit from operations before Interest, Depreciation, Exceptional Items & Tax stood at ₹ 1,283.79 crores.

**₹ 1,283.79**  
crores

**₹ 1,157.11**  
crores

Profit from operations before Tax (PBT) stood at ₹ 1,157.11 crores. Net profit for the period stood at ₹ 874.06 crores.

Your Company sold 106741 tractors during the year under review as against 86018 tractors sold during the last financial year. The directors are also pleased to inform that in fiscal 2020-21, for the first time ever in any financial year, your Company has crossed the 1,00,000 unit landmark in terms of tractor sales and tractor production in India.

The brief highlights of the Company's performance (Consolidated) for the financial year ended March 31, 2021 are:-

- Total income of the Company for FY 2021 stood at ₹ 7,174.80 crores (₹ 5,907.69 crores in FY 2020)
- Profit from operations before Interest, Depreciation, Exceptional Items & Tax stood at ₹ 1,286.40 crores.
- Profit from operations before Tax (PBT) stood at ₹ 1,154.78 crores. Net profit for the period stood at ₹ 871.63 crores.

The details on the individual businesses of the Company are provided in the Management Discussion & Analysis section provided in this annual report. On our response to COVID-19 pandemic, please refer sustainability report at page 70.

### 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, the following dividend for the financial year ended March 31, 2021:

- Normal Final Dividend @ 50% per share of Face Value of ₹ 10/- each** (i.e. ₹ 5.00 per share)
- Additional Special one-time Platinum Jubilee (75th Year) Dividend @ 25% per share of Face Value of ₹ 10/- each** (i.e. ₹ 2.50 per share)
- Total Dividend @ 75% per share i.e. ₹ 7.50 per equity share** payable on all outstanding shares except on the equity shares held by Escorts Benefit & Welfare Trust.

The dividend payout is subject to the approval of members at the ensuing Annual General Meeting (AGM).

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

The dividend distribution policy is available on our website at <https://www.escortsgroup.com/investors/governance.html>.

### Employee Stock Option Scheme

The Escorts Employees Stock Option Scheme ("Scheme") is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there were no material changes to the scheme during the financial year 2020-21. The Scheme is being implemented in accordance with the SBEB Regulations and the resolutions passed by the members. The auditors certificate would be available during the Annual General Meeting for inspection by members. The details as required to be disclosed under the SBEB Regulations would be available on the Company's website at [www.escortsgroup.com](http://www.escortsgroup.com).

The Board of Directors in its meeting held on May 14, 2021 on the recommendation of the Nomination, Remuneration and Compensation Committee meeting held on May 11, 2021, has approved the changes in Employee Stock Option Scheme ('Scheme') of the Company subject to the approval of shareholders of the Company.

### Directors and Key Managerial Personnel

In accordance with the provisions of Companies Act, 2013 (hereinafter referred as "the Act") and Articles of Association of the Company, Mr. Shailendra Agrawal (DIN: 03108241) and Ms. Nitasha Nanda (DIN: 00032660), Directors retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

The Board of Directors in its meeting held on July 16, 2020 co-opted Mr. Harish N. Salve (DIN: 01399172) as an Additional and Independent Director on the Board of the Company on the recommendations of Nomination and Remuneration Committee. The Board considered the domain knowledge and experience of Mr. Harish N. Salve in the areas of constitutional, commercial and taxation law while approving his appointment as an Independent Director on the Board of the Company. The Board is of the opinion that Mr. Harish N. Salve possesses requisite qualification, experience, expertise and holds high standard of integrity. Mr. Salve was regularised as Independent Director in the Annual General Meeting held on August 24, 2020.

The Board of Directors in its meeting held on July 16, 2020, appointed Mr. Dai Watanabe (DIN: 08736520) and Mr. Yuji Tomiyama (DIN: 08779472) as an additional directors on the Board of the Company based on the recommendations of the Nomination and Remuneration Committee of the Company and pursuant to the Share Subscription Agreement dated March 20, 2020 read with the amendment agreement dated July 15, 2020 ("SSA"), with Kubota Corporation, Japan and certain Specified Promoters. The shareholders of the Company in the Annual General Meeting held on August 24, 2020 had approved the regularization of Mr. Watanabe and Mr. Tomiyama as the Non-Executive Directors of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under subsection (6) of Section 149 of the Act and under Regulation 16(1)(b) & 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter referred as "the Listing Regulations"). The policy on Appointment and Removal of Director's and Members of Senior Management is attached as Annexure - A and forms an integral part of this Report.

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

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

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

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

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

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

### Corporate Governance

Corporate Governance is about maximising shareholders value, ethically and sustainably. At Escorts the goal of corporate governance is to ensure fairness for every stakeholder. Your Company believes that strong corporate governance is critical to enhancing and retaining investor trust. Your Company also endeavours to enhance long term shareholder value and respect minority rights in all its business decisions.

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

### Corporate Social Responsibility (CSR)

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

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

The CSR Policy may be accessed on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investors Information Section. During the year, the Company has spent ₹ 11.82 crores. \*Including amount transferred to unspent CSR account (refer note 30 of the standalone financial statements)

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

### Consolidated Financial Statements

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

### Subsidiaries, Joint Ventures and Associate Companies

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

During the financial year ended on March 31, 2021, the Company has infused additional equity capital in the following Companies at different point of times:

1. Escorts Crop Solutions Limited, Subsidiary
2. Tadano Escorts India Private Limited, Joint Venture
3. Escorts Kubota India Private Limited, Joint Venture

The Company has also entered into another Joint Venture with Kubota Corporation, Japan during the year. The Company has made an investment of ₹ 90 crores being 40% stake in the Equity Capital of Kubota Agricultural Machinery India Private Limited being the Joint Venture of your Company with Kubota Corporation.

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 available for inspection.

Further, the Company along with other shareholders of Escorts Securities Limited ("ESL"), the subsidiary of Escorts Limited, have entered into a Share Purchase Agreement ("SPA") with M/s. Choice Equity Broking Private Limited ("the Acquirer") a wholly owned Subsidiary of M/s. Choice International Limited, to sell and transfer their entire shareholding in ESL to the Acquirer, subject to obtaining all applicable regulatory approvals. Upon completion of the aforesaid transaction in terms of the SPA, Escorts Limited will sell and transfer its entire 40.444% shareholding in ESL to the Acquirer and ESL will cease to be subsidiary of the Company.

The details of the above investments/ disinvestment are provided in the note 7 & 16 of the Notes to Accounts of Standalone Financial Statements of the Company.

### Contracts and Arrangements with Related Parties

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

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

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

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

### Auditors and Auditors' Report Statutory Auditors

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

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

The observations and comments given by M/s. Walker Chandio & Co LLP, Chartered Accountants, Statutory Auditors in their report read together with notes to Accounts for the year ended March 31, 2021 are self-explanatory and hence, do not call for any further comments under Section 134 of the Act.

The Statutory Auditors of the Company have not reported any fraud as specified in Section 143(12) of the Act.

### Cost Auditors

The Board of Directors of the Company has re-appointed M/s. Ramanath Iyer and Co., Cost Accountants, New Delhi (Firm Registration No. 000019), Cost Auditors of the Company under Section 148 of the Act, for conducting the audit of cost records for the financial year 2021-22.

The due date of filing the Cost Audit Report for the year ended on March 31, 2020 was September 30, 2020 and the same had been filed on August 24, 2020.

Further, this is to confirm that the requirement of maintaining cost records as per Section 148(1) of the Act is applicable to the Company and accordingly, the Company has made and maintained cost records.

### Secretarial Auditors

The Board of Directors of the Company had appointed M/s. Jayant Gupta and Associates, Practicing Company Secretaries to conduct secretarial audit of the Company for the financial year 2020-21.

The Secretarial Audit Report for the financial year ended March 31, 2021 is enclosed as Annexure – G and forms an integral part of this Report.

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

The Board has also re-appointed M/s. Jayant Gupta and Associates, Practicing Company Secretaries to conduct secretarial audit of the Company for the financial year 2021-22.

### Risk Management

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

The Company has laid down a Risk Management Policy and the same is available on the website of the Company at <https://www.escortsgroup.com/investors/governance.html>

The details of constitution of Risk Management Committee of the Company is provided in Report on Corporate Governance at Annexure - D of the Directors' Report.

### Internal Financial Control and its Adequacy

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

The Company has in place adequate internal financial controls for ensuring the orderly and efficient conduct of its business.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

## Disclosures

### Meetings of the Board

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

### Audit Committee

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

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

### Extracts of Annual Return

The extracts of the Annual Return in Form MGT-9 is available on the Company's website at [www.escortsgroup.com](http://www.escortsgroup.com). The Annual Return for Financial Year 2019-20 is also available on the Company's website at [www.escortsgroup.com](http://www.escortsgroup.com).

### Vigil Mechanism

The Company has adopted a Whistle Blower Policy establishing vigil mechanism for Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimisation of effected Director(s) and Employee(s). In exceptional cases,

The reporting on the utilisation of funds raised through preferential allotment is as follows:

Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised	Amount of Deviation/ Variation for the quarter according to applicable object	Remarks if any
For the Agri Machinery Business of the Company i.e. the business of manufacturing, assembly, sales, marketing, financing, servicing, research and development of: (a) tractors; (b) construction equipment (i.e., backhoe loaders and other items to be mutually agreed between Promoters and Kubota Corporation); (c) implements; (d) transmission for tractors, construction equipment (i.e., backhoe loaders and other items to be mutually agreed between the Promoters and Kubota Corporation) and implements; and (e) spare parts of the items referred in (a), (b), (c) and (d), and for the manufacture of engines by the Company	Not Applicable	₹ 1041.90 crores	NIL	₹ 142.30 crores	NIL	-

Directors and Employees have direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy is available on Company's website at <https://www.escortsgroup.com/investors/governance.html>

### Registrar and Share Transfer Agent

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

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

### General Reserves

An amount of ₹ 0.21 crores (previous year: 0.33 crores) transferred to general reserves on account of vested employees stock options lapsed during the year.

### Change in Share Capital Preferential Issue

During the year, the Board of Directors of the Company had approved the allotment of 1,22,57,688 Equity Shares of ₹ 10/- each at a premium of ₹ 840/- each for a total consideration of ₹ 1041.90 crores to M/s Kubota Corporation, Japan.

### Capital Reduction

During the year, the Audit Committee and Board of Directors in their meeting held on July 15, 2020 separately had approved the proposal of Capital Reduction of 1,22,57,688 Equity Shares of ₹ 10/- each of the Company held by Escorts Benefit and Welfare Trust without payment of any consideration.

The Shareholders of the Company approved by way of Postal Ballot on February 21, 2021 the scheme of Capital Reduction of 1,22,57,688 Equity Shares of ₹ 10.00 each of the Company held by Escorts Benefit and Welfare Trust subject to the confirmation by the Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT).

Post approval of the shareholders, the scheme of Capital Reduction was filed for approval of the NCLT.

### 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 below. The details are also provided elsewhere in the Annual Report and forms an integral part of this Report.

#### Details of Investments made during the year:

Name of Party	Amount (₹ in crores)
Tadano Escorts India Private Limited	26.22
Escorts Crop Solutions Limited	3.55
Kubota Agricultural Machinery India Private Limited	90.00

#### Details of existing Guarantees and Loans given:

Nature	Purpose	Party Name	Amount (₹ in crores)
Guarantee Given	The Corporate Guarantee was issued in favour of Mizhuo Bank Limited for an amount of ₹ 11.025 crores for its share of 49% in Tadano Escorts India Private Limited (TEI), a Joint Venture Company. The facility for an amount of ₹ 22.50 crores was availed by TEI for meeting their non-fund based requirements.	Mizhuo Bank Limited	11.025
Guarantee given	The Corporate Guarantee was issued in favour of Tata Capital Financial Services Limited for credit facility of ₹ 7.50 crores availed by Escorts Securities Limited, a subsidiary of the Company for meeting their working capital requirements which was renewed and increased to ₹ 10.00 crores	Tata Capital Financial Services Limited	10.00

Nature	Purpose	Party Name	Amount (₹ in crores)
Loan given	An amount of ₹ 1 crores was given to Adico Escorts Agri Equipments Private Limited, a Joint Venture Company for meeting their business requirements at a rate of interest of 13% p.a. for a period of one year and the same was renewed for another year.	Adico Escorts Agri Equipments Private Limited	1.00

### 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 – H and forms an integral part of this Report.

### Public Deposits

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

### Investor Education and Protection Fund (IEPF)

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

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

As on March 31, 2021, no unclaimed deposits are pending for transfer to Investor Education and Protection Fund.



**Credit Rating**

During the year, the credit rating of the Company is as under:

ICRA Limited has upgraded the long-term rating from "ICRA AA-" to "ICRA AA" with change in status from "Watch with developing implication" to "Stable" and reaffirmed Short-term rating at "ICRA A1+".

CRISIL has upgraded the long term rating from "CRISIL AA-" to "CRISIL AA" with Stable outlook and reaffirmed Short-term rating at "CRISIL A1+".

**Material Changes and Commitment affecting the financial position**

There are no material changes affecting the financial position of the Company subsequent to the closure of the Fiscal 2021 till the date of this report except the impact of COVID-19, however, impact thereof is not expected to be significant.

**Prevention of Sexual Harassment**

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

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

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

**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 1000 listed entities based on market capitalisation.

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

**Application made or any proceeding pending under the Insolvency and Bankruptcy Code**

As on the date of the Report any application is not pending under the Insolvency and Bankruptcy Code, 2016 and the Company did not file any application under (IBC) during the Financial Year 2020-21.

**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, 2021, 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, 2021 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, 2021 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 in the notes to accounts in the standalone financial statement and to note 35 in the notes to accounts in the consolidated financial statement which sets out information on Commitments and Contingencies.

6. Details of difference between amount of valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof: Not applicable.

**Acknowledgement**

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

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

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

For and on behalf of the Board of Directors

Place: New Delhi  
Date: May 14, 2021

**Nikhil Nanda**  
Chairman & Managing Director

## Annexure – A to the Directors' Report

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

#### 1. Preamble

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

#### 2. Definitions

For the purposes of this Policy:

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

'Senior Management' shall mean and include the following:

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

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

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

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

- 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;
  - 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;
  - the present and potential future needs and requirements of the Company and sector in which it conducts its business and operations;
  - 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;
  - any requirements under applicable law (including but not limited to under the Companies Act, 2013 and/or the rules and regulations made thereunder) and/or under the Listing Agreements; and
  - 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:
- highest levels of personal and professional ethics and integrity;
  - high quality attributes such as discipline, objectiveness, sensitivity and creativity;
  - sharing and demonstrating the values of Escorts;
  - qualification in relevant disciplines (e.g., finance, secretarial, management, accountancy, legal and engineers etc.) or being a recognised specialist in disciplines or areas relevant to the Company and/ or its business;
  - experience in the management of a diverse organisation, whether located in India and/or

overseas, in the Sector where the Company is already doing business or intents to enter into;

- experience in accounting and finance, secretarial, administration, corporate, engineering and strategic planning or fund management;
  - demonstrable ability to work effectively with the Board;
  - excellent interpersonal, communication and representational skills;
  - demonstrable leadership skills;
  - strong influencing and negotiating skills; and
  - 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:
- highest levels of personal and professional ethics and integrity;
  - demonstrable leadership skills;
  - specialist knowledge and/or experience required for the Senior Management position in question;
  - good interpersonal relationships;
  - demonstrating intelligence, maturity and wisdom;
  - possesses managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, etc.;
  - sharing and demonstrating the values of Escorts; and
  - ability to significantly contribute towards achievement of the strategic and business objectives of the Company.
- (iv) Every person proposed to be appointed as a Director or a member of Senior Management should be able to give sufficient time and attention to the Company's affairs.
- (v) The Policy is aimed to engage Directors (including Non-Executive Directors and Independent Directors) and Members of Senior Management, who are highly skilled, competent and experienced persons within the fields of business, finance, accounting, management, sales, marketing, administration, research, corporate

governance, technical operations, law or other disciplines related to the Company's business and operations.

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

#### 4. Selection Process

- (i) The selection procedure to be followed for the appointment of persons for the Board is as below:
- 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").
  - 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.
  - For the positions of Independent Directors or Non-Executive Directors, NRC shall finalise a list of potential candidate(s) who meets the applicable Director Selection Criteria and shall submit such list to the Chairman of the Board along with its recommendations.
  - The Chairman of the Board shall thereafter meet the short listed candidate(s) to assess their capability for the job. In the event that the Chairman may feel that

no short listed candidate is suitable for appointment to the Board, the Chairman may require NRC to submit a fresh list of candidates.

- (e) The candidate selected by the Chairman, shall be appointed in accordance with the relevant provisions of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to the approval of the Board and/ or Shareholders of Escorts at General Meeting.
- (ii) The selection procedure to be followed for the appointment of persons at the Senior Management positions is as below:
- (a) In case of vacancy of KMP (other than Whole-time Directors), the Company's HR in consultation with NRC shall identify and short list employees to fill such vacancy, who may meet the criteria mentioned in this Policy. The appointment of the successful candidate shall be made by the Board in accordance with the provisions of the Companies Act, 2013, rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company's internal rules and regulations and policies.
- (b) In case of vacancy in other Senior Management positions, the Company's HR shall identify and short list employees to fill such vacancy. The details of appointment will be placed before NRC and/ or Board for noting only.

## 5. Appointment Procedure

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

## 6. 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-categorised as non-independent directors, subject the composition of the Board being in conformity with the extant guidelines.

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

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

## 7. Letters of Appointment to Directors

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

## 8. Evaluation Procedure for Directors

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

## 9. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereafter or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director or KMP subject to the provisions and compliance of said Act, rules and regulations.

## 10. Retirement

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

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

## 11. Policy Review

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

## Annexure – B to the Directors' Report

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

#### 1. Preamble

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

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

The primary objectives of this Policy are as under:

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

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

#### 2. Applicability

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

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

- (i) The key elements of remuneration of Non-Executive/ Independent Directors are commission and sitting fees (except professional fee, if any), subject to

overall limit as prescribed in the Companies Act, 2013 read with rules made thereunder and the approval of the shareholders, as applicable. They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be eligible for stock options.

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

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

- (i) The Whole-time Directors are appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by NRC/ Board and approval of the shareholders.
- (ii) The remuneration paid to Whole-time Directors is within the limits approved by the shareholders of Escorts which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Companies Act, 2013. They are also eligible for stock options as per the scheme framed/ to be framed by Escorts, from time to time.
- (iii) The Whole-time Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.
- (iv) Their annual increments shall be linked to their overall performance and as recommended by NRC and approved by the Board, from time to time.
- (v) While fixing the remuneration components, the Company will also reckon extant and emerging economic conditions, state of the sector and economy, competitive pressures for key qualified personnel not merely in the sector but also in the analogous sectors where the skill sets would be relevant; the Company will also reckon (with a lag where necessary), the multiple of the total emoluments payable to such directors vis-a-vis the mean salary paid to an employee in the 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 Companies Act, 2013, rules made thereunder and the revised SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.
- (ii) This Policy shall be uploaded on the website of the Company.

#### 7. Policy review

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



### 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, 2021	For the financial year ended on March 31, 2020
Capital Expenditure*	23.36	37.40
Recurring Expenditure	119.53	129.33
<b>Total R&amp;D Expenditure</b>	<b>142.89</b>	<b>166.73</b>
<b>Total R&amp;D Expenditure as a percentage of total turnover</b>	<b>2.10%</b>	<b>2.95%</b>

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

### III) Foreign Exchange Earnings and Outgo

Activities relating to export

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

#### Total Foreign Exchange earnings and outgo

	₹ crores	
	For the financial year ended on March 31, 2021	For the financial year ended on March 31, 2020
Foreign exchange outgo:		
Imports (including capital goods)	152.38	156.39
Others	8.01	21.61
<b>Total</b>	<b>160.39</b>	<b>178.00</b>
Foreign Exchange earned	<b>297.05</b>	<b>265.51</b>

For and on behalf of the Board of Directors

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

Place: New Delhi  
Date: May 14, 2021

## Annexure – D to the Directors' Report

### Report on Corporate Governance

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

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

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

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

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

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

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

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

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

#### II. Board of Directors

The composition of the Board of Directors is in conformity with the provisions of Securities and Exchange Board of India (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, six out of twelve Directors on the Board are independent & non-executive and 3 are non-executive & non-independent.

Mr. Nikhil Nanda, Chairman is also acting as Managing Director of the Company and is in whole-time employment of the Company. Ms. Nitasha Nanda, Whole-time Director and Mr. Shailendra Agrawal, Executive Director are also in whole-time employment of the Company.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("the Act"). The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) & 25(8) of the Listing Regulations read with Section 149(6) of the Act.

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

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

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

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

As on March 31, 2021, the Board comprises of twelve Directors. The names and categories of Directors, the number of Directorship and Committee position(s) held by them in the companies, meetings attended by them and other relevant particulars are given below.

Name and Category	Designation	Directorship in other listed entity & Category	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 (A)
Mr. Nikhil Nanda Executive & Non-Independent (Promoter)	Chairman and Managing Director	-	Brother of Ms. Nitasha Nanda	8	Y	2	-
Mr. Hardeep Singh Non-Executive and Non-Independent	Director	UPL Limited, Independent Director	*	8	Y	3	4(2)
Mr. P.H. Ravikumar Non-Executive and Independent	Independent Director	Bharat Forge Limited, Independent Director Aditya Birla Capital Limited, Independent Director	*	8	Y	8	6(3)
Mrs. Vibha Paul Rishi Non-Executive and Independent	Independent Director	Asian Paints Limited, Independent Director Tata Chemicals Limited, Independent Director ICICI Prudential Life Insurance Company Limited, Independent Director The Indian Hotels Company Limited, Independent Director	*	8	Y	9	8(1)
Ms. Nitasha Nanda Executive & Non-Independent (Promoter Group)	Whole-time Director	-	Sister of Mr. Nikhil Nanda	8	Y	3	-
Dr. Sutanu Behuria Non-Executive and Independent	Independent Director	Indo-Tech Transformers Limited, Independent Director	*	8	Y	4	5
Mr. Shailendra Agrawal Executive and Non-Independent	Executive Director	-	*	8	Y	2	-
Mr. Sunil Kant Munjal Non-Executive and Independent	Independent Director	DCM Shriram Limited, Independent Director	*	8	Y	4	2
Ms. Tanya Arvind Dubash Non-Executive and Independent	Independent Director	Godrej Industries Limited, Executive Director Godrej Consumer Products Limited, Director Godrej Agrovet Limited, Director Britannia Industries Limited, Independent Director	*	7	Y	8	1
Mr. Harish N Salve Non-Executive and Independent (1)	Independent Director	-	*	2	N	1	-
Mr. Dai Watanabe Non-Executive and Non-Independent (1)	Non-Executive – Nominee Director	-	*	5	Y	1	-

Name and Category	Designation	Directorship in other listed entity & 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 (A)
Mr. Yuji Tomiyama Non-Executive and Non-Independent (1)	Non-Executive – Nominee Director	-	*	5	Y	1	-

Y = Yes N = No

\* Not related to any other director of the Company.

(#) Including Escorts Limited.

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

(1) Appointed as Directors of the Company w.e.f July 16, 2020 and Five meetings held during their tenure in the financial year ended March 31, 2021.

#### Notes:

- None of the Directors represent a Lender
- None of the Non-Executive Directors have substantial shareholding in the Company.
- Mr. Dai Watanabe and Mr. Yuji Tomiyama are nominee directors of M/s Kubota Corporation.

#### Certification from Company Secretary in Practice

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

#### Key Board Qualifications, Expertise and Attributes

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

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

#### Details of Directors qualifications

Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
-----------	---

Leadership	Expended lead Expended leadership experience for a significant enterprise, resulting in a practical understanding of organisations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long term growth.
Mergers and Acquisitions	A history of leading growth through acquisitions and other business combinations, with the ability to assess build or buy decisions, analyse the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plans.
Board service and governance	Service on public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.
Digital/ Information Technology	Use of digital/ Information Technology, ability to anticipate technological driven changes & disruption impacting business and appreciation of the need of cyber security and controls across the organisation.

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

The details of directors who have such skills/ expertise/ competence are provided herein below:

Name of Directors	Area of Expertise					
	Financial	Leadership	Merger and Acquisitions	Board Service and governance	Sales and Marketing	Digital/ Information Technology
Mr. Nikhil Nanda, Chairman and Managing Director	Y	Y	Y	Y	Y	Y
Mr. Hardeep Singh, Director	Y	Y	Y	Y	Y	-
Mr. P.H. Ravikumar, Independent Director	Y	Y	Y	Y	-	Y
Ms. Vibha Paul Rishi, Independent Director	Y	Y	-	Y	Y	Y
Ms. Nitasha Nanda, Whole-time Director	Y	Y	-	Y	-	-
Dr. Sutanu Behuria, Independent Director	Y	Y	-	Y	-	-
Mr. Shailendra Agrawal, Executive Director	Y	Y	Y	Y	Y	-
Mr. Sunil Kant Munjal, Independent Director	Y	Y	Y	Y	Y	Y
Ms. Tanya Dubash, Independent Director	-	Y	-	Y	Y	-
Mr. Harish N Salve, Independent Director	-	Y	-	Y	-	-
Mr. Dai Watanabe, Nominee Director	Y	Y	Y	Y	Y	Y
Mr. Yuji Tomiyama, Nominee Director	Y	Y	Y	Y	Y	Y

### 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, 2021 the Board of Directors met Eight (8) times on the following dates:-

May 14, 2020, June 3, 2020, July 15, 2020, July 16, 2020, July 27, 2020, November 2, 2020, February 2, 2021 and February 24, 2021.

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

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

#### Board Meeting Procedures

Escorts Limited's Board is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to

attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted with the permission of majority of directors present. 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: <https://www.escortsgroup.com/investors/governance.html>

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, 2021.

Sd/-

**Nikhil Nanda**

Chairman

& Managing Director

Place: New Delhi  
Date: May 14, 2021

### Vigil Mechanism

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

### V. Audit Committee Constitution

As on March 31, 2021 the Audit Committee comprises of the following Non-Executive Directors:

- Mr. P. H. Ravikumar – Independent Director (Chairman)
- Mr. Hardeep Singh – Non-Independent Director
- Mrs. Vibha Paul Rishi – Independent Director
- Dr. Sutanu Behuria – 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, 2021 the Committee met Eight (8) times on the following dates: -

May 14, 2020, June 3, 2020, July 15, 2020, July 27, 2020, August 27, 2020, November 2, 2020, February 2, 2021 and February 22, 2021.

Mr. Satyendra Chauhan, Company Secretary & Compliance Officer acted 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:

- 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.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - 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.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgement by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other



- than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence & performance, and effectiveness of audit process.
  8. Approval or any subsequent modification of transactions of the Company with related parties.
  9. Scrutiny of inter-corporate loans and investments.
  10. Valuation of undertakings or assets of the Company, wherever it is necessary.
  11. Evaluation of internal financial controls and risk management systems.
  12. Reviewing, with the management, performance of statutory & internal auditors, adequacy of the internal control systems.
  13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  14. Discussion with internal auditors of any significant findings and follow up thereon.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  18. To review the functioning of the Whistle Blower mechanism.
  19. Approving the appointment of Chief Financial Officer (i.e. the Whole-time Finance Head or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
  21. Carrying out any other function as may be referred to the Committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.
  22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost and the Secretarial Auditors.
  23. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
  24. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
  25. The Committee has systems and procedures in place to ensure that the Audit Committee periodically reviews:
    - a. Management discussion and analysis of financial condition and results of operations;
    - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
    - c. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
    - d. Internal audit reports relating to internal control weaknesses, if any;
    - e. Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any;
    - f. The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under the Listing Regulations;
    - g. Details of material transactions with related parties, which are not in the normal course of business; and
    - h. Details of material transactions with related parties or others, if any, which are not on

arm's length basis, along with management's justification for the same.

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

The Audit Committee is endowed with the following powers:

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

#### Meetings & Attendance

Name of Member	No. of Meeting	
	Held	Attended
Mr. P.H. Ravikumar (Chairman)	8	8
Mr. Hardeep Singh	8	8
Dr. Sutanu Behuria	8	8
Mrs. Vibha Paul Rishi	8	8

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

#### VI. Nomination, Remuneration and Compensation Committee Constitution

As on March 31, 2021, the Nomination and Remuneration Committee comprises of following Directors:

1. Mr. P. H. Ravikumar – Independent Director (Chairman)
2. Mr. Hardeep Singh – Non-Independent Director (Member)
3. Mrs. Vibha Paul Rishi – Independent Director (Member)
4. Dr. Sutanu Behuria – Independent Director (Member)
5. Mr. Sunil Kant Munjal, Independent Director\* (Member)

6. Mr. Nikhil Nanda, Executive Director\*\* (Member)

\*Inducted as the member of the Committee w.e.f. December 25, 2020

\*\* Inducted as the member of the Committee w.e.f. February 24, 2021

#### 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.
5. recommend to the board, all remuneration, in whatever form, payable to senior management.
6. to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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 Evaluation Criteria is available on the website of the Company. The Remuneration Policy shall form part of the Annual Report of the Company.

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

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

#### Meetings & Attendance

During the financial year ended on March 31, 2021 the Committee met Five (5) times on May 14, 2020, July 16, 2020, September 8, 2020, December 25, 2020 and February 3, 2021

Name of Member	No. of Meetings	
	Held	Attended
Mr. P.H. Ravikumar (Chairman)	5	5
Mr. Hardeep Singh	5	5
Dr. Sutanu Behuria	5	5
Mrs. Vibha Paul Rishi	5	4
Mr. Sunil Kant Munjal*	2	1
Mr. Nikhil Nanda**	-	-

\*Inducted as the member of the Committee w.e.f. December 25, 2020 and two meetings were held during his tenure in the financial year ended March 31, 2021.

\*\* Inducted as the member of the Committee w.e.f. February 24, 2021 and no meetings were held during his tenure in the financial year ended March 31, 2021.

### Remuneration Policy

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

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

### Details of Remuneration of Directors

The Company has not paid any remuneration to any of its Non-Executive Directors, except Sitting Fees for attending meetings of the Board and all its Committees for which ₹ 50,000 per meeting was paid for Board Meeting and Audit Committee Meeting and ₹ 20,000 per meeting was paid for any other committee meeting. The aggregate amount of sitting fees paid during the financial year was ₹ 51.10 lakhs (excluding applicable taxes).

The shareholders of the Company has approved the payment of commission to Non-Executive Directors in the Annual General Meeting held on July 27, 2019 for a period of five years. Accordingly, for the financial year ended on March 31, 2021, the commission have been approved by the Board for Non-Executive and Independent Directors 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 details of director wise payment of sitting fees and commission are as follows:

S. No.	Name	₹ in crores)	
		Sitting Fee	Commission
1	Mr. Hardeep Singh	0.11	0.15
2	Mr. P.H. Ravikumar	0.10	0.25
3	Mrs. Vibha Paul Rishi	0.10	0.15
4	Dr. Sutanu Behuria	0.11	0.15
5	Mr. Sunil Kant Munjal	0.04	0.15
6	Ms. Tanya Dubash	0.04	0.15
7	Mr. Harish N. Salve	0.01	0.15
	<b>Total</b>	<b>0.51</b>	<b>1.15</b>

Mr. Dai Watanabe and Mr. Yuji Tomiyama, Nominee Directors of M/s Kubota Corporation have not been paid any sitting fee/ commission during the year 2020-21.

The remuneration paid/ payable to Mr. Nikhil Nanda, Chairman and Managing Director, Mr. Shailendra Agrawal, Executive Director and Ms. Nitasha Nanda, Whole-time Director of the Company for the financial year ended on March 31, 2021 are as follows:

Particulars	₹ in crores)		
	Mr. Nikhil Nanda	Mr. Shailendra Agrawal	Ms. Nitasha Nanda
Basic Salary	2.43	1.36	0.76
Allowances & Perquisites	4.24	2.80**	1.17
Provident Fund Contribution & Others	0.43	0.18	0.14
Commission*	6.00	-	0.80
<b>Total</b>	<b>13.10</b>	<b>4.34</b>	<b>2.87</b>

\* Commission for FY 2020-21

\*\* including performance linked incentive

The tenure of office of the Chairman and Managing Director, Whole-time Director and Executive Director is for a period of five years from their respective date of appointment. The services of said Directors with the Company can be terminated as per the terms approved by the shareholders. 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. However, in the year 2018, 67,000 stock options were granted to Mr. Shailendra Agrawal prior to his appointment as an Executive Director on the Board of the Company. The options were granted in terms of the Escorts Limited Employee Stock Option Scheme, 2006.

### 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. Hardeep Singh	Non-Independent	500
Mr. Sunil Kant Munjal	Independent	26270
Ms. Tanya Arvind Dubash	Independent	-
Mr. Harish N Salve	Independent	-
Mr. Dai Watanabe	Nominee	-
Mr. Yuji Tomiyama	Nominee	-

### VIII. Stakeholders' Relationship Committee Constitution

As on March 31, 2021, 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 role of the committee shall inter-alia include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.

### Meetings & Attendance

During the financial year ended on March 31, 2021, the Committee met on 4 (Four) times as on: May 14, 2020, July 27, 2020, November 2, 2020 and February 3, 2021.

Name of Member	Designation	No. of Meeting	
		Held	Attended
Mr. Hardeep Singh	Chairman	4	4
Dr. Sutanu Behuria	Member	4	4
Mrs. Vibha Paul Rishi	Member	4	2

### Compliance Officer

Mr. Satyendra Chauhan, Company Secretary & Compliance Officer acted as Compliance Officer as per the requirements of the Listing Regulations.

### Complaints received/ resolved

During the period under review, 119 complaints were received from investors which were replied/ resolved to the satisfaction of investors except 1 complaint pending as on 31.03.2021 which will be replied/ resolved in due course.

### Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending for redressal as on March 31, 2021.

### IX. Risk Management Committee Constitution

During the financial year ended on March 31, 2021, the Risk Management Committee had been reconstituted by the Board of Directors of the Company in their meeting held on November 2, 2020, which took effect from January 1, 2021.

The Risk Management Committee comprises of following persons: -

1. Mr. Nikhil Nanda – Chairman
2. Dr. Sutanu Behuria – Member
3. Mr. Bharat Madan – Member
4. Mr. Shailendra Agrawal\* – Member

\*Inducted as the member of the Committee w.e.f. January 1, 2021

### Terms of Reference

The charter of the Committee shall be as follows:

1. To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan;
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

**Meetings & Attendance**

During the financial year ended on March 31, 2021, the Committee met on 3 (Three) times on July 27, 2020, October 8, 2020 and February 24, 2021.

Name of Member	Designation	No. of Meeting	
		Held	Attended
Mr. Nikhil Nanda	Chairman	3	3
Dr. Sutanu Behuria	Member	3	3
Mr. Bharat Madan	Member	3	3
Mr. Shailendra Agrawal*	Member	1	1

\*Inducted as the member of the Committee w.e.f. January 1, 2021 and only one meeting was held during his tenure in the financial year ended March 31, 2021.

- Mr. P.H. Ravikumar – Member
- Ms. Tanya Dubash- Member
- Ms. Nitasha Nanda - 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, 2021, the Committee met 4 (Four) times on May 14, 2020, October 8, 2020, February 22, 2021 and March 22, 2021.

Name of Member	Designation	No. of Meeting	
		Held	Attended
Mr. Nikhil Nanda	Chairman	4	4
Mr. Hardeep Singh	Member	4	4
Mrs. Vibha Paul Rishi	Member	4	4
Mr. P.H. Ravikumar	Member	4	3
Ms. Tanya Dubash*	Member	2	2
Ms. Nitasha Nanda*	Member	2	2

\*Inducted as the member of the Committee w.e.f. January 1, 2021 and Two meeting were held during their tenure in the financial year ended March 31, 2021.

**X. Corporate Social Responsibility  
Constitution**

During the financial year ended on March 31, 2021, the Corporate Social Responsibility (CSR) Committee had been reconstituted by the Board of Directors of the Company in their meeting held on November 2, 2020, which took effect from January 1, 2021.

The CSR Committee comprises of following persons:

- Mr. Nikhil Nanda - Chairman
- Mr. Hardeep Singh - Member
- Mrs. Vibha Paul Rishi - Member

**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 is finalised in consultation with the Committee members.

**Procedure of Committee Meetings**

The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, 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/ Financial Period	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2019-20	August 24, 2020	10:00 A.M	AGM was held through Video Conferencing/ Other Audio Visual Means. Deemed Venue of the AGM was the registered office of the Company	-
2018-19	July 27, 2019	10:00 A.M	Radisson Blu Faridabad, Sector – 20B, Mathura Road, Faridabad - 121 001, Haryana	Two*
2017-18	September 12, 2018	10:00 A.M	Radisson Blu Faridabad, Sector – 20B, Mathura Road, Faridabad - 121 001, Haryana	One

\*Three resolution were proposed for approval of shareholders of the Company, however, one resolution was not passed with requisite majority.

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

The following special resolution was passed during the year through Postal Ballot.

S. No.	Postal Ballot Notice	Particulars of Resolution(s)	Details of Voting	
			Votes casted in favour	Votes casted against
1	20.03.2020	A. To issue 1,22,57,688 equity shares of the Company on a preferential allotment basis to Kubota Corporation, Japan and issuance of offer letter. B. Alteration of the Articles of Association of the Company	99.9976% 91.2335%	0.0024% 8.7665%
2	20.01.2021	Capital Reduction of 1,22,57,688 equity shares of ₹ 10 each of the Company held by Escorts Benefit and Welfare Trust	99.9992%	0.0008%

Mr. Jayant Gupta was appointed as Scrutinizer to conduct the Postal Ballot process.

Procedure for postal ballot: The postal ballot was carried out as per the applicable provisions of the Act read with the relevant rules and circulars issued by the Ministry of Corporate Affairs.

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

**XIV. Disclosures**

- 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, 2021 were as per the "Policy on Materiality of Related Party Transactions and dealing with Related Parties".

- 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
- The Company has Whistle Blower Policy and has established vigil mechanism system and affirm that no personnel have been denied access to the Audit Committee.
- 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.

- Policy for determining 'Material Subsidiaries'

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

- Policy on dealing with Related Party Transactions

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

- 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.

- Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account: The details of shares already transferred into IEPF Account are provided on the website of the Company at [www.escortsgroup.com](http://www.escortsgroup.com).

- Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): Refer Director's Report for the information.

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

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

k) The details of fee paid by the Company and its subsidiaries for the financial year ended March 31, 2021, on a consolidated basis, to M/s. Walker Chandio & Co LLP, Chartered Accountants, Statutory Auditor and to all entities in the network firm/network entity of which the Statutory Auditor is a part, are as follows:

Particulars	₹ in crore	
		Amount*
Audit Fee	1.29	
Certification and Other Services	0.06	
Total fee	1.35	

\* excluding reimbursement of out of pocket expenses

### 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 4 direct subsidiaries, 1 of them is registered outside India and 3 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 have 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, 2021

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

For Year ended 31.03.20: Financial Express (English), Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 30.06.20: Financial Express (English), Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 30.09.20: Financial Express (English), Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

For Quarter ended 31.12.20: Financial Express (English), Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

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

The website also displays official news releases.

### News Releases, Presentation

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

### Management Discussion and Analysis

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

### 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 : Tuesday, July 27, 2021

Time : 12:00 Noon

Venue : AGM through Video Conferencing/ Other Audio Visual Means. Deemed Venue will be registered office of the Company.

#### Financial Year:

April 1 to March 31

#### Appointment/ Re-appointment of Directors

In accordance with the provisions of the Act and Articles of Association of the Company, Ms. Nitasha Nanda and Mr. Shailendra Agrawal, Directors retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

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

### Financial Calendar 2021-22 (Tentative)

Meetings of Board/ Committee thereof to take on record:

Particulars	Tentative Date
Financial results for Quarter ended 30.06.2021	14.08.2021
Financial results for Quarter ended 30.09.2021	14.11.2021
Financial results for Quarter ended 31.12.2021	14.02.2022
Financial results for Quarter/ Year ended 31.03.2022	30.05.2022

### Annual General Meeting for the Financial Year ending March, 2021:

By September 30, 2021.

### Cut off Date for e-voting

July 20, 2021 has been fixed as the cut off date to record entitlement of the shareholder to cast their vote electronically in the forthcoming AGM.

### Book Closure

The members register will be closed from July 17, 2021 to July 27, 2021 (both days inclusive) for the purpose of payment of Dividend for the financial year 2020-21.

### Dividend

1. The Board of Directors of the Company have recommended the following dividend for the financial year ended March 31, 2021 subject to the approval of the shareholders in the forthcoming AGM:

- Normal Final Dividend @ 50% per share of Face Value of ₹ 10/- each** (i.e. ₹ 5.00 per share)
- Additional Special one-time Platinum Jubilee (75<sup>th</sup> Year) Dividend @ 25% per share of Face Value of ₹ 10/- each** (i.e. ₹ 2.50 per share)
- Total Dividend @ 75% per share i.e. ₹ 7.50 per equity share** payable on all outstanding shares except on the equity shares held by Escorts Benefit & Welfare Trust

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:-

- whose names appear as beneficial owners as at the end of the business hours on July 16, 2021 in the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode and;

b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transmission/ transposition in physical form lodged with the Company on or before July 16, 2021.

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
2010-11	15%	March 27, 2012
2011-12	12%	March 30, 2013
2012-13	12% (Interim)	October 21, 2013
2013-14	6% (Final)	September 29, 2014
2014-15	12%	September 28, 2015
2015-16	12%	September 29, 2016
2016-17	15%	September 29, 2017
2017-18	20%	September 24, 2018
2018-19	25%	August 5, 2019
2019-20	25%	September 4, 2020
2020-21	75% (Proposed)	To be paid within 30 days from the date of declaration of Dividend*

\* subject to normalisation of postal services in case bank account details of shareholders not available with Company/ RTA

### 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	Escorts Limited Share Price (BSE)		Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2020	778.00	559.45	33887.25	27500.79
May, 2020	918.80	667.50	32845.48	29968.45
June, 2020	1061.05	895.45	35706.55	32348.10
July, 2020	1210.65	1018.75	38617.03	34927.20
August, 2020	1198.00	1077.55	40010.17	36911.23
September, 2020	1342.70	1078.10	39359.51	36495.98
October, 2020	1314.60	1146.80	41048.05	38410.20
November, 2020	1446.40	1185.85	44825.37	39334.92
December, 2020	1452.85	1181.75	47896.97	44118.10
January, 2021	1389.70	1201.30	50184.01	46160.46
February, 2021	1468.40	1185.65	52516.76	46433.65
March, 2021	1389.50	1260.35	51821.84	48236.35

Month	Escorts Limited Share Price (NSE)		Nifty 50	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2020	792.65	558.85	9889.05	8055.80
May, 2020	918.95	667.30	9598.85	8806.75
June, 2020	1,061.70	895.15	10553.15	9544.35
July, 2020	1,210.00	1,018.10	11341.40	10299.60
August, 2020	1,198.00	1,077.40	11794.25	10882.25
September, 2020	1,342.75	1,078.05	11618.10	10790.20
October, 2020	1,310.00	1,145.95	12025.45	11347.05
November, 2020	1,446.80	1,185.05	13145.85	11557.40
December, 2020	1,452.65	1,181.60	14024.85	12962.80
January, 2021	1,389.70	1,201.10	14753.55	13596.75
February, 2021	1,468.45	1,185.00	15431.75	13661.75
March, 2021	1,389.40	1,260.50	15336.30	14264.40

**Share Transfer System**

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

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

**Investors Relation Center**

Escorts Limited	Escorts Limited	Kfin Technologies Private Limited
Escorts Corporate Centre, 15/5, Mathura Road, Faridabad – 121 003 Telephone No.: (0129) 2564921 Fax No.: (0129) 2250060	Times Square A Wing, Unit No. 1, 3rd Floor, Andheri – Kurla Road, Andheri (East), Mumbai – 400 059 Telephone No.: (022) 67868607 Fax No.: (022) 67868687	Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Toll Free Number: 1800 3094 001 Tel.: No. 040-67162222 Fax: No. 040-23420814 Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>

**Investors Communication**

All enquiries relating to transfer, transmission, transposition, demat, remat, split, consolidation, nomination, change of address and payment of dividend can be addressed to RTA i.e. Kfin Technologies Private Limited or e-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or sent by post at Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, 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. Kfin Technologies Private Limited or email [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or sent by post at Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032.

**Shareholding Pattern as on March 31, 2021**

Category of Shareholders	No. of Shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	16	49333680	36.59
2. Foreign Institutional Investors	291	34986960	25.95
3. Domestic Institutional Investors, Banks & Mutual Funds	52	7554073	5.60
4. Public & Others	138217	42959853	31.86
<b>Total</b>	<b>138576</b>	<b>134834566</b>	<b>100</b>

**Distribution of Shareholding as on March 31, 2021**

ESCORTS LIMITED					
Distribution of Shareholding as on 31/03/2021 (TOTAL)					
Sl no	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	138040	99.61	12725897	9.44
2	5001 - 10000	166	0.12	1214534	0.90
3	10001 - 20000	104	0.08	1469852	1.09
4	20001 - 30000	44	0.03	1075151	0.80
5	30001 - 40000	32	0.02	1126590	0.84
6	40001 - 50000	20	0.01	910845	0.68
7	50001 - 100000	57	0.04	4062836	3.01
8	100001 and above	113	0.08	112248861	83.25
<b>TOTAL:</b>		<b>138576</b>	<b>100.00</b>	<b>134834566</b>	<b>100.00</b>

**Dematerialisation**

As on March 31, 2021 dematerialised shares accounted for 99.22% (99.02%) up to March 31, 2020 of the total equity shares. Trading in Equity Shares of the Company is permitted only in dematerialised form as per the notification issued by the Securities and Exchange Board of India.

Dematerialisation of shares as on March 31, 2021			
S no.	Mode of holding	No. of shares	%
1.	NSDL	127867587	94.83
2.	CDSL	5923776	4.39
3.	Physical	1043203	0.78
<b>Total</b>		<b>134834566</b>	<b>100.00</b>

**Shares Liquidity**

The trading volumes at major Stock Exchanges, during the financial year ended on/ March 31, 2021 are as follows:

Month	National Stock Exchange of India Limited		BSE Limited	
	No. of Shares	Value (₹ in crores)	No. of Shares	Value (₹ in crores)
April, 2020	67174362	4692.78	2834671	196.64
May, 2020	72102368	5,826.03	3151773	255.22
June, 2020	63255453	6,225.35	3563385	349.55
July, 2020	54099473	6,053.05	3246805	363.06
August, 2020	41423331	4,711.10	1935248	219.79
September, 2020	72850151	8,814.04	2988427	361.73
October, 2020	37281671	4,572.89	2024110	248.16
November, 2020	34800310	4,642.87	1493188	198.45
December, 2020	39521889	5,254.86	1713023	227.03
January, 2021	36667343	4,771.10	2075922	271.13
February, 2021	33667208	4,598.09	1963152	266.71
March, 2021	18920769	2,514.46	1071384	142.24
<b>Total</b>	<b>571764328</b>	<b>62676.64</b>	<b>28061088</b>	<b>3099.71</b>

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

There are no outstanding GDRs/ ADRs/ Warrants for conversion into equity shares except 10,87,556 stock options granted to the employees. Each stock option, upon exercise of the same, would be converted into one equity share of ₹ 10/- each fully paid-up. These options vest in four tranches after one year from date of grant as mentioned in the Letter of Grant and can be exercised during a period of three years or such extended period as the ESOP & Compensation Committee may decide. The options unexercised during the exercise period would be lapsed.

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

### Plant locations

The Company has its manufacturing plants at the following locations:

1. Plot No. 18/4, Mathura Road, Faridabad - 121 007, Haryana
2. Plot No. 15/5, Mathura Road, Faridabad - 121 003, Haryana
3. Plot No. 2, Sector 13, Faridabad - 121 007, Haryana
4. Plot No. 3, Sector 13, Faridabad - 121 007, Haryana
5. Plot No. 114-115, Sector 24, Faridabad - 121 005, Haryana
6. Plot No. 219, Sector - 58, Ballabgarh, Faridabad - 121 004, Haryana
7. Plot No. 9, Sector 1, Integrated Industrial Estate, Pant Nagar, Rudrapur - 263 145, Uttarakhand

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

### Address for Correspondence ESCORTS LIMITED

Registered Office  
Corporate Secretarial & Law  
15/5, Mathura Road, Faridabad - 121 003, Haryana  
Tel.: 0129 - 2250222, Extension: 4117/ 4254  
Fax: 0129 - 2250060  
E-mail: [corpsl@escorts.co.in](mailto:corpsl@escorts.co.in)  
Website: [www.escortsgroup.com](http://www.escortsgroup.com)  
Registrar and Transfer Agents

### KFIN TECHNOLOGIES PRIVATE LIMITED

Selenium Building, Tower - B, Plot No. 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally, Hyderabad - 500 032  
Toll Free Number: 1800 3094 001  
Tel.: 040 67162222 | Fax: 040 23420814  
[inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) | [www.kfintech.com](http://www.kfintech.com)

### Commodity price risk or foreign exchange risk and hedging activities

The Company does not have any exposure hedged through commodity derivatives for commodity risk (refer risk management section provided in this Annual Report). During the year, the Company had hedged its foreign exchange exposure to the extent considered necessary in line with its Foreign Exchange Risk Management Policy. The Company generally enters into forward contracts for hedging its foreign exchange exposures. The details of foreign currency exposure are disclosed in Note No. 37 to the Standalone Financial Statement.

### Credit Rating

During the year, the credit rating of the Company is as under:

ICRA Limited has upgraded the long-term rating from "ICRA AA-" to "ICRA AA" with change in status from "Watch with developing implication" to "Stable" and reaffirmed Short-term rating at "ICRA A1+".

CRISIL has upgraded the long term rating from "CRISIL AA-" to "CRISIL AA" with Stable outlook and reaffirmed Short-term rating at "CRISIL A1+".

### 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.	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

For and on behalf of the Board of Directors

Place: New Delhi  
Date: May 14, 2021

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

## CEO/ CFO Certification

The Chairman and Managing Director and Group Chief Financial Officer & Corporate Head of the Company give annual certification to the Board on financial reporting and internal controls in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO and CFO certification for the financial year ended on March 31, 2021.

To,  
The Board of Directors  
**Escorts Limited**

Dear Sir,

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

- a) We have reviewed financial statements and the cash flow statement of Escorts Limited for the financial year ended March 31, 2021 and that to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

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

- significant changes in internal control over financial reporting during the financial year;
- significant changes in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
- instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date : May 14, 2021

Sd/-  
**Bharat Madan**  
Group Chief Financial Officer & Corporate Head  
Place: Gurugram

Sd/-  
**Nikhil Nanda**  
Chairman and Managing Director  
Place: New Delhi

## Independent Auditor's Certificate on Corporate Governance

### To the Members of Escorts Limited

- This certificate is issued in accordance with the terms of our engagement letter dated 12 May 2021.
- We have examined the compliance of conditions of corporate governance by Escorts Limited ('the Company') for the year ended on 31 March 2021, 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

- 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

- 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.
- 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.

- 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

- 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 2021.

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

- 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

Sd/-  
**Ashish Gupta**  
Partner  
Membership No.: 504662  
UDIN: 21504662AAAAE03611  
Place: New Delhi  
Date: 24 June 2021



## Annexure - E to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) Activities

### 1. Brief on CSR Policy

#### Objective:

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

#### Review Mechanism:

The CSR Committee and the Board of Directors of Escorts will monitor/ review the CSR implementation every year.

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

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

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

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

### 2. Composition of CSR Committee

During the financial year ended on March 31, 2021, the CSR Committee had been reconstituted and the composition of the CSR Committee as on March 31, 2021 is as under:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Nikhil Nanda	Chairman, Chairman & Managing Director	4	4
2	Mr. Hardeep Singh	Member, Non-Executive Director	4	4
3	Mrs. Vibha Paul Rishi	Member, Independent Director	4	4
4	Mr. P.H. Ravikumar	Member, Independent Director	4	3
5	Ms. Tanya Dubash	Member, Independent Director	2	2
6	Ms. Nitasha Nanda	Member, Executive Director	2	2

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

(i) Composition of CSR Committee: [https://www.escortsgroup.com/templates/escortsgroup\\_home/images/pdf/composition-of-various-committees-of-the-board.pdf](https://www.escortsgroup.com/templates/escortsgroup_home/images/pdf/composition-of-various-committees-of-the-board.pdf)

(ii) CSR Policy: [https://www.escortsgroup.com/templates/escortsgroup\\_home/images/pdf/CSR-Policy.pdf](https://www.escortsgroup.com/templates/escortsgroup_home/images/pdf/CSR-Policy.pdf)

(iii) CSR Projects: [https://www.escortsgroup.com/templates/escortsgroup\\_home/images/pdf/List-of-CSR-Programmes.pdf](https://www.escortsgroup.com/templates/escortsgroup_home/images/pdf/List-of-CSR-Programmes.pdf)

4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		NIL	

6. Average net profit of the Company as per section 135(5): 590.97 crores

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 11.82 crores

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 11.82 crores

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)	
	Total Amount transferred to Unspent CSR Account as per section 135(6).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).
3.53 crores	Amount.	Date of transfer.
	8.50 crores	April 29, 2021
	Amount.	Name of the Fund
		NIL
	Amount.	Date of transfer.
		NL
		NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No. of the Project.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State. District.	Project duration.	Amount allocated for the project (₹ in crores)	Amount spent in the current financial year (₹ in crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in crores)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation Through Implementing Agency Name
1	Escorts Advanced Farming Institute	Cl. ii Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Yes	Haryana Faridabad	Multiyear Project started from FY 2020-21 and funds allocated for 3 years	8.75 <sup>1</sup>	0.25	8.50	No	Escorts Skill Development
						<b>Total 8(b)</b>	<b>8.75</b>	<b>0.25</b>	<b>8.50</b>	

<sup>1</sup> Total amount allocated for the project to be spent in three years is ₹ 37 crores approx..



(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (₹ in crores)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency
			State	District		Name	CSR registration number
1	Road Safety Initiative	Cl. (ii) promoting education - Educating the Masses and Promotion of Road Safety awareness in all facets of road usage	Local Area	Haryana Faridabad	0.24	Yes	NA
2	Covid Care – Food and Medical	Cl. i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care	Local Area	Haryana Faridabad	1.10 0.05	Yes No	NA Shirdi Sai Baba Temple Society Epsyclinic Healthcare Private Limited
3	Supporting education of underprivileged	Cl. (ii) promoting education - Educating the Masses	No	Delhi New Delhi	0.10	No	Delhi Sikh Gurudwara Management Committee
4	Medical Support Initiative	Cl. (i) Promoting Healthcare including Preventive Healthcare by setup of charitable hospital	Local Area and Others	Haryana Faridabad	0.50	No	Tejinder Singh Memorial and Escorts Medicare Foundation
5	Disaster Management - Covid Support	Cl. XII. disaster management, including relief, rehabilitation and reconstruction activities	Local Area and Others	-	0.10	No	Haryana State Disaster Management Authority
6	PM Care Fund	Cl. VII. contribution to the prime minister's national relief fund	Local Area and Others	-	1.00	Yes	NA
<b>Total 8(c)</b>					<b>3.11</b>		

(d) Amount spent in Administrative Overheads<sup>1</sup>: ₹ 0.17 crores

<sup>1</sup>The administrative overheads considered on the actual CSR amount spent and not on unspent account

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 3.53 crores

(g) Excess amount for set off, if any: NA

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	₹ 11.82 crores
(ii)	Total amount spent for the Financial Year	₹ 12.03 crores*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 0.21 crores
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

\*During the financial year 2020-21, an amount of ₹ 3.53 crores spend on CSR activities and ₹ 8.50 crores has been deposited in unspent account.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.	Amount remaining to be spent in succeeding financial years. (in ₹)
		Name of the Fund	Amount (in ₹)	Date of transfer.	
			NIL		

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
					NIL			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). NA

(b) Amount of CSR spent for creation or acquisition of capital asset. NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

Nikhil Nanda  
Chairman & Managing Director  
Chairman of CSR Committee

## Annexure – F to the Directors' Report

### Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	NIL
(b)	Nature of contracts/ arrangements/ transactions	NIL
(c)	Duration of the contracts/ arrangements/ transactions	NIL
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e)	Justification for entering into such contracts or arrangements or transactions	NIL
(f)	Date(s) of approval by the Board	NIL
(g)	Amount paid as advances, if any:	NIL
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.	NIL

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	NIL
(b)	Nature of contracts/ arrangements/ transactions	NIL
(c)	Duration of the contracts/ arrangements/ transactions	NIL
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	NIL
(e)	Date(s) of approval by the Board, if any:	NIL
(f)	Amount paid as advances, if any:	NIL

For and on behalf of the Board of Directors

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

Place: New Delhi  
Date: May 14, 2021

## Annexure – G to the Directors' Report

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

(For the Financial Year ended March 31, 2021)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my verification of Escorts Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Escorts Limited for the financial year ended on March 31, 2021 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, 2018;
- (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 (Buy-back of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VI. I further report that, having regard to the compliance system prevailing in the Company and based on the representation made by the management of the Company and on examination of the relevant documents and records



in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

- (a) The Motor Vehicles Act, 1988 and the Rules made thereunder;
- (b) The Petroleum Act, 1934 and the Rules made thereunder.

I have also examined compliance with the applicable clauses of the Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India;

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

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (or with requisite compliances for holding of a Board Meeting at a shorter notice in case of urgency, if applicable), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. As per the minutes of meetings duly recorded and signed by the Chairman, the decisions of the Board were carried through with unanimous consent and no dissenting views have been recorded as part of the minutes.

I further report that, based on the information provided and the representation made by the Company and also on the review of compliance reports / certificates taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period under review:

- I. The Escorts Benefit and Welfare Trust waived/ forego the right of the Trust to receive dividend, if any, for the financial years ended March 31, 2020, onwards.
- II. The Shareholders of the Company approved by way of Postal Ballot on April 23, 2020:
  - (a) the issuance of 1,22,57,688 equity shares at ₹ 850.00 each Equity Share (including a premium of ₹ 840.00 per Equity Share) aggregating to ₹ 1,041.90 crores, on preferential basis to Kubota Corporation, Japan.
  - (b) amendment to Articles of Association of the Company to align them with the Share Subscription Agreement executed on March 20, 2020, with Kubota Corporation, Japan.
- III. The Shareholders of the Company approved by way of Postal Ballot on February 21, 2021, the scheme of Capital Reduction of 1,22,57,688 Equity Shares of ₹ 10.00 each of the Company held by Escorts Benefit and Welfare Trust subject to the confirmation by the Hon'ble National Company Law Tribunal, Chandigarh Bench.
- IV. The Company sought and obtained approval of Regional Director, Northern Region, Delhi under Section 441 of the Companies Act, 2013 for compounding of various offences under the provisions of section 129, 134 etc. of the Companies Act, 2013 during the period 2012-2017.
- V. The Board of Directors approved divestment of its shareholding in Escorts Securities Limited, a subsidiary of the Company.

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

For **Jayant Gupta and Associates**

**Jayant Gupta**  
Practicing Company Secretary  
FCS: 7288  
CP: 9738  
PR No.: 759/2020  
UDIN: F007288C000300614

Place :Ghaziabad, Uttar Pradesh  
Date : May 14, 2021

## Annexure to Secretarial Audit Report of Escorts Limited for financial year ended March 31, 2021

The Members,  
**ESCORTS LIMITED**  
Management Responsibility for Compliances

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. The review of original registers, records and documents of the Company has been hampered during the audit and certain audit procedures cannot be performed due to government restrictions of lock down and social distancing in view of COVID-19 Global pandemic. I have relied upon the books, records and documents made available by the Company to us through electronic means and in digital format.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Jayant Gupta and Associates**

**Jayant Gupta**  
Practicing Company Secretary  
FCS : 7288  
CP : 9738  
PR No.: 759/2020  
UDIN: F007288C000300614

Place :Ghaziabad, Uttar Pradesh  
Date :May 14, 2021

## Annexure – H to the Directors' Report

### Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (I) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2020-21 (₹ in crores)	% Increase in Remuneration in the financial year 2020-21	Ratio of remuneration of each Director/ to the median remuneration of employees
1.	Mr. Nikhil Nanda, Chairman and Managing Director	13.10	17.70	145.56
2.	Mr. Shailendra Agrawal, Executive Director	4.34	14.00	48.22
3.	Ms. Nitasha Nanda, Whole-time Director	2.87	9.54	31.89
4.	Mr. Hardeep Singh, Non-Executive Director	0.26	44.44	2.89
5.	Mr. P.H. Ravikumar, Independent and Non-Executive Director	0.35	118.75	3.89
6.	Ms. Vibha Paul Rishi, Independent and Non-Executive Director	0.25	47.06	2.78
7.	Dr. Sutanu Behuria, Independent and Non-Executive Director	0.26	44.44	2.89
8.	Mr. Sunil Kant Munjal, Independent Director	0.19	58.33	2.11
9.	Ms. Tanya Dubash, Independent Director	0.19	*	2.11
10.	Mr. Harish N. Salve, Independent Director	0.16	*	1.78
11.	Mr. Dai Watanabe, Non-Executive Director	-	N.A.	N.A
12.	Mr. Yuji Tomiyama, Non-Executive Director	-	N.A.	N.A
13.	Bharat Madan Group Chief Financial Officer & Corporate Head	3.65	20.00	Not Applicable
14.	Mr. Satyendra Chauhan, Company Secretary & Compliance Officer	0.45	8.00	Not Applicable

\* Ms. Tanya Dubash was appointed in 2019-20 for part of the financial year only. Hence the % increase in remuneration is not comparable for Ms. Tanya Dubash. Mr. Harish N. Salve was appointed only for part of financial year 2020-21 i.e., from July 16, 2020. Mr. Dai Watanabe and Mr. Yuji Tomiyama are Nominee Directors of M/s Kubota Corporation and not paid any sitting fee or commission.

- (II) Increase in median remuneration of employees for the previous Financial Year: 3%
- (III) Average percentage increase made in salaries of employees other than the managerial personnel in the last financial year: 3%
- (IV) Comparison with the percentage increase in the managerial remuneration and justification thereof: Compensation was offered as per the Role's/Grade's internal & external parity. For the existing employees, increments and salary corrections were made in line with the Market positioning, budget & compensation principles. Percentage increase in remuneration in the financial year 2020-21 is due to increase in commission paid to Directors taking into account the substantially improved performance of the Company during financial year 2020-21.
- (V) Exception circumstances for increase in the managerial remuneration: N.A. Percentage increase in remuneration in the financial year 2020-21 is due to increase in commission paid to Directors taking into account the substantially improved performance of the Company during financial year 2020-21.
- (VI) There were 3764 permanent employees on the rolls of the Company as on March 31, 2021.
- (VII) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees.

## Annexure - I 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	corpsl@escorts.co.in
6.	Financial year reported	2020-21
7.	Sectors that Company is engaged in	Agri Machinery, Construction and Material Handling, Railway Equipment
8.	List three products/services that the Company manufactures (as in balance sheet)	Agriculture Tractors, Construction Equipment, Railway Equipment and spares thereof
9.	Total No. of Locations where business activity is undertaken by the Company	9 <sup>1</sup>
i.	No. of International Locations	1 (Poland) through subsidiary
ii.	No. of National Locations	Business locations - 8 Escorts conducts its operations through a network of area offices located all over the India
10.	Markets served by the Company –local/ State/ National/ International	National: Across India International: - <b>Agriculture Tractors</b> Afghanistan, Algeria, Angola, Argentina, Australia, Bahrain, Bangladesh, Benin, Belgium, Bhutan, Botswana, Brazil, Burkinafaso, Cambodia, Cameroon, Chile, Colombia, Congo, Cote De Ivoire, Denmark, Dom. Republic, Egypt, Ethiopia, El Salvador, Fiji, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Guinea, Guatemala, Guyana, Haiti, Indonesia, Iraq, Israel, Italy, Ivory Coast, Japan, Jordan, Kenya, Lebanon, Libya, Lithuania, Macedonia, Madagascar, Malawi, Malaysia, Mauritius, Mexico, Morocco, Mozambique, Myanmar, Namibia, Netherlands, Nicaragua, Nigeria, Norway, Oman, Pakistan, Philippines, Peru, Papua, New Guinea, Poland, Portugal, Saudi Arabia, Senegal, Serbia, South Africa, Spain, Sri Lanka, Sudan, Suriname, Tajikistan, Tanzania, Thailand, Togo, Tunisia, Turkey, Uganda, Uk, United States, Uruguay, Vietnam, Zambia, Zimbabwe <b>Construction and Machinery Handling</b> Nepal, Bhutan, Bangladesh, Sri Lanka, Myanmar, Malaysia, Cambodia, Saudi Arabia, Oman, Kuwait, Bahrain, Uzbekistan, Algeria, Tunisia, Kenya, Tanzania, Zimbabwe, Mozambique, South Africa, Nigeria, Argentina <b>Railway Equipment</b> Sri Lanka, Bangladesh, China, Thailand, Malaysia, Indonesia, Vietnam, New Zealand, Egypt, Tanzania, Gabon, Cameroon, Ghana, Senegal, Spain, UK

1. Number of area offices not included

### SECTION B

Sl. No	Particulars	Details
1.	Paid up capital (₹)	134.83 crores
2.	Total Turnover (₹)	6929.29 crores
3.	Total Profit after Taxes (₹)	874.06 crores
4.	Total CSR spent (₹)	12.03 crores*
5.	Total spending on CSR as percentage of profit after tax (%)	1.38 %*
6.	Total spending on CSR as percentage of average net profits of the previous three years as per Companies Act, 2013	2.04 %*
7.	List of Activities in which expenditure in 4 above has been incurred	Detailed list of CSR activities is mentioned in Annexure - E of the Annual Report of the Company.

\* The calculations are made including the amount transferred to Unspent CSR Account.

### 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 (including trust), associate & joint venture companies as on March 31, 2021 as per applicable IND AS. Given the current size and scale of operations as of now, subsidiary companies are not engaged in BR initiatives process of the Company.
3.	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities (Less than 30%, 30%-60%, More than 60%)	The other entities with whom the Company does business with viz. suppliers, distributors, etc. are not directly included in the BR initiatives of the Company.

### SECTION D: BR Information

#### 1. Details of Director/ Directors responsible for BR

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

DIN Number	Name	Designation
00043432	Nikhil Nanda	Chairman & Managing Director

b) Details of the BR head

No.	Particulars	Details
1.	DIN Number (if applicable)	Not Applicable
2.	Name	Satyendra Chauhan
3.	Designation	Company Secretary & Compliance Officer
4.	Telephone Number	0129-2564117
5.	E-mail ID	corpsl@escorts.co.in

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

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability through out their life cycle.
P3	Businesses should promote the well being of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect, and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in responsible manner.

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for....	y	y	y	Y	y	y	Y	y	y
2	Has the policy being formulated in consultation with the relevant stakeholders?	y	y	y	y	Y	y	Y	y	y
3	Does the policy conform to any national/International standards? If yes, specify? (50words)	The policies are in conformance to the spirit of international standards like ISO 14001, ISO 45001 and meets the national regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also, guidelines as per NVG on social, environment and economic responsibility of business have been considered for formulation of some policies								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	y	y	y	Y	y	Y	Y	y	y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6	Indicate the link for the policy to be viewed online?	Code of Business Conduct is available on our website- <a href="http://www.escortsgroup.com">www.escortsgroup.com</a> and other policies related to the employees are accessible to all employees.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	y	y	Y	y	Y	Y	Y	y	Y
8	Does the company have in-house structure to implement the policy/ policies?	y	y	Y	y	y	Y	Y	y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	y	Y	y	y	Y	Y	y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, the Internal Auditor of the Company periodically reviews/ evaluates the working of the policies of the Company.								

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

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

\*Policy Advocacy: The Company doesn't have a separate policy on policy advocacy. For advocacy on policies related to the automobile industry, the Company works through various Industry associations such as Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), PHD Chambers of Commerce & Industry (PHDCCI), Indian Manufacturers Association, IndoAmerican Chambers of Commerce (IACC), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Tractors and Mechanization Association, Faridabad Industries Association and Indian Construction Equipment Manufacturers Association (ICEMA). In Escorts, there are particular group of persons, specifically dedicated in the Company for interacting with these Industry bodies and Managing Government Affairs.

## 3. Governance related to BR

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

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

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

The Business Responsibility Report and Sustainability Report forms an integral part of the Annual Report. The reports are published on an annual basis. Such reports can be viewed by anyone on <https://www.escortsgroup.com/investors/annual-reports.html>

## SECTION E- Principle-wise performance

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

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

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

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

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

## 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 period under review, 119 concerns were received from shareholders out of which 118 (99.16%)

were satisfactorily resolved as on March 31, 2021, and the remaining is work in progress to be resolved.

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

## 1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

The following products/ services have been designed to incorporate social or environmental concerns as well as benefit from the available opportunities:

## A. Product

- Design, Development & Testing of 60hp models of Engines with BSIV emission norms for India
- Design, Development & Testing of CRDI 50, 75, 90 & 110 HP Engines with Stage 5 Emission norms for European Market
- Upgraded all platforms to CEV & BSIV Norms to meet emission, statutory & legal requirements.

## B. Electrical Energy Saving

- Installation of 8Nos all in one Solar Light Fixtures with inbuilt lithium batteries on Main Driveway for energy saving & better illumination.
- Installation of High mast lighting system in testing area to replace approx. 50nos x 200watt street fixtures for energy saving and better illumination.
- Development of New Design offices with Double Vacuum Glass windows on south & west side to minimise Heat Load inside office areas for energy saving etc.

## C. Underground Water Saving :

- Installation of rain water harvesting system near Plant Head Office area to increase in underground water table.
- STP Treated Water reused for Gardening, saving of ~600KL Potable Water per month.

## D. Environmental improvement :

- Plantation work carried out across the Company on Environment day i.e. on 5th June, 2020.
- Installation of New 1250KVA DG Set with Sound Proof Canopy & 30mtr high Chimney for environment protection as per guidelines of HSPCB.
- Installation of Independent Power Supply feeder to minimize power trips, hence, minimizing use of DG Set for protecting Environment.

iv. Providing Dust guard enclosure for field testing area to restrict spread of dust into the entire complex, hence, improving working environment.

v. Development of lawn area/ Hedges near field testing and nearby area in R&D premises.

**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. Therefore, it is difficult for the Company to determine the reduction in energy and water during usage of vehicles.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

**a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company has around 500 Nos. of component suppliers. Nearly, 50% of supplier base by value is within 50 Km radius of the Company.

In year 2020-21, the Company is working with 100 supplier for quality improvement project for improving process & system at supplier end. The Company is also working on packaging standard with suppliers to reduce rejection as well as improvement storage in Escorts store.

The Company strives to procure components without compromising on quality.

The Company has been encouraging and supporting its suppliers towards all govt compliances as well as successfully completed with Non-disclosure agreement with suppliers.

Escorts started financial audit to check financial health of existing supplier as well as new supplier.

The Company also encourages suppliers to comply with exports regulations & increase their business with Escorts in exports.

**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?**

i. Majority of small casting parts as well as sheetmetal parts which are used in manufacturing process are coming from local producers only. Escorts team is dedicated working with suppliers for dedicated line setup for production of components who can supply material on JIT basis locally. This will give benefit to reduce inventory at Escorts end.

In 2020-21, the Company strengthened its efforts towards quality across the value chain with cluster program with suppliers.

Following initiatives were taken in this direction:

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.

iii. The Company continuously working with supplier in terms of cost, quality, delivery basis of monthly ratings as well as feedback so that they can improve themselves & strive for best.

**5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as < 5%, 5-10%, >10%)?. Also, provide details thereof, in about 50 words or so.**

Escorts has focused on optimisation of resources. Where reduce, reuse and recycling of Water is started to aim with zero water discharge organisation. One step ahead thinking to positive water recharge organisation through drastically reduction of ground water extraction and more water recharge to ground by Water harvesting. In same way paper consumption reduction through Digitisation of processes has been a very big milestone in various processes. Apart from that whatever be the waste paper generated – recycled and reuse through A4 Size fresh paper. In the year 20-21 total of 28 Ton of waste paper recycled.

The Company also have provision for recycling of the Water, Waste Paper & Oil.

The details of recycling process and percentage are as follows:

Particulars	Recycling Process	Percentage of product recycled
Water	Recycled water through treatment in STP/ETP and used in various applications/ Processes such as Toilets flushing, Gardening, floor washing, utensils washing etc.	Approx.. 32% water is recycled and use
Waste Paper	Waste paper is recycled through the partner. In lieu of water paper fresh A4 Size papers are received to use.	21 % A4 Size paper used is from recycled paper
Oil	Oil is being collected at user end and after some process of filtration/ purification it is again used in process	-

**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.

The Company has organised various safety training programs during the year which has developed employee participation and involvement in safety promotional activities. 100% safety induction programs were conducted for all newly recruited employees and contractor workmen. Year 2020-21 is reportable accident free year. Senior management visibility and commitment towards safety has changed the safety culture. Due to above efforts, the Company has recorded 70% reduction in overall incidents. Regular safety audits and inspection were conducted by statutory authorities and auditors as well. The Company has also conducted regular mock drills for emergency planning, preparedness & response plan. Hazard identification, Risk Assessment & Control study for all critical processes & operations affecting safety were done.

**1. Please Indicate the Total number of employees.**

Approximately there are total 11,058 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, 2021, Escorts have approx. 7,294 employees on temporary & Contractual basis.

**3. Please Indicate the Number of permanent women employees.**

There are approximately 104 permanent women employees.

**4. Please Indicate the Number of permanent employees with disabilities.**

3 (Number of employees).

**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 labour/ forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NI

**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 2020-21, 100% of employees are covered under the safety training and the following percentage of employees are covered under the skill upgradation training::

- 1. Permanent Employees/ workmen - 100%
- 2. Permanent Women Employees- 100%
- 3. Casual temporary/Contractual Employees- 100%
- 4. Employees with Disabilities-N.A.

**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:

1. Local community
2. Socio-economically disadvantaged sections of the society.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.**

The Company covers a wide range of social issues both at local as well as national level. The main CSR areas are:

1. Health & Wellness
2. Skill Development & Education
3. Road Safety
4. Disaster Management
5. Covid Care supports

Yes, programs have been conducted under the CSR and environment protection initiatives, so as to have positive social impact on the disadvantaged, vulnerable and marginalized stakeholders.

**Principle 5 : Businesses should respect and promote human rights.**

The Company fosters a culture of working with respect and dignity for its employees and all the stakeholders. We are committed to respect the dignity of every person associated with us and take every possible effort to promote this philosophy. The Company strictly prohibits any harassment (mental or physical) or discrimination on race, color, sex, language, religion, etc. and strives to render a fair treatment and equal opportunity to everyone. We strongly support the ideology of human rights and comply with applicable laws related to the employees and associates.

**1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The Company does not have a standalone policy for human rights, however, the Company's internal policies on Code of Conduct, Ethics and CSR recognises all the key aspects of human rights and we provide equal opportunity to all the sections of the society without any discrimination. These policy covers all the employees of the Company.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company did not receive any stakeholder complaint during the past financial year regarding human rights.

**Principle 6 : Businesses should respect, protect and make efforts to restore the environment.**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?**

Our companies in the group are committed to achieve the global standards of health, safety and environment. We believe in sharing process and product innovations within the group and extending its benefits to the Industry. We believe in safeguarding environment for long term.

The Company has following international certifications w.r.t Environment Management System, Occupational Health & Safety Management System and Quality Management System:

1. ISO 14001: 2015 – Environment Management System
2. ISO 45001: 2018 – Occupational Health & Safety Management System
3. ISO 9001: 2015 - Quality Management System

**2. Does the Company have strategies/ Initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for web page etc.**

Yes, Company is focused on addressing the global issues of environment and working towards reduction in CO2 emission through optimising the process, energy consumption reduction, using of new technology equipment, fuel change etc.

The Company has taken the following initiatives to address global environmental issues:

1. The Company has taken initiative for energy consumption reduction, green building concepts, water optimise designs, maximum use of natural resources, use of solar system in electricity generation, tree plantation initiative, outside company green belt development etc.
2. The Company has in place system for rainwater harvesting. Further, the Company is also planning to increase such systems.
3. The Company is maintaining the Solar Power Plants at its various facilities to generate electricity. The said plants yielded approx. 12.4 lakhs electrical units (KWH) in 2020-21.
4. No industrial solid waste is allowed to go out of plant(s) without proper identification in storage & recycle to authorised vendors.
5. Introduced system of collecting waste paper for recycling.
6. Escorts Research and development Center has achieved Zero Liquid Discharge (ZLD) Company since last 3 years.
7. Green Area has been developed outside the Company.

**3. Does the company identify and assess potential environmental risks?**

The Company has identified the potential environmental risk such as Water Usage, CO2 Emission. For all these, company has focused to make all operational plant to Zero Water discharge plant by 2022. To assess the risk many studies has been carried out such as: hydrogeological studies, water parameter testing's, ground water level monitoring, air monitoring. All these monitoring are done on continuous manner. Aspect impact assessment is the tool used for carry out the potential risk to environment on regular basis and driven by top management.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects. Further, the Company has installed composting machine for processing Waste of Canteen & Horticulture. This machine will convert all Canteen & Horticulture waste into Compost that can be used for Plant & Grass.

**5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.?**

Yes, the Company has taken the following initiatives on clean technology, energy efficiency, renewable energy, etc.

- 1) Initiatives on renewable energy
  - i. Rooftop solar installation yielded appr. 12.4 lakhs units in FY 20-21
- 2) Initiatives on energy efficiency
  - i. Old transformer (1000 kva) replaced with new one to improve energy efficiency
  - ii. Replacement of old Air compressor to improve energy efficiency
  - iii. Heat pumps installed in washing machines to replace energy efficient conventional heating in washing machines
  - iv. Variable Frequent Drive installed on motors & reduced 15% energy consumption.
  - v. Solar Generation Capacity increased via chemical cleaning.
  - vi. Spilt AC's installed to stop the 30 Ton centralised AC.
  - vii. 5 Nos. Insulated Gate Bipolar Transistors (IGBT) based welding machines installed for energy efficiency.
  - viii. Replace DC motor & installed energy efficient AC motor.
- 3) Initiatives on clean Technology
  - i. Compact Electric Tractor for Export & Domestic market
  - ii. Design, Development & Testing of 60hp models of Engines with BSIV emission norms for India
  - iii. Design, Development & Testing of CRDI 50, 75, 90 & 110 HP Engines with Stage 5 Emission norms for European Market



- iv. Upgraded all platforms to CEV & BSIV Norms to meet emission, statutory & legal requirements.
- v. Up-gradation of Design, Development and Testing infrastructure at R&D to develop & absorb new contemporary technologies in a most cost-effective manner to offer products at a competitive price. Also, working on some safety features & fuel-efficient technologies / Products to offer more to the customer & enhance their expectations.
- vi. Design & development of New products & upgradations of existing products to meet upcoming stringent emission norms in line with government guidelines.

**6. Are the Emissions/ Waste generated by the company within the permissible limits given by CPCBI SPCB for the financial year being reported?**

All emissions and waste generated by the Company are within the limits defined by CPCB/SPCB in 2020-21.

**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 the Company 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. Indo-American Chambers of Commerce (IACC)
- IV. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- V. Tractors and Mechanization Association
- VI. Faridabad Industries Association
- VII. Indian Construction Equipment Manufacturers Association (ICEMA)
- VIII. National Safety Council, North Zone Chapter, Chandigarh
- IX. US-India Business Council
- X. IMA (Management Association)

**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 2020-21 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. Supported various medical check-up camps and camps for increasing awareness on heart, eye and health for employees.
- 5. Supported the COVID-19 affected people through basic medicines, food items, clothes etc.

**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 healthcare, Education, Skill Development and Road Safety and the same have also implemented to the large extent.

For better execution of the CSR Plans, the programmes were undertaken both, through in-house teams as well as in co-ordination with external NGOs.

**3. Have you done any impact assessment of your initiative?**

On a periodic basis, we measure the direction of our initiatives and their impact. It 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 ₹ 12.03 crores towards various CSR activities. The project wise details are provided in Annexure – E of the Annual Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain In 50 words, or so.**

Yes. The CSR initiatives of the Company are executed to ensure impact-focused implementation, monitoring, and reporting. The majority of our community development projects are designed to help the underprivileged section of the Community. For more details, please refer Corporate Social Responsibility section in this Annual Report.

**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 2020-21, Escorts Agri Machinery sold 1,06,741 vehicles and Escorts Construction Equipment sold 3913 units.

Total 0.15% consumer cases are pending as on March 31, 2021. These cases are under process of resolution and the same are not significant in comparison to total sales volume.

**2. Does the company display product Information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. I Remarks (additional information)**

Yes. The Company complies with disclosure requirements relating to its products and services. Further, the Company also displays Customer Code & Delivery No., the child part details and scheme details, if any.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, Irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

Hon'ble Competition Commission of India ("CCI") had initiated a case in 2012 against the Company, which was decided in favour of the Company, by Hon'ble Competition Appellate Tribunal ("COMPAT") in 2015. CCI has preferred a statutory appeal before the Hon'ble Supreme Court of India in 2016 against the order passed by COMPAT, which is pending adjudication.

**4. Did company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the Company does various consumer satisfaction survey for few areas by using many methodologies from time to time to know the consumer satisfaction levels. However, during the year 2020-21, due to COVID-19, this activity could not be completed. The same will be completed once situation will improve.

# Independent Auditor's Report

To the Members of Escorts Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

- We have audited the accompanying standalone financial statements of Escorts Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, 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.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.
- We have determined the matter described below to be the key audit matters to be communicated in our report.

### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition We refer to the Company's significant accounting policies in note 2.2(a) and the revenue related disclosures in note 48 of the standalone financial statements. Owing to the multiplicity of the Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention. Further Ind AS 115, "Revenue from Contracts with Customers", requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts	Our audit procedures, related to revenue recognition, included, but were not limited, to the following: a) assessed the design and operating effectiveness of Company's controls (including the automated controls) around revenue recognition and measurement (including rebates / discounts); b) assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; c) scrutinized sales ledgers to verify accuracy and completeness of sales transactions; d) on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end;

- We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
with Customers", requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers (such as after sales maintenance services and product warranties), determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations. This matter is considered to be of most significance given the extent of industry knowledge and skills needed to apply audit procedures to address the matter and evaluate the results of those procedures.	e) tested the appropriateness of accruals for various rebates and discounts as at the year-end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/deliveries (as the case may be), and approved incentives / discounts schemes; f) assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; g) circularised balance confirmations to a sample of customers and evaluated the responses; and h) tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations.

### Information other than the Financial Statements and Auditor's Report thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

- The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive

income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit we report that the Company has paid/provided remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;

- d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 14 May 2021 as per Annexure II expressed unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in note 22(ii), 34 and 42 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021,

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021.
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021.
- 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

**Ashish Gupta**

Partner

Membership No.: 504662

UDIN: 21504662AAAADN8081

Place: New Delhi

Date: 14 May 2021

## 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 2021

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' and 'Investment property') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and discrepancies noticed on physical verification have been properly dealt with in the books of account. For the stocks lying with third parties at the year end, written confirmations have been obtained by the management.
- (iii) The Company has granted unsecured loan to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:
- (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.
- (b) The schedule of repayment of principal has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular. Further, the receipts of 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/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, duty of customs, goods and services 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:

Name of the statute	Nature of dues	Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Haryana Local Area Development Tax, 2000	Local Area Development Tax	52.80	39.90	2000-2008	Hon'ble High Court of Punjab and Haryana
Value Added Tax Acts	Sales Tax	2.05	1.69	1988-2012	Hon'ble High Court of Andhra Pradesh
Value Added Tax Acts	Sales Tax	11.30	0.40	1992-2017	Appellate Tribunal
Value Added Tax Acts	Sales Tax	52.76	5.99	1997-2018	Appellate authority till Commissioner level
Central Excise Act, 1944	Excise Duty	465.06	50.68	2004-2016	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	1.43	0.57	1992-2016	Appellate authority till Commissioner level
Finance Act, 1994	Service Tax	1.69	0.01	2005-2012	Customs Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.74	1.13	2007-2013	Appellate authority till Commissioner level
Income Tax Act, 1961	Income Tax	23.28	3.93	2002-2017	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Income Tax	1.40	-	2008-2016	Income Tax Appellate Tribunal
The Customs Act, 1962	Custom Duty	6.97	6.97	2007-2008	Customs Excise and Service Tax Appellate Tribunal

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or bank during the year. The Company has no loans or borrowings payable to government and no dues payable to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (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 paid/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.
- (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 made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, receivable upon demand.
- (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 Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662  
UDIN: 21504662AAAADN8081

Place: New Delhi  
Date: 14 May 2021

## Annexure II

### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Escorts Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Walker Chandio & Co LLP**

Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner  
Membership No.: 504662  
UDIN: 21504662AAAADN8081

Place: New Delhi  
Date: 14 May 2021

# Balance Sheet

as at 31 March 2021

	Note	As at 31 March 2021	As at 31 March 2020
(₹ crores)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 (i)	1,642.19	1,599.66
Capital work-in-progress	3 (ii)	41.18	104.39
Investment property	4	69.85	22.94
Right-of-use assets	5	42.73	33.24
Intangible assets	6 (i)	28.25	32.17
Intangible assets under development	6 (ii)	23.23	20.07
<b>Financial assets</b>			
Investments	7 (i)	653.39	527.98
Loans	8 (i)	6.30	6.49
Other financial assets	9 (i)	11.49	-
Income tax assets (net)		5.18	16.28
Other non-current assets	11 (i)	84.60	96.04
<b>Total non-current assets</b>		<b>2,608.39</b>	<b>2,459.26</b>
<b>Current assets</b>			
Inventories	12	674.46	822.20
<b>Financial assets</b>			
Investments	7 (ii)	1,651.56	638.28
Trade receivables	13	698.40	756.52
Cash and cash equivalents	14	100.50	164.81
Bank balances other than above	15	1,216.02	153.67
Loans	8 (ii)	10.44	16.81
Other financial assets	9 (ii)	22.36	20.86
Other current assets	11 (ii)	189.40	265.75
<b>Total current assets</b>		<b>4,563.14</b>	<b>2,838.90</b>
Assets held for sale	16	31.70	13.92
<b>Total assets</b>		<b>7,203.23</b>	<b>5,312.08</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	17	134.83	122.58
Other equity	18	5,256.76	3,357.50
<b>Total equity</b>		<b>5,391.59</b>	<b>3,480.08</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	19 (i)	-	-
Lease liabilities	41	47.62	21.73
Other financial liabilities	20 (i)	23.97	19.96
Provisions	22 (i)	48.95	30.11
Deferred tax liabilities (net)	10 (i)	22.97	30.29
Other non-current liabilities	21 (i)	12.13	11.65
<b>Total non-current liabilities</b>		<b>155.64</b>	<b>113.74</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	19 (ii)	-	6.60
Trade payables	23	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		104.23	80.25
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,082.90	1,183.68
Lease liabilities	41	10.42	5.77
Other financial liabilities	20 (ii)	129.14	123.53
Other current liabilities	21 (ii)	203.96	192.84
Provisions	22 (ii)	100.80	125.59
Current tax liabilities		24.55	-
<b>Total current liabilities</b>		<b>1,656.00</b>	<b>1,718.26</b>
<b>Total equity and liabilities</b>		<b>7,203.23</b>	<b>5,312.08</b>

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)**Ashish Gupta**  
Partner  
Membership No. 504662**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

For and on behalf of the Board of Directors

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Date: 14 May 2021

Place: New Delhi  
Date: 14 May 2021

# Statement of Profit and Loss

for the year ended 31 March 2021

	Note	Year ended 31 March 2021	Year ended 31 March 2020
(₹ crores)			
<b>Income</b>			
Revenue from operations	24	6,929.29	5,760.95
Other income	25	154.56	92.25
<b>Total income</b>		<b>7,083.85</b>	<b>5,853.20</b>
<b>Expenses</b>			
Cost of materials consumed	26 (i)	4,026.19	3,450.46
Purchases of stock-in-trade		440.08	370.37
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26 (ii)	127.40	(1.21)
Employee benefits expense	27	534.55	510.32
Finance costs	28	10.98	15.46
Depreciation and amortisation expense	29	115.70	104.55
Other expenses	30	671.84	755.19
<b>Total expenses</b>		<b>5,926.74</b>	<b>5,205.14</b>
<b>Profit before exceptional items and tax</b>		<b>1,157.11</b>	<b>648.06</b>
Exceptional items	31	-	(9.22)
<b>Profit before tax</b>		<b>1,157.11</b>	<b>638.84</b>
Tax expense	10 (ii)		
Current tax		286.90	174.41
Deferred tax charge/(credit)		(3.85)	(21.11)
<b>Total tax expense</b>		<b>283.05</b>	<b>153.30</b>
<b>Profit for the year</b>		<b>874.06</b>	<b>485.54</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		0.36	(0.24)
Re-measurements of defined employee benefit plans		(13.95)	(6.92)
Income tax relating to items that will not be reclassified to profit or loss		3.47	1.46
<b>Total other comprehensive income for the year</b>		<b>(10.12)</b>	<b>(5.70)</b>
<b>Total comprehensive income for the year</b>		<b>863.94</b>	<b>479.84</b>
<b>Earnings per equity share:</b>	32		
Basic (₹)		68.14	40.63
Diluted (₹)		68.05	40.63

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)**Ashish Gupta**  
Partner  
Membership No. 504662**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

For and on behalf of the Board of Directors

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Date: 14 May 2021

Place: New Delhi  
Date: 14 May 2021

## Cash Flow Statement

for the year ended 31 March 2021

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>A Cash flow from operating activities</b>		
Profit before tax	1,157.11	638.84
<b>Adjustments for:</b>		
Depreciation and amortisation expense	115.70	104.55
Provisions written back net of provisions recognised during the year	(48.06)	(28.91)
Finance costs (other than finance and bank charges)	8.15	12.93
Interest income	(77.39)	(42.64)
Gain on disposal of property, plant and equipment (net)	(3.72)	(1.39)
Gain on fair valuation and sale of investments carried at fair value through profit or loss (net)	(57.16)	(36.59)
Share based payment to employees	16.36	3.40
Unrealised foreign exchange (gain)/loss	0.31	(3.07)
<b>Operating profit before working capital changes</b>	<b>1,111.30</b>	<b>647.12</b>
<b>Movement in working capital</b>		
Inventories	147.75	(0.28)
Trade receivables	46.91	170.49
Other financial assets	8.80	(19.06)
Other assets	76.40	32.24
Trade payables	(19.68)	87.21
Other financial liabilities	11.73	7.79
Other liabilities	(8.30)	65.23
<b>Cash generated from operating activities post working capital changes</b>	<b>1,374.91</b>	<b>990.74</b>
Income tax paid (net)	(253.27)	(174.14)
<b>Net cash generated from operating activities (A)</b>	<b>1,121.64</b>	<b>816.60</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital advances)	(113.60)	(181.71)
Sale of property, plant and equipment	6.62	4.72
Purchase of intangible assets	(9.57)	(12.84)
Purchase of investment property	(11.06)	-
Investment in subsidiaries and joint ventures	(119.77)	(62.70)
Purchase of other non-current investments	(25.80)	-
Purchase of current investment (net)	(941.05)	(210.60)
Bank deposit (having original maturity of more than 3 months)	(1,022.53)	-
Margin/bank deposits	(7.75)	(9.77)
Interest received	45.14	43.13
<b>Net cash used in investing activities (B)</b>	<b>(2,199.37)</b>	<b>(429.77)</b>

## Cash Flow Statement

for the year ended 31 March 2021

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>C Cash flows from financing activities (refer note 19 (iii))</b>		
Proceeds from shares(including ESOP) issued during the year	1,057.58	-
Repayment of long term borrowings	(0.05)	(7.49)
Repayment of lease liability	(4.91)	(3.04)
Repayment of short term borrowings (net)	(6.26)	(262.97)
Interest paid	(8.19)	(8.67)
Dividend and tax thereon paid	(24.52)	(26.02)
<b>Net cash (used in)/flow from financing activities (C)</b>	<b>1,013.65</b>	<b>(308.19)</b>
Increase/(decrease) in cash and cash equivalents (A+B+C)	(64.08)	78.64
Cash and cash equivalents at the beginning of the year (refer note 14)	164.81	85.80
Exchange difference on translation of foreign currency cash and cash equivalents	(0.23)	0.37
<b>Cash and cash equivalents at the end of the year (refer note 14)</b>	<b>100.50</b>	<b>164.81</b>

Note: The above statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership No. 504662

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Place: New Delhi  
Date: 14 May 2021

Date: 14 May 2021

## Statement of Changes in Equity

for the year ended 31 March 2021

### A Equity share capital

(₹ crores)				
Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
122.58	-	122.58	12.25	134.83

### B Other equity

(₹ crores)									
	Reserves and surplus						Fair value changes of equity instruments measured at fair value through other comprehensive income	Total	
	Treasury shares	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Employees' stock options outstanding			Retained earnings
<b>Balance as at 1 April 2019</b>	(25.99)	97.40	4.00	456.69	730.95	4.03	1,632.58	0.62	2,900.28
Profit for the year	-	-	-	-	-	-	485.54	-	485.54
Other comprehensive income for the year	-	-	-	-	-	-	(5.49)	(0.21)	(5.70)
<i>Transactions with owners in their capacity as owners</i>									
Dividends paid	-	-	-	-	-	-	(21.45)	-	(21.45)
Tax on dividends	-	-	-	-	-	-	(4.57)	-	(4.57)
Employee stock option charge for the year	-	-	-	-	-	3.40	-	-	3.40
Transfer from employees' stock option outstanding account against vested options lapsed during the year	-	-	-	-	0.33	(0.33)	-	-	-
<b>Balance as at 31 March 2020</b>	(25.99)	97.40	4.00	456.69	731.28	7.10	2,086.61	0.41	3,357.50
Profit for the year	-	-	-	-	-	-	874.06	-	874.06
Other comprehensive income for the year	-	-	-	-	-	-	(10.44)	0.32	(10.12)
<i>Transactions with owners in their capacity as owners</i>									
Proceeds from shares issued during the year	-	-	-	1,029.65	-	-	-	-	1,029.65
Dividends paid	-	-	-	-	-	-	(24.52)	-	(24.52)
Employee stock option exercise for the year	-	-	-	4.24	-	(4.24)	-	-	-
Employee stock option charge for the year	-	-	-	-	-	16.53	-	-	16.53
Transfer from employees' stock option outstanding account against vested options lapsed during the year	-	-	-	-	0.21	(0.21)	-	-	-
Adjustment for options exercised during the year	1.53	-	-	12.13	-	-	-	-	13.66
<b>Balance as at 31 March 2021</b>	(24.46)	97.40	4.00	1,502.71	731.49	19.18	2,925.71	0.73	5,256.76

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership No. 504662

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Place: New Delhi  
Date: 14 May 2021

Date: 14 May 2021

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 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, centre buffer couplers, automobile shock absorbers, telescopic front fork & Mcpherson struts, brake block, internal combustion engines and all types of brake used by railways. It also trades in oils & lubricants, implements, trailers, tractors, compressor accessories and spares, construction, earth moving and material handling equipment.

### 2. Basis of preparation, measurement and significant accounting policies

#### 2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2021 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 14 May 2021.

The financial statements have been prepared on accrual and going concern basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under historical cost convention basis except for the following –

- Certain financial assets which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;

### 2.2 Summary of significant accounting policies

#### a) Revenue recognition

Revenue arises mainly from the sale of manufactured and traded goods, after-sales maintenance and extended warranty services.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.



## Notes forming part of the Financial Statements

for the year ended 31 March 2021

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see note 21). Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

### Sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

The Company provides 1 to 5 years' product warranty on its goods sold to the buyer. Under the terms of this warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under Ind AS 37.

### After-sale services

The Company enters into fixed price maintenance and extended warranty contracts with its customers for terms between one and two years in length. Customers are required to pay in advance for the services along with the contractual amount paid for the purchase of goods.

- **Maintenance contracts** – The Company enters into agreements with its customers to perform regularly scheduled maintenance services on goods purchased from the Company. Revenue is recognised over time based on the ratio between the number of services provided/lapsed in the current period and the total number of such services expected to be provided under each contract. This method best depicts the transfer of services to the customer because details of the services to be provided are specified by management in advance as part of its published maintenance program.
- **Extended warranty program** – The Company enters into agreements with its customers to perform necessary repairs falling outside the Company's standard warranty period. As this service involves an indeterminate number of acts, the Company is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognised on a straight-line basis over the

term of the contract and matched to related costs. This method best depicts the transfer of services to the customer as (a) the Company's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

### Other income

Income from export incentives are recognised on accrual basis.

### Interest Income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost (refer 'h' below), interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

### Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

## b) Foreign currency translation

### Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') and are rounded to two decimal places of crores, which is also the functional and presentation currency of the Company.

### Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

## c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

## d) Property, plant and equipment

### Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

### Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives mentioned below:

Asset category	Estimated useful life (in years)
Factory buildings	30
Office buildings	60
Tubewells and fencing	5
Roads	10
Sheds	3
Plant and machinery	3-15*
Furniture and fixtures	5-10*
Office equipment	3-10
Vehicles	8-10
Leasehold improvements	Over the effective term of the lease
Electrical appliances	10
IT equipment	6
Computers	3

\*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for certain items within these classes of assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

## e) Investment properties

### Recognition and initial measurement

Investment properties are properties including right-of-use in properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties other than right-of-use in properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

### f) Intangible assets

#### Recognition and initial measurement

Purchased intangible assets are stated at cost less accumulated amortisation and impairment, if any.

#### Internally developed intangible assets

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred.

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

#### The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

### The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

### h) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the

instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- 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:

- 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.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### ii. Financial assets at fair value

- **Investments in equity instruments (other than subsidiaries/ associates/ joint ventures)** – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

#### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### Financial liabilities

##### Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

#### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### Derivative financial instruments

##### Initial and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### i) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The Company uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macro-economic factors for each identified segment.

The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

#### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### j) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

### k) Fair value measurement

The Company measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement 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

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

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 has opted to measure such investments at cost at initial recognition.

Subsequently, such investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

### o) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

### q) Post-employment, long term and short term employee benefits

The Company provides post-employment benefits through various defined contribution and defined benefit plans.

#### Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

#### Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity and pension are post-employment benefits and are in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity and pension is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

#### Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

### Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

### r) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

### s) Share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### t) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### u) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

### v) Earnings per 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 judgements and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts recognised in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Significant management estimates

**Allowance for doubtful debts** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

**Allowance for obsolete and slow-moving inventory** – The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognised in the financial statements.

**Product warranties** – The Company makes provisions for estimated expenses related to product warranties at the

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Company seeks to improve vehicle quality and minimise warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

**Defined benefit obligations (DBO)** – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

### Significant management judgements

**Capitalisation of internally developed intangible assets** – Distinguishing the research and development phases for new products and design enhancements determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalised costs may be impaired.

**Evaluation of indicators for impairment of non-financial assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Contingent liabilities** – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

### 2.4 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated 24 March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. The amendments are extensive and the Company will evaluate the same to give effect to them from the financial year starting 1 April, 2021 as required by law.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 3 (i) Property, plant and equipment

										(₹ crores)
Description	Land	Leasehold land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
<b>Gross carrying value</b>										
As at 1 April 2019	1,049.02	8.89	391.66	0.05	877.50	73.60	50.59	16.35	10.12	2,477.78
Reclassified on account of adoption of Ind AS 116 (refer note 5)	-	(8.89)	-	-	-	-	-	-	-	(8.89)
Additions	-	-	9.04	-	93.73	6.45	5.85	2.71	0.85	118.63
Disposals	-	-	-	-	(16.59)	(0.89)	(5.04)	(1.07)	(0.01)	(23.60)
<b>As at 31 March 2020</b>	<b>1,049.02</b>	<b>-</b>	<b>400.70</b>	<b>0.05</b>	<b>954.64</b>	<b>79.16</b>	<b>51.40</b>	<b>17.99</b>	<b>10.96</b>	<b>2,563.92</b>
Additions	-	-	11.51	-	127.50	9.34	2.56	4.88	0.96	156.75
Reclassified to Investment Property	(8.39)	-	(5.67)	-	-	-	-	-	-	(14.06)
Reclassified to held for sale (refer note 16)	-	-	(11.73)	-	(3.83)	-	-	-	-	(15.56)
Disposals	-	-	(0.14)	-	(19.59)	(0.83)	(0.47)	(1.34)	(0.12)	(22.49)
<b>As at 31 March 2021</b>	<b>1,040.63</b>	<b>-</b>	<b>394.67</b>	<b>0.05</b>	<b>1,058.72</b>	<b>87.67</b>	<b>53.49</b>	<b>21.53</b>	<b>11.80</b>	<b>2,668.56</b>
<b>Accumulated depreciation</b>										
As at 1 April 2019	-	1.11	255.71	0.01	538.66	52.54	39.01	6.24	7.48	900.76
Reclassified on account of adoption of Ind AS 116	-	(1.11)	-	-	-	-	-	-	-	(1.11)
Charge for the year	-	-	7.81	-	62.68	10.07	0.77	2.45	1.09	84.87
Adjustment for disposals	-	-	-	-	(13.78)	(0.89)	(5.04)	(0.54)	(0.01)	(20.26)
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>263.52</b>	<b>0.01</b>	<b>587.56</b>	<b>61.72</b>	<b>34.74</b>	<b>8.15</b>	<b>8.56</b>	<b>964.26</b>
Charge for the year	-	-	7.99	-	75.53	4.76	5.57	2.70	1.16	97.71
Reclassified to Investment Property	-	-	(5.20)	-	-	-	-	-	-	(5.20)
Reclassified to held for sale (refer note 16)	-	-	(7.11)	-	(3.69)	-	-	-	-	(10.80)
Adjustment for disposals	-	-	(0.14)	-	(17.05)	(0.83)	(0.47)	(0.99)	(0.12)	(19.60)
<b>As at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>259.06</b>	<b>0.01</b>	<b>642.35</b>	<b>65.65</b>	<b>39.84</b>	<b>9.86</b>	<b>9.60</b>	<b>1,026.37</b>
<b>Net block as at 31 March 2020</b>	<b>1,049.02</b>	<b>-</b>	<b>137.18</b>	<b>0.04</b>	<b>367.08</b>	<b>17.44</b>	<b>16.66</b>	<b>9.84</b>	<b>2.40</b>	<b>1,599.66</b>
<b>Net block as at 31 March 2021</b>	<b>1,040.63</b>	<b>-</b>	<b>135.61</b>	<b>0.04</b>	<b>416.37</b>	<b>22.02</b>	<b>13.65</b>	<b>11.67</b>	<b>2.20</b>	<b>1,642.19</b>

#### Notes:

**(i) Property, plant and equipment include assets in use for in house research and development**

Refer note 36 for details.

**(ii) Contractual obligations**

Refer note 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) Depreciation for the year has been included in "Depreciation and amortisation expense" line item in statement of profit and loss.**

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 3 (ii) Capital work-in-progress

		(₹ crores)
	As at 31 March 2021	As at 31 March 2020
<b>Capital work-in-progress</b>	41.18	104.39

#### Movement in capital work-in-progress during the year:

		(₹ crores)
Particulars		Amount
<b>Capital work-in-progress as at 1 April 2019</b>		53.07
Add: additions during the year		169.95
Less: capitalisation during the year		(118.63)
<b>Capital work-in-progress as at 31 March 2020</b>		104.39
Add: additions during the year		131.91
Less: capitalisation during the year		(195.12)
<b>Capital work-in-progress as at 31 March 2021</b>		41.18

### 4 Investment property

				(₹ crores)
Description	Land	Building		Total
<b>Gross carrying value</b>				
As at 1 April 2019	19.70	4.86		24.56
Additions	-	-		-
Disposals	-	-		-
<b>As at 31 March 2020</b>	<b>19.70</b>	<b>4.86</b>		<b>24.56</b>
Additions	-	38.37		38.37
Reclassified from Property, plant and equipment	8.39	5.67		14.06
Disposals	-	-		-
<b>As at 31 March 2021</b>	<b>28.09</b>	<b>48.90</b>		<b>76.99</b>
<b>Accumulated depreciation</b>				
As at 1 April 2019	-	1.47		1.47
Charge for the year	-	0.15		0.15
Adjustment for disposals	-	-		-
<b>As at 31 March 2020</b>	<b>-</b>	<b>1.62</b>		<b>1.62</b>
Charge for the year	-	0.32		0.32
Reclassified from Property, plant and equipment	-	5.20		5.20
Adjustment for disposals	-	-		-
<b>As at 31 March 2021</b>	<b>-</b>	<b>7.14</b>		<b>7.14</b>
<b>Net block as at 31 March 2020</b>	<b>19.70</b>	<b>3.24</b>		<b>22.94</b>
<b>Net block as at 31 March 2021</b>	<b>28.09</b>	<b>41.76</b>		<b>69.85</b>

#### (i) Amount recognised in the statement of profit and loss for investment property

		(₹ crores)
	As at 31 March 2021	As at 31 March 2020
Rental income	9.34	0.35
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
<b>Profit from leasing of investment properties</b>	<b>9.34</b>	<b>0.35</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

### (iii) Fair value of investment property

Particulars	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Land	82.37	20.02
Building	43.02	2.44

The Company obtains independent valuations for its investment property annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer considers information from a variety of sources including:

- In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.
- In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2012/1997 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 Right-of-use assets

Description	Property, plant and equipment		Investment property	Total
	Land	Buildings	Land	
<b>Gross carrying value</b>				
As at 1 April 2019	-	-	-	-
Reclassified on account of adoption of Ind AS 116	8.89	-	-	8.89
Adjustment on transition to Ind AS 116	21.54	4.20	4.16	29.90
Additions	-	0.72	-	0.72
<b>As at 31 March 2020</b>	<b>30.43</b>	<b>4.92</b>	<b>4.16</b>	<b>39.51</b>
Additions	29.17	11.40	-	40.57
Reclassified to held for sale (refer note 16)	(8.89)	-	-	(8.89)
Disposals	(16.19)	-	-	(16.19)
<b>As at 31 March 2021</b>	<b>34.52</b>	<b>16.32</b>	<b>4.16</b>	<b>55.00</b>
<b>Accumulated depreciation</b>				
As at 1 April 2019	-	-	-	-
Reclassified on account of adoption of Ind AS 116	1.11	-	-	1.11
<b>Charge for the year</b>	<b>2.82</b>	<b>1.70</b>	<b>0.64</b>	<b>5.16</b>
As at 31 March 2020	3.93	1.70	0.64	6.27
Charge for the year	3.85	2.84	0.64	7.33
Reclassified to held for sale (refer note 16)	(1.33)	-	-	(1.33)
<b>As at 31 March 2021</b>	<b>6.45</b>	<b>4.54</b>	<b>1.28</b>	<b>12.27</b>
<b>Net block as at 31 March 2020</b>	<b>26.50</b>	<b>3.22</b>	<b>3.52</b>	<b>33.24</b>
<b>Net block as at 31 March 2021</b>	<b>28.07</b>	<b>11.78</b>	<b>2.88</b>	<b>42.73</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

Notes:

### (i) Right-of-use assets classified as investment property

#### (a) Amount recognised in profit and loss for investment property

Particulars	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Rental income	3.41	0.73
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
<b>Profit from leasing of investment properties</b>	<b>3.41</b>	<b>0.73</b>

#### (b) Leasing arrangements

Land classified as investment property is leased to a tenant under long-term operating lease arrangement with rentals payable monthly.

#### (c) Fair value of investment property

Particulars	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Land	3.52	3.93

The Company obtains independent valuations for its investment property annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer considers information from a variety of sources such as in case of right-of-use of land, fair value is determined by discounting market lease rentals for the remaining tenure of the lease.

- Depreciation for the year has been included in "Depreciation and amortisation expense" line item in statement of profit and loss.

## 6 (i) Intangible assets

Description	(₹ crores)			
	Prototypes	Technical know how	Software	Total
<b>Gross carrying value</b>				
As at 1 April 2019	35.10	15.32	48.29	98.71
Additions	4.50	6.54	5.14	16.18
Disposals	-	-	-	-
<b>As at 31 March 2020</b>	<b>39.60</b>	<b>21.86</b>	<b>53.43</b>	<b>114.89</b>
Additions	2.78	0.48	3.16	6.42
Disposals	-	-	-	-
<b>As at 31 March 2021</b>	<b>42.38</b>	<b>22.34</b>	<b>56.59</b>	<b>121.31</b>
<b>Accumulated amortisation</b>				
As at 1 April 2019	23.80	10.97	33.58	68.35
Charge for the year	8.50	1.65	4.22	14.37
Adjustment for disposals	-	-	-	-
<b>As at 31 March 2020</b>	<b>32.30</b>	<b>12.62</b>	<b>37.80</b>	<b>82.72</b>
Charge for the year	3.56	2.37	4.41	10.34
Adjustment for disposals	-	-	-	-
<b>As at 31 March 2021</b>	<b>35.86</b>	<b>14.99</b>	<b>42.21</b>	<b>93.06</b>
<b>Net block as at 31 March 2020</b>	<b>7.30</b>	<b>9.24</b>	<b>15.63</b>	<b>32.17</b>
<b>Net block as at 31 March 2021</b>	<b>6.52</b>	<b>7.35</b>	<b>14.38</b>	<b>28.25</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 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 ₹ 100.86 crores (31 March 2020: ₹ 106.76 crores) was incurred on research and development (excluding depreciation) recognised in statement of profit and loss.

Refer note 36 for detail.

(iii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

### 6 (ii) Intangible assets under development

Particulars	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Intangible assets under development	23.23	20.07

#### Movement in intangible assets under development during the year:

Particulars	(₹ crores)	
	Amount	
<b>Intangible assets under development as at 1 April 2019</b>	23.41	
Add: additions during the year	12.84	
Less: capitalisation during the year	(16.18)	
<b>Intangible assets under development as at 31 March 2020</b>	20.07	
Add: additions during the year	9.58	
Less: capitalisation during the year	(6.42)	
<b>Intangible assets under development as at 31 March 2021</b>	23.23	

### 7 Investments

Particulars	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>(i) Investments - non-current</b>		
<b>Investments carried at cost</b>		
<b>Subsidiary companies</b>		
Fully paid equity shares (quoted)	1.17	1.17
Fully paid equity shares (unquoted)	366.76	368.67
<b>Joint ventures and associates</b>		
Fully paid equity shares (unquoted)	274.02	157.80
<b>Investments carried at fair value through OCI</b>		
Fully paid equity shares (quoted)	0.70	0.34
Fully paid equity shares (unquoted)	-	-
<b>Investments carried at amortised Cost</b>		
Tax Free Bonds (quoted)	10.74	-
	<b>653.39</b>	<b>527.98</b>
Aggregate amount of quoted investments	12.61	1.51
Market value of quoted investments	12.64	1.51
Aggregate amount of unquoted investments	640.78	526.47
Aggregate amount of impairment in value of investments	2.95	2.95

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>(ii) Investments - current</b>		
<b>Investment carried at fair value through profit or loss</b>		
Mutual funds (quoted)	1,636.50	638.28
<b>Investments carried at amortised Cost</b>		
Tax Free Bonds (quoted)	15.06	-
	<b>1,651.56</b>	<b>638.28</b>

The market value of quoted investments is equal to the carrying value.

#### Details of investments are as follows:

##### Non-current investments

	Number of shares		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>In equity instruments*</b>				
<b>Subsidiaries (quoted)</b>				
Escorts Finance Limited	38,19,700	38,19,700	3.12	3.12
less: provision for impairment			(1.95)	(1.95)
			<b>1.17</b>	<b>1.17</b>
<b>Subsidiaries (unquoted)</b>				
Escorts Securities Limited	54,60,000	54,60,000	5.46	5.46
Farmtrac Tractors Europe SP Z.o.o, Poland (face value of 1000 PLN each)	15,500	15,500	18.68	18.68
Escorts Crop Solution Limited (formerly known as EDDAL Credit Limited)	2,23,99,930	1,88,50,000	22.40	18.85
Sole beneficiary interest in Escorts Benefit and Welfare Trust	-	-	325.68	325.68
			<b>372.22</b>	<b>368.67</b>
Less: Investments classified as held for sale (refer note 16)			(5.46)	-
			<b>366.76</b>	<b>368.67</b>
<b>Joint ventures and associates (unquoted)</b>				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
less: provision for impairment			(1.00)	(1.00)
			-	-
Adico Escorts Agri Equipment Private Limited	84,00,000	84,00,000	8.40	8.40
Tadano Escorts India Private Limited	5,56,15,000	2,94,00,000	55.62	29.40
Escorts Kubota India Private Limited (face value of ₹ 100 each)	1,20,00,000	1,20,00,000	120.00	120.00
Kubota Agricultural Machinery India Private Limited	2,00,00,000	-	90.00	-
			<b>274.02</b>	<b>157.80</b>
<b>Investments carried at fair value through OCI (Quoted)</b>				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	0.58	0.30
Godavari Drugs Limited	19,700	19,700	0.09	0.02
Twenty First Century Medicare Limited.	19,400	19,400	0.03	0.02
Tamilnadu Newsprints & Papers Limited ^	100	100	-	-
			<b>0.70</b>	<b>0.34</b>



## Notes forming part of the Financial Statements

for the year ended 31 March 2021

	Number of shares		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	(₹ crores)			
<b>Investments carried at fair value through OCI (Un-quoted)</b>				
Escorts Skill Development <sup>^</sup>	9,500	9,500	-	-
<b>In preference shares</b>				
<b>Subsidiaries</b>				
Escorts Finance Limited (10%, cumulative)	95,00,000	95,00,000	-	-

\*All equity shares are of ₹ 10 each unless otherwise stated.

<sup>^</sup>Amount less than ₹ 1 lakh

### 8 Loans

#### (i) Non-current loans

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Security deposits	6.30	6.49
	<b>6.30</b>	<b>6.49</b>

\* includes deposit given to related party for ₹ 0.08 crores.

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 2021	As at 31 March 2020
Unsecured, considered good		
Security deposits	10.44	16.81
	<b>10.44</b>	<b>16.81</b>

The carrying values are considered to be a reasonable approximation of their fair values.

### 9 Other financial assets

#### (i) Other non-current assets

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Lease Receivable	11.49	-
	<b>11.49</b>	<b>-</b>

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

#### (ii) Other current assets

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Export incentives receivable	8.94	11.19
Claims receivable	1.80	3.65
Derivative assets	1.95	-
Lease receivable	1.85	-
Other recoverable		
- from related parties (refer note 47 for related party balances)	5.42	4.61
- from others	2.40	1.41
	<b>22.36</b>	<b>20.86</b>

The carrying values are considered to be a reasonable approximation of their fair values.

#### 10 (i) Deferred tax liabilities (net)

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liability arising on account of:</b>		
Property, plant and equipment, investment property and intangible assets	59.70	64.72
Investments carried at fair value	11.98	15.29
Non-current assets held for disposal	0.22	-
<b>Deferred tax asset arising on account of:</b>		
Financial assets and financial liabilities at amortised cost and inventories	(36.50)	(28.60)
Provision for employee benefits and other liabilities deductible on actual payment	(12.43)	(21.12)
<b>Net deferred tax liabilities</b>	<b>22.97</b>	<b>30.29</b>

Notes:

#### (a) Movement in deferred tax liabilities for the year ended 31 March 2021 is as follows:

	(₹ crores)			
	Opening balance	Recognised (reversed) in profit and loss	Recognised (reversed) in other comprehensive income	Closing balance
<b>Deferred tax liabilities/(assets) in relation to:</b>				
Property, plant and equipment, investment property and intangible assets	64.72	(5.02)	-	59.70
Financial assets and financial liabilities at amortised cost and inventories	(28.60)	(7.90)	-	(36.50)
Provision for employee benefits and other liabilities deductible on actual payment	(21.12)	12.20	(3.51)	(12.43)
Assets held for disposal	-	0.22	-	0.22
Investments carried at fair value	15.29	(3.35)	0.04	11.98
<b>Net deferred tax liabilities</b>	<b>30.29</b>	<b>(3.85)</b>	<b>(3.47)</b>	<b>22.97</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (b) Movement in deferred tax liabilities for the year ended 31 March 2020 is as follows:

	(₹ crores)			
	Opening balance	Recognised (reversed) in profit and loss	Recognised (reversed) in other comprehensive income	Closing balance
<b>Deferred tax liabilities/(assets) in relation to:</b>				
Property, plant and equipment, investment property and intangible assets	92.47	(27.75)	-	64.72
Financial assets and financial liabilities at amortised cost and inventories	(28.31)	(0.29)	-	(28.60)
Provision for employee benefits and other liabilities deductible on actual payment	(24.04)	4.36	(1.44)	(21.12)
Investments carried at fair value	12.74	2.57	(0.02)	15.29
<b>Net deferred tax liabilities</b>	<b>52.86</b>	<b>(21.11)</b>	<b>(1.46)</b>	<b>30.29</b>

### 10 (ii) Tax expense

The income tax expense consists of the following:

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Current tax</b>		
Current tax expense	286.90	174.41
Deferred tax (credit)/expense	(3.85)	(21.11)
<b>Total tax expense</b>	<b>283.05</b>	<b>153.30</b>

#### Notes:

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Profit before income tax	1,157.11	638.84
Statutory income tax rate*	25.17%	25.17%
Expected income tax expense	291.22	160.78
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense</b>		
Tax on expense not eligible for deduction	0.95	4.83
Weighted and standard deduction for certain expenditure under Income Tax Act, 1961	-	(0.23)
Adjustment for tax expense pertaining to prior years	(2.61)	3.79
Income chargeable to lower rate of tax	(3.21)	-
Impact of change in tax rate	-	(15.76)
Utilisation of capital tax losses for which no deferred tax was recognised in the previous year	(3.49)	-
Others	0.19	(0.11)
<b>Total income tax expense</b>	<b>283.05</b>	<b>153.30</b>

\* Statutory tax rate applicable to the Company has been computed as follows

	2021	2020
Base tax rate	22%	22%
Surcharge (% of tax)	10%	10%
Cess (% of tax)	4%	4%
Applicable rate	25.17%	25.17%

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 and Finance Act, 2019 to *inter-alia* provide an option to the Company to pay Income Tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the present rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The Company has opted for the concessional tax rate during the year ended 31 March 2020 and accordingly remeasured deferred tax and current tax liability at such concessional rate.

### 11 Other assets

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-current</b>		
Prepaid expenses	0.07	5.11
Capital advances*	17.46	23.84
Deposits with statutory authorities**	69.15	69.17
	<b>86.68</b>	<b>98.12</b>
Allowance for doubtful advances	(2.08)	(2.08)
	<b>84.60</b>	<b>96.04</b>

\* includes advance given to related party ₹ 0.14 crores

\*\* includes deposit paid under protest with statutory authorities.

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>(ii) Current</b>		
Refund asset	4.60	2.03
Advances to suppliers	15.88	26.28
Prepaid expenses**	8.08	10.21
Balances with statutory authorities	159.65	226.90
Other advances	1.19	0.33
	<b>189.40</b>	<b>265.75</b>

\*\* includes advance payment to related party ₹ 0.16 crores

### 12 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Raw materials and components</b>	<b>277.47</b>	<b>274.76</b>
Goods-in-transit	21.40	39.04
	<b>298.87</b>	<b>313.80</b>
<b>Work-in-progress</b>	<b>43.27</b>	<b>43.48</b>
<b>Finished goods</b>	<b>191.98</b>	<b>313.58</b>
Goods-in-transit	54.51	52.88
	<b>246.49</b>	<b>366.46</b>
<b>Stock-in-trade</b>	<b>65.67</b>	<b>72.03</b>
Goods-in-transit	1.18	2.04
	<b>66.85</b>	<b>74.07</b>
<b>Stores and spares</b>	<b>13.49</b>	<b>17.15</b>
<b>Loose tools</b>	<b>5.49</b>	<b>7.24</b>
	<b>674.46</b>	<b>822.20</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

- (i) Refer note 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:

	(₹ crores)
	<b>Amount</b>
<b>Allowance for obsolete and slow moving inventories as at 1 April 2019</b>	<b>29.15</b>
Add: write-down recognised during the year	1.44
Less: allowance utilised during the year	(2.11)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2020</b>	<b>28.48</b>
Add: write-down recognised during the year	30.84
Less: allowance utilised during the year	(4.09)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2021</b>	<b>55.23</b>

### 13 Trade receivables

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Trade receivables considered good - secured	123.05	56.80
Trade receivables considered good - unsecured	585.94	710.24
Less: allowance for expected credit loss	(10.59)	(10.52)
	<b>575.35</b>	<b>699.72</b>
Trade receivables credit impaired	48.53	44.49
Less: allowance for expected credit loss	(48.53)	(44.49)
	-	-
	<b>698.40</b>	<b>756.52</b>

- (i) Refer note 19 and 46 for trade receivables pledged as security for liabilities.  
(ii) Refer note 37 - Financial instruments for assessment of expected credit losses.  
(iii) The carrying values are considered to be a reasonable approximation of their fair values.  
(iv) Trade receivables include ₹ 54.07 crores (31 March 2020 ₹ 59.91 crores) due from related parties. For details refer note 47 - related party disclosures

### 14 Cash and cash equivalents

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Balances with banks in current accounts	12.91	13.18
Cash on hand	0.02	0.53
Debit balance in cash credit accounts	28.57	103.49
Bank deposits with original maturity of less than or equal to 3 months	59.00	47.61
	<b>100.50</b>	<b>164.81</b>

The carrying values are a reasonable approximation of their fair values.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 15 Other bank balances

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Earmarked bank balances	1.28	1.46
Fixed deposits with maturity of more than 3 months but less than 12 months	1,055.44	0.16
Margin money deposits	0.15	0.12
Escrow account	159.15	151.93
	<b>1,216.02</b>	<b>153.67</b>

- (i) Earmarked balances with banks largely pertain to unclaimed dividends.  
(ii) ₹ 0.15 crores (31 March 2020: ₹ 0.16 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 lien marked.  
(iii) Balance in Escrow account is not available for use by the Company, refer note 22 (ii) for details.  
(iv) ₹ 0.15 crores (31 March 2020: ₹ 0.12 crores) represent margin money pledged with various authorities.  
(v) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the reporting year and prior year.  
(vi) The carrying values are a reasonable approximation of their fair values.

### 16 Assets held for sale

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Assets held for sale	31.70	13.92
	<b>31.70</b>	<b>13.92</b>

#### Details of assets held for sale:

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Land	9.00	9.00
Investment in equity instruments of Hughes Communications India Limited	3.25	3.25
Investment in equity instruments of Escorts Motors Limited	1.67	1.67
Investment in equity instruments of Escorts Securities Limited	5.46	-
Building	4.62	-
Plant and equipment	0.14	-
Lease Hold Land	7.56	-
<b>Total</b>	<b>31.70</b>	<b>13.92</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### Notes:

#### (i) Details of assets held for sale:

- a. The Company executed an agreement to sell in earlier years, for transfer of 25 acres of land at Plot No. 219, Sector 58, Ballabgarh, Haryana for a consideration of ₹ 9.00 crores. The said transfer is subject to necessary approval from Haryana Urban Development Authority (HUDA) and accordingly the consideration amount of ₹ 9.00 crores is being classified in other current liabilities. Owing to the inordinate delay in obtaining approval from HUDA, the transfer has been delayed for more than a year that was not originally envisaged. However, the Company is taking necessary action to respond to the current conditions and favorable resolution is expected. Therefore, such land continues to be classified as held for sale.
- b. During the year ended 31 March 2019, the Company purchased 1,35,000 equity instruments of Hughes Communications India Limited from Escorts Employee Welfare Limited at a purchase price of ₹ 3.25 crores. Also, on 29 March 2019, the Company had entered into an agreement with HNS-India VSAT, Inc. for the sale of these equity shares at a consideration of ₹ 3.25 crores. Pending requisite regulatory approvals, the transfer of the aforesaid shares to HNS-India VSAT, Inc is yet to be completed and therefore continued to be classified as 'held for sale'.
- c. On 29 March 2019, the Company had entered into an agreement with HNS-India VSAT, Inc. for the sale of equity shares of Escorts Motors Limited at a consideration of ₹ 1.67 crores. Pending requisite regulatory approvals, the transfer of the aforesaid shares to HNS-India VSAT, Inc is yet to be completed and therefore continued to be classified as 'held for sale'.
- d. The Board of the Directors of the Company on 2 February 2021 had approved for sale of 54,60,000 shares of ₹ 10/- each in Escorts Securities Limited, a subsidiary company. On 8 April 2021, the Company had entered into a Share Purchase Agreement, to sell the aforesaid shares to Choice Equity Broking Private Limited ("purchaser"). In terms of the agreement, upon necessary regulatory approvals and on the closing date, the aforesaid shares will be transferred to the purchaser, at an aggregate consideration to be decided on the closing date. Pending transfer of the shares to the purchaser, the investment has been classified as held for sale.
- e. On 5 February 2021, the Company had entered into a memorandum of understanding (MOU) with AMPP Auto Innovators, for sale of its leasehold land (ROU), Buildings and Plant and Machinery situated at Plot No. 9, Sector 1, Industrial Area, II, Pantnagar, Rudrapur at an aggregate consideration of ₹ 13.00 crores. Therefore, the aforesaid assets have been classified as held for sale.
- f. Consequent to an agreement, the Company had agreed to purchase 19% holding (9,50,000 equity shares) in Escorts Motors Limited (EML) from ICICI Bank Limited (ICICI). Pending transfer of shares in favour of the Company and final settlement with ICICI, the advance paid by the Company to ICICI against the aforesaid agreement was considered doubtful of recovery and was written off in the books of account in the previous years.

Further, pursuant to the Share Purchase Agreement dated 29 March 2019, the Company had agreed to sell the aforementioned equity shares of EML to HNS-India VSAT, Inc. U.S.A.

While ICICI has transferred the said equity shares (9,50,000 equity shares) in the Demat account of the Company, pending the aforesaid settlement and the regulatory clearances, the above mentioned transactions have not been completed yet and accordingly, not recorded in the books of account.

#### (ii) Non-recurring fair value measurements

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹ 0.76 crores was made in earlier years on account of such measurement for land. Investments in equity shares classified as 'held for sale' is measured at fair value through OCI at the price agreed under the sale agreement considering that the same is the fair value of the instrument.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 17 Equity Share Capital

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Authorised</b>		
40,10,00,000 (previous year 40,10,00,000) Equity shares of ₹ 10 each	401.00	401.00
88,80,00,000 (previous year 88,80,00,000) Unclassified shares of ₹ 10 each	888.00	888.00
	<b>1,289.00</b>	<b>1,289.00</b>
<b>Issued, subscribed and fully paid-up</b>		
13,48,34,566 (previous year 12,25,76,878) Equity shares of ₹ 10 each	134.83	122.58
	<b>134.83</b>	<b>122.58</b>

#### (a) Reconciliation of number of shares

	As at 31 March 2021		As at 31 March 2020	
	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 (refer note 44(d))	1,22,57,688	12.25	-	-
<b>Equity shares at the end of the year</b>	<b>13,48,34,566</b>	<b>134.83</b>	<b>12,25,76,878</b>	<b>122.58</b>

#### (b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of shares, i.e., equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (c) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2021		As at 31 March 2020	
	No of shares	₹ crores	No of shares	₹ crores
Escorts Benefit and Welfare Trust	3,37,00,031	24.99	3,37,00,031	27.49
Kubota Corporation	1,22,57,688	9.09	-	-
Harprasad and Company Private Limited	1,07,26,308	7.96	1,07,26,308	8.75
Jhunjhunwala Rakesh Radheyshyam	64,00,000	4.75	91,00,000	7.42

(d) The Company does not have a holding company or an ultimate holding company.

(e) The Company has issued total 1,80,119 (31 March 2020: Nil) equity shares to employees (through Escorts Employees Benefit and Welfare Trust) on exercise of option granted under the Employee Stock Option Scheme 2006, wherein part consideration was received in form of employee services.

#### (f) Shares reserved for issue under options

	As at 31 March 2021	As at 31 March 2020
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	28,94,393	30,74,512

These shares are held as treasury shares under other equity (refer note 18).

For terms and other details refer note 40.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 18 Other equity

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Capital reserve</b>	97.40	97.40
<b>Capital redemption reserve</b>	4.00	4.00
<b>General reserve</b>		
Opening balance	731.28	730.95
Add: transferred from employees' stock option outstanding account against vested options lapsed during the year	0.21	0.33
	<b>731.49</b>	<b>731.28</b>
<b>Securities premium</b>		
Opening balance	456.69	456.69
Add: Proceeds from shares issued during the year	1,029.65	-
Add: Amount received from employees on exercise of employees' stock option against options exercised during the year (net off tax)	12.13	-
Add: transferred from employees' stock option outstanding account against options exercised during the year	4.24	-
	<b>1,502.71</b>	<b>456.69</b>
<b>Employees' stock option outstanding account</b>		
Opening balance	7.10	4.03
Add: charge for the year*	16.53	3.40
Less: transferred to Securities premium against vested options exercise during the year	(4.24)	-
Less: transferred to General reserve against vested options lapsed during the year	(0.21)	(0.33)
	<b>19.18</b>	<b>7.10</b>
<b>Treasury shares</b>		
Opening balance	(25.99)	(25.99)
Less: adjustment for options exercised during the year	1.53	-
	<b>(24.46)</b>	<b>(25.99)</b>
<b>Retained earnings</b>		
Opening balance	2,086.61	1,632.58
Add: net profit for the year	874.06	485.54
Less: equity dividend (during FY 2020-21: ₹ 2.50 per share paid for FY 2019-20) (during FY 2019-20: ₹ 2.50 per share paid for FY 2018-19)	(24.52)	(21.45)
Less: tax on equity dividend	-	(4.57)
Add: remeasurement of defined benefit plans (net of tax)	(10.44)	(5.49)
	<b>2,925.71</b>	<b>2,086.61</b>
<b>Other comprehensive income, net of tax</b>		
<b>Equity instruments measured at fair value through other comprehensive income</b>		
Opening balance	0.41	0.62
Add: changes during the year	0.32	(0.21)
	<b>0.73</b>	<b>0.41</b>
	<b>5,256.76</b>	<b>3,357.50</b>

\* includes ₹. 0.17 crores charged back to a subsidiary company (during FY 2019-20 - Nil).

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### Nature and purpose of reserves:

#### (i) Securities premium

Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

#### (ii) Employee's stock options outstanding account

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

#### (iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

#### (iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of consideration paid at the time of amalgamation done in earlier years. This reserve is not available for the distribution to the shareholders.

#### (v) Treasury shares

Treasury shares represents Company's own equity shares held by Escorts Employees Benefit and Welfare Trust, which is created for the purpose of issuing equity shares to employees under Company's stock option plan.

#### (vi) General reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

#### (vii) Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

#### (viii) Other comprehensive income (OCI)

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

### 19 Borrowings

#### (i) Non-current borrowings

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Secured</b>		
Other loans from financial institutions	-	0.05
	-	0.05
Current maturities of long-term borrowings (refer note 20)	-	(0.05)
	-	-

Notes:

#### (a) Other terms

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Nature of security</b>		
(i) Vehicle and other loans are secured by the hypothecation of respective equipment and vehicles and are repayable in equal monthly installments.	-	0.05
	-	0.05

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

(b) Refer note 37 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

### (ii) Current borrowings

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Secured</b>		
Cash credit and other working capital facilities from banks	-	0.50
Buyer's Credit	-	6.10
	-	6.60

### (a) Security and repayment 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 carry an interest rate of 6.90%-8.95% per annum in year ended 31 March 2021 (31 March 2020: 5.50%-9.65% per annum) and is repayable on demand.

(ii) Buyer's credit from banks are secured against stand by letter of credit (SBLC) of the Company carrying an interest rate of 2.65% (12 month's USD Libor + 58 BPS) per annum for purchase of machine.

(b) The carrying values are considered to be reasonable approximation of their fair values.

### (iii) Reconciliation of financial liabilities arising from financing activities:

	(₹ crores)		
	Non-current borrowings and Current maturities of long-term borrowings	Lease liabilities	Current borrowings
<b>Opening balance as at 1 April 2019</b>	7.66	-	269.23
Cash flows:			
Proceeds/(repayments)	(7.49)	(3.04)	(262.97)
Interest paid	(0.26)	(2.88)	(5.53)
Interest expenses	0.26	2.88	5.53
<b>Non-cash:</b>			
Adoption of Ind AS 116	-	29.74	-
Addition during the year	-	0.68	-
Reclassification on adoption of Ind AS 116	(0.12)	0.12	-
Foreign currency fluctuation impact	-	-	0.34
<b>Closing balance as at 31 March 2020</b>	0.05	27.50	6.60
Cash flows:			
Proceeds/(repayments)	(0.05)	(4.91)	(6.26)
Interest paid	-	(4.31)	(0.22)
Interest expenses	-	4.31	0.22
<b>Non-cash:</b>			
Addition during the year	-	35.57	-
Reclassification	-	(0.12)	-
Foreign currency fluctuation impact	-	-	(0.34)
<b>Closing balance as at 31 March 2021</b>	-	58.04	-

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 20 Other financial liabilities

#### (i) Other non-current financial liabilities

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Security deposits	23.97	19.96
	<b>23.97</b>	<b>19.96</b>

Refer note 37 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of their maturity profiles.

#### (ii) Other current financial liabilities

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings (refer note 19)	-	0.05
Capital creditors	21.61	20.62
Security deposits	0.62	0.69
Unpaid dividends*	1.28	1.45
Payable to related parties (refer note 47)	0.43	0.43
Employee related payables	95.84	73.40
Retention money	0.58	0.58
Other payables	8.78	25.75
Derivative liabilities	-	0.56
	<b>129.14</b>	<b>123.53</b>

\*Investor Education and Protection Fund will be credited as and when due

The carrying values are considered to be a reasonable approximation of their fair values.

### 21 Other liabilities

#### (i) Other non-current liabilities

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Deferred income	12.13	11.65
	<b>12.13</b>	<b>11.65</b>

#### (ii) Other current liabilities

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Advances received from customers	65.43	83.13
Advance against sale of property, plant and equipment & Right-of-use assets	11.60	9.00
Payable to statutory authorities	42.74	30.41
Deferred income	28.82	24.55
Others	55.37	45.75
	<b>203.96</b>	<b>192.84</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 22 Provisions

#### (i) Non-current

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Provision for compensated absences	25.73	15.89
Provision for pension	4.66	4.92
<b>Others</b>		
Provision for warranty	18.56	9.30
	<b>48.95</b>	<b>30.11</b>

#### (ii) Current

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Provision for gratuity	13.41	41.94
Provision for compensated absences	2.59	2.58
Provision for pension	0.65	0.65
<b>Others</b>		
Provision for claims	65.00	65.00
Provision for warranty	19.15	15.42
	<b>100.80</b>	<b>125.59</b>

#### Notes:

##### 1 Information about individual provisions:

###### Provision for claims

During the year 2004-05, the Company sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated 25 September 2005. At the time of sale, EHIRCL had certain pending income-tax demands. For this purpose and in terms of said SPA, an amount of ₹ 64.99 crores had been kept under Escrow as fixed deposit by the Company, which after renewal(s) along with interest cumulatively amounts to ₹ 159.15 crores as on 31 March 2020 (31 March 2020: ₹ 151.93 crores). In accordance with the terms of said SPA, the Company has undertaken to indemnify the purchaser against the aforesaid tax demands arising on EHIRCL upon final adjudication in law, to the maximum extent of funds lying in the Escrow Account plus one-third of the remaining tax demand in excess of the balance in the Escrow Account or as may be finally settled between the parties. Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹ 65.00 crores on 31 March 2021 (31 March 2020: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the disputed matters in the Company's favour and the appeals filed by Income Tax Department against the orders of first appellate authority have been dismissed. The income-tax department has now filed appeal(s) before Hon'ble Delhi High Court where these are pending.

###### Provision for warranty

The Company gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/replacement. The timing of outflows is expected to be within a period of five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to incur the related expenditure over the future periods.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 2 Movement in other provisions:

	(₹ crores)	
	Provision for claims	Provision for warranty
<b>Provision at 31 March 2019</b>	65.00	19.18
Additions during the year	-	16.44
Amount utilised during the year	-	(10.40)
Amounts reversed during the year	-	(1.13)
Unwinding of discount and effect of change in discount rate	-	0.63
<b>Provision at 31 March 2020</b>	<b>65.00</b>	<b>24.72</b>
Additions during the year	-	25.17
Amount utilised during the year	-	(12.18)
<b>Provision at 31 March 2021</b>	<b>65.00</b>	<b>37.71</b>

3 For disclosures on employee benefits, refer note 39.

### 23 Trade payables

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Acceptances	13.86	135.48
Trade payables		
- due to micro, small and medium enterprises (refer note 43)	104.23	80.25
- due to others	831.63	854.11
Other accrued liabilities	237.41	194.09
	<b>1,187.13</b>	<b>1,263.93</b>

The carrying values are considered to be a reasonable approximation of their fair values.

### 24 Revenue from operations

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Operating revenue</b>		
Sale of products		
Export	282.11	250.65
Domestic	6,495.98	5,386.61
Sale of services	14.00	13.13
	<b>6,792.09</b>	<b>5,650.39</b>
<b>Other operating revenue</b>		
Sale of services	23.51	15.23
Export incentives	11.44	10.49
Scrap sales	31.90	28.96
Liabilities no longer required written back	57.27	38.83
Others	13.08	17.05
	<b>137.20</b>	<b>110.56</b>
	<b>6,929.29</b>	<b>5,760.95</b>

Also refer note 48 for disclosure pursuant to Ind AS 115 - Revenue from contract with customers.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 25 Other income

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Interest from</b>		
Bank deposits	50.61	10.56
Other financial assets carried at amortised cost	26.35	32.09
Others	0.43	2.71
	<b>77.39</b>	<b>45.36</b>
<b>Other income</b>		
Lease rentals	12.84	3.06
Gain on fair valuation of investments carried at fair value through profit or loss (net)	57.16	36.59
Gain on disposal of property, plant and equipment (net)	3.72	1.39
Miscellaneous income	3.45	5.85
	<b>77.17</b>	<b>46.89</b>
	<b>154.56</b>	<b>92.25</b>

### 26 Cost of materials consumed

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>(i) Cost of material consumed</b>		
Opening stock	313.80	318.39
Purchases	4,011.26	3,445.87
	<b>4,325.06</b>	<b>3,764.26</b>
Closing stock	(298.87)	(313.80)
	<b>4,026.19</b>	<b>3,450.46</b>
<b>(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods</b>		
<b>Opening stock</b>		
Finished goods	366.46	367.30
Work-in-progress	43.48	35.07
Stock-in-trade	74.07	80.43
	<b>484.01</b>	<b>482.80</b>
<b>Closing stock</b>		
Finished goods	(246.49)	(366.46)
Work-in-progress	(43.27)	(43.48)
Stock-in-trade	(66.85)	(74.07)
	<b>(356.61)</b>	<b>(484.01)</b>
	<b>127.40</b>	<b>(1.21)</b>

### 27 Employee benefits expense

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	466.47	451.24
Share based payments to employees (refer note 40)	16.36	3.40
Post-employment and other long term benefits expense (refer note 39)	8.64	8.72
Contribution to provident and other funds (refer note 39)	19.25	18.94
Staff welfare	23.83	28.02
	<b>534.55</b>	<b>510.32</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 28 Finance costs

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Interest on</b>		
Long term loans	-	0.13
Cash credit and short term loans	0.22	5.53
Lease liabilities	4.31	2.88
Others	-	0.12
Finance and bank charges	2.83	2.53
Unwinding of discount on provisions and financial liabilities carried at amortised cost	3.62	4.27
	<b>10.98</b>	<b>15.46</b>

### 29 Depreciation and amortisation

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Depreciation on</b>		
Property, plant and equipment	97.71	84.87
Investment property	0.32	0.15
Right-of-use assets	7.33	5.16
<b>Amortisation on</b>		
Intangible assets	10.34	14.37
	<b>115.70</b>	<b>104.55</b>

### 30 Other expenses

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Stores and spares consumed	41.89	41.88
Power, fuel and electricity	36.65	36.81
Repair and maintenance		
Building	4.50	8.36
Machinery	9.03	12.15
Others	25.48	26.89
Outsourcing expenses	26.86	25.01
Warranties and after sale service	50.41	38.63
Rent	4.92	5.10
Research and development expense on projects	6.89	6.04
Rates and taxes	5.64	2.84
Insurance	9.31	6.85
Traveling and conveyance	38.93	60.77
Postage and telephones	5.40	4.53
Manpower hiring on contract	120.34	108.60
Legal and professional (refer note 33)	38.31	69.08
Commission, discounts and sales incentive	6.30	7.57
Advertisement and promotional expenses	50.06	90.48
Royalty paid	33.96	28.25
Packing, freight and forwarding	102.68	84.00
Security charges	5.53	5.94



## Notes forming part of the Financial Statements

for the year ended 31 March 2021

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Printing and stationery	2.64	5.14
Director's sitting fees and commission	8.46	6.03
Corporate social responsibility (CSR) expenditure *	11.82	9.85
Provision for doubtful debts/advances and deposits	8.59	9.45
Bad debts and inventory written off	3.97	-
Less: Provision already held	(3.97)	-
Assets written off	0.62	0.35
Miscellaneous expenses	16.62	54.59
	<b>671.84</b>	<b>755.19</b>

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>* CSR Expenditure</b>		
(i) Gross amount required to be spent by the Company during the year	11.82	9.80
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	3.53	9.85
(iii) Unspent amount deposited in a designated bank account on 29 April 2021, in terms of Section 135(6) of the Companies Act, 2013.	8.29	-

### 31 Exceptional items

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Settlement of product liability matter (refer note 44 (f))	-	(9.22)
	-	(9.22)

### 32 Earnings per share (EPS)

	(₹ in crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Net profit for the year (A)</b>	<b>874.06</b>	<b>485.54</b>
<b>Total shares issued at the beginning of the year</b>	<b>122,576,878</b>	<b>122,576,878</b>
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust at the beginning of the year	3,074,512	3,074,512
Add: Weighted average number of Equity Shares issued and allotment of shares by ESOP Trust to Employees	8,765,415	-
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>128,267,781</b>	<b>119,502,366</b>
Effect of dilution:		
Weighted average number of share options granted to employees	177,247	-
<b>Weighted average number of equity shares adjusted for the effect of dilution (C)</b>	<b>128,445,028</b>	<b>119,502,366</b>
Basic EPS (Amount in ₹) (A/B)	68.14	40.63
Diluted EPS (Amount in ₹) (A/C)	68.05	40.63

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 33 Legal and professional expenses includes payments to auditor

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>As Auditor:</b>		
Audit fee	1.20	1.00
Certification and other services	0.06	0.05
For reimbursement of expenses	0.06	0.06

### 34 Commitments and contingencies

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>A. Capital commitments</b>		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	242.76	205.27
- Letter of Credit/guarantees executed in favour of others	74.71	75.28
<b>B. Contingencies</b>		
<b>(i) Taxation related contingencies</b>		
Excise duty/ customs duty /service tax demands	456.24	463.52
Sales tax and other demands	34.43	48.75
Demand raised by income tax department, disputed by the Company and pending in appeal (refer note 1 below)	63.40	65.44
<b>(ii) Others</b>		
Cases under litigation relating to:		
- Personnel	4.21	4.61
- Others	18.04	17.20
<b>(iii) Claims not acknowledged as debts</b>	14.48	-
<b>(iv) Demand raised by Faridabad Municipal Corporation for external development charges where the Company is in litigation</b>	-	2.38

#### Notes:

- Contingencies for demand raised by income tax department, disputed by the Company and pending in appeal does not include Income tax cases pending w.r.t. Escorts Heart Institute and Research Center Limited since the amount is indeterminable (refer note 22(ii) for details). Further the amount includes ₹ 32.17 crores (31 March 2020 ₹ 32.17 crores) in respect of matters which have been decided in favour of the Company, however the income tax department has preferred appeals at the next levels.
- The amounts indicated as contingent liability or claims against the Company only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered. Penalties wherever quantified have been included.
- Pursuant to order dated 11 December 2014 passed by the Hon'ble Supreme Court of India, compensation amount for the general category allottees of plots in Sector-58, Ballabhgarh, Faridabad was enhanced @ ₹ 1,987 per square meter by the Chief Administrator HUDA, Panchkula and the same was intimated to Estate Officer, Haryana Urban Development Authority (HUDA), Faridabad. Accordingly, a demand was raised by HUDA on the Company for its land at Sector-58 admeasuring about 40 acres. Being aggrieved by this arbitrary action of Chief Administrator HSVP (Haryana Sahari Vikas Pradhikaran), Panchkula, "The Faridabad Industries Association" filed a Civil Writ Petition before the Hon'ble High Court of Punjab & Haryana at Chandigarh whereby the court passed direction for recalculation of enhancement

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

demands to be raised. In view of the directions as passed by the Hon'ble High Court of Punjab & Haryana at Chandigarh, an Instruction No 58 has been passed by HSVP, Panchkula for recalculation of enhancement fees. In spite of the said directions, the Company received a demand from the estate office, HSVP for a sum of ₹ 37.61 crores without any basis for the same. The Company is awaiting the fresh demand after recalculation for taking further appropriate action.

### 35 Loss from agricultural business:

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Expenses	0.23	0.29
Sales and other income	-	-
Net loss from agricultural activities	<b>(0.23)</b>	<b>(0.29)</b>

### 36 Research and development

(i) Research and development costs on in house R&D centers amounting to ₹ 119.53 crores (31 March 2020: ₹ 129.33 crores) were incurred during the year.

	Tractor		Construction equipment	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Cost of materials consumed	4.52	2.32	0.26	0.06
Employee benefits expense	56.51	57.22	10.25	9.83
Other expenses	27.32	35.55	2.00	1.78
Depreciation	17.09	20.58	1.58	1.99
<b>Total</b>	<b>105.44</b>	<b>115.67</b>	<b>14.09</b>	<b>13.66</b>

(ii) Assets purchased/capitalised for research and development centers\*:

Description	(₹ crores)	
	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
<b>Gross carrying value</b>		
<b>As at 1 April 2019</b>	<b>280.34</b>	<b>13.39</b>
Additions	33.75	3.65
Disposals	(3.99)	(0.72)
<b>As at 31 March 2020</b>	<b>310.10</b>	<b>16.32</b>
Additions	23.17	0.19
Disposals	(7.72)	(3.00)
<b>As at 31 March 2021</b>	<b>325.55</b>	<b>13.51</b>
<b>Accumulated depreciation and amortisation</b>		
<b>As at 1 April 2019</b>	<b>105.79</b>	<b>8.61</b>
Depreciation and amortisation for the year	20.58	1.99
Disposals	(3.91)	(0.54)
<b>As at 31 March 2020</b>	<b>122.46</b>	<b>10.06</b>
Depreciation and amortisation for the year	17.09	1.58
Disposals	(6.51)	(2.71)
<b>As at 31 March 2021</b>	<b>133.04</b>	<b>8.93</b>
<b>Net block as at 31 March 2020</b>	<b>187.64</b>	<b>6.26</b>
<b>Net block as at 31 March 2021</b>	<b>192.51</b>	<b>4.58</b>

\* Exclude capital advance/capital work-in-progress

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

(iii) Expenses on research and development as percentage to gross turnover is:

	31 March 2021	31 March 2020
Tractor	1.55%	2.05%
Construction equipment	0.21%	0.24%

### 37 Financial Instruments

#### A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

	Note	(₹ crores)	
		As at 31 March 2021	As at 31 March 2020
<b>Financial assets measured at fair value</b>			
Investments measured at			
Fair value through other comprehensive income	7 (i)	0.70	0.34
Fair value through profit and loss	7 (ii)	1,636.50	638.28
Derivative assets			
Fair value through profit and loss	9 (ii)	1.95	-
<b>Financial assets measured at amortised cost</b>			
Investments	7 (i), 7 (ii)	25.80	-
Trade receivables	13	698.40	756.52
Loans	8(i), 8(ii)	16.74	23.30
Cash and cash equivalents	14	100.50	164.81
Other bank balances	15	1,216.02	153.67
Other financial assets	9 (i) 9 (ii)	31.90	20.86
<b>Total</b>		<b>3,728.51</b>	<b>1,757.78</b>
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities			
Fair value through profit and loss	20(ii)	-	0.56
<b>Financial liabilities measured at amortised cost</b>			
Borrowings	19(i), 19 (ii)	-	6.65
Trade payables	23	1,187.13	1,263.93
Lease liabilities	41	58.04	27.50
Other financial liabilities	20(i), 20(ii)	153.11	142.88
<b>Total</b>		<b>1,398.28</b>	<b>1,441.52</b>

Investment in subsidiaries, joint ventures and associates are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

#### B Fair values hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

**Level 1:** Quoted prices for identical instruments in an active market;

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

**Level 3:** Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crores)				
As at 31 March 2021	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
Investments measured at				
Fair value through other comprehensive income	0.70	-	-	0.70
Fair value through profit and loss	1,636.50	-	-	1,636.50
Derivative assets measured at fair value through profit and loss	-	1.95	-	1.95

(₹ crores)				
As at 31 March 2020	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
Investments measured at				
Fair value through other comprehensive income	0.34	-	-	0.34
Fair value through profit and loss	638.28	-	-	638.28
Derivative liabilities measured at fair value through profit and loss	-	0.56	-	0.56

#### a. Valuation process and technique used to determine fair value

- (i) The fair value of quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.
- (ii) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- (iii) The derivative financial instruments are valued using forward exchange rates as at the balance sheet date.

### B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ crores)		
As at 31 March 2021	Carrying value	Fair value
Loans given	6.30	6.33
Investments	25.80	25.83
Security deposits received	23.97	27.74
Lease liabilities	58.04	60.18

(₹ crores)		
As at 31 March 2020	Carrying value	Fair value
Loans given	6.49	6.53
Security deposits received	19.96	22.56
Lease liabilities	27.50	28.74

The management assessed that fair values of current loans, other current financial assets, cash and cash equivalents, other bank balances, trade receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.
- (ii) The fair values of the Company's fixed interest-bearing receivables and lease liabilities are determined by applying discounted cash flows ("DCF") method, on contractual cashflows 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 2021 was assessed to be insignificant.
- (iii) All the other long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

### C Financial Risk Management

#### Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

#### C.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

##### a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Company provides for expected credit loss based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, and other financial assets measured at amortised cost	12 month expected credit loss
High credit risk	Trade receivables	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

### Financial assets (other than trade receivables) that expose the entity to credit risk\* –

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Low credit risk on financial reporting date</b>		
Loans	16.74	23.30
Investments**	25.80	-
Cash and cash equivalents	100.50	164.81
Other bank balances	1,216.02	153.67
Other financial assets	31.90	20.86

\*Represents carrying values of financial assets, without deduction for expected credit losses

\*\* Represents tax free bonds at amortised cost

### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit from customers where credit risk is high and taking insurance cover for receivables. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. In case of trade receivables, default is considered to have occurred when amounts receivable become one year past due.

### Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system are in place ensure the amounts are within defined limits.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### b) Expected credit losses for financial assets

#### i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.
- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets."

#### ii) Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default (net of any recoveries from the insurance companies) relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Trade receivables amounting to ₹ 123.05 crores (31 March 2020: ₹ 56.80 crores) are secured by way of security deposits from customer and letter of credit issued by banks. The letter of credit are issued by reputable banks and their credit risk is assessed to be low.

### 31 March 2021

#### Agri machinery

Ageing	(₹ crores)					Total
	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	
Gross carrying amount- trade receivables	364.30	18.28	32.95	16.15	52.52	484.20
Expected loss rate	0.38%	2.7%	2.6%	3.3%	38.4%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	1.37	0.50	0.85	0.54	20.16	23.42

#### Construction equipment

Ageing	(₹ crores)					Total
	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	
Gross carrying amount- trade receivables	115.45	1.51	0.56	0.16	25.92	143.60
Expected loss rate	1.84%	15.23%	50.00%	81.25%	86.84%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	2.13	0.23	0.28	0.13	22.51	25.28

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 31 March 2020

#### Agri machinery

Ageing						(₹ crores)
	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	439.62	46.56	17.28	10.77	36.68	550.91
Expected loss rate	0.50%	5.0%	8.4%	9.1%	43.0%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	2.18	2.35	1.45	0.98	15.77	22.73

#### Construction equipment

Ageing						(₹ crores)
	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	108.86	6.86	1.05	1.09	22.49	140.35
Expected loss rate	0.73%	11.66%	39.05%	86.24%	98.27%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	0.79	0.80	0.41	0.94	22.10	25.04

Particulars	As at 31 March 2021			As at 31 March 2020		
	Auto products*	Railway products	Others	Auto products*	Railway products	Others
	Historical loss rate on sales during the year	-	0.67%	-	-	0.67%
Loss allowance provision on the sales	-	4.56	-	-	0.61	0.32
Loss allowance provision on the debtors outstanding more than one year	4.31	1.28	0.27	4.30	2.01	-

The Company estimates loss allowance provision for the railway products division at 100% for the debtors (other than government) outstanding more than one year as at the reporting date and historical loss rate on the sales made during the year.

\* Auto products business was discontinued and all assets & liabilities were transferred under a sale agreement executed in FY 2016-17, except certain receivables and other assets which remained with the Company.

#### Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	(₹ crores)	
	Trade receivables	Other financial assets
<b>Loss allowance on 1 April 2019</b>	48.82	-
Loss allowance created	6.19	-
<b>Loss allowance on 31 March 2020</b>	55.01	-
Loss allowance created	8.08	-
Loss allowance written back	(3.97)	-
<b>Loss allowance on 31 March 2021</b>	59.12	-

### 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.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Floating rate	(₹ crores)	
	31 March 2021	31 March 2020
- Expiring within one year (cash credit and other facilities)	550.00	543.40

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, there were no undrawn facilities as at 31 March 2021.

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

31 March 2021					(₹ crores)
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Lease liabilities	10.86	11.03	11.51	43.62	77.02
Trade payable (including MSME)	1,187.13	-	-	-	1,187.13
Security deposits	0.62	-	-	33.62	34.24
Other financial liabilities	128.52	-	-	-	128.52
<b>Total</b>	<b>1,327.13</b>	<b>11.03</b>	<b>11.51</b>	<b>77.24</b>	<b>1,426.91</b>

31 March 2020					(₹ crores)
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	6.65	-	-	-	6.65
Lease liabilities	6.05	5.60	5.12	22.28	39.05
Trade payable (including MSME)	1,263.93	-	-	-	1,263.93
Security deposits	0.69	-	-	30.16	30.85
Other financial liabilities	122.79	-	-	-	122.79
<b>Total</b>	<b>1,400.11</b>	<b>5.60</b>	<b>5.12</b>	<b>52.44</b>	<b>1,463.27</b>

### C.3 Market risk

#### a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO, GBP and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the volume of foreign currency transactions, the Company has taken forward contracts to manage its exposure. The Company does not use forward contracts and swaps for speculative purposes.

#### (i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
Financial assets	12.20	23.22
Financial liabilities	12.59	16.13
<b>Net exposure to foreign currency risk (liabilities)/assets</b>	<b>(0.39)</b>	<b>7.09</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>USD sensitivity</b>		
INR/USD- increase by 4.38% (31 March 2020 - 5.45%)*	(0.01)	0.29
INR/USD- decrease by 4.38% (31 March 2020 - 5.45%)*	0.01	(0.29)

\* Holding all other variables constant

### (ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

Particulars	₹ crores	
	31 March 2021	31 March 2020
Financial assets	52.38	52.22
Financial liabilities	24.97	12.34
<b>Net exposure to foreign currency risk assets</b>	<b>27.41</b>	<b>39.88</b>

### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>EURO sensitivity</b>		
INR/EURO- increase by 5.59% (31 March 2020 - 7.57%)*	1.15	2.26
INR/EURO- decrease by 5.59% (31 March 2020 - 7.57%)*	(1.15)	(2.26)

\* 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:

Particulars	₹ crores	
	31 March 2021	31 March 2020
Financial assets	-	-
Financial liabilities	0.19	6.11
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(0.19)</b>	<b>(6.11)</b>

### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>JPY sensitivity</b>		
INR/JPY- increase by 5.81% (31 March 2020 - 10.65%)*	(0.01)	(0.49)
INR/JPY- decrease by 5.81% (31 March 2020 - 10.65%)*	0.01	0.49

\* Holding all other variables constant

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (iv) Foreign currency risk exposure in GBP:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

Particulars	₹ crores	
	31 March 2021	31 March 2020
Financial assets	-	-
Financial liabilities	-	0.08
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>-</b>	<b>(0.08)</b>

### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>GBP sensitivity</b>		
INR/GBP- increase by 6.30% (31 March 2020 - 10.26%)*	-	(0.01)
INR/GBP- decrease by 6.30% (31 March 2020 - 10.26%)*	-	0.01

\* Holding all other variable 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 2021 and 31 March 2020, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

#### Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	₹ crores	
	31 March 2021	31 March 2020
Variable rate borrowing	-	-
Fixed rate borrowing	-	6.65
<b>Total borrowings</b>	<b>-</b>	<b>6.65</b>
<b>Amount disclosed under other current financial liabilities</b>	<b>-</b>	<b>0.05</b>
<b>Amount disclosed under borrowings</b>	<b>-</b>	<b>6.60</b>

### Sensitivity

Below is the sensitivity of profit or loss and equity in interest rates.

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>Interest sensitivity*</b>		
Interest rates – increase by 100 basis points (100 bps)	-	-
Interest rates – decrease by 100 basis points (100 bps)	-	-

\* Holding all other variables constant

#### ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### c) Price risk

#### i) Exposure

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

#### ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period:

#### Impact on profit after tax

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
<b>Mutual funds</b>		
Net assets value – increase by 100 bps (100bps)	12.25	4.78
Net assets value – decrease by 100 bps (100bps)	(12.25)	4.78

#### Impact on other comprehensive income after tax

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
<b>Quoted equity instruments</b>		
Market price – increase by 500 bps (500bps)	0.03	0.02
Market price – decrease by 500 bps (500bps)	(0.03)	(0.02)

## 38 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

### (a) Debt equity ratio

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
Net debts	-	-
Total equity	5,391.59	3,480.08
<b>Net debt to equity ratio</b>	<b>0%</b>	<b>0%</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (b) Dividends

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March 2020 of ₹ 2.50 per share (excluding tax)	25.28	-
Final dividend for the year ended 31 March 2019 of ₹ 2.50 per share (excluding tax)	-	22.22
<b>(ii) Dividends proposed</b>	<b>75.85</b>	<b>30.65</b>
In addition to the above, dividends, if any recommended by the Board of Directors post end of relevant reporting year shall be accrued and distributed in the year of approval in annual general meeting.		

## 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:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
<b>Gratuity:</b>				
Present value of defined benefit obligation	99.22	-	82.84	-
Fair value of plan assets	85.81	-	40.90	-
<b>Net value of defined benefit obligation</b>	<b>13.41</b>	<b>-</b>	<b>41.94</b>	<b>-</b>

#### (ii) Amount recognised in the statement of profit and loss is as under:

Description	(₹ crores)	
	31 March 2021	31 March 2020
Current service cost	8.17	5.40
Net interest cost	0.09	2.90
<b>Net impact on profit (before tax)</b>	<b>8.26</b>	<b>8.30</b>
Actuarial loss/(gain) recognised during the year	13.87	6.49
<b>Amount recognised in the statement of profit and loss</b>	<b>22.13</b>	<b>14.79</b>

#### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	(₹ crores)	
	31 March 2021	31 March 2020
<b>Present value of defined benefit obligation as at the start of the year</b>	<b>82.84</b>	<b>77.77</b>
Current service cost	8.17	5.40
Interest cost	5.63	5.95
Actuarial loss/(gain) recognised during the year	14.69	6.22
Benefits paid	(12.11)	(12.50)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>99.22</b>	<b>82.84</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (iv) Movement in the plan assets recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2021	31 March 2020
<b>Fair value of plan assets at beginning of year</b>	<b>40.90</b>	<b>38.89</b>
Expected return on plan assets	5.55	3.05
Employer's contribution	50.65	11.73
Benefits paid	(12.11)	(12.50)
Actuarial gain/(loss) on plan assets	0.82	(0.27)
<b>Fair value of plan assets at the end of the year</b>	<b>85.81</b>	<b>40.90</b>
Actual return on plan assets	6.37	2.78

### (v) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	31 March 2021	31 March 2020
Actuarial (gain)/loss on arising from change in demographic assumption	-	(0.01)
Actuarial (gain)/loss on arising from change in financial assumption	17.39	4.12
Actuarial (gain)/loss on arising from experience adjustment	(3.52)	2.38
<b>Total actuarial (gain)/loss</b>	<b>13.87</b>	<b>6.49</b>

### (vi) Actuarial assumptions

Description	31 March 2021	31 March 2020
Discount rate	6.80%	6.80%
Future salary increase	8.00%	5.00%
Expected average remaining working lives of employees (years)	19.81	19.19

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 2021	31 March 2020
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	99.22	82.84
- Impact due to increase of 0.50 %	(3.56)	(2.34)
- Impact due to decrease of 0.50 %	3.85	2.50
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	99.22	82.84
- Impact due to increase of 0.50 %	3.79	2.53
- Impact due to decrease of 0.50 %	(3.54)	(2.39)

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

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 2021	31 March 2020
Within next 12 months	12.27	12.60
Between 1-5 years	42.42	39.20
Beyond 5 years	127.61	90.64

### (ix) Category of plan assets:

(₹ crores)

Particulars	31 March 2021	31 March 2020
LIC of India - Group Gratuity Cash Accumulation Fund	84.31	40.26
Others	1.50	0.64
<b>Total</b>	<b>85.81</b>	<b>40.90</b>

(x) The Company expects to contribute ₹ 10.32 crores (previous year ₹ 7.00 crores) to its gratuity plan for the next year.

### B Compensated absences (unfunded)

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹ 14.73 crores (previous year: ₹ 7.32 crores) has been recognised in the statement of profit and loss.

(₹ crores)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	2.59	25.73	2.58	15.89

### C Pension

(₹ crores)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Pension	0.65	4.66	0.65	4.92



## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (i) Amount recognised in the balance sheet is as under:

(₹ crores)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
<b>Pension:</b>				
Present value of defined benefit obligation	0.65	4.66	0.65	4.92
Fair value of plan assets	-	-	-	-
<b>Net value of defined benefit obligation</b>	<b>0.65</b>	<b>4.66</b>	<b>0.65</b>	<b>4.92</b>

### (ii) Amount recognised in the statement of profit and loss is as under:

(₹ crores)

Description	31 March 2021	31 March 2020
Current service cost	-	-
Past service cost including curtailment gains/losses	-	-
Net interest cost	0.38	0.42
<b>Net impact on profit (before tax)</b>	<b>0.38</b>	<b>0.42</b>
Actuarial loss/(gain) recognised during the year	0.08	0.43
<b>Amount recognised in the statement of profit and loss</b>	<b>0.46</b>	<b>0.85</b>

### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

(₹ crores)

Description	31 March 2021	31 March 2020
<b>Present value of defined benefit obligation as at the start of the year</b>	<b>5.57</b>	<b>5.47</b>
Current service cost	-	-
Past service cost	-	-
Interest cost	0.38	0.42
Actuarial loss/(gain) recognised during the year	0.08	0.43
Benefits paid	(0.71)	(0.75)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>5.31</b>	<b>5.57</b>

### (iv) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	31 March 2021	31 March 2020
Actuarial (gain)/loss on arising from change in financial assumption	-	0.22
Actuarial (gain)/loss on arising from experience adjustment	0.08	0.21
<b>Total actuarial (gain)/loss</b>	<b>0.08</b>	<b>0.43</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (v) Actuarial assumptions

(₹ crores)

Description	31 March 2021	31 March 2020
Discount rate	6.80%	6.80%
Future salary increase	-	-
Expected average remaining working lives of employees (years)	-	-

Pension liability arises on account of future payments, which are required to be made after retirement. It is a special plan in which selective retired employees are getting some fix amount of pension on quarterly and annually basis.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Pension growth rate is Company's long term best estimate as to salary increases and takes account of inflation, on long term basis as provided in relevant accounting standard. As this is a fix pension plan so this has been assumed as nil.

### (vi) Sensitivity analysis for pension liability

(₹ crores)

Description	31 March 2021	31 March 2020
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	5.31	5.57
- Impact due to increase of 0.50 %	(0.13)	(0.13)
- Impact due to decrease of 0.50 %	0.13	0.13

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

### (vii) Maturity profile of defined benefit obligation

(₹ crores)

Description	31 March 2021	31 March 2020
Within next 12 months	0.65	0.65
Between 1-5 years	2.87	2.85
Beyond 5 years	4.59	5.14

(viii) The Company expects to contribute ₹ 0.37 crores (previous year ₹ 0.38 crores) to its pension plan for the next year.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### D Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ 18.94 crores (Previous year: ₹ 18.61 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.20 crores (Previous year: ₹ 0.21 crores).

E The Company has taken an insurance policy for medical benefits in respect of its retired and working employees. The insurance policy for on-roll employees is fully funded by the Company.

### 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 equally over 4 years from the date of grant	Three years from the date of vesting	870.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,122.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,385.00

Options are granted under the plan for the consideration as mentioned above and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan:

Particulars	31 March 2021	31 March 2020
	Number of options	Number of options
Opening balance	9,66,775	11,21,850
Granted during the year	3,39,450	-
Exercised during the year	1,80,119	-
Forfeited during the year	2,200	-
Lapsed during the year	36,350	1,55,075
Closing balance	10,87,556	9,66,775

\* The weighted average share price at the date of exercise of options during the year ended 31 March 2021 was ₹ 1,281.48 (31 March 2020 Nil).

Weighted average remaining contractual life of options as at 31 March 2021 3.76 years (31 March 2020: 3.87 years).

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price (₹)	Share options 31 March 2021	Share options 31 March 2020
16 August 2018	15 August 2022	870	1,10,093	2,44,225
16 August 2018	15 August 2023	870	1,76,314	2,40,850
16 August 2018	15 August 2024	870	2,30,850	2,40,850
16 August 2018	15 August 2025	870	2,30,850	2,40,850
8 September 2020	7 September 2024	1122	55,425	-
8 September 2020	7 September 2025	1122	55,425	-
8 September 2020	7 September 2026	1122	55,425	-
8 September 2020	7 September 2027	1122	55,425	-
3 February 2021	2 February 2025	1385	29,438	-
3 February 2021	2 February 2026	1385	29,438	-
3 February 2021	2 February 2027	1385	29,438	-
3 February 2021	2 February 2028	1385	29,438	-
			<b>10,87,556</b>	<b>9,66,775</b>

### Fair value of options granted

The value of the options has been determined by an independent valuer. The following assumptions were used for calculation of fair value of options in accordance with Black Scholes model:

a) Options are granted for consideration equivalent to exercise price referred below and vest in a graded manner over a period of four years. Vested options are exercisable for a period of three years after vesting.			
b) Exercise price	₹ 870.00	₹ 1,122.00	₹ 1,385.00
c) Grant date, as per the details shared above.	16 August 2018	8 September 2020	3 February 2021
d) Expiry date, as per the details shared above.	15 August 2022	7 September 2024	2 February 2025
e) Share price at grant date	₹ 869.50	₹ 1,121.10	₹ 1,384.15
f) Expected price volatility of the company's shares	26.86%	41.40%	41.90%
g) Expected dividend yield	0.29%	0.36%	0.29%
h) Risk free rate	7.56% - 7.97%	4.70% - 5.74%	4.62% - 5.68%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 41 Leases

#### (a) Information for leases where the Company is a lessee

Lease liabilities are presented in the statement of financial position as follows:

	(₹ crores)	
	31 March 2021	31 March 2020
Current	10.42	5.77
Non-current	47.62	21.73
<b>Total</b>	<b>58.04</b>	<b>27.50</b>

The Company has leases for the factory lands, marketing offices, depots and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Also, the Company had a leasehold land at Rudrapur which was taken on a lease for a period of 90 years in the year 2004. Initial land premium of ₹ 1.7 crores had been paid. In addition to the land premium, the Company paid an annual rent of ₹ 0.01 crore every year. Also, the management had revalued the amount of land in 2009 and had created a revaluation reserve of ₹ 7.13 crores pertaining to the same.

During the year, the Company has entered into an agreement to sale and classified the leasehold land as "Assets held for sale". Refer note 16(e) for details.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Company has considered automatic extension option available for land leases in lease period assessment since the Company can enforce its right to extend the lease beyond the initial lease period. The Company also has plans of setting up production facility on the land, therefore is likely to be benefited by exercising the extension option.

The following are amounts recognised in profit or loss:

	(₹ crores)	
	31 March 2021	31 March 2020
Depreciation expense of right-of-use assets	7.33	5.16
Interest expense on lease liabilities	4.31	2.88
Rent expense*	4.92	5.10
<b>Total</b>	<b>16.56</b>	<b>13.14</b>

\*Rent expense in term of short term leases

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	4	4.50-7.51	4	-
Marketing offices and related facilities	14	0.25-5.76	-	1

The maturity analysis of lease liabilities are disclosed in note 37.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the financials.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 4.92 crores (previous year: 5.10 crores).

Total cash outflow for leases for the year ended 31 March 2021 was ₹ 14.14 crores (previous year: ₹ 11.03 crores).

### (b) Information for leases where the Company is a lessor

#### (i) Finance Lease

During the year, the Company has entered into a finance lease arrangement with it's a joint venture company for sublease of land acquired by it as a Right of Use for the remaining period of land lease arrangement.

The following are amounts recognised in profit or loss with respect to finance lease arrangements:

	(₹ crores)	
	31 March 2021	31 March 2020
Interest income on lease receivable	0.86	-
Gain on sublease	0.02	-
<b>Total</b>	<b>0.88</b>	<b>-</b>

Changes in carrying amount of lease receivable

	(₹ crores)	
	31 March 2021	31 March 2020
Opening balance	-	-
Addition	16.48	-
Reversal of rental income	(1.77)	-
Interest income on lease receivable	0.86	-
Advance from customer	(2.23)	-
<b>Total</b>	<b>13.34</b>	<b>-</b>

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	(₹ crores)	
	31 March 2021	31 March 2020
Less than one year	1.92	-
One to two years	2.04	-
Two to three years	2.07	-
Three to four years	2.43	-
Four to five years	2.72	-
More than five years	6.81	-
<b>Total undiscounted lease receivable</b>	<b>17.99</b>	<b>-</b>
Unearned finance income	4.65	-
<b>Net investment in the lease</b>	<b>13.34</b>	<b>-</b>

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### ii) Operating Lease

The Company leases out investment properties under operating leases (see note 4 and note 5).

Lease payments in relation to operating leases are as follow:

	(₹ crores)	
	31 March 2021	31 March 2020
Less than one year	10.91	10.02
One to two years	11.45	10.91
Two to three years	11.67	11.45
Three to four years	4.25	11.67
Four to five years	-	4.25
More than five years	-	-
<b>Total</b>	<b>38.27</b>	<b>48.29</b>

**42** During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgement 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)	
	31 March 2021	31 March 2020
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	104.23	80.25
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	0.51	0.74
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 44

(a) The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated 4 March 2011.

Escorts Benefit Trust which inherited the funds and shares from Hardship Committee constituted under directions of the High Court has sufficient funds to meet the payment obligations towards Escorts Finance Limited deposits.

(b) During the year, the Company has further invested ₹ 26.22 crores in its Joint Venture with Tadano Limited, Japan (Tadano), Tadano Escorts India Private Limited (formerly Optunia Power Infrastructure Private Limited) ('TEI'). As on 31 March 2021, the Company holds 49% share in TEI.

(c) Pursuant to Share Purchase Agreement dated 20 March 2020 and Shareholders Agreement dated 5 October 2020, between the Company, Kubota Corporation, Japan and Kubota Agricultural Machinery India Private Limited (KAI), the Company, has acquired 40% equity stake in KAI at an aggregate consideration of ₹ 90 crores. Consequently, KAI has become a Joint Venture of the Company, with effect from, 5 October 2020.

(d) The Board of Directors of the Company in their meeting held on 20 March 2020 had approved the preferential issue of 1,22,57,688 equity shares of ₹ 10/- each at an issue price of ₹ 850/- per equity share to Kubota Corporation, Japan, subject to approval of shareholders of the Company and other regulatory approvals. Consequently in terms of Share Subscription Agreement and Shareholders Agreement dated 20 March 2020 and requisite approvals, the Company has allotted 1,22,57,688 equity shares of the face value of ₹ 10/- at an issue price of ₹ 850/- (which includes a premium of ₹ 840/-) for each Share to Kubota Corporation, Japan on 16 July 2020. Further, the Board in its meeting held on 15 July 2020 has also approved selective reduction of its share capital by cancelling and extinguishing 1,22,57,688 Equity Shares, held by the Escorts Benefit and Welfare Trust.

(e) Pursuant to the approval of the Board of Directors on 15 July 2020 for selective reduction of its share capital by cancelling and extinguishing 1,22,57,688 Equity Shares, held by the Escorts Benefit and Welfare Trust, the Company has filed a Scheme for reduction of share capital ("the Scheme") between the Company and its shareholders, under Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, with the Hon'ble NCLT of Chandigarh ("the Tribunal") on 13 March 2021. The Scheme is subject to the approval of the Tribunal and other requisite approvals, as may be required and will become effective upon filing of the certified copy of the order of the Tribunal sanctioning this Scheme and the minute of reduction with the RoC by the Company.

(f) During the financial year 2014-15, Mr. Cameron Parsons ("Plaintiff") initiated a civil action before the Circuit Court of Tuscaloosa, Alabama against the Company and others claiming loss due to accident caused while running an Escorts made Tractor which left permanent injuries, scarring, permanent limitations, mental anguish, medical expenses and loss of income for the plaintiff. Both the parties decided to settle the matter out of court and executed a Settlement Agreement dated 12 June 2019 whereby the Company during the year ended 31 March 2020 has paid an amount of \$ 13,00,000 in lieu of full and final closure of the case. The same was disclosed as exceptional item under Note 31 in the financial statements.

**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, 3,73,00,031 equity shares of the Company comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Company were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Company in EBWT, has been accounted for as an Investment by the Company in the manner prescribed in the Scheme.

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

EBWT presently holds 3,37,00,031 (31 March 2020: 3,37,00,031) equity shares of the Company and 2,34,97,478 (31 March 2020: 2,34,97,478) equity shares of Escorts Finance Limited (subsidiary of the Company). Market value of outstanding shares held by Trust on 31 March 2021 is ₹ 4,350.95 crores (31 March 2020: ₹ 2,234.14 crores).

### 46 Assets pledged as security for borrowings

		(₹ crores)	
	Note	As at 31 March 2021	As at 31 March 2020
<b>Current</b>			
<b>Financial assets</b>			
<b>First charge</b>			
Investments	7 (ii)	1,651.56	638.28
Trade receivables	13	698.40	756.52
Cash and cash equivalents	14	100.50	164.81
Bank balances other than above	15	1,216.02	153.67
Loans	8 (ii)	10.44	16.81
Other financial assets	9 (ii)	22.36	20.86
<b>Non-financial assets</b>			
<b>First charge</b>			
Inventories	12	674.46	822.20
Other current assets	11 (ii)	189.40	265.75
<b>Total current assets pledged as security</b>		<b>4,563.14</b>	<b>2,838.90</b>
<b>Non-current</b>			
<b>Second Charge</b>			
Other movable assets (other than specifically charged to other term lenders)	3 (i)	465.91	413.43
<b>Total non-currents assets pledged as security</b>		<b>465.91</b>	<b>413.43</b>
<b>Total assets pledged as security*</b>		<b>5,029.05</b>	<b>3,252.33</b>

\* charge on the assets shall be limited to the amount of borrowings

### 47 Related party transactions

The Company's related party transactions and outstanding balances are with its subsidiaries, associate and joint venture, key management and others as described below.

#### A Relationships

Subsidiaries	
Domestic	Overseas
Escorts Crop Solutions Limited	Farmtrac Tractors Europe Sp. Z.o.o, Poland
Escorts Securities Limited	
Escorts Benefit and Welfare Trust	
Escorts Finance Limited	
Escorts Benefit Trust	
<b>Joint venture</b>	
Adico Escorts Agri Equipment Private Limited	
Escorts Kubota India Private Limited	
Tadano Escorts Private Limited (formerly known as Optunia Power Infrastructure Private Limited)	
Kubota Agricultural Machinery India Private Limited (w.e.f. 5 October 2020)	
<b>Associates</b>	
Escorts Consumer Credit Limited	

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### B Key management personnel

Mr. Nikhil Nanda #	Chairman and Managing Director
Mr. Shailendra Agarwal	Executive Director
Mr. Bharat Madan #	Group Chief Financial Officer & Corporate Head
Mr. Ajay Sharma # (ceased as KMP w.e.f 30 November 2019)	Group General Counsel and Company Secretary
Mr. Satyendra Chauhan # (w.e.f. 29 January 2020)	Company Secretary & Compliance Officer

#### Other directors

Ms. Nitasha Nanda
Mr. Hardeep Singh
Mr. Darius Jehangir Kakalia (ceased as KMP w.e.f. 27 November 2019)
Mr. G. B. Mathur (ceased as KMP w.e.f. 31 December 2019)
Mr. P.H Ravikumar
Mr. Ravi Narain (ceased as KMP w.e.f. 1 May 2019)
Mr. Sutanu Behuria
Ms. Vibha Paul Rishi
Mr. Sunil Kant Munjal (appointed as Director w.e.f. 7 May 2019)
Ms. Tanya Dubash (appointed as Director w.e.f. 29 January 2020)
Mr. Harish N. Salve (appointed as Director w.e.f. 16 July 2020)
Mr. Dai Watanabe (appointed as Director w.e.f. 16 July 2020)
Mr. Yuji Tomiyama (appointed as Director w.e.f. 16 July 2020)

# Key Management Personnel (KMP) as defined under Section 2(51) of the Companies Act, 2013

#### Enterprises over which key management personnel and relatives of such personnel exercise significant influence

AAA Portfolios Private Limited	Niky Tasha Energies Private Limited
Agresource Management Private Limited	Raksha Health Insurance TPA Private Limited (formerly known as Raksha TPA Private Limited)
Big Apple Clothing Private Limited	Rimari India Private Limited
EEWL Limited (formerly known as Escorts Employees Welfare Limited)	Ritu Nanda Insurance Service Private Limited
Escorts Skill Development	Sietz Technologies India Private Limited
GBM Management Advisors LLP (ceased to be w.e.f 31 December 2019)	Sun & Moon Travels (India) Private Limited
Har Parshad And Company Private Limited	Hero Mindmine Institute Private Limited (w.e.f 7 May 2019)
Momento Communications Private Limited	The IVY Trust (w.e.f 7 May 2019)
Niky Tasha Communications Private Limited	Kubota Corporation (w.e.f 16 July 2020)

#### List of other related parties

Mrs. Ritu Nanda (relative of key managerial personnel, date of demise 14 January 2020)
Escorts Limited Employees' Group Gratuity Fund Trust (refer note 39 for transaction)

#### Key management personnel remuneration includes the following expenses:

	(₹ crores)	
	31 March 2021	31 March 2020
Short-term employee benefits:	25.14	20.44
Other long term benefits	0.20	0.07
Post-employment benefits:	0.72	0.69
<b>Total remuneration</b>	<b>26.06</b>	<b>21.20</b>



## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### 48 Revenue from Contracts with Customers

#### (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

#### For the year ended 31 March 2021

	(₹ crores)			
Revenue from operations	Goods	Services	Other operating revenue*	Total
<b>Revenue by geography</b>				
Domestic	6,495.98	14.00	55.41	6,565.39
Export	282.11	-	-	282.11
<b>Total</b>	<b>6,778.09</b>	<b>14.00</b>	<b>55.41</b>	<b>6,847.50</b>
<b>Revenue by time</b>				
Revenue recognised at point in time				6,833.50
Revenue recognised over time				14.00
<b>Total</b>				<b>6,847.50</b>

#### For the year ended 31 March 2020

	(₹ crores)			
Revenue from operations	Goods	Services	Other operating revenue*	Total
<b>Revenue by geography</b>				
Domestic	5,386.61	13.13	44.19	5,443.93
Export	250.65	-	-	250.65
<b>Total</b>	<b>5,637.26</b>	<b>13.13</b>	<b>44.19</b>	<b>5,694.58</b>
<b>Revenue by time</b>				
Revenue recognised at point in time				5,681.45
Revenue recognised over time				13.13
<b>Total</b>				<b>5,694.58</b>

\* Other operating revenue amounting to ₹ 81.79 crores (31 March 2020: ₹ 66.37 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here.

#### (b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

	(₹ crores)	
Description	As at 31 March 2021	As at 31 March 2020
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	82.50	34.05
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

## Notes forming part of the Financial Statements

for the year ended 31 March 2021

### (c) Assets and liabilities related to contracts with customers

Particulars	As at 31 March 2021		As at 31 March 2020	
	Non-current	Current	Non-current	Current
<b>Contract liabilities related to sale of goods</b>				
Advance from customers	-	65.43	-	83.13
Deferred income	12.13	28.82	11.65	24.55

Remaining performance obligations as at the reporting date are expected to be substantially recognised over the next three years by the Company.

### (d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

	(₹ crores)	
Description	As at 31 March 2021	As at 31 March 2020
Contract price	7,175.80	5,954.86
Less: Discount, rebates, credits etc.	328.30	260.28
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>6,847.50</b>	<b>5,694.58</b>

\* Other operating revenue amounting to ₹ 81.79 crores (31 March 2020: ₹ 66.37 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here.

(e) The Company provide warranties on products sold by them and majority of these are in nature of assurance that the related products will function as the parties intended because it complies with agreed-upon specifications and hence accounted for in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets. Additionally, the Company extends its services by offering extended warranty with the sale of products which is deferred over the warranty period.

49 The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in these financial statements.

As per our Report of even date attached  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

**Ashish Gupta**  
Partner  
Membership No. 504662

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

For and on behalf of the Board of Directors

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Place: New Delhi  
Date: 14 May 2021

Date: 14 May 2021

# Independent Auditor's Report

To the Members of Escorts Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

- We have audited the accompanying consolidated financial statements of Escorts Limited ('the Company' or 'the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint ventures, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, 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.
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint ventures the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, its associate and joint ventures, as at 31 March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.
- We have determined the matter described below to be the key audit matters to be communicated in our report.

#### Key audit matter

##### Revenue recognition

We refer to the Company's significant accounting policies in note 2.2(a) and the revenue related disclosures in note 49 of the consolidated financial statements. Owing to the multiplicity of the Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention. Further Ind AS 115, "Revenue from Contracts with Customers", requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers (such as after sales maintenance services and product warranties), determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to

### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint ventures, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### How our audit addressed the key audit matter

Our audit procedures, related to revenue recognition, included, but were not limited, to the following:

- assessed the design and operating effectiveness of Company's controls (including the automated controls) around revenue recognition and measurement (including rebates / discounts);
- assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115;
- scrutinized sales ledgers to verify accuracy and completeness of sales transactions;
- on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end.;

#### Key audit matter

allocate the transaction price to the performance obligations. This matter is considered to be of most significance given the extent of industry knowledge and skills needed to apply audit procedures to address the matter and evaluate the results of those procedures.

#### How our audit addressed the key audit matter

- tested the appropriateness of accruals for various rebates and discounts as at the year-end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/deliveries (as the case may be), and approved incentives / discounts schemes;
- assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;
- circularised balance confirmations to a sample of customers and evaluated the responses; and
- tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations.

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

- The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint ventures in accordance with the accounting principles generally

accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, and its associate company and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

- In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the Group and of its associate and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint ventures.



### Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint ventures to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associate and joint ventures, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Other Matter

14. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 114.38 crores and net liabilities of ₹ 132.77 crores as at 31 March 2021, total revenues of ₹ 120.51 crores and net cash inflows amounting to ₹ 5.08 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 ₹ 0.74 crores for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of one associate and four joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose

reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint ventures, are based solely on the reports of the other auditors.

Further, of these subsidiaries, one subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which have been audited by other auditors under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiary located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 14, on separate financial statements of the subsidiaries, associate and joint ventures, we report that the Holding Company, two subsidiary companies and one associate company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that one subsidiary company covered under the Act has not paid or provided for any managerial remuneration during the year. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to three subsidiaries and four joint venture companies covered under the Act, since none of these is a public company as defined under section 2(71) of the Act.

16. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint ventures, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,
  - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the auditors of its subsidiary companies, associate company and joint venture companies covered under the Act, none of the directors of the Group companies, its associate company and joint venture companies covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate company and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial



statements as also the other financial information of the subsidiaries, associate and joint ventures:

- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint ventures as detailed in Note 23(ii), 35 and 43(a) to the consolidated financial statements;
- ii. the Holding Company, its associate and joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
- iii. Escorts Finance Limited, subsidiary of the Company has not deposited sum of ₹ 10.60 crores against various due dates upto 14 May 2021 to the Investor Education and Protection Fund ;and

- 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

**Ashish Gupta**

Partner

Membership No.: 504662

UDIN: 21504662AAAADO6041

Place: New Delhi

Date: 14 May 2021

## Annexure 1

### List of entities included in the Statement

#### Subsidiaries:

1. Escorts Securities Limited
2. Farmtrac Tractors Europe Sp. Z.o.o.
3. Escorts Crop Solutions Limited
4. Escorts Finance Limited
5. Escorts Benefit and Welfare Trust
6. Escorts Benefit Trust

#### Associate:

1. Escorts Consumer Credit Limited

#### Joint ventures:

1. Adico Escorts Agri Equipment Private Limited
2. Tadano Escorts India Private Limited
3. Escorts Kubota India Private Limited
4. Kubota Agricultural Machinery India Private Limited (w.e.f. 5 October 2020)

## Annexure A

### Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Escorts Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint ventures as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies as aforesaid.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, associate company and joint venture companies, the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to three subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 41.71 crores and net liabilities of ₹ 146.60

crores as at 31 March 2021, total revenues of ₹ 20.16 crores and net cash inflows amounting to ₹ 0.95 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 profit (including other comprehensive income) of ₹ 0.77 crores for the year ended 31 March 2021, in respect of an associate company and three joint venture companies, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, associate company and joint venture companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, associate company and joint venture companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

UDIN: 21504662AAAADO6041

Place: New Delhi

Date: 14 May 2021

# Consolidated Balance Sheet

as at 31 March 2021

	Note	As at 31 March 2021	As at 31 March 2020
(₹ crores)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3 (i)	1,654.78	1,613.23
Capital work-in-progress	3 (ii)	41.20	104.42
Investment property	4	69.86	22.94
Right-of-use assets	5	42.76	33.46
Intangible assets	6 (i)	28.83	32.78
Intangible assets under development	6 (ii)	23.49	20.24
Investments accounted for using equity method	7 (i)	259.84	144.58
Financial assets			
Investments (other than investment accounted using equity method)	7 (ii)	13.11	1.87
Loans	8 (i)	7.06	13.64
Other financial assets	9 (i)	11.49	0.80
Deferred tax assets (net)	10 (i)	-	1.44
Income tax assets (net)		5.83	17.76
Other non current assets	11 (i)	85.77	97.31
<b>Total non-current assets</b>		<b>2,244.02</b>	<b>2,104.47</b>
<b>Current assets</b>			
Inventories	12	718.16	883.36
Financial assets			
Investments	7 (iii)	1,665.07	650.91
Trade receivables	13	657.58	731.86
Cash and cash equivalents	14	105.74	168.89
Bank balances other than above	15	1,216.02	155.99
Loans	8 (ii)	10.53	17.10
Other financial assets	9 (ii)	21.97	21.46
Other current assets	11 (ii)	190.21	267.44
<b>Total current assets</b>		<b>4,585.28</b>	<b>2,897.01</b>
Assets held for sale	16	48.87	13.92
<b>Total assets</b>		<b>6,878.17</b>	<b>5,015.40</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	17	134.83	122.58
Other equity	18	4,891.30	2,994.82
<b>Total of Equity (for shareholders of parent)</b>		<b>5,026.13</b>	<b>3,117.40</b>
Non-controlling interests	19	(0.91)	5.10
<b>Total equity</b>		<b>5,025.22</b>	<b>3,122.50</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	20 (i)	1.72	2.69
Lease liabilities	42	47.63	21.78
Other financial liabilities	21 (i)	23.97	20.10
Provisions	23 (i)	49.11	30.51
Deferred tax liabilities (net)	10 (i)	23.30	30.71
Other non-current liabilities	22 (i)	12.13	11.65
<b>Total non-current liabilities</b>		<b>157.86</b>	<b>117.44</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	20 (ii)	-	16.51
Trade payables	24		
(a) Total outstanding dues of micro enterprises and small enterprises		104.23	80.25
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,091.19	1,212.67
Lease liabilities	42	10.44	5.94
Other financial liabilities	21 (ii)	141.48	137.32
Other current liabilities	22 (ii)	205.11	196.91
Provisions	23 (ii)	101.68	125.75
Current tax liabilities		24.66	0.11
<b>Total current liabilities</b>		<b>1,678.79</b>	<b>1,775.46</b>
Liabilities directly associated with assets classified as held for sale	33	16.30	-
<b>Total liabilities</b>		<b>1,852.95</b>	<b>1,892.90</b>
<b>Total equity and liabilities</b>		<b>6,878.17</b>	<b>5,015.40</b>

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership No. 504662

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Date: 14 May 2021

Place: New Delhi  
Date: 14 May 2021

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

	Note	Year ended 31 March 2021	Year ended 31 March 2020
(₹ crores)			
<b>Income</b>			
Revenue from operations	25	7,014.42	5,810.09
Other income	26	160.38	97.60
<b>Total income</b>		<b>7,174.80</b>	<b>5,907.69</b>
<b>Expenses</b>			
Cost of materials consumed	27 (i)	4,073.07	3,476.31
Purchases of stock-in-trade		441.65	370.37
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27 (ii)	129.92	(5.58)
Employee benefits expense	28	546.91	520.51
Finance costs	29	13.34	17.23
Depreciation and amortisation expense	30	118.28	107.22
Other expenses	31	696.11	786.08
<b>Total expenses</b>		<b>6,019.28</b>	<b>5,272.14</b>
<b>Profit before exceptional items, share of net profit of investment accounted for using the equity method and tax</b>		<b>1,155.52</b>	<b>635.55</b>
Share of loss of equity accounted investments		(0.74)	(1.08)
<b>Profit before exceptional items and tax</b>		<b>1,154.78</b>	<b>634.47</b>
Exceptional items	32	-	(9.22)
<b>Profit before tax</b>		<b>1,154.78</b>	<b>625.25</b>
Tax expense:	10 (ii)		
Current tax		287.14	174.45
Deferred tax charge/(credit)		(3.99)	(20.92)
<b>Total tax expense</b>		<b>283.15</b>	<b>153.53</b>
<b>Profit for the year</b>		<b>871.63</b>	<b>471.72</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		0.36	(0.24)
Re-measurements of defined employee benefit plans		(13.87)	(6.94)
Income tax relating to items that will not be reclassified to profit or loss		3.47	1.46
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		0.01	(0.52)
<b>Total other comprehensive income for the year</b>		<b>(10.03)</b>	<b>(6.24)</b>
<b>Total comprehensive income for the year</b>		<b>861.60</b>	<b>465.48</b>
<b>Profit attributable to:</b>			
(i) Owners		871.46	472.25
(ii) Non-controlling interests		0.17	(0.53)
<b>Other comprehensive income attributable to:</b>			
(i) Owners		(10.07)	(6.23)
(ii) Non-controlling interests		0.04	(0.01)
<b>Total comprehensive income attributable to:</b>			
(i) Owners		861.39	466.02
(ii) Non-controlling interests		0.21	(0.54)
<b>Earnings per equity share:</b>			
Basic (₹)		92.15	55.04
Diluted (₹)		91.98	55.04

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership No. 504662

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

Place: New Delhi  
Date: 14 May 2021

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Date: 14 May 2021

## Consolidated Cash Flow Statement

for the year ended 31 March 2021

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>A Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>1,154.78</b>	<b>625.25</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	118.28	107.22
Provisions written back net of provisions recognised during the year	(46.22)	(28.42)
Finance costs (other than finance and bank charges)	10.31	14.34
Interest income	(80.19)	(44.43)
Share of loss of equity accounted investments	0.74	1.08
Gain on disposal of property, plant and equipment (net)	(3.72)	(1.39)
Loss on discard of capital work-in-progress and property, plant and equipment	0.08	3.61
Gain on fair valuation and sale of investments carried at fair value through profit or loss (net)	(58.66)	(37.35)
Share based payment to employees	16.36	3.40
Unrealised foreign exchange loss/(gain)	(2.61)	1.44
<b>Operating profit before working capital changes</b>	<b>1,109.15</b>	<b>644.75</b>
<b>Movement in working capital</b>		
Inventories	165.20	(25.94)
Trade receivable	56.03	189.73
Other financial assets	9.61	(23.76)
Other assets	76.01	32.01
Trade payables	(34.83)	78.09
Other financial liabilities	13.06	9.89
Other liabilities	(10.28)	67.19
<b>Cash generated from operating activities post working capital changes</b>	<b>1,383.95</b>	<b>971.96</b>
Income tax paid (net)	(252.69)	(174.80)
<b>Net cash generated from operating activities (A)</b>	<b>1,131.26</b>	<b>797.16</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital advances)	(115.72)	(182.21)
Sale of property, plant and equipment	7.43	5.27
Purchase of intangible assets	(9.87)	(13.21)
Purchase of investment property	(11.06)	-
Investment in joint ventures	(116.22)	(60.00)
Purchase of other non current investments	(25.82)	-
Purchase of current investment (net)	(940.61)	(209.88)
Bank deposit (having original maturity of more than 3 months)	(1,021.77)	3.68
Margin/bank deposits	(7.78)	(9.75)
Interest received	47.87	44.86
<b>Net cash used in investing activities (B)</b>	<b>(2,193.55)</b>	<b>(421.24)</b>

## Consolidated Cash Flow Statement

for the year ended 31 March 2021

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>C Cash flows from financing activities (refer note 20 (iii))</b>		
Proceeds from shares (including ESOP) issued during the year	1,057.58	-
Repayment of long term borrowings	(0.90)	(8.17)
Repayment of lease liabilities	(5.09)	(3.19)
Repayment of short term borrowings (net)	(16.10)	(253.07)
Interest paid	(7.63)	(10.00)
Dividend and tax thereon paid	(24.52)	(26.02)
<b>Net cash (used in)/flow from financing activities (C)</b>	<b>1,003.34</b>	<b>(300.45)</b>
Increase/(decrease) in cash and cash equivalents (A+B+C)	(58.95)	75.47
Cash and cash equivalents at the beginning of the year (refer note 14)	168.89	93.05
Cash and cash equivalent classified as asset held for sale	(3.94)	-
Exchange difference on translation of foreign currency cash and cash equivalents	(0.26)	0.37
<b>Cash and cash equivalents at the end of the year (refer note 14)</b>	<b>105.74</b>	<b>168.89</b>

Note: The above statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandiook & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership No. 504662

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Place: New Delhi  
Date: 14 May 2021

Date: 14 May 2021

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Changes in equity share capital during the year		Balance as at 31 March 2020		Changes in equity share capital during the year		Balance as at 31 March 2021	
<b>A Equity share capital</b>								
Balance as at 1 April 2019								
	122.58				122.58			
<b>B Other equity</b>								
Balance as at 1 April 2019								
Profit for the year								
Other comprehensive income for the year								
Share of capital reserve recognised by joint venture on acquisition of business								
<b>Transactions with owners in their capacity as owners</b>								
Dividends paid								
Tax on dividends								
Employee stock option charge for the year								
Transfer from employees' stock option outstanding account against vested options lapsed during the year								
<b>Balance as at 31 March 2020</b>	<b>97.91</b>	<b>6.00</b>	<b>456.69</b>	<b>729.86</b>	<b>4.03</b>	<b>1,591.48</b>	<b>0.75</b>	<b>0.07</b>
Profit for the year								
Other comprehensive income for the year								
Share of capital reserve recognised by joint venture on acquisition of business								
Transfer from employees' stock option outstanding account against vested options lapsed during the year								
<b>Balance as at 31 March 2021</b>	<b>97.91</b>	<b>6.00</b>	<b>456.69</b>	<b>730.19</b>	<b>7.10</b>	<b>2,032.21</b>	<b>0.75</b>	<b>0.07</b>
Profit for the year								
Other comprehensive income for the year								
Share of capital reserve recognised by joint venture on acquisition of business								
Transfer from employees' stock option outstanding account against vested options lapsed during the year								
<b>Balance as at 31 March 2021</b>	<b>97.91</b>	<b>6.00</b>	<b>456.69</b>	<b>730.40</b>	<b>19.18</b>	<b>2,868.53</b>	<b>0.75</b>	<b>0.07</b>
Profit for the year								
Other comprehensive income for the year								
Share of capital reserve recognised by joint venture on acquisition of business								
Transfer from employees' stock option outstanding account against vested options lapsed during the year								
<b>Balance as at 31 March 2021</b>	<b>97.91</b>	<b>6.00</b>	<b>456.69</b>	<b>730.40</b>	<b>19.18</b>	<b>2,868.53</b>	<b>0.75</b>	<b>0.07</b>
Profit for the year								
Other comprehensive income for the year								
Share of capital reserve recognised by joint venture on acquisition of business								
Transfer from employees' stock option outstanding account against vested options lapsed during the year								
<b>Balance as at 31 March 2021</b>	<b>97.91</b>	<b>6.00</b>	<b>456.69</b>	<b>730.40</b>	<b>19.18</b>	<b>2,868.53</b>	<b>0.75</b>	<b>0.07</b>
Profit for the year								
Other comprehensive income for the year								
Share of capital reserve recognised by joint venture on acquisition of business								
Transfer from employees' stock option outstanding account against vested options lapsed during the year								
<b>Balance as at 31 March 2021</b>	<b>97.91</b>	<b>6.00</b>	<b>456.69</b>	<b>730.40</b>	<b>19.18</b>	<b>2,868.53</b>	<b>0.75</b>	<b>0.07</b>

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached  
For **Walker Chandok & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076/N/500013)

**Ashish Gupta**  
Partner  
Membership No. 504662

Place: New Delhi  
Date: 14 May 2021

For and on behalf of the Board of Directors

**Shalindra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**Bharat Madan**  
Group Chief Financial Officer & Corporate Head  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

**Satyendra Chauhan**  
Company Secretary & Compliance Officer  
Membership No. A14783  
Place: Faridabad

Date: 14 May 2021

# Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

## 1 Group information

The Company, its subsidiaries, its joint ventures and associate (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

### A. Subsidiaries

Name of the entity	Principal activities	Country of incorporation	% equity interest	
			31 March 2021	31 March 2020
Escorts Finance Limited	Recovery of delinquent loan assets	India	69.42%	69.42%
Escorts Securities Limited	Provide security trading services	India	51.26%	51.26%
Escorts Benefit & Welfare Trust	Holding stocks on behalf of Settlor Escorts Limited	India	100%	100%
Escorts Benefit Trust	Holding fund for payment of dues of fixed deposit holders of Escorts Finance Limited	India	100%	100%
Farmtrac Tractors Europe Spolka z.o.o	Production, development and import of parts and accessories, sale of agricultural tractors and organisation of services in respect of agricultural tractors	Poland	100%	100%
Escorts Crop Solution Limited	Crop solution services	India	*100%	*100%

\*Rounded off to 100%

### B. Interests in associate and joint ventures

Name of the entity	Principal activities	Country of incorporation	31 March 2021	31 March 2020	Relationship	Accounting method
			% Ownership Interest	% Ownership Interest		
Adico Escorts Agri Equipment Private Limited	Manufacturing and trading of agricultural equipments and its spares and implements	India	40%	40%	Joint venture	Equity method
Tadano Escorts India Private Limited	Terrain crane	India	49%	49%	Joint venture	Equity method
Escorts Kubota India Private Limited	Tractor	India	40%	40%	Joint venture	Equity method
Kubota Agricultural Machinery India Private Limited	Tractor	India	40%	-	Joint venture	Equity method
Escorts Consumer Credit Limited*	Financing activity	India	29.4%	29.4%	Associate	Equity method

\*Investment in Escorts Consumer Credit Limited has been fully provided for in the separate financial statements of Escorts Limited..

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### C. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)	As % of consolidated other comprehensive income	Amount (₹ crores)	As % of consolidated total comprehensive income	Amount (₹ crores)
<b>Parent</b>								
Escorts Limited	107.29%	5,391.59	100.28%	874.06	100.90%	(10.12)	100.27%	863.94
<b>Indian subsidiaries</b>								
Escorts Crop Solutions Limited	0.19%	9.52	-0.39%	(3.42)	-	-	-0.40%	(3.42)
Escorts Securities Limited	0.25%	12.76	0.04%	0.35	-0.80%	0.08	0.05%	0.43
Escorts Benefit and Welfare Trust	0.00%	0.02	0.00%	0.03	-	-	0.00%	0.03
Escorts Finance Limited	-3.55%	(178.47)	0.00%	(0.01)	-0.40%	0.04	0.00%	0.03
Escorts Benefit Trust	0.22%	10.84	-	-	-	-	-	-
<b>Foreign subsidiaries</b>								
Farmtrac Tractors Europe Sp. Z.o.o, Poland	0.02%	0.91	0.12%	1.04	-0.10%	0.01	0.12%	1.05
<b>Joint venture and associate (investment as per the equity method)</b>								
<b>Indian</b>								
Adico Escorts Agri Equipment Private Limited	0.08%	3.86	0.08%	0.68	-	-	0.08%	0.68
Tadano Escorts India Private Limited	0.93%	46.69	-0.17%	(1.51)	-	-	-0.17%	(1.51)
Escorts Kubota India Private Limited	2.10%	105.63	-1.56%	(13.58)	-	-	-1.58%	(13.58)
Kubota Agricultural Machinery India Private Limited	2.06%	103.66	1.57%	13.66	-	-	1.59%	13.66
<b>Non-controlling interest in all subsidiaries</b>	-0.02%	(0.91)	0.02%	0.17	-0.40%	0.04	0.02%	0.21
<b>Intercompany elimination and consolidation adjustment</b>	-9.57%	(480.88)	0.02%	0.15	0.80%	(0.08)	0.01%	0.07
<b>Total</b>	<b>100.00%</b>	<b>5,025.22</b>	<b>100.00%</b>	<b>871.63</b>	<b>100.00%</b>	<b>(10.03)</b>	<b>100.00%</b>	<b>861.60</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 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 2021 were approved for issue by the Board of Directors on 14 May 2021.

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;

##### 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 2021.

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 2021

### Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

Joint ventures – Interest in joint venture are accounted for using the equity method, after initially being recognised at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## 2.2 Summary of significant accounting policies

### a) Revenue recognition

Revenue arises mainly from the sale of manufactured and traded goods, after-sales maintenance and extended warranty services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they

represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see note 22). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

### Sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

The Group provides 1 to 5 years' product warranty on its goods sold to the buyer. Under the terms of this warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under Ind AS 37.

### After-sale services

The Group enters into fixed price maintenance and extended warranty contracts with its customers for terms between one and two years in length. Customers are required to pay in advance for the services along with the contractual amount paid for the purchase of goods.

- **Maintenance contracts** – The Group enters into agreements with its customers to perform regularly scheduled maintenance services on goods purchased from the Group. Revenue is recognised over time based on the ratio between the number of services provided/lapsed in the current period and the total number of such services expected to be provided under each

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contract. This method best depicts the transfer of services to the customer because details of the services to be provided are specified by management in advance as part of its published maintenance program.

- **Extended warranty program** – The Group enters into agreements with its customers to perform necessary repairs falling outside the Group's standard warranty period. As this service involves an indeterminate number of acts, the Group is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognised on a straight-line basis over the term of the contract and matched to related costs. This method best depicts the transfer of services to the customer as (a) the Group's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

### Other income

Income from export incentives are recognised on accrual basis.

### Interest Income

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortised cost (refer 'h' below), interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

### Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

### b) Foreign currency translation

#### Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') and are rounded to two decimal places of crores, which is also the functional and presentation currency of the Group.

#### Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

### Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the statement of profit or loss and are recognised as part of the gain or loss on disposal.

### c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

### d) Property, plant and equipment Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.



## Notes forming part of the Consolidated Financial Statements

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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	8-10
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 are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with

specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

In case of one of the subsidiary (Farmtrac Tractors Europe Spolka Z.O.O), no depreciation of the land with perpetual usufruct right is made by the Company.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### e) Investment properties

#### Recognition and initial measurement

Investment properties are properties, including right-of-use in properties, held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements.

#### Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties other than right-of-use in properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

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Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

### f) Intangible assets

#### Recognition and initial measurement

Purchased intangible assets are stated at cost less accumulated amortisation and impairment, if any.

#### Internally developed intangible assets

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

### 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

#### The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the

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commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

### The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

### h) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that

uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

### Financial assets

#### Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- i. **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:
  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Contractual terms of the asset give rise 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.

## Notes forming part of the Consolidated Financial Statements

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If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

- **Mutual funds** – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

### De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

### Financial liabilities

#### Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### Derivative financial instruments

#### Initial and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### i) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macro-economic factors for each identified segment.

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The Group defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### j) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject

to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

### k) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 36 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.

## Notes forming part of the Consolidated Financial Statements

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### 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.

### o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

### p) Post-employment, long term and short term employee benefits

The Group provides post-employment benefits through various defined contribution and defined benefit plans

#### Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which related employee services are received.

#### Defined benefit plans

The defined benefit plans sponsored by the Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group.

Gratuity and pension are post-employment benefits and are in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity and pension is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

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### 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.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### s) Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### t) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

### u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors assess the financial performance and position of the Group, and makes strategic decisions and therefore the board would be the chief operating decision maker.

The Group has the following operating/reportable segments: Agri machinery, Construction equipment, Railway equipment and Auto ancillary products (Discontinued in financial year 2016-17). In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

### v) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 2.3 Significant management judgements in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Group's accounting policies and that may have the most significant effect on the amounts recognised in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Significant management estimates

**Allowance for doubtful debts** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on the Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Group has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

#### Allowance for obsolete and slow-moving inventory-

The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognised in the financial statements.

**Product warranties-** The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimise

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

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.

**Non-consolidation of Farmtrac North America LLC (FNA)** – At the behest of the creditors of FNA the authorities had appointed receiver who has taken over all the assets, books and records of FNA. Therefore, the Group has lost its control on the relevant activities of FNA, hence the Group has not considered FNA for consolidation in these financial statements.

**Contingent liabilities** – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

### 2.4 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2021. MCA issued notifications dated 24 March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. The amendments are extensive and the Group will evaluate the same to give effect to them from the financial year starting 1 April, 2021 as required by law.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 3 (i) Property, plant and equipment

	(₹ crores)									
Description	Land	Leasehold land*	Buildings	Leasehold improvements	Plant and equipment	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
<b>Gross carrying value</b>										
As at 1 April 2019	1,049.04	9.32	393.85	0.05	879.82	73.93	51.93	28.98	10.47	2,497.39
Reclassified on account of adoption of Ind AS 116 (refer note 5)	-	(8.89)	-	-	-	-	-	-	-	(8.89)
Additions	-	-	9.04	-	93.89	6.46	5.89	2.73	0.86	118.87
Disposals	-	-	-	-	(16.70)	(0.89)	(5.04)	(1.66)	(0.01)	(24.30)
Exchange differences	-	-	0.02	-	(0.01)	0.01	-	-	-	0.02
<b>As at 31 March 2020</b>	<b>1,049.04</b>	<b>0.43</b>	<b>402.91</b>	<b>0.05</b>	<b>957.00</b>	<b>79.51</b>	<b>52.78</b>	<b>30.05</b>	<b>11.32</b>	<b>2,583.09</b>
Additions	-	-	11.51	-	129.11	9.39	2.57	5.34	0.96	158.88
Reclassified to assets held for sale (refer note 16)	-	-	(11.73)	-	(3.83)	(0.05)	-	-	(1.58)	(17.19)
Reclassified to investment property	(8.39)	-	(5.67)	-	-	-	-	-	-	(14.06)
Disposals	-	-	(0.14)	-	(19.89)	(0.83)	(0.47)	(2.43)	(0.12)	(23.88)
Exchange differences	-	0.01	0.03	-	-	-	-	0.01	-	0.05
<b>As at 31 March 2021</b>	<b>1,040.65</b>	<b>0.44</b>	<b>396.91</b>	<b>0.05</b>	<b>1,062.39</b>	<b>88.02</b>	<b>54.88</b>	<b>32.97</b>	<b>10.58</b>	<b>2,686.89</b>
<b>Accumulated depreciation</b>										
As at 1 April 2019	-	1.11	256.11	0.03	539.05	52.68	39.90	7.54	7.86	904.28
Reclassified on account of adoption of Ind AS 116 (refer note 5)	-	(1.11)	-	-	-	-	-	-	-	(1.11)
Charge for the year	-	-	7.93	-	63.04	10.09	0.92	4.01	1.13	87.12
Adjustment for disposals	-	-	-	-	(13.80)	(0.89)	(5.04)	(0.69)	(0.01)	(20.43)
Exchange differences	-	-	(0.01)	-	-	0.01	-	-	-	-
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>264.03</b>	<b>0.03</b>	<b>588.29</b>	<b>61.89</b>	<b>35.78</b>	<b>10.86</b>	<b>8.98</b>	<b>969.86</b>
Charge for the year	-	-	8.09	-	75.94	4.67	5.70	4.18	1.32	99.90
Adjustment for disposals	-	-	(0.13)	-	(17.25)	(0.83)	(0.47)	(1.37)	(0.12)	(20.17)
Reclassified to investment property	-	-	(5.20)	-	-	-	-	-	-	(5.20)
Reclassified to assets held for sale (refer note 16)	-	-	(7.12)	-	(3.69)	(0.02)	-	-	(1.46)	(12.29)
Exchange differences	-	-	0.01	-	-	-	-	-	-	0.01
<b>As at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>259.68</b>	<b>0.03</b>	<b>643.29</b>	<b>65.71</b>	<b>41.01</b>	<b>13.67</b>	<b>8.72</b>	<b>1,032.11</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>1,049.04</b>	<b>0.43</b>	<b>138.88</b>	<b>0.02</b>	<b>368.71</b>	<b>17.62</b>	<b>17.00</b>	<b>19.19</b>	<b>2.34</b>	<b>1,613.23</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>1,040.65</b>	<b>0.44</b>	<b>137.23</b>	<b>0.02</b>	<b>419.10</b>	<b>22.31</b>	<b>13.87</b>	<b>19.30</b>	<b>1.86</b>	<b>1,654.78</b>

\*Leasehold land with perpetual usufruct right

#### Notes:

#### (i) Contractual obligations

Refer note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

#### (ii) Property plant and equipment pledged as security

Refer note 46 for information on property, plant and equipment pledged as security by the Group.

#### (iii) Property, plant and equipment include assets in use for in house research and development

Refer note 45 for details.

#### (iv) Depreciation for the year has been included in " Depreciation & amortisation expense " line item in the statement of profit & loss.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 3 (ii) Capital work-in-progress

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Capital work-in-progress	41.20	104.42

#### Movement in capital work-in-progress during the year:

Particulars	Amount	(₹ crores)
Capital work-in-progress as at 1 April 2019	56.55	
Add: additions during the year	169.99	
Less: capitalisation during the year	(118.64)	
Less: discarded during the year	(3.48)	
Capital work-in-progress as at 31 March 2020	104.42	
Add: additions during the year	131.90	
Less: capitalisation during the year	(195.12)	
Capital work-in-progress as at 31 March 2021	41.20	

### 4 Investment property

Description	Freehold land	Building	Total	(₹ crores)
<b>Gross carrying value</b>				
As at 1 April 2019	19.70	4.86	24.56	
Additions	-	-	-	
As at 31 March 2020	19.70	4.86	24.56	
Additions	-	38.38	38.38	
Reclassified from property, plant and equipment	8.39	5.67	14.06	
As at 31 March 2021	28.09	48.91	77.00	
<b>Accumulated depreciation</b>				
As at 1 April 2019	-	1.47	1.47	
Charge for the year	-	0.15	0.15	
As at 31 March 2020	-	1.62	1.62	
Charge for the year	-	0.32	0.32	
Reclassified from property, plant and equipment	-	5.20	5.20	
As at 31 March 2021	-	7.14	7.14	
Net carrying amount as at 31 March 2020	19.70	3.24	22.94	
Net carrying amount as at 31 March 2021	28.09	41.77	69.86	

#### (i) Amount recognised in the statement of profit and loss for investment property

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Rental income	9.34	0.35
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	9.34	0.35

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (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 116 "Leases".

### (iii) Fair value of investment property

Particulars	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Land	82.37	20.02
Building	43.02	2.44

The Group obtains independent valuations for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer consider information from a variety of sources including:

- In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.
- In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2012/1997 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 Right-of-use assets

Description	Property, plant and equipment		Investment property	Total	(₹ crores)
	Land	Buildings	Land		
<b>Gross carrying value</b>					
As at 1 April 2019	-	-	-	-	
Reclassified on account of adoption of Ind AS 116 (refer note 3)	8.89	-	-	8.89	
Adjustment on transition to Ind AS 116	21.54	4.58	4.16	30.28	
Additions	-	0.72	-	0.72	
As at 31 March 2020	30.43	5.30	4.16	39.89	
Additions	29.17	11.40	-	40.57	
Reclassified to assets held for sale (refer note 16)	(8.89)	(0.25)	-	(9.14)	
Disposals	(16.19)	(0.07)	-	(16.26)	
As at 31 March 2021	34.52	16.38	4.16	55.06	
<b>Accumulated depreciation</b>					
As at 1 April 2019	-	-	-	-	
Reclassified on account of adoption of Ind AS 116 (refer note 3)	1.11	-	-	1.11	
Charge for the year	2.82	1.86	0.64	5.32	
As at 31 March 2020	3.93	1.86	0.64	6.43	
Charge for the year	3.85	3.01	0.64	7.50	
Disposals	-	(0.05)	-	(0.05)	
Reclassified to assets held for sale (refer note 16)	(1.33)	(0.25)	-	(1.58)	
As at 31 March 2021	6.45	4.57	1.28	12.30	
Net carrying amount as at 31 March 2020	26.50	3.44	3.52	33.46	
Net carrying amount as at 31 March 2021	28.07	11.81	2.88	42.76	

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

Notes:

### (i) Right-of-use assets classified as investment property

#### (a) Amount recognised in profit and loss for investment property

(₹ crores)

Particulars	As at	As at
	31 March 2021	31 March 2020
Rental income	3.41	0.73
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
<b>Profit from leasing of investment properties</b>	<b>3.41</b>	<b>0.73</b>

#### (b) Leasing arrangements

Land classified as investment property is leased to a tenant under long-term operating lease arrangement with rentals payable monthly.

#### (c) Fair value of investment property

(₹ crores)

Particulars	As at	As at
	31 March 2021	31 March 2020
Land	3.52	3.93

The Group obtains independent valuations for its investment property annually. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer considers information from a variety of sources such as in case of ROU of land, fair value is determined by discounting market lease rentals for the remaining tenure of the lease.

(ii) Depreciation for the year has been included in "Depreciation and amortisation expense" line item in statement of profit and loss.

### 6 (i) Intangible assets

(₹ crores)

Description	Prototypes	Technical know how	Software	Total
<b>Gross carrying value</b>				
As at 1 April 2019	35.10	16.80	48.95	100.85
Additions	4.51	6.72	5.14	16.37
Exchange differences	-	0.02	-	0.02
<b>As at 31 March 2020</b>	<b>39.61</b>	<b>23.54</b>	<b>54.09</b>	<b>117.24</b>
Additions	2.77	0.68	3.16	6.61
Reclassified to assets held for sale (refer note 16)	-	-	(0.66)	(0.66)
Exchange differences	-	0.03	-	0.03
<b>As at 31 March 2021</b>	<b>42.38</b>	<b>24.25</b>	<b>56.59</b>	<b>123.22</b>
<b>Accumulated amortisation</b>				
As at 1 April 2019	23.80	11.81	34.21	69.82
Charge for the year	8.51	1.89	4.23	14.63
Exchange differences	-	0.01	-	0.01
<b>As at 31 March 2020</b>	<b>32.31</b>	<b>13.71</b>	<b>38.44</b>	<b>84.46</b>
Charge for the year	3.55	2.59	4.42	10.56
Reclassified to assets held for sale (refer note 16)	-	-	(0.65)	(0.65)
Adjustment for disposals	-	-	-	-
Exchange differences	-	0.02	-	0.02
<b>As at 31 March 2021</b>	<b>35.86</b>	<b>16.32</b>	<b>42.21</b>	<b>94.39</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>7.30</b>	<b>9.83</b>	<b>15.65</b>	<b>32.78</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>6.52</b>	<b>7.93</b>	<b>14.38</b>	<b>28.83</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

Notes:

### (i) Contractual obligations

Refer note 35 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 ₹ 100.86 crores (31 March 2020: ₹ 106.76 crores) was incurred on research and development (excluding depreciation) recognised in statement of profit and loss.

Refer note 45 for details.

(iii) Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

### 6 (ii) Intangible assets under development

(₹ crores)

Particulars	As at	As at
	31 March 2021	31 March 2020
Intangible assets under development	23.49	20.24

#### Movement in intangible assets under development during the year:

(₹ crores)

Particulars	Amount
<b>Intangible assets under development as at 1 April 2019</b>	<b>23.41</b>
Add: additions during the year	13.01
Less: capitalisation during the year	(16.18)
<b>Intangible assets under development as at 31 March 2020</b>	<b>20.24</b>
Add: additions during the year	10.09
Less: capitalisation during the year	(6.84)
<b>Intangible assets under development as at 31 March 2021</b>	<b>23.49</b>

### 7 Investments

(₹ crores)

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Investments - Non-current</b>		
<b>(i) Investments accounted for using equity method</b>		
Fully paid equity shares (unquoted)	259.84	144.58
	<b>259.84</b>	<b>144.58</b>
Aggregate amount of impairment in value of investments	1.00	1.00

(₹ crores)

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>(ii) Investments (other than investment accounted using equity method)</b>		
<b>(A) Investments carried at fair value through OCI</b>		
Fully paid equity shares (quoted)	0.70	0.34
<b>(B) Investment carried at fair value through profit and loss</b>		
Fully paid equity shares (quoted)	-	0.01
<b>(C) Debt instruments carried at amortised cost</b>		
Fully paid preference shares (unquoted)	1.67	1.52
Tax free bonds (quoted)	10.74	-
	<b>13.11</b>	<b>1.87</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Aggregate amount of quoted investments	11.44	0.35
Market value of quoted investments	11.47	0.35
Aggregate amount of unquoted investments	1.67	1.52

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Investments - Current</b>		
<b>(A) Investment carried at fair value through profit or loss</b>		
Investment in equity shares (quoted)	0.17	0.23
Mutual funds (quoted)	1,650.01	650.68
	<b>1,650.18</b>	<b>650.91</b>
Less: Investments transferred to assets held for sale (refer note 16)	(0.17)	-
	<b>1,650.01</b>	<b>650.91</b>
<b>(B) Investment carried at amortised cost</b>		
Bonds (quoted)	15.06	-
	<b>1,665.07</b>	<b>650.91</b>

The market value of quoted investments is equal to the carrying value.

### Details of investments are as follows: Non-current investments

	Number of shares		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>In equity instruments<sup>^</sup></b>				
<b>Joint ventures and associates (unquoted)</b>				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
Less: provision for impairment			(1.00)	(1.00)
			-	-
Adico Escorts Agri Equipment Private Limited	84,00,000	84,00,000	3.86	3.17
Tadano Escorts India Private Limited	5,56,15,000	2,94,00,000	46.69	22.20
Escorts Kubota India Private Limited	1,20,00,000	1,20,00,000	105.63	119.21
Kubota Agricultural Machinery India Private Limited	2,00,00,000	-	103.66	-
			<b>259.84</b>	<b>144.58</b>
<b>Others (quoted)</b>				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	0.58	0.30
Godavari Drugs Limited	19,700	19,700	0.09	0.02
Twenty First Century Medicare Limited	19,400	19,400	0.03	0.02
Tamilnadu Newsprints & Papers Limited *	100	100	-	-
Gujarat State Financial Corporation Limited	93,600	93,600	0.03	0.01
			<b>0.73</b>	<b>0.35</b>
Less: Investments transferred to assets held for sale (refer note 16)			(0.03)	-
			<b>0.70</b>	<b>0.35</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

	Number of shares		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Others (unquoted)</b>				
Escorts Skill Development*	9,500	9,500	-	-
<b>In preference shares</b>				
Allgrow Finance & Investment Private Limited. (face value of ₹ 10 each, 10% redeemable non-cumulative preference share)	7,30,000	7,30,000	0.19	0.17
Allgrow Finance & Investment Private Limited (face value of ₹ 100 each, 4% redeemable non-cumulative preference share)	1,97,000	1,97,000	1.48	1.35
			<b>1.67</b>	<b>1.52</b>

<sup>^</sup>All equity shares are of ₹ 10 each unless otherwise stated.

\*Amount less than ₹ 1 lakh

### 8 Loans (i) Non-current loans

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Security deposits*	7.06	13.64
	<b>7.06</b>	<b>13.64</b>

\* includes deposit given to related party for ₹ 0.14 crores

Refer note 36 - 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 2021	As at 31 March 2020
Unsecured, considered good		
Security deposits	10.53	17.10
	<b>10.53</b>	<b>17.10</b>

The carrying values are considered to be a reasonable approximation of their fair values.

### 9 Other financial assets (i) Non-current financial assets

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Deposits with remaining maturity more than 12 months	-	0.80
Lease receivable	11.49	-
	<b>11.49</b>	<b>0.80</b>

Refer note 36 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses



## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (ii) Current financial assets

(₹ crores)

	As at 31 March 2021	As at 31 March 2020
Export incentives receivable	8.94	11.19
Claims receivable	1.80	3.65
Derivative assets	1.95	-
Lease receivable	1.85	-
Other recoverable		
- from related parties (refer note 47 for related party balances)	4.84	4.07
- from others	2.59	2.55
<b>Total</b>	<b>21.97</b>	<b>21.46</b>

The carrying values are considered to be a reasonable approximation of their fair values.

### 10 (i) Deferred tax liabilities (net)

(₹ crores)

	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax asset arising on account of:</b>		
Financial assets and financial liabilities at amortised cost and inventories	(36.85)	(28.76)
Provision for employee benefits and other liabilities deductible on actual payment	(12.81)	(21.23)
MAT credit entitlement	(0.39)	(0.16)
Unabsorbed losses	(0.61)	(1.03)
<b>Deferred tax liability arising on account of:</b>		
Investments carried at fair value	12.64	15.77
Assets held for disposal	0.22	-
Property, plant and equipment, investment property and intangible assets	59.61	64.68
<b>Net deferred tax liabilities</b>	<b>21.82</b>	<b>29.27</b>
Less: Deferred tax asset transferred to assets held for sale (refer note 16)	(1.48)	-
<b>Total</b>	<b>23.30</b>	<b>29.27</b>

#### Notes:

#### (a) Movement in deferred tax assets/liabilities for the year ended 31 March 2021 is as follows:

(₹ crores)

	Opening balance deferred tax assets	Opening balance deferred tax liabilities	(Reversed)/ recognised through profit and loss	(Reversed) / recognised in other comprehensive income	Closing balance deferred tax liabilities	Closing balance deferred tax assets*
<b>Deferred tax assets/liabilities in relation to:</b>						
Property, plant and equipment, investment property and intangible assets	0.04	64.72	(5.07)	-	59.70	0.09
Financial assets and liabilities at amortised cost and inventories	0.10	(28.66)	(8.09)	-	(36.79)	0.06
Provision for employee benefits and other liabilities deductible on actual payment	0.10	(21.13)	11.93	(3.51)	(12.43)	0.38
MAT credit entitlement	0.16	-	(0.23)	-	-	0.39
Assets held for disposal	-	-	0.22	-	0.22	-
Unrealised gain on investment carried at fair value	0.01	15.78	(3.17)	0.04	12.59	(0.05)
Unabsorbed losses	1.03	-	0.42	-	-	0.61
<b>Net deferred tax assets/liabilities</b>	<b>1.44</b>	<b>30.71</b>	<b>(3.99)</b>	<b>(3.47)</b>	<b>23.30</b>	<b>1.48</b>

\* Classified under assets held for sale

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (b) Movement in deferred tax assets/liabilities for the year ended 31 March 2020 is as follows:

(₹ crores)

	Opening balance deferred tax assets	Opening balance deferred tax liabilities	(Reversed)/ recognised through profit and loss	(Reversed)/ recognised in other comprehensive income	Closing balance deferred tax liabilities	Closing balance deferred tax assets
<b>Deferred tax assets/liabilities in relation to:</b>						
Property, plant and equipment, investment property and intangible assets	0.03	92.48	(27.77)	-	64.72	0.04
Financial assets and liabilities at amortised cost and inventories	0.19	(28.44)	(0.13)	-	(28.66)	0.10
Provision for employee benefits and other liabilities deductible on actual payment	0.12	(24.02)	4.35	(1.44)	(21.13)	0.10
MAT credit entitlement	0.16	-	-	-	-	0.16
Unrealised gain on investment carried at fair value	0.01	12.85	2.95	(0.02)	15.78	0.01
Unabsorbed losses	0.71	-	(0.32)	-	-	1.03
<b>Net deferred tax assets/liabilities</b>	<b>1.22</b>	<b>52.87</b>	<b>(20.92)</b>	<b>(1.46)</b>	<b>30.71</b>	<b>1.44</b>

### 10 (ii) Tax expense

The income tax expense consists of the following:

(₹ crores)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Current tax</b>		
Current tax expense	287.14	174.45
Deferred tax (credit)/expense	(3.99)	(20.92)
<b>Total tax expense</b>	<b>283.15</b>	<b>153.53</b>

#### 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 2021	Year ended 31 March 2020
Profit before income tax from continuing and discontinued operations	1,154.78	625.25
Statutory income tax rate*	25.17%	25.17%
Expected income tax expense	290.64	157.36
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense</b>		
Tax effect of expenses not eligible for deduction	0.95	4.83
Weighted and standard deduction for certain expenditures under Income Tax Act, 1961	-	(0.23)
Adjustment for tax expense pertaining to prior years	(2.61)	3.81
Income chargeable to lower rate of tax	(3.21)	-
Impact of change in tax rate	-	(15.76)
Addition/(utilisation) of tax losses on which no deferred tax is recognised	0.86	3.10
Utilisation of capital tax losses for which no deferred tax was recognised in the previous year	(3.49)	-
Others	0.02	0.42
<b>Total income tax expense</b>	<b>283.15</b>	<b>153.53</b>

\* Statutory tax rate applicable to the Company has been computed as follows

	2021	2020
Base tax rate	22%	22%
Surcharge (% of tax)	10%	10%
Cess (% of tax)	4%	4%
Applicable rate	25.17%	25.17%

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to the Group to pay Income Tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the present rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The Holding Company has opted for the concessional tax rate during the year ended 31 March 2020 and accordingly remeasured deferred tax and current tax liability at such concessional rate.

### (b) Unused tax losses and credits

#### Minimum alternate tax (MAT)

The Group has unutilised MAT credit amounting to ₹ 0.39 crores as at 31 March 2021 (31 March 2020: ₹ 0.16 crores). 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

Year of origination	Year of expiry	Amount
31 March 2014	31 March 2029	0.05
31 March 2015	31 March 2030	0.04
31 March 2016	31 March 2031	0.07
31 March 2021	31 March 2036	0.23
		<b>0.39</b>

#### Unrecognised temporary difference

The Group has not recognised any deferred tax liability in respect to unrecognised temporary differences relating to investment in subsidiaries as the Parent Company is able to control the timing of distributions from the subsidiaries. The subsidiaries are not expected to distribute profits in the foreseeable future.

## 11 Other assets

	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-current</b>		
Prepaid expenses	1.08	6.25
Capital advances*	17.62	23.96
Deposits with statutory authorities**	69.15	69.18
	<b>87.85</b>	<b>99.39</b>
Allowance for doubtful advances	(2.08)	(2.08)
	<b>85.77</b>	<b>97.31</b>

\* includes advance given to related party for ₹ 0.14 crores.

\*\* includes deposit paid under protest with statutory authorities.

	As at 31 March 2021	As at 31 March 2020
<b>(ii) Current</b>		
Refund asset	4.60	2.03
Advances to suppliers	16.10	27.40
Prepaid expenses*	8.30	10.33
Balances with statutory authorities	159.97	227.17
Other advances	1.24	0.51
	<b>190.21</b>	<b>267.44</b>

\* includes advance payment made to related party for ₹ 0.16 crores.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

## 12 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
<b>Raw materials and components</b>		
Goods-in-transit	313.08	325.52
	21.40	39.04
	<b>334.48</b>	<b>364.56</b>
<b>Work-in-progress</b>	<b>45.06</b>	<b>47.01</b>
<b>Finished goods</b>		
Goods-in-transit	198.20	320.55
	54.51	52.87
	<b>252.71</b>	<b>373.42</b>
<b>Stock-in-trade</b>		
Goods-in-transit	65.44	71.73
	1.18	2.04
	<b>66.62</b>	<b>73.77</b>
<b>Stores and spares</b>	<b>13.80</b>	<b>17.35</b>
<b>Loose tools</b>	<b>5.49</b>	<b>7.25</b>
	<b>718.16</b>	<b>883.36</b>

(i) Refer note 20 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:

	Amount
<b>Allowance for obsolete and slow moving inventories as at 1 April 2019</b>	<b>29.38</b>
Add: write-down recognised during the year	1.43
Less: allowance utilised during the year	(2.11)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2020</b>	<b>28.70</b>
Add: write-down recognised during the year	30.84
Less: allowance utilised during the year	(4.09)
<b>Allowance for obsolete and slow moving inventories as at 31 March 2021</b>	<b>55.45</b>

## 13 Trade receivables

	As at 31 March 2021	As at 31 March 2020
Trade receivables considered good - secured	123.05	56.80
Trade receivables considered good - unsecured	545.12	687.13
Less: allowance for expected credit loss	(10.59)	(12.07)
	<b>534.53</b>	<b>675.06</b>
Trade receivables credit impaired	56.55	51.00
Less: allowance for expected credit loss	(56.55)	(51.00)
	<b>-</b>	<b>-</b>
	<b>657.58</b>	<b>731.86</b>

#### Notes:

(i) Refer note 20 and 46 for trade receivables pledged as security for liabilities.

(ii) Refer note 36 - Financial instruments for assessment of expected credit losses.

(iii) The carrying values are considered to be a reasonable approximation of their fair value.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

(iv) Trade receivables include ₹ 6.08 crores (31 March 2020 ₹ 8.54 crores) due from related parties. For details refer note 47 - related party disclosures.

### 14 Cash and cash equivalents

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Balances with banks in current accounts	18.06	15.38
Cash on hand	0.09	0.71
Debit balance in cash credit accounts	28.57	103.49
Bank deposits with maturity less than 3 months	59.02	49.31
	<b>105.74</b>	<b>168.89</b>

The carrying values are a reasonable approximation of their fair values.

### 15 Other bank balances

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Earmarked bank balances	1.28	1.46
Fixed deposits with maturity of more than 3 months but less than 12 months	1,055.44	2.48
Margin money deposits	0.15	0.12
Escrow account	159.15	151.93
	<b>1,216.02</b>	<b>155.99</b>

#### Notes:

- (i) Earmarked balances with banks largely pertains to unclaimed dividends.
- (ii) ₹ 0.15 crores (31 March 2020: ₹ 0.16 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 Group, as these are lien marked.
- (iii) Balance in Escrow account is not available for use by the Group, refer note 23 (ii) for details.
- (iv) ₹ 0.15 crores (31 March 2020: ₹ 0.12 crores) represent margin money pledged with various authorities.
- (v) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the reporting year and prior year.
- (vi) The carrying values are a reasonable approximation of their fair values.

### 16 Assets held for sale

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Assets held for sale	48.87	13.92
	<b>48.87</b>	<b>13.92</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### Details of assets held for sale:

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Land	9.00	9.00
Investment in equity instruments of Hughes Communications India Limited	3.25	3.25
Investment in equity instruments of Escorts Motors Limited	1.67	1.67
Leasehold land (Right-of-use assets)	7.56	-
Building	4.62	-
Plant and machinery	0.14	-
Assets pertaining to subsidiary held for sale	22.63	-
<b>Total</b>	<b>48.87</b>	<b>13.92</b>

#### Notes:

##### (i) Details of assets held for sale:

- (a) The Group executed an agreement to sell in earlier years, for transfer of 25 acres of land at Plot No. 219, Sector 58, Balabhgarh, Haryana for a consideration of ₹ 9.00 crores. The said transfer is subject to necessary approval from Haryana Urban Development Authority (HUDA) and accordingly the consideration amount of ₹ 9.00 crores is being classified in other current liabilities. Owing to the inordinate delay in obtaining approval from HUDA, the transfer has been delayed beyond one year that was not originally envisaged. However, the Group is taking necessary action to respond to the current conditions and favourable resolution is expected. Therefore, such land continues to be classified as held for sale.
- (b) During the year ended 31 March 2019, the Group purchased 1,35,000 equity instruments of Hughes Communications India Limited from Escorts Employee Welfare Limited at a purchase price of ₹ 3.25 crores. Also, the Company has entered into an agreement with HNS-India VSAT, Inc. for the sale of these equity shares at a consideration of ₹ 3.25 crores. Pending requisite regulatory approvals, the transfer of the aforesaid shares to HNS-India VSAT, Inc is yet to be completed and therefore continued to be classified as 'held for sale'.
- (c) On 29 March 2019, the Group had entered into a agreement with HNS-India VSAT, Inc. for the sale of equity shares of Escorts Motors Limited at a consideration of ₹ 1.67 crores. Pending requisite regulatory approvals, the transfer of the aforesaid shares to HNS-India VSAT, Inc is yet to be completed and therefore continued to be classified as 'held for sale'.
- (d) Consequent to an agreement, the Holding Company had agreed to purchase 19% holding (9,50,000 equity shares) in Escorts Motors Limited (EML) from ICICI Bank Limited (ICICI). Pending transfer of shares in favour of the Holding Company and final settlement with ICICI, the advance paid by the Holding Company to ICICI against the aforesaid agreement was considered doubtful of recovery and was written off in the books of account in the previous years.

Further, pursuant to the Share Purchase Agreement dated 29 March 2019, the Holding Company had agreed to sell the afore mentioned equity shares of EML to HNS-India VSAT, Inc. U.S.A.

While ICICI has transferred the said equity shares (9,50,000 equity shares) in the Demat account of the Holding Company, pending the aforesaid settlement and the regulatory clearances, the above mentioned transactions have not been completed yet and accordingly, not recorded in the books of account.

- (e) On 05 February 2021, the Group had entered into a memorandum of understanding (MOU) with AMPP Auto Innovators, for sale of its leasehold land (ROU), Buildings and Plant and Machinery situated at Plot No. 9, Sector 1, Industrial Area, II, Pantnagar, Rudrapur at an aggregate consideration of ₹ 13.00 crores. Therefore, the aforesaid assets have been classified as held for sale.
- (f) The Board of the Directors of the Holding Company on 02 February 2021 had approved for sale of 54,60,000 shares of ₹ 10/- each in Escorts Securities Limited ("ESL"), a subsidiary company. On 08 April 2021, the Company and its subsidiary,

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

Escorts Finance Limited holding 14,60,000 equity shares in ESL, had entered into a Share Purchase Agreement, to sell the aforesaid shares to Choice Equity Broking Private Limited ("purchaser"). In terms of the agreement, upon necessary regulatory approvals and on the Closing date, the aforesaid shares will be transferred to the purchaser, at an aggregate consideration to be decided on the closing date. Pending transfer of the shares to the purchaser, assets pertaining to Escorts Securities Limited are classified as held for sale (refer note 33). Upon transfer ESL will cease to be a subsidiary of the Group.

### (ii) Non-recurring fair value measurements

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹ 0.76 crores was made in earlier years on account of such measurement for land. Investments in equity shares classified as 'held for sale' is measured at fair value through OCI at the price agreed under the sale agreement considering that the same is the fair value of the instrument.

## 17 Equity Share Capital

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Authorised</b>		
40,10,00,000 (previous year 40,10,00,000) Equity shares of ₹ 10 each	401.00	401.00
88,80,00,000 (previous year 88,80,00,000) Unclassified shares of ₹ 10 each	888.00	888.00
	<b>1,289.00</b>	<b>1,289.00</b>
<b>Issued, subscribed and fully paid-up</b>		
13,48,34,566 (previous year 12,25,76,878) Equity shares of ₹ 10 each	134.83	122.58
	<b>134.83</b>	<b>122.58</b>

### (a) Reconciliation of number of shares

	As at 31 March 2021		As at 31 March 2020	
	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 (refer note 43(d))	1,22,57,688	12.25	-	-
<b>Equity shares at the end of the year</b>	<b>13,48,34,566</b>	<b>134.83</b>	<b>12,25,76,878</b>	<b>122.58</b>

### (b) Rights/preferences/restrictions attached to equity shares

The Parent Company has only one class of shares, i.e. equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. In the event of liquidation of the Parent Company, equity shareholders will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2021		As at 31 March 2020	
	No of shares	₹ crores	No of shares	₹ crores
Escorts Benefit and Welfare Trust	3,37,00,031	24.99	3,37,00,031	27.49
Kubota Corporation	1,22,57,688	9.09	-	-
Harprasad and Company Private Limited	1,07,26,308	7.96	1,07,26,308	8.75
Jhunjhunwala Rakesh Radheysyam	64,00,000	4.75	91,00,000	7.42

(d) The Group has issued total 1,80,119 (31 March 2020: Nil) 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 Consolidated Financial Statements

for the year ended 31 March 2021

### (e) Shares reserved for issue under options

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	28,94,393	30,74,512

These shares are held as treasury shares under other equity (refer note 18).

For terms and other details refer note 41.

## 18 Other equity

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Capital reserve</b>	97.91	97.40
Add: Share of capital reserve recognised by joint venture on acquisition of business	-	0.51
	<b>97.91</b>	<b>97.91</b>
<b>Capital redemption reserve</b>	6.00	6.00
<b>General reserve</b>		
Opening balance	730.19	729.86
Add: transferred from employees' stock option outstanding account against vested options lapsed during the year	0.21	0.33
	<b>730.40</b>	<b>730.19</b>
<b>Securities premium</b>	1,502.71	456.69
Opening balance	456.69	456.69
Add: Proceeds from shares issued during the year	1,029.65	-
Add: Amount received from employees on exercise of employees' stock option against options exercised during the year (net off tax)	12.13	-
Add: transferred from employees' stock option outstanding account against options exercised during the year	4.24	-
	<b>1,502.71</b>	<b>456.69</b>
<b>Employees' stock option outstanding account</b>		
Opening balance	7.10	4.03
Add: charge for the year	16.53	3.40
Less: transferred to Securities Premium against vested options exercise during the year	(4.24)	-
Less: transferred to general reserve against vested options lapsed during the year	(0.21)	(0.33)
	<b>19.18</b>	<b>7.10</b>
<b>Treasury shares</b>	(335.71)	(337.23)
Opening balance	(337.23)	(337.23)
Less: adjustment for options exercised during the year	1.52	-
	<b>(335.71)</b>	<b>(337.23)</b>
<b>Retained earnings</b>		
Opening balance	2,032.21	1,591.48
Add: net profit for the year	871.46	472.25
Less: Equity dividend (net of dividend on treasury shares) (during FY 2020-21: ₹ 2.50 per share paid for FY 2019-20) (during FY 2019-20: ₹ 2.50 per share paid for FY 2018-19)	(24.52)	(21.45)
Less: tax on equity dividend	-	(4.57)
Add: share of share issue expenses of joint venture	(0.22)	-
Less: remeasurement benefit of defined benefit plans (net of tax)	(10.40)	(5.50)
	<b>2,868.53</b>	<b>2,032.21</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Additional paid in capital</b>		
Opening balance	0.75	0.75
Add: changes during the year	-	-
	<b>0.75</b>	<b>0.75</b>
<b>Special reserve</b>		
Opening balance	0.07	0.07
Add: changes during the year	-	-
	<b>0.07</b>	<b>0.07</b>
<b>Other comprehensive income, net of tax</b>		
<b>Fair value changes of equity instruments measured at fair value through other comprehensive income</b>		
Opening balance	0.41	0.62
Add: net changes in fair values of equity instruments carried at fair value through other comprehensive income	0.32	(0.21)
	<b>0.73</b>	<b>0.41</b>
<b>Foreign currency translation reserve</b>		
Opening balance	0.72	1.24
Add: changes during the year	0.01	(0.52)
	<b>0.73</b>	<b>0.72</b>
<b>Total</b>	<b>4,891.30</b>	<b>2,994.82</b>

### Nature and purpose of reserves:

#### (i) Securities premium

Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

#### (ii) Employee's stock options outstanding account

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

#### (iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

#### (iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of consideration paid at the time of amalgamation done in earlier year. This reserve is not available for the distribution to the shareholders.

#### (v) Treasury shares

This reserve represents the cost of Parent Company's own equity shares held by the Escorts Employees Benefit and Welfare Trust, which is created under the Employee Stock Option Plan, Escorts Benefit and Welfare Trust and Escorts Benefit Trust which has been consolidated in these financial statements.

#### (vi) Retained earnings

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

#### (vii) General reserve

The Group has transferred a portion of the net profit of the group before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013

#### (viii) Additional paid in capital

The Group had issued Optionally Convertible Redeemable Preference Shares (OCRPS) during the earlier years. Considering the accounting principles to be followed in line with Indian Accounting Standards, the Group had computed the liability portion of OCRPS as the present value of the contractual obligations associated with the instrument. The difference between the issue amount of the OCRPS and the liability so computed had been treated as the 'Additional paid in capital' and grouped under other equity.

#### (ix) Special reserve

This reserve was created by Escorts Finance Limited ('subsidiary company') pursuant to the requirements of section 45-1C of the Reserve Bank of India Act, 1934.

#### (x) Other Comprehensive Income (OCI) reserve

(i) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(ii) The Group has recognised remeasurements of defined benefits plans through other comprehensive income.

(iii) The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

### 19 Non-controlling interest

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Opening balance	5.10	5.64
Less: Transferred to liabilities directly associated with assets classified as held for sale	(6.22)	-
Less: share of profit/(loss) for the year	0.21	(0.54)
<b>Closing non-controlling interest</b>	<b>(0.91)</b>	<b>5.10</b>

Refer note 39 for summarised financial information of subsidiary that has non-controlling interest that are material to the Group.

### 20 Borrowings

#### (i) Non-current borrowings

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Secured</b>		
Other loans from financial institutions	2.54	3.44
	<b>2.54</b>	<b>3.44</b>
Current maturities of long-term borrowings (refer note 21)	(0.82)	(0.75)
	<b>1.72</b>	<b>2.69</b>

#### Notes:

##### a. Rate of interest -

The Group's borrowings from banks were at an effective weighted average rate of 11.02 % during the year ended 31 March 2021.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (b) Other terms

Nature of security	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
(i) Vehicle and other loans are secured by the hypothecation of respective equipment and vehicles and are repayable in equal monthly installments.	-	0.05
(ii) Vehicle loans from financial institutions are secured by deposits. The same is repayable in 60 half yearly instalments ending on 03 December 2023.	2.54	3.39
	<b>2.54</b>	<b>3.44</b>

(c) Refer note 36 - 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

Secured	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Cash credit and other working capital facilities from banks	-	10.41
Buyer's Credit	-	6.10
	<b>-</b>	<b>16.51</b>

### (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 carry an interest rate of 6.90% to 8.95% per annum in year ended 31 March 2021 (31 March 2020: 5.50%.-9.65% per annum) and is repayable on demand.
- (ii) Working capital demand loan as on 31 March 2020 amounting to ₹ 7.45 crores is secured against first and exclusive charge over the current and movable fixed assets of Escorts Securities Limited both present and future and corporate guarantee of the Parent Company (Holding Company of Escorts Securities Limited). The facility carry floating interest rate as 10.75% on 31 March 2021.
- (iii) Working capital credit facility as on 31 March 2020 amounting to ₹ 2.46 crores is secured against inventory of Farmtrac Tractors Europe Spolka z.o.o and joint mortgage on two real estate properties situated in (i) Mragowo, Poland at ul Przemyslowa 11/4 comprising parcels of land no 4/62, 4/36 and no 4/37 and (ii) Mragowo, Poland at ul Przemyslowa 11/4 comprising parcels of land no 2/16. The facility carry variable interest rate as WIBOR 1 month base rate plus 1.7%.

(b) The carrying values are considered to be reasonable approximation of their fair values.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (iii) Reconciliation of financial liabilities arising from financing activities:

	(₹ crores)			
	Non-current borrowings and Current maturities of long-term borrowings	Lease liabilities	Preference shares	Current borrowings
<b>Opening balance as at 1 April 2019</b>	<b>11.73</b>	-	-	<b>269.23</b>
Cash flows:				
Repayments	(8.17)	(3.19)	-	(269.23)
Proceeds	-	-	-	16.16
Interest paid	(1.23)	(2.91)	-	(5.86)
Interest expenses	1.23	2.91	-	5.86
Other non cash transactions	-	-	-	-
Non cash:				
Adoption of Ind AS 116	-	30.12	-	-
Addition during the year	-	0.67	-	-
Foreign currency fluctuation impact	-	-	-	0.35
Reclassification on adoption of Ind AS 116	(0.12)	0.12	-	-
<b>Closing balance as at 31 March 2020</b>	<b>3.44</b>	<b>27.72</b>	-	<b>16.51</b>
<b>Cash flows:</b>				
Repayments	(0.90)	(5.09)	-	(16.10)
Interest paid	(2.26)	(4.33)	-	(1.04)
Interest expenses	2.26	4.33	-	1.04
Non cash:				
Addition during the year	-	35.62	-	-
Reclassification and deletion	-	(0.18)	-	-
Foreign currency fluctuation impact	-	-	-	(0.34)
Less: Transferred to liabilities related to subsidiary held for sale	-	-	-	(0.07)
<b>Closing balance as at 31 March 2021</b>	<b>2.54</b>	<b>58.07</b>	-	-

## 21 Other financial liabilities

### (i) Other non-current financial liabilities

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Security deposits	23.97	20.10
	<b>23.97</b>	<b>20.10</b>

Refer note 36 - Financial instruments for disclosure of fair values in respect of Financial liabilities measured at amortised cost and analysis of their maturity profiles.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (ii) Other current financial liabilities

Nature of security	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings (refer note 20)	0.82	0.75
Capital creditors	21.61	20.62
Security deposits	0.62	2.37
Unpaid dividends*	1.28	1.45
Payable to related parties (refer note 47)	0.43	0.43
Employee related payables	95.92	73.52
Retention money	0.58	0.58
Liability against fixed deposit holders	10.69	10.69
Derivative liabilities	-	0.56
Other payables	9.53	26.35
	<b>141.48</b>	<b>137.32</b>

\*Investor Education and Protection Fund will be credited as and when due

The carrying values are considered to be a reasonable approximation of their fair values.

## 22 Other liabilities

### (i) Other non-current liabilities

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Deferred income	12.13	11.65
	<b>12.13</b>	<b>11.65</b>

### (ii) Other current liabilities

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Advances received from customers	66.42	86.74
Advance against sale of property, plant and equipment and right-of-use assets	11.60	9.00
Payable to statutory authorities	42.90	30.61
Deferred income	28.82	24.55
Others	55.37	46.01
	<b>205.11</b>	<b>196.91</b>

## 23 Provisions

### (i) Non-current

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Provision for gratuity	0.03	0.28
Provision for compensated absences	25.86	16.01
Provision for pension	4.66	4.92
<b>Others</b>		
Provision for warranty	18.56	9.30
	<b>49.11</b>	<b>30.51</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (ii) Current

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Provision for gratuity	13.41	42.00
Provision for compensated absences	3.48	2.68
Provision for pension	0.65	0.65
<b>Others</b>		
Provision for claims	65.00	65.00
Provision for warranty	19.14	15.42
	<b>101.68</b>	<b>125.75</b>

#### Notes:

#### 1 Information about individual provisions:

##### Provision for claims

During the year 2004-05, the Group sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated 25 September 2005. At the time of sale, EHIRCL had certain pending income-tax demands. For this purpose and in terms of said SPA, an amount of ₹ 64.99 crores had been kept under Escrow as fixed deposit by the Company, which after renewal(s) along with interest cumulatively amounts to ₹ 151.93 crores as on 31 March 2021 (31 March 2020: ₹ 151.93 crores). In accordance with the terms of said SPA, the Company has undertaken to indemnify the purchaser against the aforesaid tax demands arising on EHIRCL upon final adjudication in law, to the maximum extent of funds lying in the Escrow Account plus one-third of the remaining tax demand in excess of the balance in the Escrow Account or as may be finally settled between the parties. Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹ 65.00 crores on 31 March 2021 (31 March 2020: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the disputed matters in their favour and the appeals filed by Income Tax Department against the orders of first appellate authority have been dismissed. The income-tax department has now filed appeal(s) before Hon'ble Delhi High Court where these are pending.

##### Provision for warranty

The Group gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/replacement. The timing of outflows is expected to be within a period of five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the related expenditure over the future periods.

#### 2 Movement in other provisions:

	(₹ crores)	
	Provision for claims	Provision for warranty
<b>Provision at 1 April 2019</b>	65.00	19.18
Additions during the year	-	16.44
Amount utilised during the year	-	(10.40)
Unused amounts reversed during the year	-	(1.13)
Unwinding of discount and effect of change in discount rate	-	0.63
<b>Provision at 31 March 2020</b>	<b>65.00</b>	<b>24.72</b>
Additions during the year	-	25.16
Amount utilised during the year	-	(12.18)
<b>Provision at 31 March 2021</b>	<b>65.00</b>	<b>37.70</b>

#### 3 For disclosures on employee benefits, refer note 40.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 24 Trade payables

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
Acceptances	13.86	135.48
Trade payables		
- due to micro, small and medium enterprises (refer note 44)	104.23	80.25
- due to others	837.55	879.98
Other accrued liabilities	239.78	197.21
	<b>1,195.42</b>	<b>1,292.92</b>

The carrying values are considered to be a reasonable approximation of their fair values.

### 25 Revenue from operations

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Operating revenue</b>		
Sale of products		
Export	247.38	207.13
Domestic*	6,596.20	5,468.10
Sale of services	14.00	13.13
	<b>6,857.58</b>	<b>5,688.36</b>
<b>Other operating revenue</b>		
Sale of services	24.00	15.29
Export incentives	11.45	10.49
Scrap sales	31.90	28.96
Management fee/brokerage income	7.37	3.97
Liabilities no longer required written back	57.27	38.89
Others	24.85	24.13
	<b>156.84</b>	<b>121.73</b>
	<b>7,014.42</b>	<b>5,810.09</b>

\*Domestic sale includes domestic sale made by foreign subsidiary of the Group in its country of domicile.  
Also refer note 49 for disclosure pursuant to Ind AS 115 - Revenue from contracts with customers

### 26 Other income

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Interest from</b>		
Bank deposits	50.89	10.91
Other financial assets carried at amortised cost	28.87	33.52
Others	0.43	2.71
	<b>80.19</b>	<b>47.14</b>
<b>Other income</b>		
Lease rentals	13.20	3.12
Gain on fair valuation of investments carried at fair value through profit or loss (net)	58.66	37.35
Gain on disposal of property, plant and equipment (net)	3.72	1.39
Miscellaneous income	4.61	8.60
	<b>80.19</b>	<b>50.46</b>
	<b>160.38</b>	<b>97.60</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 27 Cost of materials consumed

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>(i) Cost of material consumed</b>		
Opening stock	364.56	348.13
Purchases	4,042.44	3,492.34
	<b>4,407.00</b>	<b>3,840.47</b>
Closing stock	(334.48)	(364.56)
Foreign currency translation	0.55	0.40
	<b>4,073.07</b>	<b>3,476.31</b>
<b>(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods</b>		
<b>Opening stock</b>		
Finished goods	373.42	371.16
Work-in-progress	47.01	37.10
Stock-in-trade	73.77	80.29
	<b>494.20</b>	<b>488.55</b>
<b>Closing stock</b>		
Finished goods	(252.71)	(373.42)
Work-in-progress	(45.06)	(47.01)
Stock-in-trade	(66.62)	(73.77)
	<b>(364.39)</b>	<b>(494.20)</b>
Foreign currency translation	0.11	0.07
	<b>129.92</b>	<b>(5.58)</b>

### 28 Employee benefits expense

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	478.26	461.03
Share based payments to employees (refer note 41)	16.36	3.40
Post-employment and long term benefits expense (refer note 40)	8.72	8.78
Contribution to provident and other funds (refer note 40)	19.47	19.06
Staff welfare	24.10	28.24
	<b>546.91</b>	<b>520.51</b>

### 29 Finance costs

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Interest on</b>		
Long term loans	0.34	0.12
Cash credit and short term loans	1.04	5.86
Lease liabilities	4.33	2.91
Others	0.99	1.18
Finance and bank charges	3.03	2.89
Unwinding of discount on provisions and financial liabilities carried at amortised cost	3.61	4.27
	<b>13.34</b>	<b>17.23</b>



## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 30 Depreciation and amortisation

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>(i) Depreciation on</b>		
Property, plant and equipment	99.90	87.12
Investment property	0.32	0.15
Right-of-use assets	7.50	5.32
<b>(ii) Amortisation on</b>		
Intangible assets	10.56	14.63
	<b>118.28</b>	<b>107.22</b>

### 31 Other expenses

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Stores and spares consumed	41.89	45.36
Power, fuel and electricity	38.37	40.07
Repair and maintenance		
Building	4.50	8.36
Machinery	10.49	13.48
Others	26.00	27.35
Outsourcing expenses	26.86	25.01
Warranties and after sale service	51.05	39.32
Rent	5.73	5.73
Research and development expense on projects	6.89	6.04
Rates and taxes	5.93	3.16
Insurance	9.45	7.04
Traveling and conveyance	39.35	61.97
Postage and telephones	6.09	5.22
Manpower hiring on contract	121.86	111.05
Legal and professional	39.00	69.96
Commission, discounts and sales incentive	8.75	8.55
Advertisement and promotional expenses	51.39	92.12
Royalty paid	33.96	28.25
Packing, freight and forwarding	104.21	84.87
Security charges	5.81	6.16
Printing and stationery	2.66	5.22
Director's sitting fees and commission	8.50	6.08
Corporate social responsibility (CSR) expenditure *	11.82	9.85
Provision for doubtful debts/advances and deposits	10.06	9.93
Bad debts and inventory written off	3.97	-
Less: Provision already held	(3.97)	-
Assets written off	0.83	0.46
Miscellaneous expenses	24.66	65.47
	<b>696.11</b>	<b>786.08</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>* CSR Expenditure</b>		
(i) Gross amount required to be spent by the Group during the year	11.82	9.80
(ii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	3.53	9.85
(iii) Unspent amount deposited in a designated bank account on 29 April 2021, in terms of section 135(6) of the Companies Act, 2013.	8.29	-

### 32 Exceptional items

	(₹ crores)	
	Year ended 31 March 2021	Year ended 31 March 2020
Settlement of product liability matter (refer note 43 ( f ))	-	(9.22)
	-	(9.22)

### 33 Assets held for sale and liabilities associated thereto (refer note 16(f))

The details of assets classified as held for sale and liabilities associated thereto are as under:

	(₹ crores)	
Particulars		Escorts Securities Limited
<b>Assets pertaining to subsidiary held for sale:</b>		
Property, plant and equipment		0.15
Other intangible assets		0.01
Investments		0.03
Other financial assets		7.45
Deferred tax assets (net)		1.48
Stock-in-trade		0.17
Trade receivables		7.16
Cash and cash equivalents		3.94
Other bank balances		1.52
Other assets		0.72
<b>Total</b>		<b>22.63</b>
<b>Liabilities directly associated with assets classified as held for sale:</b>		
Minority interest		6.22
Other financial liabilities		1.10
Provisions		0.41
Borrowing other than debt securities		0.06
Trade payables		7.78
Other liabilities		0.73
<b>Total</b>		<b>16.30</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 34 Earnings per share (EPS)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Net profit for the year (A) (₹ in crores)</b>	<b>871.46</b>	<b>472.25</b>
<b>Computation of weighted average number of shares for EPS</b>		
Total shares issued	13,48,34,566	12,25,76,878
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust	28,94,393	30,74,512
Less: shares held by Escorts Benefit and Welfare Trust at the beginning of the year	3,37,00,031	3,37,00,031
Less: Impact of weighted average number of shares issued during the year	(36,72,392)	-
<b>Weighted-average number of equity shares for basic EPS (B)</b>	<b>9,45,67,750</b>	<b>8,58,02,335</b>
Effect of Dilution:		
Weighted average number of share options granted to employees	1,77,247	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution (C)</b>	<b>9,47,44,997</b>	<b>8,58,02,335</b>
Basic EPS (Amount in ₹) (A/B)	92.15	55.04
Diluted EPS (Amount in ₹) (A/C)	91.98	55.04

### 35 Commitments and contingencies

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>A. Capital commitments</b>		
- Estimated amounts of contracts remaining to be executed on capital account and not provided for	242.76	205.27
- Letter of credit/guarantees executed in favour of others	79.71	80.28
<b>B. Contingencies</b>		
<b>(i) Taxation related contingencies</b>		
Excise duty/ customs duty /service tax demands	456.24	463.52
Sales tax and other demands	34.45	48.77
Demand raised by Income tax department, disputed by the Group and pending in appeal (refer note (1) below)	63.40	65.45
<b>(ii) Others</b>		
Cases under litigation relating to:		
- Personnel	4.21	4.61
- Others	18.04	17.20
<b>(iii) Claims not acknowledged as debts</b>	14.48	-
<b>(iv) Demand raised by Faridabad Municipal Corporation for external development charges where the Group is in litigation</b>	-	2.38

#### Notes:

- Contingencies for demand raised by income tax department, disputed by the Group and pending in appeal does not include Income tax cases pending w.r.t. Escorts Heart Institute and Research Center Limited since the amount is indeterminable (refer note 23(ii) for details). Further the amount includes ₹ 32.17 crores (31 March 2020 ₹ 32.17 crores) in respect of matters which have been decided in favour of the Group, however the income tax department has preferred appeals at the next levels.
- The amounts indicated as contingent liability or claims against the Group only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered. Penalties wherever quantified have been included.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

- Farmtrac Tractors Europe Sp. Z.o.o, Poland, one of the subsidiary of the Group has provided a blank promissory note to bank against the working capital credit facility amounting to ₹ 3.69 crores.
- Pursuant to order dated 11 December 2014 passed by the Hon'ble Supreme Court of India, compensation amount for the general category allottees of plots in Sector-58, Ballabhgarh, Faridabad was enhanced @ ₹ 1,987 per square meter by the Chief Administrator HUDA, Panchkula and the same was intimated to Estate Officer, Haryana Urban Development Authority (HUDA), Faridabad. Accordingly, a demand was raised by HUDA on the Holding Company for its land at Sector-58 admeasuring about 40 acres. Being aggrieved by the arbitrary action of Chief Administrator HSVP (Haryana Shahari Vikas Pradhikaran), Panchkula, "The Faridabad Industries Association" filed a Civil Writ Petition before the Hon'ble High Court of Punjab & Haryana at Chandigarh whereby the court passed direction for recalculation of enhancement demands to be raised. In view of the directions as passed by the Hon'ble High Court of Punjab & Haryana at Chandigarh, an Instruction no. 58 has been passed by HSVP, Panchkula for recalculation of enhancement fees. In spite of the said directions, the Holding Company received a demand from the Estate Officer, HSVP for a sum of ₹ 37.61 crores without any basis for the same. The Holding Company is awaiting the fresh demand after recalculation for taking further appropriate action.

### 36 Financial Instruments

#### A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

	Note	(₹ crores)	
		As at 31 March 2021	As at 31 March 2020
<b>Financial assets measured at fair value</b>			
Investments measured at			
Fair value through other comprehensive income	7 (ii)	0.70	0.34
Fair value through profit and loss	7 (ii) & (iii)	1,650.01	650.92
Derivative assets			
Fair value through profit and loss	9(ii)	1.95	-
<b>Financial assets measured at amortised cost</b>			
Investments	7 (ii) & (iii)	27.47	1.52
Trade receivables	13	657.58	731.86
Loans	8	17.59	30.74
Cash and cash equivalents	14	105.74	168.89
Other bank balances	15	1,216.02	155.99
Others	9	31.51	22.26
<b>Total</b>		<b>3,708.57</b>	<b>1,762.52</b>
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities			
Fair value through profit and loss	21(ii)	-	0.56
<b>Financial liabilities measured at amortised cost</b>			
Borrowings (including current maturities of long term borrowings)	20, 21 (ii)	2.54	19.20
Trade payables	24	1,195.42	1,292.92
Lease liabilities	42	58.07	27.72
Other financial liabilities	21	164.63	156.86
<b>Total</b>		<b>1,420.66</b>	<b>1,497.26</b>

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 2021

### 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 2021	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
<b>Investments measured at</b>				
Fair value through other comprehensive income	0.70	-	-	<b>0.70</b>
Fair value through profit and loss	1,650.01	-	-	<b>1,650.01</b>
<b>Derivative assets measured at</b>				
Fair value through profit and loss	-	1.95	-	<b>1.95</b>

(₹ crores)				
As at 31 March 2020	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>				
<b>Investments measured at</b>				
Fair value through other comprehensive income	0.34	-	-	<b>0.34</b>
Fair value through profit and loss	650.92	-	-	<b>650.92</b>
<b>Liabilities at fair value</b>				
<b>Derivative liabilities measured at</b>				
Fair value through profit and loss	-	0.56	-	<b>0.56</b>

#### a. Valuation process and technique used to determine fair value

- The fair value of quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.
- The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

#### B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ crores)		
As at 31 March 2021	Carrying value	Fair value
Loans given	7.06	7.17
Investments	27.47	27.50
Security deposits received	23.97	27.74
Lease liabilities	58.07	60.20

## Notes forming part of the Consolidated Financial Statements

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(₹ crores)		
As at 31 March 2020	Carrying value	Fair value
Loans given	13.64	13.75
Investments	1.52	1.52
Security deposits received	20.10	22.70
Lease liabilities	27.72	28.97

The management assessed that fair values of current loans, other current financial assets, cash and cash equivalents, other bank balances, trade receivables, other receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- 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.
- The fair values of the Group's fixed interest-bearing receivables and lease liabilities are determined by applying discounted cash flows ('DCF') method, on contractual cashflows, 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 2021 was assessed to be insignificant.
- All the other long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

### C Financial Risk Management

#### Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Group's risk management is carried out by a central treasury department (of the Group) under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### C.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Group provides for expected credit loss on financial assets other than trade receivables based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets measured at amortised cost	12 month expected credit loss
High credit risk	Trade receivables	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

#### Financial assets (other than trade receivables) that expose the entity to credit risk\* –

	(₹ crores)	
	As at 31 March 2021	As at 31 March 2020
<b>(i) Low credit risk on financial reporting date</b>		
Loans	17.59	30.74
Investments**	27.47	1.52
Cash and cash equivalents	105.74	168.89
Other bank balances	1,216.02	155.99
Other financial assets	31.51	22.26

\*These represent carrying values of financial assets, without deduction for expected credit losses

\*\*These investments represents tax free bonds and preference shares at amortised cost

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

#### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

#### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit from customers where credit risk is high and taking insurance cover for receivables. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. In case of trade receivables, default is considered to have occurred when amounts receivable become one year past due.

#### Other financial assets measured at amortised cost

Other financial assets measured at 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 are in place ensure the amounts are within defined limits.

#### b) Expected credit losses for financial assets other than trade receivables

##### i) Financial assets (other than trade receivables)

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.
- For other financial assets - Credit risk is evaluated based on Group's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population For such financial assets, the Group's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets.

##### ii) Expected credit loss for trade receivables under simplified approach

The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analysing historical trend of default (net of any recoveries from the insurance companies) relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Trade receivables amounting to ₹ 123.05 crores (31 Mar 2020: ₹ 56.80 crores) are secured by way of security deposits from customer and letter of credit issued by banks. The letter of credit are issued by reputable banks and their credit risk is assessed to below.

#### 31 March 2021

##### Agri machinery

	(₹ crores)					
Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	353.49	11.75	19.06	12.70	40.54	437.54
Expected loss rate	0.39%	4.26%	4.46%	4.25%	49.73%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	1.37	0.50	0.85	0.54	20.16	23.42

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### Construction equipment

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	115.45	1.51	0.56	0.16	25.92	143.60
Expected loss rate	1.84%	15.23%	50.00%	81.25%	86.84%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	2.13	0.23	0.28	0.13	22.51	25.28

### 31 March 2020

#### Agri machinery

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	421.21	36.03	6.68	3.13	32.65	499.70
Expected loss rate	0.52%	6.52%	21.71%	31.31%	48.30%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	2.18	2.35	1.45	0.98	15.77	22.73

### Construction equipment

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	108.86	6.86	1.05	1.09	22.49	140.35
Expected loss rate	0.73%	11.66%	39.05%	86.24%	98.27%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	0.79	0.80	0.41	0.94	22.10	25.04

(₹ crores)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Auto products	Railway products	Others	Auto products	Railway products	Others
Historical loss rate on sales during the year	-	0.67%	-	-	0.67%	-
Loss allowance provision on the sales	-	4.56	-	-	0.61	-
Loss allowance provision on the debtors outstanding more than one year	4.31	1.28	8.29	4.30	2.01	8.38

The Group estimates loss allowance provision for the railway products division at 100% for the debtors (other than government) outstanding more than one year as at the reporting date and historical loss rate on the sales made during the year.

### Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ crores)

Reconciliation of loss allowance	Trade receivables	Other financial assets
Loss allowance on 1 April 2019	56.44	-
Loss allowance created	6.63	-
Loss allowance on 31 March 2020	63.07	-
Loss allowance created	8.04	-
Loss allowance written back	(3.97)	-
Loss allowance on 31 March 2021	67.14	-

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 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 2021	31 March 2020
- Expiring within one year (cash credit and other facilities)	561.19	544.64
- Expiring beyond one year (bank loans)	-	-
	<b>561.19</b>	<b>544.64</b>

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, there were no undrawn facilities as at 31 March 2021.

#### (b) Maturities of financial liabilities

The tables below analyse the Group financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

(₹ crores)

31 March 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Lease liabilities	10.88	11.04	11.51	43.62	77.05
Trade payable (including MSME)	1,195.42	-	-	-	1,195.42
Security deposits	0.62	-	-	33.62	34.24
Other financial liabilities	140.86	-	-	-	140.86
<b>Total</b>	<b>1,347.78</b>	<b>11.04</b>	<b>11.51</b>	<b>77.24</b>	<b>1,447.57</b>

(₹ crores)

31 March 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	17.67	1.11	1.11	1.11	21.00
Lease liabilities	6.24	5.63	5.14	22.28	39.29
Trade payable (including MSME)	1,292.92	-	-	-	1,292.92
Security deposits	2.36	0.14	-	30.16	32.66
Other financial liabilities	134.20	-	-	-	134.20
<b>Total</b>	<b>1,453.39</b>	<b>6.88</b>	<b>6.25</b>	<b>53.55</b>	<b>1,520.07</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### C.3 Market risk

#### a) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO, 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 has taken forward contracts 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

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
Financial assets	12.20	23.23
Financial liabilities	12.59	16.13
<b>Net exposure to foreign currency risk assets/(liabilities)</b>	<b>(0.39)</b>	<b>7.10</b>

#### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
<b>USD sensitivity</b>		
INR/USD- increase by 4.38% (31 March 2020 - 5.45%)*	(0.01)	0.29
INR/USD- decrease by 4.38% (31 March 2020 - 5.45%)*	0.01	(0.29)

\* Holding all other variables constant

#### (ii) Foreign currency risk exposure in EURO:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
Financial assets	2.81	6.39
Financial liabilities	24.34	15.51
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(21.53)</b>	<b>(9.12)</b>

#### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
<b>EURO sensitivity</b>		
INR/EURO- increase by 5.59% (31 March 2020 - 7.57%)*	(0.90)	(0.52)
INR/EURO- decrease by 5.59% (31 March 2020 - 7.57%)*	0.90	0.52

\* Holding all other variables constant

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

#### (iii) Foreign currency risk exposure in JPY:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
Financial assets	-	-
Financial liabilities	0.19	6.11
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(0.19)</b>	<b>(6.11)</b>

#### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
<b>JPY sensitivity</b>		
INR/JPY- increase by 5.81% (31 March 2020 - 10.65%)*	(0.01)	(0.49)
INR/JPY- decrease by 5.81% (31 March 2020 - 10.65%)*	0.01	0.49

\* 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

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
Financial assets	-	0.20
Financial liabilities	-	0.11
<b>Net exposure to foreign currency risk assets</b>	<b>-</b>	<b>0.09</b>

#### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	(₹ crores)	
	31 March 2021	31 March 2020
<b>GBP sensitivity</b>		
INR/GBP- increase by 6.30% (31 March 2020 - 10.26%)*	-	(0.01)
INR/GBP- decrease by 6.30% (31 March 2020 - 10.26%)*	-	0.01

\* Holding all other variables constant

#### b) Interest rate risk

##### i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2021, 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.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

Particulars	₹ crores	
	31 March 2021	31 March 2020
Variable rate borrowing	-	9.91
Fixed rate borrowing	2.54	10.04
<b>Total borrowings</b>	<b>2.54</b>	<b>19.95</b>
<b>Amount disclosed under other current financial liabilities</b>	<b>0.82</b>	<b>0.75</b>
<b>Amount disclosed under borrowings</b>	<b>1.72</b>	<b>19.20</b>

### Sensitivity

Below is the sensitivity of profit or loss and equity in interest rates.

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>Interest sensitivity*</b>		
Interest rates – increase by 100 basis points (100 bps)	-	0.07
Interest rates – decrease by 100 basis points (100 bps)	-	(0.07)

\* 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

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>Equity share (quoted)</b>		
Net assets value – increase by 100 bps (100bps)	-	-
Net assets value – decrease by 100 bps (100bps)	-	-
<b>Mutual funds</b>		
Net assets value – increase by 100 bps (100bps)	12.35	4.87
Net assets value – decrease by 100 bps (100bps)	(12.35)	(4.87)

## Notes forming part of the Consolidated Financial Statements

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### Impact on other comprehensive income after tax

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>Quoted equity instruments</b>		
Market price – increase by 500 bps (500bps)	0.03	0.02
Market price – decrease by 500 bps (500bps)	(0.03)	(0.02)

### 37 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

Particulars	₹ crores	
	31 March 2021	31 March 2020
Net debts	-	-
Total equity	5,025.22	3,122.50
<b>Net debt to equity ratio</b>	<b>0%</b>	<b>0%</b>

#### (b) Dividends

Particulars	₹ crores	
	31 March 2021	31 March 2020
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 March 2020 of ₹ 2.5 per share (excluding tax)	25.28	-
Final dividend for the year ended 31 March 2019 of ₹ 2.5 per share (excluding tax)	-	22.22
<b>(ii) Dividends proposed</b>	<b>75.85</b>	<b>30.65</b>
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 2021

### 38 Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Adico Escorts Agri Equipment Private Limited	
	31 March 2021	31 March 2020
<b>Current assets</b>		
Cash and cash equivalents	1.28	0.03
Other assets	13.61	13.00
<b>Total current assets</b>	<b>14.89</b>	<b>13.03</b>
<b>Total non-current assets</b>	<b>6.18</b>	<b>6.42</b>
<b>Current liabilities</b>		
Financial liabilities	10.20	9.38
Other liabilities	1.24	2.07
<b>Total current liabilities</b>	<b>11.44</b>	<b>11.45</b>
<b>Non-current liabilities</b>		
Other liabilities	-	0.08
<b>Total non-current liabilities</b>	<b>-</b>	<b>0.08</b>
<b>Net assets</b>	<b>9.63</b>	<b>7.92</b>

(₹ crores)

Reconciliation to carrying amounts	Adico Escorts Agri Equipment Private Limited	
	31 March 2021	31 March 2020
Opening net assets	7.92	7.03
Profit/(loss) for the year	1.71	0.89
Proceeds from equity share capital enhancement	-	-
<b>Closing net assets</b>	<b>9.63</b>	<b>7.92</b>
Group's share in %	40%	40%
Group's share in Indian Rupees	3.86	3.17
<b>Carrying amount</b>	<b>3.86</b>	<b>3.17</b>

(₹ crores)

Summarised statement of profit and loss	Adico Escorts Agri Equipment Private Limited	
	31 March 2021	31 March 2020
Revenue	50.07	49.62
Interest income	0.04	0.04
Finance costs	0.23	0.18
Depreciation and amortisation expense	0.65	0.73
Tax expenses	0.53	0.35
Profit/(loss) for the year	1.71	0.89
<b>Total comprehensive profit</b>	<b>1.71</b>	<b>0.89</b>

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(₹ crores)

Summarised balance sheet	Tadano Escorts India Private Limited	
	31 March 2021	31 March 2020
<b>Current assets</b>		
Cash and cash equivalents	27.60	11.31
Other assets	33.05	27.63
<b>Total current assets</b>	<b>60.65</b>	<b>38.94</b>
<b>Total non-current assets</b>	<b>74.06</b>	<b>35.33</b>
<b>Current liabilities</b>		
Financial liabilities	13.94	13.56
Other liabilities	0.84	1.14
<b>Total current liabilities</b>	<b>14.78</b>	<b>14.70</b>
<b>Non-current liabilities</b>		
Financial liabilities	13.34	2.66
Other liabilities	0.54	0.76
<b>Total non-current liabilities</b>	<b>13.88</b>	<b>3.42</b>
<b>Net assets</b>	<b>106.05</b>	<b>56.15</b>

(₹ crores)

Reconciliation to carrying amounts	Tadano Escorts India Private Limited	
	31 March 2021	31 March 2020
Opening net assets	56.15	58.49
Equity share capital issued during the year	53.50	-
Loss for the year	(3.15)	(3.39)
Capital reserve adjustment	(0.45)	1.05
<b>Closing net assets</b>	<b>106.05</b>	<b>56.15</b>
Less: Adjustment on account of Business Transfer Agreement	(10.77)	(10.84)
<b>Closing net assets</b>	<b>95.28</b>	<b>45.31</b>
Group's share in %	49%	49%
Group's share in Indian Rupees	46.69	22.20
<b>Carrying amount</b>	<b>46.69</b>	<b>22.20</b>

(₹ crores)

Summarised statement of profit and loss	Tadano Escorts India Private Limited	
	31 March 2021	31 March 2020
Revenue	26.57	20.40
Interest income	0.56	1.12
Finance costs	0.35	0.40
Depreciation and amortisation expense	1.89	1.65
Loss for the year	(3.15)	(3.39)
<b>Total comprehensive loss</b>	<b>(3.15)</b>	<b>(3.39)</b>



## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

(₹ crores)		
Escorts Kubota India Private Limited		
Summarised balance sheet	31 March 2021	31 March 2020
<b>Current assets</b>		
Cash and cash equivalents	1.59	146.65
Other assets	283.39	42.76
<b>Total current assets</b>	<b>284.98</b>	<b>189.41</b>
<b>Total non-current assets</b>	<b>242.47</b>	<b>173.39</b>
<b>Current liabilities</b>		
Financial liabilities	227.24	37.68
Other liabilities	11.06	0.78
<b>Total current liabilities</b>	<b>238.30</b>	<b>38.46</b>
<b>Non-current liabilities</b>		
Financial liabilities	22.92	26.16
Other liabilities	2.17	0.17
<b>Total non-current liabilities</b>	<b>25.09</b>	<b>26.33</b>
<b>Net assets</b>	<b>264.06</b>	<b>298.01</b>

(₹ crores)		
Escorts Kubota India Private Limited		
Reconciliation to carrying amounts	31 March 2021	31 March 2020
Opening net assets	298.01	147.53
Profit/(loss) for the year	(33.94)	3.04
Retained earning adjustment for share issue expenses	-	(2.56)
Proceeds from equity share capital enhancement	-	150.00
<b>Closing net assets</b>	<b>264.07</b>	<b>298.01</b>
Group's share in %	40%	40%
Group's share in Indian Rupees	105.63	119.21
<b>Carrying amount</b>	<b>105.63</b>	<b>119.21</b>

(₹ crores)		
Escorts Kubota India Private Limited		
Summarised statement of profit and loss	31 March 2021	31 March 2020
Revenue	317.23	-
Interest income	2.64	9.95
Finance costs	3.61	1.90
Depreciation and amortisation expense	17.31	0.49
Tax expenses	0.39	2.49
Profit/(loss) for the year	(33.94)	3.04
<b>Total comprehensive income/(loss)</b>	<b>(33.94)</b>	<b>3.04</b>

## Notes forming part of the Consolidated Financial Statements

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(₹ crores)		
Kubota Agricultural Machinery India Private Limited		
Summarised balance sheet	31 March 2021	05 October 2020
<b>Current assets</b>		
Cash and cash equivalents	264.49	160.07
Other assets	659.42	534.57
<b>Total current assets</b>	<b>923.91</b>	<b>694.64</b>
<b>Total non-current assets</b>	<b>76.56</b>	<b>63.81</b>
Intangible assets	56.53	59.50
<b>Current liabilities</b>		
Financial liabilities	771.17	487.61
Other liabilities	38.96	121.71
<b>Total current liabilities</b>	<b>810.13</b>	<b>609.32</b>
<b>Total non-current liabilities</b>	<b>48.09</b>	<b>44.01</b>
<b>Net assets</b>	<b>198.78</b>	<b>164.62</b>

(₹ crores)		
Kubota Agricultural Machinery India Private Limited		
Reconciliation to carrying amounts	31 March 2021	05 October 2020
Net assets as on acquisition date	164.62	164.62
Total comprehensive income for the year	34.16	-
Closing net assets	<b>198.78</b>	<b>164.62</b>
Group's share in %	40%	40%
Group's share in Indian Rupees	79.51	65.85
Goodwill recognised	24.15	24.15
<b>Carrying amount/ Purchase consideration</b>	<b>103.66</b>	<b>90.00</b>

(₹ crores)		
Kubota Agricultural Machinery India Private Limited		
Summarised statement of profit and loss	05 October 2020 to 31 March 2021	
Revenue	931.42	
Other income	27.55	
Finance costs	4.33	
Depreciation and amortisation expense	15.04	
Other expenses	65.68	
Profit for the year	34.16	
<b>Total comprehensive profit</b>	<b>34.16</b>	

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 39 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:

- Escorts Finance Limited
- Escorts Securities Limited

Out of above, the non-controlling interest considered material to the Group is in Escorts Securities Limited, whose summarised financial information is produced below.

(₹ crores)		
Escorts Securities Limited		
Summarised balance sheet	31 March 2021	31 March 2020
Current assets	14.44	22.87
Current liabilities	9.87	19.50
<b>Net current assets</b>	<b>4.57</b>	<b>3.37</b>
Non-current assets	8.63	9.36
Non-current liabilities	0.45	0.40
<b>Net non-current assets</b>	<b>8.18</b>	<b>8.96</b>
<b>Net assets</b>	<b>12.75</b>	<b>12.33</b>
<b>Accumulated NCI</b>	<b>-</b>	<b>6.01</b>

(₹ crores)		
Escorts Securities Limited		
Summarised statement of profit and loss	31 March 2021	31 March 2020
Revenue	10.43	3.96
Profit/(Loss) for the year	0.35	(1.17)
Other comprehensive income	0.08	(0.02)
<b>Total comprehensive income loss</b>	<b>0.43</b>	<b>(1.19)</b>
Profit/(Loss) allocated to NCI	0.21	(0.58)

(₹ crores)		
Escorts Securities Limited		
Summarised cash flows	31 March 2021	31 March 2020
Cash flows from operating activities	7.36	(11.25)
Cash flows from investing activities	1.01	(1.13)
Cash flows from financing activities	(7.39)	7.45
<b>Net increase in cash and cash equivalents</b>	<b>0.98</b>	<b>(4.93)</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 40 Employee benefits

#### A Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the 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:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
<b>Gratuity</b>	13.47	0.22	42.00	0.28
Less: transferred to liabilities related to subsidiary held for sale	(0.06)	(0.19)	-	-
<b>Net value of defined benefit obligation</b>	<b>13.41</b>	<b>0.03</b>	42.00	0.28

#### (ii) Amount recognised in the statement of profit and loss is as under:

Description	(₹ crores)	
	31 March 2021	31 March 2020
Current service cost	8.22	5.44
Net interest cost	0.12	2.93
<b>Net impact on profit (before tax)</b>	<b>8.34</b>	<b>8.37</b>
Amount recognised in the other comprehensive income		
Actuarial loss/(gain) recognised during the year	13.79	6.51
<b>Impact on total comprehensive income</b>	<b>22.13</b>	<b>14.88</b>

#### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	(₹ crores)	
	31 March 2021	31 March 2020
<b>Present value of defined benefit obligation as at the start of the year</b>	<b>83.18</b>	<b>78.05</b>
Current service cost	8.22	5.44
Interest cost	5.65	5.98
Actuarial loss/(gain) recognised during the year	14.61	6.24
Benefits paid	(12.16)	(12.53)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>99.51</b>	<b>83.18</b>
<b>Less: transferred to liabilities related to subsidiary held for sale</b>	<b>(0.25)</b>	<b>-</b>
<b>Net value of defined benefit obligation</b>	<b>99.26</b>	<b>83.18</b>

#### (iv) Movement in the plan assets recognised in the balance sheet is as under:

Description	(₹ crores)	
	31 March 2021	31 March 2020
<b>Fair value of plan assets at beginning of year</b>	<b>40.91</b>	<b>38.90</b>
Expected return on plan assets	5.55	3.05
Employer's contribution	50.65	11.76
Benefits paid	(12.11)	(12.53)
Actuarial gain/(loss) on plan assets	0.82	(0.27)
<b>Fair value of plan assets at the end of the year</b>	<b>85.82</b>	<b>40.91</b>
Actual return on plan assets	6.37	2.78

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (v) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	31 March 2021	31 March 2020
Actuarial (gain)/loss on arising from change in demographic assumption	-	(0.01)
Actuarial (gain)/loss on arising from change in financial assumption	17.39	4.13
Actuarial (gain)/loss on arising from experience adjustment	(3.60)	2.39
<b>Total actuarial (gain)/loss</b>	<b>13.79</b>	<b>6.51</b>

### (vi) Actuarial assumptions

Description	31 March 2021	31 March 2020
Discount rate	6.80%	6.80%
Future salary increase	8.00%	5.00%
Expected average remaining working lives of employees (years)	19.81	19.19

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 2021	31 March 2020
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	99.51	88.18
- Impact due to increase of 0.50 %	(3.81)	(2.34)
- Impact due to decrease of 0.50 %	4.11	2.50
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	99.51	88.18
- Impact due to increase of 0.50 %	4.07	2.53
- Impact due to decrease of 0.50 %	(3.77)	(2.39)

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 2021	31 March 2020
Within next 12 months	12.27	12.60
Between 1-5 years	42.46	32.57
Beyond 5 years	127.68	37.67

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### (ix) Category of plan assets:

(₹ crores)

Particulars	31 March 2021	31 March 2020
LIC of India - Group Gratuity Cash Accumulation Fund	84.31	40.26
Others	1.50	0.65
<b>Total</b>	<b>85.81</b>	<b>40.91</b>

(x) The Group expects to contribute ₹ 10.32 crores (previous year ₹ 7 crores) to its gratuity plan for the next year.

### B Compensated absences (unfunded)

The leave obligations cover the Group's liability for sick and earned leaves. The Group does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of ₹ 14.83 crores (previous year: ₹ 7.41 crores) has been recognised in the statement of profit and loss.

(₹ crores)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	3.48	25.86	2.68	16.01

### C Pension

(₹ crores)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Pension	0.65	4.66	0.65	4.92

### (i) Amount recognised in the balance sheet is as under:

(₹ crores)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
<b>Pension:</b>				
Present value of defined benefit obligation	0.65	4.66	0.65	4.92
Fair value of plan assets	-	-	-	-
<b>Net value of defined benefit obligation</b>	<b>0.65</b>	<b>4.66</b>	<b>0.65</b>	<b>4.92</b>

### (ii) Amount recognised in the statement of profit and loss is as under:

(₹ crores)

Description	31 March 2021	31 March 2020
Net interest cost	0.38	0.42
<b>Net impact on profit (before tax)</b>	<b>0.38</b>	<b>0.42</b>
<b>Amount recognised in the other comprehensive income</b>		
Actuarial loss/(gain) recognised during the year	0.08	0.43
<b>Impact on total comprehensive income</b>	<b>0.46</b>	<b>0.85</b>

## Notes forming part of the Consolidated Financial Statements

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### (iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:

Description	₹ crores	
	31 March 2021	31 March 2020
Present value of defined benefit obligation as at the start of the year	5.57	5.47
Interest cost	0.38	0.42
Actuarial loss/(gain) recognised during the year	0.08	0.43
Benefits paid	(0.71)	(0.75)
Present value of defined benefit obligation as at the end of the year	5.31	5.57

### (iv) Breakup of actuarial (gain)/loss:

Description	₹ crores	
	31 March 2021	31 March 2020
Actuarial (gain)/loss on arising from change in financial assumption	-	0.22
Actuarial (gain)/loss on arising from experience adjustment	0.08	0.21
Total actuarial (gain)/loss	0.08	0.43

### (v) Actuarial assumptions

Description	₹ crores	
	31 March 2021	31 March 2020
Discount rate	6.80%	6.80%

Pension liability arises on account of future payments, which are required to be made after retirement. It is a special plan in which selective retired employees are getting some fix amount of pension on quarterly and annual basis.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Pension growth rate is Group long term best estimate as to salary increases and takes account of inflation, on long term basis as provided in relevant accounting standard. As this is a fix pension plan so this has been assumed as nil.

### (vi) Sensitivity analysis for pension liability

Description	₹ crores	
	31 March 2021	31 March 2020
Impact of the change in discount rate		
Present value of obligation at the end of the year	5.31	5.57
- Impact due to increase of 0.50 %	(0.13)	(0.13)
- Impact due to decrease of 0.50 %	0.13	0.13

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation recognised in the balance sheet.

## Notes forming part of the Consolidated Financial Statements

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### (vii) Maturity profile of defined benefit obligation

Description	₹ crores	
	31 March 2021	31 March 2020
Within next 12 months	0.65	0.65
Between 1-5 years	2.87	2.34
Beyond 5 years	4.59	2.58

(viii) The Group expects to contribute ₹ 0.37 crores (previous year ₹ 0.38 crores) to its pension plan for the next year.

### D Defined contribution plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to ₹ 19.16 crores (previous year: ₹ 18.72 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.20 crores (previous year: ₹ 0.21 crores).

E The Group has taken an Insurance policy for medical benefits in respect of its retired and working employees. The Insurance policy for on-roll employees is fully funded by the Group.

### 41 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	Vested equally over 4 years from the date of grant	Three years from the date of vesting	870.00
Option Scheme, 2006	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,122.00
	Vested equally over 4 years from the date of grant	Three years from the date of vesting	1,385.00

Options are granted under the plan for the consideration as mentioned above and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

### Set out below is a summary of options granted under the plan:

Particulars	31 March 2021	31 March 2020
	Number of options	Number of options
Opening balance	9,66,775	11,21,850
Granted during the year	3,39,450	-
Exercised during the year	1,80,119	-
Forfeited during the year	2,200	-
Lapsed during the period	36,350	1,55,075
Closing balance	10,87,556	9,66,775

\* The weighted average share price at the date of exercise of options during the year ended 31 March 2021 was ₹ 1,281.48 (31 March 2020 Nil).

Weighted average remaining contractual life of options as at 31 March 2021 3.76 years (31 March 2020: 3.87 years).

## Notes forming part of the Consolidated Financial Statements

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### Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price (₹)	Share options 31 March 2021	Share options 31 March 2020
16 August 2018	15 August 2022	870	1,10,093	2,44,225
16 August 2018	15 August 2023	870	1,76,314	2,40,850
16 August 2018	15 August 2024	870	2,30,850	2,40,850
16 August 2018	15 August 2025	870	2,30,850	2,40,850
8 September 2020	7 September 2024	1122	55,425	-
8 September 2020	7 September 2025	1122	55,425	-
8 September 2020	7 September 2026	1122	55,425	-
8 September 2020	7 September 2027	1122	55,425	-
3 February 2021	2 February 2025	1385	29,438	-
3 February 2021	2 February 2026	1385	29,438	-
3 February 2021	2 February 2027	1385	29,438	-
3 February 2021	2 February 2028	1385	29,438	-
			<b>10,87,556</b>	<b>9,66,775</b>

### Fair value of options granted

The value of the options has been determined by an independent valuer. The following assumptions were used for calculation of fair value of options in accordance with Black Scholes model:

a) Options are granted for consideration equivalent to exercise price referred below and vest in a graded manner over a period of four years. Vested options are exercisable for a period of three years after vesting.			
b) Exercise price	₹ 870.00	₹ 1,122.00	₹ 1,385.00
c) Grant date, as per the details shared above.	16 August 2018	8 September 2020	3 February 2021
d) Expiry date, as per the details shared above.	15 August 2022	7 September 2024	2 February 2025
e) Share price at grant date	₹ 869.50	₹ 1,121.10	₹ 1,384.15
f) Expected price volatility of the company's shares	26.86%	41.40%	41.90%
g) Expected dividend yield	0.29%	0.36%	0.29%
h) Risk free rate	7.56% - 7.97%	4.70% - 5.74%	4.62% - 5.68%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## 42 Leases

### Lease liabilities are presented in the statement of financial position as follows:

	(₹ crores)	
	31 March 2021	31 March 2020
Current	10.44	5.94
Non-current	47.63	21.78
	<b>58.07</b>	<b>27.72</b>

The Group has leases for the factory lands, marketing offices, depots and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Also, 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 ₹ 0.01 every year. Also, the management has revalued the amount of land in 2009 and has created a revaluation

## Notes forming part of the Consolidated Financial Statements

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reserve of ₹ 7.13 crores pertaining to the same. The said lease of land was considered as finance lease under Ind AS 17 by the Group. During the year, the Group has entered into an agreement to sale and classified the leasehold land as "Assets held for sale". Refer note 16(e) for details.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Group has considered automatic extension option available for land leases in lease period assessment since the Group can enforce its right to extend the lease beyond the initial lease period. The Group also has plans of setting up production facility on the land, therefore is likely to be benefited by exercising the extension option.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	31 March 2021			
	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	4	4.50-7.51	4	-
Marketing offices and related facilities	16	0.25-5.76	-	1

Right-of-use asset	31 March 2020			
	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	4	5.50 - 74	3	-
Marketing offices and related facilities	28	0.27 - 6.76	-	1

The following are amounts recognised in profit or loss:

	(₹ crores)	
	31 March 2021	31 March 2020
Depreciation expense of right-of-use assets	7.50	5.32
Interest expense on lease liabilities	4.33	2.91
Rent expense*	5.73	5.73
<b>Total</b>	<b>17.56</b>	<b>13.96</b>

\*Rent expense in term of short term leases

The maturity analysis of lease liabilities are disclosed in refer note 36.

### Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Group does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the financials statements.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 5.73 crores (31 March 2020: ₹ 5.73 crores)

Total cash outflow for leases for the year ended 31 March 2021 was ₹ 15.15 crores (31 March 2020: ₹ 11.04 crores).

## Notes forming part of the Consolidated Financial Statements

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### (b) Information for leases where the Company is a lessor

#### (i) Finance Lease

During the year, the Group has entered into a finance lease arrangement with its joint venture company for sublease of land acquired by it as a Right of Use for the remaining period of land lease arrangement.

The following are amounts recognised in profit or loss with respect to finance lease arrangements:

	(₹ crores)	
	31 March 2021	31 March 2020
Interest income on lease receivable	0.86	-
Gain on sublease	0.02	-
<b>Total</b>	<b>0.88</b>	-

Changes in carrying amount of lease receivable

	(₹ crores)	
	31 March 2021	31 March 2020
Opening balance	-	-
Addition	16.48	-
Reversal of rental income	(1.77)	-
Interest income on lease receivable	0.86	-
Advance from customer	(2.23)	-
<b>Total</b>	<b>13.34</b>	-

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	(₹ crores)	
	31 March 2021	31 March 2020
Less than one year	1.92	-
One to two years	2.04	-
Two to three years	2.07	-
Three to four years	2.43	-
Four to five years	2.72	-
More than five years	6.81	-
<b>Total undiscounted lease receivable</b>	<b>17.99</b>	-
Unearned finance income	4.65	-
<b>Net investment in the lease</b>	<b>13.34</b>	-

#### ii) Operating Lease

The Group leases out investment properties under operating leases (refer note 4 and 5).

Lease payments in relation to operating leases are as follows:

	(₹ crores)	
	31 March 2021	31 March 2020
Less than one year	10.91	10.02
One to two years	11.45	10.91
Two to three years	11.67	11.45
Three to four years	4.25	11.67
Four to five years	-	4.25
More than five years	-	-
<b>Total</b>	<b>38.27</b>	<b>48.29</b>

## Notes forming part of the Consolidated Financial Statements

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### 43

- (a) During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgment dated 1 October 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which was disposed of by the Hon'ble Supreme Court by nine Hon'ble Judges of Constitution Bench and hence that Compensator issue is no more relevant as it does not arise out of the Constitution but imaginary. Matters are not decided by Division Bench by making an order that the interested parties may prefer writs before the High Court. Hence the matter remains pending till its decision. Based on the legal advice received by the Group no further provision on this account is considered necessary after 31 March 2008.
- (b) A Scheme of Arrangement and Amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Escorts Construction Equipment Limited ('ECEL'), a subsidiary company and Escotracs Finance and Investments Private Limited ('Escotracs') and Escorts Finance Investments and Leasing Private Limited ('EFILL'), joint ventures of the Company (together referred to as 'transferor companies'), was sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh vide its order dated 9 August 2012 (hereinafter referred to as 'the Scheme'). Upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana by the Transferor Companies and Transferee Company, the Scheme became effective on 12 October 2012. In accordance with the Scheme, 3,73,00,031 equity shares of the Company comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Company were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Holding Company in EBWT in respect of the Holding Company's equity shares held by EBWT has been accounted for as 'Treasury Shares' and reduced from 'Other Equity' in the consolidated financial statements.

EBWT presently holds 3,37,00,031 (31 March 2020: 3,37,00,031) equity shares of the Company and 2,34,97,478 (31 March 2020: 2,34,97,478) equity shares of Escorts Finance Limited (subsidiary of the Company). The Company is the sole beneficiary of the Trust. Market value of outstanding shares held by Trust on 31 March 2021 is ₹ 4,350.95 crores (31 March 2020: ₹ 2,234.14 crores).

- (c) During the year ended 31 March 2020, the Board had approved the acquisition of 2,00,00,000 equity shares of Kubota Agricultural Machinery India Private Limited (KAI), a private company incorporated under the laws of India from Kubota Corporation, Japan constituting 40% of the share capital of KAI at ₹ 45 per equity share for an aggregate value of ₹ 90 crores, all for cash. Consequently, pursuant to Share Purchase Agreement dated 20 March 2020 and Shareholders Agreement dated 05 October 2020, between the Company, Kubota Corporation, Japan and Kubota Agricultural Machinery India Private Limited (KAI), the Company, has acquired 40% equity stake in KAI at an aggregate consideration of ₹ 90 crores. Consequently, KAI has become a Joint Venture of the Company, with effect from, 05 October 2020.
- (d) The Board of Directors of the Parent Company in their meeting held on 20 March 2020 had approved the preferential issue of 1,22,57,688 equity shares of ₹ 10/- each at an issue price of ₹ 850/- per equity share to Kubota Corporation, Japan, subject to approval of shareholders of the Parent Company and other regulatory approvals. Consequently, in terms of Share Subscription Agreement and Shareholders Agreement dated 20 March 2020, and requisite approvals, the Parent Company has allotted 1,22,57,688 equity shares of the face value of ₹ 10/- at an issue price of ₹ 850/- (which includes a premium of ₹ 840/-) for each Share to Kubota Corporation, Japan on 16 July 2020. Further, the Board in its meeting held on 15 July 2020, has also approved selective reduction of its share capital by cancelling and extinguishing 1,22,57,688 Equity Shares, held by the Escorts Benefit and Welfare Trust.
- (e) Pursuant to the approval of the Board of Directors on 15 July 2020 for selective reduction of share capital of the Parent Company by cancelling and extinguishing 1,22,57,688 Equity Shares, held by the Escorts Benefit and Welfare Trust, the Parent Company has filed a Scheme for reduction of share capital ("the Scheme") between the Parent Company and its shareholders, under Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, with the Hon'ble NCLT of Chandigarh ("the Tribunal") on 13 March 2021. The Scheme is subject to the approval of the Tribunal and other requisite approvals, as may be required and will become effective upon filing of the certified copy of the order of the Tribunal sanctioning this Scheme and the minute of reduction with the RoC by the Parent Company

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

- (f) During the financial year 2014-15, Mr. Cameron Parsons ("Plaintiff") initiated a civil action before the Circuit Court of Tuscaloosa, Alabama against the Holding Company and others claiming loss due to accident caused while running an Escorts made Tractor which left permanent injuries, scarring, permanent limitations, mental anguish, medical expenses and loss of income for the plaintiff. Both the parties decided to settle the matter out of court and executed a Settlement Agreement dated 12 June 2019 whereby the Holding Company has paid an amount of \$ 13,00,000 in lieu of full and final closure of the case.

#### 44 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ crores)

	As at 31 March 2021	As at 31 March 2020
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	104.23	80.25
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	0.51	0.74
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.

#### 45 Research and development

- (i) Research and development costs on in house R&D centers amounting to ₹ 119.53 crores (31 March 2020: ₹ 129.33 crores) were incurred during the year.

(₹ crores)

	Tractor		Construction equipment	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Cost of materials consumed	4.52	2.32	0.26	0.06
Employee benefits expense	56.51	57.22	10.25	9.83
Other expenses	27.32	35.55	2.00	1.78
Depreciation	17.09	20.58	1.58	1.99
<b>Total</b>	<b>105.44</b>	<b>115.67</b>	<b>14.09</b>	<b>13.66</b>

- (ii) Assets purchased/capitalised for research and development centers\*:

(₹ crores)

Description	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
<b>Gross carrying value</b>		
<b>As at 1 April 2019</b>	<b>280.34</b>	<b>13.39</b>
Additions	33.75	3.65
Disposals	(3.99)	(0.72)
<b>As at 31 March 2020</b>	<b>310.10</b>	<b>16.32</b>
Additions	23.17	0.19
Disposals	(7.72)	(3.00)
<b>As at 31 March 2021</b>	<b>325.55</b>	<b>13.51</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

(₹ crores)

Description	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
<b>Accumulated depreciation</b>		
<b>As at 1 April 2019</b>	<b>105.79</b>	<b>8.61</b>
Depreciation for the year	20.58	1.99
Disposals	(3.91)	(0.54)
<b>As at 31 March 2020</b>	<b>122.46</b>	<b>10.06</b>
Depreciation for the year	17.09	1.58
Disposals	(6.51)	(2.71)
<b>As at 31 March 2021</b>	<b>133.04</b>	<b>8.93</b>
<b>Net block as at 31 March 2020</b>	<b>187.64</b>	<b>6.26</b>
<b>Net block as at 31 March 2021</b>	<b>192.51</b>	<b>4.58</b>

\* Exclude capital advance/capital work-in-progress

- (iii) Expenses on research and development as percentage to gross turnover is:

(₹ crores)

	31 March 2021	31 March 2020
Tractors	1.54%	2.03%
Construction equipment	0.21%	0.24%

#### 46 Assets pledged as security

(₹ crores)

Note	As at 31 March 2021	As at 31 March 2020
<b>Current</b>		
<b>Financial assets</b>		
<b>First charge</b>		
Investments	7 (iii) 1,651.73	638.51
Trade receivables	13 705.56	771.92
Cash and cash equivalents	14 104.44	167.77
Bank balances other than above	15 1,217.54	156.00
Loans	8 (ii) 10.44	16.81
Other financial assets	9 (ii) 23.35	22.02
<b>Non Financial assets</b>		
Inventories	12 719.25	878.75
Other current assets	11 (ii) 190.06	266.56
<b>Total current assets pledged as security</b>	<b>4,622.37</b>	<b>2,918.34</b>
<b>Non-current</b>		
<b>First charge</b>		
Land and building	3 (i) 2.08	2.16
Furniture and fixtures	3 (i) 0.02	0.03
Computers	3 (i) 0.10	0.22
Office equipment	3 (i) 0.03	0.06
Security deposits	8 (i) 0.76	0.74
<b>Second Charge</b>		
Other movable assets (other than specifically charged to other term lenders)	3 (i) 468.45	413.43
<b>Total non-currents assets pledged as security</b>	<b>471.44</b>	<b>416.64</b>
<b>Total assets pledged as security*</b>	<b>5,093.81</b>	<b>3,334.98</b>

\* charge on the assets shall be limited to the amount of borrowings

Asset pledged as security includes charge on assets of Escort Securities Limited which are classified assets held for sale on 31 March 2021

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### 47 Related party transactions

#### A Joint ventures in the Group

Adico Escorts Agri Equipment Private Limited  
Escorts Kubota India Private Limited  
Tadano Escorts India Private Limited (formerly known as Optunia Power Infrastructure Private Limited)  
Kubota Agricultural Machinery India Private Limited (w.e.f. 05 October 2020)

#### B Associate in the Group

Escorts Consumer Credit Limited

#### C Key management personnel

Mr. Nikhil Nanda*	Chairman and Managing Director and Trustee
Mr. Shailendra Agrawal	Executive Director
Mr. Bharat Madan*	Group Chief Financial Officer and Corporate Head and Trustee
Mr. Ajay Sharma*	Group General Counsel and Company Secretary (cease to be Group General Counsel and Company Secretary w.e.f 30 November 2019)
Mr. Satyendra Chauhan*	Company Secretary & Compliance Officer and Trustee (appointed as Company Secretary w.e.f 29 January 2020)
Ms. Nitasha Nanda	Director
Mr. Hardeep Singh	Director
Mr. P.H Ravikumar	Director
Ms. Vibha Paul Rishi	Director
Mr. Sutanu Behuria	Director and Trustee
Mr. Darius Jehangir Kakalia	Director (cease to be Director w.e.f 27 November 2019)
Mr. Ravi Narain	Director (cease to be Director w.e.f 01 May 2019)
Mr. G. B. Mathur	Director (cease to be Director w.e.f 31 December 2019)
Mr. Sunil Kant Munjal	Director (appointed as Director w.e.f 07 May 2019)
Ms. Tanya Arvind Dubash	Director (appointed as Director w.e.f 29 January 2020)
Mr. Harish N. Salve	Director (appointed as Director w.e.f. 16 July 2020))
Mr. Dai Watanabe	Director (appointed as Director w.e.f. 16 July 2020))
Mr. Yuji Tomiyama	Director (appointed as Director w.e.f. 16 July 2020))
Mr. Pawan Goenka	Chief Financial Officer (appointed w.e.f. 30 July 2020))
Mr. Deba Prasad Roy	Director
Mr. Amal Dattkumar Dhru	Director (cease to be Director w.e.f 23 July 2019)
Mr. Pawan Kumar Bhalla	Director and Trustee
Mr. Ashish Kumar Bhattacharya	Director
Mr. Shenu Agarwal	Director
Mr. Rajan Chugh*	Managing Director (appointed as Director w.e.f 27 November 2019)
Mr. Pritam Narang*	Whole Time Director (cease to be Director w.e.f 03 June 2019)
Mr. Vinod Dixit	Managing Director and Director
Mr. Rajeev Khanna*	Whole Time Director (appointed as Director w.e.f 04 Jun 2019)
Ms. Preeti Chauhan	Director
Mr. Sumit Raj	Director
Mr. Priyank Kalra	Director
Ms. Rupinder Kaur*	Company Secretary (cease to be Company Secretary w.e.f 05 November 2020)
Mr. Vicky Chauhan*	Company Secretary
Ms. Bobby Mehndiratta*	Company Secretary (appointed as Company Secretary w.e.f 25 September 2019)
Mr. Donald Fernandez*	Chief Financial Officer
Mr. Tejinder Singh*	Chief Financial Officer (appointed as CFO w.e.f 20 November 2019)
Mr. Arbindo Biswas	Director (cease to be Director w.e.f 23 December 2019)
Mr. Sridhar Sambandam	Director (cease to be Director w.e.f 27 November 2019)

\*Key managerial personnel (KMP) as defined under section 2(51) the Companies Act, 2013.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### Enterprises over which key management personnel and relatives of such personnel exercise significant influence

AAA Portfolios Private Limited	Rimari India Private Limited
Big Apple Clothing Private Limited	Ritu Nanda Insurance Service Private Limited
EEWL Limited	Sietz Technologies India Private Limited
Escorts Skill Development	Sun & Moon Travels (India) Private Limited
Harpashad and Company Private Limited	GBM Management Advisors LLP (cease to be w.e.f 31 December 2019)
Momento Communications Private Limited	Agresource Management Private Limited
Niky Tasha Communications Private Limited	Hero Mindmine Institute Private Limited (w.e.f 07 May 2019)
Niky Tasha Energies Private Limited	Kubota Corporation (w.e.f 16 July 2020)
Raksha Health Insurance TPA Private Limited	The IVY Trust (w.e.f 07 May 2019)
(formerly known as Raksha TPA Private Limited)	Smartparts Innovations Private Limited
	All Grow Finance & Investment Private Limited

### List of other related parties in the Group

Mrs. Ritu Nanda (relative of key managerial personnel, date of demise 14 January 2020)

Escorts Limited Employees' Group Gratuity Fund Trust (refer note 40 for transaction)

### Key management personnel remuneration includes the following expenses:

	31 March 2021	31 March 2020
Short-term employee benefits:	26.64	21.94
Other long-term benefits:	0.20	0.14
Post-employment benefits:	0.87	0.69
<b>Total remuneration</b>	<b>27.71</b>	<b>22.77</b>

### (i) Transactions with joint ventures

Nature of transactions*	Purchase of goods	Interest Income	Expense recovered / Rendering of Services	Rent Received	Sale of goods	Loan/ Advance given	Rendering of services	Investments made	Advance given/Trade receivables	Payables
Adico Escorts Agri Equipment Private Limited	56.05	0.13	-	-	0.33	1.00	-	-	1.00	6.24
Escorts Kubota India Private Limited	(56.42)	(0.03)	-	-	(0.32)	(1.00)	-	-	(1.00)	(3.35)
Tadano Escorts India Private Limited (formerly known as Optunia Power Infrastructure Private Limited)	-	-	6.46	8.98	-	-	1.44	-	-	4.47
Kubota Agricultural Machinery India Private Limited	-	-	(4.83)	(1.45)	(0.21)	-	-	(60.00)	(3.87)	-
	13.85	-	3.41	2.68	3.63	-	-	26.22	0.12	4.08
	(14.95)	-	(3.58)	(0.73)	(11.55)	-	-	-	(5.39)	(3.37)
	-	-	-	0.01	-	-	-	90.00	-	0.01
	-	-	-	-	-	-	-	-	-	-

\*Numbers in brackets represents financial year ending 31 March 2020.



## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### (ii) Transactions and balances with key management personnel, their relatives and entities in which they exercise control/significant influence

Nature of transactions*	(₹ crores)												
	Royalty	Remuneration/ commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Commission Received	Interest Expense	Dividend Paid	Advance given	Trade Receivables/ Other Receivables*	Payables
Ritu Nanda	-	-	-	-	-	-	-	-	-	-	-	-	-
Nikhil Nanda	-	13.10	0.49	0.38	-	-	-	-	-	0.30	-	-	6.10
Nitasha Nanda	-	(11.13)	(0.49)	-	-	-	-	-	-	(0.28)	-	-	(4.40)
Shailendra Agrawal**	-	4.34	-	-	-	-	-	-	-	-	-	-	1.39
Bharat Madan**	-	(3.23)	-	-	-	-	-	-	-	(**)	-	-	-
Ajay Sharma**	-	3.65	-	-	-	-	-	-	-	(**)	-	-	1.03
Satyendra Chauhan	-	(2.17)	-	-	-	-	-	-	-	(**)	-	-	-
Girish Bihari Mathur**	-	-	-	-	-	-	-	-	-	-	-	-	-
Hardeep Singh**	-	(0.71)	-	-	-	-	-	-	-	(**)	-	-	-
P.H Ravikumar	-	0.45	-	-	-	-	-	-	-	-	-	-	0.09
Vibha Paul Rishi	-	(0.13)	-	-	-	-	-	-	-	-	-	-	-
Sutanu Behuria	-	-	-	-	-	-	-	-	-	-	-	-	-
Darius Jehangir Kakalia	-	-	-	-	-	-	-	-	-	(0.33)	-	-	(0.15)
Sunil Kant Munjal	-	0.15	-	-	-	-	0.11	-	-	**	-	-	0.15
Harish N. Salve	-	(0.09)	-	-	-	-	(0.09)	-	-	(**)	-	-	(0.09)
Tanya Arvind Dubash	-	0.25	-	-	-	-	0.10	-	-	-	-	-	0.25
Harpashad & Co. Private Limited	-	(0.09)	-	-	-	-	(0.07)	-	-	-	-	-	(0.09)
Raksha Health Insurance TPA Private Limited	-	0.15	-	-	-	-	0.10	-	-	-	-	-	0.15
Rimari India Private Limited	-	(0.09)	-	-	-	-	(0.08)	-	-	-	-	-	(0.09)
Momento Communications Private Limited	-	0.15	-	-	-	-	0.11	-	-	-	-	-	0.15
AAA Portfolios Private Limited	-	(0.09)	-	-	-	-	(0.09)	-	-	-	-	-	(0.09)
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Communications Private Limited**	-	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Energies Private Limited**	-	-	-	-	-	-	-	-	-	-	-	-	-
Harparshad & Co. Private Limited	33.96	-	-	-	-	-	-	-	2.68	0.16	-	-	0.18
Raksha Health Insurance TPA Private Limited	(28.28)	-	-	-	-	-	-	-	(2.68)	(1.51)	-	-	(0.10)
Rimari India Private Limited	-	-	0.78	-	-	0.24	-	-	-	0.93	-	-	-
Momento Communications Private Limited	-	-	(0.74)	-	-	-	-	-	-	(0.62)	-	-	-
AAA Portfolios Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Communications Private Limited**	-	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Energies Private Limited**	-	-	-	-	-	-	-	-	-	-	-	-	-
Harparshad & Co. Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Raksha Health Insurance TPA Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Rimari India Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Momento Communications Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
AAA Portfolios Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Communications Private Limited**	-	-	-	-	-	-	-	-	-	-	-	-	-
Niky Tasha Energies Private Limited**	-	-	-	-	-	-	-	-	-	-	-	-	-

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

Nature of transactions*	(₹ crores)												
	Royalty	Remuneration/ commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Commission Received	Interest Expense	Dividend Paid	Advance given	Trade Receivables/ Other Receivables*	Payables
Sietz Technologies	-	-	0.36	1.37	165.95	1.36	-	-	-	**	0.37	0.01	19.42
India Private Limited**	-	-	(0.35)	(1.31)	(160.23)	(2.11)	-	-	-	(**)	(1.23)	(0.63)	(16.81)
Sun & Moon Travels (India) Private Limited**	-	-	0.02	-	-	0.01	2.24	-	-	-	0.03	-	**
EEWL Limited (Gross of provisions)	-	-	(0.02)	-	-	-	(14.35)	-	-	-	(0.05)	-	(0.31)
Ritu Nanda Insurance Service Private Limited	-	-	-	-	-	-	-	-	-	-	0.08	-	-
Hero Mindmine Institute Private Limited	-	-	-	-	-	-	-	-	-	-	(0.08)	-	-
GBM Management Advisors LLP	-	-	-	-	-	-	-	-	-	-	-	-	-
The IVY Trust	-	-	-	0.31	-	-	-	-	-	-	-	0.08	-
Agresource Management Private Limited	-	-	-	(0.13)	-	-	-	-	-	-	-	(0.08)	-
Pritam Narang**	-	-	-	-	-	-	-	-	-	-	-	-	-
Sumit Raj**	-	-	-	-	-	-	-	-	-	-	-	-	-
Preeti Chauhan**	-	-	-	-	-	-	-	-	-	-	-	-	-
Rajeev Khanna**	-	-	-	-	-	-	-	-	-	-	-	-	-
Donald Fernandez	-	0.08	-	-	-	-	-	-	-	-	-	-	-
Priyank Kalra	-	(0.08)	-	-	-	-	-	-	-	-	-	-	-
Rupinder Kaur	-	1.25	-	-	-	-	-	-	-	-	-	-	-
Amal Dattkumar Dhru**	-	(1.13)	-	-	-	-	-	-	-	-	-	-	-
Deba Prasad Roy**	-	0.05	-	-	-	-	-	-	-	-	-	-	-
Pawan Bhalla**	-	(0.06)	-	-	-	-	-	-	-	-	-	-	-
Vinod Dixit**	-	-	-	-	-	-	-	-	-	-	-	-	-
Ashish Kumar Bhattacharya	-	0.24	-	-	-	-	-	-	-	-	-	-	-
Smartparts Innovations Private Limited	-	(0.24)	-	-	-	-	-	-	-	-	-	-	-
Kubota Corporation**	-	-	-	-	-	-	-	-	-	-	-	-	-
All Grow Finance & Investment Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-

\*Numbers in brackets represents financial year ending 31 March 2020

\*\* Amount represents less than a lakh

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

**48 Segment information**  
The Group has determined following reportable segments based on the information reviewed by the Group's management:

- Agri machinery products
- Construction equipments
- Railway equipments
- Auto ancillary products (discontinued operation)
- Others

### A. Segment revenue and results

Particulars	31 March 2021					31 March 2020						
	Agri machinery products	Construction equipments	Railway equipments	Unallocated	Inter segment adjustment	Total	Agri machinery products	Construction equipments	Railway equipments	Unallocated	Inter segment adjustment	Total
<b>Revenue</b>	5,732.26	776.11	478.96	27.09	-	7,014.42	4,472.49	839.76	477.22	20.69	(0.07)	5,810.09
<b>Segment Result before interest income unallocable, exceptional items, finance cost and tax</b>	1,032.55	27.81	76.75	(16.80)	1,120.31	572.49	30.22	85.83	(48.77)			639.77
Add: Interest income unallocable					48.55							13.01
Less: Finance cost					(13.34)							(17.23)
Less: Exceptional items					(0.74)							(9.22)
Less: Share of loss of equity accounted investments												(1.08)
<b>Profit before tax</b>					1,154.78							625.25
Less: Tax expense					283.15							153.53
<b>Profit after tax</b>					871.63							471.72
Other comprehensive income					(10.03)							(6.24)
<b>Total comprehensive income</b>					861.60							465.48

### B Other information

Segment	Segment assets		Segment liabilities	
	As on 31 March 2021	As on 31 March 2020	As on 31 March 2021	As on 31 March 2020
Agri machinery products	2,648.22	2,972.09	1,315.07	1,364.24
Construction equipments	361.16	391.65	267.50	272.31
Railway equipments	271.45	288.90	66.07	88.63
Auto ancillary products (discontinued operation)	0.69	0.69	6.84	7.08
Unallocated	3,596.65	1,362.07	197.47	160.64
<b>Total</b>	<b>6,878.17</b>	<b>5,015.40</b>	<b>1,852.95</b>	<b>1,892.90</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### C Additional information by geographies

	31 March 2021	31 March 2020
<b>Revenue by geographical market</b>		
India	6,667.29	5,523.91
Outside India	347.13	286.18
	<b>7,014.42</b>	<b>5,810.09</b>
<b>Non-current assets*</b>		
India	1,949.43	1,938.96
Outside India	3.09	3.18
	<b>1,952.52</b>	<b>1,942.14</b>

\*Non-current assets excludes financial instruments and deferred tax assets (net)

### D Revenue from major customers

The Group is not reliant on revenues on transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes:

- 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.
- Segment revenue, segment results, segment assets and segment liabilities include the respective amount identifiable for each operating segment.

### 49 Revenue from Contracts with Customers

#### (a) Disaggregation of revenue

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

As at 31 March 2021

Revenue from operations	Revenue by geography			Total
	Goods	Services	Other operating revenue*	
Revenue by geography				
Domestic	6,596.20	14.00	63.27	6,673.47
Export	247.38	-	-	247.38
<b>Total</b>	<b>6,843.58</b>	<b>14.00</b>	<b>63.27</b>	<b>6,920.85</b>
Revenue by time				
Revenue recognised at point in time				6,906.85
Revenue recognised over time				14.00
<b>Total</b>				<b>6,920.85</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### As at 31 March 2020

				(₹ crores)
Revenue from operations	Goods	Services	Other operating revenue*	Total
<b>Revenue by geography</b>				
Domestic	5,389.05	13.13	48.22	5,450.40
Export	286.18	-	-	286.18
<b>Total</b>	<b>5,675.23</b>	<b>13.13</b>	<b>48.22</b>	<b>5,736.58</b>
<b>Revenue by time</b>				
Revenue recognised at point in time				5,723.45
Revenue recognised over time				13.13
<b>Total</b>				<b>5,736.58</b>

\* Other operating revenue amounting to ₹ 93.57 crores (31 March 2020: ₹ 73.51 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here

### (b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

			(₹ crores)	
Description	As at 31 March 2021	As at 31 March 2020		
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	82.50	34.64		
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-		

### (c) Assets and liabilities related to contracts with customers

					(₹ crores)	
Particulars	As at 31 March 2021		As at 31 March 2020			
	Non-current	Current	Non-current	Current		
<b>Contract liabilities related to sale of goods</b>						
Advance from customers	-	66.42	-	86.74		
Deferred income	12.13	28.82	11.65	24.55		

Remaining performance obligations as at the reporting date are expected to be substantially recognised over the next three years by the Group.

### (d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

			(₹ crores)	
Description	As at 31 March 2021	As at 31 March 2020		
Contract price	7,249.15	5,996.86		
Less: Discount, rebates, credits etc.	328.30	260.28		
<b>Revenue from operations as per Statement of Profit and Loss*</b>	<b>6,920.85</b>	<b>5,736.58</b>		

\* Other operating revenue amounting to ₹ 93.57 crores (31 March 2020: ₹ 73.51 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

(e) The Group provide warranties on products sold by them and majority of these are in nature of assurance that the related products will function as the parties intended because it complies with agreed-upon specifications and hence accounted for in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets. Additionally, the Group extends its services by offering extended warranty with the sale of products which is deferred over the warranty period.

50 The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated 4 March 2011.

Escorts Benefit Trust which inherited the funds and shares from Hardship Committee constituted under directions of the High Court has sufficient funds to meet the payment obligations towards Escorts Finance Limited deposits.

As per our Report of even date attached  
For **Walker Chandio & Co LLP**  
Chartered Accountants  
(Firm Regn No. 001076N/N500013)

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership No. 504662

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

Place: New Delhi  
Date: 14 May 2021

**Bharat Madan**  
Group Chief Financial  
Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary &  
Compliance Officer  
Membership No. A14783  
Place: Faridabad

Date: 14 May 2021

## Notes forming part of the Consolidated Financial Statements

for the year ended 31 March 2021

### Statement containing salient features of the consolidated financial statements of subsidiaries/joint venture for the year 2020-21

#### Subsidiaries

(₹ in crores unless stated otherwise)

Name of the subsidiaries	Escorts Finance Limited	Farmtrac Tractors Europe Sp. Z.o.o, Poland *	Escorts Securities Limited	Escorts Crop Solution Limited	Escorts Benefit and Welfare Trust	Escorts Benefit Trust
Reporting period	31 March 2021	31 March 2021	31 March 2021	31 March 2021	31 March 2021	31 March 2021
Capital	40.17	25.87	13.50	22.40	-	-
Reserves & Surplus	(218.64)	(24.96)	(0.74)	(12.88)	0.02	10.84
Total assets	4.85	58.38	23.08	13.94	0.77	10.85
Total liability	183.33	57.47	10.32	4.41	0.75	0.01
Investments	3.04	-	0.23	-	-	10.84
Turnover	0.00	100.35	10.43	12.79	-	-
Profit/(loss) before taxation	(0.01)	1.04	0.54	(3.42)	0.05	(0.00)
Provision for taxation	-	-	0.19	-	0.02	0.00
Profit/(loss) after taxation	(0.01)	1.04	0.35	(3.42)	0.03	(0.00)
Proposed dividend	-	-	-	-	-	-
% of shareholding	69.42%	100%	51.26%	100%#	100%	100%

\* Note: Exchange rate 1 PLN= 18.47 ₹ (i.e. closing rate)

#Rounded Off to 100%

#### Joint venture

(₹ in crores unless stated otherwise)

Name of the Joint venture	Adico Escorts Agri Equipment Private Limited	Tadano Escorts India Private Limited	Escorts Kubota India Private Limited	Kubota Agricultural Machinery India Private Limited
Latest audited balance sheet date	31 March 2021	31 March 2021	31 March 2021	31 March 2021
Shares held by company				
Numbers	84,00,000	5,56,15,000	1,20,00,000	2,00,00,000
Amount of investment (₹ crores)	8.40	55.62	120.00	90.00
Holding %	40%	49%	40%	40%
Description of how there is significant influence	Joint venture agreement	Joint venture agreement	Joint venture agreement	Joint venture agreement
Reason for not considered for consolidation	Not applicable	Not applicable	Not applicable	Not applicable
Networth attributable to shareholding (including goodwill)	3.86	46.69	105.63	103.66
Total comprehensive income/(loss) for the year	1.71	(3.15)	(33.94)	34.16
Considered in consolidation	0.68	(1.54)	(13.58)	13.66
Not considered in consolidation	1.03	(1.61)	(20.36)	20.50

#### For and on behalf of the Board of Directors

**Nikhil Nanda**  
Chairman and Managing Director  
(DIN: 00043432)  
Place: New Delhi

**Shailendra Agrawal**  
Executive Director  
(DIN: 03108241)  
Place: Gurugram

**P.H. Ravikumar**  
Director  
(DIN: 00280010)  
Place: Mumbai

**Bharat Madan**  
Group Chief Financial Officer & Corporate Head  
Place: Gurugram

**Satyendra Chauhan**  
Company Secretary & Compliance Officer  
Membership No. A14783  
Place: Faridabad

Date: 14 May 2021

## Glossary List

Short Form	Full form
AAR	The Association of American Railroads
AGM	Annual General Meeting
AR	Annual Report
BHL	Backhoe Loader
BRR	Business Responsibility Report
BSE	Bombay Stock Exchange
BSIV	Bharat stage emission standards
CAGR	Compound Annual Growth Rate
CEI	Customer Empathy Index
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resource Officer
CII	Confederation of Indian Industry
CNG	Compressed natural gas
CoBC	Code of Business Conduct
COO	Chief Operating Officer
CSR	Corporate social responsibility
CY	Current Year
DFC	Dedicated Freight Corridors
DG	Diesel Generator
DHBVN	Dakshin Haryana Bijli Vitran Nigam
DIY	Do it yourself
DLP	Data Loss Prevention
DNA	Deoxyribonucleic acid
EAM	Escorts Agri Machinery
EBIT	Earnings before interest and taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EBWT	Escorts Benefit and Welfare Trust
ECE	Escorts Construction Equipment
ED	Executive Director
EHS	Environment, Health and Safety
EK	E-Kubota
EKI	Escorts Kubota India private Limited
EMDE	Emerging Market and Developing Economies
ERM	Enterprise Risk Management
ESG	Environment, Social and Governance
ESL	Escorts Securities Limited
ESOPs	Employee Stock Option Plan
ETP	Effluent Treatment Plant
EY	Ernst & Young
FT	Farmtrac
FY	Fiscal Year represents the 12 months period from 1st April to 31st March.

## Glossary List

Short Form	Full form
FY2021 or FY21	Fiscal Year represents the 12 months period from 1st April 2020 to 31st March 2021.
FY2021-22	Fiscal Year represents the 12 months period from 1st April 2021 to 31st March 2022.
GDP	Gross domestic product
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GST	Goods and Services Tax
GVA	Gross value added
HIRA	Hazard Identification and Risk Assessment
HP	Horsepower
HR	Human Resource
HSPCB	Haryana State Pollution Control Board
IBC	Insolvency and Bankruptcy Code
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
IndAS	Indian Accounting Standards
IP	INTELLECTUAL PROPERTY
IRIS	International Railway Industry Standard
ISO	International Organization for Standardization
IT	Informational Technology
JIT	Just in time
JSA	Job Safety Analysis
JV	Joint venture
KAI	Kubota Agriculture Machinery India Pvt. LTD.
KL	kilolitre
KMC	Knowledge Management Centre
KMP	Key Managerial Personnel
KRAs	Key Result Areas
KWH	kilowatt hour
LMS	Learning Management System
LODR	Listing Obligations and Disclosure Requirements
LPG	Liquefied Petroleum Gas
LY	Represents Last Year
MGNREGS	Mahatma Gandhi Employment Guarantee Act
ML	millilitre
MMU	Mobile Medical Units
MOU	Memorandum of understanding
MSME	Ministry of Micro, Small and Medium Enterprises
MSP	Minimum support price
MTBP	Mid Term Business Plan
MTBP	Metric Ton
MWh	Megawatt hour
NAV	Net Asset Value

## Glossary List

Short Form	Full form
NETS	New Escorts Tractor Series
NFSA	National Food Security Act
NIP	National Infrastructure Pipeline
NPD	New Product Developed
NR	Not Relevant
NRC	Nomination and Remuneration Committee of the Company
NSE	National Stock Exchange
OCI	other comprehensive income
OHC	Occupational Health Centre
OHSMS	Occupational, Health & Safety Management System
PAT	Profit After Tax
PBT	Profit Before Tax
PM	Pradhan Mantri
PM	Particulate Matter
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojana
PnC	Pick & Carry Crane
PoSH	Prevention of Sexual Harassment at Workplace
PPE	Personal Protective Equipment
PSI	Plant Sustainability Index
PT	Powertrac
Q1	Represents the 3 months period from 1st April to 30th June
Q2	Represents the 3 months period from 1st July to 30th September
Q3	Represents the 3 months period from 1st October to 31st December
Q4	Represents the 3 months period from 1st January to 31st March
QoQ	Represents Quarter on Quarter
R&D	Research and development
RBI	Reserve Bank of India
RDSO	Research Designs and Standards Organisation
RDX Series	Rotavator Diesel Saver Extrapower
REBA	Rapid Entire Body Assessment
RED	Railway Equipment Division
RNIL	Rajan Nanda Innovation Lab
ROCE	Return on capital employed
RT-PCR	Reverse transcription polymerase chain reaction
SA	Service APP
SCM	Safety Committee Meeting
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SHIP	Sprayers, Harvesters, Implements and Planters
SOPs	Standard Operating Procedures
SOS	Save our souls
Sox	Sulfur oxide emissions

## Glossary List

Short Form	Full form
SPOCs	Single Point Of Contact
SR	Sustainability Report
STP	Sewage Treatment Plant
TEI	TADANO ESCORTS INDIA PVT. LTD
TJ	Terajoule
TPM	Total Productive Maintenance
UIC	International Union of Railways
UN	United Nations
US	United States
USA	United States of America
VFD	variable frequency drive
WFH	work from home
WIP	Work-in-progress
YoY	Year on Year

## Corporate Information

### Mr. Nikhil Nanda

Chairman and Managing Director

### Mr. Hardeep Singh

Director

### Mr. P.H. Ravikumar

Independent Director

### Mrs. Vibha Paul Rishi

Independent Director

### Dr. Sutanu Behuria

Independent Director

### Ms. Nitasha Nanda

Whole-time Director

### Mr. Shailendra Agrawal

Executive Director

### Mr. Sunil Kant Munjal

Independent Director

### Ms. Tanya Dubash

Independent Director

### Mr. Harish N. Salve

Independent Director

### Mr. Dai Watanabe

Nominee Director

### Mr. Yuji Tomiyama

Nominee Director

### Group Chief Financial Officer & Corporate Head

Mr. Bharat Madan

### Company Secretary & Compliance Officer

Mr. Satyendra Chauhan

### Secretarial Auditors

M/s. Jayant Gupta & Associates

### Internal Auditors

M/s. Ernst & Young LLP

### Statutory Auditors

M/s. Walker Chandiok & Co LLP

### Cost Auditors

M/s. Ramanath Iyer & Co.

### Corporate Centre & Registered Office

15/5, Mathura Road,  
Faridabad -121003, Haryana, India

### Bankers

IDBI Bank

Axis Bank

State Bank of India

ICICI Bank

IndusInd Bank

The Hongkong and Shanghai Banking Corporation Ltd.

Standard Chartered Bank



**ESCORTS**

**Escorts Limited**

Corporate Centre & Registered Office  
15/5, Mathura Road, Faridabad -121003, Haryana (India)

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