



ESCORTS



Innovating
the Future

70th
Annual Report
2015-16

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



Vision

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

Mission

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

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Being future-ready



As an enterprise that is rooted in fertile grounds by virtue of its presence across sectors that are at their transformational cusp, Escorts Limited delivered a commendable performance in a challenging business environment in 2015-16.

With an economic growth rate that is the fastest in the world, India clearly stands out amidst global gloom. Driven by a reforms-led growth agenda, the economic pace is expected to sustain well into the future, centered around large and consistent investments in core sectors including agriculture, construction and transportation, most notably the railways.

At Escorts, combining our innovative engineering capabilities with robust downstream platforms, pairing our rich knowledge capital with vibrant customer relationships and aligning the entrenched focus on driving national progress with a world-class product portfolio, we are future-ready to capitalise on the imminent rebound.



Message from the Chairman



“At Escorts, we are preparing for a future that creates enduring value for the country, customer and company.”

Dear shareholders,

I have always believed that companies which successfully address and alleviate some of the most genuine pressures of a society and a nation with futuristic products and solutions create enduring value. The era that we live in today is a testament of this conviction.

By virtue of our engagement in the core sectors of the economy – agriculture, infrastructure and construction and the railways, our businesses make a unique contribution to the growth and development aspirations of the nation. In line with our focus on creating enduring value for the country, we have converged our efforts on creating an enterprise that is agile, responsive, dynamic and determined. In essence, future-ready.

The forecast of above-average and spatially-distributed monsoons in the current year is expected to drive revival of farm incomes, spur economic growth, lower inflationary pressures and boost the overall rural demand across various consumption categories. As optimism sweeps across India’s vast agricultural landscape, we are witnessing a certain perceptible degree of uniformity with the growing recognition of mechanisation among the farmer community as the only way forward towards enhancing crop yields.

In no small measure is this revolution being fostered by educated and progressive farmers who are aware of the cutting-edge global developments in agri-economics and are also keen to leverage scientific best practices with a view to drive more crop per

unit of the available land. They are increasingly looking at technology and mechanisation to enhance stability and derive risk-mitigated outcomes in a sector that is dependent on one core anchor – good monsoons. Besides, with small agricultural land holdings, peripheral farmers also see technology as the emerging de-facto for crop transplantation and harvest, especially in the face of risks emanating out of expensive labour or worker shortages.

Relevantly so, at Escorts, we are bringing forth cutting-edge technology that enhances agri-economics. Our world-class products help foster mechanisation across farms, positively impacting the lives at the grassroots. As a Company that is connected through a vibrant social network with the agricultural ecosystem, we nurture long-term

relationships with our dealers and customers, anchored on mutual trust, sensitivity and respect.

At Escorts, we also see the country's infrastructure and construction industry at an attractive inflection point, based on the Government's renewed focus on developing Smart Cities and other growth-stimulating infrastructure. This thrust can be a major driver of economic transformation, helping restore the growth momentum of our construction equipment business that comprises a range of world-class efficiency-enhancing equipment.

The Indian Railways is poised to be a big investment driver with its own Five-Year Plan that envisages a massive capital outlay. This will inevitably throw up huge opportunities for companies like ours that have demonstrated capabilities in cutting-edge and highly-compliant ride-control products, strong multi-year relationships and robust product development cycles.

To an attractively emerging macro-industry landscape, we have brought our continued signature focus on reinforcing the foundations of our organisation. Underlining our vision to achieve cost leadership, we converged our various global-class engineering programs and practices under Project Shikhar that aspires to drive a three-pronged result – reduce material costs, build a lean and dynamic supplier base and moderate

inventory in a bid to liberate working capital. Through our ongoing efforts, during 2015-16, we achieved robust cost economies that provide us with levers to further draw down on our material and operational costs. We also sharpened our focus on productivity that resulted in strategic manpower optimisation, enabling us to right-size the organisation. These initiatives are helping lower breakeven, enabling momentum in profitability accretion.

Your Company is also engaged with global experts and consultants to help us develop progressive systems and processes towards enhancing customer interaction with our brands and capture value across the chain through lowering costs and boosting revenues.

With the Indian Government's focus on building human resource capacities and capabilities, reflected in its Skill India mission, our Corporate Social Responsibility initiatives under the Escorts Skill Development Centre are actively contributing to skills development and employment generation.

Our unwavering focus with the customer at the pivot, robust intellectual pool, extensive use of technology, pan-India distribution channels and a comprehensive product suite across divisions are some of the Company's key strengths that will enable us to remain at the forefront of growth.

Going into 2016-17, we will continue to strive to set higher benchmarks of performance and strengthen our engagement with our stakeholders. We are future-ready to capitalise on the opportunities emerging out of the India of tomorrow that will be very different from the India of today.

With my best wishes,

Rajan Nanda

Chairman and Managing Director

Discussion with the Managing Director



“We are focusing on creating a business model that is future-ready, enabling us to enhance organisational sustainability and profitability.”



Nikhil Nanda,
Managing Director

What is the essence of being future-ready at Escorts in the context of a country that is emerging as the fastest-growing the world over?

The country's economy has gained momentum to register a five-year high GDP growth of 7.6% in 2015-16, displaying exceptional grit amidst challenging economic conditions that are prevailing around the globe. In fact, the Finance Ministry has pegged India's 2016-17 economic growth at 8% on the projections of good monsoons driving the agro-rural economy, improvement in domestic private investments and reform-oriented policies fostering a more conducive business environment. The bounties of the recently announced Seventh Pay Commission, the general trend of stable interest rates, above-average monsoons predicted in the current season represent some of the major forward-looking growth drivers.

Serving the interests of the economy's core sectors that are on a revival, your Company is fully-gearred to capitalise on the emerging macro-economic scenario with products and solutions that are future-ready. We are working towards strengthening profitability even as we aspire to exceed stakeholder expectations by constantly innovating and setting benchmarks that are among the world's best. In doing so, we are focusing on creating a business model that is future-ready, enabling us to enhance organisational sustainability and profitability.

How would you describe the financial performance of Escorts for 2015-16?

Despite the fact that 2015-16 was a challenging year due to a general sluggishness, delayed monsoons and challenging retail finance, we managed the challenges well and are pleased

to report a healthy performance. We clocked revenues of ₹ 3,472.2 crores and maintained our EBIDTA at ₹ 160 crores. Our EBIDTA margin grew by 56 bps to 4.6% in 2015-16, led by a healthy 13% and 15% growth in per tractor and per crane contribution, respectively, effective team efforts on material cost reduction, change in the product mix towards the value-added, robust and ongoing value engineering initiatives and higher personnel productivity with a focus on 'more for less'.

Our emphasis on strengthening cash generation from operations yielded a positive fund of ₹ 229 crores that gave us more headroom to manage our liquidity and working capital. Our Balance Sheet strengthening focus was reflected in our total debt declining by 26.2% to ₹ 355 crores as on 31 March 2016 that also led to substantial interest cost optimisation

by 10.2% to ₹ 51.3 crores on the P&L. Our debt-equity ratio also improved to a comfortable 0.19x as on 31 March 2016. With shrinking agri-sector cyclicality, our organizational agility enabled us to report better metrics in terms of reduction in both finished goods and raw material inventory and improvement in collections.

Our sustained effort towards optimising costs and streamlining operations has put us in a position where our sales growth is translating into profitability accretion. Resultantly, our profit before exceptional item grew by 7.6% to ₹ 106.4 crores and net profit surged by a substantial 19.6% to ₹ 89.4 crores. This overall performance has not gone unnoticed with our external credit rating improving from 'BBB+' to 'A-'.

Going forward, we intend to further augment our financial health with our management organising monthly 'flash' meetings to keep a continuous check on the Company's financial health with a keen focus on lowering breakeven points.

Can you mention some of the highlights at Escorts Agri Machinery (EAM) division?

Domestic tractor industry and consequently our volumes witnessed a drop as deficient rainfall for the second consecutive year and untimely rains just before the harvesting season dampened sentiments. However, we could capitalise on the 1% growth across our opportunity markets in South and West India with the result that our domestic market share stood at 10.3% during the fiscal under review. Our EBIT margins rose to 8.1%, up by 95 bps, primarily due to material cost reduction.

We focused on leveraging our core engineering and development skills to upgrade our product lines towards

creating contemporary winners and introducing new products. Continuing with our strategy to offer innovative products, we launched the Euro 45 and 50 series under the Powertrac brand and the Classic series under the Farmtrac brand in the 41-50 HP category. The market response for these models has been very encouraging with the result that our market share in the 41-50 HP category increased from 9.7% to 10.9% in 2015-16. Going forward, we will continue to reinforce our positioning as a comprehensive mechanized farm solutions player, launching products that are suited for specialised farm applications.

At EAM, the essence of being future-ready has enabled us to look into the future with a clear lens. To this extent, we are now ready to capitalize on our prowess and work with Porsche Design to introduce the World Series tractors building on applied sciences and create one of the most prestigious technology platforms in Asia.

Going forward, I believe that our ability to research, understand, ideate, engineer and manufacture new homegrown solutions that make a tangible difference in the lives of our customers will continue to open new growth opportunities and enable us to create a strong differentiation in a competitive industry.

What were some of the other developments at EAM?

We are also building enduring relationships to strengthen our customer proximity and enhance brand equity. Our strategy is in place to build stronger partnerships among our suppliers and dealers, broaden our distribution network and expand our coverage to maximize reach. Our priority is to strengthen the ecosystem where we stock spare parts on an anytime-anywhere basis and provide

proactive service, leading to customer delight and retention.

Along the same lines, creating opportunities for customers to own their tractors, we entered into a partnership with the Indian subsidiary of the Netherlands-based DLL Group to establish Escorts Credit, which provides retail tractor loans to customers with quick and convenient options. Similarly, our Jai Kisan helpline caters to customer queries with a strong focus on swift resolution.

Going ahead, we are looking at significant product expansion and improving our geographical reach. We are focusing on providing customers a range of world-class crop solutions and implements in a bid to augment farm mechanisation that will catalyze agri productivity and profitability. We are also working towards achieving a pan-India presence by penetrating untapped markets and increasing our market share through the extensive dealership promotion of our Powertrac and Farmtrac brands.

On the international front, we strengthened our market in South Africa and showcased our Heritage Series tractors at the NAMPO Trade Fair in 2015. Relevantly so, we highlighted the spirit of innovation through the Government's 'Make in India' initiative. We also launched our exclusive Farmtrac showroom in Cambodia's Kampong Thom province along with Tata International, our business partner in the country. Through this series, we aim to offer world-class four-wheel tractors with a 45-80 HP range. The launch of this outlet in a largely agrarian economy with vast paddy, sugarcane, palm and rubber plantations fits well with our long-term ambition plans for Cambodia.

At our European unit, the Heritage tractor series was launched in

the 75 HP bracket. Some of this product's larger components will be manufactured in India, enabling us to augment profitability.

With our Global Transformation Vision 2020, we launched 12 new tractors in the 12-110 HP range under flagship brands to focus on the needs of our international customers. I am happy to mention that 37 partners from across the world have affirmed their association with us. We already enjoy a strong foothold across continents and our new transformation vision will further enable us to strengthen our position across North and South Africa, America, Europe and the ASEAN region.

What were some of the highlights on the manufacturing side?

As an enterprise that is future-facing, we launched Project Shikhar in 2014 towards achieving industry benchmarks on the cost front. I am happy to share some of your Company's key achievements in this regard:

- Reduced overall material cost from 71.5% to 68.9% of sales
- Achieved the expected 25% reduction to build a leaner and best-in-class supplier base

At EAM, we embrace a comprehensive total productive maintenance (TPM) system for maintaining and reinforcing production integrity and quality at modest investments. Moreover, our 23-acre Knowledge Management Centre continues to establish innovative tractor designs using the latest technology, incorporating advanced features to improve productivity. With our keen focus on engineering, we have developed many new special-purpose tractors which help us meet evolving customer requirements.

Can you highlight the performance of the Escorts Construction Equipment (ECE) division?

The construction equipment industry, after four years of continuous decline, witnessed a substantial 16% growth in 2015-16. Major segments like road construction, concreting and mining have seen a positive movement with compactors finding strong favour. Our served industry (backhoe loaders, PnC and compactors) grew by a healthy 5.5% during the year under review even as we focused on cost rationalisation through backend integration with the agri-machinery and R&D teams. This amalgamation will not only help us consolidate and reinforce our manufacturing and design capabilities but will also enable us to aggressively focus on the front end of the business.

The country's material handling industry is expected to grow at an 8.2% CAGR to touch 6,400 units by 2019-20 with the market moving towards high-value, high-tonnage cranes. The focus on safety is also increasing, resulting in a paradigm shift towards safer and more specialised cranes. Moreover, the Government's policy action and investment in key areas including roads, articulated by the plan to build 30-km of roads every day, railways, defense and Smart Cities is likely to fuel industry growth.

At ECE, our pipeline of new projects goes deep, characterised by several technologically-advanced products to serve emerging applications and improve execution speed. Your Company aims to become a one-stop-shop for providing end-to-end customer-centric solutions and build a leaner manufacturing/ sales setup with better fixed costs management, driven by the sector's long-term potential.

Coming to the Escorts Railways division, why are we optimistic of the business, going forward?

The growth of the Indian Railways network has always been a Government priority. The era of network modernisation and expansion, including the new high-speed trains, will call for the introduction of many new cutting-edge technologies and systems. The Government has planned cumulative investments of ₹ 11.67 lakh crores between 2015-19 in segments such as rakes, tracks, bridges, network expansion, electrification, signalling and safety. This is over and above the investment in coaches, wagons, locomotives and the like to the tune of ₹ 1.67 lakh crores.

At Escorts Railway Equipment Division, through our in-house research facilities and strategic alliances, we are positioning ourselves to be an integral part of this large opportunity. On the manufacturing front, we have always looked at safety and comfort as a paramount concern and have focused on innovation to enhance product and asset integrity. Towards this extent, we have completed testing the bogey-mounted brake systems and will introduce them soon. Meanwhile, our axle mounted disc brakes are under R&D and will be tested soon.

Given the Government's focus on revitalizing the Indian Railways, we are excited on the future outlook of this business. To capture the opportunity, our endeavor is to expand our product range either through in-house development or through technology partnerships.

What role are 'people' and 'processes' playing in this transformation?

Human resource is an organisation's key asset and we firmly believe in investing in them foremost. Our

people focus has always been on creating an environment of unity, collaboration and co-operation where our employees are candid and work together towards strengthening our organisational culture. Even so, our average employee age is declining as we continue to hire young and energetic youth. Moreover, the number of women in our workforce has also increased over the years. Employee-driven innovation is always encouraged as we work towards creating an 'innovation fund' and inspiring our people to think beyond the obvious.

Going ahead, we will continue to emphasise on the development of human resource capacities and capabilities towards enhancing productivity and enable team members to realise their personal goals and aspirations through comprehensive learning and development platforms.

Even as we remain committed to the growth and development of our employees, we also believe that robust systems and stringent processes have the ability to transform the way organizations function. Last year, we joined hands with US-based IT major Cognizant to modernize our technology landscape and achieve our vision of digitally transforming our businesses to deliver innovative products, provide superior customer experience and drive growth.

Cognizant will enable Escorts to improve control and collaboration across our value chain by mobile-enabling the workforce and integrating multiple systems used by vendors, sales partners and customers. This will help us continuously improve product quality and offer a broad range of customised, configurable and

value-added products and services, strengthening existing customer relationships and building new ones.

Thus, we will embrace adaptive production lines and demand-based manufacturing practices and develop new digital capabilities in areas such as mobility, analytics, cloud, telematics and machine-to-machine communication. Complementing traditional channels with new digital ones, we will be able to better align manufacturing and business strategies and expand into newer geographies. By enabling connected worksites, remote product monitoring and diagnostics and platform-based governance, we will be able to harness and analyse real-time data from multiple sources for improved customer insight, decision-making and productivity.

Apart from Cognizant, we are also engaging with globally-reputed consultants who are helping us in cost optimization, institutionalizing best-in-class systems and processes for lean and proficient operations and enhanced profitability.

What are the overall ambitions for 2016-17?

Being an integral part of India's agricultural and infrastructure development sector, your Company has always been an enthusiastic participant in the nation's progress. Today, India's growth is among the highest in the world, making it a driving force behind global recovery. To capitalise on this consumption-led opportunity, we are leveraging our ability to engineer technology to chart a growth path that spans a wider canvas of economic activity across the agriculture, infrastructure and transportation sectors.

With this backdrop, we expect profitable business growth with innovation-driven engineering. In this journey, we intend to be mindful to focus on creating an efficient business that builds and delivers higher value for all our stakeholders. Driven by the twin focus of winning in the market and operational efficiency, backed by our continued obsession to learn and listen, we intend to leverage our engineering skills to exceed expectations.

We have focused strongly on brand building and visibility and hence have strategic plans of higher investments in this area through integration of our go-to-market with some of the most innovative digital, web and brand platforms.

At every junction, your Company's ability to engineer technology and innovation is making a difference to our customers. Going forward, we will continue to identify needs, tap new opportunities and adapt to changes we anticipate in the future. With our relentless efforts and a strong customer-centric approach, we commit ourselves towards significantly improving capital returns and wealth for our shareholders, customers, employees and all other stakeholders.

As always, I can be reached through our Investor Relations team or directly at nikhil.nanda@escorts.co.in. Please feel free to share your thoughts and suggestions.

Board of Directors



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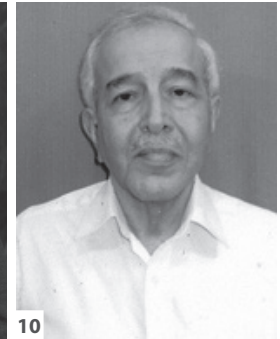
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1. Mr. Rajan Nanda

Chairman & Managing Director

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

2. Mr. Nikhil Nanda

Managing Director

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

group constituted by All India Management Association (AIMA) and Young India Committee of CII.

3. Dr. S. A. Dave

Director

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

4. Mr. Hardeep Singh

Director

Mr. Singh has a rich experience of holding top managerial positions in leading Indian and foreign companies. Mr. Singh was the Former Executive Chairman of Cargill South Asia and Amalgamated Plantations Private Limited (a Tata Enterprise) and non-executive Chairman of HSBC Invest Direct India Limited. He is the Chairman of the monitoring committee on Minimum Support Price constituted by Planning Commission, Govt. of India. He has been a member of National Council of CII, National Committee for Agriculture of FICCI and served as an honorary advisor on Agriculture to the Chief Minister of Punjab. An invited speaker at the World Bank, US Department of Agriculture Global Summit, International

Food Policy Research Institute in Washington DC, Imperial College in the UK and Indian Institute of Management (IIM), Ahmedabad. He is a graduate in Economics from Pune University and an alumnus of Kellogg School of Management.

5. Mr. PH Ravikumar

Director

Mr. Ravikumar is a Commerce Graduate and CIIB, AIB from London with a Senior Diploma in French. He is also a Fellow (Honorary) of The Chartered Institute of Securities and Investments (CISI) U.K., and the Chairperson of CISI's India Advisory Council. He has been the founder Managing Director and Chief Executive Officer of National Commodity and Derivatives Exchange Limited (NCDEX) and Invent Assets Securitisation and Reconstruction P Ltd (Invent), an RBI regulated Asset Reconstruction Company. Prior to these assignments, he has worked in senior level positions in ICICI Bank, the leading private sector bank in India and Bank of India, a premier public sector bank in India. He has been on the governing body of Entrepreneurship Development Institute of India, Ahmedabad and Federal Bank Limited. He is currently the non-executive chairperson of SKS Microfinance Ltd. and (among other companies) on the Boards of L&T Investment Management Co. Ltd., Aditya Birla Capital Advisors Ltd., Bharat Forge Limited, etc.

6. Ms. Vibha Paul Rishi

Director

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

7. Dr. Sutanu Behuria

Director

Dr. Behuria is a postgraduate in Economics from Delhi School of Economics as well as a postgraduate and Ph.D in Economics from Southern Methodist University, Dallas, Texas. He is an Indian Administrative Services Officer (Himachal Pradesh) from the 1976 batch. He has during his illustrious career spanning 38 years of professional experience served as Secretary in the Dept. of Fertilisers, National Disaster Management Authority, Ministry of

Minority Affairs and Department of Heavy Industry. He has been the Financial Advisor to the Ministries of Commerce, Textiles, Coal, Mines, Youth Affairs and Sports in the Government of India. He has worked as Finance and Planning Secretary in Himachal Pradesh Government among many other Departments. He has served as Board member in over 25 PSUs. Dr. Behuria has worked in the Asian Development Bank for over five years. He has also been Advisor to the Finance Minister of Mauritius for two years under a Commonwealth program.

8. Mr. GB Mathur

Director

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

9. Ms. Nitasha Nanda

Director

Ms. Nanda is a multi-faceted professional, entrepreneur and business leader with a wide spread of experience across global and Indian companies. After graduating with Honours in Commerce from University of Delhi, she has worked with Price Waterhouse, ANZ Grindlays Bank, Hewlett Packard, Escorts Finance Limited and other reputed organizations in the area of Business Strategies, Financial Management, Operational Research and Managerial Techniques, among others. Ms. Nanda is responsible for managing the company's subsidiary companies which include Escorts Securities Limited and Escorts Asset Management Limited. She is also on the Board of Directors of a number of companies, including Seitz Technologies, RNIS, Raksha TPA, Rimari India and Sun & Moon Travels.

10. Mr. DJ Kakalia

Director

Mr. Kakalia is a Commerce Graduate from Siddharth College of Commerce & Economics, Mumbai and a Law Graduate from Govt. Law College, Mumbai. He enrolled as an Advocate of Bombay High Court in 1973, qualified as a Solicitor from Bombay in 1976 and qualified as a Solicitor of the Supreme Court of England in 1982. Presently, he is Partner in Mulla & Mulla & Craige, Blunt & Caroe, Advocates, Solicitors & Notaries. He specializes in litigation for the power and manufacturing sector, representing and advising large power companies. His clientele includes big corporations including Reliance Group. He is Director and member of various Board Committees including Aditya Birla Finance Limited, Reliance Broadcast Network Limited and Reliance Power Limited.

Management Team



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



Mr. Nikhil Nanda, Managing Director, is a visionary entrepreneur with a passion to drive the Group's diversified business portfolio. He plays a vital role in defining the Company's strategic outlook and steering the operations to excellence. A strong believer in core values as the driver of business growth, Mr. Nanda is setting the transformational agenda for the future of the Company. Mr. Nanda is an alumnus of Wharton Business School, Philadelphia, with majors in Management and Marketing.



Mr. Ravi Menon, Chief Executive Officer, Escorts Agri Machinery, brings with him three decades of experience in corporate strategy, marketing, sales, branding, international markets and production. He is responsible for leading our sales and overall direction of the organization. Mr. Menon has held senior leadership roles across John Deere, ACC Limited, Exide Industries Limited. He holds a Master's degree in Management.



Mr. S. Sridhar, Chief Executive Officer, Escorts Construction Equipment, agriculture engineer, possesses 29 years of rich experience in engineering, automotive industry and manufacturing. He has undergone a year-long Senior Management training with ESMT, Germany. Mr. Sridhar specializes in brand and business strategies, inspired by the Chinese war guru Sun Tzu. He started his career at Mahindra and Mahindra Limited's tractor division and acquired vast operational experience in TVS Suzuki. He was the former CEO (2 wheeler) and then the President (motorcycle) of Bajaj Auto Limited. He has also served as the CEO of Escorts Agri Machinery for four years and has played a key role in devising the company's go-to-market strategies.



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



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



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

Management Discussion & Analysis

Indian Economy Outlook

India's economy gained momentum in last fiscal, robust urban consumption and public investment have supported growth despite an unfavorable external environment. In the backdrop of the headwinds both on the global and domestic front, our government has tried to address wider spectrum of themes last fiscal and in current fiscal budget announcement while adhering to the fiscal consolidated roadmap. Agenda of budget is "Transforming India" and is in line with the initiatives and vision of government. The fact that agriculture and rural sectors had received a greater focus during the budget was commendable as these sectors had not received the required thrust during the last budget and weak rural demand has been a major drag to overall consumption during last two years.

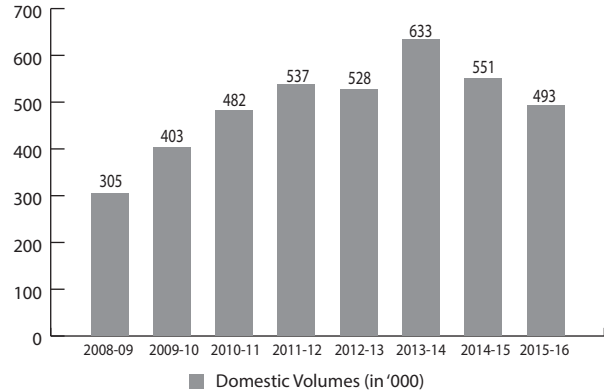
The rural economy has been under stress since last two years due to droughts and fall in global prices of primary agriculture commodities. The rural distress is evident from low growth in real income and falling rural demand. With current announcements and actions by the government has endeavored to provide a boost to agriculture sector and thereby to rural economy by proposing almost 84% increase in budget allocation for agriculture and irrigation sector. Increase allocation towards irrigation sector is expected to help millions of farmers over the long term. The focus on credit facilities, crop insurance scheme, organic farming and dairying projects bodes well for the growth of the sector. The online wholesale market for farm produce will ensure fair remunerative prices for the farmer. These initiatives are expected to provide some respite to farmers and if implemented effectively would have multiplier effect in the form of demand generation in the rural area.

Industry Overview and Business Performance

1. Escorts Agri Machinery Business

Indian Tractor Industry

Indian Tractor Industry declined by 10.5% at 493k units against 551k in FY15. Sentiment of the farmers and the industry have been dampened firstly due to Agro-Climatic Conditions-Rainfall 2nd year in a row was deficient & below-normal monsoon season and then untimely rains just before the harvesting season.



Your Company's domestic volume down by 11.9% at 50,698 against LY 57,565. Industry de grew by 17% in our strong market (North and Central), where join industry grew by 1% in opportunity markets (South and West). Your Company's domestic market share stands at 10.3% in year ended FY16.

Continuing with our strategy to offer innovative products and focus on higher HP product category, Your Company had launched "Euro 45" & "Euro 50" series under Powertrac brand and "Classic" series under Farmtrac brand in 41-50 HP category. The market response for all the newly introduced models has been very positive. Your Company's market share increased from 9.7% to 10.9% in 41- 50 HP category in FY16. The new models are creating product pull based market demand amongst the perspective buyers. Going forward in the current fiscal, we shall continue to bring new products.

Opportunities and Threats

As Global is the best next opportunity, your Company will focus on several new markets specially Europe, Africa and South East Asia and provide India's best of technology at an affordable price.

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

Tractor industry is dominated by majorly domestic players; Entry of MNC players has further intensified competition. Your Company is well poised to address same by technology and better product upgrades.

Product Launches

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



- **Euro Series under Powertrac** Euro 37, Euro 41, Euro 45 and Euro 50

A technological marvel where for the first time style & comfort comes without compromising with power & performance



- **Classic Series in 41-50 HP under Farmtrac** brand were launched in early part of the year.

"Modern Inside Classic Outside" 'Kheton Ka King'. Best-in-class combination of modern design, stunning looks, and world-class technologies.

- **FT 6055 Xtra** Torque Tractor with 20 speed transmission (the first in India) launched.

The market response for the newly introduced models under Powertrac & Farmtrac brands has been positive and

encouraging for the subsequent quarters. The new models are creating product pull based market demand amongst the perspective buyers. The new products are providing unique proposition of enhanced engine power, fuel efficiency, productivity & reliability to the Indian farmers.

Outlook

On full year basis Domestic tractor industry expected to go up by 8-10%, depending upon how well the monsoon fares.

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

Growing farm consolidation with increasing need for farm power per hectare and increasing substitution of manual and animal labour for various farming operations continue to drive the structural growth for higher HP tractor sales. Increasing finance penetration with more affordable finance rates have enabled a larger number of farmers to own tractors. Concurrently, the economics of tractor operation improved owing to increasing custom hiring for agricultural and other purposes, including transit of farm produce, and transport of people and materials for road construction and other infrastructure projects.

2. Escorts Construction Equipment (ECE)

Increasing investment in infrastructure development will lead to the growth in the construction market

Construction industry in India is growing rapidly with a major contribution from infrastructure development. It is expected that various projects in transportation infrastructure, power, urban infrastructure and real estate will drive the market. The development aided by a stable Government and improved macro-economic environment will lead to further growth.

After 4 years of continuous decline, the Construction equipment industry witnessed a growth of 15% in FY16 and our served markets grew by 5%. The pick and carry cranes industry went up by 9% in FY16, Compactor and BHL industry has gone up by 33% and 5% respectively.

On full year basis your Company's volumes are down by 15.0% to 2,555.

During the year your Company has launched following new products.

Hydraulic Mobile Cranes

- Safe Crane F 20
- Variants in HYDRA series (12T and 14T category) for expanding the market

Compactors

- Tandem HD85 with Escorts Water Cooled Engine

All these products have unmatched stability, offering powerful and reliable solutions to customers.



Outlook

With the development thrust from government in infrastructure, construction equipment market is expected to witness a rapid growth. It is expected that with the implementation of large projects, demand for specialized construction equipment will increase.

Government has taken a number of initiatives in the union budget for the infrastructure sector. Measures announced for physical infrastructure such as roads, ports, aviation and rural infrastructure are aimed at improving the connectivity and modernizing the various key elements of this sector. Further, forming policies for strengthening ties with private players will help in overcoming roadblocks.

Going forward, we expect that our served construction equipment industry will continue to grow at 15%-20%.

3. Railway Equipment Division (RED)

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

The division maintained its good performance and a dominant position in the industry in spite of increased competition and price pressure for existing products. Given the government's focus on revitalizing the Indian Railway, we are very excited on the future outlook of this business. Railway sector has a potential to grow at a phenomenal rate in the years ahead. With focus on freight corridors, high capacity rolling stock, last mile rail linkages, high speed trains and port connectivity the opportunities in this sector are in abundance.

Your Company has Launched several new products for the Metros and Indian Railway segments in India. These new rail products are an outcome of continual frugal and value engineering by in house R&D and Global Technology partners for making rail travel safe and reliable and more comfortable while also paving the road to import substitution and reducing the need for costly imports. In sync with the new vision of railway transformation, this marks the initial steps of success of 'Make In India' by indigenous manufacturers.

Your Company has lined up two new product launches which includes bogey mounted brake system (testing completed) and axle mounted brake system (ongoing testing). These products combined have an addressable market size of INR 300 Cr.

Additionally, your Company is also evaluating 4 to 5 new products. The new Automatic Door for Metro & High Speed Train, LHB Alstom Coach Dampers, Heavy Duty Locomotive Dampers, Rubber to Metal bonded products, Friction Products for LHB live up to the Escorts brand legacy of contributing to national development while unleashing hitherto unexplored business potentials for Railway Equipment Division.

We expect your Company revenue to grow at 15-20% CAGR for next 3-4 years.

4. Escorts Auto Products (EAP)

Achieved a revenue of ₹ 92.4 Cr. against ₹ 103.4 Cr. last fiscal. EBIT losses have gone down on a full year basis and also on the quarterly basis. This is achieved mainly due to cost savings in VRS, margin expansion due to sales portfolio rationalization and improvement in operations in EAP.

Overall Risks & Concerns

Prospects of the Indian tractor and construction industry are highly dependent on Government policies. Historically, large number of equipment's are sold on credit, despite an increase in the non-performing assets (NPAs) for financial institutions over the last few years, which has led to some tightening of credit norms. Most of the Equipment financing done by

banks comes under priority sector lending, a directed-lending mechanism of the Government of India. Despite the macro economic challenges the Company has been able to perform year after year. Had the macroeconomic environment been better we would have performed better.

Monsoons

Normal monsoons is critical for the agriculture industry. Indian Met Department predicting above normal monsoon this year. The Construction equipment sales to some extent run the risk in case of above normal monsoon.

Raw Material Cost

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

Over the past preceding three years, the prices of iron, alloy steel and rubber have been volatile. Any further slight variation will affect the profitability. Cost reduction project started last fiscal has resulted in significant reduction of material cost around 250 bps over previous fiscal. This project will be completed in current fiscal and resulting in reduction of Raw material cost from 72% to 68%, along with 25% reduction in supplier base leading to more profitable and leaner organization. .

Fuel Price

With the domestic price of oil rising significantly over the past few months, the price of automotive fuel is likely to face upward pressure. This has impacted cost of ownership and may have an impact on your company's product.

Corporate Governance

Your Company continues to benchmark corporate governance policies. High ethical & Corporate Governance standard is maintained to ensure honest & professional business practices to protect the reputation of the Company and its stakeholders. A strong risk management and internal control system form the backbone for robust corporate governance practices.

Your Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets.

Information Technology

During the year, your Company's Information Technology was strategically outsourced to Cognizant Technology

Solutions. This was done to facilitate the creation of a world class IT organization completely aligned to business goals and to proactively explore/evaluate emerging technology to meet medium and long term business plans. With this your Company will have direct access to Cognizant's innovation labs which would help in the implementation of state of the art processes, capabilities and technology.

With this contract, Cognizant has replaced multiple vendors who were previously rendering IT services. Along with managing the day to day IT operations, Cognizant is also involved in the various IT driven transformation initiatives currently going on in Escorts. During the year your Company's IT department won many awards and appreciations. Some of the major awards won are stated as under:

- Dataquest Business Technology Award for Security, 2015
- The ICONIC IDC Insights award for Business Intelligence, 2015
- CIO 100 Award, 2015
- Innovative 100 CIO Award 2015

Investor Relations

Your Company has a dedicated investor relations desk, which service the interest of investors, through regular contact and timely communication. Your Company maintains an active engagement with the investor community, through ongoing investor management meetings with shareholders and investors globally. During the year, your Company has organized "**Investor & Analyst Meet 2016**" in Faridabad attended by 70+ investors/analyst, also your Company has actively participated in a number of Domestic and International Investor Meets. Your Company also periodically conducted Analysts' meets and plant visits to communicate details of performance, important developments and exchange information.

Your Company's website (www.escortsgroup.com) contains a dedicated section '**Investor Information**' where all shareholders' information is available under one roof. Your Company's Annual Report is also available in a user-friendly and downloadable form. During the year your Company launched investor relations' mobile application, which can be downloaded from Apple iTunes and Google Play Store. Further for any query you can write in to us at investorrelation@escorts.co.in and we will get back to you within 3 working days.

Corporate Social Responsibility

Community Development

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

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

Employee Training and Development

Your Company manages 9,300 employees across all levels. Your Company has organized various in house and outside training workshops for workmen. There were approx. 500 plus training programmes and 3,400 plus Training Mandays; during last 12 months, the same initiative is being undertaken for the development of our employees in all our business verticals.

Capital Expenditure

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

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

Cost Savings

Your Company has continuously focus on stream-lining operations and cost rationalization during 2015-16 including materials, manufacturing and other over heads. All the employees right from shop floor to corporate office are involved in this initiative, wherein each team has targets to achieve in cost savings.

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

Financial performance with respect to operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Company has provided segment reporting on a consolidated

basis as per standard AS 17 on segment reporting. This information appears along with the consolidated accounts.

Operational Performance

The Company's Revenue at ₹ 3,472.2 crores in year ended Mar'16 against ₹ 3,985.8 crores in year ended Mar'15. The tractors volume at 51,455 in year ended Mar'16 down by 13.9% against 59,779 tractors in year ended Mar'15. Construction volumes down by 15% at 2,555 in year ended Mar'16 against 3,007 in year ended Mar'15.

Earnings before Interest, Depreciation, and Amortisation (EBITDA) at ₹ 160 crores in year ended Mar'16 as against ₹ 161.4 crores in year ended Mar'15.

Profit Before Tax (PBT) at ₹ 91.9 crores in year ended Mar'16 against ₹ 68.3 crores in year ended Mar'15 and Profit After Tax (PAT) at ₹ 89.4 crores in year ended Mar'16 against ₹ 74.7 crores in year ended Mar'15.

Segment Performance

The **Escorts Agri Machinery Divisions** revenues down by 14.1% at ₹ 2,739.4 crores in year ended Mar'16 against ₹ 3,204.3 crores in year ended Mar'15. The EBIT for the division stood at ₹ 222.1 crores in year ended Mar'16 against ₹ 229.3 crores in year ended Mar'15.

The **Escorts Auto Product Divisions** revenues stood at ₹ 92.4 crores in year ended Mar'16 against ₹ 103.4 crores in year ended Mar'15. The EBIT stood at ₹ (16.6) crores against ₹ (23.7) crores last year.

The **Railway Equipment Divisions** revenue at ₹ 205.4 crores in year ended Mar'16 against ₹ 183.5 crores in year ended Mar'15. The EBIT stood at ₹ 22.7 crores against ₹ 17.5 crores last year.

The **Escorts Construction Equipment Divisions** revenue at ₹ 455.6 crores for the year ended Mar'16 against ₹ 511.4 crores in year ended Mar'15. The EBIT stood at ₹ (30.02) crores against ₹ (24.8) crores last year.

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

On behalf of the Board
Sd/-

Place: Faridabad
Date: 25th May, 2016

RAJAN NANDA
Chairman & Managing Director

Corporate Social Responsibility

ESCORTS SCHOOL (S) WASH

Mission

Addressing the requirement of Water, Sanitation and Hygiene in Government Schools in Faridabad.

'Swachh Bharat: Swachh Vidyalaya' is the national campaign driving 'Clean India: Clean Schools'. A key feature of the campaign is to ensure that every school in India has a set of functional and well maintained water, sanitation and hygiene facilities.

The Escorts School WASH (Water, Sanitation and Hygiene) project is planned with a view to address the lack of basic amenities available to the students learning and shaping up their future in 13 Government Schools in District Faridabad. The present infrastructure is devoid of toilet and drinking water facilities and the users are not educated on health benefits of hygiene and sanitation. It was proposed to address this problem in a holistic approach through WASH, a concept globally recognized and accepted.

Project Highlights

- Project covered 6179 students so far.
- A three stage implementation through: Hardware Intervention, Software Intervention, Monitoring & Sustainability.
- Development of Information, Education & Communication (IEC) materials.

Indicators for Success

- Behavioural changes in the stakeholders for self-sustainability.
- Reducing girls dropout due to lack of basic facilities.
- Increased awareness among community holders on environmental issues related to water, sanitation and hygiene.

DRAIN/SEWAGE CLEANING MACHINES: CLEAN INDIA MOVEMENT

Mission

In line with Prime Minister's 'Clean India Movement' Escorts developed Two Customized Sewer/Drain Cleaning Machines for Haryana Urban Development Authority (HUDA), Faridabad.

These low cost mobile solution for sewer or drain cleaning are fitted onto the two different powerful tractors of maximum efficiency which makes them one of a kind and provides accessibility in moving easily in narrow lanes/by lanes where cleaning with large sized vehicle is not possible. With heavy force and robust pressure these suction & jetting machines give extreme reliability among lanky Jugaad machines.

The project is scalable to the different corners of the city and makes way to solve the drainage woes of the city. With the addition of Global Positioning System (GPS) vehicle tracking device a real time tracking for automatic log schedule is being maintained at HUDA, Faridabad to reduce manual paper work.





Project Highlights

- Servicing RWA's across Faridabad.
- Community based initiative with a focus on compelling to mechanise city cleaning & maintenance.

Indicators for Success

- The frequent usage of machines in the rainy reason to clean clogged drains and sewers.
- Removal of sewer lines silting nuisances especially in narrow lanes of the city by a strong and compact jetting & suction machines.

LANDSCAPING OF GREEN BELTS

Mission

To promote green and clean environment in the city of Faridabad by converting dilapidated green covers with a proper landscaping and further correspond to the Smart City scheme.

Prevalent global climate change, rapid environmental deterioration and declining natural resources have affected the way in which we should think and approach the environmental sustainability. The project will help increasing green cover within the city to reduce the nitrate leaching from the soil into the water and surface water runoff. Trees, shrubs and turf remove smoke, dust and other pollutants from the air. One tree can remove 26 pounds of carbon dioxide from the atmosphere annually, equalling 11,000 miles of car emissions.

Project Highlights

- Through this project planned to deliver in phases, we would be able to restore ecological balance to quite an extent and reduce carbon footprints.
- Allowing people to participate in the green initiatives for long term environment benefits.

Indicators for Success

- Supplementing the largest plantations effort and increase in the green covers in the heart of the city.
- Imperative to take collective responsibility by different stakeholders of the society in maintaining ecological balance.

PROMOTION OF NATIONALLY RECOGNISED SPORTS

Escorts have established Olympic level Swimming Pool in 1996 in the heart of the city at Faridabad Sports Complex in sector 12. The City Swimming Pool not only provides training facilities for athletes competing at national level but it also gives an immense opportunity to different members of the community to learn basic swimming. With the increase in use of swimming pool, wear and tear of the swimming pool infrastructure happened over a period of time which has even led difficulty in trainings for national/state level swimmers. A complete project was undertaken for the repair and renovation at swimming pool site.

FLOURISHING SKILLS OF THE SOCIETY

To upgrade skills to the international level and with a participative approach, Escorts have taken a huge leap by incorporating another organisation in the name of 'Escorts Skill Development' which will cater the needs of society in fulfilling skillsets and in building competency among the Youth for future success.

To address the gaps in skilling ecosystem Escorts are training people from underprivileged sections of society in areas relating to Heavy Equipment Trainings, Electrical Workshops, Digital Marketing Awareness program and many more.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Seventieth Annual Report for the year ended on March 31, 2016.

Financial Results

(₹ Cr)

Particulars	For the year ended on March 31, 2016	For the year ended on March 31, 2015
Gross Revenue	3610.70	4122.29
Excise Duty	80.70	75.81
Net Revenue	3530.00	4046.48
Profit Before Interest, Depreciation, Amortisation, Exceptional Items & Tax	217.78	222.05
Finance Cost	51.29	57.11
Profit Before Depreciation, Amortisation, Exceptional Items & Tax	166.49	164.94
Depreciation and Amortisation	60.11	66.06
Profit Before Exceptional Items & Tax	106.38	98.88
Exceptional Income	14.51	30.63
Profit Before Tax	91.87	68.25
Tax	2.49	(6.46)
Profit After Tax	89.38	74.71

Financial Performance

The brief highlights of the Company's performance for the financial year ended March 31, 2016 are:-

- Net Revenue of the Company for the Financial Year 2015-16 was ₹ 3530 Cr.
- Profit Before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹ 217.78 Cr.
- Profit Before Tax (PBT) stood at ₹ 91.87 Cr and Profit After Tax (PAT) stood at ₹ 89.38 Cr. Earnings per share is of ₹ 7.49 for the year under review.
- Your Company sold 51455 tractors during the year under review.

Management Discussion & Analysis

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

Dividend

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

financial year ended March 31, 2016. The dividend payout is subject to the approval of members at the ensuing Annual General Meeting (AGM).

The dividend, if approved at the ensuing AGM, will be paid to members whose names appear in the Register of Members as on September 9, 2016; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

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

Employee Stock Option Scheme

The particulars with regard to the Employees Stock Options as on March 31, 2016 as required to be disclosed pursuant to the provisions of Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, are enclosed at **Annexure – A** and forms an integral part of this Report.

Directors

In accordance with the provisions of Companies Act, 2013 (hereinafter referred as "the Act") and Articles of Association of the Company, Mr. Hardeep Singh and Mr. G.B. Mathur, Directors retires by rotation at the ensuing AGM and being eligible, offers themselves for re-appointment.

The Board of Directors, in their meeting held on May 25, 2016, co-opted Mr. D J Kakalia as Additional Director on the Board of the Company. He shall hold office as Director of the Company upto the date of ensuing AGM.

Mr. S.C. Bhargava had resigned as Director of the Company w.e.f. March 29, 2016. The Board places on record its appreciation for the valuable guidance and services rendered by him during his tenure with the Company.

Pursuant to the provisions of Section 149 and other applicable provisions of the Act, your directors are seeking appointment of Mr. D J Kakalia as Independent Director for a period of 3 years. The Company has received requisite notice in writing from members proposing the appointment of Mr. D J Kakalia as Director of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "the Listing Regulations"). The policy for selection of directors and determining directors independence is attached as **Annexure - B** and forms an integral part of this Report.

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

The brief resumes and other details relating to the Directors who are proposed to be appointed/ re-appointed, as required to be disclosed under the Listing Regulations is given in the Annexure to the Notice of the 70th AGM.

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

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

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

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

Corporate Governance

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

Corporate Social Responsibility

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

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

The CSR Policy may be accessed on the Company's website www.escortsgroup.com under Investors Information Section. During the year, the Company has spent ₹ 1.16 Cr. (0.71% of the average net profits of last three financial years) on CSR activities.

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

Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with the Act and Accounting Standard (AS) - 21

applicable to the Consolidated Financial Statements read with AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report thereon are annexed with this Report.

Subsidiaries, Joint Ventures and Associate Companies

The statement containing salient features of financial statements of subsidiaries, associate and joint venture companies prepared in accordance with Section 129 of the 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.

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

Contracts and Arrangements with Related Parties

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

The particulars of contracts and arrangement with related parties under Section 188(1) of the Act in Form AOC-2 is enclosed as **Annexure – G**.

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

Your Directors draw attention of the members to Note 45 to the financial statement which sets out related party disclosures.

Auditors and Auditors' Report

Statutory Auditors

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

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

The observations and comments given by the Statutory Auditors in their report read together with notes to Accounts are self-explanatory and hence, do not call for any further comments under Section 134 of the 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 2016-17.

The due date of filing the Cost Audit Report for the year ended on March 31, 2015 was September 30, 2015 and the same has been filed on September 28, 2015.

Secretarial Auditors

The Board of Directors of the Company had appointed M/s. Jayant Gupta and Associates, Practicing Company Secretary to conduct secretarial audit of the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is enclosed as **Annexure – H** and forms an integral part of this Report.

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

The Board has also re-appointed M/s Jayant Gupta and Associates, Practicing Company Secretary to conduct secretarial audit of the Company for the financial year 2016-17.

Risk Management

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

Internal Financial Controls

The Company has in place adequate internal financial controls 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

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

Audit Committee

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

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

Extracts of Annual Return

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

Vigil Mechanism

The Company has a vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of effected Director(s) and Employee(s). In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on Company's website.

Shifting of Registered Office

The Company has shifted its registered office within the State of Haryana from "SCO-232, First Floor, Sector - 20, Panchkula - 134 109" to "15/5, Mathura Road, Faridabad - 121 003" w.e.f. January 30, 2016.

Registrar and Share Transfer Agent

The Company has appointed M/s Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Andhra Pradesh w.e.f February 19, 2016 as Registrar and Share Transfer Agent.

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

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

Particulars of Employees and related disclosures

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

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

Public Deposits

The Company has not accepted/ renewed any Fixed Deposit during the financial year.

Transfer to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the dividend which remained unclaimed or unpaid for a period of seven years has been transferred by the Company, from time to time on due dates to the Investor Education and Protection Fund.

As on March 31, 2016, no unclaimed deposits are pending for transfer to Investor Education and Protection Fund.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts for the year ended March 31, 2016, 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, 2016 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, 2016 on a 'going concern' basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

General

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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

Acknowledgement

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

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

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

For and on behalf of the Board of Directors

Sd/-

Place: Faridabad
Date: May 25, 2016

RAJAN NANDA
Chairman & Managing Director

Annexure – A to the Directors' Report

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

(a) Total Number of Options as on 31.03.2015	1,92,000																				
(b) Options granted during the year	<table border="1"> <thead> <tr> <th></th> <th>Options</th> <th>Grant date</th> </tr> </thead> <tbody> <tr> <td>1. Option Grant</td> <td>2,56,000</td> <td>01.10.2015</td> </tr> <tr> <td>Total</td> <td>2,56,000</td> <td></td> </tr> </tbody> </table>		Options	Grant date	1. Option Grant	2,56,000	01.10.2015	Total	2,56,000												
	Options	Grant date																			
1. Option Grant	2,56,000	01.10.2015																			
Total	2,56,000																				
(c) Pricing Formula	<p>At a price not less than the par value of Company's share and not more than the closing Market Price of the Stock Exchanges:</p> <table border="1"> <thead> <tr> <th></th> <th>Options</th> <th>GP (₹)</th> <th>MP (₹)</th> </tr> </thead> <tbody> <tr> <td>1. Option Grant</td> <td>2,56,000</td> <td>85/-</td> <td>153.30</td> </tr> <tr> <td>Total</td> <td>2,56,000</td> <td></td> <td></td> </tr> </tbody> </table>		Options	GP (₹)	MP (₹)	1. Option Grant	2,56,000	85/-	153.30	Total	2,56,000										
	Options	GP (₹)	MP (₹)																		
1. Option Grant	2,56,000	85/-	153.30																		
Total	2,56,000																				
(d) Options Vested	1,92,000																				
(e) Options Exercised	1,08,000																				
(f) The Total number of shares arising as a result of exercise of options	1,08,000																				
(g) Options Lapsed/Cancelled	2,28,900																				
(h) Variation of terms of options	Nil																				
(i) Money realised by exercise of options	91,80,000/-																				
(j) Total number of options in force	1,11,100 as on 31.03.2016																				
(k) Employee wise details of options granted to :	Senior Managerial Personnel																				
• Senior managerial personnel during the year	<table border="1"> <thead> <tr> <th>Name</th> <th>No. of Options</th> </tr> </thead> <tbody> <tr> <td>Mr. S. Sridhar</td> <td>80,000</td> </tr> <tr> <td>Mr. Shailendra Agrawal</td> <td>40,000</td> </tr> <tr> <td>Mr. Sameer Tandon</td> <td>32,000</td> </tr> <tr> <td>Mr. Dipankar Ghosh</td> <td>32,000</td> </tr> <tr> <td>Mr. Bharat Madan</td> <td>20,000</td> </tr> <tr> <td>Mr. Shenu Agarwal</td> <td>20,000</td> </tr> <tr> <td>Mr. Ashok Gupta</td> <td>16,000</td> </tr> <tr> <td>Mr. Rajneesh Agarwal</td> <td>16,000</td> </tr> <tr> <td>Total</td> <td>2,56,000</td> </tr> </tbody> </table>	Name	No. of Options	Mr. S. Sridhar	80,000	Mr. Shailendra Agrawal	40,000	Mr. Sameer Tandon	32,000	Mr. Dipankar Ghosh	32,000	Mr. Bharat Madan	20,000	Mr. Shenu Agarwal	20,000	Mr. Ashok Gupta	16,000	Mr. Rajneesh Agarwal	16,000	Total	2,56,000
Name	No. of Options																				
Mr. S. Sridhar	80,000																				
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Mr. Rajneesh Agarwal	16,000																				
Total	2,56,000																				
• Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year.	All the senior managerial personnel, as stated above, have been granted options amounting to 5% or more of options granted during the year. Except the above no other employees has been granted options amounting to 5% or more options granted during the year.																				
• Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL																				

(l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	₹ 7.49 per Equity Share
(m) Where the Company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and EPS of the Company shall also be disclosed.	The profit of the year would have been higher by ₹ 177.54 lakhs. The EPS for the year would have been higher by ₹ 0.14.
(n) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Fair value option is ₹ 39.47 and Exercise Price is ₹ 85.00.
(o) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information : <ul style="list-style-type: none"> • Risk free interest rate • Expected life • Expected volatility • Expected dividends, and • The price of the underlying share in market at the time of option grant 	The Black Scholes Option Pricing Model for dividend paying stock has been use to compute the fair value of the options. The significant assumptions made are: Option Issued on 01.10.2015 7.44 % 3 Years 0.0223 12% ₹ 154.35 The shares to be issued under stock options shall rank pari passu, including the right to receive dividend. Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known anticipated dividend payouts over the life of the option are made to the formulae under the Black Scholes method.

For and on behalf of the Board of Directors

Place: Faridabad

Date: May 25, 2016

RAJAN NANDA

Chairman & Managing Director

Annexure – B to the Directors' Report

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

1. Preamble

- (i) This Policy on Appointment of Directors and Members of Senior Management (the "**Policy**") applies to the Board of Directors (the "**Board**") of Escorts Limited ("**Escorts**" or the "**Company**") and the Senior Management of Escorts. This Policy was recommended by the Nomination and Remuneration Committee of the Company ("**NRC**") and approved by the Board at its meeting held on January 16, 2015 and shall be subjected to periodic review by NRC.
- (ii) The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors and Members of Senior Management who should have the capacity and ability to lead Escorts towards achieving its stated goals and strategic objectives, taking into account the interest of all stakeholders.
- (iii) The Board is ultimately responsible for the appointment of Directors and recommending the appointment of Independent Directors to the shareholders for their approval.
- (iv) The Board delegates its responsibility for the assessment and selection of suitable candidates for the position of Directors of Escorts to 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. When recommending a candidate for such appointment, NRC shall consider:
 - (a) the results of assessment of the proposed appointee against a range of criteria formulated by NRC which include but shall not be limited to skill sets, regional and industry experience, background, integrity and other qualities required to operate successfully in the position of Director, having due regard to the benefits of diversity of the Board;
 - (b) the extent to which the proposed appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors and Senior Management;
 - (c) the present and potential future needs and requirements of the Company and sector in which it conducts its business and operations;
 - (d) the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgment;
 - (e) any requirements under applicable law (including but not limited to under the Companies Act, 2013 and/or the rules and regulations made thereunder) and/or under the Listing Agreements; and
 - (f) time commitment required from a Director to properly discharge his fiduciary duties towards the Company.
- (ii) The criteria to be considered when assessing prospective candidates for appointment as Directors shall include the following:

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

4. Selection Process

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

- (b) In case of vacancy in other Senior Management positions, the Company's HR shall identify and short list employees to fill such vacancy. The details of appointment will be placed before NRC and/or Board for noting only.

5. Appointment Procedure

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

6. Letters of Appointment to Directors

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

7. Evaluation Procedure for Directors

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

relevant provisions of the Companies Act, 2013, the rules framed thereunder and Clause 49 of the Listing Agreement.

8. Policy Review

- (i) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made thereunder, the Listing Agreements, the Securities and Exchange Board

of India Act, 1992 and rules/regulations/guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.

- (ii) NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

Annexure – C to the Directors' Report

REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES

1. Preamble

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

In terms of Section 178 of the Companies Act, 2013 read with rules framed thereunder and Clause 49 of Listing Agreements, the Nomination and Remuneration Committee of Directors of the Company (NRC) has formulated and recommended this Policy for the approval of the Board of Directors of Escorts.

The primary objectives of this Policy are as under:

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

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

2. Applicability

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

3. Remuneration of Non-Executive/Independent Directors

- (i) The key elements of remuneration of Non-Executive/Independent Directors are commission and sitting fees (except professional fee, if any), subject to overall limit as prescribed in the Companies Act, 2013 read with rules made thereunder and the approval of the shareholders, as applicable. They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be eligible for stock options.
- (ii) Since, the Non-Executive/Independent Directors collectively endeavour to ensure that the Company performs well and is compliant with applicable laws, rules, regulations and guidelines, they may be paid commission, subject to the approval of the Board.

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

- (i) The Whole-time Directors are appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by NRC/Board and approval of the shareholders.
- (ii) The remuneration paid to Whole-time Directors is within the limits approved by the shareholders of Escorts which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Companies Act, 2013. They are also eligible for stock options as per the scheme framed/to be framed by Escorts, from time to time.
- (iii) The Whole-time Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

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

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

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

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

6. Disclosures in the Board's Report

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

7. Policy review

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

Annexure – D to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

I) Conservation of Energy

1. ENERGY CONSERVATION MEASURES TAKEN

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

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

During the year ended March 31, 2016, your Company has taken a lot of initiatives for reduction in power cost by not only reducing the consumption through implementation of new technologies but also by improving its production processes.

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

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

- 1) Introduced LED lighting in shop floor by replacing 250 watt lamps with energy efficient LED 72 watt lamps with improved lux level.
- 2) Replaced old roof sheets with FRP transparent sheets to increase the natural lights in shop-floor.
- 3) Installed small Air Compressors across EAM Plant to avoid running of big Air Compressors during Off-Days.
- 4) Replaced GI Air Pipe with low friction losses Aluminium Air Pipe Line.
- 5) Installed wind ventilators in shop floor to reduce power consumption of exhaust fans.
- 6) Reduced the power cost by reducing the Maximum Demand Indicator of CHD Plant from 1000 Kva to 250 Kva.

- 7) Maximum use of low cost power from Open Access to reduce the power cost.

- 8) Installed LED lights by replacing existing T5 lights at the operation offices, Marketing & R & D lab area.

- 9) Replaced street light of 250W mercury lamps with 85 W CFL

2. Additional Investment & Proposals for Power Saving Projects during financial year ended March 31, 2016

- 1) Roof top Solar Power Generation Plant to get maximum benefit from renewable energy resources.

- 2) Conversion from 250 watts lights to 72 watt LED lights in production area.

- 3) Installation of Heat Pumps to eliminate electrical heating in washing machines.

- 4) Replacement of fixed speed Air compressors with Energy efficient Air Compressors.

- 5) Energy Audit through CII Team.

- 6) Replacement of existing Mercury 250 watt bulbs with 150 W LED light in the shop floor.

- 7) Variable Speed Drive high air pressure compressor will be commissioned by June 2016 resulting into 20% saving on energy consumption.

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

- 1) Reduction in Power Consumption

- 2) Efficient use of natural resources

- 3) Reduction in Manufacturing Cost

- 4) Significant reduction in Carbon Emission

- 5) Hedge against continuous energy rate increase

- 6) Optimum performance of equipment on sustainable basis.

II) Technology Absorption

1. Research & Development (R&D)

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

- (i) New series of tractors with high torque & fuel efficient engines introduced into production for (45hp - 60hp) upgraded for Power and Performance during the year 2015-16.
- (ii) Design & development of new high end engine series for 90 hp series tractors.
- (iii) To meet the new and emerging agricultural application requirement new tractor developed with more no. of speeds [16+4] options. 20 Speeds in tractor – first time in India.
- (iv) Developed new range of tractors with 4WD in 50 & 60 hp ranges to meet various application requirements.
- (v) Initiated projects to extend “Anti-Lift Technology” to 45 & 50 hp tractors for customers doing heavy haulage & agri application.
- (vi) Upgrade of Farmtrac series of tractor with all new features & added freshness with more efficiency and 500 hrs. service interval (First time in India on Tractors).

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

- (i) Escorts delivered a series of new products with enhanced power and performance and made a better value proposition for customers. This has given more customer coverage for Escorts products & resulted in to consistent volumes and market share gain.
- (ii) High end engine series of 90 hp is now being utilized to make new competitive higher hp tractors for exports markets. Full range of tractors from 25 – 90 hp would be available for both exports and domestic markets.
- (iii) New tractors with more nos. speeds transmission are made and given to market for increased utility at customer end.

- (iv) Significant material cost reduction in tractors through design optimization.
- (v) 4WD tractors in 50 & 60 hp range have been launched in the market.
- (vi) Tractors projects with “Anti Lift Technology” have been extended to higher hp segment for launching in the domestic market in coming year.

c) Future plan of Actions

New Product Introduction

- (i) Design & development of new high end tractor series for future emission norms.
- (ii) High end transmission to meeting all emerging application (agri, construction equipment etc).
- (iii) 4WD tractor 50 – 90 hp range of tractors for domestic and export market
- (iv) Higher hp tractors with AC cabin and other premium features.
- (v) Design & development of future tractor series.
- (vi) Product range for global market.
- (vii) Application specific tractor for niche market.

d) Expenditure on R & D

₹ Cr.

	For the financial year ended on March 31, 2016	For the financial year ended on March 31, 2015
a) Capital Expenditure*	9.04	7.59
b) Recurring Expenditure	71.23	68.42
Total R&D Expenditure	80.27	76.01
Total R&D Expenditure as a percentage of total turnover	2.77%	2.23%

*Does not include capital advance/capital work in progress

2. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

a) Efforts in brief made during the year towards technology absorption, adaptation & innovation

- (i) 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.
- (ii) Joint technology partnerships with global R&D houses for tractor & aggregate designing.
- (iii) Collaborative work with global technology partner & styling houses.
- (iv) Technology upgradation for Engine, Transmission, Hydraulic & usage of advanced predictive software.
- (v) Design validation & virtual testing thru predictive analysis software and load accelerated test rigs.
- (vi) Filing of patents/ design registrations for new and innovative designs.
- (vii) Knowledge enhancement through tie-up with industry technology experts.
- (viii) Participation in agriculture exhibitions & workshops in India & abroad.
- (ix) Enhanced facilities for noise intensity mapping to cater coming noise norms and operator comfort norms.
- (x) DSIR, Ministry of Science and Technology, Govt. of India, approved in house Escorts R&D facility with form 3CM for u/s 35 (2AB) of Income Tax Act, 1961 for the purpose of 200 % weighted tax reduction.

b) Benefit derived as a result of above efforts

- (i) Escorts R&D expenditures eligible for 200% weighted tax deduction.

- (ii) Self-reliant design capability for Engines, Transmissions, Hydraulics & agricultural tractors with advanced technologies for emerging domestic & export market needs.

- (iii) New products contributing approx. 40-50% of total tractor sales.

c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):

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

III) Foreign Exchange Earnings and Outgo Activities relating to export

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

Total Foreign Exchange earning and outgo

₹ Cr

	For the financial year ended on March 31, 2016	For the financial year ended on March 31, 2015
a) Foreign exchange outgo:		
- Imports (including capital goods)	67.49	67.31
- Others	33.33	25.75
Total	100.82	93.06
b) Foreign Exchange earned	124.57	231.96

For and on behalf of the Board of Directors

Sd/-

RAJAN NANDA

Chairman & Managing Director

Place: Faridabad

Date: May 25, 2016

Annexure – E to the Directors' Report

Report on Corporate Governance

I. Company's Philosophy on Corporate Governance

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

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

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

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

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

Corporate Governance goes beyond the practices enshrined in the laws and is imbibed in the basic business ethics and values that needs to be adhered to in letter and spirit. However a transparent, ethical and responsible Corporate Governance

framework essentially emanates from the intrinsic will and passion for good governance ingrained in the organisation.

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

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

II. Board of Directors

The composition of the Board of Directors is in conformity with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "the Listing Regulations"), as amended from time to time. The Board of Director(s) along with its Committee(s) provide leadership and guidance to the Company's Management and directs, supervises and controls the performance of the Company. The Board of Director(s) of the Company comprises of distinguished personalities, who have been acknowledged in their respective fields. As on the end of financial year, Four out of the Nine Directors on the Board are independent & non-executive and Two are non-independent & non-executive. Mr. Rajan Nanda, Chairman is also acting as Managing Director of the Company duly assisted by Mr. Nikhil Nanda, Managing Director of the Company and both of them are in whole-time employment of the Company. Ms. Nitasha Nanda, Whole-time Director is also in whole-time employment of the Company.

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

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

As on March 31, 2016, the Board comprises of Nine Directors. The names and categories of Directors, the number of Directorship and Committee position(s) held by them in the companies, meetings attended by them and other relevant particulars are given below.

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

Y = Yes N = No

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

(#) Including Escorts Limited.

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

(&) Resigned from Directorship w.e.f. March 29, 2016

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

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

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

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

In terms of the provisions of the Listing Regulations, none of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees (Committees being, Audit Committee and Stakeholders' Relationship Committee) across the companies in which they are associated as Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies including ten public companies.

IV. Board Meetings

During the financial year ended on March 31, 2016 the Board of Directors met Six (6) times on the following dates:-

May 28, 2015, August 6, 2015, September 18, 2015, November 2, 2015, February 2, 2016 and March 9, 2016.

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

Board Meeting Procedures

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

Information supplied to the Board

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

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

Code of Conduct

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

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

Declaration by C.E.O.

The Board of Directors,
Escorts Limited

Dear Sir,

I hereby confirm that:

The Company has received from the members of the Board and Senior Management, a declaration of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year ended on March 31, 2016.

Sd/-

Place: Faridabad

RAJAN NANDA

Date: May 25, 2016

Chairman and Managing Director

Vigil Mechanism

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

V. Audit Committee

Constitution

During the financial year ended on March 31, 2016 the Audit Committee had been reconstituted post the resignation of Mr. S. C. Bhargava from the directorship of the Company. Mr. P. H. Ravikumar and Dr. Sutanu Behuria were inducted as members of the Committee on March 30, 2016.

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

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

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee 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.

The Committee met Seven (7) times on May 28, 2015, July 27, 2015, August 6, 2015, September 18, 2015, November 2, 2015, February 2, 2016 and March 8, 2016.

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

Terms of Reference

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

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

14. Discussion with internal auditors of any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
19. Approving the appointment of Chief Financial Officer (i.e., the Whole-time Finance Head or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
21. Carrying out any other function as may be referred to the Committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.
22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost and the Secretarial Auditors.
23. The Committee has systems and procedures in place to ensure that the Audit Committee periodically reviews:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - c) Management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses, if any;
 - e) Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any;
 - f) The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under the Listing Regulations;
 - g) Details of material transactions with related parties, which are not in the normal course of business; and
 - h) Details of material transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same.
 - i) Statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of the Listing 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	Designation	No. of Meeting	
		Held	Attended
Dr. S. A. Dave	Chairman	7	7
Mr. Hardeep Singh	Member	7	7
Mr. P.H. Ravikumar*	Member	7	N.A.
Dr. Sutanu Behuria*	Member	7	N.A.
Mr. S.C. Bhargava **	Member	7	7

*Inducted as Member of the Committee w.e.f. March 30, 2016 and no meeting held during their tenure as member of the Committee.

**Resigned from Directorship w.e.f. March 29, 2016

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

VI. Nomination and Remuneration Committee

Constitution

During the financial year ended on March 31, 2016, the Nomination and Remuneration Committee was reconstituted on March 30, 2016 post the resignation of Mr. S. C. Bhargava.

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

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

Terms of Reference

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

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

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

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

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

Meetings & Attendance

No meeting of Nomination and Remuneration Committee was held during the financial year.

Remuneration Policy

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

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

Details of Remuneration of Directors

The Company has not paid any remuneration to any of its Non-Executive Directors, except Sitting Fees for attending meetings of the Board and all its Committees for which ₹ 50,000 per meeting was paid for Board Meeting and Audit Committee Meeting and ₹ 20,000 per meeting was paid for any other committee meeting. The aggregate amount of sitting fees paid during the financial year was ₹ 36.80 lakhs (excluding service tax). The director wise payment of sitting fee is provided in Form MGT-9 attached as **Annexure - I** to the Directors' Report.

The remuneration paid/ payable to Mr. Rajan Nanda, Chairman and Managing Director, Mr. Nikhil Nanda, Managing Director and Ms. Nitasha Nanda, Whole-time Director of the Company for the financial year ended on March 31, 2016 are as follows:

(In ₹)

Particulars	Mr. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda
Basic Salary	18,000,000	18,000,000	6,000,000
Allowances & Perquisites	29,731,692	28,393,317	6,975,592
Provident Fund Contribution	2,160,000	2,160,000	720,000
Superannuation Allowance	2,700,000	2,700,000	900,000
Total	52,591,692	51,253,317	14,595,592

The tenure of office of the Chairman and Managing Director, Managing Director and Whole-time Director is for a period of five years from their respective date of appointment. The services of said Directors with the Company can be

terminated by either party giving six calendar months' notice in writing. In the event of termination of services, they shall be entitled to receive compensation in accordance with the provisions of Section 202 of the Act.

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

VII. Shares held by Non-Executive Directors

Name	Category	No. of Equity shares held
Dr. S.A. Dave	Independent	10,000
Mr. P. H. Ravikumar	-do-	-
Mrs. Vibha Paul Rishi	-do-	-
Dr. Sutanu Behuria	-do-	-
Mr. Hardeep Singh	Non-Independent	1,000
Mr. G. B. Mathur	Non-Independent	4,679

VIII. Stakeholders' Relationship Committee

Constitution

During the financial year ended on March 31, 2016, the Stakeholders' Relationship Committee was reconstituted on November 2, 2015 by inducting Dr. Sutanu Behuria in place of Mr. S.C. Bhargava.

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

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

Terms of Reference

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

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

Meetings & Attendance

During the financial year ended on March 31, 2016, the Committee met on February 2, 2016.

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

*Inducted as Member of the Committee w.e.f. November 2, 2015

**Ceased as Member of the Committee w.e.f. November 2, 2015

Compliance Officer

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

Complaints received/ resolved

During the period under review, 6 complaints were received from investors which were replied/ resolved to the satisfaction of investors.

Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending for redressal as on March 31, 2016.

IX. Risk Management Committee

Constitution

During the financial year ended on March 31, 2016, the Risk Management Committee was reconstituted on March 30, 2016 by inducting Dr. Sutanu Behuria.

The Risk Management Committee comprises of following persons:-

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

Terms of Reference

The charter of the Committee shall be as follows:

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

Meetings & Attendance

During the financial year ended on March 31, 2016, the Committee met on March 9, 2016.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Mr. Rajan Nanda	Chairman	1	1
Mr. Nikhil Nanda	Member	1	1
Dr. Sutanu Behuria*	Member	1	N.A.
Mr. Bharat Madan	Member	1	1

*Inducted as Member of the Committee w.e.f. March 30, 2016

Corporate Social Responsibility

Constitution

During the financial year ended March 31, 2016, the Corporate Social Responsibility (CSR) Committee had been reconstituted as under:

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

The Committee met on May 28, 2015 where in all the members of the Committee were present except Mr. G.B. Mathur.

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

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

*Resigned from Directorship w.e.f. March 29, 2016

X. Functional Committee

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

Procedure of Committee Meetings

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

XI. General Body Meetings

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

Financial Year/ Financial Period	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2014-15	September 18, 2015	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134113 Haryana	One
2012-14	September 19, 2014	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134113 Haryana	Six
2011-12	March 22, 2013	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134113 Haryana	NIL

XII. Special Resolution passed through Postal Ballot

During the financial year ended on March 31, 2016, the Company has passed one Special Resolution through Postal Ballot for the purpose of Shifting of Registered Office of the Company from "Panchkula" to "Faridabad" within the State of Haryana.

Sl. No.	Particulars of Special Resolution	Details of Voting	
		Votes casted in favour	Votes Casted against
1.	Shifting of Registered Office of the Company from Panchkula to Faridabad	100%	-

M/s. Jayant Gupta and Associates, Practicing Company Secretary was appointed as the scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.

Procedure for Postal Ballot- Where a Company is required or decides to pass any resolution by way of postal ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a Postal Ballot because Postal Ballot means voting by post or through electronic means within a period of thirty days from the date of dispatch of the notice. Your Company has followed the aforesaid procedure stipulated in the Act and has carried out postal ballot for the item as mentioned above.

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

XIII. Disclosures

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

All the related party transactions during the financial year ended on March 31, 2016 were as per the "Policy on Materiality of Related Party Transactions and dealing with Related Parties".

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

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

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

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

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

e) Policy for determining 'Material Subsidiaries'

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

f) Policy on dealing with Related Party Transactions

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

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

h) Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account: Nil

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

Pursuant to the approval of the Central Government under Section 233B of the Companies Act, 1956, the Company had appointed M/s. Ramanath Iyer & Co., Cost Accountants as Cost Auditor of the Company. Further, the due date of filing the Cost Audit Report for the previous year was September 30, 2015 and the same has been filed on September 28, 2015.

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.

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 are reported elsewhere in the Management Discussion and Analysis Report.

Policy for determining Material Subsidiary: The Policy for determining Material Subsidiary is placed on the Company's website www.escortsgroup.com under Investor Information Section.

XIV. MEANS OF COMMUNICATION

Key Financial Reporting dated during the year ended on March 31, 2016

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

- For Year ended 31.03.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 30.06.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 30.09.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 31.12.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

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

The website also displays official news releases.

News Releases, Presentation

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

Management Discussion and Analysis Report

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

XV. General Shareholder Information

Company Registration Details

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

Company by the Ministry of Corporate Affairs (MCA) is L74899HR1944PLC039088.

Annual General Meeting (AGM)

Date : Tuesday, September 20, 2016

Time : 11:00 a.m.

Venue : Aravali Golf Club, NH-3, N.I.T.
Faridabad - 121 001, Haryana

Financial Year:

April 1 to March 31

Appointment/ Re-appointment of Directors

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Hardeep Singh and Mr. G.B. Mathur, Directors retires by rotation at the ensuing 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(s) who are proposed to be appointed/ re-appointed, as required to be disclosed under the Listing Regulations are provided as Annexure to the AGM Notice.

Financial Calendar 2016-17 (Tentative)

Meetings of Board/ Committee thereof to take on record:

Financial results for Quarter ended 30.06.2016	By 14.08.2016
Financial results for Quarter ended 30.09.2016	By 14.11.2016
Financial results for Quarter ended 31.12.2016	By 14.02.2017
Financial results for Quarter/ Year ended 31.03.2017	By 14.05.2017 if unaudited quarterly results or alternatively by 30.05.2017, in case of audited results for the year.

Annual General Meeting for the Financial Year ending March, 2017: By September 30, 2017.

Cut off Date for e-voting

September 13, 2016 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 September 10, 2016 to September 20, 2016 (both days inclusive) for the purpose of payment of Dividend for the financial year 2015-16.

Dividend

1. The Board of Directors of the Company have decided to recommend dividend @ ₹ 1.20 per share (being 12% of the nominal value of ₹ 10 per share) for the financial year 2015-16, subject to the approval of the shareholders in the forthcoming AGM.
2. The dividend, if declared at the AGM, would be paid/ dispatched within 30 days from the date of declaration at the ensuing AGM to those persons or their mandates:-
 - a) whose names appear as beneficial owners as at the end of the business hours on September 9, 2016 in the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode and;
 - b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before September 9, 2016.
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 Eight Years

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

LISTING

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

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

Listing Fees

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

Monthly Stock Market Data

Month	National Stock Exchange of India Limited		BSE Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2015	143.00	120.00	143.00	120.25
May, 2015	127.30	110.00	127.15	110.25
June, 2015	125.00	101.40	125.00	101.60
July, 2015	150.90	119.90	151.15	119.85
August, 2015	180.50	130.70	180.60	130.55
September, 2015	176.50	148.55	176.20	148.65
October, 2015	188.20	153.30	189.00	153.15
November, 2015	180.50	148.80	180.40	149.00
December, 2015	176.40	150.70	175.80	150.90
January, 2016	173.80	124.80	173.70	125.10
February, 2016	138.20	112.80	138.15	112.70
March, 2016	144.30	124.80	144.00	126.00

Share Transfer System

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

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

Investors Relation Centers

Escorts Limited

Escorts Corporate Centre,
15/5, Mathura Road,
Faridabad – 121 003
Tel. No.: (0129) 2564921
Fax: (0129) 2250060

Escorts Limited

P Block, 2/90, 1st Floor, Opposite PVR Rivoli,
Connaught Circus,
New Delhi – 110 001
Tel. No.: (011) 43587400

Escorts Limited

Times Square A Wing, Unit No. 1,
3rd floor, Ancheri-Kurla Road,
Andheri (East), Mumbai - 400 059
Tel No.: (022) 6786 8607
Fax No.: (022) 6786 8687

Karvy Computershare Private Limited,

Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Tel.: No. 040-67167522 Fax: No. 040-67161791
Email: einward.ris@karvy.com

Investors Communication

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

Nomination Facility

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

Shareholding Pattern as on March 31, 2016

Category of Shareholders	No. of shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	30	52717817	43.01
2. Foreign Institutional Investors	79	10139743	8.27
3. Domestic Institutional Investors, Banks & Mutual Funds	65	4339436	3.54
4. Public & Others	93562	55379882	45.18
Total	93736	122576878	100.00

Distribution of Shareholding as on March 31, 2016

Range of holding	Number of shareholders	% of Total
1 to 100	55427	59.13
101 to 500	29106	31.05
501 to 1,000	4804	5.13
1,001 to 5,000	3580	3.82
5,001 to 10,000	392	0.42
10,001 to 50,000	324	0.34
50,001 to 1,00,000	37	0.04
Above 1,00,000	66	0.07
Total	93736	100.00

Dematerialisation

As on March 31, 2016 dematerialised shares accounted for 98.24% (98.17% up to March 31, 2015) 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, 2016		
Sl.No.	Mode of holding	%
1.	NSDL	89.86
2.	CDSL	8.38
3.	Physical	1.76
	Total	100.00

Shares Liquidity

The trading volumes at major Stock Exchanges, during the financial year ended on March 31, 2016 are as follows:

Month	National Stock Exchange of India Ltd.		BSE Limited	
	No. of Shares	Value (₹ In Lakhs)	No. of Shares	Value (₹ in Lakhs)
April, 2015	15446948	20605.79	4372801	5836.87
May, 2015	9863523	11449.83	2689551	3128.89
June, 2015	19452640	22230.75	4496572	5100.94
July, 2015	27772135	38113.65	6787776	9301.77
August, 2015	57296800	92078.15	13288277	21317.45
September, 2015	24901997	40451.39	6693492	10836.27
October, 2015	31869838	54988.11	7241073	12462.77
November, 2015	16555552	27484.36	4164687	6891.13
December, 2015	12138934	20018.91	2431759	3957.41
January, 2016	8551134	12789.32	2918201	4392.48
February, 2016	8278949	10467.00	2457312	3106.95
March, 2016	8715134	11816.52	2283217	3085.78
Total	240843584	362493.8	59824718	89218.71

Outstanding GDRs/ ADRs/ Warrants/ Stock Options etc.

There is no outstanding GDRs/ ADRs/ Warrants for conversion into equity shares except 1,11,100 stock options granted to the employees. Each stock option, upon exercise of the same, would be converted into one equity share of ₹ 10/- each fully paid-up. These options vest in three tranches after one year from date of grant as mentioned in the Letter of Grant and can be exercised during a period of two years or such extended period as the Employees Stock Compensation Committee may decide from the date of grant. The options unexercised during the exercise period would lapse.

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

Plant locations

The Company has its manufacturing plants at the following locations:

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

Address for Correspondence

ESCORTS LIMITED

Registered Office

Corporate Secretarial & Law

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

Tel.: 0129 – 2250222, Extension: 4275/ 4254

Fax: 0129 – 2250060

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

Website: www.escortsgroup.com

Registrar and Transfer Agents

KARVY COMPUTERSHARE PRIVATE LIMITED

Karvy Selenium Tower B, Plot No. 31-32, Gachibowli,

Financial District, Nanakramguda, Hyderabad – 500 032

Tel.: 040 67161522 | Fax: 040 67161791

einward.ris@karvy.com | www.karvycomputershare.com

XVI. NON-MANDATORY REQUIREMENTS

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

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

For and on behalf of the Board of Directors

Sd/-

Place: Faridabad

Date: May 25, 2016

RAJAN NANDA

Chairman and Managing Director

CEO/CFO certification

The Chairman and Managing Director and the Group Financial Controller of the Company give annual certification to the Board on financial reporting and internal controls in terms of Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 pertaining to CEO and CFO certification for the financial year ended on March 31, 2016.

To,

The Board of Directors
Escorts Limited

Dear Sir,

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

- a) We have reviewed financial statements and the cash flow statement of Escorts Limited for the financial year ended March 31, 2016 and to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violate of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the financial year;
 - ii. significant changes in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Faridabad
Date : May 25, 2016

Sd/-
Bharat Madan
Group Financial Controller

Sd/-
Rajan Nanda
Chairman & Managing Director

Auditor's Certificate on Corporate Governance

To,
The Members
Escorts Limited

We have examined the compliance of conditions of Corporate Governance by Escorts Limited ('the Company') for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period April 01, 2015 to November 30, 2015 and relevant provisions as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period December 01, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Clause 49 of the Listing Agreement and regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the aforementioned Agreement/ Regulations.

We further 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.

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

Sd/-

(Vijay Dhawan)

Partner

Place: New Delhi
Date: May 25, 2016

Membership No: 012565

Annexure – F to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief CSR Policy

Objective:

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

Review Mechanism:

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

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

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

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

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

2. Composition of CSR Committee

- a) Mr. Rajan Nanda
- b) Mr. Nikhil Nanda
- c) Mr. Hardeep Singh
- d) Mrs. Vibha Paul Rishi
- e) Mr. G. B. Mathur

3. Average Net Profit of the Company for last three financial years: ₹ 163.72 Cr.

4. Prescribed CSR Expenditure: ₹ 3.27 Cr.

5. Details of CSR spent during the financial year

- a) Total amount to be spent for the financial year : ₹ 3.27 Crore.
- b) Amount Unspent: ₹ 2.11 Crore.
- c) Amount spent during the financial year is given in the table herein below:

6. Reasons for not spending the amount:

Despite of approval of various projects for CSR Implementation, the Company under the guidance and directions of the CSR committee is able to spend ₹ 1.16 Cr. in the financial year 2015-16. The Company will be able to spend full amount in coming years.

7. Statement of the CSR Committee:

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

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

Sd/-

RAJAN NANDA

Place: Faridabad

Chairman and Managing Director

Date: May 25, 2016

and Chairman of CSR Committee

Amount spent during the financial year is as follows:

Sl. No.	CSR Project or Activity	Sector in which the Project is covered	Projects or programs		Amount Outlay (Budget) project or program wise	Amount spent on the Projects or Programs		Cumulative expenditure up to the reporting period	Amount spent:	
			Local Area or other	Specify the State & District where projects or programs was undertaken		Direct Expenditure on projects or programs	Overheads		Direct	Through Implementing Agency
1.	Escorts School (s) WASH	Cl. (i) Promoting	Local Area and Other	Haryana Faridabad	0.78	0.18	-	0.18	0.18	-
2.	Drain/ Sewage Cleaning Machines: Clean India Movement	Cl. (i) Promoting Healthcare including Preventive Healthcare and sanitation including contribution to the Swachh Bharat Kosh set up by the Central Government for promotion of Sanitation	Local Area and Other	Haryana Faridabad	0.48	0.48	-	0.48	0.48	-
3.	Skill Development Project	Cl. (ii) Employment Enhancing Vocation Skills	Local Area and Other	Haryana – Faridabad, New Delhi, Maharashtra – Pune, Ahmednagar	1.00	0.50	-	0.50	-	0.50

Annexure – G to the Directors' Report

Form No. AOC-2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship	NIL
(b) Nature of contracts/ arrangements/ transactions	NIL
(c) Duration of the contracts/ arrangements/ transactions	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e) Justification for entering into such contracts or arrangements or transactions	NIL
(f) Date(s) of approval by the Board	NIL
(g) Amount paid as advances, if any:	NIL
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.	NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	NIL
(b) Nature of contracts/arrangements/ transactions	NIL
(c) Duration of the contracts/ arrangements/ transactions	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	NIL
(e) Date(s) of approval by the Board, if any:	NIL
(f) Amount paid as advances, if any:	NIL

For and on behalf of the Board of Directors

Sd/-

Place: Faridabad

Date: May 25, 2016

RAJAN NANDA

Chairman and Managing Director

Annexure – H to the Directors' Report

Form No. MR-3

Secretarial Audit Report

(For the Financial Year ended March 31, 2016)

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

To,
The Members
ESCORTS LIMITED

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

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

Based on my verification of Escorts Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by Escorts Limited for the period ended on March 31, 2016 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 erstwhile Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as replaced by the SEBI (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); and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (a) The Motor Vehicles Act, 1988 and the Rules made thereunder;
- (b) The Aircraft Act, 1934 and rules made thereunder; and
- (c) The Petroleum Act, 1934 and the Rules made thereunder

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India which came into effect from 01.07.2015;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges, applicable upto 30.11.2015; and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from 01.12.2015.

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

3. I further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- b) The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- d) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company shifted its registered office from the city of Panchkula to the city of Faridabad within the state of Haryana after obtaining shareholders approval to the same through Postal Ballot Mechanism.

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

For **Jayant Gupta and Associates**

(Jayant Gupta)

Practicing Company Secretary

FCS : 7288

CP : 9738

Place : New Delhi

Date : May 25, 2016

Annexure to the Secretarial Audit Report of Escorts Limited for financial year ended March 31, 2016

To,
The Members
Escorts Limited

Management Responsibility for Compliances

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

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

For **Jayant Gupta and Associates**
(Jayant Gupta)

Practicing Company Secretary

FCS : 7288

CP : 9738

Place : New Delhi

Date : May 25, 2016

Annexure – I to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L74899HR1944PLC039088
- ii) Registration Date: October 17, 1944
- iii) Name of the Company: Escorts Limited
- iv) Category/ Sub-Category of the Company: Public Company/ Limited by Shares
- v) Address of the Registered office and contact details: 15/5, Mathura Road, Faridabad - 121 003, Haryana, India
Tel.: 0129-2250222
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Share Transfer Agent, if any:
Karvy Computershare Private Limited,
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Ph No.: 040-67161522 Fax: 040-67161791
Email – einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Escorts Securities Limited 11, Scindia House, Connaught Circus, New Delhi – 110 001	U74899DL1994PLC062140	Subsidiary	49%	2(87)(i)
2	Escorts Asset Management Limited 11, Scindia House, Connaught Circus, New Delhi – 110 001	U74899DL1995PLC074265	Subsidiary	30%	2(87)(i)
3	Eddal Credit Limited 18/4, Mathura, Road, Faridabad – 121 007	U65929HR1995PLC032681	Subsidiary	99.86%	2(87)(ii)
4	Farmtrac Tractors Europe Sp. Zo.o	N.A.	Subsidiary	100%	2(87)(ii)
5	Escorts Consumer Credit Limited	U65991DL1991PLC174993	Associate	29.41%	2(6)
6	Adico Escorts Agri Equipments Private Limited Galaxy Oil Compound, Survey No. 211/1-2, Kothariaya, Rajkot – 360 003, Gujarat	U29211GJ2011PTC065867	Joint Venture	40%	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1388212	0	1388212	1.13	1423904	0	1423904	1.16	0.03
b) Central Govt.	0	0	0	0	0				
c) State Govt. (s)	0	0	0	0	0				
d) Bodies Corp.	12756582	0	12756582	10.41	13993882	0	13993882	11.42	1.01
e) Banks/Fl	0	0	0						
f) Any Other - Trust	37300031	0	37300031	30.43	37300031	0	37300031	30.43	
Sub-total (A) (1):-	51444825		51444825	41.97	52717817	0	52717817	43.01	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	51444825	0	51444825	41.97	52717817	0	52717817	43.01	1.04
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3681250	3621	3684871	1.83	3846974	3621	3850595	3.14	1.18
b) Banks/Fl	7558	7304	14862	0.01	5758	7304	13062	0.01	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	975804	50	975854	0.35	475729	50	475779	0.39	0.45
g) FIs	11414793	1388	11416181	6.88	10138355	1388	10139743	8.27	2.43
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	16079405	12363	16091768	9.06	14466816	12363	14479179	11.81	4.07
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	8490989	25920	8516909	10.79	6623957	25043	6649000	6.95	-3.84
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	23171319	2175503	25346822	17.84	23122844	2127844	25250688	20.68	2.84
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	21150039	26515	21176554	20.34	23480194	0	23480194	17.28	-3.06
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	52812347	2227938	55040285	48.97	53226995	2152908	55379882	44.90	-4.07
Total Public Shareholding (B)=(B)(1)+ (B)(2)	68891752	2240301	71132053	58.03	67693861	2165250	69859111	58.03	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0					
Grand Total (A+B+C)	120233182	2343696	122576878	100.00	120411678	2165250	122576928	100.00	0

(ii) Shareholding of Promoters

Sl. No.	Promoter's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Rajan Nanda	1039196	0.85	0.00	1039196	0.85	0.00	0
2	Nikhil Nanda	212875	0.17	0.00	212875	0.17	0.00	0
3	Ritu Nanda	67487	0.06	0.00	110000	0.09	0.00	0.03
4	Hardeep Singh	1000	0.00	0.00	1000	0.00	0.00	0
5	Subhash Chandra Bhargava*	500	0.00	0.00	0	0.00	0.00	0
6	Navya Naveli Nanda	18000	0.01	0.00	18000	0.01	0.00	0
7	Nitasha Nanda	500	0.00	0.00	500	0.00	0.00	0
8	Shweta Nanda	17000	0.01	0.00	17000	0.01	0.00	0
9	Krishna Kapoor	579	0.00	0.00	579	0.00	0.00	0
10	Agastya Nanda	10000	0.01	0.00	10000	0.01	0.00	0
11	Dave Surendra Ambalal	10000	0.01	0.00	10000	0.01	0.00	0
12	Big Apple Clothing Pvt. Ltd.	1771837	1.45	0.00	1771837	1.45	0.00	0
13	Escorts Farms Limited	500	0.00	0.00	0	0.00	0.00	0
14	Charak Ayurvedic Treatments Pvt. Ltd.	2000	0.00	0.00	2000	0.00	0.00	0
15	Surendra Ambalal Dave Trustee of Escorts Benefit and Welfare Trust	37300031	30.43	0.00	37300031	30.43	0.00	0
16	Harpashad and Company Pvt. Ltd.	9291008	7.58	0.00	10526308	8.59	0.00	1.01
17	Escorts Finance Ltd.	31	0.00	0.00	31	0.00	0.00	0
18	Aaa Portfolio Pvt Limited	1687280	1.38	0.00	1687280	1.38	0.00	0
19	Nikytasha Energies Pvt. Ltd.	1250	0.00	0.00	1250	0.00	0.00	0
20	Nikytasha Communications Pvt. Ltd.	1850	0.00	0.00	4350	0.00	0.00	0
21	Sietz Technologies India Pvt. Ltd.	826	0.00	0.00	826	0.00	0.00	0
22	Rachana Mathur	75	0.00	0.00	75	0.00	0.00	0
23	Girish Behari Mathur	11000	0.01	0.00	4679	0	0.00	0
	Total	51444825	41.97	0.00	52717817	43.01	0.00	1.04

*Resigned w.e.f. March 29, 2016.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No	Name	Shareholding at the beginning (01-04-2015) and at the end of the year (31-03-2016)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Ritu Nanda	67487	0.06	01-04-2015				
				19-06-2015	42513	Transfer	110000	0.09
		110000	0.09	31-03-2016			110000	0.09
2	Harparshad and Company Pvt. Ltd.	9291008	7.58	01-04-2015	-	-	9291008	7.58
				05-06-2015	328097	Transfer	9619105	7.85
				12-06-2015	471233	Transfer	10090388	8.23
				19-06-2015	429033	Transfer	10519371	8.58
				26-02-2015	6937	Transfer	10526308	8.59
				Date	1235300	Transfer	10526308	8.59
		10526308	8.59	31-03-2016			10526308	8.59

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

Sl. No	Name	Shareholding at the beginning (01-04-2015) and at the end of the year (31-03-2016)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Jhunjhunwala Rakesh Radheshyam	9975000	8.14%	01-04-2015			9975000	8.14%
				14-08-2015	750000	Transfer	10725000	8.75%
				04-09-2015	500000	Transfer	11225000	9.16%
		11225000	9.16%	31-03-2016			11225000	9.16%
2	Jhunjhunwala Rekha Rakesh	1250000	1.02%	01-04-2015				
				26-06-2015	500000	Transfer	500000	0.41%
				30-06-2015	249000	Transfer	749000	0.61%
				03-07-2015	376000	Transfer	1125000	0.92%
				10-07-2015	125000	Transfer	1250000	1.02%
		1250000	1.02%	31-03-2016			1250000	1.02%
3	Pradeep Kumar Gupta Trustee of ESOS-2006	3293612	2.69%	01-04-2014			3293612	2.69%
				18-12-2015	-60000	Transfer	3233612	2.64%
				31-12-2015	-24000	Transfer	3209612	2.62%
				05-02-2016	-12000	Transfer	3197612	2.61%
				18-03-2016	-12000	Transfer	3185612	2.60%
	3185612	2.60%	31-03-2016			3185612	2.60%	
4	Goldman Sachs India Fund Limited	3093211	0	01-04-2015		No	3093211	2.52%
		3093211	2.52%	31-03-2016		transaction during the year	3093211	2.52%
5	Tata Investment Corporation Limited	800210	0.65%	01-04-2015		No	800210	0.65%
		800210	0.65%	31-03-2016		transaction during the year	800210	0.65%

Sl. No	Name	Shareholding at the beginning (01-04-2015) and at the end of the year (31-03-2016)		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
6	Dimensional Emerging Markets Value Fund	900499	0.73%	01-04-2015			900499	0.73%
				26-06-2015	-55138	Transfer	845361	0.69%
		845361	0.69%	31-03-2016			845361	0.69%
7	Canara Robeco Mutual Fund A/c Canara Robeco Emerging Equity	0	0.00%	01-04-2015			0	0%
				10-07-2015	165667	Transfer	165667	0.14%
				17-07-2015	163009	Transfer	328676	0.27%
				24-07-2015	136500	Transfer	465176	0.38%
				31-07-2015	23988	Transfer	489164	0.40%
				07-08-2015	37275	Transfer	526439	0.43%
				14-08-2015	50000	Transfer	576439	0.47%
				21-08-2015	65920	Transfer	642359	0.52%
				28-08-2015	5000	Transfer	647359	0.53%
				04-09-2015	5000	Transfer	652359	0.53%
				09-10-2015	50000	Transfer	702359	0.57%
				30-10-2015	45000	Transfer	747359	0.61%
				06-11-2015	27033	Transfer	774392	0.63%
				18-12-2015	30000	Transfer	804392	0.66%
		15-01-2016	25000	Transfer	829392	0.68%		
		829392	0.68%	31-03-2016		829392	0.68%	
8	Greater India Portfolio	1087096	0.89%	01-04-2015		No	1087096	0.89%
		1087096	0.89%	31-03-2016		transaction during the year	1087096	0.89%
9	The Emerging Markets Small Cap Series of The DFA Investment Trust Company	523655	0.43%	01-04-2015			523655	0.43%
				10-04-2015	3555	Transfer	527120	0.43%
				24-04-2015	69035	Transfer	596155	0.49%
				01-05-2015	47519	Transfer	643674	0.53%
				30-09-2015	20938	Transfer	664072	0.54%
				01-10-2015	42110	Transfer	706182	0.58%
				16-10-2015	48782	Transfer	754964	0.62%
		754964	0.62%	31-03-2015		754964	0.62%	
10	Emerging Markets Core Equity Portfolio	636221	0.52%	01-04-2015			636221	0.62%
				28-08-2015	-72242	Transfer	563979	0.46%
				16-10-2015	34180	Transfer	598159	0.49%
				23-10-2015	115126	Transfer	713285	0.58%
				15-01-2016	32085	Transfer	745370	0.61%
				22-01-2016	22484	Transfer	767854	0.63%
				29-01-2016	40592	Transfer	808446	0.66%
				05-02-2016	50423	Transfer	858869	0.70%
				12-02-2016	58139	Transfer	917008	0.75%
				19-02-2016	13079	Transfer	930087	0.76%
		26-02-2016	36097	Transfer	966184	0.79%		
		966184	0.79%			966184	0.79%	

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning (01-04-2015) and at the end of the year (31-03-2016)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year (01-04-2015 to 31-03-2016) No. of Shares	% of total shares of the Company
		No. of Shares	% of total shares of the Company					
A Director's								
1	Rajan Nanda Chairman & Managing Director	1039196	0.85	01-04-2015	0	Nil Movement during the year	1039196	0.85
		1039196	0.85	31-03-2016				
2	Nikhil Nanda Managing Director	212875	0.17	01-04-2015	0	Nil Movement during the year	212875	0.17
		212875	0.17	31-03-2016				
3	Nitasha Nanda Whole-time Director	500	0	01-04-2015	0	Nil Movement during the year	500	0
		500		31-03-2016				
4	Hardeep Singh Director	1000	0	01-04-2015	0	Nil Movement during the year	1000	0
		1000	0	31-03-2016				
5	Subhash Chandra Bhargava Director (Resigned on 29/03/2016)	500	0	01-04-2015	0	Nil Movement during the period	500	0
		500	0	31-03-2016				
6	Dave Surendra Ambalal Director	10000	0.01	01-04-2015	0	Nil Movement during the year	10000	0.01
		10000	0.01	31-03-2016				
7	Girish Behari Mathur Director	11000	0.01	16-01-2015	0 (1000) (5321)	Changed during The year	10000	0.01
			0	21-08-2015				
			0	20-11-2015				
		4679	0	31-03-2016				
8	Sutanu Behuria Director	0	0	01-04-2015	0	Nil Movement during the year	0	0
		0	0	31-03-2016				
9	P H Ravikumar Director	0	0	01-04-2015	0	Nil Movement during the year	0	0
		0	0	31-03-2016				
10	Vibha Paul Rishi Director	0	0	01-04-2015	0	Nil Movement during the year	0	0
		0	0	31-03-2016				
B Key Managerial Personnel (KMP's)								
1	Bharat Madan Group Finance Controller	0	0	01-04-2015	0	Nil Movement during the year	0	0
		0	0	31-03-2016				
2	Ajay Kumar Sharma Company Secretary & Chief Compliance Officer	0	0	01-04-2015	0	Nil Movement during the year	0	0
		0	0	31-03-2016				

V. INDEBTEDNESS

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

(₹ Cr.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	477.96	3.04	-	481.00
ii) Interest due but not paid	0.12	-	-	0.12
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	478.08	3.04	-	481.12
Change in Indebtedness during the financial year				
• Addition	60.49	-	-	60.49
• Reduction	183.41	2.90	-	186.31
Net Change	(122.92)	(2.90)	-	(125.82)
Indebtedness at the end of the financial year				
i) Principal Amount	354.65	0.14	-	354.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.51	-	-	0.51
Total (i+ii+iii)	355.16	0.14	-	355.30

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda*	
1	Gross Salary				
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4.679	4.859	1.386	10.923
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.124	0.013	0.004	0.141
	c. Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	-as % of profit	-	-	-	-
	-others	-	-	-	-
5	Others	0.457	0.254	0.070	0.781
	Total	5.259	5.125	1.460	11.844
	Overall Ceiling as per the Act	₹ 11.859 Crore (being 10% of the net profits of the Company calculated as per Section 198 of the Act)			

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

B. Remuneration to other directors:

₹ in Cr.

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Dr. S.A. Dave	Mr. S.C. Bhargava*	Mr. P.H. Ravikumar	Mrs. Vibha Paul Rishi	Dr. Sutanu Behuria	Mr. Hardeep Singh	Mr. G.B. Mathur**	
1	Independent Directors								
	• Fee for attending Board/ Committee Meetings	0.069	0.069	0.030	0.027	0.032	-	-	0.227
	• Commission	-	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-	-
	Total (1)	0.069	0.069	0.030	0.027	0.032	-	-	0.227
2	Other Non-Executive Directors								
	• Fee for attending Board/ Committee Meetings	-	-	-	-	-	0.081	0.020	0.101
	• Commission	-	-	-	-	-	-	-	-
	• Others	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	0.081	0.020	0.101
	Total (B) = (1+2)	0.069	0.069	0.030	0.027	0.032	0.081	0.020	0.328
	Total Managerial Remuneration (A+B)								12.172
	Overall Ceiling as per the Act	₹ 1.186 Crore (being 1% of the net profits of the Company calculated as per Section 198 of the Act)							

* Ceased to be Director w.e.f. March 29, 2016

** Professional fee paid to Mr. G.B. Mathur under Section 197(4) of the Act, is not included in above calculation.

C. Remuneration to Key Managerial Personnel (KMP) other than MD/ Manager/ WTD

₹ in Cr.

Sl. No.	Particulars of Remuneration	Name of KMP		Total Amount
		Mr. Bharat Madan	Mr. Ajay Sharma**	
1	Gross Salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1.173	0.655	1.828
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.004	0.003	0.007
	c. Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as % of profit	-	-	-
	-others	-	-	-
5	Others	-	-	-
	Total	1.177	0.659	1.835

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure – J to the Directors’ Report

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (I) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16, and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2015-16 (₹ In Cr)	% Increase in Remuneration in the financial year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Rajan Nanda Chairman and Managing Director	5.259	Nil	61.15	Profit Before Tax increased by 34.6% and Profit After Tax increased by 19.6% in the financial year 2015-16
2.	Nikhil Nanda Managing Director	5.125	Nil	59.60	
3.	Nitasha Nanda Whole-time Director	1.460	Nil	16.97	
4.	G.B. Mathur Non-Executive Director	0.020	Not Applicable	0.23	
5.	Hardeep Singh Non-Executive Director	0.081	Not Applicable	0.94	
6.	Dr. S.A. Dave Non-Executive Director	0.069	Not Applicable	0.80	
7.	Mr. S.C. Bhargava Non-Executive Director	0.069	*	*	Not Applicable
8.	Mr. P.H. Ravikumar Non-Executive Director	0.030	Not Applicable	0.35	
9.	Mrs. Vibha Paul Rishi Non-Executive Director	0.027	Not Applicable	0.31	
10.	Dr. Sutanu Behuria	0.032	Not Applicable	0.37	
11.	Bharat Madan Group Financial Controller	1.177	10.58%	Not Applicable	Profit Before Tax increased by 34.6% and Profit After Tax increased by 19.6% in the financial year 2015-16
12.	Ajay Sharma Group General Counsel & Company Secretary	0.659	#	Not Applicable	

* Details not given as Mr. S.C. Bhargava was director only for part of financial year 2015-16 i.e. upto March 29, 2016.

Details not given as the same is not comparable with last year figure.

- (II) Increase in median remuneration of employees for the previous financial year: 7.05%
- (III) Relationship between average increase in remuneration and Company’s performance: On an average, employees received an annual increase of 7.05%. The increase in remuneration is in line with the market trends in the respective industry. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organisation performance, apart from an individual’s performance.
- (IV) Average percentage increase made in salaries of employees other than the managerial personnel in the last financial year: 7.05%
- (V) No commission was paid to the Non-Executive Directors of the Company during 2015-16 and 2014-15. Hence,

percentage increase in Remuneration in the financial year 2015-16 has been shown as not applicable.

- (VI) There were 4,059 permanent employees on the rolls of the Company as on March 31, 2016.
- (VII) a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2016 was ₹ 1706.88 crore (₹ 1561.02 crore as on March 31, 2015).
- b) Price Earnings ratio of the Company was 19.10 as at March 31, 2016 and was 20.34 as at March 31, 2015.
- c) Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the company came out with the last public offer in the year- The Company had come out with initial public offer (IPO) in 1960. An amount of ₹ 1000 invested in the said IPO has been increased to ₹ 5.30 lakh as on March 31, 2016 excluding conversion of debentures, warrants and dividend amount.
- (VIII) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees.
- (IX) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- (X) 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.

Independent Auditor's Report

To The Members of Escorts Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Escorts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note-32 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note-31 to the financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S. N. Dhawan & Co.

Chartered Accountants
(Firm Registration No. 000050N)

(Vijay Dhawan)

Partner
M.No.:012565

Place: New Delhi

Dated: May 25, 2016

Annexure - A to the Independent Auditor's Report

Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In our opinion and according to the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals during the year, except for materials lying with third parties for which certificates confirming stocks held by them have been obtained in most of the cases.
- Discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company in respect of loans, investments, guarantees, and security has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules made thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of the products manufactured by the Company and are of the opinion that prima-facie the prescribed accounts have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess were in arrears, as at March 31, 2016 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Amount* (₹ Crores)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Acts	Sales Tax	49.76	1992-2015	Adjudicating Authority/ Appellate Authority/High Court
		1.55	2006-2013	Supreme court

Name of the Statute	Nature of Dues	Amount* (₹ Crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	3.63	1992-2012	Adjudicating Authority/ Appellate Authority
Central Excise Act, 1944	Excise Duty	100.98	2000-2007	CESTAT
Finance Act, 1994	Service Tax	2.14	2005-2011	CESTAT
Income Tax Act, 1961	Income Tax	0.53	2007-08 (A.Y. 2008-09)	ITAT
Haryana Local Area Development Tax Act, 2000	Local Area Development Tax	12.90	2006-2008	Supreme Court

* net of deposits

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank and government. The Company does not have any debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise any monies by way of initial public offer or further public offer (including debt instruments) during the year and the term loans availed by the Company were applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For S. N. Dhawan & Co.

Chartered Accountants
(Firm Registration No. 000050N)

(Vijay Dhawan)

Partner

M.No.:012565

Place: New Delhi

Dated: May 25, 2016

Annexure - B to the Independent Auditor's Report

Referred to in Paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Escorts Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 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 its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 issued by the ICAI.

For S. N. Dhawan & Co.

Chartered Accountants
(Firm Registration No. 000050N)

(Vijay Dhawan)

Partner

M.No.:012565

Place: New Delhi

Dated: May 25, 2016

Balance Sheet As At March 31, 2016

	Notes	As At 31.03.2016	₹ Crores As At 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	119.39	119.29
Reserves & Surplus	4	1,752.90	1,677.01
Non-Current Liabilities			
Long-term Borrowings	5	87.53	105.81
Other Long-term Liabilities	7	33.48	34.53
Long-term Provisions	8	29.95	113.55
Current Liabilities			
Short-term Borrowings	9	214.23	302.60
Trade Payables:			
- Due to Micro and Small Enterprises	38	-	-
- Due to Others	10	729.36	700.63
Other Current Liabilities	11	210.64	245.77
Short-term Provisions	8	158.85	87.90
Total		3,336.33	3,387.09
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		1,557.34	1,566.98
Intangible Assets		15.21	15.98
Capital Work-in-Progress		21.37	19.40
Intangible Assets under Development		36.82	36.06
Non-current Investments	13	386.03	380.03
Deferred Tax Assets (Net)	6	40.23	47.81
Long-term Loans and Advances	14	19.62	19.80
Other Non-current Assets	15	2.93	2.93
Current Assets			
Current Investments	16	3.96	3.42
Inventories	17	390.01	415.92
Trade Receivables	18	424.07	397.06
Cash and Bank Balances	19	242.48	236.41
Short-term Loans and Advances	14	189.22	233.20
Other Current Assets	15	7.04	12.09
Total		3,336.33	3,387.09
Summary of Significant Accounting Policies	2.1		

The accompanying Notes (1 to 50) are an integral part of the Financial Statements.

For and on Behalf of the Board

RAJAN NANDA Chairman and Managing Director (DIN 00043256)	NIKHIL NANDA Managing Director (DIN 00043432)	Dr. S. A. DAVE Director (DIN 00001480)	P. H. RAVIKUMAR Director (DIN 00280010)	As per our Report attached for S. N. DHAWAN & CO. Chartered Accountants (Firm Regn No. 000050N)
HARDEEP SINGH Director (DIN 00088096)	SUTANU BEHURIA Director (DIN 00051668)	BHARAT MADAN Group Financial Controller	AJAY SHARMA Group General Counsel & Company Secretary	VIJAY DHAWAN Partner M No. 012565

Place: Faridabad

Date: May 25, 2016

Statement of Profit and Loss For the Year Ended March 31, 2016

₹ Crores

	Notes	Year Ended 31.03.2016	Year Ended 31.03.2015
Income			
Revenue from Operations (Gross)	20	3,552.91	4,061.64
Less: Excise Duty		80.70	75.81
Revenue from Operations (Net)		3,472.21	3,985.83
Other Income	21	57.79	60.65
Total Revenue (I)		3,530.00	4,046.48
Expenses			
Cost of Raw Material & Components Consumed	22	2,171.06	2,561.50
Purchases of Traded Goods	23	228.28	205.05
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	24	(5.31)	82.07
Employee Benefits Expense	25	420.62	431.83
Finance Costs	26	51.29	57.11
Depreciation and Amortisation Expense	12	60.11	66.06
Other Expenses	27	497.57	543.98
Total Expenses (II)		3,423.62	3,947.60
Profit before Exceptional Items and Tax (I-II)		106.38	98.88
Exceptional Items	28	14.51	30.63
Profit Before Tax		91.87	68.25
Tax Expense:			
(a) Current Tax		15.38	15.52
(b) Minimum Alternative Tax Entitlement		(8.97)	(3.29)
(c) Deferred Tax		8.50	(18.69)
(d) Excess Provisions for Earlier Years Written Back		(12.42)	-
Profit for the Year		89.38	74.71
Earnings Per Equity Share (in ₹) (face value ₹ 10/- each)			
- Basic		7.49	6.26
- Diluted		7.49	6.26
Summary of Significant Accounting Policies	2.1		

The accompanying Notes (1 to 50) are an integral part of the Financial Statements.

For and on Behalf of the Board

RAJAN NANDA Chairman and Managing Director (DIN 00043256)	NIKHIL NANDA Managing Director (DIN 00043432)	Dr. S. A. DAVE Director (DIN 00001480)	P. H. RAVIKUMAR Director (DIN 00280010)	As per our Report attached for S. N. DHAWAN & CO. Chartered Accountants (Firm Regn No. 000050N)
HARDEEP SINGH Director (DIN 00088096)	SUTANU BEHURIA Director (DIN 00051668)	BHARAT MADAN Group Financial Controller	AJAY SHARMA Group General Counsel & Company Secretary	VIJAY DHAWAN Partner M No. 012565

Place: Faridabad

Date: May 25, 2016

Notes to Financial Statements For the Year Ended March 31, 2016

1. Corporate Information

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

2. Basis of Preparation

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

2.1 Summary of Significant Accounting Policies

a. Use of Estimates

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

b. Tangible Fixed Assets

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

c. Intangible Fixed Assets

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

d. Impairment of Assets

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

e. Depreciation and Amortisation

Tangible Assets

- i. Depreciation on tangible assets is provided on the straight line method over the useful lives of assets prescribed in schedule II of the Companies Act, 2013 except Leasehold Land, which is amortised over the lease period and Helicopter engine depreciated over a period of 8 years based on the estimated useful life.

Notes to Financial Statements For the Year Ended March 31, 2016

- ii. The depreciation on assets acquired/sold/discarded/demolished during the year is provided from/upto the month the asset is commissioned/sold or discarded.
- iii. Assets costing upto ₹ 5,000 are depreciated fully in the year of purchase.
- iv. Leasehold Improvements are written off over a lease period.

Intangible Assets

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

f. Inventory Valuation

- i. Raw Material and Components, Stores and Machinery Spares are stated at lower of cost and net realisable value.
- ii. Loose Tools are stated at cost or under.
- iii. Work in Progress, Finished and Trading Goods/Spare Parts are stated at lower of cost and net realisable value.
- iv. In determining the cost of Raw Materials and Components, Trading Goods, Tools, Jigs and Dies, Stores and Machinery Spares Weighted Average Cost Method is used.
- v. Work in Progress and Finished Goods include cost of conversion and other costs incurred in bringing the Inventories to their present location and condition.

g. Revenue Recognition

- i) Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer. Sales are recognised net of trade discounts, rebates and sales tax.
- ii) Dividend is accounted for an accrual basis when the right to receive the dividend is established.
- iii) Income recognition/provisions on non-performing assets is in accordance with the non-banking financial prudential norms (Reserve Bank) Directions, 2007.

h. Research & Development

Revenue expenditure incurred for research & development is charged to the Statement of Profit and Loss. Fixed assets purchased for research and development activities are capitalised in the year when the same are put to use.

i. Employee Benefits

i) Defined Contribution Plan :

Employee benefits in the form of provident fund, employees' state insurance and labour welfare fund are considered as defined contribution plans and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to respective funds are due.

ii) Defined Benefit Plan :

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

Actuarial gain/losses are immediately recognised in the Statement of Profit and Loss.

iii) Other Long-term Benefits :

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

Notes to Financial Statements For the Year Ended March 31, 2016

j. Investments

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

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

k. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognised in the Statement of Profit & Loss.

Foreign currency monetary assets & liabilities are restated at the Exchange Rate prevailing at the year-end and the overall net gain/loss is adjusted to the Statement of Profit and Loss.

In case of Forward Exchange Contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised in the Statement of Profit and Loss over the life of the contract.

l. Tax Expense

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

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

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

m. Borrowing Costs

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

n. Employee Stock Option Scheme

In respect of stock options granted pursuant to Employees Stock Option Scheme, the intrinsic value of the options (Excess of market price of the share over the exercise price of the options) is accounted as employee compensation cost over the vesting period.

Notes to Financial Statements For the Year Ended March 31, 2016

o. Leases

- i. Asset acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii. Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

p. Government Grants

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

q. Provisions and Contingent Liabilities and Contingent Assets

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

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

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

Contingent liability is disclosed in case of

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

Contingent assets are neither recognised nor disclosed.

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

r. Earnings Per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 3 : SHARE CAPITAL

	₹ Crores	
	As at 31.03.2016	As at 31.03.2015
Authorised		
(i) 401,000,000 (Previous Year - 401,000,000 Shares) Equity Shares of ₹ 10 each	401.00	401.00
(ii) 888,000,000 (Previous Year - 888,000,000 Shares) Unclassified Shares of ₹ 10 each	888.00	888.00
	1,289.00	1,289.00
Issued, Subscribed and Paid-Up Capital		
122,576,878 (Previous Year - 122,576,878) Equity Shares of ₹ 10/- each	122.58	122.58
Less: Amount Recoverable from Escorts Employees Benefit & Welfare Trust (face value of 3,185,612 shares allotted to trust) - (Previous Year- 3,293,612)	3.19	3.29
Total Share Capital	119.39	119.29

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

Particulars	As at 31.03.2016	As at 31.03.2015
At the beginning of the year	122,576,878	122,576,878
Add: Issued during the year	-	-
Less: Buyback during the year	-	-
At the end of the year	122,576,878	122,576,878

(b) Terms/Rights Attached to Equity Shares

The Company has only one class of shares, i.e., equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. The final dividend @ ₹ 1.20 per share, recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of Shareholders Holding more than 5% Shares in the Company

Name of Shareholders	As at 31.03.2016		As at 31.03.2015	
	% Held	No. of Shares	% Held	No. of Shares
Escorts Benefit and Welfare Trust	30.43	37,300,031	30.43	37,300,031
Harprasad & Company Private Limited	8.59	10,526,308	7.58	9,291,008
Jhunjhunwala Rakesh Radheshyam	9.16	112,250,000	8.14	9,975,000

(d) Aggregate no. of shares issued for consideration other than cash during the period of five years immediately Preceding March 31, 2016:

Particulars	As At 31.03.2016 No. of Shares	As At 31.03.2015 No. of Shares
Equity Shares allotted as Fully Paid Pursuant to Consideration other than cash	16,958,842	28,255,770

In addition, the Company has issued total 4,26,000 Equity shares to employees (through Escorts Employees Benefit & Welfare Trust) on exercise of option granted under the Employee Stock Option Scheme 2006, wherein part consideration was received in form of employee services.

(e) Shares reserved for issue under Options:

For details of share reserved for issue under the Employee Stock Option Plan (ESOP) of the Company - (Refer Note 35).

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 4 : RESERVES & SURPLUS

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Capital Reserve		
Balance as per the last Financial Statements	97.70	97.70
Closing Balance	97.70	97.70
Capital Redemption Reserve		
Balance as per the last Financial Statements	4.00	4.00
Closing Balance	4.00	4.00
Securities Premium Reserve		
Balance as per the last Financial Statements	432.00	431.85
Add : Shares issued under the Employee Stock Option Scheme 2006	0.80	0.15
Closing Balance	432.80	432.00
Revaluation Reserve		
Balance as per the last Financial Statements	36.17	36.17
Closing Balance	36.17	36.17
Employee Stock Option Outstanding Account		
Gross Employee Stock Compensation for Options Granted in Earlier Years	0.04	0.33
Add : Gross Compensation for Option Granted During the Year	0.09	-
Less: Deduction During the Year	0.02	0.29
Closing Balance	0.11	0.04
General Reserve		
Balance as per the last Financial Statements	513.86	608.05
Add : Transfer from Other Reserves	0.02	0.29
Less : Adjustment on account of realignment of useful life of fixed assets as per Schedule II of Companies Act, 2013 (refer Note 34)	1.16	94.48
Closing Balance	512.72	513.86
Surplus in the Statement of Profit & Loss		
Balance as per the last Financial Statements	593.24	534.01
Add : Dividend on shares held by Escorts Benefit & Welfare Trust (refer Note 41)	4.48	2.22
Profit for the Year	89.38	74.71
Less : Appropriations		
Proposed Dividend @ ₹ 1.20 (Previous Year ₹ 1.20) per share	14.71	14.71
Tax On Dividend	2.99	2.99
Closing Balance	669.40	593.24
Total	1,752.90	1,677.01

NOTE 5 : LONG-TERM BORROWINGS

₹ Crores

	Non-Current Portion		Current Maturities	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Secured				
Term Loans				
From Banks	87.50	105.63	52.87	69.67
From Other Parties	0.03	0.04	0.02	0.02
Unsecured				
Finance Lease Obligation	-	-	-	0.33
Other Loans & Advances	-	0.14	0.14	2.57
Total	87.53	105.81	53.03	72.59

Notes to Financial Statements For the Year Ended March 31, 2016

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

(a) Term Loans from Bank

(Term loan from banks carries interest @ 10.60% p.a. to 12.00% p.a.)

- (i) Exclusive first charge on the Plant and Machinery/Equipment acquired/to be acquired out of the said term loan.
State Bank of India ₹ 2.75 Crores
 (Repayable by 30.09.2016)
- (ii) First charge by way of equitable mortgage of freehold immovable property being a part of site no.2, Sector-13, Faridabad.
Oriental Bank of Commerce ₹ 15.00 Crores
 (Repayable by 31.05.2016)
- Industrial Development Bank of India** ₹ 80.00 Crores
 (Repayable in 2 quarterly installments of ₹ 5.00 crores each and 8 quarterly installments of ₹ 8.75 crores each upto 01.07.2018)
- (iii) Exclusive first charge on the Plant and Machinery acquired/to be acquired out of the said term loan. Collateral: First charge by way of Equitable Mortgage of freehold immovable property being a part of Site no. 2, Sector-13, Faridabad.
Oriental Bank of Commerce ₹ 7.62 Crores
 (Repayable in 2 quarterly installment of ₹ 3.52 crores each and last quarterly installment of ₹ 0.58 crores by 30.11.2016)
- (iv) Exclusive first charge on the Plant and Machinery acquired/to be acquired out of the said term loan and Exclusive charge by way of Equitable Mortgage of freehold immovable property being a part of Site no. 2, Sector-13, Faridabad.
State Bank of India ₹ 35.00 Crores
 (Repayable in 24 equal quarterly instalments of ₹ 6.25 crores starting from 31.12.2017 till 30.09.2023 includes undisbursed loan of ₹ 115 crores)

(b) Term Loan from Others

- Life Insurance Corporation of India**
 Secured against insurance policy ₹ 0.05 Crores

(c) Other Loan & Advances

- Repayable in 2016-2017 ₹ 0.14 Crores

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

	As At 31.03.2016	As At 31.03.2015
Deferred Tax Liability		
Fixed Assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	11.90	14.16
Total Deferred Tax Liability (A)	11.90	14.16
Deferred Tax Assets		
Impact of expenditure charged to the Statement of Profit and Loss in current year but allowed for tax purpose on payment basis & others	52.13	61.97
Total Deferred Tax Assets (B)	52.13	61.97
Total Deferred Tax Assets / (Liability) (A - B)	40.23	47.81

₹ Crores

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 7 : OTHER LONG-TERM LIABILITIES

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Security Deposits	22.39	23.44
Advance Received	11.09	11.09
Total	33.48	34.53

NOTE 8 : PROVISIONS

₹ Crores

	Long-Term		Short-Term	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Provision for Employee Benefits				
Gratuity	-	-	51.56	55.57
Leave Encashment	13.51	13.98	2.81	2.66
Superannuation	-	-	0.03	1.30
Others	-	-	3.91	2.77
	13.51	13.98	58.31	62.30
Others				
Provision for Warranty	0.46	-	9.85	7.90
Provision for Contingency / Claims	15.98	99.57	72.99	-
Proposed Dividend		-	14.71	14.71
Dividend Tax		-	2.99	2.99
	16.44	99.57	100.54	25.60
Total	29.95	113.55	158.85	87.90

NOTE 9 : SHORT TERM BORROWINGS

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Secured		
From Banks		
Cash Credit/Export Packing Credit & Working Capital Demand Loans	214.23	302.60
Total	214.23	302.60

Nature of Security

Cash Credit/Export Packing Credit and Working Capital Demand Loans from Banks are secured against first charge on current assets & second charge on moveable fixed assets (excluding assets specifically charged to other term lenders) and specific fixed deposits, repayable on demand and carries interest @ 7.75%-12.00% per annum.

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 10 : TRADE PAYABLES

	₹ Crores	
	As At 31.03.2016	As At 31.03.2015
Acceptances	150.66	155.04
Trade Payables (refer Note 38)		
- Due to Micro and Small Enterprises	-	-
- Due to Others	578.70	545.59
Total	729.36	700.63

NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crores	
	As At 31.03.2016	As At 31.03.2015
Current Maturities of Long-Term Borrowings (refer Note 5 for details)	53.03	72.59
Interest Accrued but not due on borrowings	0.51	-
Interest accrued and due on borrowings	-	0.12
Investor Education and Protection Fund will be credited by following amount (as and when due)		
- Unpaid Dividends	1.16	1.02
Other Payables		
- Statutory Dues	33.35	52.66
- Other Liabilities	122.59	119.38
Total	210.64	245.77

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 12 : FIXED ASSETS

	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As At 01.04.2015	Addition	Deletion	As At 31.03.2016	As At 01.04.2015	For the Year	Deductions/ Adjustment	As At 31.03.2016	As At 31.03.2015
Tangible Assets:									
Land Freehold	1,082.30	-	-	1,082.30	-	-	-	1,082.30	1,082.30
Buildings	378.48	5.61	-	384.09	229.64	6.74	-	236.38	147.71
Plant & Machinery	774.58	39.76	8.91	805.43	487.63	38.21	4.85	520.99	284.44
Furniture & Fixtures	89.55	16.29	1.97	103.87	63.71	6.95	(8.11)	78.77	25.10
Office Equipment	7.79	0.24	0.45	7.58	5.78	0.88	0.42	6.24	1.34
Vehicles	10.67	3.20	2.07	11.80	2.78	1.57	0.86	3.49	7.89
Leasehold Improvements	0.05	-	-	0.05	0.01	0.01	-	0.02	0.03
Assets Under Lease :									
Land Leasehold	8.89	-	-	8.89	0.71	0.10	-	0.81	8.08
Plant & Machinery	4.11	-	4.11	-	1.38	-	1.38	-	2.73
IT Equipments	12.32	-	11.85	0.47	10.12	0.37	10.05	0.44	0.03
Total - A	2,368.74	65.10	29.36	2,404.48	801.76	54.83	9.45	847.14	1,557.34
Intangible Assets:									
Prototypes	3.08	-	-	3.08	2.11	0.62	-	2.73	0.35
Technical Knowhow	7.73	3.79	-	11.52	6.91	0.29	-	7.20	4.32
Software Development	30.42	0.72	1.00	30.14	16.23	4.37	1.00	19.60	10.54
Total - B	41.23	4.51	1.00	44.74	25.25	5.28	1.00	29.53	15.21
Total - (A+B)	2,409.97	69.61	30.36	2,449.22	827.01	60.11	10.45	876.67	1,582.96
Capital Work-in-Progress (CWIP) (C)	19.40	51.18	49.21	21.37	-	-	-	21.37	19.40
Intangible Assets under Development (D)	36.06	5.08	4.32	36.82	-	-	-	36.82	36.06
Total - (A+B+C+D)	2,465.43	125.87	83.89	2,507.41	827.01	60.11	10.45	876.67	1,630.74
Previous Year	2,459.31	93.29	87.17	2,465.43	779.26	66.06	18.31	827.01	1,638.42

Notes:

- Fixed Assets include Assets in use for In House Research & Development Centres :

- Research & Development Centre (Tractors)	207.84	6.57	0.10	214.31	57.84	9.78	0.06	67.56	146.75	150.00
- Research & Development Centre (Construction Equipments)	5.17	2.47	0.24	7.40	3.41	0.65	0.06	4.00	3.40	1.76
- CWIP includes Borrowing Cost of ₹ 1.85 crores (Previous Year - ₹ 2.22 crores), capitalised during the year.
- Deletion in leased assets represent assets transferred to owned assets in respective categories on expiry of lease period.

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 13 : NON-CURRENT INVESTMENTS

	Face Value Per Share	No. of Shares / Units		Amount (₹ Crore)	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
Trade Investments (Valued at Cost Unless Stated Otherwise)					
a) Quoted (Fully Paid up)					
Investment in Equity Shares					
Escorts Finance Limited	₹ 10	3,819,700	3,819,700	4.01	4.01
b) Unquoted (Fully Paid up)					
Investment in Equity Shares					
Farmtrac Tractors Europe SP zoo, Poland	1000 PLN	9,500	9,500	8.35	8.35
EDDAL Credit Limited	₹10	50,000	50,000	0.05	0.05
Escorts Skill Development	₹ 10	9,500	9,500	0.01	0.01
Investments in Preference Shares					
Escorts Finance Limited (10%, Cumulative)	₹ 10	9,500,000	9,500,000	-	-
Other Investments (Valued at Cost Unless Stated Otherwise)					
a) Quoted (Fully Paid up)					
Investment in Equity Shares					
Asahi India Glass Limited	₹ 1	18,862	18,862	-	-
Godavari Drugs Limited	₹ 10	19,700	19,700	0.07	0.07
Tamilnadu Newsprints & Papers Limited	₹ 10	100	100	-	-
b) Unquoted (Fully Paid up)					
Investment in Equity Shares of Subsidiary					
Escorts Assets Management Limited	₹ 10	3,000,000	3,000,000	3.00	3.00
Escorts Securities Limited	₹ 10	1,960,000	1,960,000	1.96	1.96
Investment in Equity Shares of Joint Venture					
Hughes Communications India Limited	₹ 10	-	2,074,492	-	2.07
Adico Escorts Agri Equipment Pvt. Limited	₹ 10	6,000,000	-	6.00	-
Investment in Equity Shares of Associates					
Escorts Consumer Credits Limited	₹ 10	1,250,000	1,250,000	1.00	1.00
Investment In Equity Shares - Others					
Hughes Communications India Limited	₹ 10	2,074,492	-	2.07	-
Escorts Motors Limited	₹ 10	100,000	100,000	1.50	1.50
Drillmac Limited (in Liquidation)	₹ 10	20,000	20,000	0.02	0.02
Twenty First Century Medicare Limited	₹ 10	19,400	19,400	0.04	0.04
American Paints Limited	₹ 10	241,300	241,300	0.24	0.24
The Faridabad Central Co-operative Consumers Stores Ltd.	₹ 10	447	447	-	-
Beneficiary Interest in Trust					
Interest as Sole Beneficiary in Escorts Benefit & Welfare Trust	-	-	-	358.93	358.93
Others					
Unit Trust of India	₹ 100	1,830	1,830	0.02	0.02
Units under Venture Capital Unit Scheme - 1990 (VECAUS-II)					
Credit Capital Finance Corporation Limited [Current year (₹ 1,000), Previous Year (₹ 1,000)]	₹ 10	100	100	-	-
Other Government Securities [Current year (₹ 10,000), Previous Year (₹ 17,000)]				-	-
Total				387.27	381.27

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 13 : NON-CURRENT INVESTMENTS (Contd.)

	Face Value Per Share	No. of Shares / Units		Amount (₹ Crore)	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
Drillmac Limited (in liquidation)				(0.02)	(0.02)
Escorts Finance Limited				(0.89)	(0.89)
Godavari Drugs Limited				(0.07)	(0.07)
American Paints Limited				(0.21)	(0.21)
Twenty First Century Medicare Limited				(0.03)	(0.03)
Unit Trust of India & Other Govt Security				(0.02)	(0.02)
Total				386.03	380.03
Aggregate Value of Quoted Investment (including Investment held in be Beneficiary Trust)				363.01	363.01
Aggregate Market Value of Quoted Investment				530.50	486.79
Aggregate Value of Unquoted Investment				24.26	18.26
Aggregate Provision for Diminution in Value of Investments				1.24	1.24

NOTE 14 : LOANS & ADVANCES

₹ Crores

	Non-Current		Current	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Capital Advances				
Unsecured : Considered Good	5.76	8.47	-	-
: Considered Doubtful	0.04	0.04	-	-
	5.80	8.51	-	-
Less: Provision for Doubtful Advances	0.04	0.04		
	5.76	8.47	-	-
Security Deposits				
Unsecured : Considered Good	13.86	11.33	-	-
: Considered Doubtful	0.89	0.73	-	-
	14.75	12.06	-	-
Less: Provision for Doubtful Deposits	0.89	0.73		
	13.86	11.33	-	-
Advances recoverable in cash or in kind or for value to be received				
Unsecured : Considered Good	-	-	109.90	157.83
: Considered Doubtful	-	-	41.67	40.10
	-	-	151.57	197.93
Less: Provision for Doubtful Advances	-	-	41.67	40.10
	-	-	109.90	157.83
Other Loans and Advances				
Advance Income Tax (Net of Provisions)	-	-	15.90	30.28
MAT Credit Entitlement	-	-	63.42	45.09
Total	19.62	19.80	189.22	233.20

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 15 : OTHER ASSETS

₹ Crores

	Non-Current		Current	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Interest Accrued on Bank Deposits	-	-	7.04	12.09
Others	2.93	2.93	-	-
Total	2.93	2.93	7.04	12.09

NOTE 16. CURRENT INVESTMENTS

	No. of Shares / Units		Amount (₹ Crores)	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Quoted				
In Mutual Funds (Valued at Lower of Cost or Market Value)				
Birla Sun Life Dynamic Bond Fund (Growth)	930,977	930,977	1.95	1.95
Birla Sun Life Short-term Opportunities Fund (Growth)	869,678	-	2.00	-
IDFC SSIF Short-term Plan (Growth)	-	664,208	-	1.46
Total			3.95	3.41
Unquoted				
In Bond (At Cost)				
ICICI Deep Discount Bonds	26	26	0.01	0.01
Total			3.96	3.42
Aggregate market value of quoted investments			4.61	4.17

NOTE 17 : INVENTORIES

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Raw Materials and Components	153.07	213.64
Goods-in-transit	0.72	0.46
Less: Provision for obsolete and slow moving	10.53	41.14
	143.26	172.96
Work-in-Progress	35.25	36.73
	35.25	36.73
Finished Goods	115.45	124.60
Goods-in-transit	19.42	5.94
Less: Provision for obsolete and slow moving	0.92	1.02
	133.95	129.52
Traded Goods	58.55	56.12
Goods-in-transit	0.39	0.36
Less: Provision for obsolete and slow moving	12.53	16.96
	46.41	39.52
Stores and Spares	20.59	25.14
	20.59	25.14
Loose Tools	10.55	13.64
Less: Provision for obsolete and slow moving	-	1.59
	10.55	12.05
Total	390.01	415.92

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 18 : TRADE RECEIVABLES

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good	1.20	1.22
Unsecured : Considered Good	42.08	17.81
: Considered Doubtful	49.48	64.42
	92.76	83.45
Less: Provision for Doubtful Debts	49.48	64.42
	43.28	19.03
Others		
Secured, Considered Good	37.83	31.72
Unsecured, Considered Good	342.96	346.31
	380.79	378.03
Total	424.07	397.06

NOTE 19 : CASH AND BANK BALANCES

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Cash and Cash Equivalents		
Balances with Bank		
Cash Credit Accounts	2.51	3.04
Current Accounts	28.29	26.46
Cheques/Drafts on Hand	0.12	-
Cash on Hand	0.24	0.32
Bank Deposits upto 3 months maturity	-	22.00
	31.16	51.82
Other Balances with Bank		
Unpaid Dividend Accounts	1.16	1.02
Escrow Account (refer Note 32b)	118.20	109.57
Bank Deposits with more than 3 months but less than 12 months maturity (Includes ₹ 27 crores (previous year Nil) pledged against loans)	91.61	63.12
Margin Money (includes ₹ 0.13 crores (previous year ₹ 0.11 crores) pledged with various Authorities)	0.35	10.88
Total	242.48	236.41

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 20 : REVENUE FROM OPERATIONS

		₹ Crores	
		Year ended 31.03.2016	Year ended 31.03.2015
Sale of Products			
Gross Sales		3,536.75	4,038.09
Less: Excise Duty		80.70	75.81
Net Sale of Products	(A)	3,456.05	3,962.28
Other Operating Income			
Erection and Servicing		6.68	8.33
Export Incentive		1.53	3.91
Scrap Sale		5.97	6.62
Others		1.98	4.69
	(B)	16.16	23.55
Total	(A+B)	3,472.21	3,985.83

Details of Gross Sale Value of Manufactured Goods

		₹ Crores	
		Year ended 31.03.2016	Year ended 31.03.2015
Manufactured Goods			
Agricultural Tractors		2,418.79	2,872.28
Internal Combustion Engine		35.51	29.90
Round and Flat Tubes and Heating Elements		15.96	14.58
Double Acting Hydraulic Shock Absorbers for Railway Coaches		19.57	15.37
Centre Buffer Couplers		38.00	32.42
Automobile Shock Absorbers, Telescopic Front Fork & Mc Pherson Struts		80.76	96.67
Brake Block		24.41	24.37
All types of Brakes used by Railways		59.79	36.47
Construction Equipments		444.00	506.86
Others		91.83	93.17
Total		3,228.62	3,722.09

Details of Gross Sale Value of Traded Goods

		₹ Crores	
		Year ended 31.03.2016	Year ended 31.03.2015
Traded Goods			
Implements Trailers, Tractors, Compressor Accessories, Spares, Construction Equipment and Others		227.64	249.41
Oils & Lubricants		59.06	54.37
Others		21.43	12.22
Total		308.13	316.00

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 21 : OTHER INCOME

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Interest Income		
- Bank Deposits	18.13	13.29
- Others	14.82	34.22
Net Gain on Sale of Current Investments	0.44	-
Foreign Exchange Variation (Net)	5.66	(1.71)
Miscellaneous Income	18.74	14.85
Total	57.79	60.65

NOTE 22 : COST OF RAW MATERIAL & COMPONENTS CONSUMED

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Opening Stock	214.10	253.19
Add: Purchases	2,110.75	2,522.41
	2,324.85	2,775.60
Less: Closing Stock	153.79	214.10
Raw Material & Components Consumed*	2,171.06	2,561.50

* Net of Duty Drawback

Details of Raw Material & Component Consumed

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Castings & Forgings	185.95	209.99
Other Metal Parts	107.03	142.10
Others	1,878.08	2,209.41
Total	2,171.06	2,561.50

NOTE 23 : PURCHASE OF TRADED GOODS

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Purchase of Traded Goods	228.28	205.05
Total	228.28	205.05

Details of Purchase of Traded Goods

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Implements Trailers, Tractors, Compressor Accessories, Spares, Construction Equipment and Others	176.24	159.91
Oils & Lubricants	33.62	38.51
Others	18.42	6.63
Total	228.28	205.05

Notes to Financial Statements For the Year Ended March 31, 2016

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

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Opening Stock		
Finished Goods	130.54	200.09
Work-in-Progress	36.73	44.48
Traded Goods	56.48	61.25
	223.75	305.82
Closing Stock		
Finished Goods	134.87	130.54
Work-in-Progress	35.25	36.73
Traded Goods	58.94	56.48
	229.06	223.75
(Increase)/Decrease in Stock	Total	(5.31)
		82.07

Details of Finished and Traded Goods Inventories

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Finished Goods		
Agricultural Tractors	110.22	105.83
Round and Flat Tubes and Heating Elements	0.20	0.52
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts	6.01	3.67
All types of Brakes and Shock Absorbers used by Railways	0.49	0.06
Construction Equipments	13.86	16.66
Others	4.09	3.80
Total	134.87	130.54
Work-in-Progress		
Agricultural Tractors	11.52	13.39
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts	1.12	4.72
All types of Brakes and Shock Absorbers used by Railways	13.15	8.95
Construction Equipments	9.46	9.67
Total	35.25	36.73
Traded Goods		
Implements Trailers, Tractors, Compressor Accessories, Spares, Construction Equipment and Others	48.54	48.07
Oils and Lubricants	0.10	0.12
Others	10.30	8.29
Total	58.94	56.48

NOTE 25 : EMPLOYEE BENEFITS EXPENSE

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Salary, Wages and Bonus	361.24	366.82
Employee Stock Option Scheme	0.09	0.02
Contribution to Gratuity Fund	8.26	10.19
Contribution to Provident Fund and Other Funds	17.58	18.15
Staff Welfare	33.45	36.65
Total	420.62	431.83

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 26 : FINANCE COSTS

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Interest Expense*		
On Long-term Loans	17.25	24.13
On Cash Credit & Short-term Loans	25.74	22.28
Others	2.68	2.94
Bank and Finance Charges	5.62	7.76
Total	51.29	57.11

* Interest expenses are net of interest capitalised of ₹ 1.85 crores (previous year - ₹ 2.22 crores).

NOTE 27 : OTHER EXPENSES

₹ Crores

	Year Ended 31.03.2016	Year Ended 31.03.2015
Consumption of Stores, Spares and Tools	36.48	39.16
Power and Fuel	39.88	44.80
Excise Duty on Increase/(Decrease) in Stock of Finished Goods	(0.45)	(0.66)
Repairs and Maintenance		
Building	7.52	5.72
Plant & Machinery	17.13	17.43
Others	45.06	37.55
Warranties	21.83	16.74
Rent (Net)	5.04	4.64
Rates and Taxes	3.27	3.00
Insurance	3.47	3.52
Travelling and Conveyance	42.78	39.12
Postage and Telephones	6.31	5.58
Legal and Professional	53.37	44.15
Commission, Discounts and Sales Incentive	30.26	92.39
Advertisement and Promotional Expenses	57.25	49.73
Royalty	17.28	19.81
Packing, Freight and Forwarding	58.95	70.52
Directors Sitting Fees and Commission	0.37	0.20
Corporate Social Responsibility (CSR) Expenditure *	1.16	0.78
Provision For :-		
Doubtful Debts	4.36	4.44
Advances & Deposits	2.25	0.26
Obsolete Inventories	5.10	6.77
Bad Debts & Inventory Written Off	61.00	2.38
Less: Provision Already Held	61.00	2.38
Miscellaneous Expenses	40.06	38.33
Total	497.57	543.98
* CSR Expenditure		
a) Gross amount required to be spent by the Company during the year	3.27	3.28
b) Amount spent during the year on:		
i. Construction/acquisition of any asset		
- in Cash	-	-
- Yet to be paid in Cash	-	-
ii. On purposes other than (i) above		
- in Cash	1.16	0.78
- Yet to be paid in Cash	-	-

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 28 : EXCEPTIONAL ITEMS

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
(Surplus)/Loss on fixed assets sold/discarded (net)	0.22	0.39
Bad Debts/Obsolete Inventory	-	42.63
Provision For Doubtful Debts/ Obsolete Inventories/ Advances and Deposits	-	37.40
Amount Written Off (net)	-	7.66
Depreciation Written Back	-	(89.31)
Voluntary Retirement Expenses	1.23	31.86
Claims & Damages	13.06	-
Total	14.51	30.63

NOTE 29: EARNINGS PER SHARE

		Year ended 31.03.2016	Year ended 31.03.2015
Net Profit After Tax (₹ Crores)	Basic	89.38	74.71
	Diluted	89.38	74.71
Weighted Average Number of Shares Outstanding	Basic	119,312,643	119,276,965
	Diluted	119,360,950	119,350,084
Earnings per Share (face value ₹ 10 per share)	Basic	7.49	6.26
	Diluted	7.49	6.26

NOTE 30. LEGAL & PROFESSIONAL EXPENSES INCLUDE AUDITORS REMUNERATION :

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Audit Fee	0.75	0.75
Tax Audit Fee	0.21	0.21
In other capacity		
Limited Review of Quarterly Results	0.23	0.23
Certification and Other Services	0.32	0.27
Out of Pocket Expenses	0.05	0.05

NOTE 31: THE OUTSTANDING DERIVATIVE INSTRUMENTS AS AT MARCH 31, 2016.

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

The Foreign Currency Exposure not Hedged by a Derivative Instrument or otherwise as on March 31, 2016 are as follows:

		Amount (Millions)	
	Currency	As At 31.03.2016	As At 31.03.2015
Amount Receivable on Account of Sales of Goods/Services	USD	2.76	2.79
	EURO	5.78	4.81
	JPY	3.83	3.70
Amount Payable on Account of Purchase of Material/Services	USD	4.18	1.36
	EURO	0.48	0.19
	JPY	0.88	4.01

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 32: DISCLOSURE REQUIRED BY ACCOUNTING STANDARD (AS) 29 'PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS':

32a. Contingent Liabilities*

₹ Crores

	As At 31.03.2016	As At 31.03.2015
I) Estimated Amounts of contracts Remaining to be Executed on Capital Account and not provided for	30.71	32.52
II) Claims not Acknowledged as Debts	0.55	0.55
III) There is a Contingent Liability of:		
(a) Excise Duty/ Customs Duty/Service Tax Demands not Acknowledged as Liability	106.97	15.94
(b) ESI Additional Demand not Acknowledged as Liability	0.13	5.55
(c) Sales Tax & Other Demands not Acknowledged as Liability	58.63	35.94
(d) Pending Legal Cases - Personnel	4.04	4.33
- Others	39.75	89.58
(e) Demand raised by Faridabad Municipal Corporation for External Development Charges where the Company is in Litigation	2.38	2.38
(f) Guarantees given to Banks under Channel Finance Program and Bill Discounting	11.15	25.74
(g) LC/Guarantees Executed in Favour of Others	39.04	47.41
(h) Demand raised by Income Tax Department, Disputed by the Company and Pending in Appeal (Against demand the company has deposited a sum of ₹ 0.28 crores (Previous period ₹ 25.89 crores) under protest)	0.81	0.81
(i) Liability towards Surety Bond in favour of Governor of Haryana for Sales Tax registration under VAT	4.46	4.46

* 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.

32b. During the period 2004-05, Escorts Limited (EL) sold its entire shareholding in Escorts Heart Institute & Research Center Limited (EHIRCL) vide Share Purchase Agreement dated September 25, 2005. There were certain pending disputed Income Tax Demands of ₹ 52.33 crores and interest thereon amounting to ₹ 29.16 crores on EHIRCL and in terms of the agreement EL has undertaken to indemnify the purchaser to the extent of ₹ 64.99 crores plus one-third of any amount in excess of ₹ 64.99 crores, upon the final adjudication of the demand in law or finally settled in terms of the provisions of the said Share Purchase Agreement. For this purpose and in terms of said Share Purchase Agreement an amount of ₹ 64.99 crores has been kept in an Escrow Account as fixed deposit, which after renewal (s) amounts to ₹ 118.20 crores as on March 31, 2016. A provision of ₹ 65.00 crores has been made on prudent basis to meet this liability, if and when the same arises.

32c. (i) Movement in provisions: (Figures in brackets are in respect of the previous year)

₹ Crores

Class of Provision	As at 01.04.2015	Additions	Amount Used / Reversed	As At 31.03.2016
Product Warranties	7.90	8.13	5.72	10.31
	(7.59)	(6.84)	(6.53)	(7.90)

(ii) Nature of Provision:

Product Warranties: The Company gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/replacement. The timing of the outflows is expected to be within a period of one to two years.

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 33: INVESTMENT IN JOINT VENTURE

During the year, the Company subscribed 60,00,000 (Previous Year - Nil) equity shares for total consideration of ₹ 6.00 crores (Previous Year - Nil) in Adico Escorts Agri Equipments Private Limited, which is a jointly controlled entity with an 40:60 equity participation with Rajkot based Amul Group for manufacturing speciality tractors.

The Company has the following investment, in a jointly controlled entity:

Name of the Company	Country of Incorporation	Percentage of Ownership Interest 2015-16	Percentage of Ownership Interest 2014-15
Adico Escorts Agri Equipment Pvt. Ltd.	India	40	Nil

The Company's share of assets, liabilities, income and expenses of the jointly controlled entity are as follows: ₹ Crores

	2015-16
a) Assets	
Non-current Assets	2.93
Cash and Bank balances	0.02
Other Current Assets	1.47
b) Liabilities	
Short-term Borrowing	0.31
Trade Payables	0.84
Other Current Liabilities	1.05
Short-term Provision	0.09
b) Income	5.56
b) Expenses	7.15

NOTE 34:

The Company has realigned the remaining useful life of its helicopter engine in accordance with the provisions of component accounting prescribed under Schedule II to the Companies Act, 2013. Consequently, the carrying value of the helicopter engine which has completed its useful life amounting to ₹ 1.16 crores (net of deferred tax ₹ 0.62 crores) has been adjusted to General Reserve.

NOTE 35: DISCLOSURE REGARDING EMPLOYEES STOCK OPTION PLAN PURSUANT TO THE SEBI (EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEES STOCK PURCHASE SCHEME) GUIDELINES, 1999

(a) Total Number of Options as on 31/03/2015	192,000		
(b) Options Granted During the Period	Options	Grant date	
	256,000	Thursday, October 1, 2015	
(c) Pricing Formula	At a price not less than the par value of Company's share and not more than the closing Market Price of the Stock Exchanges:		
	Options	Gross Price (₹)	Market Price (₹)
	256,000	85	153.30
(d) Options Vested	192,000		
(e) Options Exercised	108,000		
(f) The Total number of shares arising as a result of exercise of options	108,000		
(g) Options Lapsed	228,900		
(h) Variation of Terms of Options	Nil		
(i) Money Realised by Exercise of Options	9,180,000		
(j) Total Number of Options in Force	111,100 as on 31.03.2016		

Notes to Financial Statements For the Year Ended March 31, 2016

(k) Employee Wise Details of Options Granted to:		
- Senior Managerial Personnel During the period	Name	No. of Options
	Mr. S Sridhar	80,000
	Mr. Shailendra Agarwal	40,000
	Mr. Sameer Tandon	32,000
	Mr. Dipankar Ghosh	32,000
	Mr. Bharat Madan	20,000
	Mr. Shenu Agarwal	20,000
	Mr. Rajneesh Agarwal	16,000
	Mr. Ashok Gupta	16,000
	Total	256,000
- Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the period.	All the senior managerial personnel, as stated above, have been granted options amounting to 5% or more, during the period. Except the above no other employees has been granted options amounting to 5% or more, during the year.	
- Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL	
(l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard(AS) 20 'Earnings Per Share'.	₹. 7.49 per Equity Share	
(m) Where the Company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and EPS of the Company shall also be disclosed.	The profit of the year would have been higher by ₹ 177.54 lakhs. The EPS for the year would have been higher by ₹ 0.14.	
(n) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	(i) Fair value option is ₹ 39.47 and Exercise Price is ₹ 85.00.	
(o) A description of the method and significant assumptions used during the Period to estimate the fair values of options, including the following weighted average information :	The Black Scholes Option Pricing Model for dividend paying stock has been use to compute the fair value of the options. The significant assumptions made are: Option Issued on October 1, 2015	
- Risk Free Interest Rate	7.44%	
- Expected Life	3 Years	
- Expected Volatility	0.022	
- Expected Dividends, and	12%	
- The price of the underlying share in market at the time of option grant	₹ 154.35	
	The shares to be issued under stock options shall rank pari passu, including the right to receive dividend. Expected dividend payouts to be paid during the life of the option reduce the value of a call option by creating drop in market price of the stock. Adjustments for known anticipated dividend payouts over the life of the option are made to the formulae under the Black Scholes method.	

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 36:

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

NOTE 37:

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

NOTE 38:

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

NOTE 39:

The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated March 4, 2011. On the interim directions of the said High Court, fixed deposit liability of ₹ 130.32 crores has already been discharged by the Hardship Committee constituted under the directions of the said High Court for discharging the unclaimed deposit, balance 2,401,050 shares have been transferred to Escorts Benefit Trust (Trust) and the Hardship Committee has been dissolved. The Hon'ble High Court has confirmed that Escorts Limited has no outstanding liability towards payment to Escorts Finance Limited deposit holders.

NOTE 40:

Escorts Benefit & Welfare Trust (the Trust) holds 37,300,031 lacs equity share of Escorts Limited. Escorts Limited is the sole beneficiary of the Trust. The Dividend received by the Trust on Escorts Limited shares is recognised as income in "Surplus in the Statement of Profit & Loss" in Note No. 4 - Reserves & Surplus.

NOTE 41: EMPLOYEE BENEFITS

₹ Crores

	31.03.2016		31.03.2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(a) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation:				
Defined Benefit Obligation at the Beginning of the Period	88.85	16.64	99.59	16.75
Acquisition Adjustment	-	-	5.01	-
Current Service Cost	4.50	1.81	4.50	1.89
Past Service Cost	-	-	-	-
Interest Cost	7.11	1.33	7.97	1.34
Actuarial (Gain)/Loss	(0.55)	2.03	2.49	3.31
Benefits Paid	(13.40)	(5.49)	(30.71)	(6.65)
Defined Benefit Obligation at Period End	86.51	16.32	88.85	16.64
(b) Reconciliation of opening and Closing Balances of Fair Value of Plan Assets				
Fair Value of Plan Assets at Beginning of the Period	88.85	-	104.60	-
Expected Return on Plan Assets	3.06	-	9.52	-
Actuarial Gain/(Loss)	(0.26)	-	(6.15)	-
Employer Contribution	-	-	-	-
Benefits Paid	(13.40)	-	(30.71)	-
Fair Value of Plan Assets at Period End	78.25	-	77.26	-

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 41: EMPLOYEE BENEFITS (Contd.)

₹ Crores

	31.03.2016		31.03.2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(c) Reconciliation of Fair Value of Assets and Obligations				
Fair Value of Plan Assets as at March 31, 2016	78.25	-	77.26	-
Present Value of Obligation as at March 31 2016	86.51	16.32	88.85	16.64
Net Assets/(Liability) Recognised in Balance Sheet	(8.26)	(16.32)	(11.59)	(16.64)
(d) Expenses Recognised During the Period				
Current Service Cost	4.50	1.81	4.50	1.89
Past Service Cost	-	-	-	-
Interest Cost	7.11	1.33	7.97	1.34
Expected Return on Plan Assets	(3.06)	-	(9.52)	-
Actuarial (Gain)/Loss	(0.29)	2.03	8.64	3.31
Net Cost	8.26	5.17	11.59	6.54

NOTE 42:

(I) EXPENSES ON RESEARCH & DEVELOPMENT CENTRE INCLUDED UNDER FOLLOWING HEADS:-

₹ Crores

		Tractor		Construction Equipment	
		Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
Materials	Note 22	0.35	0.23	0.07	0.00
Personnel Expenses	Note 25	28.74	26.62	4.71	4.78
Other Expense	Note 27	25.33	23.28	1.60	1.02
Depreciation	Note 12	9.78	11.76	0.65	0.63
Exceptional Items (VRS Cost)	Note 28	-	0.10	-	-
		64.20	61.99	7.03	6.43

(ii) Assets Purchased/Capitalised for Research & Development Centers*

Tractors ₹ 6.57 Crores (Previous year ₹ 7.56 Crores)

Construction Equipment ₹ 2.47 Crores (Previous year ₹ 0.03 Crores)

*Exclude Capital Advance/Capital Work-in-Progress

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

Tractors 2.88% (Previous year 2.04%)

Construction Equipment 2.14% (Previous year 0.87%)

NOTE 43: EXPENSES PERTAINING TO PREVIOUS YEAR :

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Others	-	0.12

NOTE 44: PROFIT & LOSS ACCOUNT OF AGRICULTURAL BUSINESS IS AS FOLLOWS :

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Expenses	1,444,345.71	2,157,995.90
Sales and Other Income	-	238,320.00
Net Profit/(Loss)	(1,444,345.71)	(1,919,675.90)

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 45: RELATED PARTY DISCLOSURES

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

(i) Subsidiary Companies

Domestic

Escorts Securities Limited
Escorts Asset Management Limited
EDDAL Credit Limited

Overseas

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

(ii) Joint Ventures and Associates

Hughes Communications India Limited (ceases to be joint venture from April 1, 2015)
Escorts Motors Limited (ceases to be associate from April 1, 2015)
Escorts Consumer Credit Limited
Adico Escorts Agri Equipment Private Limited

(iii) Key Management Personnel & Directors (specified persons) & their relatives (As disclosed by the respective specified person)*

Mr. Rajan Nanda
Mrs. Ritu Nanda

Mr. Nikhil Nanda
Ms. Nitasha Nanda

Mrs. Shweta Nanda

(iv) Others

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

(v) Related Party Transactions - Refer Annexure - I

* Relatives includes individuals as disclosed by respective specified persons shall be deemed to be included in the above list.

NOTE 46:

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

NOTE 47:

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

Notes to Financial Statements For the Year Ended March 31, 2016

ANNEXURE - I

DISCLOSURE OF RELATED PARTIES -

Transactions with Subsidiaries for the period 01.04.2015 To 31.03.2016

Nature of Transactions	(₹ Crores)			
	EDDAL Credit Limited	*Escorts Securities Limited	Escorts Assets Management Limited	Farmtrac Tractors Europe SP zoo (Pol Mot)
For the Year Ended 31.03.2016				
Sale of Goods	-	-	-	20.38
				(32.45)
Interest Expense	0.12	-	-	-
	(0.20)			
Receiving of Services	-	-	-	0.40
				(0.74)
Purchases of Goods	-	-	-	0.13
				(0.21)
Warranty Reimbursements	-	-	-	0.28
				(0.63)
Dividend Paid*	-	-	-	-
				-
Balances As At 31.03.2016				
Investments	0.05	1.96	3.00	8.35
	(0.05)	(1.96)	(3.00)	(8.35)
Receivables/Debtors	-	-	-	34.98
				(22.40)
Payables	2.15	-	-	0.11
	(2.07)			(0.15)

Transactions with Joint ventures for the period 01.04.2015 To 31.03.2016

Nature of Transactions	(₹ Crores)	
	Escorts Consumer Credits Limited	Adico Escorts Agri Equipments Pvt. Ltd.
For the Year Ended 31.03.2016		
Purchases of Goods	-	13.14
Balances As At 31.03.2016		
Investments	1.00	6.00
	(1.00)	-
Payables	2.09	-

Notes to Financial Statements For the Year Ended March 31, 2016

ANNEXURE - I : DISCLOSURE OF RELATED PARTIES (Contd.) Transactions with Directors and their relatives for the period 01.04.2015 To 31.03.2016

Nature of Transactions Name of Related Party	Royalty	Remuneration	Rent Received	Rent Paid	Purchase of Goods	Sale of Goods	Receiving of Services (Expense)	Dividend Paid*	Balance as at 31.03.2016			Investment
									Advances Given	Debtors/ Receivables	Payables	
Rajan Nanda	-	5.26 (5.34)	-	-	-	-	-	0.12 (0.06)	-	-	-	-
Ritu Nanda	-	-	-	0.36 (0.36)	-	-	-	0.01	-	-	-	-
Nikhil Nanda	-	5.13 (5.08)	0.44 (0.44)	-	-	-	-	0.03 (0.01)	-	-	-	-
Nitasha Nanda	-	1.46 (1.30)	-	0.39 (0.39)	-	-	0.04	-	0.06 (0.06)	-	-	-
Harparshad & Co. Pvt. Ltd.	17.28 (21.77)	-	-	-	-	-	-	1.26 (0.56)	-	-	5.84 (7.21)	-
Raksha TPA Pvt. Ltd.	-	-	0.75 (0.75)	-	-	-	-	-	0.37 (0.29)	-	-	-
Rimari India Pvt. Ltd.	-	-	-	-	-	-	0.01	-	0.12	-	0.01	-
Momento Communications Pvt. Ltd.	-	-	-	-	-	-	(0.04)	-	(0.12)	-	-	-
AAA Portfolios Pvt. Ltd.	-	-	-	-	-	-	0.15 (0.16)	-	-	-	0.03	-
Big Apple Clothing Pvt. Ltd.	-	-	-	-	-	-	-	0.20 (0.10)	-	-	-	-
Niky Tasha Communications Pvt. Ltd.	-	-	-	-	-	-	-	0.21 (0.11)	-	-	-	-
Niky Tasha Energies Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
Sietz Technologies India Pvt. Ltd.	-	-	0.36 (0.37)	1.16 (1.17)	190.22 (238.86)	1.34 (2.37)	0.25 (0.02)	-	0.65 (0.37)	1.40 (1.21)	11.50 (9.14)	-
Sun & Moon Travels (India) Private Limited	-	-	0.02 (0.02)	-	-	-	7.05 (7.92)	-	0.01	-	0.14 (0.18)	-
Escorts Employee Welfare Limited	-	-	-	-	-	-	-	-	3.00 (3.04)	-	-	-
Escorts Benefit & Welfare Trust**	-	-	-	-	-	-	-	4.48 (2.24)	-	-	-	-
Escorts Skill Development	-	-	-	-	-	-	0.50	-	-	-	-	0.01 (0.01)

* Nil Amount represents dividend paid less than a lakh.

** Refer Note 40

Notes to Financial Statements For the Year Ended March 31, 2016

ANNEXURE - II

DISCLOSURE UNDER ACCOUNTING STANDARD - 19 (LEASES)

The details of Minimum Lease Payments Outstanding as at March 31, 2016 and Present Value thereof are as under:

(₹ Crores)

	Minimum Lease Payments Outstanding	Present Value of Minimum Lease Payments Outstanding	Future Interest on Outstanding Lease Payments
Total Amount Due	-	-	-
	(0.36)	(0.33)	(0.03)
Due Within One Year	-	-	-
	(0.36)	(0.33)	(0.03)
Due Later than One Year and not later than Five Years	-	-	-
	(-)	(-)	(-)

NOTE 48: EXPENDITURE & EARNINGS IN FOREIGN CURRENCY

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Expenditure in Foreign Currency		
Royalty/Technical Know-How/Product Development	-	0.41
Travelling Expenses	3.40	3.14
Others	29.93	22.20
Total	33.33	25.75
Earnings in Foreign Currency		
Export of Goods Including Partly Executed Sales Contracts on F.O.B Basis	123.98	231.13
Others	0.59	0.83
Total	124.57	231.96

NOTE 49: VALUE OF IMPORTS - CIF BASIS :

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Raw Material	27.33	22.33
Components & Spare Parts	37.99	33.02
Capital Goods	2.17	11.96
Total	67.49	67.31

Notes to Financial Statements For the Year Ended March 31, 2016

NOTE 50: IMPORTED AND INDIGENOUS RAW MATERIALS AND COMPONENTS, STORES AND SPARES AND TOOLS CONSUMED:

	Year Ended 31.03.2016		Year Ended 31.03.2015	
	₹ Crores	Percentage	₹ Crores	Percentage
Imported	71.88	3.26	41.73	1.60
Indigenous	2,135.66	96.74	2,558.93	98.40
Total	2,207.54	100.00	2,600.66	100.00

For and on Behalf of the Board

RAJAN NANDA Chairman and Managing Director (DIN 00043256)	NIKHIL NANDA Managing Director (DIN 00043432)	Dr. S. A. DAVE Director (DIN 00001480)	P. H. RAVIKUMAR Director (DIN 00280010)	As per our Report attached for S. N. DHAWAN & CO. Chartered Accountants (Firm Regn No. 000050N)
HARDEEP SINGH Director (DIN 00088096)	SUTANU BEHURIA Director (DIN 00051668)	BHARAT MADAN Group Financial Controller	AJAY SHARMA Group General Counsel & Company Secretary	VIJAY DHAWAN Partner M No. 012565

Place: Faridabad

Date: May 25, 2016

Cash Flow Statement For the year ended March 31, 2016

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax	91.87	68.25	
Adjustments for :			
Gain on Sale of Investments	(0.44)	-	
Gain on Sale of Asset	0.22	(2.01)	
Depreciation	60.11	66.06	
Miscellaneous expenses/ Assets Write off/ Provisions	12.86	2.89	
Interest Expense	45.68	49.35	
Interest Income	(32.95)	(47.51)	
Operating Profit before Working Capital Changes	177.35	137.03	
Adjustments for :			
Trade and Other Receivables	(31.74)	(68.51)	
Inventories	20.79	81.27	
Trade Payables & Others	61.60	(128.49)	
	50.65	(115.73)	
Cash Generated from Operations		228.00	21.30
Direct Taxes (Paid)/Refunds		1.14	(19.08)
Net Cash Flow from Operating Activities	229.14		2.22
B. CASH FLOW FROM INVESTING ACTIVITIES			
Sale/(Purchase) of Fixed Assets	(53.82)	(51.73)	
Movement in Loans and Advances	(23.49)	(3.77)	
Sale/(Purchase) of Investments	(0.10)	(1.97)	
Margins/Deposits with banks for Specified Purpose	(26.59)	35.62	
Interest Received	38.00	40.50	
Net Cash Flow from Investing Activities	(66.00)		18.65
C. CASH FLOW USED IN FINANCING ACTIVITIES			
Proceeds from Share Capital & Securities Premium	0.90	0.17	
Proceeds / (Repayment) from Long Term Borrowings	(37.84)	(51.69)	
Proceeds / (Repayment) from Short Term Borrowings (Net)	(88.37)	96.50	
Interest Paid	(45.28)	(49.34)	
Dividend & Dividend Tax paid (net)	(13.22)	(6.44)	
Net Cash Generated from / (used in) Financing Activities	(183.81)		(10.80)
Net Increase/(Decrease) in Cash and Cash Equivalents	(20.67)		10.07
Cash and Cash Equivalents as at 01.04.2015	51.82		41.75
Cash and Cash Equivalents as at 31.03.2016	31.15		51.82

Note:

1. Components of Cash & Bank Balances	31.03.2016	31.03.2015
Cash and Cash Equivalents	31.15	51.82
Other Bank Balance :-		
- Unpaid Dividend Accounts	1.16	1.02
- Escrow Account	118.20	109.57
- Bank Deposits with more than 3 months but less than 12 months maturity	91.61	63.12
- Margin Money	0.35	10.88
Cash and Bank Balance as per Note 19	242.47	236.41
2. Cash and cash equivalents include cash in hand, demand deposits with banks and short term highly liquid investments.		
3. Previous period figures have been regrouped wherever necessary.		
4. Figures in bracket shows cash outflow.		

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director
(DIN 00043256)

NIKHIL NANDA
Managing Director
(DIN 00043432)

Dr. S. A. DAVE
Director
(DIN 00001480)

P. H. RAVIKUMAR
Director
(DIN 00280010)

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

HARDEEP SINGH
Director
(DIN 00088096)

SUTANU BEHURIA
Director
(DIN 00051668)

BHARAT MADAN
Group Financial Controller

AJAY SHARMA
Group General Counsel
& Company Secretary

VIJAY DHAWAN
Partner
M No. 012565

Place: Faridabad

Date: May 25, 2016

Independent Auditor's Report

To the Members of Escorts Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ESCORTS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting

principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements / financial information of three subsidiaries and a jointly controlled entity, whose financial statements / financial information reflect total assets of ₹ 78.23 crores as at March 31, 2016 and total revenues of ₹ 87.20 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and, except for the possible effect of the matter described in the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 & taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary, associate and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effect of the matter described in of the Basis of Qualified Opinion above, there were no pending litigations which would impact the consolidated financial position of the Group, its associates and jointly controlled entities.
 - ii. Except for the possible effect of the matter described in the Basis of Qualified Opinion above, the Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary, associate and jointly controlled companies incorporated in India.

For S. N. Dhawan & Co.

Chartered Accountants
(Firm Registration No. 000050N)

(Vijay Dhawan)
Partner
M.No. 012565

Place: New Delhi
Dated: May 25, 2016

Annexure to the Independent Auditor's Report

Referred to in Paragraph (f) under "Report on Other Legal & Regulatory Requirements" section of our report of even date

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Escorts Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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 its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 S. N. Dhawan & Co.

Chartered Accountants
(Firm Registration No. 000050N)

(Vijay Dhawan)

Partner

M.No. 012565

Place: New Delhi

Dated: May 25, 2016

Consolidated Balance Sheet As at March 31, 2016

	Notes	As At 31.03.2016	₹ Crores As At 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	119.39	119.29
Reserves & Surplus	4	1,750.39	1,711.38
Minority Interest		12.69	14.68
Non-Current Liabilities			
Long-term Borrowings	5	87.53	106.82
Deferred Tax Liability	6	12.03	13.67
Other Long-term Liabilities	7	33.79	34.69
Long-term Provisions	8	31.16	114.45
Current Liabilities			
Short-term Borrowings	9	219.95	304.64
Trade Payables	10		
Due to Micro and Small Enterprises		-	-
Due to Others		742.56	738.43
Other Current Liabilities	11	218.94	256.08
Short-term Provisions	8	159.23	88.51
Total		3,387.66	3,502.64
ASSETS			
Non-Current Assets			
Fixed Assets	12		
- Tangible Assets		1,562.00	1,579.11
- Intangible Assets		15.53	16.42
- Capital Work-in-Progress		21.60	19.66
- Intangible Assets under Development		36.82	36.06
Non-current Investments		370.75	367.40
Deferred Tax Assets	6	58.11	67.97
Long-term Loans and Advances	13	22.73	25.42
Other Non-current Assets	14	10.58	2.93
Current Assets			
Current Investments		7.62	5.24
Inventories	15	426.51	452.82
Trade Receivables	16	408.97	414.26
Cash and Bank Balances	17	245.47	251.36
Short-term Loans and Advances	13	193.75	251.45
Other Current Assets	14	7.22	12.54
Total		3,387.66	3,502.64
Summary of Significant Accounting Policies	2		

The accompanying Notes (1 to 39) are an integral part of the Financial Statements.

For and on behalf of the Board

RAJAN NANDA Chairman and Managing Director (DIN 00043256)	NIKHIL NANDA Managing Director (DIN 00043432)	Dr. S. A. DAVE Director (DIN 00001480)	P. H. RAVIKUMAR Director (DIN 00280010)	As per our Report attached for S. N. DHAWAN & CO. Chartered Accountants (Firm Regn. No. 000050N)
HARDEEP SINGH Director (DIN 00088096)	SUTANU BEHURIA Director (DIN 00051668)	BHARAT MADAN Group Financial Controller	AJAY SHARMA Group General Counsel & Company Secretary	VIJAY DHAWAN Partner M. No. 012565

Place: Faridabad

Date: May 25, 2016

Consolidated Statement of Profit and Loss For the Year ended March 31, 2016

	Notes	Year ended 31.03.2016	Year ended 31.03.2015
₹ Crores			
Income			
Revenue from Operations (Gross)	18	3,618.32	4,188.49
Less: Excise Duty		80.70	75.81
Revenue from Operations (Net)		3,537.62	4,112.68
Other Income	19	60.61	65.24
Total Revenue (I)		3,598.23	4,177.92
Expenses			
Cost of Raw Material & Components Consumed	20	2,225.46	2,633.53
Purchases of Traded Goods	21	223.03	210.59
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	22	(4.99)	83.03
Employee Benefits Expense	23	433.68	447.35
Finance Costs	24	52.39	58.26
Depreciation and Amortisation Expense	12	61.17	68.63
Other Expenses	25	514.04	575.48
Total Expenses (II)		3,504.78	4,076.87
Profit before Exceptional Items and Tax (I-II)		93.45	101.05
Exceptional Items	26	14.54	30.62
Profit Before Tax		78.91	70.43
Tax Expense:			
(a) Current Tax		15.51	16.94
(b) Minimum Alternative Tax Entitlement		(9.05)	(3.34)
(c) Deferred Tax		8.17	(19.18)
(d) Excess Provision for Earlier Years Written Back		(12.42)	-
Profit for the Year		76.70	76.01
Less: Minority Interest		(0.36)	(0.30)
Profit After Tax Attributable to the Company		77.06	76.31
Earnings Per Equity Share (in ₹) (face value ₹ 10/- each)			
- Basic		6.46	6.40
- Diluted		6.46	6.39
Summary of Significant Accounting Policies	2		

The accompanying Notes (1 to 39) are an integral part of the Financial Statements.
For and on behalf of the Board

RAJAN NANDA Chairman and Managing Director (DIN 00043256)	NIKHIL NANDA Managing Director (DIN 00043432)	Dr. S. A. DAVE Director (DIN 00001480)	P. H. RAVIKUMAR Director (DIN 00280010)	As per our Report attached for S. N. DHAWAN & CO. Chartered Accountants (Firm Regn. No. 000050N)
HARDEEP SINGH Director (DIN 00088096)	SUTANU BEHURIA Director (DIN 00051668)	BHARAT MADAN Group Financial Controller	AJAY SHARMA Group General Counsel & Company Secretary	VIJAY DHAWAN Partner M. No. 012565

Place: Faridabad
Date: May 25, 2016

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

1. Corporate information

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

2. Summary of significant accounting policies

a) Principal of Consolidation

The consolidation of accounts is prepared in accordance with the requirement of Accounting Standard 21 (AS21) “Consolidated Financial Statement” and Accounting Standard (AS27) “Financial Reporting of Interests in Joint Ventures” issued by the Institute of Chartered Accountants of India. The consolidated financial statements include the financial statements of ESCORTS LIMITED (hereinafter referred to as “the Holding Company”) and its Subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) and Jointly controlled entities.

- The Subsidiaries and Joint Ventures considered in the preparation of consolidated financial statements are as follows:

Sl. No.	Name of Company	Country of Incorporation	Proportion of ownership as on 31.03.2016	Held by	Reporting Period
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LIST OF SUBSIDIARIES

1	Farmtrac Tractors Europe Sp. z.o.o	Poland	100%	Escorts Limited	April - March
2	Escorts Securities Ltd. (ESL) (Board Controlled)	India	49%	EAML	April - March
			49%	Escorts Limited	April - March
3	Escorts Asset Management Ltd. (EAML) (Board Controlled)	India	30%	Escorts Limited	April - March
4	EDDAL Credit Limited	India	99.86%	Escorts Limited	April - March

LIST OF JOINT VENTURES

1	Adico Escorts Agri Equipments Pvt. Limited	India	40%	Escorts Limited	April - March
---	--	-------	-----	-----------------	---------------

- Beaver Creek Holdings LLC (BCH) and Escorts Consumer Credit Limited total assets being insignificant, the Company has not considered the financial Statements of these companies for consolidation.
- At the behest of the creditors of Farmtrac North America LLC (FNA) (a subsidiary of the Company), the Superior Court Division of Country of Edgcanbe, North Carolina, USA have appointed a Receiver for FNA, who has taken over all the assets, book & records of FNA accordingly the financial statement of FNA was not considered for consolidation.

b) Use of estimates

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

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

c) Tangible fixed assets

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

d) Intangible fixed assets

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

e. Impairment of assets

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

f) Depreciation and amortisation

Tangible Assets

- i. Depreciation on tangible assets is provided on the straight line method over the useful lives of assets prescribed in Schedule II of the Companies Act, 2013 except Leasehold Land, which is amortised over the lease period and Helicopter engine depreciated over a period of 8 years based on the estimated useful life.
- ii. The depreciation on assets acquired/ sold/ discarded/ demolished during the year is provided from/upto the month the asset is commissioned/sold or discarded.
- iii. Assets costing upto ₹ 5,000 are depreciated fully in the year of purchase.
- iv. Leasehold Improvements are written off over a period of six years or lease period whichever is less.
- v. In case of Jointly controlled entity depreciation on tangible assets is provided on the written down value method over the useful lives of assets prescribed in Schedule II of the Companies Act, 2013 except Factory Shed and Electrification installations are depreciated on straight line method over remaining lease period of 4 years.

Intangible Assets

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

g) Inventory valuation

- i. Raw Material and Components, Stores and Machinery Spares are stated at lower of cost and net realisable value.
- ii. Loose Tools are stated at cost or under.
- iii. Work-in-Progress, Finished and Trading Goods/Spare Parts are stated at lower of cost and net realisable value.
- iv. In determining the cost of Raw Materials and Components, Trading Goods, Tools, Jigs and Dies, Stores and Machinery Spares Weighted Average Cost Method is used.
- v. Work-in-Progress and Finished Goods include cost of conversion and other costs incurred in bringing the Inventories to their present location and condition.

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

h) Revenue recognition

- i) Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer. Sales are recognised net of trade discounts, rebates and sales tax.
- ii) Dividend is accounted for an accrual basis when the right to receive the dividend is established.
- iii) Income recognition/provisions on non-performing assets is in accordance with the non-banking financial prudential norms (Reserve Bank) Directions, 2007.

i) Research & development

Revenue expenditure incurred for research & development is charged to the Statement of Profit and Loss. Fixed assets purchased for research and development activities are capitalised in the year when the same are put to use.

j) Employee Benefits

i) Defined Contribution Plan:

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

ii) Defined Benefit Plan:

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

Actuarial gain/losses are immediately recognised in the Statement of Profit and Loss.

iii) Other Long-Term Benefits:

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gain/losses are immediately recognised in the Statement of Profit and Loss.

k) Investment

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

l) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognised in the Statement of Profit & Loss.

Foreign currency monetary assets & liabilities are restated at the Exchange Rate prevailing at the year-end and the overall net gain/loss is adjusted to the Statement of Profit and Loss.

In case of Forward Exchange Contracts, the difference between the forward rate and the exchange rate at the date of transaction is recognised in the Statement of Profit and Loss over the life of the contract.

m) Tax Expense

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

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

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

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

n) Borrowing Costs

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

o) Employee Stock Option Scheme

In respect of stock options granted pursuant to Employees Stock Option Scheme, the intrinsic value of the options (Excess of market price of the share over the exercise price of the options) is accounted as employee compensation cost over the vesting period.

p) Leases

- i. Asset acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii. Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

q) Government Grants

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

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

r) Provisions and Contingent Liabilities and Contingent Assets

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

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

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

Contingent liability is disclosed in case of:

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

Contingent assets are neither recognised nor disclosed.

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

s) Earnings Per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 3 : SHARE CAPITAL

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Authorised		
(i) 401,000,000 (Previous Year - 401,000,000 Shares) Equity Shares of ₹ 10 each	401.00	401.00
(ii) 888,000,000 (Previous Year - 888,000,000 Shares) Unclassified Shares of ₹ 10 each	888.00	888.00
	1,289.00	1,289.00
Issued, Subscribed and Paid-Up Capital		
122,576,878 (Previous Year 122,576,878) Equity Shares of ₹ 10/- each	122.58	122.58
Less: Amount Recoverable from Escorts Employees Benefit & Welfare Trust (face value of 3,185,612 shares allotted to trust) - (Previous Year - 3,293,612)	3.19	3.29
Total Share Capital	119.39	119.29

NOTE 4 : RESERVES & SURPLUS

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Capital Reserve		
Balance as per the last Financial Statements	97.70	97.70
Closing Balance	97.70	97.70
Capital Redemption Reserve		
Balance as per the last Financial Statements	4.00	4.00
Add: Transfer from Surplus in the Statement of Profit & Loss	2.00	-
Closing Balance	6.00	4.00
Securities Premium Reserve		
Balance as per the last Financial Statements	432.22	432.07
Less: Consolidation Adjustment	0.21	-
Add: Shares issued under the Employee Stock Option Scheme 2006	0.80	0.15
Closing Balance	432.81	432.22
Revaluation Reserve		
Balance as per the last Financial Statements	36.17	36.17
Closing Balance	36.17	36.17
Employee Stock Option Outstanding Account		
Gross Employee Stock Compensation for Options Granted in Earlier Years	0.04	0.33
Add: Gross Compensation for Option Granted During the Year	0.09	-
Less: Deduction During the Year	0.02	0.29
Closing Balance	0.11	0.04
General Reserve		
Balance as per the last Financial Statements	514.62	608.50
Add: Transfer from Other Reserves	0.02	0.91
Less: Adjustment on account of realignment of useful life of fixed assets as per Schedule II of Companies Act, 2013 (refer Note 31)	1.16	94.79
Closing Balance	513.48	514.62
Surplus in the Statement of Profit & Loss		
Balance as per the last Financial Statements	626.63	566.88
Add: Profit for the Year	77.06	76.31
Consolidation Adjustment	(24.35)	(1.08)
Dividend on shares held by Escorts Benefit & Welfare Trust (refer Note 36)	4.48	2.22
Less: Appropriations		
- Capital Redemption Reserve created during the year	2.00	-
- Proposed Dividend @ ₹ 1.20 (Previous Year ₹ 1.20) per share	14.71	14.71
- Tax on Dividend	2.99	2.99
Closing Balance	664.12	626.63
Total	1,750.39	1,711.38
Share of Joint Venture	(3.88)	22.41

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 5 : LONG-TERM BORROWINGS

₹ Crores

	Non-Current Portion		Current Maturities	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Secured				
Term Loans				
From Banks	87.50	105.63	52.87	69.67
From Other Parties	0.03	0.04	0.02	0.02
Unsecured				
Finance Lease Obligation	-	1.02	-	0.66
Other Loans & Advances	-	0.13	0.14	2.57
Total	87.53	106.82	53.03	72.92
Share of Joint Venture	-	1.02	-	0.33

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

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

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Deferred Tax Liability		
Fixed Assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	12.03	13.67
Total Deferred Tax Liability (A)	12.03	13.67
Deferred Tax Assets		
Impact of expenditure charged to the Statement of Profit and Loss in current period but allowed for tax purpose on payment basis	58.11	67.97
Total Deferred Tax Assets (B)	58.11	67.97
Total Deferred Tax Assets / (Liability) (A - B)	46.08	54.30
Share of Joint Venture	1.34	2.19

NOTE 7 : OTHER LONG-TERM LIABILITIES

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Security Deposits	22.69	23.57
Advance Received	11.10	11.12
Total	33.79	34.69
Share of Joint Venture	-	-

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 8 : PROVISIONS

₹ Crores

	Long-Term		Short-Term	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Provision for Employee Benefits				
Gratuity	0.47	0.56	51.60	55.71
Leave Encashment	14.25	14.32	2.88	2.80
Superannuation	-	-	0.03	1.30
Others	-	-	4.14	3.10
	14.72	14.88	58.65	62.91
Others				
Provision for Warranty	0.46	-	9.89	7.90
Provision for Contingency / Claims	15.98	99.57	72.99	-
Proposed Dividend	-	-	14.71	14.71
Dividend Tax	-	-	2.99	2.99
	16.44	99.57	100.58	25.60
Total	31.16	114.45	159.23	88.51
Share of Joint Venture	-	0.24	0.07	0.20

NOTE 9 : SHORT-TERM BORROWINGS

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Secured		
From Banks		
Cash Credit/Export Packing Credit & Working Capital Demand Loans	219.95	304.64
Total	219.95	304.64
Share of Joint Venture	0.31	2.05

Nature of Security

Cash Credit/Export Packing Credit and Working Capital Demand Loans from Banks are secured against first charge on current assets & second charge on moveable fixed assets (excluding assets specifically charged to other term lenders) and specific fixed deposits, repayable on demand and carries interest @ 7.75%-12.00% per annum.

NOTE 10 : TRADE PAYABLES

₹ Crores

	As At 31.03.2016	As At 31.03.2015
Acceptances	150.66	155.04
Trade Payables		
Due to Micro and Small Enterprises (refer Note 34)	-	-
Due to Others	591.90	583.39
Total	742.56	738.43
Share of Joint Venture	0.84	12.54

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crores	
	As At 31.03.2016	As At 31.03.2015
Current maturities of long-term debt	53.03	72.92
Interest Accrued but not due on Borrowings	0.51	-
Interest Accrued and due on Borrowings	-	0.12
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid Dividends	1.16	1.02
Other Payables		
Statutory Dues	35.85	53.12
Other Liabilities	128.39	128.90
Total	218.94	256.08
Share of Joint Venture	1.06	5.13

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 12 : FIXED ASSETS*

	Gross Block					Depreciation			Net Block	
	As At 01.04.2015	Addition	Deletion/ Adjustment	As At 31.03.2016	As At 01.04.2015	For the Year	Deductions/ Adjustment	As At 31.03.2016	As At 31.03.2015	
Tangible Assets:										
Land Freehold	1,083.19	-	0.47	1,082.72	-	-	-	1,082.72	1,083.19	
Buildings	381.94	5.61	0.63	386.92	230.63	6.87	0.22	237.28	151.31	
Plant & Machinery	786.76	39.93	18.24	808.45	496.87	38.63	13.17	522.33	289.89	
Furniture & Fixtures	90.35	16.40	2.41	104.34	64.40	7.01	(7.57)	78.98	25.95	
Office Equipment	10.69	0.40	2.09	9.00	8.33	0.97	1.83	7.47	2.36	
Vehicles	11.45	3.20	2.06	12.59	3.32	1.64	0.86	4.10	8.13	
Leasehold Improvements	0.60	-	0.55	0.05	0.49	0.01	0.48	0.02	0.11	
Assets Under Lease :										
Land Leasehold	8.89	-	-	8.89	0.71	0.10	-	0.81	8.18	
Plant & Machinery	11.27	-	11.27	-	3.48	-	3.48	-	7.79	
IT Equipments	12.32	-	11.85	0.47	10.12	0.37	10.05	0.44	2.20	
Total - A	2,397.46	65.54	49.57	2,413.43	818.35	55.60	22.52	851.43	1,579.11	
Intangible Assets:										
Prototypes	3.08	-	(0.08)	3.16	2.11	0.62	(0.02)	2.75	0.97	
Technical Knowhow	9.24	3.94	-	13.18	8.23	0.52	-	8.75	1.01	
Software Development	32.74	0.72	2.33	31.13	18.30	4.43	2.29	20.44	14.44	
Total - B	45.06	4.66	2.25	47.47	28.64	5.57	2.27	31.94	16.42	
Total - (A+B)	2,442.52	70.20	51.82	2,460.90	846.99	61.17	24.79	883.37	1,595.53	
Capital Work-in-Progress (CWIP) (C)	19.66	51.20	49.26	21.60	-	-	-	-	19.66	
Intangible Assets under Development (D)	36.06	5.08	4.32	36.82	-	-	-	-	36.06	
Total - (A+B+C+D)	2,498.24	126.48	105.40	2,519.32	846.99	61.17	24.79	883.37	1,651.25	
Previous Year	2,489.07	99.30	90.13	2,498.24	796.66	68.63	18.30	846.99	1,651.25	

Notes:

1. Deletion in leased Assets amount of ₹ 11.95 Crores represent asset transferred to owned Assets in respective categories on expiry of lease period.

* Share of Joint Venture

Original Cost

Depreciation

Net Book Value

Capital Work-in-progress and Intangible Assets under Development

Total Fixed Assets

21.83

13.04

8.79

0.25

9.04

2.78

1.19

1.59

-

1.59

21.83

13.04

8.79

0.25

9.04

Notes to Consolidated Financial Statements For the Year Ended March 31, 2016

NOTE 13 : LOANS & ADVANCES

₹ Crores

	Non-Current		Current	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Capital Advances				
Unsecured, Considered Good	5.76	8.90	-	-
Unsecured, Considered Doubtful	0.04	0.04	-	-
	5.80	8.94	-	-
Less: Provision for Doubtful Advances	0.04	0.04	-	-
	5.76	8.90	-	-
Security Deposits				
Unsecured : Considered Good	16.97	16.15	-	-
: Considered Doubtful	0.92	0.78	-	-
	17.89	16.93	-	-
Less: Provision for Doubtful Deposits	0.92	0.78	-	-
	16.97	16.15	-	-
Advances recoverable in cash or in kind or for value to be received				
Unsecured : Considered Good	-	0.37	113.03	168.56
: Considered Doubtful	-	0.03	41.73	40.16
	-	0.40	154.76	208.72
Less: Provision for Doubtful Advances	-	0.03	41.73	40.16
	-	0.37	113.03	168.56
Other Loans and Advances				
Advance Income Tax (Net of Provisions)	-	-	17.12	37.69
MAT Credit Entitlement	-	-	63.60	45.20
Total	22.73	25.42	193.75	251.45
Share of Joint Venture	0.01	3.01	0.51	11.85

NOTE 14 : OTHER ASSETS

₹ Crores

	Non-Current		Current	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
Bank Balances				
Deposit with maturity period more than 12 months	7.65	-	-	-
Others				
Interest Accrued on Bank Deposits	-	-	7.22	12.54
Others	2.93	2.93	-	-
Total	10.58	2.93	7.22	12.54
Share of Joint Venture	-	0.30	-	3.86

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 17 : CASH AND BANK BALANCES

	₹ Crores	
	As At 31.03.2016	As At 31.03.2015
Cash and Cash Equivalents		
Balances With Bank		
- Cash Credit Accounts	2.51	3.04
- Current Accounts	29.76	30.57
Cheques/Drafts on Hand	0.12	1.48
Cash on Hand	0.31	0.41
Bank Deposits upto 3 months maturity	-	22.56
	32.70	58.06
Other Balances with Bank		
Unpaid Dividend Accounts	1.16	1.02
Escrow Account (refer Note 29b)	118.20	109.57
Bank Deposits with more than 3 months but less than 12 months maturity (includes ₹ 27 crores (previous year nil) pledged against loans)	93.04	71.83
Margin Money (includes ₹ 0.13 crores (previous year ₹ 0.11 crores) pledged with various authorities)	0.37	10.88
Total	245.47	251.36
Share of Joint Venture	0.04	3.30

NOTE 18 : REVENUE FROM OPERATIONS

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Sale of Products/Services		
Gross Sales	3,595.36	4,133.59
Less: Excise Duty	80.70	75.81
Net Sale of Products/Services (A)	3,514.66	4,057.78
Other Operating Income		
Erection and Servicing	6.68	8.33
Export Incentive	1.53	3.91
Scrap Sale	5.98	6.62
Others	8.77	36.04
(B)	22.96	54.90
Total (A+B)	3,537.62	4,112.68
Share of Joint Venture	0.01	34.70

NOTE 19 : OTHER INCOME

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Interest Income		
- Bank Deposits	18.13	19.18
- Others	14.10	30.02
Dividend Income From Long-term Investment	0.03	0.04
Net Gain on Sale of Current Investments	0.50	0.24
Foreign Exchange Variation (Net)	3.79	(2.15)
Miscellaneous Income	24.06	17.91
Total	60.61	65.24
Share of Joint Venture	0.29	2.14

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 20 : COST OF RAW MATERIAL & COMPONENTS CONSUMED

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Opening Stock	239.55	276.72
Add: On Consolidation	0.77	-
Add: Purchases	2,165.88	2,596.36
	2,406.20	2,873.08
Less: Closing Stock	180.74	239.55
Raw Material & Components Consumed*	2,225.46	2,633.53
Share of Joint Venture	5.35	-

* Net of Duty Drawback

NOTE 21 : PURCHASE OF TRADED GOODS

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Purchases of Traded Goods	223.03	210.59
Total	223.03	210.59
Share of Joint Venture	-	5.55

NOTE 22 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Opening Stock		
- Finished Goods	138.77	208.17
- Work-in-Progress	38.43	46.18
- Traded Goods	58.19	64.07
	235.39	318.42
Consolidation Adjustment	(1.56)	-
Closing Stock		
- Finished Goods	142.62	138.77
- Work-in-Progress	37.26	38.43
- Traded Goods	58.94	58.19
	238.82	235.39
(Increase)/Decrease-in-Stock	Total	
	(4.99)	83.03
Share of Joint Venture	0.09	1.09

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

₹ Crores

	Year ended 31.03.2016	Year ended 31.03.2015
Salary, Wages & Bonus	373.88	380.03
Employee Stock Option Scheme	0.09	0.02
Contribution to Gratuity Fund	8.39	10.33
Contribution to Provident Fund & Other Funds	17.75	18.41
Staff Welfare	33.57	38.56
Total	433.68	447.35
Share of Joint Venture	0.64	3.32

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 24 : FINANCE COSTS

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Interest Expense		
On Long-term Loans	17.66	24.13
On Cash Credit & Short-term Loans	25.74	22.42
Others	3.28	3.78
Bank & Finance Charges	5.71	7.93
Total	52.39	58.26
Share of Joint Venture	0.03	0.54

NOTE 25: OTHER EXPENSES

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
Consumption of Stores, Spares and Tools	36.50	39.28
Power & Fuel	40.25	45.17
Excise Duty on Increase/(Decrease) in Stock of Finished Goods	(0.45)	(0.66)
Repairs & Maintenance		
- Building	8.14	6.39
- Plant & Machinery	17.13	17.43
- Others	45.16	37.55
Warranties	23.01	16.74
Rent (Net)	5.29	4.78
Rates & Taxes	3.93	5.42
Insurance	3.58	3.61
Travelling & Conveyance	43.68	39.62
Postage & Telephones	6.84	6.87
Legal & Professional	56.25	47.52
Commission, Discount & Sales Incentive	30.82	92.39
Advertisement	59.77	50.17
Royalty	17.28	19.81
Packing, Freight & Forwarding	60.23	70.99
Directors Sitting Fees & Commission	0.44	0.26
Corporate Social Responsibility (CSR) Expenditure	1.16	0.78
Provision For		
- Doubtful Debts	4.62	7.29
- Advances & Deposits	2.07	0.27
- Obsolete Inventories	5.10	6.97
Bad Debts & Inventory Written Off	61.00	2.38
Less: Provision already Held	61.00	-
Miscellaneous Expenses	43.24	56.83
Total	514.04	575.48
Share of Joint Venture	0.62	20.99

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

NOTE 27 : SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2016 (Contd.)

₹ Crores

Other Information	As At 31/03/2016	As At 31/03/2016	As At 31/03/2016	As At 31/03/2016	As At 31/03/2016	As At 31/03/2016	As At 31/03/2016
Segment Assets	1,764.18	105.94	159.64	299.55	42.25	1,004.07	3,375.63
	(1,736.90)	(107.50)	(178.32)	(380.26)	(85.50)	(1,000.77)	(3,489.25)
Segment Liabilities	692.50	46.85	55.20	169.01	15.47	88.67	1,067.70
	(645.67)	(56.10)	(54.71)	(205.43)	(31.59)	(16.88)	(1,010.38)
Additions to Tangible Fixed Assets	31.99	4.27	2.13	5.29	0.26	5.63	49.57
	(24.85)	(0.21)	(3.93)	(1.13)	(3.90)	(5.71)	(39.73)
Addition to Intangible Fixed Assets	0.41	-	0.16	3.87	0.01	0.21	4.66
	(2.10)	-	-	-	(0.25)	(0.10)	(2.45)
Depreciation	38.52	2.61	4.06	7.54	0.52	7.92	61.17
	(42.85)	(2.32)	(3.46)	(7.84)	(1.99)	(10.17)	(68.63)
Non-Cash Expenses other than Depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	(0.61)	(0.61)
SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2016					India	Outside India	Consolidated Total
Revenue by Geographical Market - External					3,456.89	80.73	3,537.62
					(3,994.25)	(118.43)	(4,112.68)
Carrying Amount of Segment Assets					3,319.06	56.57	3,375.63
					(3,430.02)	(59.23)	(3,489.25)
Addition to Tangible Fixed Assets					49.39	0.18	49.57
					(39.20)	(0.53)	(39.73)
Addition to Intangible Fixed Assets					4.51	0.15	4.66
					(2.45)	-	(2.45)

NOTE 28: EARNINGS PER SHARES

		Year ended 31.03.2016	Year ended 31.03.2015
Net Profit After Tax (₹ Crores)	Basic	77.06	76.31
	Diluted	77.06	76.31
Weighted Average Number of Shares Outstanding	Basic	119,312,643	119,276,965
	Diluted	119,360,950	119,350,084
Earnings per Share (face value ₹ 10 per share)	Basic	6.46	6.40
	Diluted	6.46	6.39

Notes to Consolidated Financial Statements For the Year ended March 31, 2016

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

NOTE 29a: CONTINGENT LIABILITIES

₹ Crores

	As At 31.03.2016	As At 31.03.2015
I) Estimated Amounts of contracts Remaining to be Executed on Capital Account and not provided for	30.71	32.52
II) *Claims not Acknowledged as Debts	0.59	0.75
III) There is a Contingent Liability of :		
*(a) Excise Duty /Customs Duty/ Service Tax Demands not Acknowledged as Liability	106.97	18.40
*(b) ESI Additional Demand not Acknowledged as Liability	0.13	5.59
*(c) Sales Tax & Other Demands not Acknowledged as Liability	58.63	35.94
*(d) Pending Legal Cases - Personnel	4.04	4.33
- Others	39.75	89.58
*(e) Demand raised by Faridabad Municipal Corporation for External Development Charges where the Company is in Litigation	2.38	2.38
(f) Guarantees given to Banks under Channel Finance Program and Bill Discounting	11.15	25.74
(g) LC/Guarantees Executed in Favour of Others	40.04	48.71
(h) Demand raised by Income Tax Department, Disputed by the Company and Pending in Appeal (Against demand the company has deposited a sum of ₹ 0.28 crores (Previous year ₹ 0.28 crores) under protest)	1.28	2.97
(i) Demand raised by Department of Telecommunication (DOT)	-	9.92
(j) Liability towards Surety Bond in favour of Governor of Haryana for Sales Tax registration under VAT	4.46	4.46

* 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.

NOTE 29b:

During the period 2004-05, Escorts Limited (EL) sold its entire shareholding in Escorts Heart Institute & Research Center Limited (EHIRCL) vide Share Purchase Agreement dated September 25, 2005. There were certain pending disputed Income Tax Demands of ₹ 52.33 crores and interest thereon amounting to ₹ 29.16 crores on EHIRCL and in terms of the agreement EL has undertaken to indemnify the purchaser to the extent of ₹ 64.99 crores plus one-third of any amount in excess of ₹ 64.99 crores, upon the final adjudication of the demand in law or finally settled in terms of the provisions of the said Share Purchase Agreement. For this purpose and in terms of said Share Purchase Agreement an amount of ₹ 64.99 crores has been kept in an Escrow Account as fixed deposit, which after renewal (s) amounts to ₹ 118.20 crores as on March 31, 2016. A provision of ₹ 65.00 crores has been made on prudent basis to meet this liability, if and when the same arises.

NOTE 30: PROPORTIONATE SHARE OF JOINT VENTURES IN THE FOLLOWING LINE ITEMS IS GIVEN BELOW AS THERE IS NO SEPARATE NOTE ATTACHED

₹ Crores

	Year Ended 31.03.2016	Year Ended 31.03.2015
Provision for Taxation:		
- Current Taxation	-	1.26
- Deferred Taxation	(0.23)	(0.15)
Contingent Liability	-	14.57

Notes to Consolidated Financial Statements For the Year Ended March 31, 2016

NOTE 31:

The Company has realigned the remaining useful life of its helicopter engine in accordance with the provisions of component accounting prescribed under Schedule II to the Companies Act, 2013. Consequently, the carrying value of the helicopter engine which have completed its useful life amounting to ₹ 1.16 crores (net of deferred tax ₹ 0.62 crores) has been adjusted to retained earning.

NOTE 32:

During 2008 the Haryana State Government introduced Haryana Tax On Entry of Goods into Local Areas Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgement dated October 1, 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which is pending for adjudication before the Constitutional Bench. Based on the legal advice received by the Company no further provision on this account is considered necessary after March 31, 2008.

NOTE 33:

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

NOTE 34:

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

NOTE 35:

The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Escorts Finance Limited stands disposed-off vide order dated March 4, 2011. On the interim directions of the said High Court, fixed deposit liability of ₹ 130.32 crores has already been discharged by the Hardship Committee constituted under the directions of the said High Court for discharging the unclaimed deposit, balance 2,401,050 shares have been transferred to Escorts Benefit Trust (Trust) and the Hardship Committee has been dissolved. The Hon'ble High Court has confirmed that Escorts Limited has no outstanding liability towards payment to Escorts Finance Limited deposit holders.

NOTE 36:

Escorts Benefit & Welfare Trust (the Trust) holds 37,300,031 lacs equity shares of Escorts Limited. Escorts Limited is the sole beneficiary of the Trust. The dividend received by the Trust on Escorts Limited shares is recognised as income in "Surplus in the Statement of Profit and Loss" in Note No. 4 - Reserves & Surplus.

NOTE 37: DISCLOSURE UNDER ACCOUNTING STANDARD - 19 (LEASES)

(a) The details of Minimum Lease Payments outstanding as at March 31, 2016 and present value thereof are as under:

	₹ Crores					
	Minimum Lease payments outstanding		Present Value of minimum lease payments outstanding		Future interest on outstanding lease payments	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
- Total amount due	-	1.87	-	1.68	-	0.19
- Due within one year	-	0.69	-	0.66	-	0.03
- Due later than one year and not later than five years	-	1.18	-	1.02	-	0.16

Notes to Consolidated Financial Statements For the Year Ended March 31, 2016

(b) Assets taken on Operating Cancellable leases

The total lease payments recognised in Profit and loss account for the period ended March 31, 2016 is Nil (Previous Year - ₹ 0.55 Crores).

NOTE 38: ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT TO SCHEDULE III TO THE COMPANIES ACT, 2013.

Sl. No.	Name of Company	Net Assets i.e. Total Assets minus Total Liabilities				Share In Profit / (Loss)			
		As % of Consolidated Net Assets		Amount ₹ Crores		As % of Consolidated Profit/(Loss)		Amount ₹ Crores	
		As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
Holding									
	Escorts Limited	97.35%	96.18%	1820.21	1760.68	95.74%	55.90%	73.78	42.66
Subsidiaries									
Indian									
1.	Escorts Securities Ltd. (ESL) (Board Controlled)	0.55%	0.54%	10.35	9.90	0.27%	0.12%	0.21	0.09
2.	Escorts Asset Management Ltd. (EAML)(Board Controlled)	0.47%	0.51%	8.79	9.33	-0.67%	-0.58%	(0.52)	-0.44
3.	EDDAL Credit Limited	0.03%	0.14%	0.52	2.52	-0.05%	-0.08%	(0.04)	-0.06
4.	Minority Interest In Subsidiaries	-0.68%	-0.80%	(12.69)	(14.68)	0.47%	0.39%	0.36	0.30
Foreign									
1.	Farmtrac Tractors Europe Sp. z.o.o	2.16%	2.10%	40.48	38.43	12.83%	41.03%	9.89	31.31
Joint Venture (as per proportionate consolidation)									
1.	Adico Escorts Agri Equipments Pvt. Limited	0.11%	-	2.12	-	-8.59%	-	(6.62)	-
2.	Hughes Communication India Limited	-	1.34%	-	24.49	-	3.21%	-	2.45
	Total	100%	100%	1869.78	1830.67	100%	100.0%	77.06	76.31

Note: The above figures are after eliminating Intra group transactions and intra group balances as at 31st March, 2016

NOTE 39:

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

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director
(DIN 00043256)

NIKHIL NANDA
Managing Director
(DIN 00043432)

Dr. S. A. DAVE
Director
(DIN 00001480)

P. H. RAVIKUMAR
Director
(DIN 00280010)

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

HARDEEP SINGH
Director
(DIN 00088096)

SUTANU BEHURIA
Director
(DIN 00051668)

BHARAT MADAN
Group Financial Controller

AJAY SHARMA
Group General Counsel
& Company Secretary

VIJAY DHAWAN
Partner
M. No. 012565

Place: Faridabad
Date: May 25, 2016

Consolidated Cash Flow Statement For the year ended March 31, 2016

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	78.91	70.43
Adjustments for :		
Gain on Sale of Investments	(0.50)	(0.24)
Gain on Sale of Asset	0.25	(2.02)
Depreciation	61.17	68.63
Misc. Expenses/ Assets Write off/ Provisions	13.45	6.63
Interest Expense	46.68	50.33
Dividend Income	(0.03)	(0.04)
Interest Income	(32.23)	(49.20)
Operating Profit before Working Capital Changes	167.70	144.52
Adjustments for:		
Trade and Other Receivables	(13.86)	(74.44)
Inventories	19.95	79.29
Trade Payables & Others	54.42	(138.32)
	60.51	(133.47)
Cash Generated from Operations	228.21	11.05
Direct Taxes (Paid)/Refunds	1.08	(20.85)
Net Cash Flow from Operating Activities	229.29	(9.80)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	(53.22)	(55.21)
Movement in Loans and Advances	(23.98)	2.65
Sale/(Purchase) of Investments	(3.33)	(0.23)
Margins/Deposits with banks for Specified Purpose	(27.31)	27.44
Interest Received	37.55	41.86
Dividend Received	0.03	0.04
Net Cash Flow from Investing Activities	(70.26)	16.55
C. CASH FLOW USED IN FINANCING ACTIVITIES		
Proceeds from Share Capital & Securities Premium	0.90	0.17
Proceeds from / (to) Minority Interest (net)	(1.64)	(1.31)
Proceeds / (Repayment) from Long-Term Borrowings	(38.16)	(38.43)
Proceeds / (Repayment) from Short-Term Borrowings (Net)	(83.01)	97.62
Interest Paid	(46.29)	(50.33)
Dividend & Dividend Tax paid	(13.22)	(6.44)
Net Cash Generated from / (used in) Financing Activities	(181.42)	1.28
Net Increase/(Decrease) in Cash and Cash Equivalents	(22.39)	8.03
Cash and Cash Equivalents as at 01.04.2015	58.06	50.03
Consolidation Adjustment	(2.97)	-
Cash and Cash Equivalents as at 31.03.2016	32.70	58.06
Notes:		
1. Cash and cash equivalents include cash in hand, demand deposits with banks and short term highly liquid investments.		
2. Previous years figures have been regrouped wherever necessary.		
3. Figures in bracket shows cash outflow		
4. Components of Cash & Bank Balances	31.03.2016	31.03.2015
Cash and Cash Equivalents	32.70	58.06
Other Bank Balance:		
- Unpaid Dividend Accounts	1.16	1.02
- Escrow Account	118.20	109.57
- Bank Deposits with more than 3 months but less than 12 months maturity	93.04	71.83
- Margin Money	0.37	10.88
Cash and Bank Balance as per Note 17	245.47	251.36

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director
(DIN 00043256)

NIKHIL NANDA
Managing Director
(DIN 00043432)

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As per our Report attached
for S. N. DHAWAN & CO.
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Director
(DIN 00051668)

BHARAT MADAN
Group Financial Controller

AJAY SHARMA
Group General Counsel
& Company Secretary

VIJAY DHAWAN
Partner
M. No. 012565

Place: Faridabad
Date: May 25, 2016

Statement for Subsidiaries Information for Financial Year 2015-16

Sr. No.	Name of the Company	Share Capital	Reserves & Surplus	Total Assets		Turnover & Other Income	PBT	PAT	Reporting Period	% of Shareholding
				Non-Current Investment	Other					
1	Escorts Asset Management Limited	150,000,000	(30,694,374)	70,055,193	62,522,746	19,567,925	(8,125,112)	(5,244,539)	April - March	30%
2	Escorts Securities Ltd.	78,000,000	29,851,201	6,489,628	222,459,905	69,127,321	3,976,755	2,075,096	April - March	98%
3	EDDAL Credit Limited	5,500,700	21,188,358	-	26,718,383	1,221,218	1,166,474	799,654	April - March	99.86%
4	Farmtrac Tractors Europe Spolka Zo.o (IPLN = ₹ 17.33 INR)	83,465,616	(15,271,538)	-	579,007,452	795,574,672	(103,401,677)	(103,548,536)	April - March	100%

Statement For Joint Ventures & Associates For Financial Year 2015-16

Sr. No.	Particulars	Adico Escorts Agri Equipments Private Limited
1	Latest Audited Balancesheet Date	31-Mar-16
2	Shares held By Company	
	Numbers	6,000,000
	Amount	60,000,000
	Holding %	40.00%
3	Significant Influence	Yes
4	Reason For not considered for Consolidation	NA
5	Networth attributable to Shareholding	21,235,879
6	Profit/(Loss) for the Year	(34,052,895)
i)	Considered in Consolidation	(13,621,158)
ii)	Not Considered in Consolidation	(20,431,737)

1. At the behest of the creditors of Farmtrac North America LLC (FNA) (a subsidiary of the Company), the Superior Court Division of Edgecombe, North Carolina, USA have appointed a Receiver for FNA, who has taken over all the assets, books & records of FNA, accordingly the information relating to Farmtrac North America LLC (FNA) has not been given.

2. Beaver Creek Holdings LLC (BCH) and Escorts Consumer Credit Limited total assets being insignificant, the company has not considered the financial Statements for consolidation.

RAJAN NANDA
Chairman and
Managing Director
(DIN 00043256)

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Managing Director
(DIN 00043432)

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Director
(DIN 00001480)

P. H. RAVIKUMAR
Director
(DIN 00280010)

HARDEEP SINGH
Director
(DIN 00088096)

SUTANU BEHURIA
Director
(DIN 00051668)

BHARAT MADAN
Group Financial Controller

AJAY SHARMA
Group General Counsel
& Company Secretary

Place: Faridabad
Date: May 25, 2016

Corporate Information

BOARD OF DIRECTORS

Mr. Rajan Nanda

Chairman and Managing Director

Mr. Nikhil Nanda

Managing Director

Dr. S. A. Dave

Director

Mr. Hardeep Singh

Director

Mr. P.H. Ravikumar

Director

Mrs. Vibha Paul Rishi

Director

Dr. Sutanu Behuria

Director

Dr. G.B. Mathur

Director

Ms. Nitasha Nanda

Director

Mr. D.J. Kakalia

Director

GROUP GENERAL COUNSEL & COMPANY SECRETARY

Mr. Ajay Sharma

SECRETARIAL AUDITORS

M/s. Jayant Gupta & Associates

STATUTORY AUDITORS

M/s. S. N. Dhawan & Co.

INTERNAL AUDITORS

Grant Thornton India LLP

COST AUDITORS

M/s. Ramanath Iyer & Co.

CORPORATE CENTRE & REGISTERED OFFICE

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

BANKERS

Axis Bank

IDBI Bank

ICICI Bank

IndusInd Bank

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

State Bank of Patiala

**The Hongkong and Shanghai
Banking Corporation Limited**



Escorts Limited

Corporate Centre & Registered Office

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