

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
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

	Long-Term		Short-Term	
	As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
	₹ Crores			
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

	2.78
	21.83
	1.19
	13.04
	1.59
	8.79
	-
	0.25
	1.59
	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 Equivalentents		
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	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 26 : EXCEPTIONAL ITEMS

	₹ Crores	
	Year ended 31.03.2016	Year ended 31.03.2015
(Surplus)/Loss on Fixed Assets Sold/Discarded (Net)	0.25	0.38
Bad Debts/Obsolete Inventory	-	42.63
Amount Written Off (Net)	-	7.66
Claims & Damages	13.06	-
Depreciation Written Back	-	(89.31)
Voluntary Retirement Expenses	1.23	31.86
Provision for Doubtful Debts/ Obsolete Inventories/ Advances & Deposits	-	37.40
Total	14.54	30.62
Share of Joint Venture	(-)	(0.01)

NOTE 27 : SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2016

	₹ Crores						
	Agri Machinery	Auto Ancillary Products	Railway Equipment	Construction Equipments	Others	Unallocated	Total
External Revenue	2,778.33	92.36	205.38	455.09	5.05	1.41	3,537.62
	(3,272.45)	(103.13)	(182.48)	(510.47)	(40.87)	(3.28)	(4,112.68)
Internal Revenue	41.94	0.02	0.05	0.55	5.26	0.38	48.20
	(50.50)	(0.26)	(0.98)	(0.90)	-	(0.38)	(53.02)
Segment Revenue	2,820.27	92.38	205.43	455.64	10.31	1.79	3,585.82
	(3,322.95)	(103.39)	(183.46)	(511.37)	(40.87)	(3.66)	(4,165.70)
Eliminations	41.94	0.02	0.05	0.55	5.26	0.38	48.20
	(5 0.50)	(0.26)	(0.98)	(0.90)	-	(0.38)	(53.02)
Total Revenue							3,537.62
							(4,112.68)
Segment Result	216.94	(16.57)	22.65	(30.02)	(7.38)	(58.08)	127.54
	(228.27)	23.66	(17.53)	24.82	(3.17)	66.06	(134.43)
Interest Expense							52.39
							(58.26)
Interest Income Unallocated Corp.							18.30
							(24.88)
Exceptional Items							14.54
							(30.62)
Profit before Taxation							78.91
							(70.43)
Provision for Taxation:							
- Current Tax							15.51
							(16.94)
- MAT Entitlement							(9.05)
							3.34
- Tax Reversal Earlier Year							(12.42)
							8.17
- Deferred Tax							19.18
Profit After Tax							76.70
							(76.01)
Minority Interest							(0.36)
							0.30

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
Direct Taxes (Paid)/Refunds		1.08
Net Cash Flow from Operating Activities		229.29
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
Consolidation Adjustment		(2.97)
Cash and Cash Equivalents as at 31.03.2016		32.70
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

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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		Total Liability	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	13,272,313	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	121,098,332	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	29,325	1,221,218	1,166,474	799,654	April - March	99.86%
4	Farmtrac Tractors Europe Spolka Z.o.o (1PLN = ₹ 17.33 INR)	83,465,616	(15,271,538)	-	579,007,452	510,813,375	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 Country of Edgcanbe, 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.

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