

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Trustees of Escorts Benefit and Welfare Trust**

#### **Opinion**

We have audited the financial statements of the of Escorts Benefit and Welfare Trust ('the Trust'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 March 2020, and of its financial performance for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Trustees and Those Charged with Governance for the Financial Statements**

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid Accounting Standards, and for such internal control as trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, trustees are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless trustees either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

# **S.N. Dhawan & CO. LLP**

## **Chartered Accountants**

auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

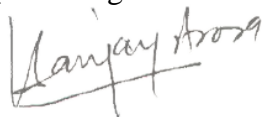
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**For S. N. Dhawan & Co. LLP**

**Chartered Accountants**

(Firm Registration No. 000050N/N500045)



per Sanjay arora

**Partner**

M.No.:093754

UDIN: 20093754AAAAAL5296

Place: New Delhi

Date: 12 May 2020

**ESCORTS BENEFIT AND WELFARE TRUST**  
Balance Sheet as at 31 March 2020

Particulars	As at 31 March 2020 Rs.	As at 31 March 2019 Rs.
<b>LIABILITIES</b>		
<b>General Fund</b>		
Surplus in statement of Profit & Loss		
Opening balance	186,747	151,402
Add: surplus for the year	(254,890)	67,335,345
Less: Paid to Escorts Ltd. being beneficiary	-	67,300,000
Closing balance	<u>(68,143)</u>	<u>186,747</u>
<b>Current liabilities</b>		
Creditors for Expenses	12,520	2,520
Escorts Limited	7,100,000	4,100,000
Audit Fees Payable	54,000	27,000
TDS Payable	7,500	2,500
<b>Total</b>	<b><u>7,105,878</u></b>	<b><u>4,318,767</u></b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Non-current investments (Refer Note-4)</b>		
<b>Equity instruments (Quoted)</b>		
Escorts Limited	-	-
3,37,00,031 (Previous year 3,37,00,031) equity shares of Rs.10/- each fully paid up in consideration other than cash		
Escorts Finance Limited	-	-
2,34,97,478 (Previous year 2,34,97,478) equity shares of Rs.10/- each fully paid up in consideration other than cash		
(Aggregate Market value of Quoted Investments: Rs.22,37,95,01,466 (Previous Year 26,92,53,02,035))		
<b>Current assets</b>		
<b>Short-term loans and advances</b>		
- Advance Tax (net)	7,100,000	4,255,917
<b>Cash and Cash Equivalents</b>		
- Balances with bank in saving account	5,878	62,850
<b>Total</b>	<b><u>7,105,878</u></b>	<b><u>4,318,767</u></b>

The accompanying notes (1 to 8) are integral part of the Financial Statements

As per our report of even date attached

**For S.N. Dhawan & Co. LLP**

Chartered Accountants

(Firm Registration No.000050N/N500045)

  
per **Sanjay Arora**  
Partner

M. No. : 093754

Place : Faridabad

Date : 12 May 2020



  
**Pawan Bhalla**  
Trustee

  
**Satyendra Chauhan**  
Trustee

**ESCORTS BENEFIT AND WELFARE TRUST**  
Statement of Profit and Loss for the Year ended 31 March 2020

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
<b>Income:</b>		
Dividend	-	67,400,062
<b>Total income</b>	<b>-</b>	<b>67,400,062</b>
<b>Expenses:</b>		
Interest on TDS	-	115
Bank charges	473	4,367
Auditors remuneration (including GST):		
Payment to Auditors (including Audit fee, certification & other services)	88,500	59,236
Rates & Taxes	10,000	1,000
<b>Total expenses</b>	<b>98,973</b>	<b>64,718</b>
<b>Profit before tax for the year</b>	<b>(98,973)</b>	<b>67,335,344</b>
<b>Tax Expense</b>		
Provision of Income Tax for earlier years	155,917	-
<b>Profit/(Loss) after tax for the year</b>	<b>(254,890)</b>	<b>67,335,344</b>

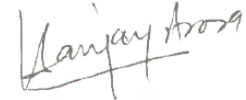
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**For S.N. Dhawan & Co. LLP**

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per **Sanjay Arora**  
Partner

M. No. : 093754

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**Pawan Bhalla**  
Trustee

  
**Satyendra Chauhan**  
Trustee

**ESCORTS BENEFIT AND WELFARE TRUST**  
**Notes to the Financial Statements**

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**1 Trust Overview**

Escorts Benefit and Welfare Trust was incorporated in India on February 14, 2012 under of the Indian Trusts Act, 1882. Trust is managed by Trustees.

**2 Basis of preparation of Financial Statements :**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis.

**3. Summary of significant accounting policies**

**A. Use of Estimates**

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

**B. Revenue Recognition :**

Revenue is recognised based on nature of activity when consideration can be reasonably measured and recovered with reasonable certainty.

Dividend income which is taken on accrual basis if declared/ received by the time of finalisation of account.

Interest income, if any, is recognised on the time proportion basis.

**C. Investments**

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

4. Pursuant to the order of Punjab and Haryana High court dated 09/08/2012 under a scheme of arrangement and amalgamation under section 391-394 of the Companies Act, 1956 of Escorts Construction Equipment Limited, Escotrac Finance and Investments Private Limited and Escorts Finance Investments and Leasing Private Limited with Escorts Limited, the Trust holds 3,37,00,031 (previous year 3,37,00,031) equity shares of Escorts Limited and 2,34,97,478 (previous year 2,34,97,478) equity shares of Escorts Finance Limited.
5. Pursuant to the resolution dated 6th May 2019 of the Board of Directors of Escorts Limited (sole beneficiary of the Trust), the Trustees have communicated their acceptance to waive/forego their right to receive dividend, if any, for the financial year ended 31st March 2019 on the equity shares of Escorts Limited held by the Trust as on 7th May 2019. This has been done to avoid the payment of dividend by Escorts Limited on its own shares held through the Trust as sole beneficiary.
6. The investments in shares of Escorts Limited & Escorts Finance Limited are held with Depository Account in the names of the Trustees. Escorts Limited shares are listed with NSE, BSE and DSE Stock exchanges and Escorts Finance Limited shares listed with BSE only.



7. . Contingent Liability on account of Income tax demand (FY15-16) Rs.2,03,33,912 (PY Rs.2,03,33,912) against which Rs 71,00,000 has been deposited under protest and the matter is pending before ITAT.

8. Previous year figures have been regrouped wherever necessary.

As per our report of even date attached  
**For S.N. Dhawan & Co. LLP**  
Chartered Accountants  
(Firm Registration No.000050N/N500045)

*Sanjay Arora*

per **Sanjay Arora**  
Partner  
M. No. : 093754  
Place : Faridabad  
Date : 12 May 2020



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**Pawan Bhalla**  
Trustee

*Satyendra Chauhan*

**Satyendra Chauhan**  
Trustee