Deloitte
Haskins & Sells LLP

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
To The Members of Escorts Kubota India Private Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Escorts Kubota India Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in Director's report, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 the 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the Company being the private Company, section 197 of the Act relates to the managerial remuneration is not applicable to the Company.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigation which would impact its financial position in its financial statements – Refer to Note 37 (b) to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. – Refer to 37 (c) to the financial Statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer to Note 37 (d) to the financial Statement.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Sameer Rohatgi
Digitally signed by Sameer Rohatgi
Date: 2021.04.26 19:52:16 +05'30'

Place: Gurugram
Date: April 26, 2021

Sameer Rohatgi
Partner
(Membership No. 094039)
(UDIN: 21094039AAAAAX2681)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Escorts Kubota India Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Sameer Rohatgi
Digitally signed by Sameer Rohatgi
Date: 2021.04.26 19:53:08 +05'30'

Sameer Rohatgi
Partner
(Membership No. 094039)
(UDIN: 21094039AAAAAX2681)

Place: Gurugram
Date: April 26, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 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 property, plant and equipment.

(b) The Company has a programme of verification of property, plant and equipment to cover all the items of property, plant and equipment every year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.

(ii) As explained to us, the inventories (other than material/ stock in transit and inventories lying with third party) were physically verified during the year by the Management and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Also, according to the information and explanations given to us, there were no unclaimed deposits, hence provisions of Sections 73 to 76 of the Act do not apply to the Company.

(vi) Having regard to the nature of Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Customs Duty, Goods and Services Tax and cess as on 31 March 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to a bank. The Company has not taken any loans from financial institution, government and has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and section 188 of the Companies Act, 2013, where applicable, for all the transactions with the related parties and the details of related parties transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Sameer Rohatgi
Digitally signed by Sameer Rohatgi
Date: 2021.04.26 19:53:50 +05'30'

Sameer Rohatgi
Partner
(Membership No. 094039)
(UDIN: 21094039AAAAAX2681)

Place: Gurugram
Date: April 26, 2021

Escorts Kubota India Private Limited
Balance Sheet as at 31 Mar 2021
(All amounts are in Rs. lakhs, unless otherwise stated)

		Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
	Non-current assets			
(a)	Property, plant and equipment	3(i)	19,498.41	168.84
(b)	Right-of-use Assets	3(ii)	2,447.96	2,713.44
(c)	Capital work-in-progress	3 (iii)	1,306.37	14,059.61
(d)	Intangible assets	4	790.40	323.42
(e)	Financial assets			
	Other Financial assets	5(i)	91.60	74.00
(f)	Other assets	5(iii)	102.98	1,549.52
(g)	Non current Tax assets	6	9.49	-
	Total non-current assets (A)		**24,247.21**	**18,888.83**
	Current assets			
(a)	Inventories	8	5,736.62	-
(b)	Financial assets			
	(i) Trade Receivables	9	14,905.26	-
	(ii) Cash and cash equivalents	10	159.44	14,664.65
	(iii) Other financial assets	5(ii)	45.02	505.41
(c)	Other current assets	7	7,651.94	2,221.33
	Total current assets (B)		**28,498.28**	**17,391.39**
	Total assets (A+B)		**52,745.49**	**36,280.22**
	EQUITY AND LIABILITIES			
	EQUITY			
(a)	Equity share capital	11	30,000.00	30,000.00
(b)	Other Equity	12	(3,593.21)	(198.99)
	Total equity (C)		**26,406.79**	**29,801.01**
	LIABILITIES			
	Non-current liabilities			
(a)	Financial liabilities			
	(i) Lease Liabilities		2,292.08	2,615.57
(b)	Provisions	13(i)	216.84	17.39
	Total non-current liabilities (D)		**2,508.92**	**2,632.96**
	Current liabilities			
(a)	Financial liabilities			
	(i) Borrowings	16	5,500.00	-
	(ii) Trade payables	14		
	(a) Total outstanding dues of micro enterprises and small enterprises		911.61	10.97
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		15,262.23	1,288.19
	(iii) Lease Liabilities		761.65	560.13
	(iv) Other financial liabilities	15	288.04	1,908.83
(b)	Other current liabilities	17	959.28	65.33
(c)	Current tax liabilities		-	11.63
(d)	Provisions	13(ii)	146.97	1.17
	Total current liabilities (E)		**23,829.78**	**3,846.25**
	Total liabilities (D+E=F)		**26,338.70**	**6,479.21**
	Total equity and liabilities (C+F)		**52,745.49**	**36,280.22**

See accompanying notes forming part of the Ind AS financial statements

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sameer Rohatgi — Digitally signed by Sameer Rohatgi Date: 2021.04.26 19:58:48 +05'30'

SAMEER ROHATGI
Partner

Place : Gurugram
Date : April 26, 2021

For and on behalf of the Board of Directors
ESCORTS KUBOTA INDIA PRIVATE LIMITED

TAKESHI ISONAGA — Digitally signed by TAKESHI ISONAGA Date: 2021.04.26 17:50:57 +05'30'

TAKESHI ISONAGA
Director & CEO
(DIN:08372778)
Place : FARIDABAD
Date : April 26, 2021

NANDKUMAR SITARAM RANE — Digitally signed by NANDKUMAR SITARAM RANE Adobe Acrobat Reader version: 2021.001.20150

NANDKUMAR SITARAM RANE
Director
(DIN: 08901391)
Place : FARIDABAD
Date : April 26, 2021

Kamal Sachdeva — Digitally signed by Kamal Sachdeva

KAMAL SACHDEVA
CFO
Place : FARIDABAD
Date : April 26, 2021

PROSENJEET ROY
Company Secretary
M.No.: A35335
Place : FARIDABAD
Date : April 26, 2021

PROSENJEET ROY — Digitally signed by PROSENJEET ROY Date: 2021.04.26 17:55:14 +05'30'

Escorts Kubota India Private Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts are in Rs. lakhs, unless otherwise stated)

	Note No.	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Income			
Revenue from operations	18	31,722.79	-
Other income	19	431.83	1,032.17
Total income (I)		**32,154.62**	**1,032.17**
Expenses			
Cost of Material consumed	20(i)	25,585.98	-
Purchases of stock-in-trade	20(ii)	2,205.33	-
Changes in inventories of finished goods, stock-in -trade and work-in-progress	20(iii)	(68.98)	-
Employee benefits expense	21	1,882.56	182.01
Finance costs	22	361.06	189.75
Depreciation and amortisation expense	23	1,731.28	48.90
Other expenses	24	3,806.29	294.84
Total expenses (II)		**35,503.52**	**715.50**
(Loss) / Profit before tax (I- II =III)		**(3,348.90)**	**316.67**
Tax expense :			
Current tax	7(i)	-	259.34
Current tax expense pertaining to prior period	7(i)	38.97	-
Deferred Tax charge/(credit)	7(ii)	-	-
Total tax expense (IV)		**38.97**	**259.34**
Net (Loss)/ Profit for the year / period (III - IV = V)		**(3,387.87)**	**57.33**
Other comprehensive income		-	-
Items that will not be reclassified to profit and loss			
Re-measurements of defined employee benefit plans	27	6.35	
Total other comprehensive income (VI)		**6.35**	**-**
Total comprehensive (Loss) / Income for the year / period (V + VI =VII)		**(3,394.22)**	**57.33**
Earnings per equity share :	32		
Basic (Rs.)		(11.29)	0.291
Diluted (Rs.)		(11.29)	0.291

See accompanying notes forming part of the Ind AS financial statements

In terms of our report attached
For DELOITTE HASKINS & S **For and on behalf of the Board of Directors**
Chartered Accountants **ESCORTS KUBOTA INDIA PRIVATE LIMITED**

Sameer Rohatgi
Digitally signed by Sameer Rohatgi
Date: 2021.04.26 20:01:46 +05'30'

SAMEER ROHATGI
Partner

TAKESHI ISONAGA
Digitally signed by TAKESHI ISONAGA
Date: 2021.04.26 17:51:23 +05'30'

TAKESHI ISONAGA
Director & CEO
(DIN:08372778)
Place : FARIDABAD
Date : April 26, 2021

NANDKUMAR SITARAM RANE
Digitally signed by NANDKUMAR SITARAM RANE
Adobe Acrobat Reader version: 2021.001.20150

NANDKUMAR SITARAM RANE
Director
(DIN: 08901391)
Place : FARIDABAD
Date : April 26, 2021

Kamal Sachdeva

KAMAL SACHDEVA
CFO

Place : FARIDABAD
Date : April 26, 2021

PROSENJEET ROY
Company Secretary
M. No.: A35335
Place : FARIDABAD
Date : April 26, 2021

PROSENJEET ROY
Digitally signed by PROSENJEET ROY
Date: 2021.04.26 17:56:22 +05'30'

Place : Gurugram
Date : April 26, 2021

Escorts Kubota India Private Limited
Statement of Cash Flow for the year ended March 31, 2021
(All amounts are in Rs. lakhs, unless otherwise stated)

		April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
A	**Cash flow from operating activities**		
	(Loss) / Profit before tax	**(3,348.90)**	**316.67**
	Adjustments for:		
	Depreciation	1,616.53	28.90
	Amortisation Expense	114.75	20.00
	Finance Cost	280.50	189.75
	Unrealised foreign exchange gain	71.61	48.50
	Interest income	(264.16)	(1,032.17)
	Operating (loss) before working capital changes	**(1,529.67)**	**(428.35)**
	Movement in working capital		
	(Increase) in Financial assets	(20,427.61)	(163.57)
	(Increase) in Other assets	(5,430.61)	(2,221.33)
	Increase in Trade payables	14,803.02	1,249.98
	Increase in Financial liabilities	(763.10)	3,061.65
	Increase in Other liabilities	1,221.22	83.89
	Cash flows (used in)/ generated from operating activities post working capital changes	**(12,126.75)**	**1,582.27**
	Income tax paid (net)	(48.46)	(247.71)
	Net cash flows (used in)/ generated from operating activities (A)	**(12,175.21)**	**1,334.56**
B	**Cash flows from investing activities**		
	Payments for property, plant and equipment (including capital work in progress, capital advances and capital creditors)	(6,595.59)	(16,618.97)
	Purchase of intangible assets	(466.98)	(343.42)
	Interest received	264.16	616.33
	Net cash flows (used in) investing activities (B)	**(6,798.41)**	**(16,346.06)**
C	**Cash flows from financing activities**		
	Proceeds from issue of equity shares	-	30,000.00
	Repayment of long term borrowings	-	-
	Payment of share issue cost	-	(256.32)
	Short term borrowings (net)	5,500.00	-
	Repayment of lease liabilities	(979.66)	(67.73)
	Interest paid	(45.33)	-
	Interest expense on delayed payment of taxes	(6.65)	(0.48)
	Net cash flows from financing activities (C)	**4,468.36**	**29,675.47**
	(Decrease) / Increase in cash and cash equivalents (A+B+C)	(14,505.26)	14,663.97
	Cash and cash equivalents at the beginning of the period/year (refer note 10)	14,664.65	-
	Exchange difference on translation of foreign currency cash and cash equivalents	0.05	0.68
	Cash and cash equivalents at the end of the year/ period (refer note 10)	**159.44**	**14,664.65**
	Reconciliation of cash and cash equivalents as per cash flow statement with balance sheet		
	Cash and cash equivalents as per Balance Sheet (Refer note 10)*	**159.44**	**14,664.65**
	Less: Fixed Deposits with maturity of more than 3 months from acquisition date	-	13,149.01
	Cash and cash equivalents at the end of the year/ period (for cash flow purposes)	159.44	1,515.64
	*** Comprises:**		
	(a) Cash on hand	0.74	13.32
	(b) Balances with banks - in current accounts	158.70	502.32
	(c) Balances with banks - in deposit accounts	-	14,149.01
		159.44	**14,664.65**

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'.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sameer Rohatgi Digitally signed by Sameer Rohatgi Date: 2021.04.26 20:04:33 +05'30'

SAMEER ROHATGI
Partner

For and on behalf of the Board of Directors
ESCORTS KUBOTA INDIA PRIVATE LIMITED

TAKESHI ISONAGA Digitally signed by TAKESHI ISONAGA Date: 2021.04.26 17:51:54 +05'30'

NANDKUMAR SITARAM RANE Digitally signed by NANDKUMAR SITARAM RANE Adobe Acrobat Reader version: 2021.001.20150

Kamal Sachdeva

TAKESHI ISONAGA
Director & CEO
(DIN:08372778)
Place : FARIDABAD
Date : April 26, 2021

NANDKUMAR SITARAM RANE
Director
(DIN: 08901391)
Place : FARIDABAD
Date : April 26, 2021

KAMAL SACHDEVA
CFO

Place : FARIDABAD
Date : April 26, 2021

PROSENJEET ROY
Company Secretary
M. No.: A35335
Place : FARIDABAD
Date : April 26, 2021

PROSENJEET ROY Digitally signed by PROSENJEET ROY Date: 2021.04.26 17:57:21 +05'30'

Place : Gurugram
Date : April 26, 2021

Escorts Kubota India Private Limited

Statement of Changes in Equity for the year ended March 31, 2021
(All amounts are in Rs. lakhs, unless otherwise stated)

A Equity share capital

	Number of Shares	Amount
Balance as at February 23, 2019	-	-
Share capital issued during the period	300	30,000.00
Balance as at March 31, 2020	**300**	**30,000.00**
Share capital issued during the year	-	-
Balance as at March 31, 2021	**300**	**30,000.00**

B Other Equity

	Retained earnings	Total
Balance as at February 23, 2019	-	-
Profit for the period	57.33	**57.33**
Share issue cost	(256.32)	**(256.32)**
Total comprehensive loss for the period	(198.99)	**(198.99)**
Balance as at March 31, 2020	**(198.99)**	**(198.99)**
Loss for the year	(3,387.87)	**(3,387.87)**
Other comprehensive loss arising from remeasurement of defined benefit obligation net of income tax	(6.35)	**(6.35)**
Total comprehensive loss for the period	**(3,593.21)**	**(3,593.21)**
Balance as at March 31, 2021	**(3,593.21)**	**(3,593.21)**

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sameer Rohatgi Digitally signed by Sameer Rohatgi Date: 2021.04.26 20:07:46 +05'30'

SAMEER ROHATGI

Partner

Place : Gurugram
Date : April 26, 2021

For and on behalf of the Board of Directors
ESCORTS KUBOTA INDIA PRIVATE LIMITED

TAKESHI ISONAGA Digitally signed by TAKESHI ISONAGA Date: 2021.04.26 17:52:33 +05'30'

TAKESHI ISONAGA
Director & CEO
(DIN:08372778)
Place : FARIDABAD
Date : April 26, 2021

NANDKUMAR SITARAM RANE Digitally signed by NANDKUMAR SITARAM RANE Adobe Acrobat Reader version: 2021.001.20150

NANDKUMAR SITARAM RANE
Director
(DIN: 08901391)
Place : FARIDABAD
Date : April 26, 2021

Kamal Sachdeva

KAMAL SACHDEVA
CFO
Place : FARIDABAD
Date : April 26, 2021

PROSENJEET ROY
Company Secretary
M. No.: A35335
Place : FARIDABAD
Date : April 26, 2021

PROSEN JEET ROY Digitally signed by PROSENJEET ROY Date: 2021.04.26 17:58:21 +05'30'

1. Company overview

Escorts Kubota India Private Limited ("the Company") is a private limited company incorporated on February 23, 2019 and domiciled in India and having its registered office at 18/4, Mathura Road, Faridabad (Haryana). The Company is Joint Venture between Kubota Corporation, Japan and Escorts Limited, India. The Company has been set up for manufacturing of tractors, components and spare parts (automobiles) and commenced commercial production of tractors with effect from September 25, 2020.
The financial statements are for year April 1, 2020 to March 31, 2021 and are approved for issue by the Company's Board of Directors on April 26, 2021.

2. Basis of preparation, measurement and significant accounting policies

2.1 Basis of preparation and measurement

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain
financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act').
The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in
the accounting policy hitherto in use.

The financial statements have been prepared on accrual and going concern basis under historical cost convention. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. All amounts included in the financial statements are reported in lacs of Indian rupees (₹ in lacs) except earnings per share, unless otherwise stated.

2.1.1 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note no. 2.1.2. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

2.1.2 Critical accounting estimates and judgments

a. Income taxes

The Company's has commenced commercial production from September 25, 2020 and for all purposes considered depreciation and amortisation from September 25, 2020 i.e respective property plant and equipment is ready / put-to-use. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

b. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life. The useful lives of Company's assets are determined by the management at the time the asset is acquired and ready to use and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no material changes are required to lease period relating to the existing lease contracts.

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue arises mainly from the sale of manufactured and traded goods, after-sales maintenance and extended warranty services.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price

4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts if any, and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST).

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of Goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terns of contract, in an amount that reflects the consideration the group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

The Company provides warranty ranging from 24 to 39 months or 1500 hours; whichever is earlier depending upon sale of its product to ultimate consumer. Under the terms of this warranty customers can return the product for repair or replacement, if it fails to perform in accordance with published specifications. These warranties are accounted for under Ind AS 37.

Interest Income

Interest income is recognized on time proportion basis considering the amount outstanding and rate applicable. For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc but does not consider expected credit losses for EIR computation. Interest income is included in other income in the statement of profit and loss.

b) Foreign currency translation

Functional and presentation currency
The financial statements are presented in Indian Rupee ('₹'), which is also the functional and presentation currency of the Company.

Transactions and balances
Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

d) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset category	Estimated useful life (in years)
Furniture and fixtures	Upto 10 years
Computer	Upto 3 years
Factory Building	Upto 4 years
Plant & Machinery	Upto 15 years
Vehicle	Upto 10 years

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for certain items within these classes of assets is different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under ‘Capital work-in-progress’. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Impairment:

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior period.

e) Intangible assets

Recognition and initial measurement

Purchased intangible assets are stated at cost less accumulated amortization and impairment, if any.

Internally developed intangible assets

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Company can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on development of prototypes along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement (amortisation)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset

Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

Asset category	Estimated useful life (in years)
Software	Up to 6 years

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

f) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets

Classification and subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Financial instruments are measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for financial instruments that are designated as at fair value through profit or loss on initial recognition):

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, financial instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any financial instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the statement of profit and loss.

Financial liabilities

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.
However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether attributable to the financial difficulty of the debtor or not) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which considers historical credit loss experience and adjusted for forward-looking information.

h) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that a tangible/intangible asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and conditions. Costs of inventories are computed using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow-moving inventory is made based on management's best estimates of net realisable value of such inventories.

j) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as a Deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised."

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits with banks/corporations and short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of change in value.

l) Post-employment, long term and short-term employee benefits

Short-term Employee Benefits

All employee benefits which are expected to be settled in twelve months at the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

(i) Defined Contribution Plans
Contributions to defined contribution schemes are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards Provident fund. The Company has no further obligations for future benefits other than its contributions. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Defined Benefit Plans
Defined benefit plans comprise of gratuity is explained as mentioned below:

Gratuity
Liability for gratuity benefits payable to employees is provided for on accrual basis using the Projected Accrued Benefit Method (Projected Unit Credit Method with control period of one year) done by an independent actuary as at the Balance Sheet date. Contributions are made to Group Gratuity cum Life Assurance scheme of Escorts Limited through Escorts Limited Employees Group Gratuity Fund Trust by the Company for this purpose.

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

Other long-term employee benefits

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The cost of providing other long-term employee benefits (Leave Encashment) is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Other long-term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

m) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for:
- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events.

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 except when the result would be anti-dilutive.

o) Leases

The company evaluates each contract or arrangement, whether it qualifies as lease as defined under IND AS 116.

The company as a lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–
(a) the use of an identified asset,
(b) the right to obtain substantially all the economic benefits from use of the identified asset, and
(c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Company applies IND AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss for the reporting period.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease payments have been classified as cash used in Financing activities.

The company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Lease payments during the period have been disclosed under financing activities in the Cash Flow Statement.

Estimation uncertainty relating to the global health pandemic - COVID-19

In assessing the recoverability of property, plant and equipment, capital work in progress, intangible assets, trade receivables, inventories and other financial assets, the Company has considered internal and external information up to the date of approval of these Ind AS financial statements including economic forecasts. As of the date of approval of these Ind AS financial statements, the Company does not assess any material impact due to COVID-19 pandemic on its future projections.

(All amounts are in Rs. lakhs, unless otherwise stated)

Note - 3(i) : Property plant and equipment

Description	Plant and machinery	Furniture and fixtures	Computer	Vehicle	Leasehold improvement	Total
I. Cost						
Gross carrying amount as at February 23, 2019	-	-	-	-	-	-
Additions	-	21.32	176.43	-	-	197.75
Disposals	-	-	-	-	-	-
Balance as at March 31, 2020	**-**	**21.32**	**176.43**	**-**	**-**	**197.75**
Additions	16,939.84	1,146.80	821.24	6.62	1,593.91	20,508.41
Disposals	-	-				
Balance as at March 31, 2021	**16,940**	**1,168.38**	**1,001.92**	**6.62**	**1,593.91**	**20,710.67**
II. Accumulated depreciation						
Balance as at February 23, 2019	-	-	-	-	-	-
Depreciation for the period	-	0.12	28.79	-	-	28.91
Balance as at March 31, 2020	**-**	**0.12**	**28.79**	**-**	**-**	**28.91**
Depreciation for the period	734.08	113.95	143.35	0.44	191.53	1,183.35
Eliminated on disposal of assets	-	-	-	-	-	-
Balance as at March 31, 2021	**734**	**114.07**	**172.14**	**0.44**	**191.53**	**1,212.26**
Net carrying amount as on March 31, 2021	**16,206**	**1,054.31**	**829.78**	**6.18**	**1,402.38**	**19,498.41**
Net carrying amount as on March 31, 2020	**-**	**21.20**	**147.64**	**-**	**-**	**168.84**

Note - 3(ii) : Right-of-use-Asset

Description	Right-of-use-Asset (Manufacturing Facility)
I. Cost	
Gross carrying amount as at February 23, 2019	-
Additions	3,130.89
Disposals	-
Balance as at March 31, 2020	**3,130.89**
Additions	495.72
Disposals	-
As at 31 March 2021	**3,626.61**
II. Accumulated depreciation	
Balance as at April 01, 2020	417.45
Depreciation for the year	761.20
Eliminated on disposal of assets	-
Balance as at March 31, 2021	**1,178.65**
Net carrying amount as on March 31, 2021	**2,447.96**
Net carrying amount as on March 31, 2020	**2,713.44**

Note - 3(iii) : Capital work-in-progress (Refer note (i) & (ii))

Movement in capital work-in-progress during the period:

Particulars	Amount
Capital work-in-progress as at 23 February, 2019	-
Add: additions during the period	14,059.61
Less: capitalisation during the period	-
Less: expensed off during the period	-
Capital work-in-progress as at March 31, 2020	**14,059.61**
Add: additions during the year	8,353.55
Less: capitalisation during the year	21,106.79
Capital work-in-progress as at March 31, 2021	**1,306.37**

(i) Capital work-in-progress includes plant and machinery amounting to INR 572.43 (period ended March 31, 2020 INR 10,386) and other items amounting to INR 733.94 (period ended March 31, 2020: INR 3,673.61)

(ii) The Company is not availing the benefits under Export Promotion Capital Goods (EPCG) scheme.

Escorts Kubota India Private Limited
Notes to the Financial Statements for the year ended March 31, 2021
(All amounts are in Rs. lakhs, unless otherwise stated)

Note - 4: - Intangible Assets

Description	Software	Total
I. Cost		
Gross carrying amount as at February 23, 2019	-	-
Additions	343.42	343.42
Deletions during the year	-	-
Balance as at March 31, 2020	**343.42**	**343.42**
Additions	581.73	581.73
Deletions during the year	-	-
Balance as at March 31, 2021	**925.15**	**925.15**
II. Accumulated depreciation		
Opening balance	-	-
Amortisation expense for the year	20.00	20.00
Eliminated on disposal of assets	-	-
As at 31 March 2020	**20.00**	**20.00**
Amortisation expense for the year	114.75	114.75
Eliminated on disposal of assets	-	-
As at 31 March 2021	**134.75**	**134.75**
Net carrying amount as on March 31, 2021	**790.40**	**790.40**
Net carrying amount as on March 31, 2020	**323.42**	**323.42**

Notes:

(i) Contractual obligations
Nil

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

(All amounts are in Rs. lakhs, unless otherwise stated)

5(i) Other Non-Current Financial Assets

	As at March 31, 2021	As at March 31, 2020
Financial assets measured at amortised cost		
(a) Security Deposits	91.60	74.00
	91.60	**74.00**

5(ii) Other Current Financial Assets

	As at March 31, 2021	As at March 31, 2020
Financial assets measured at amortised cost		
(a) Other recoverable (refer note 28 for dues from related party)	45.02	82.38
(b) Security Deposits	-	7.19
(c) Interest accrued on deposits with banks	-	415.84
	45.02	**505.41**

5(iii) Other Assets

	As at March 31, 2021	As at March 31, 2020
Capital advances	102.98	1,549.52
	102.98	**1,549.52**

6 Non Current tax assets

	As at March 31, 2021	As at March 31, 2020
Advance Tax / Tax deducted at source net of provisions	9.49	-
	9.49	**-**

7 Other current assets

	As at March 31, 2021	As at March 31, 2020
(a) Advances to suppliers	1,078.70	62.04
(b) Prepaid expenses	17.46	0.63
(c) Balances with statutory authorities	6,554.55	2,153.48
(d) Other advances	1.23	5.18
	7,651.94	**2,221.33**

8 Inventories

	As at March 31, 2021	As at March 31, 2020
Raw material and components (refer note 1 below)	2,577.81	-
Goods in Transit	3,089.21	-
	5,667.02	**-**
Finished goods	**8.82**	**-**
Store and spares	**0.62**	**-**
Traded goods (Refer note 2 below)	**60.16**	
	5,736.62	**-**

Notes:
1) Raw material amounting to Rs. 1.74 is lying with third parties.
2) Traded goods amounting to Rs. 60.16 are lying with third parties.

9 Trade Receivables

	As at March 31, 2021	As at March 31, 2020
Considered good-unsecured (refer note below)	**14,905.26**	**-**
	14,905.26	**-**

Notes:- The above trade receivables are recoverable from a related party. Also, refer note 28

10 Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand*	0.74	13.32
(b) Balances with banks:		
(i) in current accounts	158.70	502.32
(ii) in deposit accounts	-	14,149.01
	159.44	**14,664.65**
Less: Fixed Deposits with maturity of more than 3 months from acquisition date	-	13,149.01
Cash and cash equivalents as per statement of cash flows	**159.44**	**1,515.64**

* Of the above total cash in hand, cash includes US$ 1,005 (period ended 31st March 2020 US$ 16,891) held by Company for travel purpose of its employees.

11 Equity Share Capital

	As at March 31, 2021	As at March 31, 2020
Authorised		
3,00,00,000 equity shares of ₹ 100 each	30,000	30,000
	30,000	**30,000**
Issued, subscribed and fully paid-up		
3,00,00,000 equity shares of ₹ 100 each	30,000	30,000
	30,000	**30,000**

Notes :

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

	No of shares	Amount
Equity shares at the beginning of the year	300	30,000
Changes during the period	-	-
Equity shares at the end of the year	**300**	**30,000**

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

The Company has only one class of shares, i.e., equity shares having a face value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. 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.

(iii) Equity shares held by the Holding Company, its subsidiaries and associates

Particulars	No of shares in lacs
As at March 31, 2021	
Kubota Corporation - Japan	180
As at March 31, 2020	
Kubota Corporation - Japan	180

(iv) Details of shareholders holding more than 5% shares in the Company

	No of shares in lacs	% holding
Kubota Corporation - Japan	180	60.0%
Escorts Limited - India	120	40.0%

(v) There are no share issued persuant to contract without payment being received in cash by way of bonus issue and no shares have been bought back.

12 Other equity

	As at March 31, 2021	As at March 31, 2020
Retained earnings		
Opening balance	(198.99)	-
Net profit/(loss) for the year/period	(3,387.87)	57.33
Share issue cost	-	(256.32)
	(3,586.86)	**(198.99)**
Other comprehensive income, net of tax		
Re-measurements of defined employee benefit plans		
Opening balance	-	-
Change during the year/period	(6.35)	-
	(6.35)	**-**
Total of other equity	**(3,593.21)**	**(198.99)**

(All amounts are in Rs. lakhs, unless otherwise stated)

13(i) Non Current Provisions

	As at March 31, 2021	As at March 31, 2020
(a) Provision for employee benefits		
-Provision for gratuity	31.10	5.19
-Provision for compensated absences	58.25	12.20
(b) Provision for Warranty	127.49	-
	216.84	17.39

13(ii) Current Provisions

	As at March 31, 2021	As at March 31, 2020
(a) Provision for employee benefits		
-Provision for gratuity	0.05	0.02
-Provision for compensated absences	2.79	1.15
(b) Provision for Warranty	144.13	-
	146.97	**1.17**

Movement in provision for warranty:

	As at March 31, 2021	As at March 31, 2020
Provision at beginning of year / period	-	-
Additions during the year / period*	288.26	-
Amount utilised during the year / period	-	-
Provision at end of year / period	**288.26**	**-**

* The Company based on its parent Company's experience, determined warranty at 1% of sale from tractors and is reviewed annually.

14 Trade payables

	As at March 31, 2021	As at March 31, 2020
(a) Trade payables - other than acceptances		
-due to micro, small and medium enterprises (refer note-30)	911.61	10.97
-due to others*	15,248.92	131.43
(b) Other accrued liabilities	13.31	1,156.76
	16,173.84	**1,299.16**
* Other include payable to related parties (refer note 28)	**6,943.79**	**987.26**

15 Other current financial liabilities

	As at March 31, 2021	As at March 31, 2020
(a) Employee related payables	9.01	7.49
(b) Payable for purchase of property, plant and equipment and intangible assets	268.50	1,901.34
(c) Interest accured & due on working capital demand loan	8.75	-
(d) Advance from Debtors	1.78	-
	288.04	**1,908.83**

16 Borrowings

	As at March 31, 2021	As at March 31, 2020
Working capital demand loan-Unsecured		
From SMBC bank	5,500.00	-
	5,500.00	**-**

Note:- Working capital demand loan facility taken from a bank is unsecured and carries floating interest rate. The interest rate p.a. ranges between 5.45% p.a to 5.55% p.a. The Company has not defaulted on any demands of loan repayments during the year.

17 Other current liabilities

	As at March 31, 2021	As at March 31, 2020
(a) Payable to statutory authorities	959.28	65.33
	959.28	**65.33**

(All amounts are in Rs. lakhs, unless otherwise stated)

7 (i) Tax expense

The income tax expense consists of the following:

	As at March 31, 2021	As at March 31, 2020
Current tax		
Current tax expense for current year	-	259.34
Current tax expense / (benefit) pertaining to prior periods	38.97	-
	38.97	**259.34**
Deferred tax expense / (benefit)	-	-
Total income tax expense recognised in the current period	**38.97**	**259.34**

Notes:

(a) **The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:**

	As at March 31, 2021	As at March 31, 2020
Profit/Loss before income tax	(3,348.90)	316.67
Statutory income tax rate*	27.82%	25.08%
Expected income tax expense	-	79.00
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	-	179.45
Others	-	0.89
Total income tax expense	**-**	**259.34**

* Domestic tax rate applicable to the Company has been computed as follows:

Base tax rate	25.0%
Surcharge	7.0%
Cess	4.0%
Applicable tax rate	27.82%

Escorts Kubota India Private Limited
Notes to the Financial Statements for the year ended March 31, 2021
(All amounts are in Rs. lakhs, unless otherwise stated)

7 (ii) Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	(1,459.97)	-
Deferred tax liabilities	1,459.97	-
	-	-
Components of Deferred Tax Asset and Liability:		
Deferred Tax Liability		
Depreciation and amortization	1,459.97	-
	1,459.97	**-**
Deferred Tax Asset:		
Carried forward tax losses	2,211.88	-
Provision for gratuity	9.07	-
Provision for leave encashment	17.77	-
Royalty / management fees	83.81	-
	2,322.54	**-**
Deferred tax asset recognised to the extent of Deferred tax liability	**1,459.97**	**-**
Net Deferred Tax Asset/ Liability	**-**	**-**

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
April 1, 2020 to March 31, 2021				
Deferred tax (liabilities)/assets in relation to:				
Depreciation	-	(1,459.97)	-	(1,459.97)
Carried forward tax losses	-	2,211.88	-	2,211.88
Provision for gratuity	-	7.22	1.85	9.07
Provision for leave encashment	-	17.77	-	17.77
Royalty / management fees	-	83.81	-	83.81
Deferred tax asset not recognised (Refer note below)	-	(860.72)	(1.85)	(862.57)
	-	-	-	-
February 23, 2019 to March 31, 2020				
Deferred tax (liabilities)/assets in relation to:				
Depreciation	-	-	-	-
Provision for gratuity	-	-	-	-
Discounting of financial liabilities	-	-	-	-
Other liabilities	-	-	-	-
Unabsorbed losses	-	-	-	-
Provision for leave encashment	-	-	-	-
Provision for bad debts	-	-	-	-
Provision for diminution in value of investments	-	-	-	-
Discounting of financial assets	-	-	-	-
Prior period errors	-	-	-	-
Deferred tax asset not recognised	-	-	-	-
	-	-	-	-

Note : Deferred tax assets has not been recognised by the Company on carried forward losses and on the items of timing difference as there is no reasonable certainty when Company will have actual taxable profits, considering ongoing pandemic and other internal and external factors.

(All amounts are in Rs. lakhs, unless otherwise stated)

		April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
18	**Revenue from operations**		
a	Sale of products	31,656.18	-
b	Sale of services	23.20	-
c	Other operating income	43.41	-
		31,722.79	**-**

The following is an analysis of the company's revenue for the year / period

(i)	**Sale of product:-**		
	Revenue from sale of tractor and related items	28,927.17	-
	Revenue from sale of traded goods (tooling)	2,681.45	-
	Revenue from sale of traded spare parts	47.56	-
		31,656.18	**-**
(ii)	**Sale of Services:-**		
	Revenue from testing services	23.20	-
		23.20	**-**
(iii)	**Other operating income**		
	Sale of scrap	43.41	-
		43.41	**-**

19 Other Income

		April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
(a)	**Interest Income from financial assets measured at amortised cost:-**		
	Bank deposits	263.93	1,032.17
(b)	**Other Income**		
	Gain on foreign currency transactions (Net)	151.03	
	Miscellaneous income	16.87	-
		431.83	**1,032.17**

20(i) Cost of materials consumed

	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Opening stock	-	-
Add: Purchases during the period	28,164.41	-
	28,164.41	-
Closing stock	2,578.43	-
	25,585.98	-

Note: Breakup of cost of material consumed in excess of 10% has not been given considering multiple nature of items used in production.

20(ii) Purchase of stock in trade	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Purchases of Traded Goods	2,205.33	-
	2,205.33	**-**

20(iii) Changes in inventories of work-in-progress, stock-in-trade and finished goods

	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Inventories at the beginning of the period:		
Finished goods	-	-
Work-in-progress	-	-
Stock-in-trade	-	-
	-	**-**
Inventories at the end of the period:		
Finished goods	8.82	-
Work-in-progress	-	-
Stock-in-trade	60.16	-
	68.98	**-**
(Increase) in inventories	**(68.98)**	**-**

21 Employee benefits expense

	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Salaries, wages and bonus	1,469.83	177.64
Post-employment and other long term benefits expense (refer note 27 (ii a and b))	85.84	-
Contribution to provident and other funds (refer note 27 (i))	49.86	0.98
Staff welfare	277.03	3.39
	1,882.56	**182.01**

22 Finance Cost

		April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
(a)	Interest expense on:		
	(i) Lease obligation	280.50	189.27
	(ii) Interest on working capital demand loan	54.07	-
	(iii) Delayed payment of tax deducted at source	6.65	0.48
	(iv) Interest on MSME (refer Note No. 30)	19.84	-
		361.06	**189.75**

23 Depreciation and amortisation expense

	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Depreciation on:-		
Property, plant and equipment (refer note 3)	1,183.35	28.90
Leasehold plant-ROU	433.18	-
Amortisation on:-		
Intangible assets (refer note 4)	114.75	20.00
	1,731.28	**48.90**

24 Other Expenses

	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Stores and spares consumed	365.08	1.36
Power, fuel and electricity	367.62	44.22
Repair and maintenance:		
Building	5.28	0.11
Plant & Machinery	234.32	-
Others	54.27	-
Rent others	111.80	23.27
Rates and taxes	12.73	3.60
Insurance	30.19	0.45
Traveling and conveyance	98.01	32.55
IT Charges	332.63	7.93
Sanitation & House keeping Exp.	9.32	1.07
Legal and professional	278.72	3.83
Audit Fees (Refer note 24a below)	38.88	17.00
Security Services	60.32	-
Packing, freight and forwarding	41.03	0.14
Exchange loss	-	48.50
Printing and stationery	30.82	4.48
Reimbursement of management support fee	632.21	74.16
Provision for warranty	288.26	-
Postage, Telegram & Telephones	17.10	-
Contractual manpower cost	420.07	-
Royalty / Management fees	288.26	-
Business promotion expenses	3.70	1.73
Miscellaneous expenses	85.67	30.44
	3,806.29	**294.84**

24a Audit fees include:

Statutory audit fee (Refer note below)	28.85	15.00
Taxation matters	2.15	2.00
Other matters	7.27	-
Reimbursement of expenses	0.61	-
	38.88	**17.00**

Note: Statutory audit fee includes cost overruns amounting to Rs. 6 lacs pertaining to audit for period ended March 31, 2020

(All amounts are in Rs. lakhs, unless otherwise stated)

25 Financial Instruments:

A	Categories of financial instruments	Note	As at March 31, 2021	As at March 31, 2020
	Financial assets			
	Measured at amortized cost			
	Other non current financial assets	5(i)	91.60	74.00
	Trade Receivable	9	14,905.26	-
	Cash and cash equivalents	10	159.44	14,664.65
	Other financial assets	5(ii)	45.02	505.41
	Total		**15,201.32**	**15,244.06**
	Financial liabilities			
	Measured at amortized cost			
	Other non current financial assets		2,292.08	2,615.57
	Borrowings	16	5,500.00	-
	Trade payables	14	16,173.84	1,299.16
	Other financial liabilities	15	1,049.69	1,974.16
	Total		**25,015.61**	**5,888.89**

B Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are companied into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, 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.

Financial assets 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

Fair value of instruments measured at amortised cost
The management assessed that fair values of current loans, current financial assets, cash and cash equivalents, trade receivables, other receivables, trade payables and other current financial liabilities 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	Aging 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 (Rs.)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

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 interest rate risk, credit risk and investment of excess liquidity.

(All amounts are in Rs. lakhs, unless otherwise stated)

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, trade receivables and financial assets 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:

Basis of categorisation	**Asset class exposed to credit risk**	**Provision for expected credit loss**
Low credit risk	Cash and cash equivalents, loans, trade receivables and	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss Other financial assets - 12 month expected credit loss
High credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss or specific provision whichever is higher Other financial assets - Life time expected

Financial assets that expose the entity to credit risk –

		As at March 31, 2021	**As at March 31, 2020**
(i)	**Low credit risk on financial reporting date**		
	Trade Receivables	14,905.26	-
	Cash and cash equivalents	159.44	14,664.65
	Other Financial assets	136.62	579.41

Cash and cash equivalents and bank deposits

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

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(All amounts are in Rs. lakhs, unless otherwise stated)

b) Expected credit losses for financial assets

i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because major portion of security deposits consists of utility deposits
- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

As at March 31, 2021	%age of expected credit loss	Gross carrying amount	Expected credit loss	Net amount of trade receivables
Not due	-	14,901.92	-	14,901.92
0 to 30 days past dues	-	-	-	-
31 to 90 days past dues	-	1.84	-	1.84
91 to 180 days past dues	-	1.50	-	1.50
181 to 365 days past dues	-	-	-	-
365 days and above	-	-	-	-

Note: As at March 31, 2020 there were no trade receivables, hence no separate table has been presented

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

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) 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

March 31, 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Trade payable	16,173.84	-	-	-	**16,173.84**
Borrowings	5,500.00	-	-	-	**5,500.00**
Other financial liabilities	288.04	-	-	-	**288.04**
Lease Liabilities	979.66	1,028.62	1,080.10	421.33	**3,509.71**
Total	**22,941.54**	**1,028.62**	**1,080.10**	**421.33**	**25,471.59**

March 31, 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Trade payable	1,299.16	-	-	-	**1,299.16**
Borrowings	-	-	-	-	**-**
Other financial liabilities	1,908.83	-	-	-	**1,908.83**
Lease Liabilities	823.60	864.79	908.03	1,276.36	**3,872.78**
Total	**4,031.59**	**864.79**	**908.03**	**1,276.36**	**7,080.77**

C.3 Market 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

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 JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company.

(All amounts are in Rs. lakhs, unless otherwise stated)

i) Foreign Currency Risk Exposure in USD

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

	As at March 31, 2021	As at March 31, 2020
Financial Assets	-	-
Financial Liabilities	3,522.88	22.10
Net Exposure to foreign currency risk (liabili	(3,522.88)	(22.10)

Sensitivity

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

USD Sensitivity	As at March 31, 2021	As at March 31, 2020
Rs./USD- increase by 5.00%	(176.14)	(1.11)
Rs. /USD- decrease by 5.00%	176.14	1.11

ii) Foreign Currency Risk Exposure in EURO

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

	As at March 31, 2021	As at March 31, 2020
Financial Assets	-	-
Financial Liabilities		23.22
Net Exposure to foreign currency risk (liabili	-	(23.22)

Sensitivity

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

EURO Sensitivity	As at March 31, 2021	As at March 31, 2020
Rs. /EURO- increase by 5.00%	-	(1.16)
Rs. /EURO- decrease by 5.00%	-	1.16

iii) Foreign Currency Risk Exposure in JPY

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

	As at March 31, 2021	As at March 31, 2020
Financial Assets	-	-
Financial Liabilities	1,805.68	620.15
Net Exposure to foreign currency risk (liabili	(1,805.68)	(620.15)

Sensitivity

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

JPY Sensitivity	As at March 31, 2021	As at March 31, 2020
Rs. /JPY- increase by 5.00%	(90.28)	(31.01)
Rs. /JPY- decrease by 5.00%	90.28	31.01

b) Interest rate risk

i) Liabilities

obligations. The interest rate p.a. ranges between 5.45% p.a to 5.55% p.a. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates.

Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(All amounts are in Rs. lakhs, unless otherwise stated)

26. (i) Capital management:

The Company manages it's capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Company isn't subject to any externally imposed capital requirements. The Company's Board of Directors reviews the capital structure of the Company on a periodic basis. As part of this review, the Board of Directors considers the cost of capital and the risk associated with capital. The Company's gearing ratio at the end of the reporting period was as follows:

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Debt*	5,500.00	-
Cash and bank balances	159.44	-
Net Debt	5,340.56	-
Equity**	26,406.79	-
Net debt to equity ratio***	20.22%	-

*Debt is defined as long-term and short-term borrowings. Excludes interest accrued but not due.

** Equity includes all capital and reserves of the Company that are managed as capital.

*** The Company has no debt in the period ended March 31, 2020, thus no debt to equity ratio has been computed.

(All amounts are in Rs. lakhs, unless otherwise stated)

26 (ii) Financing facilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured bank overdraft facilities, reviewed annually and payable at call		
-amount used	-	-
-amount unused	-	-
	-	-
Unsecured borrowings facilities (working capital demand loan), reviewed annually and with various maturity dates		
-amount used- working capital demand loan	5,500.00	-
-amount unused	7,000.00	-
	12,500.00	**-**

(iii) Fair value measurements

None of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period.

(iv) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other non current financial assets	91.60	91.60	74.00	74.00
Trade Receivables	14,905.26	14,905.26	-	-
Cash & Cash equivalent	159.44	159.44	14,664.65	14,664.65
Others financial assets	45.02	45.02	505.41	505.41
Financial Liabilities				
Other non current financial assets	2,292.08	2,292.08	2,615.57	2,615.57
Trade payables	16,173.84	16,173.84	1,299.16	1,299.16
Current borrowings	5,500.00	5,500.00	-	-
Other financial liabilities	1,049.69	1,049.69	1,974.16	1,974.16

27 Employee benefit obligations

(i) Defined contribution Plans

The Company makes Provident Fund which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to Rs. 49.86 lakhs after netting off of Rs. 16.11 lakhs pertaining to capital work in progress and has been capitalised. (previous year Rs. 1 lakhs after netting off Rs. 34 lakhs pertaining to capital work in progress and has been capitalised).

(ii) Defined benefit plan

a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to Escorts Limited Employees' Group Gratuity Fund Trust. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(i) Movement in present value of defined benefit obligation are as follows

	April 01, 2020 to March 31, 2021	**February 23, 2019 to March 31, 2020**
As at beginning of the year	5.21	-
Current service cost	24.45	8.29
Interest expense/(income)	0.35	(0.02)
Total amount recognised in profit & loss statement for current year (CWIP in previous period)	24.80	8.27
Remeasurements	6.35	-
(Gain)/loss from change in financial assumptions	-	-
Experience (gains)/losses	-	-
Total amount recognised in other comprehensive income	6.35	-
Employer contributions	(5.21)	-
Benefit payments	-	(3.06)
As at end of the year/period	**31.15**	**5.21**

(ii) Movement in fair value of plan assets are as follows

	April 01, 2020 to March 31, 2021	**February 23, 2019 to March 31, 2020**
As at beginning of the year	3.08	-
Interest expense/(income)	0.39	0.02
Total amount recognised in capital work in progress	0.39	0.02
Experience (gains)/losses	-	-
Total amount recognised in other comprehensive income	-	-
Employer contributions	5.21	3.06
As at end of the year	**8.68**	**3.08**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	Present value of obligation	**Fair value of plan assets**	**Deficit of gratuity plan**
As at March 31, 2021	31.15	8.68	39.83

(iii) <u>% allocation of plan assets</u>

Assets by category	**As at March 31, 2021**
Escorts Limited Employees' Group Gratuity Fund Trust *	100%

* In absence of detailed information regarding plan assets which is funded with Escorts Limited Employees' Group Gratuity Fund Trust , the composition of each major category of plan assets and the percentage or amount for each major category to the fair value of total plan assets has not been disclosed.

(iii) Post-Employment benefits

The significant actuarial assumptions were as follows:

	As at March 31, 2021	**As at March 31, 2020**
Discount rate	6.80	6.80
Salary growth rate	5.00	5.00

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58:

(iv) Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

	As at March 31, 2021	As at March 31, 2020
Discount rate		
- Discount rate + 0.5%	(3.45)	(0.69)
- Discount rate - 0.5%	(3.85)	(0.77)
Salary growth rate		
- Salary Increase + 0.5%	3.79	0.78
- Salary Increase - 0.5%	(3.43)	(0.71)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(v) Risk exposure

If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

(a) Salary growth risk- The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(b) Investment risk – Defined benefit plans are funded with Escorts Limited Employees' Group Gratuity Fund Trust. Company does not have any liberty to manage the fund provided to Escorts Limited Employees' Group Gratuity Fund Trust. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for Company's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

(c) Interest risk - A decrease in the interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt's investment.

(d) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(vi) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 18.92 years. The expected maturity analysis of undiscounted gratuity is as follows

	As at March 31, 2021	As at March 31, 2020
Less than a year	0.05	0.02
Between 1 - 5 years	2.99	0.87
Over 5 years	36.79	7.40
	39.83	**8.29**

b) Compensated absences (unfunded)

The leave obligations cover the Group's liability for sick and earned leaves. The Group does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 month, therefore based on the independent actuarial report, only a certain amount of provision has been presented as current and remaining as non-current. Amount of Rs. 61.04 lakh has been recognised in the statement of profit & loss (period ended March 31, 2020 amount of Rs. 13.35 lakh has been recognised in the statement of profit & loss).

(All amounts are in Rs. lakhs, unless otherwise stated)

28 Related Party Transactions

The Company's related party transactions and outstanding balances are with its joint ventures, companies which are under common control, Key management personnel and Enterprises over which key management personnel and relatives of such personnel exercise significant influence are described below :

I Relationships

(i) **Holding Company**
Kubota Corporation

Investing Company
Escorts Limited

ii) **Companies which are under common control (Group companies)**
Kubota Agricultural Machinery India Pvt. Ltd.
Kubota Engine (Thailand) Co Ltd
Kubota Machinery Trading Co Ltd.
SIAM Kubota Corporation Co Ltd.
Kubota System Inc.

iii) **Key Management Personnel**
Mr. Takeshi Isonaga (CEO cum Director)
Mr. Kamal Sachdeva (CFO)

iv) **Other related parties**
Sietz Technologies India Pvt. Ltd
Sun & Moon Travels India Pvt. Ltd.
Escorts Limited Employees' Group Gratuity Fund Trust (refer note 21 for transaction)

II

Nature of transaction*	Related Party	(i)	(ii)	(iii)	(iv)	Total
Purchase of capital goods / material	Kubota Corporation	4,757.10	-	-	-	4,757.10
		(-)	(-)	(-)	(-)	(-)
	Escorts Limited	16.32	-	-	-	16.32
		(21.37)	(-)	(-)	(-)	(21.37)
	Kubota Agricultural Machinery India Pvt. Ltd.	-	731.35			731.35
		(-)	(42.70)	(-)	(-)	(42.70)
	Kubota Machinery Trading Co Ltd.	-	3,195.50			3,195.50
		(-)	(18.60)	(-)	(-)	(18.60)
	SIAM Kubota Corporation Co Ltd.	-	1,419.75			1,419.75
		(-)	(1.66)	(-)	(-)	(1.66)
	Sietz Technologies India Pvt. Ltd	-			781.99	781.99
		(-)	(-)	(-)	(5.38)	(5.38)
	Kubota Engine (Thailand) Co. Ltd.	-	-	-	-	-
		(-)	(20.56)	(-)	(-)	(20.56)
Management support fees capitalised	Kubota Corporation	253.68				253.68
		(-)	(-)	(-)	(-)	(-)
Reimbursement of management support	Kubota Corporation	632.21				632.21
		(-)	(-)	(-)	(-)	(-)
Management support fees (both capitalised under CWIP and accounted as expense under other expenses)	Kubota Corporation	-	-	-	-	-
		(563.71)	(-)	(-)	(-)	(563.71)
	Escorts Limited	-	-	-	-	-

(All amounts are in Rs. lakhs, unless otherwise stated)

II

Nature of transaction*	Related Party	(i)	(ii)	(iii)	(iv)	Total
Legal and Professional	Escorts Limited	349.08 (76.59)	- (-)	- (-)	- (-)	349.08 (76.59)
Employee related services - clubbed under CWIP	Sun & Moon Travels India Pvt. Ltd.	- (-)	- (-)	- (-)	- (60.52)	- (60.52)
	SIAM Kubota Corporation Co Ltd.	- (-)	- (18.51)	- (-)	- (-)	- (18.51)
Management fees	Escorts Limited	144.13 (-)	- (-)	- (-)	- (-)	144.13 (-)
Sale of products (traded goods)	Kubota Corporation	2,681.46 (-)	- (-)	- (-)	- (-)	2,681.46 (-)
Sale of products (spare parts)	Kubota Corporation	47.56 (-)	- (-)	- (-)	- (-)	47.56 (-)
Sale of products (tractor)	Kubota Agricultural Machinery India Pvt. Ltd.	(-)	28,927.17 (-)	- (-)	- (-)	28,927.17 (-)
Sale of capital goods	Kubota Corporation	- (56.37)	- (-)	- (-)	- (-)	- (56.37)
Sale of services (testing services)	Kubota Corporation	23.20 (-)	- (-)	- (-)	- (-)	23.20 (-)
Royalty	Kubota Corporation	144.13 (-)	- (-)	- (-)	- (-)	144.13 (-)
Lease rent paid (excluding Ind AS 116 adjustments)	Escorts Limited	898.19 (144.77)	- (-)	- (-)	- (-)	898.19 (144.77)
IT charges	Kubota Corporation	17.32 (-)	- (-)	- (-)	- (-)	17.32 (-)
	Kubota System Inc.	- (-)	18.36 (-)	- (-)	- (-)	18.36 (-)
Reimbursement of expenses (paid)	Kubota Corporation	5.17 (14.96)	- (-)	- (-)	- (-)	5.17 (14.96)
	Escorts Limited	282.55 (456.62)	- (-)	- (-)	- (-)	282.55 (456.62)
Reimbursement of expenses (received)	Kubota Corporation	465.32 (333.24)	- (-)	- (-)	- (-)	465.32 (333.24)
Managerial remuneration (short term benefits, there are no other benefits)	Takeshi Isonaga	- (-)	- (-)	106.56 (97.95)	- (-)	106.56 (97.95)
	Escorts Limited (Reimbursement of professional fees of Kamal Sachdeva)	- (-)	- (-)	39.82 (43.01)	- (-)	39.82 (43.01)
Travelling & Conveyance	Sun & Moon Travels India Pvt. Ltd.	- (-)	- (-)	- (-)	13.44 (-)	13.44 (-)

(All amounts are in Rs. lakhs, unless otherwise stated)

II

Nature of transaction*	Related Party	(i)	(ii)	(iii)	(iv)	Total
Other receivable	Kubota Corporation	29.23	-	-	-	29.23
		(82.38)	(-)	(-)	(-)	(82.38)
Trade Receivable	Kubota Agricultural Machinery India Pvt. Ltd.		14,896.33			14,896.33
		(-)	(-)	(-)	(-)	(-)
	Kubota Corporation	8.93				8.93
		(-)	(-)	(-)	(-)	(-)
Advance to supplier	Sietz Technologies India Pvt. Ltd	-	-	-	52.75	52.75
		(-)	(-)	(-)	(80.38)	(80.38)
	Escorts Limited	22.50	-	-	-	22.50
		(-)	(-)	(-)	(-)	(-)
Trade payable & Other financial liabilities	Kubota Corporation	5,214.32	-	-	-	5,214.32
		(559.48)	(-)	(-)	(-)	(559.48)
	Escorts Limited	373.06	-	-	-	373.06
		(353.40)	(-)	(-)	(-)	(353.40)
	Kubota Agricultural Machinery India Pvt. Ltd.	-	197.97	-	-	197.97
		(-)	(8.83)	(-)	(-)	(8.83)
	Kubota Machinery Trading Co Ltd.	-	573.82	-	-	573.82
		(-)	(18.60)	(-)	(-)	(18.60)
	SIAM Kubota Corporation Co Ltd.	-	298.97	-	-	298.97
		(-)	(20.16)	(-)	(-)	(20.16)
	Sun & Moon Travels India Pvt. Ltd.	-	-	-	0.35	0.35
		(-)	(-)	(-)	(3.86)	(3.86)
	Sietz Technologies India Pvt. Ltd	-	-	-	285.30	285.30
		(-)	(-)	(-)	(2.37)	(2.37)
	Kubota Engine (Thailand) Co Ltd.	-	-	-	-	-
		(-)	(20.56)	(-)	(-)	(20.56)
Issue of Equity Share	Kubota Corporation	-	-	-	-	-
		(18,000.00)	(-)	(-)	(-)	(18,000.00)
	Escorts Limited	-	-	-	-	-
		(12,000.00)	(-)	(-)	(-)	(12,000.00)

*Figures in (brackets) pertains to period February 23, 2019 to March 31, 2020.

Notes:
(i) Purchase of goods and services from / to related parties and other transactions with related parties were made at arms length price.
(ii) All outstanding balances are unsecured and repayable/recoverable in cash.

(All amounts are in Rs. lakhs, unless otherwise stated)

29 Capital Commitments :

	As at March 31, 2021	As at March 31, 2020
Commitments for the acquisition of property, plant and equipment (net of capital advances)	1,750.80	7,485.51

30 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

In terms of notification dated September 4, 2015 issued by the Central Government of India, the disclosure related trade payables as at March 31, 2021 are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance of trade payables as at the end of the year		
- Total outstanding dues of micro enterprises and small enterprises	911.61	10.97
- Total outstanding dues of creditors other than micro enterprises and small enterprises	15,248.92	131.43

	As at March 31, 2021	As at March 31, 2020
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	900.30	10.97
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	11.31	-
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

31 Leases

The disclosure for minimum lease payments (undiscounted lease payments) in respect of manufacturing facility situated at Faridabad:

Particulars	As at March 31, 2021	As at March 31, 2020
- Not later than one year	979.66	823.60
- Later than one year and not later than five year	2,530.05	3,049.18
- Later than 5 years	-	-

The movement in lease liabilities (discounted) during the year ended March 31, 2021 and period ended March 31, 2020 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	3,175.70	-
Additions	495.72	3,130.89
Finance cost accrued during the period	280.50	189.27
Deletions	-	-
Payment of lease liabilities	(898.19)	(144.46)
Balance at the end	**3,053.73**	**3,175.70**

(All amounts are in Rs. lakhs, unless otherwise stated)

32 Earnings per share (EPS)

	April 01, 2020 to March 31, 2021	February 23, 2019 to March 31, 2020
Net (loss) / profit for the year / period (A)	(3,387.87)	57.33
Total number of equity shares issued	30,000,000	30,000,000
Weighted-average number of equity shares for basic EPS (B)	30,000,000	19,701,493
Effect of dilution	-	-
Weighted average number of equity shares adjusted for the effect of dilution (C)	30,000,000	19,701,493
Basic EPS (Amount in Rs.) (A/B)	(11.29)	0.29
Diluted EPS (Amount in Rs.) (A/C)	(11.29)	0.29

(All amounts are in Rs. lakhs, unless otherwise stated)

33 Segment Information:

The business activities of the Company include manufacture, assembly and sale of tractors and related components. The disclosures as required under Ind AS 108 on segment reporting are not required as the Company deals in one business segment and Company's sale of services outside India are less than 10% of the total sales.

34 Transfer Pricing:

The Company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961 and has documented Transfer Pricing Benchmarking study for the financial year 2019-20. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the holding Company and other associated enterprises during the year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arms-length and the aforesaid legislation will not have any impact on the financial statements.

35 Reconciliation of liabilities arising from financing activities:

The table below details change in the Company's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows where, or future cash flows will be, classified in the Company's statement of cashflows from financing activities.

Borrowings	**As at March 31, 2021**	**As at March 31, 2020***
Opening balance	-	-
Proceeds from borrowings	5,500.00	-
Interest accrued during the year	54.07	-
Repayment of borrowings interest	(45.33)	
Closing balance including interest accrued but not due	5,508.74	-

*The Company had no borrowings during the period ended March 31, 2020.

36 The Company had entered into a Merger Cooperation Agreement with Kubota Agricultural Machinery India Private Limited, Escorts Limited and Kubota Corporation to set out the manner of effecting the proposed amalgamation of the Company and Kubota Agricultural Machinery India Private Limited in accordance with applicable law and to record the terms and conditions in relation to mutual rights and obligations in relation to the said amalgamation.

37 Other notes

(a) The financial statements are for the year ended March 31, 2021 and comparative figures are stated for the period Februray 23, 2019 to March 31, 2020 and hence are not comparable.

(b) The Company does not have any pending litigations which would impact its financial position;

(c) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(e) The Code on Social Security, 2020 ('code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

For and on behalf of the Board of Directors
ESCORTS KUBOTA INDIA PRIVATE LIMITED

TAKESHI ISONAGA Digitally signed by TAKESHI ISONAGA Date: 2021.04.26 17:53:18 +05'30'
NANDKUMAR SITARAM RANE Digitally signed by NANDKUMAR SITARAM RANE Adobe Acrobat Reader version: 2021.001.20150
Kamal Sachdeva

TAKESHI ISONAGA	**NANDKUMAR SITARAM RANE**	**KAMAL SACHDEVA**
Director & CEO	Director	CFO
(DIN:08372778)	(DIN: 08901391)	

PROSENJEET ROY
Company Secretary
M. No.: A35335

PROSENJEET ROY Digitally signed by PROSENJEET ROY Date: 2021.04.26 17:59:27 +05'30'

Place : FARIDABAD
Date : April 26, 2021