





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - 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 Company'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 Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.
8. We determine those matters that were of most significance in the audit of the special purpose financial information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

9. We also report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The special purpose financial information dealt with by this report are in agreement with the relevant books of account;
  - d. in our opinion, the aforesaid standalone special purpose financial statements comply with Ind AS specified under section 133 of the Act;



- e. In our opinion and to the best of our information and according to the explanations given to us:
- i. There were no pending litigations as at 31 March 2020 which would impact the financial position of the Company;
  - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts as at 31 March 2020;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020

**Restriction of use**

10. This report is intended solely for the use of Walker Chandiook & Co LLP – Escorts Limited Group Audit Team in connection with the audit of the consolidated financial statements of Escorts Limited and should not be used by any other person or for any other purpose or distributed to any other parties. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For **Kapish Jain & Associates**  
Chartered Accountants  
Firm Registration Number 022743N



**Kapish Jain**  
Partner  
Membership No. 514162  
UDIN: 20514162AAAAFC6164

Place: New Delhi  
Date: 14 May 2020

Farmtrac Tractors Europe ST Z.o.o  
Balance Sheet as at 31 March 2020

(₹ millions)

	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	25.83	27.54
Intangible assets	4	5.93	6.39
<b>Total non-current assets</b>		<b>31.76</b>	<b>33.93</b>
<b>Current assets</b>			
Inventories	5	565.46	363.79
Financial assets			
Trade receivables	6	107.32	137.70
Cash and cash equivalents	7	3.52	2.52
Other current assets	8	4.07	3.26
<b>Total current assets</b>		<b>680.37</b>	<b>507.27</b>
<b>Total assets</b>		<b>712.12</b>	<b>541.20</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	9	258.67	258.67
Other equity	10	(254.55)	(195.80)
<b>Total equity</b>		<b>4.11</b>	<b>62.87</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	11	0.95	8.37
<b>Total non-current liabilities</b>		<b>0.95</b>	<b>8.37</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	12	24.60	-
Trade payables	13	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		646.36	467.28
Other current liabilities	14	36.10	2.69
<b>Total current liabilities</b>		<b>707.06</b>	<b>469.96</b>
<b>Total equity and liabilities</b>		<b>712.12</b>	<b>541.20</b>

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Kapish Jain & Associates**

Chartered Accountants

Firm Registration Number : 022743N



**Kapish Jain**  
Partner  
Membership No. 514162

Place: New Delhi  
Date: 14 May 2020

For or on behalf of Management Board

**Bharat Madan**  
Member  
Place: New Delhi

**Farmtrac Tractors Europe ST Z.o.o**  
**Statement of Profit and Loss for the year ended 31 March 2020**

(₹ millions)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	15	793.62	833.10
Other income		-	-
<b>Total income</b>		<b>793.62</b>	<b>833.10</b>
<b>Expenses</b>			
Cost of materials consumed	16	696.09	636.69
Changes in inventories of finished goods, stock-in-trade and work-in-progress	17	(42.96)	(9.39)
Employee benefits expense	18	69.45	102.86
Finance costs	19	9.51	4.34
Depreciation and amortisation expense	20	4.50	4.15
Other expenses	21	110.57	102.58
<b>Total expenses</b>		<b>847.16</b>	<b>841.23</b>
<b>Loss before tax</b>		<b>(53.54)</b>	<b>(8.13)</b>
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Loss for the year</b>		<b>(53.54)</b>	<b>(8.13)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		(5.21)	2.76
<b>Total other comprehensive income for the year</b>		<b>(5.21)</b>	<b>2.76</b>
<b>Total comprehensive income for the year</b>		<b>(58.76)</b>	<b>(5.37)</b>

The accompanying notes form an integral part of the financial statements.

As per our Report of even date attached

For **Kapish Jain & Associates**  
Chartered Accountants  
Firm Registration Number : 022743N

For or on behalf of Management Board




**Kapish Jain**  
Partner  
Membership No. 514162



**Bharat Madan**  
Member  
Place: New Delhi

Place: New Delhi  
Date: 14 May 2020

Farmtrac Tractors Europe ST Z.o.o  
Cash Flow Statement for the year ended 31 March 2020

(₹ millions)

**A Cash flow from operating activities**

Loss before tax from	(53.54)	(8.13)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	4.50	4.15
Finance costs (other than finance and bank charges)	7.22	3.69
Unrealised foreign exchange loss/(gain)	32.89	(10.61)
<b>Operating profit before working capital changes</b>	<b>(8.93)</b>	<b>(10.90)</b>
<b>Movement in working capital</b>		
Inventories	(201.68)	(108.62)
Trade receivable	29.09	(57.97)
Other assets	(0.80)	(3.26)
Trade payables	147.49	183.59
Provisions	(7.42)	1.23
Other liabilities	27.98	3.97
<b>Cash (used in)/generated from operating activities post working capital changes</b>	<b>(14.27)</b>	<b>8.04</b>
Income tax paid (net)	-	-
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(14.27)</b>	<b>8.04</b>

**B Cash flows from investing activities**

Purchase of property, plant and equipment and intangible assets	(2.11)	(3.19)
<b>Net cash used in investing activities (B)</b>	<b>(2.11)</b>	<b>(3.19)</b>

**C Cash flows from financing activities (refer note 19 (iii))**

Proceeds/(repayment) from short term borrowings (net)	24.60	-
Interest paid	(7.22)	(3.69)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>17.38</b>	<b>(3.69)</b>

Increase/(decrease) in cash and cash equivalents (A+B+C)	1.00	1.16
Cash and cash equivalents at the beginning of the year (refer note 7)	2.52	1.35
<b>Cash and cash equivalents at the end of the year (refer note 7)</b>	<b>3.52</b>	<b>2.52</b>

Year ended 31 March 2020	Year ended 31 March 2019
(53.54)	(8.13)
4.50	4.15
7.22	3.69
32.89	(10.61)
(8.93)	(10.90)
(201.68)	(108.62)
29.09	(57.97)
(0.80)	(3.26)
147.49	183.59
(7.42)	1.23
27.98	3.97
(14.27)	8.04
-	-
(14.27)	8.04
(2.11)	(3.19)
(2.11)	(3.19)
24.60	-
(7.22)	(3.69)
17.38	(3.69)
1.00	1.16
2.52	1.35
3.52	2.52

Note: The above statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

For **Kapish Jain & Associates**  
Chartered Accountants  
Firm Registration Number : 022743N



**Kapish Jain**  
Partner  
Membership No. 514162

For and on behalf of the Board of Directors

**Bharat Madan**  
Member  
Place: New Delhi

Place: New Delhi  
Date: 14 May 2020

Farmtrac Tractors Europe ST Z.o.o  
Statement of changes in equity for the year ended 31 March 2020

A Equity share capital

	(₹ millions)		
Balance as at 01 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019	Changes in equity share capital during the year
258.67	-	258.67	-
			Balance as at 31 March 2020
			258.67

B Other equity

	(₹ millions)		
	Retained earnings	Foreign currency translation reserve	Total
Balance as at 01 April 2018	(200.01)	9.58	(190.43)
Profit for the year	(8.13)	-	(8.13)
Other comprehensive income for the year	-	2.76	2.76
Balance as at 31 March 2019	(208.14)	12.34	(195.80)
Profit for the year	(53.54)	-	(53.54)
Other comprehensive income for the year	-	(5.21)	(5.21)
Balance as at 31 March 2020	(261.68)	7.12	(254.55)

For **Kapish Jain & Associates**

Chartered Accountants

Firm Registration Number : 022743N



**Kapish Jain**  
Partner

Membership No. 514162

For or on behalf of Management Board

**Bharat Madan**  
Member

Place: New Delhi

Place: New Delhi

Date: 14 May 2020



## 3 Property, plant and equipment

Description							(₹ millions)
	Land	Leasehold land*	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Total
<b>Gross carrying value</b>							
As at 01 April 2018	0.23	4.57	22.93	1.82	2.69	1.45	33.70
Additions	-	-	-	0.21	-	3.44	3.64
Exchange differences	(0.01)	(0.20)	(0.99)	(0.08)	(0.12)	(0.14)	(1.53)
<b>As at 31 March 2019</b>	<b>0.22</b>	<b>4.38</b>	<b>21.95</b>	<b>1.95</b>	<b>2.58</b>	<b>4.75</b>	<b>35.81</b>
Additions	-	-	-	0.15	0.07	-	0.22
Exchange differences	0.00	0.04	0.22	(0.09)	0.03	0.05	0.25
<b>As at 31 March 2020</b>	<b>0.22</b>	<b>4.42</b>	<b>22.16</b>	<b>2.02</b>	<b>2.67</b>	<b>4.80</b>	<b>36.29</b>
<b>Accumulated depreciation</b>							
As at 01 April 2018	-	-	3.24	1.26	0.86	1.36	6.73
Charge for the year	-	-	1.04	0.15	0.29	0.40	1.88
Exchange differences	-	-	(0.17)	(0.06)	(0.04)	(0.07)	(0.33)
<b>As at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>4.12</b>	<b>1.36</b>	<b>1.11</b>	<b>1.69</b>	<b>8.27</b>
Charge for the year	-	-	1.03	0.12	0.27	0.68	2.10
Exchange differences	-	-	0.05	0.01	0.01	0.02	0.09
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>5.19</b>	<b>1.49</b>	<b>1.39</b>	<b>2.39</b>	<b>10.46</b>
<b>Net block as at 31 March 2019</b>	<b>0.22</b>	<b>4.38</b>	<b>17.83</b>	<b>0.59</b>	<b>1.46</b>	<b>3.06</b>	<b>27.54</b>
<b>Net block as at 31 March 2020</b>	<b>0.22</b>	<b>4.42</b>	<b>16.98</b>	<b>0.52</b>	<b>1.28</b>	<b>2.41</b>	<b>25.83</b>
*Leasehold land with perpetual usufruct right	<b>1049.04</b>	<b>8.11</b>	<b>138.88</b>	<b>368.77</b>	<b>34.29</b>	<b>41.51</b>	<b>1643.31</b>

## Notes:

## (i) Property plant and equipment pledged as security

Refer note 23 (II) for information on property, plant and equipment pledged as security by the Company.

## (ii) Depreciation for the year has been included in " Depreciation &amp; amortisation expense " line item in the statement of profit &amp; loss.

## 4 Intangible assets

(₹ millions)

Description	Technical know how	Total
<b>Gross carrying value</b>		
As at 01 April 2018	12.95	12.95
Additions	2.50	2.50
Exchange differences	(0.61)	(0.61)
<b>As at 31 March 2019</b>	<b>14.84</b>	<b>14.84</b>
Additions	1.89	1.89
Exchange differences	0.16	0.16
<b>As at 31 March 2020</b>	<b>16.88</b>	<b>16.88</b>
<b>Accumulated amortisation</b>		
As at 01 April 2018	6.51	6.51
Charge for the year	2.27	2.27
Exchange differences	(0.33)	(0.33)
<b>As at 31 March 2019</b>	<b>8.45</b>	<b>8.45</b>
Charge for the year	2.41	2.41
Adjustment for disposals	-	-
Exchange differences	0.10	0.10
<b>As at 31 March 2020</b>	<b>10.95</b>	<b>10.95</b>
<b>Net block as at 31 March 2019</b>	<b>6.39</b>	<b>6.39</b>
<b>Net block as at 31 March 2020</b>	<b>5.93</b>	<b>5.93</b>

Amortisation for the year has been included in line item 'Depreciation and amortisation expense' in statement of profit and loss.

**Farmtrac Tractors Europe ST Z.o.o**

Notes forming part of the financial statements for the year ended 31 March 2020

**5 Inventories**

(₹ millions)

	As at 31 March 2020	As at 31 March 2019
<b>Raw materials and components</b>	464.08	306.15
Allowance for obsolete and slow moving	2.19	2.17
	<b>461.89</b>	<b>303.98</b>
<b>Work-in-progress</b>	<b>34.81</b>	<b>20.65</b>
<b>Finished goods</b>	<b>68.76</b>	<b>39.16</b>
	<b>565.46</b>	<b>363.79</b>

**Note :**

- (i) Inventories have been pledged as security for liabilities, for details refer note 12 and 23 (II)
- (ii) Amount of write down and reversal of write down of inventories recognised in statement of profit and loss

**6 Trade receivables**

(₹ millions)

	As at 31 March 2020	As at 31 March 2019
Trade receivables considered good - secured	107.32	137.70
	<b>107.32</b>	<b>137.70</b>

**Notes:**

- (i) Refer note 22 (I) - Financial instruments for assessment of expected credit losses.
- (ii) The carrying values are considered to be a reasonable approximation of their fair value.
- (iii) Trade receivables include ₹ 0.90 millions (31 March 2019 ₹ 3.50 crores) due from related parties. For details refer note 24 (II) - Related party disclosures

*(This space has been intentionally left blank)*

**Farmtrac Tractors Europe ST Z.o.o**

Notes forming part of the financial statements for the year ended 31 March 2020

**7 Cash and cash equivalents**

(₹ millions)

Balances with banks in current accounts

	As at 31 March 2020	As at 31 March 2019
	3.52	2.52
	<b>3.52</b>	<b>2.52</b>

The carrying values are a reasonable approximation of their fair values.

**8 Other assets**

Current

Advances to suppliers

(₹ millions)

	As at 31 March 2020	As at 31 March 2019
	4.07	3.26
	<b>4.07</b>	<b>3.26</b>

9 Equity Share Capital

Issued, Subscribed and Fully paid-up  
15,500 (previous year 15,500) equity shares of PLN 1,000 each

(₹ millions)	
As at 31 March 2020	As at 31 March 2019
258.67	258.67
<b>258.67</b>	<b>258.67</b>

(a) Reconciliation of number of shares

Equity shares at the beginning of the year  
Changes during the year  
Equity shares at the end of the year

As at 31 March 2020		As at 31 March 2019	
No of shares	(₹ millions)	No of shares	(₹ millions)
15,500	258.67	15,500	258.67
-	-	-	-
15,500	258.67	15,500	258.67

(b) Rights/preferences/restrictions attached to equity shares

The Company has only one class of shares, i.e. equity shares having a face value of PLN 1,000 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in PLN. In the event of liquidation of the Parent Company, equity shareholders will be entitled to receive remaining assets 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

Escorts Limited

As at 31 March 2020		As at 31 March 2019	
No of shares	% holding	No of shares	% holding
15,500	100.00	15,500	100.00

(d) Shares held by holding company:

Out of equity shares issued by the Company, shares held by its Holding Company are as below:

Escorts Limited

As at 31 March 2020		As at 31 March 2019	
No of shares	% holding	No of shares	% holding
15,500	100.00	15,500	100.00

(e) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

*(This space has been intentionally left blank)*

**Farmtrac Tractors Europe ST Z.o.o**  
**Notes forming part of the financial statements for the year ended 31 March 2020**

**10 Other equity**

	(€ millions)	
	As at 31 March 2020	As at 31 March 2019
<b>Retained earnings</b>		
Opening balance	(208.135)	(200.01)
Add: net profit for the year	(53.54)	(8.13)
	<b>(261.68)</b>	<b>(208.14)</b>
<b>Foreign currency translation reserve</b>		
Opening balance	12.34	9.58
Add: changes during the year	(5.21)	2.76
	<b>7.12</b>	<b>12.34</b>
<b>Total</b>	<b>(254.55)</b>	<b>(195.80)</b>

**Nature and purpose of other reserves**

**Foreign currency translation reserve**

The Company recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

*(This space has been intentionally left blank)*

Farmtrac Tractors Europe ST Z.o.o  
Notes forming part of the financial statements for the year ended 31 March 2020

11 Provisions

(i) Non-current

(₹ millions)

Provision for employee benefits  
Provision for compensated absences

	As at 31 March 2020	As at 31 March 2019
	0.95	8.37
	<b>0.95</b>	<b>8.37</b>

12 Borrowings

Current borrowings

(₹ millions)

Secured  
Cash credit and other working capital facilities from banks

	As at 31 March 2020	As at 31 March 2019
	24.60	-
	<b>24.60</b>	<b>-</b>

(a) Security details

Cash Credit and other working capital facilities from banks are secured against first pari passu charge on inventory located in Mragowo Przemyslowa and first charge on land located in Mragowo at ul Przemyslowa 11/4 comprising parcels of land no 4/62, 4/36, 4/37 and 2/16. These facilities carry interest rate at WIBOR 1 month base rate plus 1.7%<sup>90</sup> in year ended 31 March 2020.

(b) The carrying values are considered to be reasonable approximation of their fair values.

(c) Reconciliation of financial liabilities arising from financing activities:

Opening balance as at 1 April 2018

Cash flows:

Repayments  
Proceeds  
Interest paid  
Interest expenses  
Other non cash transactions

Closing balance as at 31 March 2019

Cash flows:

Repayments  
Proceeds  
Interest paid  
Interest expenses  
Other non cash transactions

Closing balance as at 31 March 2020

Current borrowings	
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	24.60
	(0.90)
	0.90
	-
	<b>24.60</b>

**Farmtrac Tractors Europe ST Z.o.o**  
**Notes forming part of the financial statements for the year ended 31 March 2020**

**13 Trade Payables**

(₹ millions)

	As at 31 March 2020	As at 31 March 2019
Acceptances	625.06	455.64
Other accrued liabilities	21.30	11.63
	<b>646.36</b>	<b>467.28</b>

**Notes:**

- (i) Trade payables include ₹ 508.40 millions (31 March 2019 ₹ 220.70 crores) due to related parties. For details refer note 24 (II)- Related party disclosures
- (ii) The carrying values are considered to be a reasonable approximation of their fair values.

**14 Other liabilities**

**Other current liabilities**

(₹ millions)

	As at 31 March 2020	As at 31 March 2019
Advances received from customers	36.10	2.69
	<b>36.10</b>	<b>2.69</b>



Farmtrac Tractors Europe ST Z.o.o  
Notes forming part of the financial statements for the year ended 31 March 2020

15 Revenue from operations

Operating revenue  
Sale of products  
Domestic

(₹ millions)	
Year ended 31 March 2020	Year ended 31 March 2019
793.62	833.10
<b>793.62</b>	<b>833.10</b>

*(This space has been intentionally left blank)*

16 Cost of materials consumed

<b>Cost of material consumed</b>
Opening stock
Purchases
Closing stock
Foreign currency translation

(₹ millions)	
Year ended 31 March 2020	Year ended 31 March 2019
303.98	202.27
849.99	749.57
1,153.97	951.84
(461.89)	(303.98)
4.01	(11.17)
<b>696.09</b>	<b>636.69</b>

17 Changes in inventories of work-in-progress, stock-in-trade and finished goods

<b>Opening stock</b>
Finished goods
Work-in-progress
<b>Closing stock</b>
Finished goods
Work-in-progress
Foreign currency translation

(₹ millions)	
Year ended 31 March 2020	Year ended 31 March 2019
39.16	33.42
20.65	19.48
<b>59.81</b>	<b>52.90</b>
(68.76)	(39.16)
(34.81)	(20.65)
<b>(103.57)</b>	<b>(59.81)</b>
0.80	(2.48)
<b>(42.96)</b>	<b>(9.39)</b>

18 Employee benefit expense

Salaries, wages and bonus
Staff welfare

(₹ millions)	
Year ended 31 March 2020	Year ended 31 March 2019
67.62	68.44
1.83	34.43
<b>69.45</b>	<b>102.86</b>

*This space has been intentionally left blank*

**19 Finance costs**

(₹ millions)

Interest on		
Cash credit and short term loans	0.90	-
Others	6.32	3.69
Finance and bank charges	2.29	0.65
	<b>9.51</b>	<b>4.34</b>

	Year ended 31 March 2020	Year ended 31 March 2019
	0.90	-
	6.32	3.69
	2.29	0.65
	<b>9.51</b>	<b>4.34</b>

**20 Depreciation and amortisation**

(₹ millions)

(i) Depreciation on		
Property, plant and equipment	2.10	1.88
(ii) Amortisation on		
Intangible assets	2.41	2.27
	<b>4.50</b>	<b>4.15</b>

	Year ended 31 March 2020	Year ended 31 March 2019
	2.10	1.88
	2.41	2.27
	<b>4.50</b>	<b>4.15</b>

**21 Other expenses**

(₹ millions)

Stores and spares consumed	34.83	33.73
Power, fuel and electricity	2.97	3.51
Repair and maintenance		
Machinery	1.80	2.64
Others	0.42	0.37
Warranties and after sale service	10.65	8.58
Rent	1.29	0.79
Rates and taxes	3.21	3.60
Insurance	0.61	0.64
Traveling and conveyance	2.18	2.90
Postage and telephones	5.40	5.81
Manpower hiring on contract	13.66	12.92
Legal and professional	1.37	0.77
Advertisement and promotional expenses	16.08	15.54
Packing, freight and forwarding	8.47	7.86
Security charges	2.20	1.72
Miscellaneous expenses	5.44	1.22
	<b>110.57</b>	<b>102.58</b>

	Year ended 31 March 2020	Year ended 31 March 2019
	34.83	33.73
	2.97	3.51
	1.80	2.64
	0.42	0.37
	10.65	8.58
	1.29	0.79
	3.21	3.60
	0.61	0.64
	2.18	2.90
	5.40	5.81
	13.66	12.92
	1.37	0.77
	16.08	15.54
	8.47	7.86
	2.20	1.72
	5.44	1.22
	<b>110.57</b>	<b>102.58</b>

22 (f) Financial Instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

Financial assets measured at fair value

Trade receivables  
 Cash and cash equivalents

Total

Financial liabilities measured at amortised cost

Borrowings  
 Trade payables

Total

Note	(£ millions)	
	As At 31 March 2020	As At 31 March 2019
6	107.32	137.70
7	3.52	2.52
	<b>110.84</b>	<b>140.22</b>
12	24.60	-
13	646.36	467.28
	<b>670.96</b>	<b>467.28</b>

B Fair value hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements**

The Company does not have any financial instruments which are measured at fair value either through statement of profit and loss or through other comprehensive income.

**B.2 Fair value of instruments measured at amortised cost**

The management assessed that fair values of cash and cash equivalents, trade receivables, other receivables, short term borrowings, trade payables approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**C Financial Risk Management**

**Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

**C.1 Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents and trade receivables measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**a) Credit risk management**

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Company provides for expected credit loss based on the following:

Asset group	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents and trade receivables	12 month expected credit loss

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Financial assets (other than trade receivables) that expose the entity to credit risk<sup>a</sup> -

Low credit risk on financial reporting date  
Cash and cash equivalents

		(₹ millions)	
		As at 31 March 2020	As at 31 March 2019
		3.52	2.52

<sup>a</sup>These represent carrying values of financial assets, without deduction for expected credit losses

### Cash & cash equivalents

Credit risk related to cash and cash equivalents is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit from customers where credit risk is high and taking insurance cover for receivables. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. In case of trade receivables, default is considered to have occurred when amounts receivable become one year past due.

#### b) Expected credit losses for financial assets

##### i) Financial assets (other than trade receivables)

Company provides for expected credit losses on cash & cash equivalents by assessing individual financial instruments for expectation of any credit losses. Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalent is evaluated as very low.

##### ii) Expected credit loss for trade receivable

Company's major trade receivables are with credit worthy counterparties. Therefore, these trade receivables are considered high quality and accordingly no life time expected credit losses are recognised on such receivables based on simplified approach. The Company considers that trade receivables are not credit impaired as these are receivable from credit worthy counterparties.

### C.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

#### (a) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ millions)		
Floating rate	31 March 2020	31 March 2019
- Expiring within one year (cash credit and other facilities)	11.89	-
- Expiring beyond one year (bank loans)	-	-
	11.89	-

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice.

#### (b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings	24.60	-	-	-	24.60
Trade payable	646.36	-	-	-	646.36
<b>Total</b>	670.96	-	-	-	670.96

  

31 March 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Trade payables	467.28	-	-	-	467.28
<b>Total</b>	467.28	-	-	-	467.28

### C) Market risk

#### a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and GBP. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the volume of foreign currency transactions, the Company has taken forward contracts to manage its exposure. The Company does not use forward contracts and swaps for speculative purposes.

#### (i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ millions)		
Particulars	31 March 2020	31 March 2019
Financial assets	0.11	0.10
Financial liabilities	-	-
<b>Net exposure to foreign currency risk assets/(liabilities)</b>	<b>0.11</b>	<b>0.10</b>

#### Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ millions)		
Particulars	31 March 2020	31 March 2019
USD sensitivity		
INR/USD: increase by 5.45% (31 March 2019 6.82%) <sup>a</sup>	(0.00)	(0.00)
INR/USD: decrease by 5.45% (31 March 2019 6.82%) <sup>a</sup>	(0.00)	(0.00)

<sup>a</sup> Holding all other variables constant

#### (ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ millions)		
Particulars	31 March 2020	31 March 2019
Financial assets	50.86	33.51
Financial liabilities	549.88	143.17
<b>Net exposure to foreign currency risk assets/(liabilities)</b>	<b>(499.02)</b>	<b>(109.66)</b>

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	₹ millions	
	31 March 2020	31 March 2019
EURO sensitivity		
INR/EURO- increase by 7.57% (31 March 2019 7.26%)*	(27.76)	(5.18)
INR/EURO- decrease by 7.57% (31 March 2019 7.26%)*	27.76	5.18

\* Holding all other variables constant

(iv) Foreign currency risk exposure in GBP:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

Particulars	₹ millions	
	31 March 2020	31 March 2019
Financial assets	2.02	1.84
Financial liabilities	0.33	7.49
<b>Net exposure to foreign currency risk (liabilities)</b>	1.69	(5.66)

Sensitivity

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	₹ millions	
	31 March 2020	31 March 2019
GBP sensitivity		
INR/GBP- increase by 10.26% (31 March 2019 8.82%)*	0.13	(0.32)
INR/GBP- decrease by 10.26% (31 March 2019 8.82%)*	(0.13)	0.32

\* Holding all other variables constant

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At 31 March 2020 and 31 March 2019, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	₹ millions	
	31 March 2020	31 March 2019
Variable rate borrowing	24.60	-
Fixed rate borrowing	-	-
<b>Total borrowings</b>	<b>24.60</b>	<b>-</b>
<b>Amount disclosed under other current financial liabilities</b>	<b>-</b>	<b>-</b>
<b>Amount disclosed under borrowings</b>	<b>24.60</b>	<b>-</b>

*Sensitivity*

Below is the sensitivity of profit or loss and equity in interest rates.

Particulars	31 March 2020	31 March 2019
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	0.18	-
Interest rates – decrease by 100 basis points (100 bps)	(0.18)	-

\* Holding all other variables constant

**ii) Assets**

The Company does not have any fixed rate deposits, therefore not subject to interest rate risk as defined in Ind AS 107.

**c) Price risk**

The Company does not have any significant investments in equity instruments which create an exposure to price risk.

**22 (II) Capital management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Debt equity ratio		(₹ millions)	
Particulars	31 March 2020	31 March 2019	
Net debts	-	-	
Total equity	4.11	62.87	
Net debt to equity ratio	-	-	



**23 (I) Leases**

- A. The Company does not have any lease liabilities in the statement of financial position.
- B. The Company has no commitment for short-term leases as at 31 March 2020.
- C. Total cash outflow for leases for the year ended 31 March 2020 was ₹ 1.29 millions.
- D. **Operating leases as lessor**  
The Company does not lease out any properties under operating leases.
- E. **Adoption of Ind AS 116 'Leases'**
  - 1 Ind AS 116 'Leases' replaces Ind AS 17 'Leases' along with three Interpretations (Appendix A 'Operating Leases-Incentives', Appendix B 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' and Appendix C 'Determining whether an Arrangement contains a Lease').
  - 2 The adoption of this new Standard results in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.
  - 3 The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting Ind AS 116 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.
  - 4 For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from Ind AS 17 and Appendix C and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17 and Appendix C.
  - 5 The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 01 April 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.
  - 6 The Company had no Property, plant and equipment in its financial statements (as disclosed in the financial statements to 31 March 2019), hence reconciliation of financial statement line items from Ind AS 17 to Ind AS 116 at 01 April 2019 is not required.
  - 7 The Company had no operating lease commitments as at 31 March 2019 (as disclosed in the financial statements to 31 March 2019), hence reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 01 April 2019 is not required.

Farmtrac Tractors Europe ST Z.o.o

Notes forming part of the financial statements for the year ended 31 March 2020

23(II) Assets pledged as security for borrowings

		(₹ millions)		
		Notes	31 March 2020	31 March 2019
<b>Non financial assets</b>				
<i>First charge</i>				
Inventories	5		565.46	-
<b>Total current assets pledged as security</b>			<b>565.46</b>	<b>-</b>
<b>Non-current</b>				
<i>First charge</i>				
Land & Building	3		21.60	-
<b>Total non-currents assets pledged as security</b>			<b>21.60</b>	<b>-</b>
<b>Total assets pledged as security*</b>			<b>587.06</b>	<b>-</b>

\* charge on the assets shall be limited to the amount of borrowings

24 (I) Revenue from Contracts with Customers

(a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

As at 31 March 2020

Revenue from operations	Goods	Total
<b>Revenue by geography</b>		
Domestic	793.62	793.62
Export	-	-
<b>Total</b>	<b>793.62</b>	<b>793.62</b>
<b>Revenue by time</b>		
Revenue recognised at point in time		793.62
Revenue recognised over time		-
<b>Total</b>		<b>793.62</b>

As at 31 March 2019

Revenue from operations	Goods	Total
<b>Revenue by geography</b>		
Domestic	833.10	833.10
Export	-	-
<b>Total</b>	<b>833.10</b>	<b>833.10</b>
<b>Revenue by time</b>		
Revenue recognised at point in time		833.10
Revenue recognised over time		-
<b>Total</b>		<b>833.10</b>

(b) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue

Description	Year ended 31 March 2020	As at 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	2.69	-
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-
<b>Total</b>		

(c) Assets and liabilities related to contracts with customers

Description	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
<b>Contract liabilities related to sale of goods</b>				
Advance from customers	-	36.10	-	2.69

Remaining performance obligations as at the reporting date are expected to be substantially recognised over the next three years by the Company.

(d) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	As at 31 March 2020	As at 31 March 2019
Contract price	793.62	833.10
Less: Discount, rebates, credits etc.	-	-
<b>Revenue from operations as per Statement of Profit and Loss</b>	<b>793.62</b>	<b>833.10</b>

**Farmtrac Tractors Europe ST Z.o.o**

Notes forming part of the financial statements for the year ended 31 March 2020

**24 (II) Related party transactions**

The Company's related party transactions and outstanding balances are with its related parties as described below.

**A Relationships**

Escorts Limited Holding Company

**B Key management personnel**

Mr. Priyank Kalra Director

Mr. Bharat Madan Director

**C Transactions and balances with related party**

## (i) Transactions and balances with Holding Company

(₹ millions)

Nature of transactions*	Purchase of Goods	Expenses recovered	Sales of Goods	Trade Payables	Receivables
Escorts Limited	434.50	2.60	1.20	508.40	0.90
	(259.00)	(1.30)	(1.10)	(220.70)	(3.50)

*\*Numbers in brackets represents financial year ending 31 March 2019*

## (ii) Transactions and balances with key management personnel

(₹ millions)

Nature of transactions*	Remuneration/Commission
Priyank Kalra	11.27
	(9.19)

*\*Numbers in brackets represents financial year ending 31 March 2019*

**Farmtrac Tractors Europe ST Z.o.o**

**Notes forming part of the financial statements for the year ended 31 March 2020**

25 Previous year figures have been re-grouped/reclassified wherever necessary, to conform to current year's classification.

For **Kapish Jain & Associates**

Chartered Accountants

Firm Registration Number : 022743N



**Kapish Jain**  
Partner  
Membership No. 514162



For or on behalf of Management Board



**Bharat Madan**  
Member  
Place: New Delhi

Place: New Delhi  
Date: 14 May 2020