

There's a **new energy** here...

Escorts Limited | 68th Annual Report 2012-14



Forward-looking statements

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

Contents

New Energy at Escorts 1 – 3 | Corporate identity 4 | From the desk of the Chairman 6 | Managing Director’s message 8
Social responsibility 10 | Managing risks at Escorts 12 | Profile of our Board of Directors 14 | Management team 16
Management Discussion & Analysis 18 | Directors’ Report 27 | Report on Corporate Governance 36 | Financial statements 52

Enduring challenges. **New energy...**

The last few years were among the most trying for India's capital goods industry.

To this challenging reality, the multi-business Escorts Limited brought a refreshing commitment.

To customise products around national interests. To mechanise the manual. To help customers accelerate project delivery. To enrich user profitability.

When you focus on the customer's business, some remarkable things begin to happen to your own.

Escorts outperformed the capital goods sector and the national GDP growth with a 6.2% growth in revenues and an 81.1% increase in profit after tax in 2012-14 (18 months, year ending 31 March 2014).

There's clearly a **new energy here...**



In the last two years, India reported sub-5% GDP growth. **Escorts revenues grew 6.2% on a y-o-y basis.**

But profits rose faster. The result of a new energy at Escorts.

New energy at Escorts:

 Quicker sales growth.  Lower manufacturing costs.  Higher per person productivity.  Increasing focus on premium products.  Higher margins.

 Stronger technology alliances.

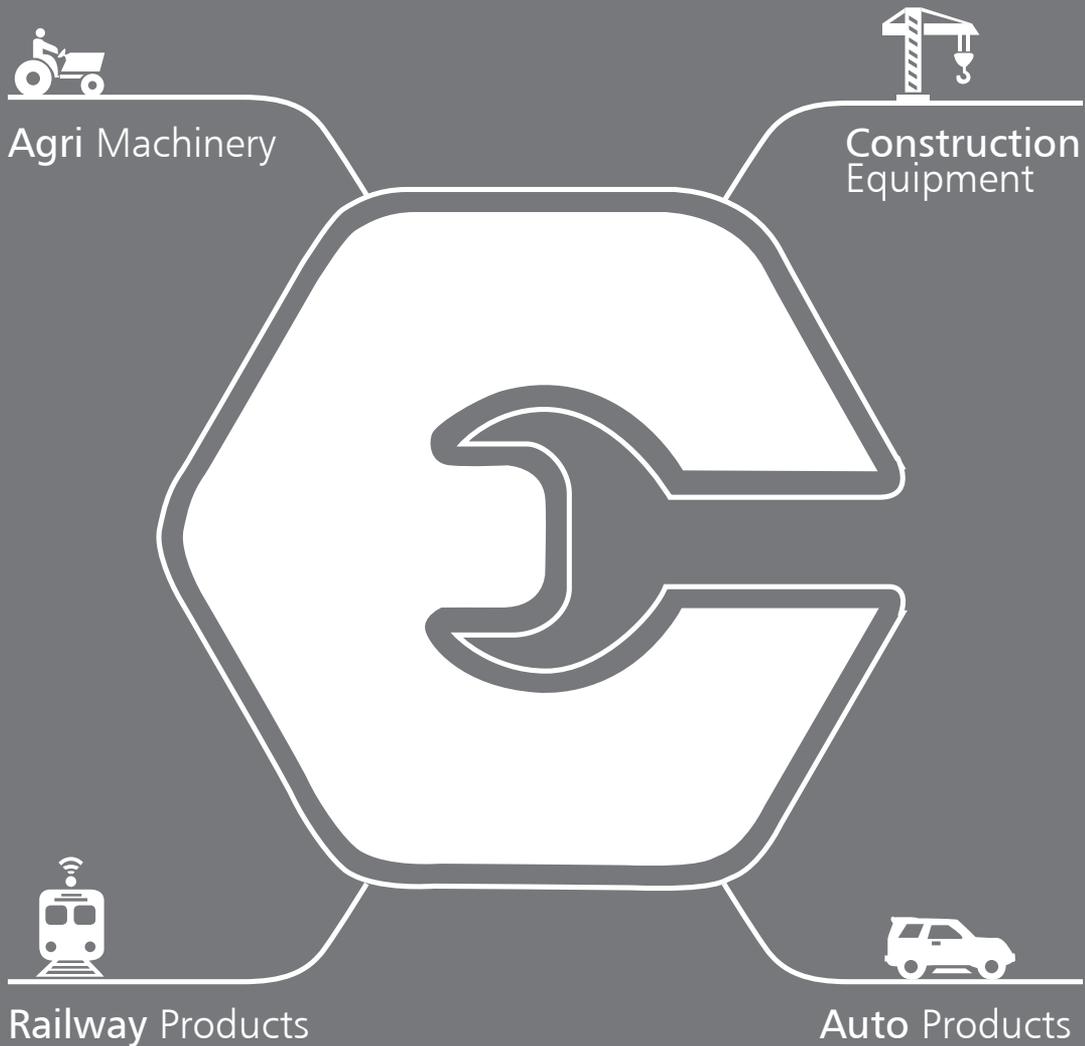
 Quicker product launches.  Wider market coverage.  Higher non-recourse financing.  Younger company.  One-stop multi-product availability.  Debt reduction.  Higher cash surplus.

 Lower debt costs.  Declining customer response time.  Superior product mix.

 Stronger brand investments.  Focus on customer service.

Escorts Limited. One of India's frontline engineering companies.

Comprising four businesses.



Where the sum of the individual parts is larger than the whole.

Vision

Our vision is to be among the top engineering companies in India by...

Being the preferred solutions provider to the needs of our customers

Practicing respectful and ethical business practices

Being the employer of choice within the engineering industry

Providing superior returns to our investors

Legacy

Escorts Limited is one of India's most respected and trusted engineering companies. The journey of Escorts traces back to 1949, when, post partition, a deep nationalistic sentiment inspired H.P. Nanda and Yudi Nanda to take-up a franchisee for the distribution of tractors towards helping farmers secure their livelihoods. Decades later, the spirit has endured; Escorts continues to live this tradition, emerging among India's three leading tractor players focusing on complementary agriculture products and solutions, construction equipment, auto suspension, ancillary products and railway equipment.

Our manufacturing locations

Escorts owns and operates seven integrated manufacturing plants in Faridabad (Haryana) over an expansive 183726 sq. m. It also possesses a plant in Rudrapur (tax-efficient Uttarakhand) and an international plant in Poland (Europe).

Our intellectual capital

At Escorts, we count our employees as our most valuable assets. We invest in their training and career development and benchmark their performance with the industry's best-in-class pay standards. We enjoy harmonious industrial relations. Our total workforce (own and contractual) stood at 10,483 members as on 31 March 2014.

Our industry-leading alliances

At Escorts, we enjoy business-strengthening alliances with industry leaders like Carraro, Porsche Consulting, Porsche Design, Perkins, ZF, Bosch, Honeywell, Ingeteam and Yujin Machinery.

Our listing and market capitalisation

Escorts shares are listed on the NSE, BSE and DSE stock exchanges. The Company's market capitalisation stood at ₹1412.70 cr with a promoter holding of 41.97%, combined FII and DII holding of 9.06% and public and others holding and free float of 48.97%, as on 31 March 2014. The Company's BSE scrip code is 500495.

Our dividend payout

Escorts declared a dividend of 180 paise per share (18% on face value of ₹10 share) for 2012-14. The Company's dividend philosophy reconciles the need to reward shareholders with adequate reinvestment.

From the desk of the **Chairman**



Rajan Nanda, *Chairman & Managing Director, Escorts Limited*

Dear Shareholders,

THESE ARE SOME OF THE MOST EXCITING TIMES IN THE HISTORY OF OUR NATION.

The new government in India has enunciated its intention to not merely revive the economy, but to ensure that one of the world's most ancient civilisations catches up with its considerable potential in the shortest time.

It is our humble understanding that any country that sets out to do so will need to build on some critical blocks. In the India of today, these building blocks can be narrowed down to food, homes and personal mobility - *for all*.

At Escorts, we are attractively placed to play a responsible role in this transformation.

Each of our businesses addresses a core national requirement. Our agri-machinery business addresses the need for more food for the country. Our construction equipment business provides the widest complement of construction machines. Our railway business manufactures products that address safety, comfort and reliability. Our auto products business manufactures components used in automobiles. The complement of these businesses is directed towards enhancing the life quality of consumers, communities, countries and the world.

What provides me with considerable optimism is that the need for enhanced life quality is now emerging as a fundamental right across societies. As incomes are rising across the world, people are demonstrating a willingness to eat better, live better and travel better. It is our connection with this improving life quality that convinces me that the rationale for our presence in diverse businesses will actually strengthen over the coming years.

At Escorts, this business complement – when seen as a holistic composite – resist the severity of the challenging slowdown of the last few years, making it possible to report revenue and profit growth higher than the national – or any of our respective – sectoral averages. Now that the worst appears to be over, we are optimistic that our business model will respond more favourably to national and global priorities.

If there is one reason behind my optimism it is that at Escorts, we never lose sight of the fact that we are in business to serve the growing needs of our customers. Over the years, we strengthened our service commitment from a conventional 'we make, you buy' approach to customised product manufacture. We extended this service orientation from mere product manufacture to holistic solutions delivery. This widening relevance was manifested through wider product choice, increased customer proximity and a greater focus on the health of the customer's business.

I am happy that we have brought a new energy to the challenges facing us. We are strengthening our position as a company dedicated to frugal engineering excellence. We are engaging in technology collaborations with global majors. We are accelerating innovation to put pioneering, cutting-edge products in the marketplace. We are deepening relationships with our customers. We are responding to a fast-changing marketplace with strategic flexibility. We are bringing to our stakeholders a refreshing new experience.

At Escorts, I am convinced that the better we manage these intangibles, the more sustainably we will deliver tangible numbers across the foreseeable future.

This is our blueprint for serving mankind and making the world a better place.

Rajan Nanda,
Chairman & Managing Director

Managing Director's message

“The performance of Escorts reiterated our focus of staying true to our ethos of customer-centricity, **innovation and operational excellence.**”

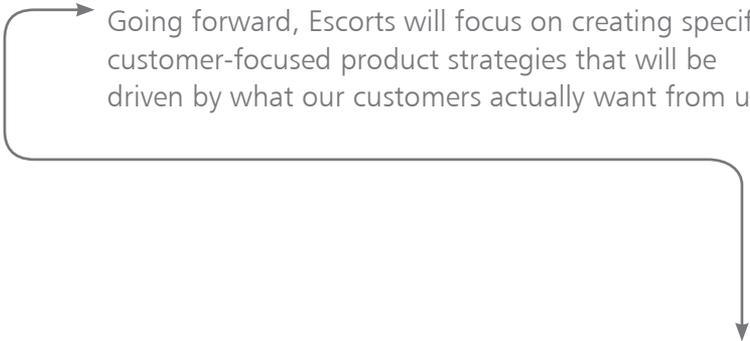


Dear Shareholders,

I am pleased to present Escorts' Annual Report for the year 2012-14 and am happy to share that the period was an eventful one marked by significant milestones, creditable performance and all-round holistic growth. Looking back at this incredible journey, I have come to realise that an entrenched entrepreneurial spirit driven by the urge to innovate has fuelled every step of this journey.

The zeal to do things differently is anchored on the foundations of Escorts fulfilling a responsible role in nation-building by contributing to hunger and

Mr. Nikhil Nanda, Managing Director, Escorts Limited



Going forward, Escorts will focus on creating specific, customer-focused product strategies that will be driven by what our customers actually want from us.

poverty eradication through world-class technology and infrastructure solutions. These overarching initiatives drove a new energy through our enterprise, enabling us to focus on our pillars of technology and customer focus.

Aligning corporate priority with the nation's most critical needs, we reinforced our commitment to our vision – that of emerging as an integrated provider of crop products and solutions to farmers and become one of the top engineering companies of India. Towards widening the reach of this overarching message that inspires one to embrace radical change, we made a small 'move' to trigger the transformation of the organisation and the country and turn it into a 'movement'.

The 2020 product development initiatives that we have commenced across all our businesses are a pledge to delight our customers towards helping them be more productive. We are also working with global companies of international repute to harness emerging future technologies and information. In effect, with every move, we are meeting a new tomorrow. I am pleased to state that we received an encouraging response from our

stakeholder community – employees, dealers, customers and financial partners – and expect the returns from this initiative to translate into better results over the foreseeable future.

The performance of Escorts during the period (2012-14) reiterated our focus of staying true to our ethos of customer-centricity, innovation and operational excellence. This has driven us to launch new and specialised products both in India and across the matured markets of Europe, create compelling agro-economic solutions that boost yield and farm productivity, establish our formidable construction equipment product suite across important national projects and leverage the value of our railway and auto products portfolio to tap a larger bouquet of marquee clients.

Going forward, Escorts will focus on creating specific, customer-focused product strategies that will be driven by what our customers actually want from us. All our efforts will be committed towards significantly improving capital returns and drive wealth creation for our customers.

Specifically across our businesses, we will continue to engage in operational

restructuring, headcount reduction, prudent outsourcing, portfolio enrichment and value-addition. The complement of these initiatives is expected to enhance revenues, margins and profits with the objective to enhance value for all our stakeholders.

I am confident that our passion and hard work, coupled with our ability to embrace world-class technology and engineering excellence will help us rise against the odds and scale new peaks.

Best wishes,

Nikhil Nanda
Managing Director



Social responsibility

Only a financially sound company can make a positive contribution to social and environmental development over the long-term. At the same time, business success obliges a company to assume responsibilities with regard to employees, society and the environment.

At Escorts, sustainability is ensured by the commitment of the Company's employees. Our products and services are the result of efforts of those who devote their talent, expertise, dedication and creativity to our success. In turn, we provide conducive working conditions for our employees, provide long-term career growth, promote their development and offer them attractive remuneration. Escorts has implemented a range of regulations to support our commitment to sustainability.

Escorts CSR practices and projects

Escorts believes in holistic and all-round prosperity. The Company has interwoven social consciousness into business responsibility. During 2012-14, our corporate social responsibility initiatives were focused around the following areas:

Community health: Escorts engaged with reputed hospitals and medical organisations to increase health awareness and provide free primary healthcare services.



Escorts addressed women's empowerment issues through a 'community outreach' initiative 'Pahchaan', under which women are being imparted life skills training.



Escorts organised general health check-up camps in Faridabad in collaboration with prominent hospitals covering more than 2,500 beneficiaries with primary healthcare services.



Escorts organised general health check-up camps in Faridabad in collaboration with prominent hospitals covering more than 2,500 beneficiaries with primary healthcare services, doctor consultations and medical tests (blood sugar, blood pressure, pulse rate measurement and ECG). The company organised blood donation camps in association with Rotary Club & Red Cross Society of Faridabad, helping save lives. Escorts organised health awareness talks, inviting doctors to discuss health issues.

Escorts addressed women's empowerment issues through a community outreach initiative – Pahchaan, under which women were imparted life skills training. The Company conducted a special initiative for the women family members of Escorts employees, providing them with a platform for overall development. The following activities were undertaken: Life skills training; sanitation and hygiene awareness; recreational activities; health awareness and social issues.

Social welfare: Escorts is committed to national progress, reflected in environment initiatives around its manufacturing units. The Chief Minister of Haryana,



Mr. Bhupinder Singh Hooda, inaugurated the Go Green Faridabad campaign initiated by Escorts Group in collaboration with the Faridabad Industries Association. As a part of the campaign, Escorts employees planted 125 saplings on World Environment Day. Some of the other initiatives comprised:

- Escorts collaborated with Jaagruti, a Delhi-based charitable trust that collects scrap paper from organizations for onward recycling. The Company handed its first consignment of 375-kg in exchange for 350 recycled notebooks
- At Unnati, a collaborative effort between Escorts and Navjyoti India Foundation, Escorts provides training to underprivileged children for onward employment at Company dealerships
- Escorts employees donated warm clothes to the Goonj Foundation, an NGO that focuses on providing clothing to the poor during harsh winters
- Escorts employees donated ₹21 lacs towards Uttarakhand flood relief
- An Escorts team volunteered with Arya Kanya Sadan, an orphanage home in Faridabad.

Employee engagement: Escorts reached out to employee families through career counselling for their children (students of classes 10 and 12) leading to a prudent selection of streams, courses and colleges. The CSR team visited homes to spend quality time with employee families leading to a better engagement. The families of employees were invited to visit our workplace. Through a series of contests, wards of employees were provided an opportunity to demonstrate their talent (singing, dancing etc.) and those selected were invited to perform in front of an audience of around 4,000 people on the occasion of the company's New Year celebrations.



Managing risks at Escorts

Escorts' core business strategy comprises the top-down resource allocation to businesses capable of market leadership and stronger returns. We focus on customer service, operational efficiency, developing employees and our vendor relationships and expanding margins. This strategic combination (top-down and bottom-up) is mirrored in our risk management. We possess a clear view at the Board and Executive levels of our principal risks, combined with information from the business units on the most significant risks affecting each.

Our risk management framework comprises four levels of defense.

- Level 1: Front line business operations managing risk on a daily basis.
- Level 2: Corporate oversight functions monitoring performance and risk.
- Level 3: Independent assurance and testing that controls are working as planned, e.g. internal or external audit.
- Level 4: Oversight and direction from the Board and its Committees.

1 Risk

Margins erosion

Definition

Market conditions continued to increase competition during the period under review, which could lead to downward pressure on sales prices and profit margins.

Mitigation

The Company continues to reinforce the mitigation actions in place. EBIDTA margin improvement initiatives remain a priority for all businesses. We believe that high levels of customer service, whole-hearted adoption of TPM practices and customised product availability play a fundamental role in maintaining our competitive advantage. The Group has continued with its programme of work to improve levels of customer service.

A number of initiatives have been undertaken by Escorts businesses in the last 18 months, including:

- Improved analysis of monthly margin performance at Group and business unit levels
- Dedicated gross margin initiatives like enhancing realisations and growing the basket of complex products with high engineering content and expense reduction programmes
- Improved bargaining power among suppliers and forging associations with respected leaders worldwide for technology tie-ups

The result was that the Company's EBIDTA margin stood at 6.1% in the 18-month period of 2012-14, as compared with 4.7 % in 2011-12

2 Risk

Market conditions

Definition

The Group's results depend on the levels of activity in agriculture, construction and property, railways and automotive industries. Factors influencing this risk include:

- The general rate of GDP growth
- Consumer confidence
- Availability of credit to finance customer investments
- The level of government initiatives to stimulate economic activity
- Inflation

These factors are largely out of the Group's control and are difficult to forecast.

Mitigation

At Escorts, we believe we have put in place effective measures to respond to market conditions with speed and surety. Our mitigation strategy is to reinforce existing measures in place. These include:

- Core sector focus including agriculture and infrastructure
- Prudent resource allocation
- Planning, budgeting and forecasting
- Debt optimisation
- Cost reduction, pricing and EBIDTA margin management initiatives, including a focus on customer service
- Improvements in monthly management information

3 Risk

Employee motivation and retention risks

Definition

Escorts' ability to provide industry leading products and services to customers depends on retaining sufficiently qualified, experienced and motivated personnel.

In order to increase productivity, and be able to take growth opportunities when markets improve, we must maintain the skills and experience of our existing management and continue to develop a pipeline of the future.

Mitigation

Effective personal performance management underpins our strategy to attract and retain key employees.

The quality of individuals' performance reviews is monitored and improved in all areas of the business. Succession planning exercises are undertaken each year, along with a review of the Company's most talented and promising individuals.

Career mobility has been increased, providing more staff with the opportunity to work in different areas of the Group.

The Group continues to invest in development programmes for senior leadership, managers and all other staff.

Besides, we are also looking at manpower alignment, towards creating a leaner and frugal organisation.

4 Risk

Systems and infrastructure risks

Definition

The Group can only carry on business as long as it has the IT and the physical infrastructure to do so. The safe and continued operation of such systems and infrastructure is threatened by natural and man-made perils and is affected by the level of investment available to improve them.

Mitigation

Escorts possesses robust IT systems and infrastructure through:

- Robust data centre with high redundancy
- Consolidated ERP integrating and synchronising all the four business divisions
- State-of-the-art warehousing software with scientific storage of all inventory with bar coding of all storage bins and 'live' inventory management

practices, leading to stronger customer satisfaction and delight

- Comprehensive i-supplier portal for stronger in-transit inventory control

- Cutting-edge Business Intelligence (BI) tool that pulls data from various sources and engages in its analysis with dashboards for different organisational departments

- Data Loss Prevention (DLP) strategy, which was documented as a case study at the Gartner Infrastructure Event. It was also featured on the online portal of *The Economic Times* and was featured on the Business Discovery World Tour

The Company's IT division has won several awards including the 2013 and 2014 editions Top-100 CISO Awards and the 2014 INFOSEC Award.

5 Risk

Environment and safety risks

Definition

The Company might lose its license to operate on account of a breach of environmental norms or on account of manpower safety risks.

Mitigation

At Escorts, we are as much environmentalists as industrialists. Our focus on environment protection and ecosystem preservation is reflected in the following initiatives:

- We deploy state-of-the-art equipment and technology across our plants, as recommended by the Pollution Control Board, thereby minimising sound and air pollution
- We collaborate with international companies, to get insights into environment-friendly global operational standards

- We adequately train manpower with respect to environment standards and norms

- We have instituted a disaster management system to implement the most effective accident prevention measures across our operating sites

- We have made the use of personal protection equipment mandatory for all onsite workers.

- We have instituted crisis management teams across all locations

- We have embraced TPM across our shop-floors, generating higher awareness on both personal and equipment safety

The result is that we have not lost a single day of operation on account of environmental non-compliances and have also not reported any major accident since inception.

Profile of our Board of **Directors**



Mr. Rajan Nanda

Mr. Rajan Nanda, Chairman and Managing Director of Escorts Group since 1994, is a visionary leader who has played a defining role in establishing Escorts as an organisation of repute. His astute leadership has resulted in giving Escorts a sharper focus in the high growth economy sectors of agri machinery, construction equipment, railway equipment and auto components. Mr. Nanda is an active member of several apex trade and industry bodies. As a member of the CII National Council, he has served as the Chairman of its Agriculture Committee. Mr. Nanda plays a pivotal role in promoting the cause of Indian agriculture and his endeavours resulted in the government announcing the long-awaited National Agriculture Policy.



Mr. Nikhil Nanda

Mr. Nikhil Nanda, Managing Director, has been a key member of the Board since 1997. He plays a vital role in managing the Group's performance and steering its operations to create a customer-centric, technology-driven brand. Together with the leadership team, he is leading the organisational transformation into a culture of high-efficiency and aggressive growth. Mr. Nanda is a member of Northern Regional Council of Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), the Indo American Chambers of Commerce (IACC), high-level strategic group constituted by All India Management Association (AIMA) and Young India Committee of CII.



Dr. S.A. Dave

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



Mr. S.C. Bhargava

Mr. S.C. Bhargava, Director, is an eminent personality with a rich experience in all facets of finance and insurance. He possesses extensive knowledge in the field of securities market, treasury operations and corporate finance, among others. Mr. Bhargava, Senior Fellow Member of Institute of Chartered Accountants, has also worked as member of the Technical Advisory Committee on Money, Foreign Exchange and Government Securities Market for Reserve Bank of India. Currently, he is serving on the Board of many reputed organisations.

Mr. P.H. Ravikumar

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



Mr. Hardeep Singh

Mr. Hardeep Singh, Director, has a rich experience of holding top managerial positions in leading Indian and foreign companies. Mr. Singh was the former Executive Chairman of Cargill South Asia and Amalgamated Plantations Pvt. Ltd. (a Tata Enterprise) and non-executive Chairman of HSBC Invest Direct India Limited. He is the Chairman of the monitoring committee on Minimum Support Price constituted by Planning Commission, Government of India. He has been a member of National Council of IIT, National Committee for Agriculture of FICCI, and served as an honorary advisor on agriculture to the Chief Minister of Punjab. An invited speaker at the World Bank, US Department of Agriculture Global Summit, International Food Policy Research Institute in Washington DC, Imperial College in the UK and Indian Institute of Management (IIM), Ahmedabad. He is a graduate in Economics from Pune University and an alumnus of Kellogg School of Management.

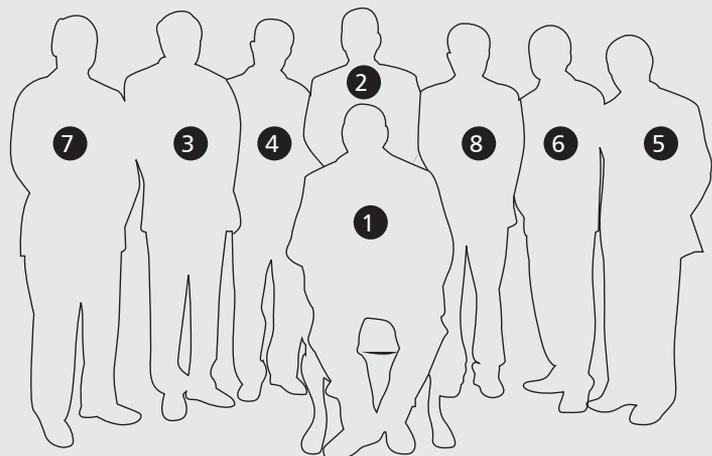


Mrs. Vibha Paul Rishi

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



Management **team**



Mr. Rajan Nanda

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

Mr. Nikhil Nanda

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

Mr. G.B. Mathur

Executive Vice President - Company Secretary & Strategic Advisor, is an ACS and LLB by profession. He has more than three decades of rich experience in the field of corporate law. He is part of all the major restructuring and other important corporate decisions taken by the Company from time to time. Before joining the Escorts Group, he worked with Chambal Fertilisers and Chemicals Limited.

Mr. Ishan Mehta

Executive Vice President – HR & ER, alumnus of Xavier's Labour Research Institute (XLRI), possesses over 32 years of experience in HR and ER strategies, organisational effectiveness and workplace improvement. He previously worked with DCM Limited, Ballarpur Industries, Eicher Group and East India Hotels (EIH).

Mr. S. Ramaswamy

Group General Counsel, possesses over 30 years of extensive experience in the areas of Legal, Compliance, IP management and Company Secretariat. Prior to joining Escorts, he served in senior management roles in JCB, AgroTech Foods, Honda Siel Cars, etc. Mr. Ramaswamy is a Commerce Graduate from Shri Ram College Of Commerce, Law Graduate from Delhi University, Fellow Company Secretary from ICSI, Internal Auditor from Institute of Internal Auditors, Florida USA and Post Graduate Diploma in Business Administration. He is also a member of various prestigious professional bodies like ICCA, ASSOCHAM and Legal Era and contributes extensively and regularly to articles both in India and overseas.

Mr. S Sridhar

Chief Executive Officer, Escorts Agri Machinery, Agriculture Engineer, possesses 27 years of rich experience in engineering, automotive and manufacturing. He has undergone year-long Senior Management training with ESMT, Germany. Mr. Sridhar specialises in brand and business strategies, inspired by the Chinese war guru Sun Tzu. He started his career at Mahindra and Mahindra Limited's tractor division and acquired vast operational experience at TVS Suzuki. He was the

former CEO (2 wheeler) and then the President (motorcycles) of Bajaj Auto Limited. He played major role in firming up the strategy roadmap for Bajaj Auto.

Mr. Sunil Saksena

Chief Executive Officer, Escorts Construction Equipment, is a mechanical engineer with 34 years of diverse experience in various functional and leadership positions in business operations. In his last assignment, Mr. Saksena was the EVP – Sales & Marketing and Business Development at JCB India. He has previously worked with Tata Motors and handled important assignments like Manufacturing, Direct Sales, Corporate Planning, Government Affairs, Sales and Marketing, etc. Mr. Saksena completed his B.Tech from IIT Kharagpur and CFA from ICFAI, Hyderabad.

Mr. Dipankar Ghosh

Chief Executive Officer, Escorts Railway Products & Escorts Auto Products, has 24 years of rich experience in full lifecycle product development, manufacturing operations, engineering management, business development, and technology transfer from many Railway OEMs to India. He is an ex-Indian Railway Service officer and was the Vice President with John Deere India in his last assignment. In his previous assignments he headed the Bombardier Transportation Global Design Centre in India and later was Director of Caterpillar India. Mr. Ghosh is a post graduate in Engineering from BITS Pilani, and has done his management from Indian School of Business, Hyderabad, besides Advanced Global Leadership from London School of Economics as a British Chevening Scholar.

Management Discussion & Analysis

Global Economy:

The global economy strengthened during the second half of 2013-14 and is expected to improve further in 2014-15, with much of the impetus being generated from advanced economies. Emerging economies faced several challenges, especially the ones with higher inflationary pressures and wider current account deficits. Some of them have tightened macroeconomic policies to shore-up confidence and strengthen their commitment to policy objectives.

Looking ahead, the global growth is projected to increase from 3.6 percent in 2013-14 to 3.9 percent in 2014-15. In advanced economies, growth is expected to increase to about 2.25 percent in 2014-15, an improvement of about 1 percentage point. Key drivers comprise reduction in fiscal tightening and highly accommodative monetary conditions. Growth will be strongest in the United States at about 2.7 percent amongst advanced economies. Growth is projected to be positive but varied in the European region: stronger in the core, but weaker in other countries, especially with high debt levels. Across developing economies, growth is projected to pick up gradually from about 5 percent in 2013-14. Growth will be helped by stronger external demand from advanced economies.

Source: World Economic Outlook

Indian Economy:

The Indian economy is likely to grow by 5.6 percent in 2014-15. Economic growth is likely to be contributed majorly by the industrial sector, which is estimated to grow by 4.1 percent. Within the industrial sector, the manufacturing and construction sub-sectors are expected to grow at 3.3 percent and 5.6 percent, respectively. The last fiscal witnessed significant currency volatility, concerns on current account deficit and budget deficit, stalled projects and policy log-jam. Policy

measures taken by RBI have helped reduce the volatility. Curb on gold imports dramatically cut down the current account deficit and helped the rupee strengthen. Despite RBI measures on the interest rates, CPI still remains at 8.6 percent, which was primarily fuelled by food and agri products; hence agri output remains a key focus area of the government.

1. Escorts Agri Machinery

The Indian tractors market witnessed robust growth in the fiscal gone by with demand from both agricultural and non-agricultural usage.

The key factor boosting tractor demand comprised strong rural liquidity, which in turn was a result of record production in 2011-12, healthy realisations for 2012-13 crop and collective buying of wheat by the government and private traders. The Minimum Selling Prices (MSPs) increased between 5-20 percent for various Rabi crops.

Improved credit environment, continuance of replacement demand and increased usage of tractors for non-agricultural purposes (for haulage in construction and infrastructure projects) were some of the other factors that contributed to improving tractor demand.

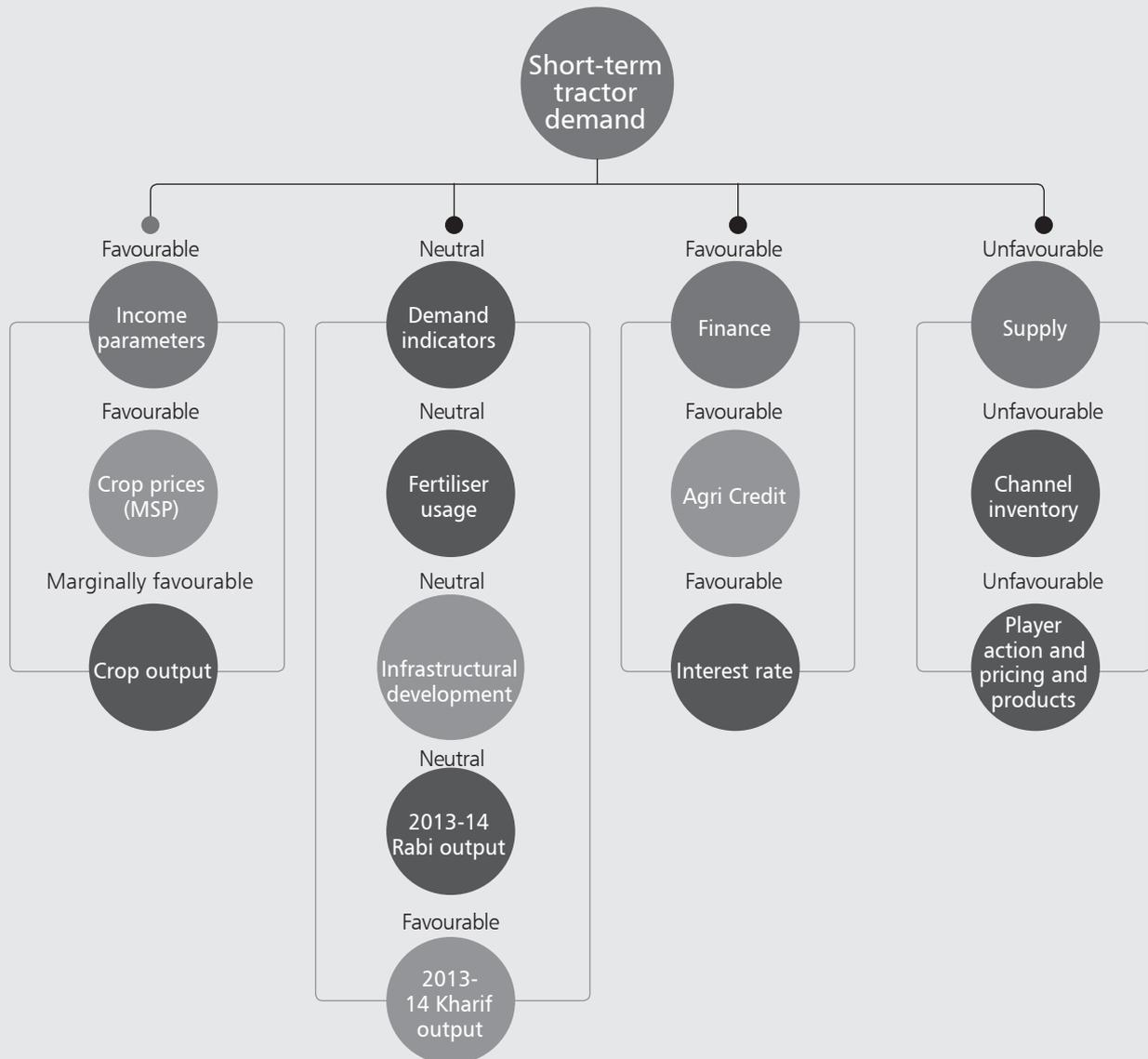
With increasing employment avenues like infrastructure projects and rural employment schemes, availability of labour for agricultural activities continued to decline, which is prompting farmers with medium-sized land holdings to either rent or purchase tractors.

Industry Outlook

Demand for tractors is mainly driven by the farmer's ability to purchase a tractor and is affected both, directly and indirectly by a number of factors.

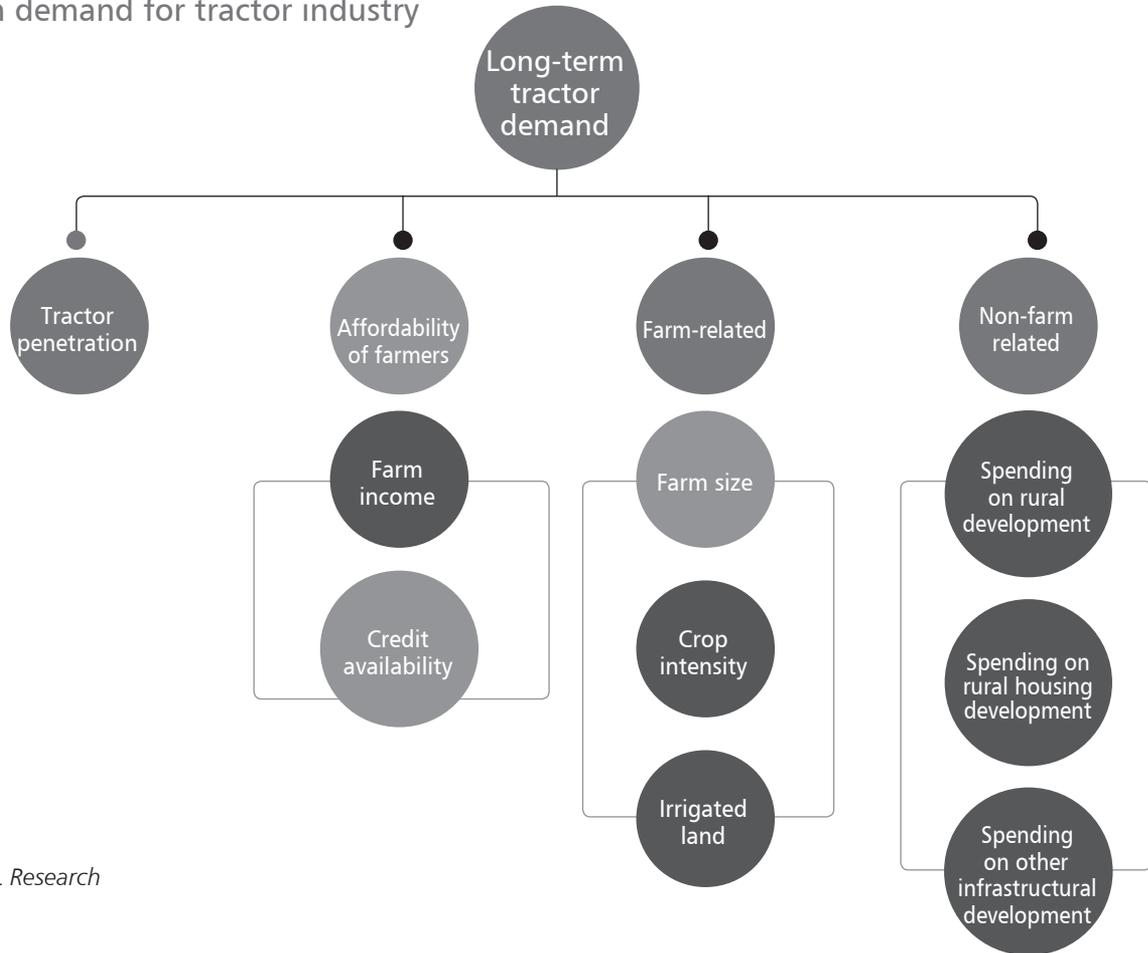


Short term demand for tractor industry



Note: Factors analysed while assessing tractor demand for 2013-14 are classified as favourable, neutral and unfavourable.
 Source: CRISIL Research

Long term demand for tractor industry



Source: CRISIL Research

Key measures taken by the government in the agri sector allows 100% FDI under the automatic route in storage and warehousing, including cold storages, allocation of USD 145.8 billion which is around 8 percent of the GDP for agriculture credit and a total proposed outlay of USD 4.31 billion from the Ministry of Agriculture is expected to provide the much needed boost for the sector.

Going forward, agriculture export is likely to cross USD 45 billion, whereas agricultural credit is expected to exceed the target of ₹ 7 lakh cr. Such indicators help portray the huge potential of this sector which is crucial given the size and the future growth of the country.

The year under review witnessed robust growth in tractor volumes, led by the central region, followed by western, northern and southern regions. Going forward, the industry is expected to maintain a CAGR growth of 8-9 percent over the next five years. With the long-term industry drivers intact and the economy turning a corner, one can expect the sector to perform up to its potential over the coming years.

We expect domestic tractor sales to grow by 5-7 percent in

2014-15. The growth in farm incomes is expected to moderate to 3-5 percent from a 15 percent CAGR recorded over the last two years. Although farm mechanisation has shown an increasing trend in the country, there are wide ranging disparities in the progress of mechanisation across states. The northern states of Punjab, Haryana and Uttar Pradesh have already achieved high levels of mechanisation as compared with western and southern states of the country viz., Gujarat, Maharashtra, Rajasthan and certain areas of Tamil Nadu and Andhra Pradesh. Uptake in infrastructure development will have a positive impact on tractor sales.

With respect to monsoons for the current year, the Indian Meteorological Department (IMD) forecast states that the southwest monsoon will be below normal at 95 percent of the long period average.

Opportunities and Threats

Your company will focus on several new markets in the European region, Latin America and South Africa and provide the best of technology at an affordable price. Your company will further expand its current presence in ASEAN countries,

Africa and pockets of Europe. The European markets in focus are Germany, the UK, France, Turkey, Italy and Spain.

The tractor industry is dominated by three major players. The entry of MNCs has further intensified competition. Your company is well-poised to capture the scenario through technology tie-ups and better product upgrades.

Product Launches

International launch of Tractors at AGRITECHNICA Hannover

Farmtrac Europeline product range will cater to the high HP segment, i.e. upto 110 HP. The USP of the product range comprises the fact that it comes with world-class components at a competitive price.

Farmtrac Heritage product range will cater to sub 80 HP segment. The USP of this range will be its classic finish, which is simple yet highly efficient. The Heritage series will emerge as a great choice for small farms wherein the use of a large, sophisticated tractor cannot be justified.



Glamour & Sophistication to the "World of Tractors"

Ferrari™ Orchard Tractor – a revolutionary new machine and a technology wonder, for the high value orchard farmers comprises:

- All four equal-sized wheels
- Oscillating chassis system
- All-time 4 wheel-drive
- Front-engine mounting for super-low turning radius and an ideal weight distribution

Powertrac Diesel-Saver Plus Euro

- With European style, comfort and safety for long working spans and additional income
- The new Diesel-Saver Plus Euro series enhances power of

the current engines by about 10 percent and at the same time, reduces their fuel consumption by 10 percent



The New Farmtrac 'Executive' Series

- Tractors that are designed in consultation with a leading European engineering company
- The new Farmtrac Executive series tractors come with new style, improved operator ergonomics and a host of world-class features
- Greater traction is witnessed for these products and currently, supplies are gearing up to meet the demand. The complete potential of these and other new products is expected to come through in the near future.

2. Escorts Construction Equipment

Last fiscal, the industry underwent tough challenges. As per ICEMA (Indian Construction Equipment Manufacturers Association), there had been a dip of 13.8 percent year-on-year basis in sales of construction and material handling equipment.

Given that the domestic economy is passing through a rough phase, a moderate turnaround is expected on the back of some policy developments which have transpired over the last few months. The importance of infrastructure for sustained economic development is well recognised. With improving macro environment and a stable government at the centre, a faster turnaround is widely anticipated. Increased investment in different infrastructure sectors is expected to create significant demand for construction equipment across the value chain during the 12th Five Year Plan period. Industry estimates that construction equipment demand would go up to around 100,000 units during 2014. The market value of equipment is expected to be a mammoth USD 6.5 billion during 2014, with the earthmoving sector expected to command a value of USD 3.7 billion.

Projects are lined up for infrastructure development especially in sectors like metro, roads, power, steel and logistics, which will create a huge demand for construction equipment in the country.

At Escorts Construction Equipment division, we are working on product rationalisation and lean manufacturing. With this approach in mind we have embraced the following initiatives:

A. Reduced our breakeven point by a fair margin mainly through fixed cost rationalisation

B. Other business transformation initiatives

- Rationalised product platform
- Restructuring of sales and marketing operations
- Better raw material efficiency through vendor rationalisation

We will continue to shift towards a better product mix, leaner manufacturing/sales setup and better management of fixed costs.



Product Launches

In the construction equipment division, your Company has launched various models to suit customer needs. It has introduced new variants of its Pick-n-Carry cranes and safe cranes – the TRX series. These models will cater to the rising market demand for high-end cranes.

Backhoe Loader offering has been strengthened:

The new DigMax II series backhoe loaders are highly fuel efficient, more productive and exceptionally reliable machines packed with host of new exciting features like:



- Equipment monitoring system
- FM & USB Infotainment system
- Outrigger alarm
- Spacious all weather cabin
- Higher productivity, lower fuel consumption and powerful hydraulic system
- Improved aesthetics and new soothing machine color

These machines were well-received in the market over the last nine months and now supplies are being ramped-up to meet demand.

3. Escorts Railway Products

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

The railways sector has a potential to grow at a phenomenal rate in the years ahead. With focus on freight corridors, high capacity rolling stock, last mile rail linkages, high speed trains and port connectivity, the opportunities in this sector are in abundance.

Currently, the Indian Railways is on its way to becoming one of the best such networks in the world. Your company is now focusing on technology upgradation to ride this wave of growth.

Currently, your company is developing products for new generation rolling stock as a decline for the old generation

rolling stocks is witnessed. The Escorts Air Brake System for BMBS has been performing well in the field and the commercial benefits for which will commence post approval in mid-2014.



4. Escorts Auto Products

The Indian automobile industry continues to witness weak demand across vehicle segments on account of slowdown in economic activity and the consequent weakness in consumer sentiment. Commercial and passenger vehicles have witnessed a sharp decline over the past 18 months. However, two-wheeler sales have marginally picked up over the last few months driven by rural demand and growth in scooters.

The passenger vehicles segment witnessed the third consecutive year of muted demand. However, new launches have received good response, reflecting huge pent-up demand.

Commercial vehicle segment continued its steep decline with 16 percent overall decline in production as compared with the previous year. Tata Motors, which dominates the CV segment (both M&HCV and LCV) and is one of EAP's key customers, alone witnessed 21 percent production de-growth.

Outlook

Demand is expected to remain weak in the near term, particularly for CVs, given uncertain macro-economic environment. Over the long-term, easing macro headwinds in terms of lower interest rates and higher economic growth will emerge as the key drivers for volume growth and profitability.

With more product launches lined up, volume recovery is expected across segments. However, the benefit of the same

would differ from player to player depending on their product lifecycle and competitive intensity. While an immediate upturn in the auto industry is not expected, industrial activity and infrastructure spending are expected to pick-up gradually, thereby leading to improvement in commercial vehicle demand.

Escorts Auto Products (EAP) top-3 OEM customers have been witnessing production de-growth in the range of 15-25 percent for over a year. In view of the pressure on OEM segment sales, the business undertook the following initiatives to reduce the adverse impact on profitability:

Greater focus on domestic as well as global aftermarkets:

EAP increased its reach both in the domestic and global aftermarkets, expanded its merchant exports to Sri Lanka, Bangladesh, Nepal, Egypt, Indonesia and Dubai as well as entered into many of these markets through direct dealers.

New product development: New product variants were developed during the last 18 months. The focus was primarily on high margin exports and aftermarket segments. These new products accounted for nearly 10 percent of sales during this 18 month period. Also, speedy product development for OEM customers helped in arresting the sales decline to some extent.

Cost reduction efforts: Key fixed/semi variable expenses such as power and fuel cost and administration expenses have reduced YoY despite more than 30 percent increase in fuel prices.

Overall Risks and Concerns

The long-term prospects of the Indian tractor and construction industry are highly dependent on Government policies. Historically, a large number of equipment are sold on credit, despite an increase in the non-performing assets (NPAs) for financial institutions over the last few years, which has led to tightening of credit norms. There has also been a sharp increase in cash purchases over the last few years, indicating an increase in disposable incomes. Most of the equipment financing done by banks comes under priority sector lending, a direct-lending mechanism of the Government of India.

Monsoons

Normal monsoons are critical for the agriculture industry. The Indian met department is predicting below normal monsoon in the current fiscal. Tractor sales, to some extent, run the risk of a demand drop in case of significant variations in the monsoons.

Raw material cost

Raw material cost represents the largest expense head of the industry with alloy steel and pig iron (primary components),

accounting for 75-80 percent of the total raw material cost.

Over the past three years, the prices of iron, alloy steel and rubber have been volatile. Any slight variation will affect profitability.

Fuel price

With the price of crude oil rising significantly over the past few months, the price of automotive fuel is likely to face upward pressures. Also, during the last fiscal, the government has announced partial deregulation of diesel prices. This has impacted cost of ownership and may have an impact on your Company's products as well.

Investor Relations

With the growing interest from investors both in India as well as abroad, your Company maintains an active engagement with the investor community through ongoing investor management meetings with shareholders and investors.

During the year under report, your Company has actively participated in a number of domestic as well as international investor meets organised by reputed international banks and financial services companies. Your Company also periodically conducted analyst meets and plant visits to communicate details of performance, important developments and exchange information.

Other strategic initiatives

Your Company implemented various strategic IT initiatives in transforming the business. Some of the major IT achievements are illustrated below:

Oracle R12 ERP has fully stabilised and is providing rich dividends to the Company. It has helped in standardising the group-wide operating processes and implementation of desired checks and balances with transparency and efficiency. The single instance ERP implementation has laid a strong foundation for consolidation of finance function including accounts, taxation and commercial billing across the Escorts Group. There is significant reduction in monthly financial closure time and the group-wide finance consolidation is done through the ERP system without any manual intervention. Another key highlight of this project is the successful implementation of the Warehouse Management Software. This has automated the entire warehouse operations while seamlessly integrating with the Oracle ERP, bringing significant operational efficiencies and is rated as one of the best WMS implementations in the country.

Disaster Recovery

To ensure business continuity, a Disaster Recovery (DR) System has been established for Oracle R12 ERP in a different seismic zone at the WIPRO data centre in Pune. Data from our primary data centre in Faridabad is replicated to the DR data centre at Pune to ensure business continuity in case of any natural/manmade disaster.

Business Intelligence

In order to get deeper insights into its business activities, your Company implemented Business Intelligence software, which creates intelligent dashboards based on related data taken from multiple sources like ERP, legacy applications etc. This is a transformational project for your Company as all critical information is displayed as dashboards and departments can view their data in multiple ways and do meaningful analysis and comparisons easily.



Data Loss Prevention

In order to protect its business critical data including product designs, business plans, future business strategies etc., your Company initiated a major information security project called Data Loss Prevention (DLP) to prevent leakage of important data. This project is being implemented group-wide for all users, gateways and email solution on the cloud. This project has helped in establishing a framework for classifying and handling Escorts information based on its level of sensitivity, value and criticality to the Company.

Development in Industrial Relations

In continuation to our endeavours to maintain sustainable

Industrial Relations in the organisation, Long Term Settlement 2013-16 has been signed between the management and the union in September 2013. As part of LTS 2013, MOST has been implemented pan-Escorts resulting in an increase in productivity along with good work practices. Harmonious industrial relations are being maintained without any loss of man hours and production.

Training and Development

Your company has organised various in-house and external training workshops for workmen. There were around 510 training programmes with 10,205 training man-days; during the last 18 months, several initiatives are being undertaken for employee training across all business verticals.

Capital Expenditure

Your Company has carefully planned capital expenditure for the medium-term with primary focus on design, productivity improvement and cost reduction.

In addition, investments are also planned for modernisation of the existing manufacturing facilities and improving flexibility across all the plants, imparting a strong competitive advantage to your Company towards introducing a larger number of tractor models over the coming years.

Cost Savings

Your Company has continuously identified areas where costs can be reduced. Employees across all levels of the enterprise are involved in this initiative, wherein each team has targets to achieve in cost savings.

We have embraced several initiatives on building lean supplier base to benchmark ourselves against the best. We are confident of seeing positive results in this domain. Our efforts towards reducing fixed costs have kept pace in the year gone by and tangible results are expected to be visible in this financial year.

Financial performance with respect to operational performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Company has provided segment reporting on a consolidated basis as per standard AS 17 on segment reporting. This information appears along with the consolidated accounts.

Operational Performance

The Company's revenues increased by 6.2 percent from ₹5,922.7 cr in 18-months ended March 2013 to ₹6,291.5 cr

in 18-months ended March 2014. Tractor volumes were up 9 percent to 1,00,833 in the 18-months ended March 2014 as against 92,543 in 18-months ended March 2013. Construction volumes at 4,789 in the 18-month ended March 2014 as that of 7,307 in 18-months ended March 2013.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) were up 31.7 percent at ₹381.2 cr in 18-months ended March 2014 as against ₹289.5 cr in 18-months ended March 2013.

Profit Before Tax (PBT) was up by 81% to ₹272.4 cr in the 18-months ended March 2014, as compared with ₹150.4 cr in the 18-months ended March 2013 and Profit After Tax (PAT) at ₹245 cr as against ₹135 cr in the 18-months ended March 2013.

Segment Performance:

The Escorts Agri Machinery division revenues were up by 13.5% to ₹5,123.3 cr in 18-months ended March 2014 from ₹4,513.5 cr in 18-months ended March 2013. The EBIT for the division stood at ₹496.4 cr in 18-months ended March 2014 against ₹370.75 cr in 18-months ended March 2013.

The Escorts Auto Products Division revenues stood at ₹210.58 cr in 18-months ended March 2014 from ₹225 cr in 18-months ended March 2013. The EBIT stood at ₹(29.6) cr against ₹(16.4) cr last year.

The Escorts Railway Products Division registered sales of ₹255.78 cr in 18-months ended March 2014 against ₹222.05 cr in 18M ended March 2013. The EBIT stood at ₹14.56 cr against ₹8.42 cr last year.

The Escorts Construction Equipment Division revenue during 18-months ended March 2014 stood at ₹763.2 cr as against ₹1,044.9 cr in 18-months ended March 2013 down due to slowdown in industry demand.

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

For and on behalf of the Board

Sd/-

Place: Faridabad

Date: 28th May, 2014

RAJAN NANDA

Chairman & Managing Director

Statutory Section

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Sixty Eighth Annual Report for the 18 months period ended on March 31, 2014.

Financial Results

(₹ Cr)

Particulars	For the period of 18 months ended on March 31, 2014	For the period of 12 months ended on September 30, 2012
Gross Revenue	6505.79	4046.10
Excise Duty	132.87	103.32
Net Revenue	6372.92	3942.78
Profit Before Interest, Depreciation, Amortisation, Exceptional Items & Tax	462.65	231.14
Finance Cost	110.67	96.44
Profit Before Depreciation, Amortisation, Exceptional Items & Tax	351.98	134.70
Depreciation and Amortisation	83.22	48.43
Profit Before Exceptional Items & Tax	268.76	86.27
Exceptional Income	3.64	1.68
Profit Before Tax	272.40	87.95
Tax	27.51	18.35
Profit After Tax	244.89	69.60

Financial Performance

For the financial period of 18 months ended on March 31, 2014 your Company has recorded improved revenue and margin performance. The brief highlights of the Company's performance are:-

- Net Revenue of the Company for the 18 months period was ₹6,372.92 Cr.
- Profit Before Interest, Depreciation, Amortisation, Exceptional Items & Tax stood at ₹462.65 Cr.
- Profit Before Tax (PBT) stood at ₹272.40 Cr and Profit After Tax (PAT) stood at ₹244.89 Cr. Earnings per share is of ₹20.53 for the period under review.
- Your Company sold 1,00,833 tractors during the period under review.

Management Discussion & Analysis

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

Dividend

Your Company paid an Interim Dividend of ₹1.20/- per Equity Share (12%) on the face value of ₹10 each, aggregating ₹14.71 Cr (exclusive of tax on dividend) during the financial

period ended on March 31, 2014.

Your Directors are pleased to recommend a Final Dividend of 60 paise per Equity Share (6%) on the face value of ₹10 each, aggregating ₹7.35 Cr (exclusive of tax on dividend) for the 18 months period ended on March 31, 2014. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend, if approved at the ensuing Annual General Meeting, will be paid to members whose names appear in the Register of Members as on Friday, September 5, 2014; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as at that date.

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

Employee Stock Option Scheme

The particulars with regard to the Employees Stock Options as on March 31, 2014 as required to be disclosed pursuant to

the provisions of Clause 12 of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, are enclosed at **Annexure - A** and forms an integral part of this Report.

Extension of Financial Year

The Board of Directors of your Company had extended the financial year from the current period of 12 months ending September 30, 2013 to 18 months ended on March 31, 2014 for the purpose of aligning with the Companies Act, 2013 requirement with the permission of Registrar of Companies, NCT of Delhi & Haryana (ROC). The ROC has also granted extension of time for holding the Annual General Meeting of the Company upto September 21, 2014.

Directors

In accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company, Mr. Hardeep Singh, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Rajan Nanda, has been re-appointment as Managing Director for a further period of 5 years w.e.f April 1, 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting. His appointment is appropriate and in the best interest of the Company.

The Board of Directors, in their meeting held on July 29, 2014, co-opted Mr. P.H. Ravikumar and Mrs. Vibha Paul Rishi as Additional Directors designated as Independent Directors on the Board of the Company. They shall hold office of Director upto the date of ensuing Annual General meeting.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Dr. S. A. Dave and Mr. S. C. Bhargava as Independent Directors for a period of 3 years. The Company has received requisite notices in writing from members proposing Mr. P.H. Ravikumar, Mrs. Vibha Paul Rishi, Dr. S.A. Dave and Mr. S.C. Bhargava for appointment as Independent Directors.

Dr. M.G.K. Menon and Dr. P.S. Pritam have resigned as Directors of the Company w.e.f. July 4, 2013 and June 4, 2014 respectively. The Board places on record their appreciation for the valuable guidance and services rendered by these Directors during their tenure with the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

The brief resumes and other details relating to the Directors who are proposed to be appointed/ re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement, given in the Annexure to the Notice of 68th Annual General Meeting.

Your Directors recommend the appointment/ re-appointment of the above said Directors at the ensuing Annual General Meeting.

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in **Annexure - B** and forms an integral part of this Report.

Corporate Governance

Your Company reaffirms its commitment to the good corporate governance practices and has adopted the Code of Conduct which has set out the systems, processes and policy conforming to international standards. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are enclosed as **Annexure - C** and forms an integral part of this Report.

Corporate Social Responsibility

Your Directors have constituted the Corporate Social Responsibility Committee comprising of Mr. Rajan Nanda as Chairman, Mr. Nikhil Nanda, Mr. Hardeep Singh and Mr. S. C. Bhargava as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

Consolidated Financial Statements

Your Company has prepared Consolidated Financial Statements in accordance with the Accounting Standard - 21 applicable to the Consolidated Financial Statements issued by The Institute of Chartered Accountants of India. Audited Consolidated Financial Statements along with the Auditors' Report thereon are annexed with this Report.

Subsidiary Companies

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached to the Balance Sheet of the Company. The Company will make available the Annual Accounts of its subsidiary companies and related information to the members of the Company who may be interested in obtaining the same. The annual accounts of its

subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Auditors

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

The Company has received letter from M/s. S.N. Dhawan & Co., Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

The observations and comments given by the Statutory Auditors in their report read together with notes to Accounts are self-explanatory and hence, do not call for any further comments under Section 217 of the Companies Act, 1956.

Cost Auditors

M/s. Ramanath Iyer and Co., Cost Accountants, New Delhi (Firm Registration No. 000019), Cost Auditors of the Company under Section 233 of the Companies Act, 1956 have been re-appointed as the Company's Cost Auditors for the financial year 2014-15.

Particulars of Employees

In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the Annual Accounts for the financial period ended on March 31, 2014, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a

true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the financial period under review;

- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors had prepared the annual accounts for financial period ended on March 31, 2014 on a 'going concern' basis.

Public Deposits

The Company has not accepted/ renewed any Fixed Deposit during the financial period. All Fixed Deposits which were due and claimed by the deposit holders have been paid on time. As on March 31, 2014, 53 deposits aggregating to ₹0.11 Cr have matured but have not been claimed. Subsequently, out of the above, 11 deposits aggregating to ₹3 lacs have been repaid till the date of this report.

Transfer to Investor Education and Protection Fund

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

As on March 31, 2014, 123 unclaimed deposits for the period of seven years aggregating to ₹25.50 lacs were transferred to Investor Education and Protection Fund.

Acknowledgement

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

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

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

For and on behalf of the Board of Directors

Place: Faridabad
Date: July 29, 2014

Sd/-
RAJAN NANDA
Chairman & Managing Director

Annexure – A to the Directors' Report

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

(a) Total Number of Options as on 30-09-2012	65,000																						
(b) Options granted during the 18 months period	<table border="1"> <thead> <tr> <th></th> <th>Options</th> <th>Grant date</th> </tr> </thead> <tbody> <tr> <td>1 Option Grant</td> <td>1,92,000</td> <td>1-10-2013</td> </tr> <tr> <td>Total</td> <td>192,000</td> <td></td> </tr> </tbody> </table>		Options	Grant date	1 Option Grant	1,92,000	1-10-2013	Total	192,000														
	Options	Grant date																					
1 Option Grant	1,92,000	1-10-2013																					
Total	192,000																						
(c) Pricing Formula	<p>At a price not less than the par value of Company's share and not more than the closing Market Price of the Stock Exchanges</p> <table border="1"> <thead> <tr> <th></th> <th>Options (Nos.)</th> <th>GP(₹)</th> <th>MP (₹)</th> </tr> </thead> <tbody> <tr> <td>1 Option Grant</td> <td>1,92,000</td> <td>85</td> <td>87.35</td> </tr> <tr> <td>Total</td> <td>192,000</td> <td></td> <td></td> </tr> </tbody> </table>		Options (Nos.)	GP(₹)	MP (₹)	1 Option Grant	1,92,000	85	87.35	Total	192,000												
	Options (Nos.)	GP(₹)	MP (₹)																				
1 Option Grant	1,92,000	85	87.35																				
Total	192,000																						
(d) Options Vested	NIL																						
(e) Options Exercised	NIL																						
(f) The Total number of shares arising as a result of exercise of options	NIL																						
(g) Options Lapsed	45,000																						
(h) Variation of terms of options	NIL																						
(i) Money realised by exercise of options	NIL																						
(j) Total number of options in force	212,000 as on 31-03-2014																						
(k) Employee wise details of options granted to : <ul style="list-style-type: none"> Senior Managerial Personnel during the period 	<table border="1"> <thead> <tr> <th colspan="2">Senior Managerial Personnel</th> </tr> <tr> <th>Name</th> <th>No. of Options</th> </tr> </thead> <tbody> <tr> <td>Mr. S. Sridhar</td> <td>60,000</td> </tr> <tr> <td>Mr. Shailendra Agrawal</td> <td>30,000</td> </tr> <tr> <td>Mr. Sameer Tandon</td> <td>24,000</td> </tr> <tr> <td>Mr. Dipankar Ghosh</td> <td>24,000</td> </tr> <tr> <td>Mr. Bharat Madan</td> <td>15,000</td> </tr> <tr> <td>Mr. Shenu Agarwal</td> <td>15,000</td> </tr> <tr> <td>Mr. Ashok Gupta</td> <td>12,000</td> </tr> <tr> <td>Mr. Rajneesh Agarwal</td> <td>12,000</td> </tr> <tr> <td>Total</td> <td>192,000</td> </tr> </tbody> </table>	Senior Managerial Personnel		Name	No. of Options	Mr. S. Sridhar	60,000	Mr. Shailendra Agrawal	30,000	Mr. Sameer Tandon	24,000	Mr. Dipankar Ghosh	24,000	Mr. Bharat Madan	15,000	Mr. Shenu Agarwal	15,000	Mr. Ashok Gupta	12,000	Mr. Rajneesh Agarwal	12,000	Total	192,000
Senior Managerial Personnel																							
Name	No. of Options																						
Mr. S. Sridhar	60,000																						
Mr. Shailendra Agrawal	30,000																						
Mr. Sameer Tandon	24,000																						
Mr. Dipankar Ghosh	24,000																						
Mr. Bharat Madan	15,000																						
Mr. Shenu Agarwal	15,000																						
Mr. Ashok Gupta	12,000																						
Mr. Rajneesh Agarwal	12,000																						
Total	192,000																						
<ul style="list-style-type: none"> any other employee who receives a grant in any one year of options amounting to 5 percent or more of option granted during the period. 	All the Senior Managerial Personnel, as stated above, have been granted 5 percent or more of options granted during the period under review. Except the above no other employee has been granted 5 percent or more options during the period under review.																						

<ul style="list-style-type: none"> identified employees who were granted option, during any one year, equal to or exceeding 1 percent 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'.	₹20.53 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 recognised 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 ₹4.51 lakhs. The EPS for the period would have been higher by ₹0.004.					
(n) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Fair value option is ₹(9.65) and Exercise Price is ₹85.00.					
<p>(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 :</p> <ul style="list-style-type: none"> Risk free interest rate Expected life Expected volatility Expected dividends, and The price of the underlying share in market at the time of option grant 	<p>The Black Scholes Option Pricing Model for dividend paying stock has been used to compute the fair value of the options. The significant assumptions made are: Option Issued on October 1, 2013</p> <table data-bbox="858 1017 938 1224"> <tr> <td>8.72%</td> </tr> <tr> <td>3 Years</td> </tr> <tr> <td>0.184</td> </tr> <tr> <td>15%</td> </tr> <tr> <td>₹87.35</td> </tr> </table> <p>The shares to be issued under stock options shall rank pari passu, including the right to receive dividend on a Pro-rata basis from the date of their allotment. 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.</p>	8.72%	3 Years	0.184	15%	₹87.35
8.72%						
3 Years						
0.184						
15%						
₹87.35						

For and on behalf of the Board of Directors

Sd/-

RAJAN NANDA

Chairman & Managing Director

Place: Faridabad

Date: July 29, 2014

Annexure – B to the Directors' Report

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

I) CONSERVATION OF ENERGY

1. Energy conservation measures taken

The Company has always been conscious of the need for the conservation of energy & optimum utilisation of available resources and has been steadily making progress towards this end.

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

During the period 2012-14 your Company has taken a lot of initiatives for reduction in power cost by not only reducing the consumption through implementation of new technologies but also by improving the production processes.

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

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

- Clubbing of different Plants Load and installation of 66 KV Sub-Station to achieve Power Cost (Cost/ Unit) benefit on Electricity Supply from Dakshin Haryana Bijli Vitaran Nigam & Open Access.
 - Replaced existing conventional lights of 250 Watt with LED lights of 100 Watt in Plant.
 - Replaced the Electrical Heaters in washing machines in Plants by heat pump with same quality output.
 - Process heat loss is reduced resulting in lower Power Consumption through improving insulation of GCF furnaces for heat treatment in Farmtrac Plant (Fibrothal Heating System).
 - Recycling of Heat Energy through modification in the Engine Testing Bed Heat System.
 - Replaced Paint Shop chiller with energy efficient chiller in Plant.
 - Maximum use of low cost power through Open Access (daily Power Bidding) to reduce the power cost for Plants.
 - Continues Improvement projects i.e. small compressor for off days maintenance, independent switch for AC & Air Washer units, constant voltage etc. for reduction of power consumption across Plants.
 - Trimming of over capacity pumps impellers to reduce power consumption.
 - Conversion of Star Delta connection into Star for over rated motors.
 - Auto shut down system to prevent unnecessary running of idle machines.
 - Rationalisation of lighting and cooling in offices/ production area.
 - Improvement in production planning to run the plant at full load.
- #### 2. Additional Investment & Proposals for Power saving Projects during financial period of 18 months ended March 31, 2014
- Solar Power Generation Plant (100 KW) in Powertrac Plant.
 - Conversion from normal 250 watt lights to 100/80 watt LED lights in production areas.
 - Replacing T5 tube lights with LED 20/18 watt lights in offices.
 - Replacing street lights of 35 Watt with 12/15 watt LED lights.
 - Installation of heat pumps to eliminate the electrical heating system in washing machines across Plants.
 - Replacement of old roof sheets with Fibre Reinforced Plastic transparent sheets to increase the natural light in shop floor to reduce power consumption.
 - Use of wind ventilators across EAM Plants.

- Replacing existing water cooled air compressors with Variable Speed Drivers based energy efficient air cooled compressors.

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

- Lower energy consumption.
- Significant reduction in Carbon Emission.
- Hedge against continuous energy rate increase.
- Optimum performance of equipment on sustainable basis.

II) TECHNOLOGY ABSORPTION

1. Research & development (R&D)

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

- New 50-75 hp Engines series for tractors developed with NA & TCI technology.
- Transmission & Hydraulics upgraded to meet the emerging application and precision farming with very high reliability for domestic market.
- 4WD transmission design & developed for 50 – 75 hp range of tractors for domestic and export market for Agri applications and construction equipment applications.

Designed Developed

- First Mono Gas shock absorber designed and productionised.
- First Gas Strut designed and productionised.
- Rotary shock absorber design completed.
- First steering dumper designed and productionised.

System Developed

- Design Automation process initiated.
- Ride tuning operational at Knowledge Management Centre (KMC).
- Design office operational at KMC.
- Design Validation Plan established for shock absorber.

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

- Product portfolio expanded upto 75 hp range for domestic tractor market.
- Farmtrac 6060, Farmtrac 6050 & Farmtrac 6045 with Executive series tractors introduced in the domestic market with new styling, ergonomics and features.
- New Powertrac Euro series introduced for tractors, with new styling & Ergonomics, upgraded engines & transmissions - 10% more power with 10% less fuel consumption.
- PT 439 & 445 South special tractors introduced for southern domestic markets.
- Significant material cost reduction through design optimisation.
- 24 Nos. Patents & Design registration applied for in-house innovations.
- New 94 shock absorbers designed & productionised
- Angular durability to simulate actual vehicle condition established (for Super ACE Strut 1T).
- Customer satisfaction and new business opportunities as a result of cost and quality.
- BEML shock absorber (new design OD22 Bore 50) for Tetra truck approved.
- First Gas Heavy Commercial Vehicle shock absorber developed & qualified with overseas customers.
- Damping Force machine correlation started & helped in submitting first time right sample (Powerdown, Piaggio Italy).

c) Future plan of Actions

New Product Introduction

- Design & development of new high end engine series for future emission norms.
- High end transmission for meeting all emerging application (Agri, construction equipment etc).
- 4WD tractor 50 – 75 HP range of tractors for domestic and

export market.

- Higher HP tractors with AC cabin and other premium features.
- Design & development of future tractor series.
- Product range for global market.
- Application specific tractor for niche market.
- Design new concept shock absorber for Indian market.
- Design automation to be done for 2W shock absorber.
- Test facilities to be established at KMC.
- Develop 4W strut.
- Raw material cost reduction through Value Addition-Value Engineering.

d) Expenditure on R & D

₹ Cr

	For the period of 18 months ended on March 31, 2014	For the period of 12 months ended on September 30, 2012
a) Capital Expenditure*	27.34	9.77
b) Recurring Expenditure	75.08	37.66
Total R&D Expenditure	102.42	47.43
Total R&D Expenditure as a percentage of total turnover	1.88%	1.40%

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

2. Technology absorption, adaption & innovation

a) Efforts, in brief, made towards technology absorption, adaptation & innovation:

- Up-gradation of R&D Design and testing infrastructure

to develop and absorb new contemporary technologies in the most cost effective manner to offer products at a competitive price.

- Joint Technology workshops with global R&D houses.
- Collaborative work with global technology partner & styling houses.
- Technology upgradation for Engine, Transmission & Hydraulic and usage of advanced predictive software.
- Design validation and virtual testing through predictive analysis software and load accelerated test rigs.
- Filing of patents/ design registrations for new and innovative designs.
- Knowledge enhancement through tie-up with industry technology experts.
- Participation in agriculture exhibitions & workshops in India & abroad.
- New transmission test facilities installation for accelerated validation of drive line.
- Installation of new state of art Engine emission test setup advance testing.
- Application submitted for Extension of approval up to 2016 with Department of Scientific and Industrial Research, Ministry of Science and Technology, Govt. of India, on in house Escorts R&D facility u/s 35 (2AB) of Income Tax Act, 1961 for the purpose of 200% weighted tax deduction.

b) Benefit derived as a result of above efforts

- R&D expenditures eligible for 200% weighted tax deduction.
- Self-reliant design capability for Engines, Transmissions and Agricultural Tractors with advanced technologies for emerging domestic & export market needs.
- New products contributing approximately 40% of total tractor sales.
- Customer satisfaction and new business opportunities.

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

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

III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to export

Entered into new markets like Algeria, Namibia, Cambodia and Zimbabwe. In European market the Company maintains its market leadership amongst all Indian players. Overall market prospects for the Company looks bright.

Total Foreign Exchange earning and outgo

	(₹ Cr)	
	For the period of 18 months ended on March 31, 2014	For the period of 12 months ended on September 30, 2012
a) Foreign exchange outgo:		
- Imports (including capital goods)	101.54	75.78
- Others	25.03	17.84
Total	126.57	93.62
b) Foreign Exchange earned	204.73	144.98

For and on behalf of the Board of Directors

Place: Faridabad
Date: July 29, 2014

Sd/-
RAJAN NANDA
Chairman & Managing Director

Annexure – C to the Directors' Report

Report on **Corporate Governance**

I. Company's Philosophy on Corporate Governance

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

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

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

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

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

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

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

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

II. Board of Directors

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Board of Director(s) along with its Committee(s) provide leadership and guidance to the Company's Management and directs, supervises and controls the performance of the Company. The Board of Director(s) of the Company comprises of distinguished personalities, who have been acknowledged in their respective fields. As on the end of financial period, Three out of the Six Directors on the Board are independent & non-executive and one is non-independent & non-executive. Mr. Rajan Nanda, Chairman is also acting as Managing Director of the Company duly assisted by Mr. Nikhil Nanda, Managing Director of the Company and both of them are in wholetime employment of the Company.

As mandated by Clause 49, the Independent Directors on Escorts Limited's Board:

- apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its Subsidiaries and Associates, which may affect the independence of the Director.
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- have not been an executive of the Company in the immediately preceding 3 financial years.
- are not Partners or Executives or were not Partners or Executives during the preceding three financial years of the:
 - a) Statutory Audit Firm or the Internal Audit Firm that is associated with the Company.

- b) Legal Firm(s) and Consulting Firm(s) that have a material association with the Company.
- are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
 - are not substantial shareholders of the Company, i.e. do not own 2% or more of the Paid-up capital of the Company.
 - are not less than 21 years of age.

The Senior Management have made disclosures to the Board

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

As on March 31, 2014, the Board comprises of six Directors. The names and categories of Directors, the number of Directorship and Committee position(s) held by them in the companies, meetings attended by them and other relevant particulars are given below.

Sr. No	Name	Designation	Category	Relationship with each other	No. of Board meetings attended during the Period (18 Months)	Whether attended the last AGM	No. of directorships in Public Companies**	No. of Committee memberships/ (Chairmanships) in Public Companies***
1.	Mr. Rajan Nanda	Chairman & Managing Director	Executive & Non-Independent (Promoter)	Father of Mr. Nikhil Nanda	5	Y	2	-
2.	Mr. Nikhil Nanda	Managing Director	Executive & Non-Independent (Promoter)	Son of Mr. Rajan Nanda	4	N	3	-
3.	Dr. P. S. Pritam	Director	Non-Executive and Independent	*	6	Y	3	-
4.	Dr. S. A. Dave	Director	Non-Executive and Independent	*	5	Y	10	6(2)
5.	Mr. S. C. Bhargava	Director	Non-Executive and Independent	*	6	Y	11	4
6.	Mr. Hardeep Singh	Director	Non -Executive and Non - Independent	*	6	Y	3	1
7.	Dr. M.G.K. Menon ****	Director	Non-Executive and Independent	*	2	N	1	-

Y = Yes N = No

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

** Including Escorts Limited.

*** In accordance with Clause 49, Membership/ Chairmanships of Audit Committees and Investors' Grievance Committees in all Public Limited (excluding Escorts Limited) companies have been considered.

**** Resigned from Directorship w.e.f. July 4, 2013

NOTE: 1) None of the Directors represent a Lender or Equity Investor. 2) None of the Non-Executive Directors have substantial shareholding in the Company.

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

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

IV. Board Meetings

During the 18 months period ended on March 31, 2014 the Board of Directors met Six (6) times on the following dates:-

November 27, 2012, March 22, 2013, June 11, 2013, September 18, 2013, October 2, 2013 and January 27, 2014.

The gap between any two Board meetings did not exceed four months.

Board Meeting Procedures

Escorts Limited's Board is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement are regularly made available to the Board of Directors for discussion and consideration at Board Meetings.

Information supplied to the Board

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

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

Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. The Code has

been circulated to all the members of the Board and Senior Management and the same is available on the Company's website: www.escortsgroup.com.

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

Declaration by C.E.O.

The Board of Directors,
Escorts Limited

Dear Sir,

I hereby confirm that:

The Company has received from the members of the Board and Senior Management, a declaration of Compliance with the Code of Conduct for Directors and Senior Management during the 18 months period ended on March 31, 2014.

Sd/-

Place: Faridabad

RAJAN NANDA

Date: May 28, 2014

Chairman and Managing Director

V. Audit Committee

Constitution

During the 18 months period ended on March 31, 2014, the Audit Committee had been reconstituted due to resignation of Dr. M. G. K. Menon from the directorship of the Company and in his place Mr. S.C. Bhargava was inducted as member of the Committee on July 19, 2013.

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

1. Dr. S.A. Dave (Chairman)
2. Dr. P. S. Pritam
3. Mr. S.C. Bhargava

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee meets with requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Annual General Meeting (AGM) held on Friday, March 22, 2013 was attended by the Chairman of the Committee, Dr. S. A. Dave, to answer shareholders' queries.

The Audit Committee assists the Board in its responsibility to

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

The Committee met Eight (8) times on November 27, 2012, February 4, 2013, March 21, 2013, April 16, 2013, May 9, 2013, August 13, 2013, October 23, 2013 and January 27, 2014.

Mr. G.B. Mathur, Executive Vice President - Company Secretary & Strategic Advisor is acting as Secretary of the Audit Committee.

Terms of Reference

The Charter of the Committee is as prescribed under Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement viz.:

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement forming part of Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory & internal auditors and adequacy of the internal control systems.
8. Reviewing and monitoring the auditors independence & performance and effectiveness of audit process.
9. Approval or any subsequent modification of transactions of the Company with related parties.
10. Scrutiny of inter-corporate loans and investments.
11. Valuation of undertakings or assets of the Company, wherever necessary.
12. Evaluation of internal financial controls and risk management systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow-up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

19. Approving the appointment of Chief Financial Officer (i.e., the wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
21. Carrying out any other function as may be referred to the committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.
22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost Auditors.
23. The Company has systems and procedures in place to ensure that the Audit Committee immediately reviews:
- Management discussion and analysis of financial condition and results of operations;
 - Management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses, if any;
 - Appointment, removal and terms of remuneration of the Internal Auditor;
 - The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Clause 49;
 - Details of material individual transactions with related parties, which are not in the normal course of business; and
 - Details of material individual transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same.

The Audit Committee is endowed with the following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To invite such of the executives, as it considers appropriate (and particularly the head of the finance) to be present at the meetings of the committee.

Meetings & Attendance

Name of Member	No. of Meeting	
	Held	Attended
Dr. S. A. Dave (Chairman)	8	7
Dr. P. S. Pritam	8	8
Dr. M. G. K. Menon*	8	5
Mr. S.C. Bhargava**	8	3

* Resigned from Directorship w.e.f. July 4, 2013

** Inducted as Member of the Committee w.e.f. July 19, 2013

The gap between any two Audit Committee meetings did not exceed four months.

VI. Remuneration Committee

Constitution

During the 18 months period ended on March 31, 2014, the Remuneration Committee was reconstituted due to resignation of Dr. M.G.K. Menon from the directorship of the Company and in his place Mr. S.C. Bhargava was inducted as member of the Committee on July 19, 2013.

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

- Dr. S.A. Dave – Chairman
- Dr. P. S. Pritam
- Mr. S. C. Bhargava

Terms of Reference

The Remuneration Committee has been constituted to recommend/ review remuneration of the Managing Director and Executive Directors, based on their performance and defined assessment criteria.

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

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

Meetings & Attendance

During the 18 months period ended on March 31, 2014, the committee met once on September 18, 2013 in which all three members of committee namely Dr. S.A. Dave, Dr. P. S. Pritam and Mr. S.C. Bhargava were present.

Details of Remuneration of Directors

The Company has not paid any remuneration to any of its Non-Executive Directors, except Sitting Fees for attending meetings of the Board and all its Committees for which ₹20,000 per meeting was paid. The aggregate amount of sitting fees paid during the financial period was ₹22.80 Lakhs (excluding service tax).

The remuneration paid/ payable to Mr. Rajan Nanda, Chairman and Managing Director and Mr. Nikhil Nanda, Managing Director of the Company for the period of 18 Months ended on March 31, 2014 are as follows:

Particular	(In ₹)	
	Mr. Rajan Nanda	Mr. Nikhil Nanda
Basic Salary	2,70,00,000	2,35,20,000
Allowances & Perquisites	4,36,88,477	3,62,54,320
Provident Fund Contribution	32,40,000	28,22,400
Superannuation Allowance	40,50,000	35,28,000

The services of Chairman & Managing Director and Managing Director can be terminated by either party giving six calendar months' notice in writing. In the event of termination of services, they shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.

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

VII. Shares held by Non-Executive Directors

Name	Category	No. of Equity shares held
Dr. S.A. Dave	Independent	10,000
Mr. S.C. Bhargava	-do-	500
Dr. P.S. Pritam	-do-	Nil
Mr. Hardeep Singh	Non-Executive Non-Independent	1,000

VIII. Investors' Grievance Committee

Constitution

During the 18 months period ended on March 31, 2014 the Investors' Grievance Committee was reconstituted due to

resignation of Dr. M.G.K. Menon from the directorship of the Company and in his place Mr. S.C. Bhargava was inducted as member of the Committee on July 19, 2013.

The Investors' Grievance Committee comprises of following Non-Executive Independent Directors:-

1. Dr. S.A. Dave – Chairman
2. Mr. S. C. Bhargava
3. Dr. P. S. Pritam

Terms of Reference

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

The Committee additionally oversees the performance of in-house Share Registry and recommends measures for overall improvement in the quality and promptness in investors services.

Meetings & Attendance

During the 18 months period ended on March 31, 2014, the Committee met on Two (2) occasions on November 27, 2012 and January 27, 2014.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Dr. S. A. Dave	Chairman	2	1
Dr. P. S. Pritam	Member	2	2
Dr. M. G. K. Menon*	Member	2	1
Mr. S.C. Bhargava**	Member	2	1

*Resigned from Directorship w.e.f. July 4, 2013

**Inducted as Member of the Committee w.e.f. July 19, 2013

Compliance Officer

Mr. G. B. Mathur, Executive Vice President – Company Secretary & Strategic Advisor is the Compliance Officer as per the requirements of the Listing Agreement.

Complaints received/ resolved

During the period under review, 31 complaints were received from investors which were replied/ resolved to the satisfaction of investors.

Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending for redressal as on March 31, 2014.

IX. Functional Committee

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

Procedure of Committee Meetings

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

X. General Body Meetings

Date, time and venue of last three Annual General Meetings of the Company:

Financial Year	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2011-2012	March 22, 2013	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector-10, Opp. Bus stand, Panchkula - 134 113, Haryana	NIL
2010-2011	March 15, 2012	11.00 A.M.	Hotel KC Cross Road, Site No. 1, Sector-10, Opp. Bus stand, Panchkula - 134 113, Haryana	Two
2009-2010	February 25, 2011	11.00 A.M.	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula - 134 113, Haryana	Three

XI. Special Resolution passed through Postal Ballot

During the period of 18 months, the Company has not passed any Special Resolution through Postal Ballot.

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

XII. Disclosures

- There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – NIL
- Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee:
The Company has not adopted any Whistle Blower policy. However, no person has been denied access to the Audit Committee.

- Details of the compliance with mandatory requirement and adoption of the non-mandatory requirement of this clause:

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

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

Pursuant to the approval of the Central Government under Section 233B of the Companies Act, 1956, the Company has appointed M/s. Ramanath Iyer & Co., Cost Accountants, as Cost Auditor of the Company. Further, the due date of filing the Cost Audit Report for the previous year was March 31, 2013 and the same has been filed on March 26, 2013.

Subsidiary Companies

Clause 49 defines a "material non-listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth, respectively,

of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Escorts Limited has 4 direct subsidiaries, 1 of them is registered outside India and 3 are in India, whose turnover does not exceed the limit prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. Thus, these subsidiaries are out of the scope of the above definition.

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

Appropriate details of these subsidiaries are reported elsewhere in the Management Discussion and Analysis Report.

XIII. Means of Communication

Key Financial reporting dates during the period of 18 months ended on March 31, 2014

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

- For Year ended 30.09.12: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 31.12.12: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 31.03.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 30.06.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 30.09.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 31.12.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).

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

News Releases, Presentation

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

Management Discussion and Analysis Report

The Management Discussion and Analysis Report and Risk Management Process highlights form an integral part of this Annual Report.

XIV. General Shareholder Information

Company Registration Details

The Company is registered in the State of Haryana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74899HR1944PLC039088.

Annual General Meeting (AGM)

Date : Friday, September 19, 2014

Time : 12:00 Noon

Venue : Hotel KC Cross Road, Site No. 1, Sector- 10,
Opposite Bus Stand, Panchkula – 134 113, Haryana

Financial Year:

April 1 to March 31

Appointment/ Re-appointment of Directors

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Mr. Hardeep Singh, Director retires by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers himself for re-appointment.

Mr. Rajan Nanda, has been re-appointed as Managing Director for a further period of 5 years w.e.f. April 1, 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 your Directors are seeking appointment of Dr. S. A. Dave and Mr. S. C. Bhargava as Independent Directors for a period of 3 years.

The brief resume(s) and other details relating to the Director(s) who are proposed to be appointed/ re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement are provided as Annexure to the AGM Notice.

Financial Calendar 2014-2015 (Tentative)

Meetings of Board/ Committee thereof to take on record:

Financial results for Quarter ended 30.06.2014	By 14.08.2014
Financial results for Quarter ended 30.09.2014	By 14.11.2014
Financial results for Quarter ended 31.12.2014	By 14.02.2015
Financial results for Quarter/ Year ended 31.03.2015	By 14.05.2015 if unaudited quarterly results or alternatively By 30.05.2015, in case of audited results for the year.

Annual General Meeting for the Financial Year ending March, 2015: By September 30, 2015.

Cut-off Date for e-voting

August 1, 2014 has been fixed as the cut-off date to record entitlement of the shareholder to cast their vote electronically.

Book Closure

The members register will be closed from September 6, 2014 to September 19, 2014 (both days inclusive) for the purpose of payment of Final Dividend for the 18 months period ended on March 31, 2014.

Dividend

1. The Board of Directors of the Company have decided to recommend Final dividend @ 60 paise per share (being 6% of the nominal value of ₹10 per share) for the 18 months

period ended on March 31, 2014, subject to the approval of the shareholders in the forthcoming AGM apart from the payment of Interim dividend @ ₹1.20 per share paid on October 21, 2013. Thus, the total dividend payment for the 18 months period ended on March 31, 2014 is ₹1.80 per share.

2. The dividend, if approved at the AGM, would be paid/ dispatched within 30 days from the date of declaration at the ensuing AGM to those persons or their mandates:-
 - a) whose names appear as beneficial owners as at the end of the business hours on September 5, 2014 in the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
 - b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before September 5, 2014.
3. The dividend amount shall be credited in the shareholders bank account directly through NECS. Alternatively physical warrant/ Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Company.

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

Dividend Payment History

Year	Rate	Date of Payment
1996-1997	45%	September 10, 1997
1997-1998	45%	September 15, 1998
1998-1999	45%	October 18, 1999
1999-2000	45%	May 29, 2000
2000-2001	45%	October 22, 2001
2001-2002	10%	October 11, 2002
2002-2003	10%	December 24, 2003
2003-2004	Nil	N.A
2004-2005	Nil	N.A
2005-2006	Nil	N.A
2006-2007	Nil	N.A
2007-2008	Nil	N.A.
2008-2009	10%	March 23, 2010
2009-2010	15%	March 10, 2011
2010-2011	15%	March 27, 2012
2011-2012	12%	March 30, 2013
2012-2014	12%	October 21, 2013 (Interim)
2012-2014	6% (Final Proposed)	To be paid within 30 days from the date of declaration of dividend

LISTING

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

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

Listing Fees

The Company is up-to-date on the payment of its Annual Listing Fees.

Monthly Stock Market Data

High and low prices (based on daily closing prices) of Equity Shares during the 18 months period ended on March 31, 2014 were as follows:

Month	National Stock Exchange of India Limited		BSE Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
October, 2012	71.00	62.80	70.95	62.70
November, 2012	68.15	60.25	71.90	60.20
December, 2012	74.90	65.10	74.90	63.20
January, 2013	76.90	64.15	76.80	64.30
February, 2013	72.00	60.40	71.45	60.10
March, 2013	61.00	48.40	61.05	48.35
April, 2013	58.25	49.70	58.25	49.90
May, 2013	70.65	56.85	71.65	56.80
June, 2013	75.65	65.00	75.65	65.00
July, 2013	88.95	71.40	89.00	71.40
August, 2013	95.40	64.00	95.50	64.80
September, 2013	88.50	79.65	88.50	79.55
October, 2013	101.00	84.55	101.00	84.75
November, 2013	125.60	97.60	125.35	97.50
December, 2013	145.20	111.20	145.15	111.25
January, 2014	141.00	113.95	140.90	114.00
February, 2014	127.90	106.15	127.75	106.40
March, 2014	126.85	113.10	126.90	112.70

Registrar and Share Transfer Agents

Escorts Limited has no Share Transfer Agent. The Company carries on its share transfer work in-house at:

ESCORTS LIMITED

Corporate Secretariat

15/5, Mathura Road, Faridabad -121003 Haryana.

Phone: 0129 – 2250222, Extension: 4275 / 4254

Fax: 0129 – 2250060

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

Website: www.escortsgroup.com

Share Transfer System

The Company is having in-house share transfer department duly registered with SEBI for providing services of Registrar and Transfer Agent to its investors. The authority relating to share transfer has been delegated to Share Transfer Committee of the Board of Directors to approve the Transfer, Transmission, Remat, Split & Consolidation of share certificates etc., which normally meets twice a month to approve the requests of the Investors.

Share Transfer Committee ensures the approval of share transfer/ transmission/ splitting and consolidation of valid request within a period of 15 days from their receipt and also processing of valid Demat request within a week.

Investors Relation Centers

ESCORTS LIMITED

11, Scindia House, Connaught Circus, New Delhi – 110 001
Telephone No.: (011) 43587400, Fax No.: (011) 43587432

ESCORTS LIMITED

Times Square A Wing, Unit No 1, 3rd Floor, Andheri – Kurla Road, Andheri (East), Mumbai – 400 059
Telephone No.: (022) 67868607, Fax No.: (022) 67868687

Investors Communication

All enquiries relating to transfer, transmission, transposition, demat, remat, split, consolidation, nomination, change of address and payment of dividend can be addressed to email corpsect@ndb.vsnl.net.in or sent by post to the Corporate

Secretariat Department, Escorts Limited, 15/5, Mathura Road, Faridabad – 121 003, Haryana.

Nomination Facility

Shareholders can file their nominations against shares held under physical mode as well as electronic mode. The facility of nomination is not available to non-individual shareholders such as societies, trusts, bodies corporate, Karta of Hindu Undivided families and holders of Powers of Attorney. The shareholders, who are holding shares in physical form and wish to avail this facility, may send prescribed form SH-13 duly filled and signed to the Corporate Secretariat Department, Escorts Limited, 15/5, Mathura Road, Faridabad – 121 003, Haryana. This form can be downloaded from our website www.escortsgroup.com.

Shareholding Pattern as on March 31, 2014

Category of Shareholders	No. of shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	29	51444750	41.97
2. Foreign Institutional Investors	48	8435233	6.88
3. Domestic Institutional Investors, Banks & Mutual Funds	61	2676121	2.18
4. Public & Others	93635	60020774	48.97
Total	93773	122576878	100.00

Distribution of Shareholding as on March 31, 2014

Range of holding	Number of shareholders	% of Total
1 to 5000	92869	99.03
5,001 to 10,000	415	0.44
10,001 to 50,000	353	0.38
50,001 to 1,00,000	63	0.07
Above 1,00,000	73	0.08
Total	93773	100.00

Dematerialisation

As on March 31, 2014 dematerialised shares accounted for 98.09% (97.60% up to September 30, 2012) of the total equity shares.

Trading in Equity Shares of the Company is permitted only in dematerialised form as per the notification issued by the Securities and Exchange Board of India.

Dematerialisation of shares as on March 31, 2014		
S.No.	Mode of holding	%
1.	NSDL	88.85
2.	CDSL	9.24
3.	Physical	1.91
	Total	100.00

Shares Liquidity

The trading volumes at major Stock Exchanges during the 18 months period ended on March 31, 2014 are as follows:

Month	National Stock Exchange of India Limited		BSE Limited	
	No. of Shares	Value (₹ In Lakhs)	No. of Shares	Value (₹ in Lakhs)
October, 2012	24092828	16283.38	8419987	5681.06
November, 2012	12243666	7862.24	3970368	2553.47
December, 2012	26057533	18037.83	8711252	6024.34
January, 2013	11931789	8654.45	4742243	3432.01
February, 2013	9584823	6408.86	3722491	2483.89
March, 2013	4941811	2793.96	2540490	1437.95
April, 2013	4463006	2460.72	1766390	973.84
May, 2013	17444618	11293.46	6127038	3975.18
June, 2013	19007003	13557.64	7439879	5312.16
July, 2013	25983978	21152.54	9642294	7830.35
August, 2013	27955526	23672.20	11206188	9428.68
September, 2013	12002319	10114.73	4211986	3546.48
October, 2013	43120437	40820.10	13146442	12433.46
November, 2013	45545500	52418.69	16138181	18681.72
December, 2013	37682935	48533.39	12118036	15706.52
January, 2014	27433853	33947.54	10565219	13011.52
February, 2014	17906755	21053.89	5057653	5949.47
March, 2014	23731855	28074.34	6915458	8164.51
Total	391130235	367140.06	136441595	126626.61

Outstanding GDRs/ ADRs /Warrants/ Stock Options etc.

There is no outstanding ADRs/ GDRs/ Warrants for conversion into equity shares except 2,12,000 stock options granted to the employees. Each stock option, upon exercise of the same, would be converted into one equity share of ₹10/- each fully paid up. These options vest in three tranches after one year from date of grant as mentioned in the Letter of Grant and can be exercised during a period of two years or such extended period as the Employees Stock Compensation Committee may decide from the date of grant. The options unexercised during the exercise period would lapse.

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

Plant locations

The Company has its manufacturing plants at the following locations:

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

Address for Correspondence

ESCORTS LIMITED

Corporate Secretariat, 15/5, Mathura Road, Faridabad -121003 Haryana

Phone: 0129 – 2250222, Extension: 4275/ 4254, Fax: 0129 – 2250060

E-mail: corpsect@ndb.vsnl.net.in, Website: www.escortsgroup.com

XV. Non Mandatory Requirements

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

S.No.	Non Mandatory Provisions	Status
1.	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also the Managing Director of the Company.
2.	Independent Directors' tenure not to exceed nine years in aggregate.	Not adopted.
3.	Remuneration Committee	Already constituted. Details given elsewhere in this report.
4.	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders.	The said information is available on Company's website.
5.	Audit qualifications: The Company may move towards the regime of unqualified financial statements.	Adopted.
6.	Training of Board Members	All Board members are experts in their respective fields and are well aware of Company's business model and risk profile.
7.	Mechanism for evaluating Non-Executive Board Members	Not adopted.
8.	Whistle Blower Policy	Not adopted.

For and on behalf of the Board of Directors

Place: Faridabad

Date: May 28, 2014

Sd/-

RAJAN NANDA

Chairman and Managing Director

CEO/CFO certification

The Chairman and Managing Director and Group Financial Controller of the Company certified to the Board on financial reporting and internal controls in terms of Clause 49(V) of the Listing Agreement pertaining to CEO and CFO certification for the 18 months period ended on March 31, 2014.

To,
The Board of Directors
Escorts Limited

Dear Sir,

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

- a. We have reviewed financial statements and the cash flow statement of Escorts Limited for the 18 months period ended on March 31, 2014 and to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial period which are fraudulent, illegal or violate the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to be taken to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the financial period;
 - ii. significant changes in accounting policies during the financial period and that the same have been disclosed in the notes to the financial statements; and instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Faridabad
Date : May 28, 2014

Sd/-
Bharat Madan
Group Financial Controller

Sd/-
Rajan Nanda
Chairman & Managing Director

Auditors' certificate regarding compliance with the conditions of corporate governance under clause 49 of the Listing Agreement.

To The Members
Escorts Limited

We have examined the compliance of conditions of Corporate Governance by Escorts Limited ('the Company') for the 18 months period ended on March 31, 2014 as stipulated in Clause 49 of the Listing Agreements of the Company entered into with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received

during the 18 months period ended on March 31, 2014 no investor grievance is pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders/ Investor Grievance Committee.

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

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

Place : New Delhi
Date : May 28, 2014

Sd/-
Vijay Dhawan
Partner
M. No.-12565

Independent Auditor's Report

To The Members of Escorts Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Escorts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the Eighteen Months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the Eighteen Months period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the Eighteen Months period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

(Vijay Dhawan)
Partner
M.No.:12565

Place: New Delhi
Dated: May 28, 2014

Annexure to 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) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the period under review.
- ii) (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the period, except for materials lying with third parties for which certificates confirming stocks held by them have been obtained in most of the cases.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories. Discrepancies noticed on physical verification of inventories were not material and have been properly dealt with in the books of account.
- iii) (a) The Company has granted unsecured loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was ₹1.43 crores and balance of the loan granted to such company was ₹ Nil as at March 31, 2014.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loan was not, prima-facie, prejudicial to the interest of the Company.
 - (c) The receipt of the principal amount and interest, wherever applicable, was as stipulated.
 - (d) There is no overdue amount of such loans granted to the aforesaid company.
 - (e) The Company has taken loan from a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was ₹2.02 crores and the balance of loan taken from such company was ₹0.43 crores as at March 31, 2014.
 - (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such loan are not, prima facie, prejudicial to the interest of the Company.
 - (g) The Company has been regular in repaying the principal amount and interest, as stipulated.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control systems.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding

the value of Rupees five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for items stated to be of a specialised nature where no comparison is possible.

- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to unpaid matured fixed deposits accepted from the public. The Company has however, not accepted any fresh deposits during the period under review.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) 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 209(1)(d) of the Companies Act, 1956 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.
- ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess were in arrears, as at March 31, 2014 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 statutory dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess 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	8.49	1987-2014	Appellate Authority/High Court
Central Excise Act, 1944	Excise Duty	2.51	1992-2013	Appellate Authority
Central Excise Act, 1944	Excise Duty	9.10	1995-2008	CESTAT
Finance Act, 1994	Service Tax	1.53	2005-2010	CESTAT
Finance Act, 1994	Service Tax	0.56	2008-2012	Appellate Authority
Income Tax Act, 1961	Income Tax	14.44	2000-2001 (A.Y.2001-02)	High Court
		96.08	2005-2006 (A.Y. 2006-07)	CIT (Appeals)
		0.53	2007-2008 (A.Y. 2008-09)	ITAT
Haryana Local Area Development Tax Act, 2000	Local Area Development Tax	12.90	2006-2008	Supreme Court

- x) The Company does not have accumulated losses as at March 31, 2014 and has not incurred cash losses during the financial period covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, provisions of clause (xiii) of Paragraph 4 of the Order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of Paragraph 4 of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were applied for the purposes for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that, there are no funds raised on short-term basis which have been used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the period. Therefore, the provisions of clause (xix) of Paragraph 4 of the Order are not applicable to the Company.
- xx) The Company has not raised any money by public issue during the period under review.
- xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

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

(Vijay Dhawan)
Partner
M.No.: 12565

Place: New Delhi
Dated: May 28, 2014

Balance Sheet As At March 31, 2014

₹ Crores

	Notes	As At 31.03.2014	As At 30.09.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	119.27	119.27
Reserves and Surplus	4	1,712.11	1,494.69
Non-Current Liabilities			
Long-term Borrowings	5	144.30	169.65
Other Long-term Liabilities	7	29.61	24.71
Long-term Provisions	8	118.22	117.63
Current Liabilities			
Short-term Borrowings	9	206.10	290.28
Trade Payables	10	829.66	848.43
Other Current Liabilities	11	251.53	284.42
Short-term Provisions	8	81.90	81.06
Total		3,492.70	3,430.14
ASSETS			
Non Current Assets			
Fixed Assets			
	12		
Tangible Assets		1,623.53	1,575.31
Intangible Assets		19.16	10.94
Capital Work-in-Progress		29.95	53.74
Intangible Assets under Development		7.41	12.75
Non-current Investments	13	378.08	382.26
Deferred Tax Assets (Net)	6	7.37	(2.81)
Long-term Loans and Advances	14	16.04	25.61
Other Assets	15	106.10	98.17
Current Assets			
Current Investments	16	3.42	3.65
Inventories	17	550.97	496.61
Trade Receivables	18	352.41	454.92
Cash and Bank Balances	19	160.77	130.57
Short-term Loans and Advances	14	233.85	186.71
Other Assets	15	3.64	1.71
Total		3,492.70	3,430.14
Summary of Significant Accounting Policies	2.1		

The accompanying Notes (1 to 52) are an integral part of the Financial Statements.

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Statement of Profit and Loss For the Eighteen Months Period Ended March 31, 2014

₹ Crores

	Notes	Period Ended 31.03.2014	Year Ended 30.09.2012
INCOME			
Revenue from Operations (Gross)	20	6,424.38	3,997.20
Less: Excise Duty		132.87	103.32
Revenue from Operations (Net)		6,291.51	3,893.88
Other Income	21	81.41	48.90
Total Revenue (I)		6,372.92	3,942.78
EXPENSES			
Cost of Raw Material and Components Consumed	22	4,224.15	2,674.60
Purchases of Traded Goods	23	303.74	227.73
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	24	(17.41)	(57.81)
Employee Benefits Expense	25	667.35	406.12
Finance Costs	26	110.67	96.44
Depreciation and Amortisation Expense	27	83.22	48.43
Other Expenses	28	732.44	461.00
Total Expenses (II)		6,104.16	3,856.51
Profit before Exceptional Items and Tax (I-II)		268.76	86.27
Exceptional Items	29	(3.64)	(1.68)
Profit Before Tax		272.40	87.95
Tax Expense:			
(a) Current Tax		64.97	19.47
(b) Minimum Alternative Tax Entitlement		(27.28)	(14.31)
(c) Deferred Tax		(10.18)	13.19
Profit for the Period		244.89	69.60
Earnings Per Equity Share (in ₹) (face value ₹10/- each)			
Basic		20.53	5.84
Diluted		20.53	5.84
Summary of Significant Accounting Policies	2.1		

The accompanying Notes (1 to 52) are an integral part of the Financial Statements.

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

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, round end flat tubes, heating elements, double acting hydraulic shock absorbers for railways coaches, center buffer couplers, automobile shock absorbers, telescopic front fork and Mcpherson struts, brake block, internal combustion engine and all types of brake used by railway's, construction, earth moving and material handling equipments.

It also trades in oils and lubricants, implements, trailers, compressor accessories and spares, construction, earth moving and material handling equipments and aero business."

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared and presented under the historical cost convention (except for land, building and plant and machinery acquired before April 1, 2003 which are carried at revalued amounts) on the accrual basis of accounting in accordance with generally accepted accounting principles in India (GAAP) and comply with the accounting standard notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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 judgments, 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

In accordance with AS 26- Intangible Assets are valued at cost less accumulated amortisation and any impairment losses.

- i. Prototypes including work-in-progress developed during Research and Development, tractors and parts thereof used for carrying R&D activities and advances given for tooling 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.

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

- i. Depreciation on Plant and Machinery is provided on Straight Line Method.

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

- ii. Depreciation on all other Fixed Assets is calculated on the basis of Diminishing Balance Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 except Leasehold Land, which is amortised over the lease period.
 - iii. The depreciation on assets acquired/sold/discarded/demolished during the year is provided from/upto the month the asset is commissioned/sold or discarded.
 - iv. Assets costing upto ₹5,000 are depreciated fully in the year of purchase.
 - v. Leasehold Improvements are written off over a period of six years or lease period whichever is less.
- 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, Tools, Jigs and Dies, Stores and Machinery Spares Weighted Average Cost Method is used while in the case of Trading goods FIFO 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) Dividend is accounted for an accrual basis when the right to receive the dividend is established.
 - ii) Income recognition/provisions on non-performing assets is in accordance with the non-banking financial prudential norms (Reserve Bank) Directions, 2007.
- h. **Research and Development**
- Revenue expenditure incurred for research and development is charged to the Statement of Profit and Loss. Fixed assets purchased for research and development activities are capitalised in the year the same are put to use.
- i. **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.
- 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.

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

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 and Loss.

Foreign currency monetary assets and 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. Unamortised Expenditure

i. Development expenditure represents project related development expenditure/ business process re-engineering consultancy and market research. Such expenditure is written off over a period of six years.

ii. Upfront and structuring fees are written off during the term of the respective loan.

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.

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

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 and cash subsidies are credited to Capital Reserve.

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 Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 3 : SHARE CAPITAL

₹ Crores

	As At 31.03.2014	As At 30.09.2012
Authorised		
(i) 40,10,00,000 (Previous Year - 40,10,00,000 Shares) Equity Shares of ₹10 each	401.00	401.00
(ii) 88,80,00,000 (Previous Year - 88,80,00,000 Shares) Unclassified Shares of ₹10 each	888.00	888.00
	1,289.00	1,289.00
Issued, Subscribed and Paid-Up Capital		
12,25,76,878 (Previous year 12,25,76,878) Equity Shares of ₹10 each	122.58	122.58
Less : Amount Recoverable from Escorts Employees Benefit and Welfare Trust (face value of 33,13,612 shares allotted to trust) - (Previous Year- 33,13,612)	3.31	3.31
Total Share Capital	119.27	119.27

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

Particulars	As At 31.03.2014	As At 30.09.2012
At the beginning of the period	12,25,76,878	10,56,18,036
Add : issued during the period	-	1,69,58,842
At the end of the period	12,25,76,878	12,25,76,878

(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 @ ₹0.60 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 31.03.2014		As At 30.09.2012	
	% Held	No. of Shares	% Held	No. of Shares
Escorts Benefit and Welfare Trust	30.43	3,73,00,031	30.43	3,73,00,031
Harprasad and Company Private Limited	7.58	92,91,008	-	-
Jhunjhunwala Rakesh Radheshyam	5.47	67,00,000	-	-
Reliance Capital Trustee Company Limited	-	-	8.02	84,74,268

(d) Shares issued for consideration other than cash during the period of five years immediately preceding March 31, 2014:

Particulars	As At 31.03.2014 No. of Shares	As At 30.09.2012 No. of Shares
Equity shares allotted as fully paid pursuant to consideration other than cash	2,82,55,770	3,16,60,026

In addition, the Company has issued total 2,98,000 Equity shares to employees (through Escorts Employees Benefit and Welfare Trust) on exercise of option granted under the Employee Stock Option Scheme 2006, wherein part consideration was received in form of employee services.

(e) Shares reserved for issue under options :

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company - (refer Note 36)

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 4 : RESERVES AND SURPLUS

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Capital Reserve		
Balance as per the last Financial Statements	97.70	0.30
Add : On Amalgamation	-	97.40
Closing Balance	97.70	97.70
Capital Redemption Reserve		
Balance as per the last Financial Statements	4.00	-
Add : On Amalgamation	-	4.00
Closing Balance	4.00	4.00
Securities Premium Reserve		
Balance as per the last Financial Statements	431.85	430.81
Add : On Amalgamation	-	1.04
Closing Balance	431.85	431.85
Revaluation Reserve		
Balance as per the last Financial Statements	46.29	54.58
Less : Amount transferred to the Statement of Profit and Loss as reduction from depreciation	9.90	8.21
Less : Amount utilised for assets sold / written off	0.22	0.08
Closing Balance	36.17	46.29
Employee Stock Options Outstanding Account		
Gross employee stock compensation for options granted in earlier years	0.81	1.39
Add : Gross compensation for option granted during the period	0.05	-
Deduction during the period	0.53	0.58
Closing Balance	0.33	0.81
General Reserve		
Balance as per the last Financial Statements	589.68	510.87
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	18.37	1.74
Add : Transfer from other reserves	-	76.88
Add : On Amalgamation	-	0.19
Closing Balance	608.05	589.68
Surplus in the Statement of Profit and Loss		
Balance as per the last Financial Statements	324.36	258.21
Add : On Amalgamation	-	15.39
Dividend on shares held by Escorts Benefit and Welfare Trust (refer Note 41)	8.94	-
Profit for the Period / Year	244.89	69.60
Less : Appropriations		
Transfer to General Reserve	18.37	1.74
Interim Dividend @ ₹1.20 (Previous Year Nil) per share	14.71	-
Proposed Dividend @ ₹0.60 (Previous Year ₹1.20) per share	7.35	14.71
Tax on Dividend	3.75	2.39
Closing Balance	534.01	324.36
Total	1,712.11	1,494.69

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 5 : LONG TERM BORROWINGS

₹ Crores

	Non- Current Portion		Current Maturities	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Secured				
Term Loans				
From Banks	139.17	167.70	81.77	89.37
From Other Parties	0.04	0.06	0.02	0.02
Unsecured				
Finance Lease Obligation	0.33	0.42	1.42	1.44
Other Loans and Advances	4.76	1.47	2.57	2.68
Total	144.30	169.65	85.78	93.51

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

(a) Term Loans from Bank

(Term loans from banks carries interest @ 12.75% to 14.50%)

- (i) Exclusive first charge on the Plant and Machinery/Equipments acquired/to be acquired out of the said term loans.

State Bank of India ₹4.22 Crores
(Repayable in 2 installment of ₹2.13 crores each upto 30.09.2014)

State Bank of India ₹17.29 Crores
(Repayable in 10 installment of ₹1.75 crores each upto 30.09.2016)

State Bank of Travancore ₹ 20.03 Crores
(Repayable in 12 installment of ₹1.67 crores each upto 31.03.2017)

Andhra Bank ₹20.81 Crores
(Repayable in 13 installment of ₹1.67 crores each upto 30.06.2017)

State Bank of Hyderabad ₹4.45 Crores
(Repayable in 16 installment of ₹0.28 crores each upto 08.01.2018)

- (ii) Exclusive charge on Land and Building and hypothecation of plant and other assets of Escorts Construction Equipment division excluding plant and machinery specifically charged to other term lenders.

Punjab National Bank ₹18.58 Crores
(Repayable in 5 installment of ₹3.75 crores each upto 30.06.2015)

- (iii) 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 ₹65.00 Crores
(Repayable in 6 installment of ₹5.00 crores each and 2 installment of ₹10 crores each and last installment of ₹15.00 crores upto 31.05.2016)

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 5 : LONG TERM BORROWINGS (contd.)

Industrial Development Bank of India	₹40.00 Crores
(Repayable in 4 installment of ₹2.50 crs, 4 installment of ₹5.00 crores, 8 installment of ₹8.75 crores, upto 01.07.2018 including loan amount yet to be disbursed)	
(iv) Exclusive first charge on fixed assets acquired out of the said term loan	
Oriental Bank of Commerce	₹1.94 Crores
(Repayable in 2 installment of ₹0.97 crores, upto 30.09.2014)	
(v) 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	₹28.62 Crores
(Repayable in 15 installment of ₹3.52 crs, upto 28.11.2017 including loan amount yet to be disbursed)	
(b) Term Loan from Others	
Life insurance Corporation of India	
(Secured against insurance policy)	₹0.06 Crores
(c) Other Loan and Advances	
Repayment of loan as under :	
2014-2015	₹2.57 Crores
2015-2016	₹4.76 Crores

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

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Deferred Tax Liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation charged for financial reporting	41.48	49.01
Total Deferred Tax Liability (A)	41.48	49.01
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	48.85	46.20
Total Deferred Tax Assets (B)	48.85	46.20
Total Deferred Tax Assets / (Liability) (A - B)	7.37	(2.81)

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 7 : OTHER LONG TERM LIABILITIES

₹ Crores

	As At 31.03.2014	As At 30.09.2012
Others		
Security Deposits	18.52	13.62
Advance Received	11.09	11.09
Total	29.61	24.71

NOTE 8 : PROVISIONS

₹ Crores

	Long-Term		Short-Term	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Provision for Employee Benefits				
Gratuity	-	0.85	56.81	46.65
Leave Encashment	13.90	12.46	4.14	2.44
Superannuation	-	-	2.03	3.65
Others	-	-	2.73	3.06
	13.90	13.31	65.71	55.80
Others				
Provision for Warranty	-	-	7.59	8.16
Provision for Contingency / Claims	104.32	104.32	-	-
Proposed Dividend	-	-	7.35	14.71
Dividend Tax	-	-	1.25	2.39
	104.32	104.32	16.19	25.26
Total	118.22	117.63	81.90	81.06

NOTE 9 : SHORT TERM BORROWINGS

₹ Crores

	As At 31.03.2014	As At 30.09.2012
Secured		
From Banks		
Cash Credit / Export Packing Credit and Working Capital Demand Loans	206.10	290.28
Total	206.10	290.28

Nature of Security

Cash Credit/Export Packing Credit and Working Capital Demand Loans from Banks are secured against first charge on current assets and second charge on movable fixed assets excluding assets specifically charges to the term lenders and repayable on demand and carries interest @ 11-13% per annum.

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 10 : TRADE PAYABLES

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Acceptances	242.21	296.58
Trade Payables (refer Note 39)	587.45	551.85
Total	829.66	848.43

NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Current maturities of long term borrowings (refer Note 5 for details)	85.78	93.51
Interest Accrued and due on borrowings	0.12	1.01
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividends	0.96	0.59
Unpaid Matured Deposits and Interest Accrued thereon	0.11	0.82
Other Payables		
Statutory Dues	49.85	37.97
Security Deposits	-	22.55
Other Liabilities	114.71	127.97
Total	251.53	284.42

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 12 : FIXED ASSETS

₹ Crores

	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As At 01.10.2012	Addition	Deletion	As At 31.03.2014	As At 01.10.2012	For the Period	Deductions during the Period	As At 31.03.2014	As At 30.09.2012
Tangible Assets:									
Land Freehold	1,082.30	-	-	1,082.30	-	-	-	1,082.30	1,082.30
Buildings	371.81	4.21	-	376.02	202.18	21.81	-	223.99	169.63
Plant and Machinery	693.59	116.41	25.31	784.69	415.35	49.31	21.11	443.55	278.24
Furniture and Fixtures	70.77	13.57	1.27	83.07	52.21	6.69	1.17	57.73	18.56
Office Equipment	22.45	1.67	0.41	23.71	13.12	3.91	0.36	16.67	9.33
Vehicles	9.78	1.04	0.97	9.85	5.73	1.62	0.66	6.69	4.05
Leasehold Improvements	0.05	-	-	0.05	0.01	-	-	0.01	0.04
Assets Under Lease :									
Land Leasehold	8.89	-	-	8.89	0.45	0.16	-	0.61	8.44
Plant and Machinery	3.68	-	-	3.68	0.64	0.27	-	0.91	3.04
IT Equipments	7.04	1.14	0.10	8.08	5.46	1.34	0.09	6.71	1.58
Vehicles	0.23	-	-	0.23	0.13	0.04	-	0.17	0.10
Total - A	2,270.59	138.04	28.06	2,380.57	695.28	85.15	23.39	757.04	1,575.31
Intangible Assets:									
Prototypes	1.25	0.92	-	2.17	0.03	0.72	-	0.75	1.22
Technical Knowhow	10.49	0.49	0.53	10.45	8.47	1.18	0.48	9.17	2.02
Software Development	13.93	14.83	-	28.76	6.23	6.07	-	12.30	7.70
Total - B	25.67	16.24	0.53	41.38	14.73	7.97	0.48	22.22	10.94
Total - (A+B)	2,296.26	154.28	28.59	2,421.95	710.01	93.12	23.87	779.26	1,586.25
Capital Work-in-Progress (C)	53.74	104.46	128.25	29.95	-	-	-	29.95	53.74
Intangible Assets under Development (D)	12.75	4.49	9.83	7.41	-	-	-	7.41	12.75
Total - (A+B+C+D)	2,362.75	263.23	166.67	2,459.31	710.01	93.12	23.87	779.26	1,652.74
Previous Year	2,316.25	186.15	139.65	2,362.75	712.82	56.64	59.45	710.01	1,652.74

Note:

- Fixed Assets include Assets in use for In House Research and Development Centers :

- Research and Development Centre (Tractors)	176.11	26.94	0.36	202.69	42.88	8.75	0.33	51.30	151.39
- Research and Development Centre (Construction Equipments)	5.41	0.40	0.54	5.27	2.03	1.39	0.48	2.94	2.33
- Capital Work-in-Progress includes Borrowing Cost of ₹1.92 crores, capitalised during the period.

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 13 : NON CURRENT INVESTMENTS

	Face Value Per Share	No. of Shares / Units		Amount (₹ Crore)	
		As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Trade Investments (Valued at Cost Unless Stated Otherwise)					
a) Quoted (Fully Paidup)					
Investment in Equity Shares					
Escorts Finance Limited	₹10	38,19,700	38,19,700	4.01	4.01
b) Unquoted (Fully Paidup)					
Investment in Equity Shares					
Farmtrac Tractors Europe SP zoo, Poland	1000PLN	9,500	9,500	8.35	8.35
EDDAL Credit Limited	₹10	50,000	50,000	0.05	0.05
Investments in Preference Shares					
Escorts Finance Limited (10%, Cumulative)	₹10	95,00,000	95,00,000	-	-
Other Investments (Valued at Cost Unless Stated Otherwise)					
a) Quoted (Fully Paidup)					
Investment in Equity Shares					
Asahi India Glass Limited	₹1	18,862	18,862	-	-
Godavari Drugs Limited	₹10	19,700	19,700	0.07	0.08
Tamilnadu Newsprints and Papers Limited	₹10	100	100	-	-
b) Unquoted (Fully Paidup)					
Investment in Equity Shares of Subsidiary					
Escorts Assets Management Limited	₹10	30,00,000	30,00,000	3.00	3.00
Escorts Securities Limited	₹10	-	19,60,000	-	1.97
Investment in Equity Shares Of Joint Venture					
Hughes Communications India Limited.	₹10	20,74,492	20,74,492	2.07	2.07
Investment in Equity Shares Of Associate					
Escorts Motors Limited	₹10	1,00,000	1,00,000	1.50	1.50
Investment In Equity Shares					
Drillmac Limited (in liquidation)	₹10	20,000	20,000	0.02	0.02
Escorts Electronics Limited (liquidated)	₹100	-	32,000	-	0.32
Twenty First Century Medicare Limited	₹10	19,400	19,400	0.04	0.04
American Paints Limited	₹10	2,41,300	2,41,300	0.24	0.24
The Faridabad Central Co-operative Consumers Stores Limited	₹10	447	447	-	-
Escorts Consumer Credits Limited	₹10	12,50,000	12,50,000	1.00	1.00
Investments in Preference Shares Of Subsidiary					
Escorts Securities Limited (10%, Cumulative)	₹10	-	22,00,000	-	2.20

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 13 : NON CURRENT INVESTMENTS (contd.)

	Face Value Per Share	No. of Shares / Units		Amount (₹ Crore)	
		As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Beneficiary Interest in Trust					
Interest as Sole Beneficiary in Escorts Benefit and 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 period (₹1,000), Previous year (₹1,000)]					
Other Government Securities				-	-
[Current period (₹17,000), Previous year (₹17,000)]					
Total				379.30	383.80
Less : Provision for diminution in value of Investments in :					
Escorts Electronics Limited (liquidated)				-	(0.32)
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)
Total				378.08	382.26
Aggregate value of quoted investments (including investment held in Beneficiary Trust)				363.02	363.02
Aggregate market value of quoted investments				437.79	256.78
Aggregate value of unquoted investments				16.29	20.78
Aggregate provision for diminution in value of investments				1.22	1.54

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 14 : LOANS AND ADVANCES

₹ Crores

	Non-Current		Current	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Capital Advances				
Unsecured, Considered Good	6.09	15.20	-	-
Security Deposits				
Unsecured : Considered Good	9.95	10.41	-	-
: Considered Doubtful	0.70	0.58	-	-
	10.65	10.99	-	-
Less: Provision for Doubtful Deposits	0.70	0.58	-	-
	9.95	10.41	-	-
Advances recoverable in cash or in kind or for value to be received				
Unsecured : Considered Good	-	-	165.20	136.29
: Considered Doubtful	-	-	34.03	34.75
	-	-	199.23	171.04
Less: Provision for Doubtful Advances	-	-	34.03	34.75
	-	-	165.20	136.29
Other Loans and Advances				
Advance Income Tax (net of provisions)	-	-	24.00	33.05
MAT Credit Entitlement	-	-	44.65	17.37
Total	16.04	25.61	233.85	186.71

NOTE 15 : OTHER ASSETS

₹ Crores

	Non-Current		Current	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Bank Balances				
In Escrow Account (refer Note 34 b)	101.13	82.80	-	-
Others				
Interest Accrued on Bank Deposits	2.02	12.03	3.05	0.45
Unamortised Expenditure (refer Note 30)	0.02	-	0.59	1.26
Others	2.93	3.34	-	-
Total	106.10	98.17	3.64	1.71

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 16. CURRENT INVESTMENTS

₹ Crores

	No. of Shares / Units		Amount	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Quoted				
In Mutual Funds (valued at lower of cost or market value)				
Birla Sun Life Dynamic Bond Fund (Growth)	9,30,977.267	9,70,254.686	1.95	1.75
Fidelity Short Term Income Fund (Growth)	-	4,00,193.022	-	0.43
IDFC SSIF Short Term Plan (Growth)	6,64,208.439	6,64,208.439	1.46	1.46
Total			3.41	3.64
Unquoted				
In Bonds (at cost)				
ICICI Deep Discount Bonds	26.000	26.000	0.01	0.01
Total			3.42	3.65
Aggregate market value of quoted investments			3.70	3.84

NOTE 17 : INVENTORIES

₹ Crores

	As At 31.03.2014	As At 30.09.2012
Raw Materials and Components	249.44	221.85
Goods-in-Transit	3.75	1.27
Less: Provision for obsolete and slow moving	32.78	37.68
	220.41	185.44
Work-in-Progress	44.48	48.43
Finished Goods	186.85	182.55
Goods-in-Transit	13.24	0.21
Less: Provision for obsolete and slow moving	0.61	2.21
	199.48	180.55
Traded Goods	60.81	58.70
Goods-in-Transit	0.44	-
Less: Provision for obsolete and slow moving	0.74	0.62
	60.51	58.08
Stores and Spares	14.04	10.78
Loose Tools	13.64	13.33
Less: Provision for obsolete and slow moving	1.59	-
	12.05	13.33
Total	550.97	496.61

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 20 : REVENUE FROM OPERATIONS

		₹ Crores	
		Period Ended 31.03.2014	Year Ended 30.09.2012
Sale			
Gross Sales		6,400.49	3,981.05
Less : Excise Duty		132.87	103.32
Net Sale	(A)	6,267.62	3,877.73
Other Operating Income			
Erection and Servicing		5.67	7.11
Export Incentive		4.18	0.35
Scrap Sale		10.24	7.09
Others		3.80	1.60
	(B)	23.89	16.15
Total	(A+B)	6,291.51	3,893.88

Details of Gross Sale Value of Manufactured Goods

		₹ Crores	
		Period Ended 31.03.2014	Year Ended 30.09.2012
Manufactured Goods			
Agricultural Tractors		4,676.91	2,648.61
Internal Combustion Engine		40.58	36.82
Round and Flat Tubes and Heating Elements		20.97	12.13
Double Acting Hydraulic Shock Absorbers for Railway Coaches		24.43	16.26
Centre Buffer Couplers		28.19	4.44
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts		189.28	119.32
Brake Block		31.76	18.66
All types of Brakes used by Railways		68.95	47.75
Construction Equipments		739.52	703.89
Others		123.52	57.73
Total		5,944.11	3,665.61

Details of Gross Sale Value of Traded Goods

		₹ Crores	
		Period Ended 31.03.2014	Year Ended 30.09.2012
Traded Goods			
Implements Trailers, Compressor Accessories, Spares, Construction Equipment and Others		339.88	263.18
Oils and Lubricants		71.94	37.38
Others		44.56	14.88
Total		456.38	315.44

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 21 : OTHER INCOME

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Interest Income		
Bank Deposits	20.13	16.01
Others	44.63	17.02
Dividend Income From Long Term Investment	0.02	3.07
Net Gain on Sale of Current Investments	0.24	0.13
Foreign Exchange Variation (Net)	3.73	2.64
Miscellaneous Income	12.66	10.03
Total	81.41	48.90

NOTE 22 : COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Opening Stock	223.12	138.93
Add : On Amalgamation	-	90.68
Add : Purchases	4,254.22	2,668.11
	4,477.34	2,897.72
Less : Closing Stock	253.19	223.12
Raw Material and Components Consumed*	4,224.15	2,674.60

* Net of Duty Drawback

Details of Raw Material and Component Consumed

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Castings and Forgings	367.01	255.67
Other Metal Parts	48.37	55.65
Others	3,808.77	2,363.28
Total	4,224.15	2,674.60

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 23 : PURCHASE OF TRADED GOODS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Purchases of Traded Goods	303.74	227.73
Total	303.74	227.73

Details of Purchase of Traded Goods

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Implements Trailers, Compressor Accessories, Spares, Construction Equipment and Others	260.74	193.81
Oils and Lubricants	14.45	24.56
Others	28.55	9.36
Total	303.74	227.73

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

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Opening Stock		
Finished Goods	180.55	113.27
Work-In-Progress	48.43	24.22
Traded Goods	58.08	35.82
	287.06	173.31
On Amalgamation		
Finished Goods	-	19.73
Work-In-Progress	-	18.06
Traded Goods	-	18.15
	-	55.94
Closing Stock		
Finished Goods	199.48	180.55
Work-In-Progress	44.48	48.43
Traded Goods	60.51	58.08
	304.47	287.06
(Increase)/Decrease In Stock	(17.41)	(57.81)

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS (contd.)

Details Of Finished and Traded Goods Inventories

₹ Crores

	Period Ended 31.03.2014	Year Ended 30.09.2012
Finished Goods		
Agricultural Tractors	159.99	147.70
Round and Flat Tubes and Heating Elements	0.79	0.36
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts	4.55	7.91
All types of Brakes and Shock Absorbers used by Railways	0.12	0.12
Construction Equipments	33.39	24.46
Others	0.64	-
Total	199.48	180.55
Work-in-Progress		
Agricultural Tractors	16.59	18.39
Automobile Shock Absorbers, Telescopic Front Fork and McPherson Struts	4.45	3.37
All types of Brakes and Shock Absorbers used by Railways	10.92	5.49
Construction Equipments	12.52	21.18
Total	44.48	48.43
Traded Goods		
Implements Trailers, Compressor Accessories, Spares, Construction Equipment and Others	51.69	49.76
Oils and Lubricants	0.11	0.07
Others	8.71	8.25
Total	60.51	58.08

NOTE 25 : EMPLOYEE BENEFITS EXPENSE

₹ Crores

	Period Ended 31.03.2014	Year Ended 30.09.2012
Salary, Wages and Bonus	546.51	328.11
Employee Stock Option Scheme	(0.50)	(0.51)
Contribution to Gratuity Fund	25.33	14.38
Contribution to Provident Fund and Other Funds	26.93	16.66
Staff Welfare Expenses	69.08	47.48
Total	667.35	406.12

NOTE 26 : FINANCE COSTS

₹ Crores

	Period Ended 31.03.2014	Year Ended 30.09.2012
Interest Expense*		
On Long Term Loans	46.88	38.93
On Cash Credit and Short Term Loans	25.36	24.97
Others	19.97	17.43
Bank and Finance Charges	18.46	15.11
Total	110.67	96.44

* Interest expenses are net of interest capitalised of ₹1.92 crores (refer Note 12)

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 27 : DEPRECIATION AND AMORTISATION

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Depreciation	93.12	56.64
Less: Transfer from Revaluation Reserve	9.90	8.21
Total	83.22	48.43

NOTE 28 : OTHER EXPENSES

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Consumption of Stores, Spares and Tools	63.72	34.49
Power and Fuel	64.03	39.47
Excise Duty on Increase/(Decrease) in Stock of Finished Goods	2.73	2.41
Repairs and Maintenance		
Building	10.22	5.81
Plant and Machinery	24.83	18.29
Others	41.59	13.01
Warranties	24.68	21.05
Rent	9.23	5.79
Rates and Taxes	7.54	3.20
Insurance	5.84	4.59
Travelling and Conveyance	58.15	36.64
Postage and Telephones	9.26	7.02
Legal and Professional	31.48	20.00
Commission, Discount and Sales Incentive	140.62	93.88
Advertisement	68.34	45.02
Royalty	33.42	19.54
Packing, Freight and Forwarding	90.45	66.27
Directors Sitting Fees and Commission	0.23	0.44
Provision for		
Doubtful Debts	6.80	5.61
Advances and Deposits	1.17	0.08
Obsolete Inventories	4.29	-
Miscellaneous Expenses	33.82	18.39
Total	732.44	461.00

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 29 : EXCEPTIONAL ITEMS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
(Surplus)/Loss on Sale of Fixed Assets (Net)	(2.28)	(1.09)
Fixed Assets Written Off	-	0.08
Voluntary Retirement Expenses	3.34	-
Liabilities Written Back	(4.70)	-
Service Tax	-	(0.67)
Bad Debts Written Off	0.41	-
Less: Provision Already Held	0.41	-
Total	(3.64)	(1.68)

NOTE 30 : UNAMORTISED EXPENDITURE REPRESENTS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Upfront Fee / Employee Stock Option Scheme		
As per the last Financial Statements	1.26	1.87
Add : Addition During the Period	0.02	-
Add : On Amalgamation	-	0.14
Less : Written Off During the Period	0.67	0.75
Closing Balance	0.61	1.26

NOTE 31 : EARNINGS PER SHARE

		Period Ended 31.03.2014	Year Ended 30.09.2012
Net Profit After Tax (₹ Crores)	Basic	244.89	69.60
	Diluted	244.89	69.60
Weighted Average Number of Shares outstanding	Basic	11,92,63,266	11,92,63,266
	Diluted	11,92,93,579	11,92,63,266
Earnings per Share (face value ₹10 per share)	Basic	20.53	5.84
	Diluted	20.53	5.84

NOTE 32 : LEGAL AND PROFESSIONAL EXPENSES INCLUDE AUDITORS REMUNERATION

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Audit Fee	0.86	0.60
Tax Audit Fee	0.41	0.17
In other capacity		
Limited Review of Quarterly Results	0.39	0.19
Certification and Other Services	0.27	0.24
Out of Pocket Expenses	0.08	0.04

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 33 : THE OUTSTANDING DERIVATIVE INSTRUMENTS AS AT MARCH 31, 2014.

The Export Receivables of the Company as at period 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, 2014 are as follows:

	Currency	Amount (Millions)	
		As At 31.03.2014	As At 30.09.2012
Amount Receivable on Account of Sales of Goods/Services	USD	2.59	2.33
	EURO	3.71	5.30
Amount Payable on Account of Purchase of Material/Services:	USD	1.78	4.27
	EURO	0.48	0.58
	JPY	0.84	1.35

NOTE 34 : DISCLOSURE REQUIRED BY ACCOUNTING STANDARD (AS) 29 'PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS':

34a Contingent Liabilities*

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
I) Estimated amounts of contracts remaining to be executed on capital account and not provided for	33.85	48.30
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	15.04	12.66
(b) ESI additional demand not acknowledged as liability	4.14	4.14
(c) Sales Tax and other demands not acknowledged as liability	10.90	13.50
(d) Pending legal cases - Personnel	3.79	4.06
- Others	89.91	23.41
(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	32.70	26.98
(g) LC/Guarantees executed in favour of others	22.38	19.54
(h) Demand raised by Income Tax Department, disputed by the Company and pending in appeal (Against demand the Company has deposited a sum of ₹25.89 crores (Previous year ₹25.89 crores) under protest)	136.94	136.94
(i) Liability towards surety bond in favour of Governor of Haryana for sales tax registration under VAT	3.50	3.50

*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.

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

34b During the period 2004-05, Escorts Limited (EL) sold its entire shareholding in Escorts Heart Institute and 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 ₹101.13 crores as on March 31, 2014. A provision of ₹65.00 crores has been made on prudent basis to meet this liability, if and when the same arises.

34c (i) Movement in provisions: (Figures in brackets are in respect of the previous year)

Class of Provision	₹ Crores					
	As At 01.10.2012	Merger Adjustment	Additions	Amount Used	Unused Amounts Reversed	As At 31.03.2014
Product Warranties	8.16	-	7.68	2.04	6.21	7.59
	(10.01)	(0.44)	(5.98)	(3.11)	(5.16)	(8.16)

(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 year.

NOTE 35 :

The Company revalued its freehold land and buildings as on April 01, 2009 and amount added on revaluation is ₹672.72 crores, the revaluations was carried out by reputed independent valuer.

NOTE 36 : 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 September 30, 2012	65,000		
(b) Options Granted During the Period	Options	Grant date	
	1,92,000	Tuesday, October 01, 2013	
(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 (₹)
	1,92,000	85.00	87.35
(d) Options Vested	Nil		
(e) Options Exercised	Nil		
(f) The total number of shares arising as a result of exercise of options	Nil		
(g) Options Lapsed	45,000		
(h) Variation of Terms of Options	Nil		
(i) Money Realised by Exercise of Options	Nil		
(j) Total Number of Options in Force	2,12,000 as on 31.03.2014		

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

(k) Employee Wise Details of Options Granted to :	Name	No. of Options
- Senior Management Personnel during the period	Mr. S Sridhar	60,000
	Mr. Shailendra Agarwal	30,000
	Mr. Sameer Tandon	24,000
	Mr. Dipankar Ghosh	24,000
	Mr. Bharat Madan	15,000
	Mr. Shenu Agarwal	15,000
	Mr. Rajneesh Agarwal	12,000
	Mr. Ashok Gupta	12,000
	Total	1,92,000
- 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 period.	
- 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'.	₹20.53 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 Period would have been higher by ₹4.51 lakhs. The EPS for the Period would have been higher by ₹0.004.	
(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 ₹(9.65) 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 01, 2013	
- Risk Free Interest Rate	8.72%	
- Expected Life	3 Periods	
- Expected Volatility	0.184	
- Expected Dividends, and	15%	
- The price of the underlying share in market at the time of option grant	₹87.35 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 Eighteen Months Period Ended March 31, 2014

Note 37 :

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 and Haryana High Court in their judgment dated October 01, 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 38 :

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 39 :

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 period end together with interest paid / payable under this Act and as required by Schedule VI of Companies Act, 1956 have not been given.

Note 40 :

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 04, 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 24,01,050 shares have been transferred to Escorts Benefit Trust (Trust) and the Hardship Committee has been dissolved. The Trust shall, in due course and in terms of the directions of the High Court, discharge the unclaimed deposits. No further instructions have received from the Court during the period.

Note 41 :

Escorts Benefit and Welfare Trust holds 3,73,00,031 Lacs equity shares of Escorts Limited, the sole beneficiary of which is the Company. The Dividend received by the Trust on these shares is recognised in the Statement of Profit and Loss Account in Note No: 4 - Reserves and Surplus.

NOTE 42 : EMPLOYEE BENEFITS

	₹ Crores			
	31.03.2014		30.09.2012	
	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	96.24	14.80	88.83	12.66
Current Service Cost	7.43	3.05	4.26	1.55
Past Service Cost	-	-	-	-
Interest Cost	11.56	1.88	7.54	1.07
Actuarial (Gain)/Loss	12.16	4.72	4.92	3.35
Benefits Paid	(22.59)	(6.42)	(10.00)	(3.97)
Defined Benefit Obligation at Period End	104.80	18.03	95.55	14.66

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

₹ Crores

	31.03.2014		30.09.2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(b) Reconciliation of opening and Closing Balances of Fair Value of Plan Assets				
Fair Value of Plan Assets at Beginning of the Period	95.51	-	88.07	-
Expected Return on Plan Assets	12.03	-	7.41	-
Actuarial Gain/(Loss)	(6.50)	-	(4.22)	-
Employer Contribution	-	-	0.54	-
Benefits Paid	(22.00)	-	(10.00)	-
Fair Value of Plan Assets at Period End	79.04	-	81.80	-
(c) Reconciliation of Fair Value of Assets and Obligations				
Fair Value of Plan Assets as at September 30, 2012	79.04	-	81.80	-
Present Value of Obligation as at March 31 2014	104.80	18.03	95.55	14.66
Net Assets/(Liability) Recognised in Balance Sheet	(25.76)	(18.03)	(13.75)	(14.66)
(d) Expenses Recognised During the Period				
Current Service Cost	7.43	3.05	4.26	1.55
Past Service Cost	-	-	-	-
Interest Cost	11.56	1.88	7.54	1.07
Expected Return on Plan Assets	(12.03)	-	(7.41)	-
Actuarial (Gain)/Loss	18.66	4.72	9.14	3.35
Share of Participating Companies	(0.29)	-	0.85	-
Net Cost	25.33	9.65	14.38	5.97

NOTE 43 :

(i) Expenses on Research and Development Centre included under following heads

₹ Crores

		Tractor		Construction Equipment	
		Period Ended 31.03.2014	Year Ended 30.09.2012	Period Ended 31.03.2014	Year Ended 30.09.2012
Materials	- Note 22	4.76	2.63	0.01	1.85
Personnel Expenses	- Note 25	36.15	16.44	4.06	4.22
Other Expense	- Note 28	19.42	7.80	0.54	-
Depreciation	- Note 27	8.75	3.97	1.39	0.75
		69.08	30.84	6.00	6.82

(ii) Assets Purchased/Capitalised for Research and Development Centers (as Certified by the Management)*

Tractors	₹26.94 Crores (Previous Year ₹7.97 Crores)
Construction Equipment	₹0.40 Crores (Previous Year ₹1.80 Crores)

*doesn't include Capital Advance/Capital Work in Progress

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

Tractors	2.04% (Previous Year 1.45%)
Construction Equipment	0.87% (Previous Year 1.22%)

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 44 : EXPENSES PERTAINING TO PREVIOUS YEARS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Others	0.12	0.47

NOTE 45 : PROFIT AND LOSS ACCOUNT OF AGRICULTURAL BUSINESS IS AS FOLLOWS

	In Rupees	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Expenses	21,57,995.90	12,24,438.33
Sales and Other Income	2,38,320.00	88,000.00
Net Profit/(Loss)	(19,19,675.90)	(11,36,438.33)

Note 46 : RELATED PARTY DISCLOSURES (as identified and certified by the management)

Related party disclosures as required under Accounting Standard - 18 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
Escorts Motors Limited

(iii) **Key Management Personnel (whole-time directors) and their relatives**

Mr. Rajan Nanda (Chairman and Managing Director)
Mr. Nikhil Nanda (Managing Director)
Mrs. Ritu Nanda
Mrs. Shweta Nanda
Ms. Nitasha Nanda

(iv) **Others**

Har Parshad and Company Private Limited	Big Apple Clothing Private Limited
Raksha TPA Private Limited	Niky Tasha Communications Private Limited
Rimari India Private Limited	Niky Tasha Energies Private Limited
Momento Communications Private Limited	Sun and Moon Travels (India) Private Limited
AAA Portfolios Private Limited	Sharak Health Care Private Limited (Previously named Raksha Medicare Private Limited)

(v) **Related Party Transactions - Refer Annexure - I**

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

Note 47

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

Note 48

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

Note 49

The accounting year of the Company has been extended by six months, i.e. upto March 31, 2014, as approved by the board of directors in their meeting held on October 02, 2013 and by registrar of the Companies vide its letter dated October 07, 2013. Therefore, current accounting period is for 18 months (from October 01, 2012 to March 31, 2014) and is not comparable with the previous year.

ANNEXURE - I

DISCLOSURE OF RELATED PARTIES -

Transactions with Subsidiaries for the period 01.10.2012 To 31.03.2014

					₹ Crores
Nature of Transactions	EDDAL Credit Limited	Escorts Securities Limited	Escorts Assets Management Limited	Farmtrac Tractors Europe Sp. Z.o.o, Poland	Total
For the Period Ended 31.03.2014					
Sale of Goods	-	-	-	27.23	27.23
	-	-	-	(31.57)	(31.57)
Interest Expense	0.29	-	-	-	0.29
	(0.19)	-	-	-	(0.19)
Purchases of Goods	-	-	-	2.04	2.04
	-	-	-	(0.07)	(0.07)
Balances As At 31.03.2014					
Investments	0.05	-	3.00	8.35	11.40
	(0.05)	(4.18)	(3.00)	(8.35)	(15.58)
Advances Given	-	-	-	-	-
	-	(1.43)	-	-	(1.43)
Receivables / Debtors	-	-	-	16.52	16.52
	-	-	-	(17.24)	(17.24)
Payables	1.93	0.14	-	0.20	2.26
	(1.75)	(0.18)	-	(0.19)	(2.12)

Transactions with Joint Ventures for the period 01.10.2012 To 31.03.2014

			₹ Crores
Nature of Transactions	Escorts Motors Limited	Hughes Communication India Limited	Total
Balances As At 31.03.2014			
Investments	1.50	2.07	3.57
	(1.50)	(2.07)	(3.57)

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

ANNEXURE - I (contd.)

Transactions with Directors and their relatives for the period 01.10.2012 to 31.03.2014

Nature of Transactions	₹ Crores													Total			
	Rajan Nanda	Ritu Nanda	Nikhil Nanda	Shweta Nanda*	Nitasha Nanda*	Master Agastya Nanda*	Km. Nanyavi Naveli Nanda*	Hamparshad and Co. Pvt Ltd	Raksha TPA Pvt. Ltd.	Rimari India Pvt. Ltd.	AAA Portfolios Pvt. Ltd.	Big Apple Clothing Pvt. Ltd. *	Niky Tasha Communications Pvt. Ltd. *		Niky Tasha Energies Pvt. Ltd. *	Sun and Moon Travels (India) Private Limited	Sharak Health Care Pvt. Ltd.
For the Period Ended 31.03.2014																	
Royalty	-	-	-	-	-	-	33.42	-	-	-	-	-	-	-	-	-	33.42
Remuneration	7.80 (5.47)	-	6.61 (4.12)	1.69 (1.28)	-	-	-	-	-	-	-	-	-	-	-	-	16.10 (10.87)
Rent Received	-	-	0.66 (0.42)	-	-	-	-	1.12 (0.84)	-	-	-	-	-	-	0.02 (0.01)	-	1.81 (1.27)
Rent Paid	-	0.58 (0.33)	-	0.59 (0.39)	-	-	-	-	-	-	-	-	-	-	-	-	1.16 (0.72)
Receiving of Services (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.36 (6.78)	0.09	10.45 (6.78)
Dividend Paid	0.10 (0.12)	0.01 (0.01)	0.02 (0.03)	-	-	-	0.93 (1.11)	-	-	-	0.17 (0.20)	0.18 (0.21)	-	-	-	-	1.41 (1.69)
Balances as at 31.03.2014																	
Advances Given	-	-	-	0.06 (0.06)	-	-	-	0.24 (0.12)	0.12 (0.12)	-	-	-	-	-	0.12	-	0.54 (0.18)
Debtors/Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	4.75 (4.76)	-	-	-	-	-	-	-	0.02 (0.36)	-	4.77 (5.12)

* dividend paid less than a lakh.

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

ANNEXURE - II

DISCLOSURE UNDER ACCOUNTING STANDARD - 19 (LEASES)

The details of Minimum Lease Payments Outstanding as at March 31, 2014 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	1.90	1.75	0.15
	(2.02)	(1.86)	(0.16)
Due within One Year	1.54	1.42	0.12
	(1.58)	(1.44)	(0.14)
Due later than One Year and not later than Five Years	0.36	0.33	0.03
	(0.44)	(0.42)	(0.02)

NOTE 50 : EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

₹ Crores

	Period Ended 31.03.2014	Year Ended 30.09.2012
Expenditure in Foreign Currency		
Royalty/Technical Know-How/Product Development	8.61	4.98
Travelling Expenses	4.17	3.24
Others	12.25	9.62
Total	25.03	17.84
Earnings in Foreign Currency		
Export of Goods Including Partly Executed Sales Contracts on F.O.B Basis	200.08	139.90
Others	4.65	5.08
Total	204.73	144.98

Notes to Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 51 : VALUE OF IMPORTS - CIF BASIS

	Period Ended 31.03.2014	Year Ended 30.09.2012
Raw Material	43.55	30.35
Components and Spare Parts	42.91	20.99
Capital Goods	15.08	24.44
Total	101.54	75.78

₹ Crores

NOTE 52 : IMPORTED AND INDIGENOUS RAW MATERIALS AND COMPONENTS, STORES AND SPARES AND TOOLS CONSUMED

	Period Ended 31.03.2014		Year Ended 30.09.2012	
	₹ Crores	Percentage	₹ Crores	Percentage
Imported	71.05	1.66	41.11	1.52
Indigenous	4,216.82	98.34	2,667.98	98.48
Total	4,287.87	100.00	2,709.09	100.00

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Cash Flow Statement For the Eighteen Months Period Ended March 31, 2014

₹ Crores

	Period Ended 31.03.2014	Year Ended 30.09.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	272.40	87.95
Adjustments for :		
Gain on Sale of Investments (Current)	(0.24)	(0.13)
Gain on Sale of Asset	(2.28)	(1.09)
Depreciation	83.22	48.43
Misc. Expenses/Assets Write off/Provisions	(1.62)	3.74
Interest Expense	92.21	81.33
Dividend Income	(0.02)	(3.07)
Interest Income	(64.76)	(33.03)
Operating Profit before Working Capital Changes	378.91	184.13
Adjustments for :		
Trade and Other Receivables	93.58	49.29
Inventories	(58.65)	(67.58)
Trade Payables and Others	(29.62)	(67.25)
	(5.31)	(85.54)
Cash Generated from Operations	384.22	98.59
Direct Taxes (Paid)/Refunds	(55.92)	(38.45)
Net Cash Flow from Operating Activities	328.30	60.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	(118.37)	(106.29)
Movement in Loans and Advances	(20.84)	(58.03)
Sale/(Purchase) of Investments	4.63	(2.41)
Interest Received	72.17	28.23
Dividend Received	0.02	3.07
Net Cash Flow from Investing Activities	(62.39)	(135.43)
C. CASH FLOW USED IN FINANCING ACTIVITIES		
Proceeds / (Repayment) from Long Term Borrowings	(33.07)	(23.69)
Proceeds / (Repayment) from Short Term Borrowings (Net)	(84.18)	96.51
Interest Paid	(93.10)	(80.39)
Dividend and Dividend Tax paid	(25.36)	(17.10)
Net Cash Generated from / (used in) Financing Activities	(235.71)	(24.67)
Net Increase/(Decrease) in Cash and Cash Equivalents	30.20	(99.96)
Cash and Cash Equivalents as at 01.10.2012	130.57	203.43
Addition On Amalgamation	-	27.10
Cash and Cash Equivalents as at 31.03.2014	160.77	130.57

Note:

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

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Independent Auditor's Report on Consolidated Financial Statements

To The Board of Directors of Escorts Limited

We have audited the accompanying consolidated financial statements of Escorts Limited ("the Company"), its subsidiaries & joint venture company (the Company, its subsidiaries & joint venture company constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the Eighteen Months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

1. The consolidated financial statements include unaudited financial statements of a subsidiary and a joint venture company. These unaudited financial statements have been compiled by the management and reflect total assets of Rs. 50.28 crores as at March 31, 2014 and the total revenues of Rs. 51.52 crores for the eighteen months period then ended. Our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint venture companies is based solely on such management accounts. Since the financial statements for the period ended March 31, 2014, which were compiled by the management of these companies, was not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements.
2. The company has not considered the financial statements of Farmtrac North America LLC and Beaver Creeks Holdings LLC 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)

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, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the eighteen months period ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the eighteen months period ended on that date.

Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs.71.12 crores as at March 31, 2014 and the total revenues of Rs. 183.66 crores for the eighteen months period then ended. These financial statements and other financial information, have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of such subsidiary is based solely on the report of the other auditor.

Our opinion is not qualified in respect of this matter.

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

(Vijay Dhawan)
Partner
M.No.:12565

Place: New Delhi
Dated: May 28, 2014

Consolidated Balance Sheet As At March 31, 2014

₹ Crores

	Notes	As At 31.03.2014	As At 30.09.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	119.27	119.27
Reserves and Surplus	4	1,746.27	1,526.18
Minority Interest		17.75	11.40
Non-Current Liabilities			
Long-term Borrowings	5	145.25	169.72
Deferred Tax Liability (Net)	6	41.76	49.32
Other Long-term Liabilities	7	29.92	25.02
Long-term Provisions	8	119.68	118.74
Current Liabilities			
Short-term Borrowings	9	207.02	290.28
Trade Payables	10	869.61	881.23
Other Current Liabilities	11	263.48	292.91
Short-term Provisions	8	82.18	81.24
Total		3,642.19	3,565.31
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	1,633.97	1,582.96
Intangible Assets		19.74	11.80
Capital Work-in-Progress		31.21	54.04
Intangible Assets under Development		7.49	12.80
Non-current Investments		367.57	367.09
Deferred Tax Assets (Net)	6	55.28	49.99
Long-term Loans and Advances	13	28.07	36.24
Other Assets	14	114.09	100.98
Current Assets			
Current Investments		4.46	5.83
Inventories	15	587.10	524.36
Trade Receivables	16	372.45	477.20
Cash and Bank Balances	17	169.58	145.17
Short-term Loans and Advances	13	243.50	194.27
Other Assets	14	7.68	2.58
Total		3,642.19	3,565.31
Summary of Significant Accounting Policies	2		

The accompanying Notes (1 to 41) are an integral part of the Financial Statements.

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Consolidated Statement of Profit and Loss For the Eighteen Months Period Ended March 31, 2014

₹ Crores

	Notes	Period Ended 31.03.2014	Year Ended 30.09.2012
INCOME			
Revenue from Operations (Gross)	18	6,635.17	4,153.14
Less: Excise Duty		133.43	103.68
Revenue from Operations (Net)		6,501.74	4,049.46
Other Income	19	82.86	48.29
Total Revenue (I)		6,584.60	4,097.75
EXPENSES			
Cost of Raw Material and Components Consumed	20	4,359.72	2,773.45
Purchases of Traded Goods	21	318.48	233.87
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	22	(19.76)	(56.35)
Employee Benefits Expense	23	690.31	419.79
Finance Costs	24	112.20	97.02
Depreciation and Amortisation Expense	25	85.97	50.22
Other Expenses	26	766.03	489.17
Total Expenses (II)		6,312.95	4,007.17
Profit before Exceptional Items and Tax (I-II)		271.65	90.58
Exceptional Items	27	(3.47)	(1.36)
Profit Before Tax		275.12	91.94
Tax Expense:			
(a) Current Tax		68.40	20.51
(b) Minimum Alternative Tax Entitlement		(27.34)	(14.31)
(c) Deferred Tax		(12.85)	12.54
Profit for the Period		246.91	73.20
Less: Minority Interest		0.20	(0.61)
Profit After Tax Attributable To The Company		246.71	73.81
Earnings Per Equity Share (in ₹) (face value ₹10/- each)			
Basic		20.69	6.19
Diluted		20.68	6.19
Summary of Significant Accounting Policies	2		

The accompanying Notes (1 to 41) are an integral part of the Financial Statements.

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

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, round end flat tubes, heating elements, double acting hydraulic shock absorbers for railways coaches, center buffer couplers, automobile shock absorbers, telescopic front fork and Mcpherson struts, brake block, internal combustion engine and all types of brake used by railway's, construction, earth moving and material handling equipments.

It also trades in oils and lubricants, implements, trailers, compressor accessories and spares, construction, earth moving and material handling equipments and aero business. The Group is into Financing and Investment activities also.

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", Accounting Standard 23 (AS23) "Accounting for Investments in Associates in the Consolidated Financial Statements 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 ('the Parent Company'), its Subsidiary Companies and Joint Ventures.

- 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 31.03.2014	Held by	Reporting Period
LIST OF SUBSIDIARIES					
1	FarmtracTractors Europe Sp. z.o.o	Poland	100%	Escorts Limited	January-December
2	Escorts Securities Ltd. (ESL) (Board Controlled)	India	49.00%	EAML	April - March
3	Escorts Asset Management Ltd. (EAML)(Board Controlled)	India	30.00%	Escorts Limited	April-March
4	EDDAL Credit Limited	India	99.86%	Escorts Limited	April-March
LIST OF JOINT VENTURES					
1	Hughes Communications India Limited	India	13.38%	Escorts Limited	April-March

- Since the above Subsidiaries and Joint Ventures follows different accounting year, the accounts of these companies are prepared for the 18 months period ended March 31, 2014, the reporting date of the Parent company, to facilitate consolidation
- During the year, there were no transactions in Beaver Creek Holdings LLC (BCH), total assets being insignificant, the company has not considered the financial Statements of BCH 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 Edgecanbe, North Carolina, USA have appointed a Receiver for FNA, who has taken over all the assets, book and 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 judgments, 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.

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

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

In accordance with AS 26- Intangible Assets are valued at cost less accumulated amortisation and any impairment losses.

- i. Prototypes including work-in-progress developed during Research and Development, tractors and parts thereof used for carrying R&D activities and advances given for tooling 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.

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 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.

f. Depreciation and Amortisation

- i. Depreciation on Plant and Machinery is provided on Straight Line Method.
- ii. Depreciation on all other Fixed Assets is calculated on the basis of Diminishing Balance Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 except Leasehold Land, which is amortised over the lease period.
- iii. The depreciation on assets acquired/sold/discarded/demolished during the year is provided from/upto the month the asset is commissioned/sold or discarded.
- iv. Assets costing upto ₹5,000 are depreciated fully in the year of purchase.
- v. Leasehold Improvements are written off over a period of six years or lease period whichever is less.

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, Tools, Jigs and Dies, Stores and Machinery Spares Weighted Average Cost Method is used while in the case of Trading goods FIFO 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.

h. Revenue Recognition

- i) Dividend is accounted for an accrual basis when the right to receive the dividend is established.
- ii) Income recognition/provisions on non-performing assets is in accordance with the non-banking financial prudential norms (Reserve Bank) Directions, 2007.

i. Research and Development

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

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

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 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 and Loss.

Foreign currency monetary assets and 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 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

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

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. Unamortised Expenditure

- i. Development expenditure represents project related development expenditure/ business process re-engineering consultancy and market research. Such expenditure is written off over a period of six years.
- ii. Upfront and structuring fees are written off during the term of the respective loan.

p. 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.

q. 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.

r. 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 and cash subsidies are credited to Capital Reserve.

s. 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.

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 3 : SHARE CAPITAL

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
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		
12,25,76,878 (Previous year 12,25,76,878) Equity Shares of ₹10/- each	122.58	122.58
Less : Amount Recoverable from Escorts Employees Benefit and Welfare Trust (face value of 33,13,612 shares allotted to trust) - (Previous Year- 33,13,612)	3.31	3.31
Total Share Capital	119.27	119.27

NOTE 4 : RESERVES AND SURPLUS

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Capital Reserve		
Balance as per the last Financial Statements	97.70	0.30
Add : On Amalgamation	-	97.40
Closing Balance	97.70	97.70
Capital Redemption Reserve		
Balance as per the last Financial Statements	4.00	1.99
Add : On Amalgamation	-	2.01
Closing Balance	4.00	4.00
Securities Premium Reserve		
Balance as per the last Financial Statements	432.07	432.07
Closing Balance	432.07	432.07
Revaluation Reserve		
Balance as per the last Financial Statements	46.29	54.58
Less : Amount transferred to the Statement of Profit and Loss as reduction from depreciation	9.90	8.21
Less : Amount utilised for assets sold / written off	0.22	0.08
Closing Balance	36.17	46.29
Employee Stock Options Outstanding Account		
Gross employee stock compensation for options granted in earlier years	0.81	1.39
Add : Gross compensation for option granted during the period	0.05	-
Deduction during the period	0.53	0.58
Closing Balance	0.33	0.81

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 4 : RESERVES AND SURPLUS (contd.)

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
General Reserve		
Balance as per the last Financial Statements	592.16	540.53
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	18.37	1.74
Add : On Amalgamation	-	0.19
Add : Consolidation Adjustment	(2.03)	(27.18)
Add : Transfer from Other Reserves	-	76.88
Closing Balance	608.50	592.16
Reserves Fund		
(Maintained Pursuant to Section 145-1C of Reserve Bank Of India (Amendment) Act, 1997)		
Balance as per the last Financial Statements	0.51	3.80
Add : On Amalgamation	-	3.31
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	0.11	-
Less : Transferred to General Reserve	-	6.60
Closing Balance	0.62	0.51
Surplus in the Statement of Profit And Loss		
Balance as per the last Financial Statements	352.64	216.99
Profit for the Period/Year	246.71	73.81
Add : On Amalgamation	-	15.38
Consolidation Adjustment	2.88	65.30
Dividend on shares held by Escorts Benefit and Welfare Trust (refer Note 38)	8.94	-
Less : Appropriations		
Transfer to Reserves	18.48	1.74
Interim Dividend @ ₹1.20 (Previous Year Nil) per share	14.71	-
Proposed Dividend @ ₹0.60 (Previous Year ₹1.20) per share	7.35	14.71
Tax on Dividend	3.75	2.39
Closing Balance	566.88	352.64
Total	1,746.27	1,526.18
Includes Joint Venture Share	19.96	16.01

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 5 : LONG TERM BORROWINGS

₹ Crores

	Non- Current Portion		Current Maturities	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Secured				
Term Loans				
From Banks	139.17	167.70	81.77	89.37
From Other Parties	0.04	0.06	0.02	0.02
Unsecured				
Finance Lease Obligation	1.28	0.49	1.68	1.52
Other Loans and Advances	4.76	1.47	2.57	2.68
Total	145.25	169.72	86.04	93.59
Includes Joint Venture Share	0.94	0.07	0.26	0.08

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

Nature of Security

Loans under different categories are secured against certain assets, property, equipment and other immovable properties, inventories and receivables of the parent company or concerned subsidiaries and joint ventures.

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

₹ Crores

	As At 31.03.2014	As At 30.09.2012
Deferred Tax Liability		
Impact of difference between tax depreciation and depreciation charged for financial reporting and others	41.76	49.32
Total Deferred Tax Liability (A)	41.76	49.32
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 and others	55.28	49.99
Total Deferred Tax Assets (B)	55.28	49.99
Total Deferred Tax Assets / (Liability) (A - B)	13.52	0.67
Includes Joint Venture Share	2.04	2.27

NOTE 7 : OTHER LONG TERM LIABILITIES

₹ Crores

	As At 31.03.2014	As At 30.09.2012
Others		
Security Deposits	18.52	13.62
Advance Received	11.40	11.40
Total	29.92	25.02
Includes Joint Venture Share	-	-

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 8 : PROVISIONS

₹ Crores

	Long-Term		Short-Term	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Provision for Employee Benefits				
Gratuity	0.57	1.39	56.92	46.69
Leave Encashment	14.18	12.81	4.28	2.50
Superannuation	-	-	2.03	3.65
Others	-	-	2.76	3.10
	14.75	14.20	65.99	55.94
Others				
Provision for Warranty	-	-	7.59	8.20
Provision for Contingency / Claims	104.93	104.54	-	-
Proposed Dividend	-	-	7.35	14.71
Dividend Tax	-	-	1.25	2.39
	104.93	104.54	16.19	25.30
Total	119.68	118.74	82.18	81.24
Includes Joint Venture Share	0.37	0.44	0.19	0.11

NOTE 9 : SHORT TERM BORROWINGS

₹ Crores

	As At 31.03.2014	As At 30.09.2012
Secured		
From Banks		
Cash Credit/ Export Packing Credit and Working Capital Demand Loans	207.02	290.28
Total	207.02	290.28
Includes Joint Venture Share	0.92	-

Nature of Security

Cash Credit/Export Packing Credit and Working Capital Demand Loans from Banks are secured against First charge on current assets and second charge on movable fixed assets excluding assets specifically charges to the term lenders and repayable on demand and carries interest @ 11-13% per annum.

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 10 : TRADE PAYABLES

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Acceptances	242.21	296.58
Trade Payables (refer Note 36)	627.40	584.65
Total	869.61	881.23
Includes Joint Venture Share	15.49	9.86

NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Current maturities of long term borrowings (refer Note 5 for details)	86.04	93.59
Interest Accrued and due on borrowings	0.12	1.01
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividends	0.96	0.59
Unpaid Matured Deposits and Interest Accrued thereon	0.11	0.82
Other Payables		
Statutory Dues	50.16	38.79
Security Deposits	-	22.55
Other Liabilities	126.09	135.56
Total	263.48	292.91
Includes Joint Venture Share	5.88	4.37

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 12 : FIXED ASSETS*

₹ Crores

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At 01.10.2012	Addition	Deletion	As At 31.03.2014	For the Period	Deductions during the Period	As At 31.03.2014	As At 30.09.2012
Tangible Assets:								
Land Freehold	1,082.83	-	-	1,082.83	-	-	1,082.83	1,082.83
Buildings	375.23	4.23	-	379.46	22.01	-	224.85	172.39
Plant and Machinery	706.50	118.51	26.61	798.40	50.79	22.40	453.74	281.15
Furniture and Fixtures	71.57	13.63	1.40	83.80	6.74	1.30	58.32	18.69
Office Equipment	23.59	1.80	0.45	24.94	4.01	0.40	17.77	9.43
Vehicles	10.41	1.22	1.00	10.63	1.74	0.70	7.16	4.29
Leasehold Improvements	0.61	-	-	0.61	0.02	-	0.47	0.16
Assets Under Lease :								
Land Leasehold	8.89	-	-	8.89	0.16	-	0.61	8.44
Plant and Machinery	5.31	2.23	-	7.54	0.47	0.23	1.65	3.90
IT Equipments	7.04	1.14	0.10	8.08	1.34	0.09	6.71	1.58
Vehicles	0.23	-	-	0.23	0.03	-	0.16	0.10
Total - A	2,292.21	142.76	29.56	2,405.41	87.31	25.12	771.44	1,582.96
Intangible Assets:								
Prototypes	1.25	0.92	-	2.17	0.72	-	0.75	1.22
Technical Knowhow	11.77	0.72	0.53	11.96	1.64	0.48	10.21	2.72
Software Development	15.94	14.90	0.01	30.83	6.20	0.02	14.26	7.86
Total - B	28.96	16.54	0.54	44.96	8.56	0.50	25.22	11.80
Total - (A+B)	2,321.17	159.30	30.10	2,450.37	95.87	25.62	796.66	1,594.76
Capital Work-in-Progress (C)	54.04	105.91	128.74	31.21	-	-	-	54.04
Intangible Assets under Development (D)	12.80	4.53	9.84	7.49	-	-	7.49	12.80
Total - (A+B+C+D)	2,388.01	269.74	168.68	2,489.07	95.87	25.62	796.66	1,661.60
Previous year	2,396.05	188.28	196.32	2,388.01	58.43	59.92	726.41	1,661.60

* Includes Joint Venture Share

	31.03.2014	30.09.2012
Original Cost	19.87	15.63
Depreciation	13.02	11.79
Net Book Value	6.85	3.84
Capital Work-in-progress and Intangible Assets under Development	1.07	0.31
Total Fixed Assets	7.92	4.15

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 13 : LOANS AND ADVANCES

₹ Crores

	Non-Current		Current	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Capital Advances				
Unsecured, considered good	6.64	15.23	-	-
Security Deposits				
Unsecured : Considered Good	16.49	15.66	-	-
: Considered Doubtful	0.72	0.63	-	-
	17.21	16.29	-	-
Less: Provision for Doubtful Deposits	0.72	0.63	-	-
	16.49	15.66	-	-
Advances recoverable in cash or in kind or for value to be received				
Unsecured : Considered Good	4.94	5.35	168.15	139.79
: Considered Doubtful	0.07	0.03	34.11	33.37
	5.01	5.38	202.26	173.16
Less: Provision for Doubtful Advances	0.07	0.03	34.11	33.37
	4.94	5.35	168.15	139.79
Other Loans and Advances				
Advance Income Tax (net of provisions)	-	-	30.70	37.11
MAT Credit Entitlement	-	-	44.65	17.37
Total	28.07	36.24	243.50	194.27
Includes Joint Venture Share	4.20	2.87	7.64	5.11

Note 14 : OTHER ASSETS

₹ Crores

	Non-Current		Current	
	As At 31.03.2014	As At 30.09.2012	As At 31.03.2014	As At 30.09.2012
Bank Balances				
In Escrow Account	101.13	82.80	-	-
Deposite With Maturity period more than 12 months	7.99	2.81	-	-
Others				
Interest accrued on Bank Deposits	2.02	12.03	3.17	1.32
Unamortised Expenditure (refer Note 29)	0.02	-	0.59	1.26
Others	2.93	3.34	3.92	-
Total	114.09	100.98	7.68	2.58
Includes Joint Venture Share	0.30	0.24	3.86	0.70

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 15 : INVENTORIES

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
Raw Materials and Components	272.97	239.33
Goods-in-transit	3.75	1.27
Less: Provision for obsolete and slow moving	32.78	37.68
	243.94	202.92
Work-in-progress	46.18	52.46
Finished Goods	194.93	186.27
Goods-in-transit	13.24	0.21
Less: Provision for obsolete and slow moving	0.61	2.21
	207.56	184.27
Traded Goods	62.98	61.20
Goods-in transit	1.09	-
Less: Provision for obsolete and slow moving	0.74	0.62
	63.33	60.58
Stores and Spares	14.04	10.79
Loose Tools	13.64	13.34
Less: Provision for obsolete and slow moving	1.59	-
	12.05	13.34
Total	587.10	524.36
Includes Joint Venture Share	2.81	2.50

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 18 : REVENUE FROM OPERATIONS

		₹ Crores	
		Period Ended 31.03.2014	Year Ended 30.09.2012
Sale			
Gross Sales		6,569.21	4,106.17
Less : Excise Duty		133.43	103.68
Net Sale	(A)	6,435.78	4,002.49
Other Operating Income			
Erection and Servicing		5.67	7.11
Export Incentive		4.18	0.35
Scrap Sale		10.24	7.09
Others		45.87	32.42
	(B)	65.96	46.97
Total	(A+B)	6,501.74	4,049.46
Includes Joint Venture Share		34.47	25.90

NOTE 19 : OTHER INCOME

		₹ Crores	
		Period Ended 31.03.2014	Year Ended 30.09.2012
Interest Income			
Bank Deposits		21.48	17.12
Others		45.75	17.44
Dividend Income From Long Term Investment		0.04	3.10
Net Gain on Sale of Current Investments		0.24	0.13
Foreign Exchange Variation (Net)		1.71	(0.96)
Miscellaneous Income		13.64	11.46
Total		82.86	48.29
Includes Joint Venture Share		0.16	1.01

NOTE 20 : COST OF RAW MATERIAL AND COMPONENTS CONSUMED

		₹ Crores	
		Period Ended 31.03.2014	Year Ended 30.09.2012
Opening Stock		240.60	239.50
Add : Purchases		4,395.84	2,774.55
		4,636.44	3,014.05
Less : Closing Stock		276.72	240.60
Raw Material and Components Consumed*		4,359.72	2,773.45
Includes Joint Venture Share		-	-

*Net of Duty Drawback

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 21 : PURCHASE OF TRADED GOODS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Purchases of Traded Goods	318.48	233.87
Total	318.48	233.87
Includes Joint Venture Share	14.75	6.13

NOTE 22 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Opening Stock		
Finished Goods	184.27	138.68
Work-In-Progress	52.46	47.22
Traded Goods	60.58	55.06
	297.31	240.96
Closing Stock		
Finished Goods	207.56	184.27
Work-In-Progress	46.18	52.46
Traded Goods	63.33	60.58
	317.07	297.31
(Increase)/Decrease In Stock	Total	
	(19.76)	(56.35)
Includes Joint Venture Share	(0.31)	(1.41)

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Salary, Wages and Bonus	568.59	341.23
Employee Stock Option Scheme	(0.50)	(0.51)
Contribution to Gratuity Fund	25.41	14.38
Contribution to Provident Fund and Other Funds	27.25	16.90
Staff Welfare Expenses	69.56	47.79
Total	690.31	419.79
Includes Joint Venture Share	4.02	3.11

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 24 : FINANCE COSTS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Interest Expense		
On Long Term Loans	46.88	38.93
On Cash Credit and Short Term Loans	25.47	25.03
Others	21.13	17.79
Bank and Finance Charges	18.72	15.27
Total	112.20	97.02
Includes Joint Venture Share	0.80	0.25

NOTE 25 : DEPRECIATION AND AMORTISATION

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Depreciation and Amortisation	95.87	58.43
Less: Transfer from Revaluation Reserve	9.90	8.21
Total	85.97	50.22
Includes Joint Venture Share	1.61	1.03

NOTE 26 : OTHER EXPENSES

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Consumption of stores, spares and tools	63.89	34.65
Power and Fuel	64.48	39.83
Excise Duty on increase/(decrease) in stock of finished goods	2.73	2.41
Repair and Maintainance		
Building	10.42	6.00
Plant and Machinery	24.83	18.44
Other	42.34	13.22
Warranties	24.68	21.05
Rent	10.15	6.47
Rates and Taxes	10.42	3.20
Insurance	5.97	4.66
Travelling and Conveyance	59.16	37.47
Postage, Telegram and Telephones	11.38	7.83

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 26 : OTHER EXPENSES (contd.)

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Legal and Professional	37.30	23.48
Commission, Discount and Sale Incentive	140.62	93.88
Advertisement	69.10	45.70
Royalty	33.42	19.54
Packing, Freight and Forwarding	91.19	66.63
Directors Sitting Fees and Commission	0.28	0.48
Provision for		
Doubtful Debts	7.72	7.26
Advances and Deposits	1.28	0.10
Obsolete Inventories	4.29	0.74
Miscellaneous Expenses	50.38	36.13
Total	766.03	489.17
Includes Joint Venture Share	24.75	16.12

NOTE 27 : EXCEPTIONAL ITEMS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
Loss/(Surplus) on Sale of Fixed Assets	(2.26)	(1.10)
Fixed Assets Written Off	0.01	0.09
Loss on Sale of Long Term Investment	0.14	0.32
Voluntary Retirement Expenses	3.34	-
Liabilities written back	(4.70)	-
Service Tax	-	(0.67)
Bad Dedts Written off	0.41	-
Less : Provision already held	0.41	-
Total	(3.47)	(1.36)
Includes Joint Venture Share	-	-

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 28 : SEGMENT INFORMATION FOR THE PERIOD ENDED MARCH 31, 2014

₹ Crores

	Agri Machinery	Auto Ancillary Products	Railway Equipment	Construction Equipments	Others	Unallocated	Escorts Limited
External Revenue	5,248.90	192.41	253.44	758.21	58.13	6.28	6,517.37
	(3,006.32)	(124.33)	(146.70)	(747.95)	(34.59)	(3.30)	(4,063.19)
Internal Revenue	55.01	18.17	2.34	4.99	0.29	0.46	81.26
	(59.12)	(18.86)	(2.10)	(0.64)	(0.20)	(1.95)	(82.87)
Segment Revenue	5,303.91	210.58	255.78	763.20	58.42	6.74	6,598.63
	(3,065.44)	(143.19)	(148.80)	(748.59)	(34.79)	(5.25)	(4,146.06)
Eliminations	55.01	18.17	2.34	4.99	0.29	0.46	81.26
	(59.12)	(18.86)	(2.10)	(0.64)	(0.20)	(1.95)	(82.87)
Total Revenue							6,517.37
							(4,063.19)
Segment Result	494.09	(29.63)	14.56	(32.22)	5.32	(88.40)	363.72
	(230.94)	11.83	(9.36)	(1.35)	(2.21)	58.72	(173.31)
Interest Expense							112.20
							(97.02)
Unallocated Corporate Interest Income							20.13
							(14.29)
Exceptional Items							(3.47)
							1.36
Profit Before Taxation							275.12
							(91.94)
Provision for Taxation:							
Current Tax							68.40
							(20.51)
MAT Entitlement							(27.34)
							14.31
Deferred Tax							(12.85)
							(12.54)
Profit After Tax							246.91
							(73.20)
Minority Interest							0.20
							0.61
Other Information	As At 31/03/2014	As At 31/03/2014	As At 31/03/2014	As At 31/03/2014	As At 31/03/2014	As At 31/03/2014	As At 31/03/2014
Segment Assets	1,880.67	116.86	154.86	404.83	88.09	955.12	3,600.43
	(1,914.92)	(118.98)	(127.98)	(421.63)	(77.10)	(855.38)	(3,515.99)
Segment Liabilities	930.49	95.11	54.57	223.13	36.17	82.82	1,422.29
	(986.32)	(64.68)	(42.25)	(323.95)	(34.43)	(94.03)	(1,545.66)
Additions to Tangible Fixed Assets	112.97	4.10	3.31	9.58	4.36	8.44	142.76
	(70.57)	(0.77)	(1.58)	(3.01)	(1.54)	(8.60)	(86.07)
Addition to Intangible Fixed Assets	4.59	-	0.54	0.80	0.07	10.54	16.54
	(2.32)	-	(0.34)	(1.77)	(0.03)	(0.58)	(5.04)
Depreciation	50.87	3.48	5.21	11.77	1.91	12.73	85.97
	(30.04)	(2.26)	(3.67)	(7.87)	(1.34)	(5.04)	(50.22)
Non - Cash Expenses other than Depreciation	-	-	-	-	-	0.67	0.67
	-	-	-	(0.14)	-	(0.61)	(0.75)

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 28 : SEGMENT INFORMATION FOR THE PERIOD ENDED MARCH 31, 2014 (contd.)

SEGMENT INFORMATION FOR THE PERIOD ENDED MARCH 31, 2014

	₹ Crores		
	India	Outside India	Consolidated Total
Revenue By Geographical market - External	6,338.82	178.55	6,517.37
	(3,909.58)	(153.61)	(4063.19)
Carrying Amount of Segement Assets	3,542.91	57.52	3,600.43
	(3,450.02)	(51.74)	(3501.76)
Addition to Tangible Fixed Assets	142.37	0.39	142.76
	(85.85)	(0.22)	(86.07)
Addition to Intangible Fixed Assets	16.08	0.46	16.54
	(5.03)	(0.01)	(5.04)

NOTE 29 : UNAMORTISED EXPENDITURE REPRESENTS

	₹ Crores	
	Period Ended 31.03.2014	Year Ended 30.09.2012
(a) Upfront Fee / Employee Stock Option Scheme		
As per the last Financial Statements	1.26	2.01
Add : Addition during the period	0.02	-
Less : Written off during the period	0.67	0.75
Closing Balance	0.61	1.26

NOTE 30 : EARNINGS PER SHARE

		Period Ended 31.03.2014	Year Ended 30.09.2012
Net Profit After Tax (₹ Crores)	Basic	246.71	73.81
	Diluted	246.71	73.81
Weighted Average Number of Shares Outstanding	Basic	119,263,266	119,263,266
	Diluted	119,293,579	119,263,266
Earnings per Share (face value ₹10 per share)	Basic	20.69	6.19
	Diluted	20.68	6.19

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

Note 31 : DISCLOSURE REQUIRED BY ACCOUNTING STANDARD (AS) 29 'PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS':

Contingent Liabilities

	₹ Crores	
	As At 31.03.2014	As At 30.09.2012
I) Estimated amounts of contracts remaining to be executed on capital account and not provided for	33.90	48.35
II) Claims not acknowledged as debts	0.71	0.69
III) There is a contingent liability of :		
(a) Excise Duty / Customs Duty / Service Tax demands not acknowledged as liability	19.46	12.66
(b) ESI additional demand not acknowledged as liability	4.16	4.16
(c) Sales Tax and other demands not acknowledged as liability	10.93	13.50
(d) Pending legal cases - Personnel	3.79	4.06
- Others	89.91	23.41
(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	32.70	26.98
(g) LC/Guarantees executed in favour of others	23.64	25.49
(h) Demand raised by Income Tax Department, disputed by the Company and pending in appeal (Against demand a sum of ₹28.28 crores (Previous year ₹26.80 crores) deposited under protest)	139.48	139.41
(i) Demand raised by Department of Telecommunication (DOT)	9.92	9.92
(j) Liability towards Surety Bond in favour of Governor of Haryana for Sales Tax registration under VAT	3.50	3.50

NOTE 32 : PROPORTIONATE SHARE OF JOINT VENTURES IN THE FOLLOWING LINE ITEMS IS GIVEN BELOW AS THERE IS NO SEPARATE NOTE ATTACHED

	Period Ended 31.03.2014	Year Ended 30.09.2012
Provision for Taxation:		
- Current Taxation	1.42	0.69
- Deferred Taxation	0.23	(0.18)
Contingent Liability	14.98	16.26

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

Note 33 :

The Company revalued its freehold land and buildings as on April 01, 2009 and amount added on revaluation is ₹672.72 crores, the revaluations was carried out by reputed independent valuer.

Note 34 :

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 and Haryana High Court in their judgment dated October 01, 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 35 :

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 36 :

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 period end together with interest paid / payable under this Act and as required by Schedule VI of Companies Act, 1956 have not been given.

Note 37 :

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 24,01,050 shares have been transferred to Escorts Benefit Trust (Trust) and the Hardship Committee has been dissolved. The Trust shall, in due course and in terms of the directions of the High Court, discharge the unclaimed deposits. No further instructions have received from the Court during the period.

Note 38 :

Escorts Benefit and Welfare Trust holds 37,300,031 Lacs equity shares of Escorts Limited, the sole beneficiary of which is the Company. The Dividend received by the Trust on these shares is recognised in the Statement of Profit and Loss Account in Note No: 4 - Reserves and Surplus

Notes to Consolidated Financial Statements For the Eighteen Months Period Ended March 31, 2014

NOTE 39 : DISCLOSURE UNDER ACCOUNTING STANDARD - 19 (LEASES)

(a) The details of Minimum Lease Payments Outstanding as at March 31, 2014 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	As At	As At	As At	As At	As At
	31.03.2014	30.09.2012	31.03.2014	30.09.2012	31.03.2014	30.09.2012
– Total amount due	3.39	2.20	2.96	2.01	0.43	0.19
– Due within one year	1.91	1.68	1.68	1.52	0.23	0.16
– Due later than one year and not later than five years	1.48	0.52	1.28	0.49	0.20	0.03

(b) **Assets taken on Operating Cancellable leases**

The total lease payments recognised in Profit and loss account for the period ended March 31, 2014 is ₹0.66 crores (Previous Year ₹0.38 Crores)

Note 40 :

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

Note 41 :

Current accounting period is for 18 months from October 01, 2012 to March 31, 2014 and is not comparable with the previous year.

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Consolidated Cash Flow Statement For the Eighteen Months Period Ended March 31, 2014

₹ Crores

	Period Ended 31.03.2014	Year Ended 30.09.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	275.12	91.94
Adjustments for :		
Gain on Sale of Investments (Net)	(0.10)	0.19
Gain on Sale of Assets (Net)	(2.26)	(1.10)
Depreciation	85.97	50.22
Misc. Exp. / Assets Write off / Provisions	(1.79)	5.78
Interest Expense	93.47	81.75
Dividend Income	(0.04)	(3.10)
Interest Income	(67.23)	(34.56)
Operating Profit before Working Capital Changes	383.14	191.12
Adjustments for :		
Trade and Other Receivables	75.09	17.45
Inventories	(66.97)	(74.47)
Trade Payables and Others	(5.03)	(38.70)
	3.09	(95.72)
Cash Generated from Operations	386.23	95.40
Direct Taxes (Paid) / Refunds	(61.93)	(36.98)
Net Cash Flow from Operating Activities	324.30	58.42
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets	(124.64)	(108.18)
Movement in Loans and Advances	(21.79)	(50.43)
Sale / (Purchase) of Investments	0.99	(3.94)
Interest Received	75.40	29.02
Dividend Received	0.04	3.10
Net Cash Flow from Investing Activities	(70.00)	(130.43)
C. CASH FLOW USED IN FINANCING ACTIVITIES		
Proceeds from Minority Interest	5.11	2.50
Proceeds / (Repayment) from Long Term Borrowings	(32.02)	(28.94)
Proceeds / (Repayment) from Short Term Borrowings (Net)	(83.26)	96.72
Interest Paid	(94.36)	(81.35)
Dividend and Dividend Tax paid	(25.36)	(17.10)
Net Cash Generated from / (used in) Financing Activities	(229.89)	(28.17)
Net Increase / (Decrease) in Cash and Cash Equivalents	24.41	(100.18)
Cash and Cash Equivalents as at 01.10.2012	145.17	245.33
Addition On Amalgamation	-	0.02
Cash and Cash Equivalents as at 31.03.2014	169.58	145.17

Note:

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.

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. P.S. PRITAM
Director

Dr. S. A. DAVE
Director

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

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

BHARAT MADAN
Group Financial Controller

VIJAY DHAWAN
Partner
M No. 12565

Place: Faridabad
Date: May 28, 2014

Statement Regarding Subsidiary Companies Pursuant To Section 212 Of The Companies Act, 1956

Sr. No	Name of The Company	Share Capital	Reserves and Surplus	Total Assets			Total Liabilities			Details of Investments Other Than In Subsidiaries	Turnover and Other Income	Profit Before Tax	Provision For Tax	Profit After Tax		
				Total Fixed Assets	Total Investments	Current Assets	Deferred Tax Assets	Non-Current Liabilities	Deferred Tax Liability						Current Liabilities	
1	Escorts Asset Management Limited	139,500.00	(20,861.17)	976.51	47,330.47	17,612.84	13,698.93	49,718.83	2,433.40	-	8,265.35	27,632.47	20,413.38	(4,700.74)	(1,414.00)	(3,286.74)
2	Escorts Securities Ltd	62,000.00	29,775.80	7,133.53	1,989.63	81,368.49	8,892.65	117,470.65	5,406.33	-	119,672.82	1,989.63	45,969.84	3,053.78	1,159.39	1,894.39
3	EDDAL Credit Limited	25,500.70	19,037.14	-	-	45,794.78	-	-	-	-	1,256.94	-	1,987.63	1,941.03	607.26	1,333.77
4	Farmtrac Tractors Europe Spolka Zo.o (1PLN = ₹20.35 INR)	83,465.62	127,912.70	34,067.51	-	587,702.91	20,989.54	-	-	-	431,381.64	-	1,223,752.74	(15,127.80)	185.11	(15,312.91)

NOTES:

- The Annual Accounts alongwith the reports thereon and other documents/statements as required to be attached in accordance with section 212 of the subsidiary companies are not being attached in view of the consent given by the Board of Directors in terms of the general exemption granted by Government of India, Ministry of Corporate Affairs vide circular no. 2/2011 dated February 8, 2011. The said annual accounts and the related detailed information will be made available to the holding and subsidiary companies investor seeking such information, at any point of time. The annual account of the subsidiary companies will also be kept for inspection by any investor at the Head/Corporate office of the company/subsidiary companies during the business hours.
- During the Period, there were no transactions in Beaver Creek Holdings LLC (BCH), total assets being insignificant, the company has not considered the financial statement of BCH 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 Edgcombe, North Carolina, USA have appointed a Receiver for FNA, who has taken over all the assets, books and records of FNA, accordingly the information relating to Farmtrac North America LLC (FNA) has not been given.

For and on Behalf of the Board

RAJAN NANDA
Chairman and
Managing Director

NIKHIL NANDA
Managing Director

Dr. S. A. DAVE
Director

Dr. P. S. PRITAM
Director

S.C. BHARGAVA
Director

HARDEEP SINGH
Director

BHARAT MADAN
Group Financial Controller

G. B. MATHUR
Exec. Vice-President-Company
Secretary and Strategic Advisor

Place: Faridabad

Date: May 28, 2014

Corporate Information

BOARD OF DIRECTORS

Mr. Rajan Nanda,
Chairman and Managing Director

Mr. Nikhil Nanda,
Managing Director

Dr. S. A. Dave,
Director

Mr. S. C. Bhargava,
Director

Mr. Hardeep Singh,
Director

Mr. P.H. Ravikumar,
Director

Mrs. Vibha Paul Rishi,
Director

EVP - COMPANY SECRETARY & STRATEGIC ADVISOR

Mr. G. B. Mathur

INTERNAL AUDITORS

Grant Thornton

STATUTORY AUDITORS

M/s S. N. Dhawan & Co.

REGISTERED OFFICE

SCO-232, First Floor, Sector-20,
Panchkula-134109, Haryana,
India

CORPORATE CENTRE

15/5, Mathura Road, Faridabad
-121003, Haryana, India

BANKERS

Andhra Bank

Axis Bank

IDBI Bank

ICICI Bank

IndusInd Bank

Oriental Bank of Commerce

Punjab National Bank

State Bank of Hyderabad

State Bank of India

State Bank of Patiala

State Bank of Travancore

ESCORTS LIMITED

Corporate Centre

15/5 Mathura Road

Faridabad -121003

Haryana, India

Registered Office

SCO-232, First floor

Sector-20, Panchkula-134109

Haryana, India

Website: www.escortsgroup.com