

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

	Notes	Year Ended 31.03.2016	Year Ended 31.03.2015
₹ Crores			
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

	₹ 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	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

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	For the Year As At 01.04.2015	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	147.71	148.84
Plant & Machinery	774.58	39.76	8.91	805.43	487.63	4.85	284.44	286.95
Furniture & Fixtures	89.55	16.29	1.97	103.87	63.71	(8.11)	25.10	25.84
Office Equipment	7.79	0.24	0.45	7.58	5.78	0.42	1.34	2.01
Vehicles	10.67	3.20	2.07	11.80	2.78	0.86	8.31	7.89
Leasehold Improvements	0.05	-	-	0.05	0.01	-	0.03	0.04
Assets Under Lease :								
Land Leasehold	8.89	-	-	8.89	0.71	0.10	8.08	8.18
Plant & Machinery	4.11	-	4.11	-	1.38	1.38	-	2.73
IT Equipments	12.32	-	11.85	0.47	10.12	10.05	0.03	2.20
Total - A	2,368.74	65.10	29.36	2,404.48	801.76	54.83	847.14	1,566.98
Intangible Assets:								
Prototypes	3.08	-	-	3.08	2.11	0.62	2.73	0.97
Technical Knowhow	7.73	3.79	-	11.52	6.91	0.29	4.32	0.82
Software Development	30.42	0.72	1.00	30.14	16.23	4.37	10.54	14.19
Total - B	41.23	4.51	1.00	44.74	25.25	5.28	29.53	15.98
Total - (A+B)	2,409.97	69.61	30.36	2,449.22	827.01	60.11	1,572.55	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	1,630.74	1,638.42
Previous Year	2,459.31	93.29	87.17	2,465.43	779.26	66.06	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	67.56	146.75	150.00
- Research & Development Centre (Construction Equipments)	5.17	2.47	0.24	7.40	3.41	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	₹ 10	100	100	-	-
[Current year (₹ 1,000), Previous Year (₹ 1,000)]					
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	82.07
	(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, 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 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)	-	-	-
Harpashad & 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 (0.12)	-	0.01	-
Momento Communications Pvt. Ltd.	-	-	-	-	-	-	(0.04)	-	-	-	-	-
AAA Portfolios Pvt. Ltd.	-	-	-	-	-	-	(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