ESCORTS KUBOTA LIMITED

Integrated Annual Report 2023-24

Escorts Kubota Limited



On Your Side







For more investor-related information, please visit:

https://www.escortskubota.com/investors/overview.html

Or Simply Scan the QR Code

INVESTOR INFORMATION

CIN	:	L74899HR1944PLC039088
BSE Code	:	500495
NSE Symbol	:	ESCORTS
Proposed Dividend	:	₹ 18.00 per equity share
AGM Date	:	Thursday, July 18, 2024, at 12:00 Noon (Indian Standard Time)
AGM Mode	:	Video Conferencing (VC)/ Other Audio Visual Means (OAVM)

FORWARD-LOOKING STATEMENTS

This report contains statements about expected future events and financials of Escorts Kubota Limited ('the Company'), which are forward-looking. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate and actual future results and events may differ materially from those expressed in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update these forward-looking statements that reflect events or circumstances after the publication of this document.

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About the Report

Escorts Kubota Limited ('EKL', 'We) presents its integrated annual report, meticulously crafted following the guidelines of the International Integrated Reporting Council (now the Value Reporting Foundation). This report provides a detailed overview of EKL's approach to creating value, outlining our Company's strategy, future prospects, risks, and financial and non-financial performance. Through this report, our goal is to showcase EKL's commitment to all stakeholders, including employees, investors, customers, partners, suppliers, the community, and government entities.

OUR INTEGRATED REPORTING PROCESS



OUR INTEGRATED ANNUAL REPORT

Period	This report covers the reporting period between April 1, 2023 to March 31, 2024 and reflects our standalone operations, unless stated otherwise.
Boundary	We report on the primary activities of our business divisions, our subsidiaries, joint ventures and other investments where we have financial control and significant influence. The non-statutory section, Management Discussion and Analysis and Consolidated Financials, contain consolidated figures unless stated otherwise. The Business Responsibility & Sustainability Report and the ESG-related sections cover the information and parameters of Escorts Kubota Limited on a standalone basis.
Reporting on Environmental, Social and Governance (ESG) Metrics	Our Integrated Report extends beyond financial reporting and includes key ESG performance metrics. Our detailed sustainability performance is mentioned in the corporate overview and BRSR.
Audience and Key Stakeholders	The Report intends to address the information needs of our stakeholders interested in EKL's overall performance and our ability to preserve and create value over the short, medium and long term, considering risks and opportunities.
Key Stakeholders	▷ Employees and Organized Labor ▷ Shareholders and Providers of Capital ▷ Customers ▷ Governments and Regulators ▷ Communities and Societies ▷ Business/Joint Ventures (JVs) ▷ Value Chain Partners
Integrity	**The Board** ▷ Ensured the integrity of our integrated reporting process ▷ Dedicated attention to management's evaluation of the effectiveness of the disclosure controls and procedures through internal control framework and assessment ▷ Provided final approval for publication after relevant auditing process
Six Capitals	▷ Financial Capital ▷ Manufactured Capital ▷ Human Capital ▷ Natural Capital ▷ Intellectual Capital ▷ Social & Relationship Capital

How to Read this Report

Navigating through this report will require the reader to ask the following key questions:

CORE QUESTIONS TO ASK

What is the Governance structure of the Company, and how does it adapt to the changing dynamics of the market?

WHERE TO LOOK?

- Management message by the Chairman & Managing Director and Deputy Managing Director
- Whole-Time Director & Chief Financial Officer's statement
- Management Discussion and Analysis
- Corporate Governance Report

WHAT WILL YOU FIND?

- Comprehensive assessment of our Company's present status and future trajectory
- Our Company's strategic methodology for generating value
- Our Company's perspective on macroeconomic trends, opportunities, and risks
- The expertise and proficiency of our Board and Leadership Team
- Detailed examination of our Company's Governance and Regulatory Framework

CORE QUESTIONS TO ASK

What are the material risks impacting the Company's ability to create value and what is its approach to addressing them?

WHERE TO LOOK?

- Materiality Assessment
- Risk Management

WHAT WILL YOU FIND?

- How our Company identifies and mitigates significant material matters
- Evolution of risk identification and management techniques of our Company, along with risk mitigating tools and techniques

CORE QUESTIONS TO ASK

How does the Company foster value creation for each of its stakeholder groups?

WHERE TO LOOK?

- Value Creation Model
- Stakeholder Engagement

WHAT WILL YOU FIND?

- Essential elements of our Company's business model enabling resource utilization
- Our Company's strategy for engaging with stakeholders



On Your Side

True partnership is the strength not seen but felt. It is the steady hand in times of uncertainty and the shared joy in moments of triumph.

At EKL, we recognize that our journey is deeply intertwined with the aspirations and needs of our stakeholders. This synergy transcends mere business objectives; it is about fostering a sustainable and prosperous ecosystem where collective goals are achieved with unwavering commitment and integrity.

From the very outset, our mission has been clear: to enhance the fabric of our relationships through transparency, trust, and mutual respect. For our customers, this means delivering unmatched product quality and innovation that drives their businesses towards success. Our employees enjoy a nurturing environment that prioritizes their growth and well-being, making us a beacon of progress in the industry. We extend this ethos to the communities we serve by ensuring safe and responsible operations that contribute positively to local development. For our investors and shareholders, our strategic foresight in capital management and decision-making consistently maximizes value, reinforcing our foundation of strong, trust-based relationships.

By standing firm in our commitment to these principles, we ensure that each stakeholder's success is our priority, weaving a tapestry of support and collaboration that spans across all interactions. At Escorts Kubota, we are more than just a company; we are a reliable ally, enhancing lives and empowering futures.

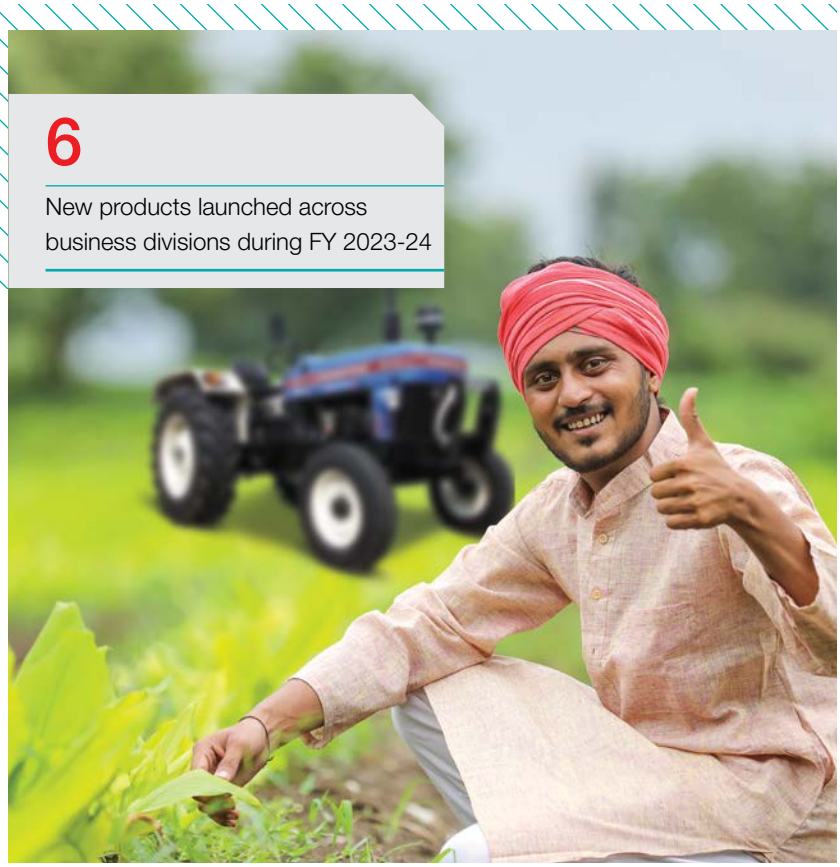
In essence, being 'On Your Side' is not just a promise, it is the very core of our identity at Escorts Kubota. It is how we define our role in your story, ensuring that together, we build a future that is not only prosperous but also resilient and sustainable.

On Your Side

Designing Delight for Exceptional Customer Experiences

At EKL, we recognize that our success is directly linked to our ability to bring delight and satisfy our customers. Guided by our 'On Your Side' philosophy, we acknowledge that our growth is inextricably linked to the achievements of the customers we serve.

We are dedicated to reshaping customer support through our innovative offerings and our customer-centric approach. By integrating doorstep services, cutting-edge technology, and all-encompassing support programs, we not only elevate customer satisfaction but also strengthen our relationships with them, thus, building long-standing partnerships.



6

New products launched across business divisions during FY 2023-24

DELIVERING UNMATCHED VALUE PROPOSITION

At EKL, we don't just meet expectations—we set new standards. we prioritize customer satisfaction by centering on building reliability, innovation, and customer focus. Our brand identity and reputation among our customers is based on our deep commitment to quality and performance.

We offer an extensive range of products catering to various segments—agriculture, construction, railways and material handling. We strive to help our customers achieve their goals effectively by offering products renowned for their durability, efficiency, and advanced technology. To meet our customers' evolving needs, we continuously invest in robust R&D and innovation, keeping our Company at the forefront of industry standards and excellence.

Our comprehensive support network includes well-established service centers and highly trained technicians. Our customer support teams are committed to offering personalized assistance, ensuring every customer gets the attention and solutions they require, thereby improving the overall experience.

On Your Side

Crafting a Blueprint for Employee Excellence

We firmly believe that our employees drive our success. And so, we empower them to build their capabilities and excel, setting the stage for both our Company's and employees' brighter future.

We have prioritized employee well-being by emphasizing the holistic development of our workforce. We have consistently implemented a range of initiatives to support capability enhancement, facilitate knowledge exchange, and drive cultural transformation and safety. This approach helps us ensure that our employees are well-equipped, engaged and motivated.



CREATING A CULTURE OF EXCELLENCE

We are dedicated to enhancing employee skills through comprehensive development programs. Over the past year, we have intensified and supported knowledge exchange with Kubota markets in Japan and Thailand via regular visits, interactions and knowledge sharing.

We have consciously promoted active communication, leadership talks and management sponsorship, embedding our 'On your Side' ethos across all employee touch points. This shift improves our service dynamics as employees treat their colleagues like customers, enhancing responsiveness and quality. Our safety focus includes extensive training and tools, with management-led tours that encourage reporting safety observations and near-misses.

We nurture an inclusive environment emphasizing equity and diversity, especially on the shop floor. Our efforts to equalize treatment between permanent and contractual workers reinforce our commitment to being an employer of choice, both within our industry and beyond, thus fostering a culture of excellence.

On Your Side

Building Investor Confidence through Strategic Investments

We are committed to driving shareholder growth by strategically investing in high-growth sectors and maintaining consistent dividend payouts. Through our innovative product development, we aim to increase our market share and enhance profitability, thereby fostering investor confidence.

Our market capitalization has witnessed exponential growth on the back of strategic decisions and profitable ventures, providing attractive capital appreciation opportunities. Growth in market capitalization over the years, along with the progressive dividend policy, is a testament to our ability to generate a higher shareholder return.

More than
₹ 30,600 crores
Market Capitalization as on March 31, 2024
(Market Capitalization of ₹ 610 crores as on March 31, 2013)

~50x
Growth in Market Capitalization in 11 Years

~45%
Average Total Shareholder Return (TSR) in last 11 years



SETTING A TRACK RECORD FOR SHAREHOLDER VALUE CREATION

EKL is dedicated to enhancing shareholder value through maximizing returns and maintaining transparent communication. Our commitment to sustainable growth is reflected in our progressive dividend policy. For the financial year ending March 31, 2024, our Board has proposed a final dividend of 180%, or ₹ 18 per equity share, up from 70%, or ₹ 7 per equity share in the previous year, amounting to ~20% of standalone net profit. We maintain transparent, consistent communication with shareholders, keeping them well-informed about our progress and future plans, which builds trust and confidence. Our consistent investments in high-growth sectors and focus on technology-led innovation are expected to increase shareholder value in the long term.

On Your Side

Strengthening Partnerships for Shared Success

We have always fostered strong collaborative relationships with our partners and vendors. We prioritize mutual growth and success through transparent communication, fair practices and consistent support. By providing innovative solutions, timely resources, and a commitment to quality, EKL ensures that our partners and vendors thrive along with our Company in a competitive market.

At EKL, we firmly believe that the success of our partners and dealers directly correlates with our success. And so, we empower our partners and vendors by granting them access to valuable knowledge on sustainable supply chain practices. These practices help us cultivate stronger relationships and build trust among our partners and vendors as we aim for more sustainable outcomes together.



SHARING THE POSITIVES TO GROW TOGETHER

We highly value our relationships with dealers, suppliers and strategic allies, deeply rooted in our corporate ethos and principles. We provide comprehensive support to our dealers through training programs and open communication, fostering trust and collaboration.

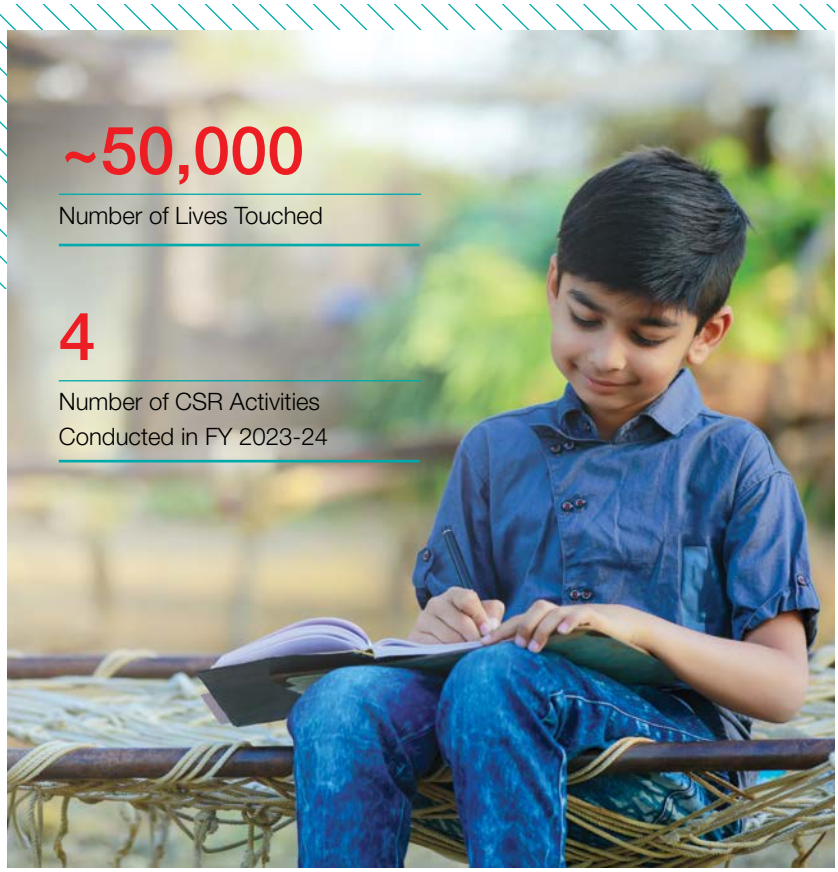
Strategic alliances are pivotal to our growth trajectory, emphasizing partnerships that leverage mutual strengths. The collaboration between Escorts Kubota Limited and Kubota Corporation exemplifies our shared commitment to delivering value, innovation, customer satisfaction, and sustainable growth.

On Your Side

Driving Change through Commitment to Community

At EKL, we are dedicated to being a responsible corporate citizen with a commitment to making the world a better place. We actively engage with diverse communities to understand their needs and address them through our comprehensive CSR initiatives.

We believe our success is deeply connected to the prosperity of the communities we serve. We constantly strive to make a positive impact on the underprivileged communities by offering job opportunities and livelihood avenues to skilled individuals.



COMMITTED TO HOLISTIC DEVELOPMENT

In our pursuit of agricultural transformation, we recognize the critical importance of agriculture in India's socio-economic landscape. We empower farmers, including women, with skills for efficient tractor operation and maintenance to boost productivity and safety. Beyond agriculture, our initiatives like the School Upgradation Project and the Municipal Plastic Waste to School Benches Project demonstrate our dedication to enhancing educational infrastructure and promoting environmental sustainability.

By boosting employability and self-confidence among young women, we contribute to their personal and socio-economic growth. Our multi-pronged initiatives reflect our commitment to driving positive change and creating lasting impacts in communities throughout India.

Corporate Snapshot

Explore the World of Escorts Kubota

Fueled by a shared dedication to forge a lasting legacy, EKL has embarked on a transformative mission. We aspire to lead in global excellence across farm mechanization, offering innovative solutions for smart agriculture, advanced construction equipment, rail mobility and safety. Committed to a brighter future for our Company, our nation, and the world, we are on a noble journey of relentless innovation and value creation.

Through our journey of eight decades, we've navigated numerous challenges with our agile and resilient business model. The deep-rooted trust placed in our brand, our diverse portfolio, and our extensive pan-India network has positioned us as the preferred partner in the industries we serve. Thus, consistently driving us forward on our remarkable journey.

80

Years of Legacy

This year, we celebrate 80 years of driving product innovation, achieving manufacturing excellence and contributing to nation-building.



VISION

- EKL shall promote its business in India & in the world to become a Company that is truly loved and sought after by society & employees
- EKL shall become the total solution provider to solve the issues of society for a sustainable world
- EKL shall become a strategic hub in the world by utilizing the capability & potential of India

MISSION

- Establishing the measures for sustainable growth in response to issues in the mega trend of the world
- Contributing to the creation of a living environment where people (especially farmers, women and socially vulnerable people) can live comfortably
- Committing to the society in India & the world by the promotion of further mechanization and providing the total solution

CORE AND STRATEGIC VALUES

While our core values define who we want to be and what should always be upheld by us, our strategic values define how we will work towards achieving the future we envision for our organization.

CORE VALUES

Respect for People

We will demonstrate dignity and respect for people in all our interactions. We will not tolerate belittling of people, regardless of position or circumstance.

Empowerment

People at all levels must be vested with the power and confidence to make decisions concerning their area of work.

Transparency

People will understand the processes and criteria used to arrive at decisions concerning them.

Collaboration

We will work with our colleagues with the spirit of collaboration and mutual respect.

STRATEGIC VALUES

Customer Centricity

Acute sensitivity to the needs and experiences of the customer shall guide all that we do.

Excellence

We will strive to achieve and surpass world-class standards in all that we do.

Innovation

We will use the power of technology and imagination to deliver solutions to the customers' needs.

Agility

We will operate in our markets with the ability to change direction and position with nimbleness and speed.

Our Milestones

Empowering Growth to Broaden Horizon

Our commitment to manufacturing excellence, enhanced by global partnerships, drives innovation both within India and internationally. From conceptualizing autonomous and electric tractors to championing indigenous technology, we have transformed lives and forged a path of progress.



1944

Laid the foundation of Escorts by visionaries Mr. Yudi Nanda and Mr. H. P. Nanda



1961

- Started the production of Rajdoot motorcycles
- Got listed on BSE Ltd
- Commenced the journey with the Indian Railway

1962

- Initiated the manufacturing of shock absorbers for passenger coaches with Boge, Germany
- Commenced the manufacturing of own brand of tractors in collaboration with URSUS Poland



1974

Entered the export markets for the first time

1969

- Started a training and development centre in Bengaluru, India,
- Formed JV with Ford Motors to make tractors

1971

- Initiated the production of our construction equipment
- Introduced the concept of PnC cranes



1977

Started an independent R&D centre to develop new technologies

1991

Got listed on NSE Ltd

1995

- Launched Farmtrac brand of tractors
- Ended JV with Ford

1998

Introduced Powertrac brand of tractors

2004-2011

Restructured Escorts

2012

Developed bogie-mounted brake systems for the Indian Railways indigenously

YYYY accounting year ended



2015

Entered into JV with Amul Group for the manufacturing of speciality tractors, Steeltrac



2017

- Launched India's first electric tractor concept, Farmtrac 26E, as part of the New Escorts Tractor Series (NETS), in Agritechnica, Germany
- Received prestigious IRIS Certification to design, develop and manufacture railway components



2018

- Announced the Vision 2022 roadmap to align the transformational growth strategy for all three businesses



2020

- Deepened partnership with Kubota, where the Japanese tractor and heavy equipment manufacturer picked up a 10% equity stake (post-capital reduction) in Escorts, while Escorts acquired a 40% stake in Kubota's India business
- Launched India's first hybrid tractor concept, hybrid backhoe loader concept and multi-utility rural transport vehicle concept



2019

- Introduced India's first autonomous tractor concept
- Collaborated with Kubota to develop value-oriented tractors that cater to farming requirements in India and overseas markets

2021

- Developed a state-of-the-art facility for axle mounted disc brake system
- Became the first Company in India to receive Budni Certification for its electric tractors
- Commenced production of Kubota tractor
- Upgraded to Silver Level in IRIS certification for railway equipment business division
- Launched BS IV (Bharat Stage IV compliant tractors)



2022

- Escorts Limited and Kubota Corporation reinforced their longstanding partnership and Escorts Limited became Escorts Kubota Limited

Kubota

Escorts Kubota Finance Limited

2024

- Set up a captive finance company - Escorts Kubota Finance Limited (EKFL) to finance company's products and support the financial needs of the customers



2023

- Developed microprocessor based controlled locomotive brake system (EMCBS)

YYYY accounting year ended

Key Differentiators

Leveraging Our Competitive Strengths

With a focus on innovation and prudent financial management, we empower investors to navigate the dynamic market landscape with confidence. Our dedication to delivering tangible results reflects our pledge to create enduring value and foster trust among our valued investors.

REINFORCING OUR PROMINENCE

We are committed to capturing a larger slice of the domestic tractor market while extending our reach through enhanced dealer networks in growing markets. The strategic alliance between Escorts and Kubota marks a pivotal step forward, strengthening business resilience and standing in the premium utility tractor segment. This collaboration not only promises revenue growth but also diversifies our market share, enhancing our competitive edge.

10.3%

Market Share in the Domestic Tractor Market



BROAD-BASED REVENUE PORTFOLIO

While tractors remain key contributors to our revenue stream, driving sustained growth, our expansion into the construction and railway equipment sectors has diversified and strengthened our revenue portfolio. This has helped us ensure diversification while withstanding market fluctuations. Backhoe loaders, pick-and-carry cranes , and compactors experienced significant growth during the year under review.

70%

Agri Machinery Business Division Revenue Share of EKL Revenue

19%

Construction Equipment Business Division Revenue Share of EKL Revenue

11%

Railway Equipment Business Division Revenue Share of EKL Revenue

HEALTHY OPERATING EFFICIENCY

Our operational margin saw significant improvement due to strategic cost reductions and gains from operational efficiencies. Continued emphasis on robust cost-cutting strategies, value engineering, and keeping overall costs low will further boost our profitability.

13.3%

EBITDA Margin in FY 2023-24

ROBUST FINANCIAL PROFILE

Throughout our journey, we have maintained a balanced capital structure, enabling us to effectively capitalize on emerging opportunities. Thanks to revenue diversification and improved operational efficiency, we expect increased cash accruals, which should lead to solidify our financial stability.

REAFFIRMED RATING FROM CRISIL RATINGS

CRISIL
AA+/Stable
(Long Term)

CRISIL
A1+ Stable
(Short Term)



LONG-TERM GROWTH ASPIRATIONS

The long-term growth prospects of EKL are clearly outlined in our Mid-Term Business Plan (MTBP) aspirations by 2028, delineating our Company's strategic trajectory for the upcoming five years. The plan underscores Escorts Kubota's dedication to innovation, operational efficiency, and diversification. These focus areas are set to drive revenue growth and increase profitability in the medium to long term.

>2.5x

Projected Revenue Growth

Become a
Global Hub
for Kubota Corporation

Our Business Divisions

Business divisions are like the engines or wheels of a company, propelling it forward and determining its trajectory.



Our Agri Machinery Equipment business division leads with innovative solutions, transforming India's agricultural landscape through advanced equipment.



Our Construction Equipment business division empowers India's infrastructure development, delivering high-performance machinery for ambitious projects.

Our Railway Equipment business division aids the expansion of India's railways, offering dependable solutions for effective transportation networks. Collectively, these divisions are catalysts for national growth in crucial sectors like agriculture, construction, and railways. Thus driving progress through cutting-edge technologies and a steadfast commitment to advancement.



Business Division Analysis

Agri Machinery Business Division

As a prominent manufacturer, we specialize in high-quality Agri Machinery Equipment, including tractors, sprayers, and tillage tools. Our products, known for their superior design, power, cost-effectiveness, and efficiency, serve a diverse clientele in over 80 countries across the agriculture, construction, and landscaping sectors. Our equipment stands out as a versatile solution that caters to a wide array of customer needs in different markets.



₹ 6,110.1 crores
Revenue Contribution in FY 2023-24

(3.3%)
Y-o-Y Revenue De-Growth

MANUFACTURING CAPACITY

- We operate three plants in India with a collective production capacity exceeding 120,000 tractors annually
- We possess a wholly owned subsidiary plant in Poland, Europe, with a manufacturing capacity of 2,500 tractors per annum
- We operate a 50,000 units per annum capacity plant through a joint venture with Kubota
- We have established a plant through a JV with Amul Group
- Our manufacturing and assembly operations/facilities are strategically located in Faridabad (Haryana, India), Rajkot (Gujarat, India), and Poland (Europe)

PRODUCT RANGE

- Tractors
- Engines
- Spare Parts
- Lubes
- Implements

BRAND PORTFOLIO

- Farmtrac
- Powertrac
- Steeltrac
- Digitrac
- Farmpower
- E-Kubota

Construction Equipment Business Division

We manufacture equipment for material handling, road building and earthmoving sectors. Through this division, we are helping meet the emerging needs of the country's infrastructure development projects.



₹ 1,709.7 crores
Revenue Contribution in FY 2023-24

45.0%
Y-o-Y Revenue Growth

MANUFACTURING COMPETENCE

- We have a plant at Ballabhgarh, Haryana
- Our advanced manufacturing and assembly facilities, including fabrication shop, shot blast & paint facilities, and stores, have dedicated assembly lines with a total capacity of 10,000 units per annum

PRODUCT RANGE

- Cranes, Hydra Cranes, Rough Terrain Cranes and Tower Cranes
- Vibratory Soil Compactors
- Tandem Rollers
- Backhoe Loaders

DIGMAX SUPER

Launched the DIGMAX Super, an advanced version of our DIGMAX 2 packer loader. This versatile product excels in operator comfort, visibility, safety, productivity and fuel efficiency.



Business Division Analysis

Railway Equipment Business Division

With a legacy dating back to 1962, our Railway Equipment Business Division stands as one of India's most seasoned railway component enterprises. We provide an extensive array of products pivotal to the modernization of Indian Railways. Our commitment to safety and comfort is underscored by the utilization of cutting-edge technologies, rigorously tested in our state-of-the-art research, development, and testing facilities.



₹ 950.1 crores

Revenue Contribution in FY 2023-24

12.9%

Y-o-Y Revenue Growth

MANUFACTURING PLANT

- Manufacturing unit located in Faridabad, Haryana, comprising R&D and testing facilities

PRODUCT RANGE

- Brake System
- Couplers
- Suspension System
- Friction & Rubber Products

BUILDING OUR FUNDAMENTALS

Oldest: Among the legacy players in the railway components business in India

First: Introduced manufacturing compressed air brake systems in railway applications for the first time in India

Best: Complying with International Standards and conforming to the standards of the Indian Research Design and Standards Organization (RDSO)

The Merger Story

Coming Together for Efficiency, Innovation and Growth

Mergers play a crucial role in shaping strategic growth and operational coherence. The EKL Board has approved the merger of Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited into Escorts Kubota Limited. This amalgamation is anticipated to boost efficiencies and streamline operations.



SYNERGIES AT SCALE

Focused Business Segments

Our Company is aligned into six business segments by adding the agri-solutions business, services & spare parts business and engine business to our existing three segments.

Employee Integration

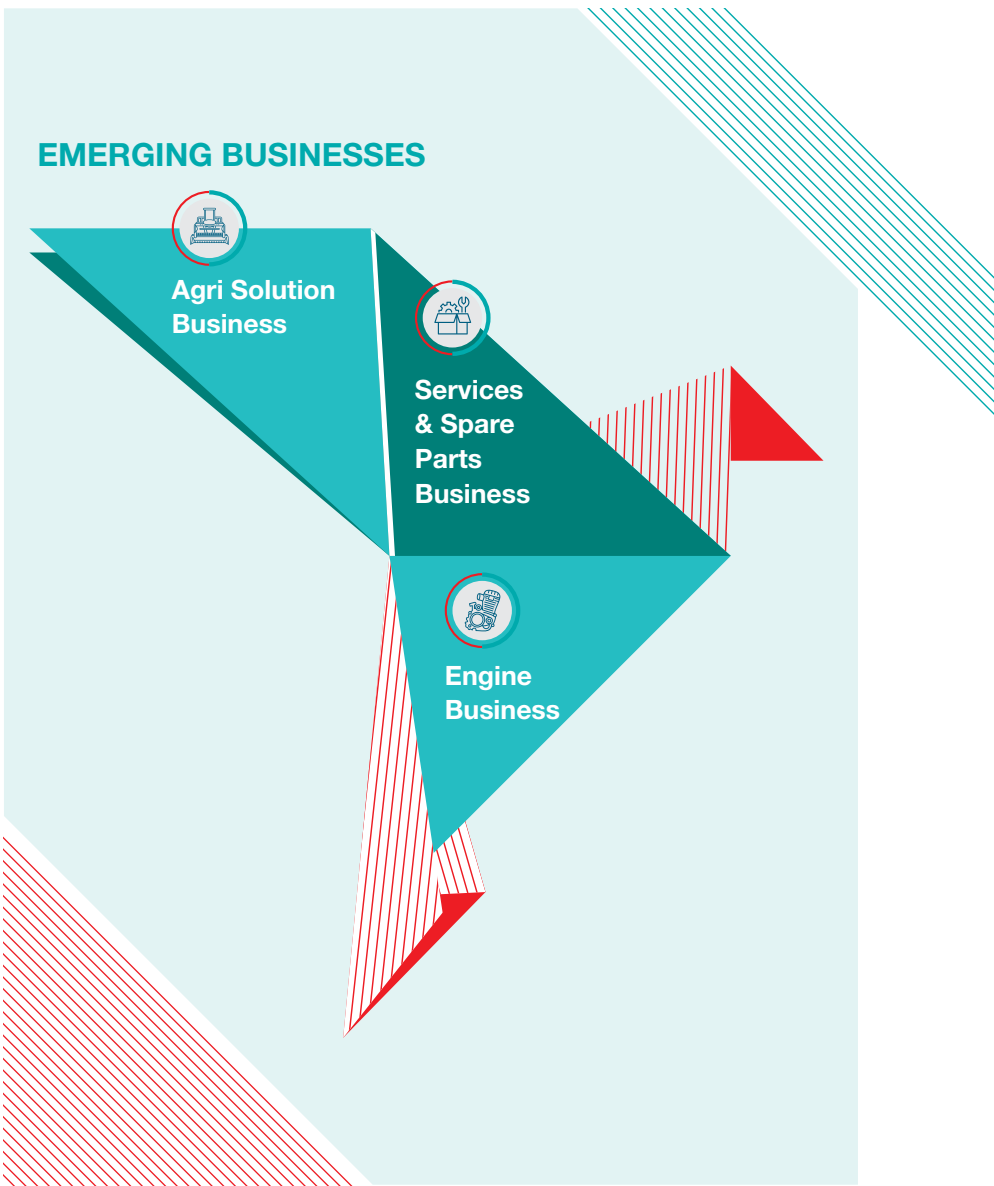
Our employees are actively engaged across all three companies, ensuring a seamless integration that extends beyond just post-merger activities.

Sales Channel Integration

Leveraging Kubota's extensive sales channels presents a significant growth opportunity post-merger. While this cross-utilization strategy is still under explored, it holds immense promise. EKL boasts a network of approximately 1,200 dealers, and Kubota has around 300, both of which are large, credible, and financially robust dealers. This creates a strong foundation for mutual product sales and expanded market reach.

UNVEILING TOMORROW'S VENTURES

Until FY 2023-24, the agri machinery business division at EKL included distinct sub-businesses such as the Engine business, Implement business, and Services & Spare parts division. Effective April 01, 2024, we have restructured these components into separate divisions. This reorganization is designed to transform each into individual profit centers, mirroring successful strategies employed by Kubota.



Emerging Businesses

Agri Solutions Business Division

We introduced the implements business as a new segment. We have separated this segment from our core agri machinery business, which offers critical products to ensure exceptional performance.

PRODUCT RANGE

- Super seeder
- Reverse Forward
- Rotavators
- Sprayers

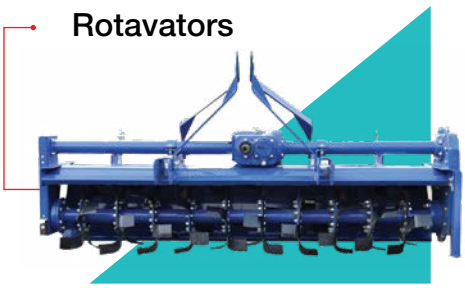


Super seeder

Reverse Forward



Rotavators



Sprayers



Emerging Businesses

Services & Spare Parts Solutions Business Division

We have established the Services & Spare Parts Business Division, which handles the customer service operations of all three core business segments. Further, it engages in the sale of spare parts and warehousing operations. This division is integral to ensuring exceptional support and streamlined operations, enhancing our commitment to customer satisfaction across all business facets.

PRODUCT RANGE ▷ Clutch Cover Assembly ▷ Filter Kit (Oil and Fuel Filters) ▷ RAM Cylinder ▷ Hydraulic Pump



Clutch Cover Assembly



Filter Kit (Oil and Fuel Filters)



RAM Cylinder



Hydraulic Pump

Emerging Businesses

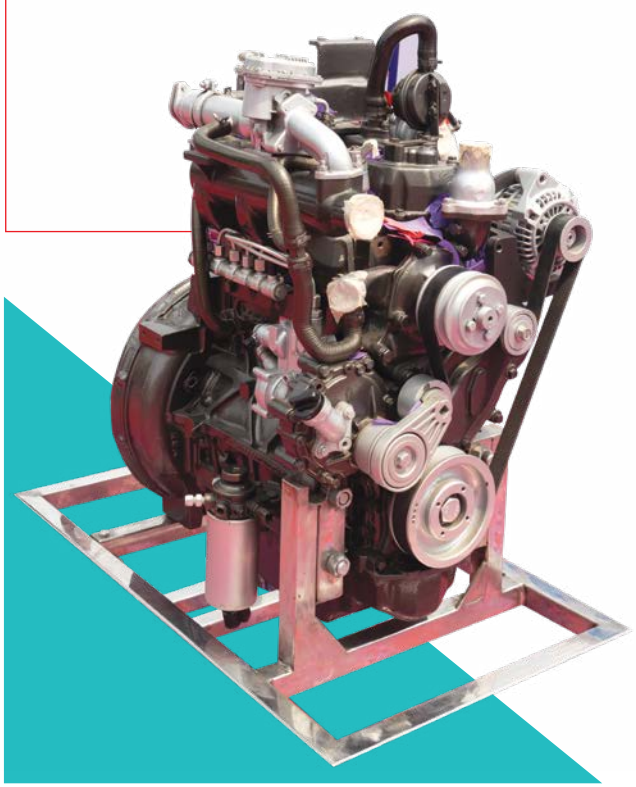
Engine Business Division

We have created a separate engine business division designed to meet the high-quality engine needs of diverse industries, including agricultural machinery, construction, power generation, and other industrial sectors. Our engines are supplied to Genset OEMs, who then co-brand these gensets under the EKL and their own distinguished brands, showcasing our commitment to excellence and partnership in innovation.

PRODUCT RANGE

Diesel Genset Engines

Diesel Genset Engines



Our Product Proposition

In today's automated world, dependable 24x7 power backup is crucial. We produce gensets that are efficient, safe, and built to last, using advanced technology for smooth operations. Our focus is on the diesel genset market, offering 14 different engine models ranging from 7.5 to 62 kVA, specifically tailored for the Indian market.

- **Wide Range and High-Power Density**
- **Offering High Quality-Based on Casting Technology**
- **Strong Performance and Durability**
- **Developing Emission-Certified Products**

Message from the Chairman & Managing Director and Deputy Managing Director

Charting a Course for Sustainable and Strong Growth



Nikhil Nanda
Chairman and Managing Director

Seiji Fukuoka
Deputy Managing Director

As we present our 3rd integrated and 78th Annual Report, we are delighted to share that our collective transformation journey has started on a very positive note. FY 2023-24 was the first financial year following the announcement of the Mid-Term Business Plan up to FY 2027-28, which was co-created by teams in India and Japan.

Dear Shareholders,

We at Escorts Kubota Limited (EKL) are delighted to share our journey of innovation and value creation as we enter into a very special year for us. In 2024, Escorts Kubota will complete 80 years since our foundation in 1944. The journey began with a purpose-led vision to spread prosperity and impact the lives of millions across the globe.

As we celebrate 80 years of Prosperity and Trust, we take this opportunity to thank all our stakeholders for partnering with us in bringing prosperity to the lives of more than 2.2 Million farmers and earning their trust by providing superior products and farming solutions. We feel very fortunate to play our humble role in pioneering farm mechanization in the country and contributing to socio-economic development through the infrastructure development of the country.

From this vantage point, as we look at the future of infinite possibilities and growth opportunities, we feel blessed to be at the unique convergence of India's growth story, the growing global food demand, and the powerful synergy created by the strategic partnership between Escorts and Kubota. Our vision is to become a company that is truly loved and sought after by society and employees, to provide solutions for a sustainable world, and to become a manufacturing hub for the world from India by utilising the capability and potential of India.

Escorts Kubota Limited, a strategic alliance that seamlessly integrates Kubota's state-of-the-art technology, efficient processes, and global reach with Escorts' frugal engineering, agility, and speed, is well positioned to capitalize on growth opportunities in India and global opportunities that can be addressed from India.

As we present our 3rd integrated and 78th Annual Report, we are delighted to share that our collective transformation journey has started on a very positive note. FY 2023-24 was the first financial year following the announcement of the Mid-Term Business Plan up to FY 2027-28, which was co-created by teams in India and Japan. We are happy to announce that in FY 2023-24, we achieved our highest-ever annual performance in terms of revenue, PBT, and EPS. In spite of market de-growth in the Indian Tractor market, we improved our market share.

Partnering India's Growth Story

As the global economy shows resilience, India has positioned itself as a frontrunner in economic advancement among major global players in FY 2023-24. Achieving an impressive GDP growth rate of 8.2%, India is poised to become an attractive investment destination for markets across the globe. Governmental policy reforms have strengthened investor confidence in the nation's economic trajectory, aligning with the Vision India@ 2047 ('Amrit Kaal' or 'The Era of Elixir') initiative aimed at inclusive growth. Despite challenges like substantial Government debt and modest per capita income, the nation's expansive, diverse economy and solid financial foundation continue to bolster its credit profile. The Government's economic agenda focuses on revitalizing growth by enhancing the financial sector, improving business conditions, and upgrading digital and physical infrastructure. These efforts aim to boost manufacturing competitiveness and foster a business-friendly environment, offering us greater opportunities to contribute to the country's growth.

With the Government's commitment to the National Infrastructure Pipeline (NIP), focusing on roads, railways, aviation, shipping, and inland waterways, we are entering an exciting phase of economic development. Our diverse portfolio of construction and agricultural equipment, combined with our advanced technological integration, positions us perfectly to meet the rising demand. The expansion of infrastructure projects, particularly in Tier 2 and Tier 3 cities, aligns seamlessly with our capabilities and growth strategy. Furthermore, with substantial budgetary allocations towards the upliftment of railway infrastructure, we are focused on expanding our product portfolio in the railway business, ensuring we enhance our offerings to meet evolving technological requirements.

As India's agricultural sector flourishes, backed by augmented investments in essential infrastructure such as irrigation and cold storage, our Agri Machinery Business Division at EKL diligently serves the nation's farmers. With a profound commitment to innovation and the highest standards of quality, we contribute to the prosperity of India's agriculture while adhering to global best practices. In pursuit of fostering autonomy and profitability and enhancing operational excellence, we have reorganized our Agri Machinery Business Division into four distinct profit centers which are Tractors, Engines, Agri Solutions, and Services & Spare Parts divisions.

We are proud to play an integral role in India's growth, with an increased focus on improving the utilization of cutting-edge technologies and sustainable practices. We are confident that our strategic initiatives, combined with our commitment to quality and innovation, will continue to improve our market position and significantly contribute to the nation's economic development. Our goal is to become a globally renowned and sought-after company by promoting business in India and around the world. We strive to address societal challenges and contribute to a sustainable future, leveraging India's capabilities to position EKL as a strategic hub. We are committed to promoting sustainable growth and improving living conditions for farmers, women, and socially vulnerable groups. Our aim is to enhance mechanization and provide comprehensive solutions globally.

Performing with Prudence

During FY 2023-24, EKL achieved a new milestone in financial performance. Our highest-ever standalone operating revenue reached ₹ 8,776.7 crores, reflecting a 5.2% year-over-year increase. Our EBITDA grew by 49.8%, highlighting our operational efficiency and cost management strategies, with net profit at an all-time high of ₹ 1,037.2 crores with a PAT margin of 11.8%. We are thankful to all our customers, dealers, suppliers, employees, and other stakeholders who contributed to helping us achieve our current level.

Each of our business divisions contributed well to the overall performance. In our Agri Machinery Business Division, in spite of the decline in volume due to industry de-growth, we managed to improve our domestic market share by 23 bps. The Agri Machinery business also managed to improve EBITDA margin owing to favorable product mix, improved price realization and cost control initiatives. Additionally, we were able to record a revenue contribution of ₹ 6,110.1 crores.

With a significant growth in sales volume on account of industry growth, our Construction Equipment Business Division achieved its highest ever revenue of ₹ 1,709.7 crores. To cater to the significantly higher market demand, we increased our manufacturing capacity, especially for high-end cranes.

Our Railway Equipment Business Division also maintained growth momentum and registered the highest ever revenue of ₹ 950.1 crores. Furthermore, EKL's EBIT margins improved by 510 basis points to 18.9%.

In our emerging businesses, for the Agri Solutions Business, we initiated a plan to realise EKL's expanded vision of the 'tractor-implements' total solution. A double-digit growth achieved for tractor implements in spite of industry contraction validates our direction. Our Engine Business has continued to register a CAGR of more than 45% over the past 3 years, compared to industry growth in the range of 14 to 17%.

As we embrace new strategies and innovations, we remain confident that EKL will continue to be the partner of choice across the industries we serve. Our endeavors are consistently aimed at creating substantial value for our stakeholders and fostering positive change within society. All our efforts are well aligned with our Mid-Term Business Plan, which is designed to achieve targeted growth in the forthcoming years. This commitment ensures that our journey is not only progressive but also sustainable and impactful.

New Products to Lead the Way

To create a distinct and differentiated positioning for our brands, we continue to accelerate our investments in new product development. To enhance our product

offering in the tractor segment, we are preparing to launch a new World Maxx series under the Farmtrac brand, which will help us reposition ourselves in the 50 HP and above premium segment.

Our Agri Solution approach has prompted us to increase our focus on implements. Thus, we are expanding our offerings to include both tractor-driven and self-propelled implements such as rotavators, sprayers, rice transplanters, and harvesters.

In the construction equipment business, we launched new products in the material handling and earthmoving categories. The new products are the EC2520 Plus 110-HP compactor, the F20 Piling Master 101-HP crane, and the Digmax 3E backhoe loader.

Environmental issues are at the forefront of our technological development. We are in the process of launching our new BS5 range of products for both domestic and global markets.

We are proud that innovation is now well integrated into our products and business strategy. In the railway business, we have expanded our product range with the introduction of electric control panels for metro coaches.

Our engine business growth has been fueled by expansion beyond gensets and engines for the CE division. These include engines for concrete mixers as well.

Accelerating Manufacturing and Innovation Excellence

Driven by our commitment to manufacturing high-quality products at competitive costs while ensuring sustainable resource utilisation, we are focusing on the improvement of existing plants using the Kubota Production System (KPS) as a tool. Additionally, we are investing in new facilities for capacity expansion and technological upgradation.

> As we embrace new strategies and innovations, we remain confident that EKL will continue to be the partner of choice across the industries we serve. Our endeavors are consistently aimed at creating substantial value for our stakeholders and fostering positive change within society. All our efforts are well aligned with our Mid-Term Business Plan, which is designed to achieve targeted growth in the forthcoming years. This commitment ensures that our journey is not only progressive but also sustainable and impactful.

Digital Transformation

By adopting best practices in digital techniques, we aim to improve customer connections and efficiency across the value chain. On the front end, we are enhancing brand awareness through the digital visibility of our dealers. During the last year, we have substantially improved digital lead generation, data-driven lead prioritization, and sales. This is supported by digital dashboards to track coverage and performance gaps.

Looking ahead, we are fully committed to the ongoing journey of digital transformation.

Expanding for a Stronger Future

To cater to the volume growth envisioned in the Mid-Term Business Plan for the Indian market as well as exports, we have initiated work on establishing a new greenfield manufacturing facility. The new facility is expected to position us as a global hub for cost-competitive and superior-quality products.

Progressing on Our Mid-Term Business Plan (MTBP)

Our mid-term business plan envisions steering our growth agenda with objectives including:

- Achieving 2.5x revenue growth from both Indian and global markets
- Establishing a global R&D center
- Implementing shared services within R&D to support Kubota's global needs such as digital transformation, R&D design support, engineering support, and innovative project partnerships
- Aligning manufacturing with the standards of Kubota's manufacturing excellence



Our dedicated focus on nurturing talent and fostering an inclusive and supportive environment has yielded positive results, aligning with our strategic vision of developing a positive and dynamic work culture. We are committed to fostering a diverse workforce by actively recruiting talent from various backgrounds and ensuring equal opportunities for everyone. Our efforts reflect the diversity of the communities we serve, bolstering our capability to drive sustainable growth.



- Profitable growth while being mindful of returns on investment for creating shareholder wealth

Furthermore, we are happy to share that we are progressing well on the initiatives to meet MTBP objectives.

Strengthening Our Capital Allocation Strategies

Our capital allocation strategy ensures a balanced approach to fueling growth while maintaining financial discipline. We have outlined our investment priorities, including a state-of-the-art greenfield manufacturing plant, sustained investments in R&D to drive innovation, and the development of technologically superior products. Additionally, we are planning to invest in a captive finance company, Escorts Kubota Finance Limited, with regulatory approval in process.

We acknowledge the importance of shareholder returns and have instituted a dividend policy in line with our long-term goals. Our proposed final dividend of 180% demonstrates our firm commitment to maximising shareholder returns.

Sustainability at the Core

Our pledge to sustainable growth encompasses more than just financial stability; it reflects our deep commitment to positively impacting the environment, society, and all our stakeholders. Aligned with this vision, we have established targets across 10 Environmental, Social, and Governance (ESG) parameters, steering our operational choices towards greater responsibility.

In our ambitious drive towards carbon neutrality by 2050, we are advancing energy efficiency, augmenting our use of renewable energy, and embracing cutting-edge technologies to optimise resource utilisation and curtail emissions. In line with our efforts towards carbon reduction, we are committed to achieving zero waste in landfills by 2027. In pursuit of this, we are undertaking pre-feasibility studies to forge a robust waste management action plan. This strategy aims to elevate our recycling and reuse initiatives, ensuring that waste is not only minimized but transformed into valuable resources through sustainable circular economy practices.

Water conservation is another pillar of our sustainability strategy. By 2030, we aim to be a net water-positive organization. Our initiatives, including zero liquid discharge technologies, upgrades to our sewage and effluent treatment plants, water reuse and recycling, and extensive rainwater harvesting, are designed to achieve this goal. Furthermore, we are dedicated to increasing our renewable energy share by threefold, reflecting our commitment to sustainable energy sources.

A Workplace Dedicated to Continuous Upskilling and Well-Being

Our dedicated focus on nurturing talent and fostering an inclusive and supportive environment has yielded positive results, aligning with our strategic vision of developing a positive and dynamic work culture. We are committed to fostering a diverse workforce by actively recruiting talent from various backgrounds and ensuring equal opportunities for everyone. Our efforts reflect the diversity of the communities we serve, bolstering our capability to drive sustainable growth. This year, we made significant strides in enhancing workforce diversity, with women comprising a significant share of new hires from campuses.

Our talent management strategy emphasises continuous learning and

development. Through our flagship local programs and robust knowledge exchange with Kubota Corporation's markets in Japan and Thailand, we are enhancing our employees' capabilities and fostering a culture of continuous improvement. Initiatives like the 'On Your Side' program, which focuses on quality, safety, and responsiveness, are integral to promoting a customer-centric culture and ensuring that we consistently deliver value to our stakeholders. Our extensive Learning Management System (LMS) supports continuous education and professional development, ensuring that our team stays ahead of industry trends and is equipped with the skills necessary to excel in their roles.

Caring for All Stakeholders

Our approach to customer engagement is multifaceted. From farmers to construction companies, every interaction is an opportunity to strengthen our bond with our customers. We prioritize transparency, convenience, and reliability throughout the customer journey, ensuring that our products not only meet but exceed their expectations. Whether it's a product demonstration during installation or offering doorstep services for maintenance and repairs, we strive to make the entire experience as seamless and hassle-free as possible.

Our commitment to connectivity extends beyond our customers to encompass our entire value chain. We recognize that our operations heavily depend on a vast and intricate network of suppliers and partners. Therefore, embedding sustainability practices throughout the network is not just a responsibility but a strategic imperative. By fostering transparent, enduring, and trust-based relationships with our partners, we build a value chain that strengthens our collective impact and enhances our resilience against external disruptions.

Our Corporate Social Responsibility (CSR) initiatives are a testament to our commitment to make a positive difference in the world. We don't view CSR as mere obligations but as integral to our identity as socially responsible corporate citizens. Our initiatives span diverse thematic areas, including agricultural transformation, environmental sustainability, and community empowerment. Whether it's empowering farmers with training programs, restoring ecosystems, or promoting menstrual health and hygiene, our CSR efforts are about creating tangible, lasting impacts in people's lives.

Our commitment to being 'On Your Side' is more than just a slogan; it is a guiding principle that underpins everything we do. We believe in fostering trust and collaboration with all our stakeholders, whether it is our valued customers, dedicated employees, supportive investors, or the communities we serve.

Taking Forward Our Legacy of Value Creation

As we embark on our way forward, our strategic roadmap, outlined in our Mid-Term Business Plan (MTBP) for 2028, sets the course for growth through quality excellence, global expansion, and sustainable development. Our New Product Introduction Plan (NPIP) ensures the development of new products with superior quality.

Recognising the pivotal role of EKL in Kubota Corporation's global strategy, we are establishing India as a sourcing base while strengthening our R&D capabilities to support innovation. Our global aspirations extend to exporting tractors and construction equipment to ASEAN countries, South Africa, North America, and the European market.

The upcoming merger of Escorts Kubota India Private Limited and Kubota Agri Machinery India Private Limited into Escorts Kubota Limited is under regulatory approval. With the proposed merger, we are laying the foundation for a unified entity that will boost efficiency and streamline operations in India.

With our strategic imperatives firmly in place, we are well-equipped to navigate the evolving landscape, create enduring value, and contribute meaningfully to the prosperity of our stakeholders and communities.

We extend our deepest and heartfelt gratitude to all our stakeholders for their support and commitment. Your trust and collaboration inspire us to push boundaries, innovate relentlessly, and create enduring value. Together, we will persist in advancing our mission, crafting a brighter and more sustainable tomorrow for all future generations.

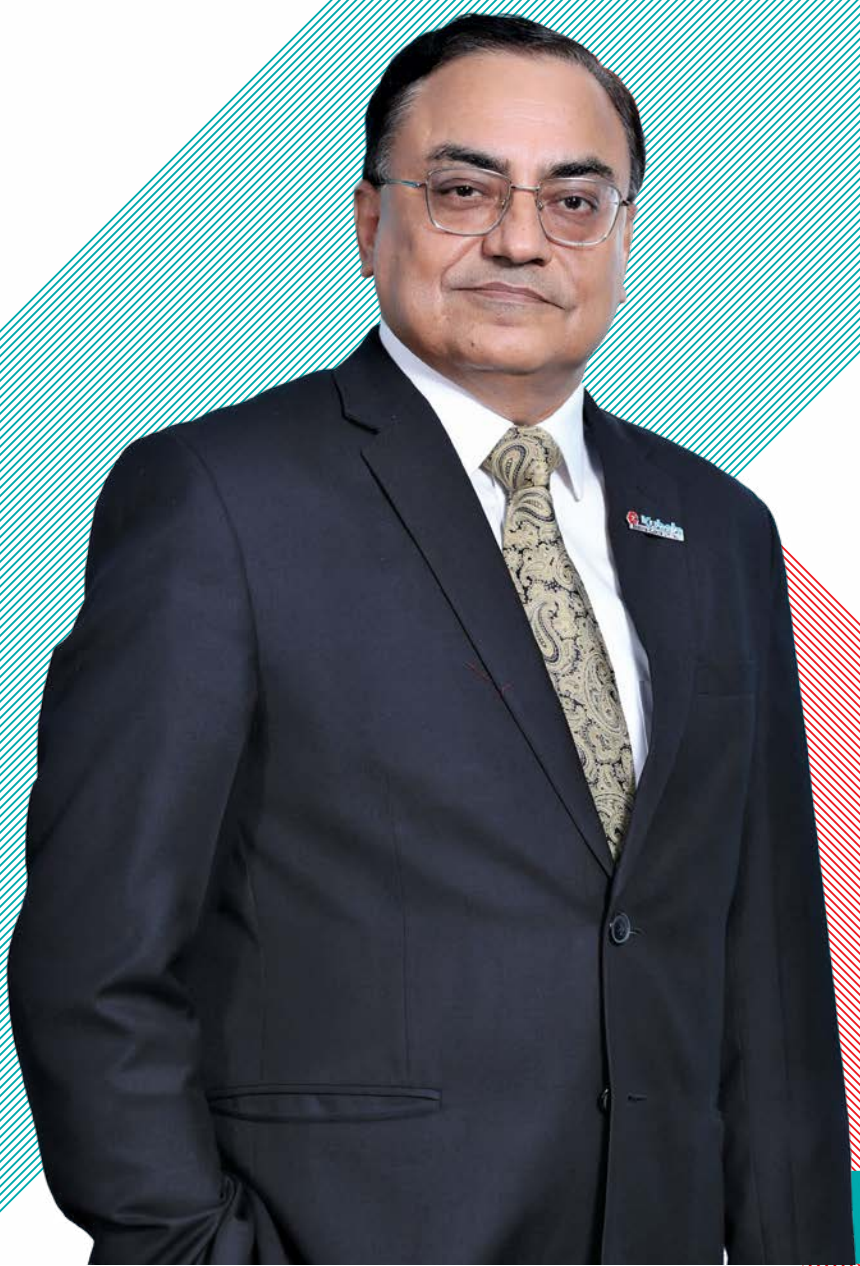
Warm regards,

Nikhil Nanda
Chairman & Managing Director

Seiji Fukuoka
Deputy Managing Director

Message from the Whole-Time Director & Chief Financial Officer

Strengthening the Foundation through Diversification and Expansion



> We plan to enhance tractor production capacity by establishing a new greenfield facility without additional debt or capital and starting operations in our captive non-banking finance company to focus on core business.

Bharat Madan
Whole-Time Director and Chief Financial Officer

Dear Shareholders,

I am delighted to provide an update on your Company's best-ever financial performance in the fiscal year 2023-24, as well as share our exciting vision for the future.

We achieved significant milestones in both operational and financial aspects. Our consolidated profit after tax reached an all-time high of ₹1,049.1 crores in FY 2023-24, reflecting a 64.8% year-on-year increase. Revenue from operations also hit a record high of ₹ 8,849.6 crores in FY 2023-24, marking a 5% year-on-year growth, driven by increased revenue from our construction equipment and railway equipment divisions. Our EBITDA margin improved by 396 basis points to 13.2% in FY 2023-24, primarily due to improved price realization, effective cost control, softening commodity prices, and operating leverage in the construction and railway equipment division.

In our Agri-Machinery Division, although our total tractor volume decreased by 7.2% to 95,858 tractors compared to the previous fiscal year, our domestic market share increased to 10.3% in FY 2023-24. Challenging weather conditions like erratic rainfall and low water reservoir levers impacted the Agri-Machinery segment's revenue, but our cost control measures and favourable product mix led to an improved EBIT margin of 12.7% in FY 2023-24.

Our Construction Equipment business experienced significant growth, with total volumes increasing by 41.7% to 6,548 machines and segment revenue increasing by 45% to ever-highest divisional revenue of ₹ 1,709.7 crores. Division EBIT margin also improved to 9.3%, showcasing our commitment to enhancing profitability.

In the railway equipment division, revenue for the year ended March 2024 reached an all-time high of ₹ 950.4 crores, with an improved EBIT margin of 18.9%.

We are excited about the upcoming merger of 2 joint ventures with Kubota Corporation, which will provide us with additional revenue verticals such as agri-solutions, spare parts & services, the engine business, and component sourcing from India.

Our capital allocation strategy focuses on core business expansion, maintaining a zero-debt company post-merger, innovation, and exploring inorganic opportunities. We plan to enhance tractor production capacity by establishing a new greenfield facility without additional debt or capital and starting operations in our captive non-banking finance company to focus on core business. At the same time, we focus on ensuring a healthy Total Shareholder Return (TSR) with favorable dividend distribution policy as evident in the share price of the Company.

At Escorts Kubota Limited, we prioritize being 'On Your Side' in all of our interactions with stakeholders.

Our organizational culture is centred around learning and unity, prioritizing not only the safety and well-being of our employees but also a healthy relationship with the environment. In our sustainability efforts, we are mindful of our ESG actions and diligently track our targets. This year's results indicate positive progress towards achieving our goals, including reduced water consumption, increased waste recycling, and greater use of renewable energy as compared to the previous year.

We are dedicated to maintaining transparent and cooperative relationships with our suppliers and channel partners, fostering mutual growth and prosperity. We also actively participate in community initiatives to enhance living standards in the areas where we operate. Together, we strive to strengthen our partnerships through shared growth and empowerment, ensuring ongoing success.

We thank all stakeholders for their continued support and trust in our vision, and we are committed to delivering another year of robust performance, reflecting our strategic initiatives and market opportunities. Thank you for your continued partnership.

Warm Regards,

Bharat Madan
Whole-Time Director & Chief Financial Officer

Governance

Commitment to Ethical Excellence and Integrity

At EKL, our commitment to ethical conduct, transparency, and accountability is central to our corporate culture and shapes our policies. We understand that strong corporate governance is essential for building trust with stakeholders and ensuring the long-term success of our Company. In a dynamic and regulated environment, we focus on creating value for shareholders, employees, customers, and suppliers through principled governance practices.



EFFECTIVE GOVERNANCE

Our governance structure helps ensure alignment with international standards, driving our commitment to transparency, integrity, and accountability.

Four main pillars guide our governance system:

Shareholder Relations

We prioritize fostering strong relationships with our shareholders, thus ensuring transparent communication of Company performance.

Confluence of Management and Supervisory Boards

Our management and supervisory boards work collaboratively to provide strategic direction, oversight, and accountability, promoting effective decision-making and governance.

Fair, Performance-Based Compensation to Employees

We believe in rewarding our employees fairly based on their performance, encouraging excellence and dedication to our mission and values.

Proactive and Open Disclosure of Business Performance

Transparency forms a vital base for our approach to governance. We are committed to timely and comprehensive disclosure of our business performance, ensuring stakeholders are informed and engaged.

CORPORATE GOVERNANCE PHILOSOPHY

Our corporate governance philosophy embodies our dedication to sustainability and alignment with our stakeholders' interests. We understand our role in fostering national and societal growth. And so, our focus is on promoting the interests of our stakeholders through responsible, distinguished, and ethical business conduct.

To uphold our values and principles, we have adopted a comprehensive set of codes and policies, including:

Code of Conduct to Regulate, Monitor and Report Trading by Insider	Code of Conduct	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	Code of Conduct for Board Members and Senior Management of the Company
Investor Grievance Redressal Policy	Policy for Preservation of Company Records	Policy for Determining Material Subsidiary	Policy on Materiality of Related Party Transactions (RPT) and Dealing with RPT
Policy on Appointment and Removal of Directors and Members of Senior Management	Corporate Social Responsibility (CSR) Policy	Dividend Distribution Policy	Remuneration Policy for the Directors, KMPs, Senior Management, and Other Employees
Whistle-Blower Policy	Policy for Determination of Materiality of Events/ Information	Policy on Risk Management	Policy on Succession Planning
Board's Diversity Policy	Competition Compliance Policy	Policy on Prevention of Sexual Harassment at Workplace	Equal Opportunity Policy
Supplier Code of Conduct	Business Responsibility and Sustainability Policy	Anti-Bribery Policy	

These policies ensure transparency, integrity, and adherence to the highest governance standards. Thereby facilitating continuous evaluation and benchmarking to drive excellence in governance practices.

ETHICAL BUSINESS CONDUCT

At EKL, we uphold a commitment to ethical business conduct, rooted in integrity, transparency, and accountability. Our Code of Conduct serves as a guiding light, outlining the principles that govern our interactions with all our stakeholders. We embrace these principles and ensure compliance in every aspect of our work.

Compliance Responsibilities

Our employees are entrusted with the responsibility of conducting themselves with honesty, professionalism, and respect for all individuals. They are expected to adhere to both the letter and spirit of the Code, upholding the highest standards of ethical behavior in all their endeavors.

Reporting Violations

Transparency is fundamental to our culture. We encourage open reporting of any ethical concerns or violations, providing safe channels for employees to voice issues without fear of retaliation, and we promptly address any breaches of conduct.

Regulatory Compliances

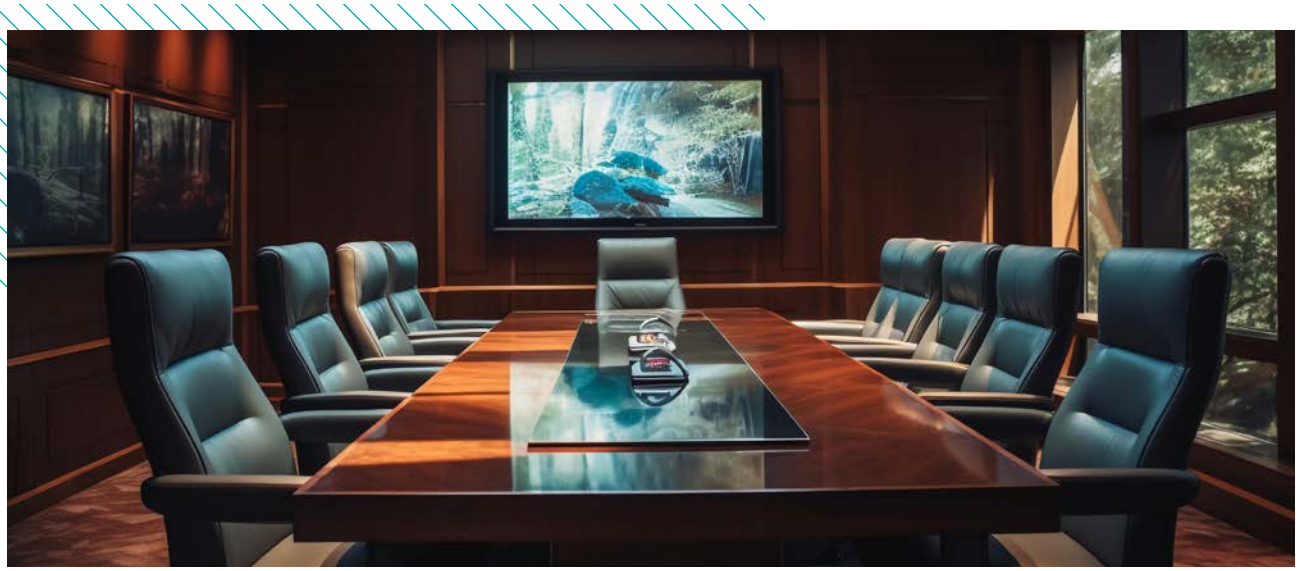
We are committed to regulatory compliance, respecting human rights, safeguarding entrusted information, and promoting health, safety, and environmental sustainability.

Upholding these principles is not just a requirement but a fundamental aspect of who we are as an organization, guiding our decisions and actions every day.

BOARD MEETINGS

The Board accepts all recommendations made by the Board's committees. The Board approves the annual operating and capital budgets and spends considerable time reviewing our Company's actual performance against the approved budget.

Board meetings are scheduled with at least seven days' written notice to each Director. Directors may attend these meetings in person via video conferencing, or by other audio-visual means. The minutes of these meetings are circulated to all Directors within fifteen days, in writing or electronically. Directors confirm the accuracy of the minutes, whether attending in person or remotely, within seven days.



TAX TRANSPARENCY POLICY AND CONTRIBUTIONS

At EKL, we are committed to upholding the principles of equitable taxation and ensuring our contributions are made responsibly and in accordance with local and international standards. Our Tax Transparency Policy reflects our dedication to adhering to regulations while maintaining competitiveness in the market. We are committed to transparency and accountability in our tax practices, guided by established methodologies such as OECD guidelines, particularly concerning transfer pricing and the arm's length principle.

Tax Transparency Policy

The Tax Transparency Policy at EKL serves as a compass for our tax management approach. It aims to ensure that our tax activities are conducted in a manner that is both compliant and conducive to competitiveness. Through transparency and accountability, we seek to foster trust among stakeholders and uphold ethical standards in taxation.



Tax Principles

We adhere to a set of core tax principles in our business operations, including:

Compliance

EKL diligently follows local laws and regulations in all operational regions, ensuring timely compliances and accurate tax payments.

Transparency

We prioritize openness in our tax approach, providing clear information on tax strategies and total tax contributions to our stakeholders.

Responsibility

We acknowledge our duty to maintain transparent tax practices, integrating environmental and social considerations to enhance stakeholder value.

Transfer Pricing

Our aim is to pay fair taxes based on the value generated by our commercial activities. Our transfer pricing approach adheres strictly to the 'arm's length' principle.

Relationship with Tax Authorities

At EKL, we are committed to fostering trust with tax authorities through effective communication and honest cooperation during tax audits.

Accountability & Governance

We have established robust mechanisms to uphold these principles, offering relevant training and channels for employees to raise concerns confidentially. Reporting to the Whole-Time Director and Chief Financial Officer (CFO) includes updates on tax regulations, challenges, effective tax rates, provisions, key issues, and adherence to the Tax Principles.

APPROACH TO TAX GOVERNANCE

EKL upholds the highest standards of corporate governance. We maintain transparency in managing our tax affairs. Our governance structure oversees the development, implementation, and monitoring of our Tax Principles. The Tax Team, composed of qualified and experienced professionals, collaborates with business units or departments to discuss and propose tax positions and decisions. These proposals are further deliberated with department heads, with senior management consulted on critical matters.

In adherence to EKL's Code of Conduct, which emphasizes fairness, honesty, accountability, and ethical business conduct, we strictly oppose tax evasion. EKL ensures compliance accountability through our Tax Transparency Policy, which delineates responsibilities for tax law compliance across corporate and business divisions in all operational jurisdictions. The Tax Transparency Policy and update(s), if any, are communicated to and approved by the Board of Directors. Implementation of the same falls under the purview of the Tax Team within our Company's overarching control and governance framework. Additionally, tax litigation matters are disclosed to the Board of Directors on a quarterly basis for their information and inputs.

TAX RISK MANAGEMENT AND MITIGATION

Aligned with our tax governance model of transparency, we uphold robust internal controls. These encompass systems, processes, and measures enabling EKL to meet our tax compliance obligations while mitigating associated risks.

Risk Assessment

Given our global business relations, risks may emerge periodically due to tax law interpretation, compliance volume, and shifts in the tax and regulatory landscape. Thus impacting our current and future business strategies. To proactively manage these risks, adept professionals continually monitor and advise on risk control and monitoring strategies. Our risk mitigation focuses on sound legal structures, seeking necessary approvals from tax authorities where feasible, implementing tax governance and transparency measures, enforcing data controls, and fostering resource development.

Self-Assessment

To effectively address diverse tax risks, we issue appropriate tax policies and guidance as needed, aimed at minimizing risks based on recommendations from the tax function.

Resource Management

Our Tax Transparency policy extends to all employees, encouraging them and relevant third parties to familiarize themselves with our policy and comply accordingly.

Industry Benchmark

EKL actively tracks initiatives undertaken by other companies to glean insights and adopt best practices regarding new tax regulations, compliance, and transparent reporting.

RELATED-PARTY TRANSACTIONS

At EKL, we ensure that transactions with related parties adhere to arm's length standards and prevailing transfer pricing regulations. We prioritize transparency and compliance across all areas of operation, promoting fairness and accountability in our business dealings.

TAX TRANSPARENCY REPORT

Basis of Preparation

This section outlines the scope and methodology we used to report data on tax and other contributions for the period from April 1 2023 to March 31 2024, in our Tax Transparency Report. All data is presented in Indian Rupees (₹).

Methodology

We report taxes and other contributions on an accrual basis,unless otherwise specified. Detailed methodologies for each type of tax and contribution are provided below.

Direct Contribution

Direct Tax

This includes our Corporate Income Tax, including surcharge and cess there on.

Other Taxes & Charges

This category covers property/municipal taxes, stamp duties, and water charges/ cess/taxes.

Indirect Taxes

The reported amounts reflect our gross indirect tax liability to the Government treasury on an accrual basis. Note that taxes paid on procurements to vendors are excluded here. We derive these figures from various statutory periodic forms, returns, statements, challans, or other documents filed and maintained with the relevant government authorities.

Indirect Contribution

Indirect contributions include withholding taxes we collect from vendors, dealers/customers, shareholders, and employees, as well as taxes collected from customers and payroll taxes. This also covers taxes collected on various payments received from customers for specified goods or services. These taxes are documented in forms, returns, tax audit reports, and challans as required by the government.

Other Contributions

Other contributions consist of our employer's contributions to social security programs for employees as mandated by regulatory bodies. This includes our share in the provident fund, employee pension scheme, and employee state insurance. These contributions are reflected in the returns and challans prescribed by the relevant statutory bodies.

Specific Disclosures

We contribute to the Government through both direct and indirect tax payments. Our direct contributions capture various payments made for our goods and services, while indirect contributions include payments made on behalf of other stakeholders, such as withholding and payroll taxes. Other contributions refer to non-tax payments we make, such as our contributions to the provident fund and employee pension fund.

We classify taxes under 'Direct Contribution' and 'Indirect Contribution' based on our understanding of the nature of these taxes and their payment mechanisms.

Tax Contributions

in ₹ crores

Tax Category	Tax Contribution - FY 2023-24
Direct Contribution	
Corporate Tax	
Corporate Income Tax (including Surcharge & Cess)	304.61
Other Taxes & Charges	
Stamp Duty	0.03
Property Tax/Municipal Tax	0.45
Water Charges, including Water Cess and Water Tax as Applicable	1.59
Indirect Taxes	
Goods and Services tax	1,743.00
Custom Duties	19.88
Indirect Contribution	
Withholding and Payroll Taxes	
Withholding Taxes from Vendor, Customers, Dealers & Shareholders	43.96
Tax Collected at Source for Sales to Customers	11.78
Withholding Taxes from Employees/Payroll Taxes	71.06
Professional Taxes	0.11
Other Contribution	
Provident Fund (PF)	17.09
Employee Pension Scheme	6.67
Employee State Insurance	0.39
National Pension Scheme	1.31
Deposit linked insurance	0.40
Contribution to welfare comissioner	0.11

Board of Directors

Driving Our Vision & Values

Our Board of Directors, consisting of 18 members, diligently oversees our operations to ensure they align with organizational development and stakeholder interests. The Board strictly adheres to government regulations, meticulously reviews compliance, values, and ethics, and swiftly addresses deviations, if any.

With members spanning diverse age groups and a gender balance in line with regulations, each Director brings invaluable domain expertise to the table. Their selection is based on strict criteria outlined in our governance policies, underscoring our commitment to excellence and integrity. A detailed section is available in the 'Governance' section of our website.



Mr. Nikhil Nanda
Chairman & Managing Director

C M



Mr. Hardeep Singh
Non-Executive Director

C M M M



Ms. Nitasha Nanda
Whole-Time Director

C



Mr. Sunil Kant Munjal
Independent Director

M M



Ms. Tanya Arvind Dubash
Independent Director

M M



Mr. Harish Narinder Salve
Independent Director

Audit Committee

Nomination, Remuneration & Compensation Committee



Mr. Dai Watanabe
Non-Executive Director

M



Mr. Seiji Fukuoka
Deputy Managing Director

M M



Mr. Ravindra Chandra Bhargava
Independent Director

M



Mr. Kenichiro Toyofuku
Independent Director

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Mr. Vimal Bhandari
Independent Director

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Ms. Reema Nanavaty
Independent Director

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Mr. Yasukazu Kamada
Non-Executive Director



Mr. Manish Sharma
Independent Director

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Mr. Bharat Madan
Whole-Time Director & Chief Financial Officer

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Dr. Rupinder Singh Sodhi
Independent Director

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Mr. Shingo Hanada
Non-Executive Director



Mr. Nobushige Ichikawa
Non-Executive Director

Stakeholder's Relationship Committee

Risk Management Committee

Corporate Social Responsibility Committee

C Chairman M Member

Mr. Nikhil Nanda

Chairman & Managing Director

Mr. Nanda joined the EKL Board in 1997 and assumed responsibility as Chairman & Managing Director in 2018.

Mr. Nanda has led the transformative journey of our Company to profitable growth and global reach through innovation, strategic planning, and technological collaborations. He has played a central role in leveraging EKL's inherent capabilities to strengthen our position as a company dedicated to frugal engineering.

Under his leadership, Escorts Limited has strengthened its partnership with Kubota Corporation by institutionalizing Escorts Kubota Limited. Kubota Corporation Japan, as part of their recent acquisition of an equity stake in the Company, resulting in them becoming a joint promoter in the Company. They have agreed with Mr. Nanda to avail his experience and expertise for expanding their agri-based business in India and globally for the manufacture of tractors and to provide him with the honorary positions of Senior Managing Executive Officer and General Manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations at Kubota Corporation, Japan. He was among the five Indians selected as the Global Leaders of Tomorrow for the year 2001 by the World Economic Forum, Geneva. He is a member of CII's National Council; the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Young Presidents Organisation (YPO). He is one of the few business leaders chosen by the Government to represent India at the Indo-Spain CEOs Forum.

He has been conferred the prestigious recognition of 'Best CEO Auto & Auto Ancillaries' by Business Today for October 2019-September 2020 period. He holds a Baccalaureate Degree in Bachelor of Business Administration from The Wharton Business School, University of Pennsylvania, class of 1995.

Mr. Hardeep Singh

Non-Executive Director

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

Ms. Nitasha Nanda

Whole-Time Director

Ms. Nanda, Director, is a multifaceted professional, entrepreneur and business leader with wide-ranging experience across global and Indian companies. After graduating with Honors in commerce from the University of Delhi, she worked with Price Waterhouse, ANZ Grindlays Bank, Hewlett Packard, Escorts Finance Limited and other reputed organizations in Business Strategies, Financial Management, Operational Research and Managerial Techniques, among others.

She heads the CSR Committee of the Board at EKL, which also monitors ESG development goals, and is a member of the Investment Committee. She is also on the Board of several companies, including Seitz Technologies, RNIS, Raksha TPA, Rimari India and Sun & Moon Travels.

Mr. Sunil Kant Munjal

Independent Director

Mr. Sunil Kant Munjal is one of the founder promoters of the Hero Group, India's premier automotive manufacturing group that has evolved from being the world's largest bicycle-maker to the largest two-wheeler maker.

Mr. Munjal is actively involved as a business promoter, an institution builder, a social entrepreneur, an angel investor and a thought leader. He is the Chairman of Hero Enterprise, with interests in insurance distribution, steelmaking, real estate and corporate training. He has made strategic investments in several areas, ranging from e-commerce to hospitality. He also supports start-ups in digital learning, community transportation, healthcare, women's empowerment and education.

He chairs the Board that runs the Doon School and sits on the boards of the IIM Ahmedabad (IIMA), ISB, and SRCC. He co-founded BML Munjal University (BMU) and is President of the Dayanand Medical College and Hospital, Ludhiana. He has also served as President of the CII and AIMA, was a member of the Prime Minister's Council on Trade & Industry and was on the Government taskforces that prepared the ground for India's banking and insurance reforms.

Mr. Munjal has set up the Serendipity Arts Foundation, which aims to revive patronage in the arts; he is also President of the Ludhiana Sanskritik Samagam, which supports performing arts across North India. He also received the GlobScot Award from the Scottish Government in 2012 for being one of the largest employers in Scotland. He is currently on the Board of the following public limited companies apart from some private companies:

- DCM Shriram Limited – Director
- Rockman Industries Limited
- Hero Steels Limited

Ms. Tanya Arvind Dubash

Independent Director

Ms. Tanya serves as the Executive Director & Chief Brand Officer of Godrej Industries Limited and is responsible for the Godrej Group's brand and communications function, including guiding the Godrej Masterbrand.

Ms. Tanya is also a Director on the Board of Godrej Industries Limited, Godrej Consumer Products Limited and Godrej Agrovet Limited. She also serves on the Boards of Britannia, AIESEC and India@75.

She was a member on the Board of the Bharatiya Mahila Bank between November 2013 and May 2015. She was a trustee of Brown University between 2012 and 2018 and continues to be a member of the Brown India Advisory Council and on the Watson Institute Board of Overseers. She was recognized by the World Economic Forum as a Young Global Leader in 2007. She is an AB (cum laudé) in Economics & Political Science, Brown University, USA, and an alumna of the Harvard Business School.

Mr. Harish Narinder Salve

Independent Director

Mr. Harish Narinder Salve is a senior counsel as well as an arbitrator in India and a Barrister (UK) who specializes in constitutional, commercial and taxation law. He was the youngest ever to be appointed as a solicitor. He primarily practices at the Supreme Court of India but also appears in various High Courts and in international arbitration, sometimes as counsel and other times as an adjudicator. Mr. Salve served as the Solicitor General of India from 1999 to 2002.

He was appointed as Amicus Curiae by the Supreme Court in some cases, mostly relating to the preservation of the environment. He holds an honorary doctorate, is a chartered accountant, and a law graduate. He is a member of the Court of the Singapore International Chamber of Arbitration and a member of the Court of the London Council of International Arbitration.

He was enrolled as a barrister, called to the bar at Gray's Inn in July 2013 and is now a permanent tenant at Blackstone Chambers, London. He has been appointed as Queen's Counsel (QC) for the courts of England and Wales. He has also appeared as counsel and was appointed as an arbitrator in a number of international arbitrations. He is 68 years old and was ranked 43rd in India's 50 Most Powerful People of 2017 list by India Today Magazine.

Mr. Dai Watanabe

Non-Executive Director

Mr. Dai Watanabe is the Director and Senior Managing Executive Officer and General Manager of the Farm and Industrial Machinery Consolidated Division of Kubota Corporation. Mr. Watanabe, in his illustrious career, has served in various departments/entities such as Farm and Industrial Machinery International Planning and Control Dept. Kubota Europe, S.A.S., Kubota Farm Machinery Europe, S.A.S., Kverneland AS, Agricultural Implement Business Unit, Agricultural Implement Division, Farm and Industrial Machinery Strategy and Operations Headquarters and Innovation Centre.

He graduated in 1984 from the Department of Economics at Kyoto University. He did his MBA from Kobe University in 1995.

Mr. Seiji Fukuoka

Deputy Managing Director

Mr. Seiji Fukuoka entered the Kubota Corporation in 1993 and has been working for Kubota for almost 30 years in various business divisions in Japan. In the period 2018- 2021, he was a General Manager of the Tractor Business Administration and Control Department and was transferred to Escorts Kubota Limited in 2022.

Mr. Ravindra Chandra Bhargava

Independent Director

Mr. R. C. Bhargava joined the Indian Administrative Service in 1956 on the basis of an all-India competitive examination and secured the number one position in India. Mr. Bhargava joined Maruti Udyog Limited soon after its incorporation in 1981 as Director (Marketing and Sales). Mr. Bhargava was appointed as the Managing Director (CEO) in 1985. He continued on this post till he retired in 1997. He was re-inducted to the Board in 2003 when our Company was listed. He was appointed as the Non-Executive Chairman in 2007, a position he continues to hold to date.

He has been the Chairman of IIM, Ranchi and IIT, Kanpur, besides being on the Boards of other educational institutions. Mr. Bhargava was awarded the Padma Bhushan in 2016.

In November 2011, the Emperor of Japan conferred Mr. Bhargava with the 'Order of the Rising Sun Gold and Silver Star'. He has been accorded a Lifetime Award for Management by the Economic Times and the All-India Management Association. Mr. Bhargava is the recipient of the Forbes India Leadership Award for Lifetime Achievement.

Mr. Kenichiro Toyofuku

Independent Director

Mr. Kenichiro Toyofuku is a Bachelor of Arts (BA) in Economics (Environmental Economics), Keio University, Japan. He joined METI (Ministry of Economy, Trade & Industry) Japan in 1993. He also joined the Embassy of Japan in India: First Secretary (Commercial Attaché) in May 2004, METI as deputy Director, Asia & Oceania Division in August 2008, JETRO in India (Japan External Trade Organisation) in July 2010, the Government of India, Ministry of Commerce & Industry, Department of Industrial Policy & Promotion: Coordinator, Japan Plus Cell in October 2014, the World Bank (India office): Senior Private Sector Specialist, Finance, Competitiveness & Innovation Global Practice in October 2017 and Suzuki Motor Corporation (SMC) in November 2019. His area of specialization is carbon neutrality, the India-Japan relationship, regional development, industrial policy, trade policy, and skill development.

Mr. Vimal Bhandari

Independent Director

Mr. Vimal Bhandari is an accomplished, dedicated, and focused professional with over 37 years of experience in a range of businesses in the financial services industry, of which twenty-six years have been at the Board of Directors level. He is a commerce graduate from Mumbai University (Sydenham College) and a Chartered Accountant from the Institute of Chartered Accountants of India.

Ms. Reema Nanavaty

Independent Director

Ms. Nanavaty has been working with the SEWA for over 37 years expanding its membership to over 2.1 Million members, making it the single largest union of informal sector women workers. Ms. Reema oversees 4813 self-help groups (SHG), 160 co-operatives and 15 economic federations pan-India, including 16 states, and also in 7 South-Asian countries, focusing on women's economic empowerment by building women-owned enterprises, building women-led supply chains, introducing modern ICT-based tools and facilitating green energy initiatives and livelihoods.

Mr. Yasukazu Kamada

Non-Executive Director

Mr. Kamada entered Kubota Corporation in 1983 and has been working for Kubota for almost 42 years in various management positions in Japan and the United States. He currently resides in Europe. In the period 2017- 2021, he was the Managing Executive Officer and General Manager of the Engine Division and since January 2022, he has held the positions of President of Kubota Holdings Europe B.V. and Chairman of implement manufacturer Kverneland AS in Europe. He is based in Amsterdam, the Netherlands.

Mr. Manish Sharma

Independent Director

Mr. Manish Sharma has extensive professional experience of over 27 years, driving sustainable growth along with strategy planning and business development. His versatile experience has spanned from hands-on operations to strategic product and business planning in various electronic majors like LG Hotline, Samsung India and Haier India. Mr. Sharma was appointed as the youngest Executive Officer of Panasonic Corporation and has played an active role in group-wide strategic affairs. He currently chairs the board for Panasonic India.

Mr. Bharat Madan

Whole-Time Director & Chief Financial Officer

Mr. Bharat Madan, a fellow Chartered Accountant by qualification of the 1988 batch, has over 36 years of rich experience in financial management. He joined the Company in 2005 and has since then looked after the Finance & Accounts, Legal & Secretarial, Tax, IT and Investor Relations functions.

Mr. Madan has been a core member of various Management Committees. He has also played a key role in various strategic initiatives involving multiple M&A and business restructuring transactions, including a recent partnership with Kubota Corporation, Japan. His previous assignments include his 14-year stint as Financial Controller, designated as Associate Vice President – Finance with Electrolux Kelvinator Limited, Jt Finance Controller with Spectrum Paints, and Vishwanath Singh & Associates.

Dr. Rupinder Singh Sodhi

Independent Director

Dr. Rupinder Singh Sodhi is the President of the Indian Dairy Association (IDA) and has 40 years of rich experience in leading & developing the cooperative sector within Indian Dairy Industry, having served dairy farmers in several capacities. He was the Managing Director of Gujarat Cooperative Milk Marketing Federation Ltd. (AMUL), from 2010-2023.

Dr. Sodhi is the Board Member of the International Dairy Federation (IDF). He is also the Chairperson of National Institute of Food Technology Entrepreneurship and Management (NIFTEM).

Mr. Shingo Hanada

Non-Executive Director

Mr. Shingo Hanada, aged about 61 years, is a Bachelor of department of law, Tohoku University. He entered Kubota Corporation, Japan in 1989 and has been working for Kubota for almost 35 years in various management positions in Japan. In the year 2019, he has become the Senior Executive Officer of Kubota Corporation and General Manager of Outdoor Power Equipment Division. At present, he is Director and Senior Managing Executive Officer of Kubota Corporation, General Manager of Farm and Industrial Machinery Strategy and Operations Headquarters, Deputy General Manager of Planning and Control Headquarters and Deputy General Manager of Innovation Center.

Mr. Nobushige Ichikawa

Non-Executive Director

Mr. Nobushige Ichikawa aged about 58 years, Post Graduate in Master of Science and Engineering, Tokyo Institute of Technology. He entered Kubota Corporation in 1990, and has been working for Kubota for almost 35 years in various management positions in Japan. In the year 2018 he has entered in Farm Machinery Engineering Europe Dept and at present, he is Managing Executive Officer of Kubota Corporation, General Manager of Tractor Division, General Manager of Tractor Engineering Management Unit and Deputy General Manager of Research and Development Headquarters.

Leadership Team

Guiding the Team towards Success & Development

Our leadership team has been crucial in driving our growth and establishing our Company as a trusted brand in agriculture, infrastructure, and railway solutions. They have skillfully leveraged our strengths to navigate challenges, expand capabilities, advance technology, and meet customer needs.



Mr. Neeraj Mehra
Chief Officer, Tractor Business Division



Mr. Yuki Amano
Chief Officer, Tractor Business Division



Mr. Sanjeev Bajaj
Chief Officer, Construction Equipment Business Division



Mr. Ankur Dev
Chief Officer, Railway Equipment Business Division



Mr. Dhiraj Tiwary
Chief Officer, Service & Spare Parts Business Division



Mr. Rajan Chugh
Chief Officer, Agri-Solutions Business Division



Mr. Hisashi Tsukatani
Chief Officer, Research and Development Division



Mr. Kenji Ennyu
Chief Officer, Operation Division



Mr. Bundo Ryo
Chief Officer, Quality Assurance Division



Mr. Keisuke Yasue
Chief Officer, Corporate Planning Division



Mr. Amit Singhal
Chief Officer, Human Resources and General Affairs Division

Mr. Neeraj Mehra

Chief Officer, Tractor Business Division

Mr. Neeraj Mehra is an MBA from Bhartiya Vidya Bhawan, Delhi. He did his graduation from Kurukshetra University and Diploma in Mechanical Engineering from Delhi. With nearly 29 years of experience in the Tractor Industry, he holds core expertise in sales and marketing.

Mr. Mehra has held leadership roles across various verticals, including sales, marketing, retail finance, and channel development.

He has been a key stakeholder in driving the growth of the tractor business in recent years. He spearheaded the creation of separate distribution channels for each of the two tractor brands, aligning them with distinct brand positioning strategies. Under his leadership, we established our first in-house call centre, introducing a toll-free number for enhanced customer service. Mr. Mehra has been instrumental in several transformative product launches across different segments and has played a crucial role in our digital growth journey, initiating leads and sales through social and digital platforms. He has also launched a digital data bank for tractor tracking, streamlining the entire sales process and effectively managing channel and sales performance from end to end.

He possesses a high-speed business transformation mindset and is known for his innovative thinking with a solution-oriented approach. His expertise lies in marketing and brand strategies, driven by a data-driven approach. He excels in collaboration and team building, bringing together diverse talents to achieve common objectives.

Mr. Yuki Amano

Chief Officer, Tractor Business Division

Mr. Yuki Amano has been a driving force behind Kubota Corporation's business growth in multiple geographies, particularly within the Agricultural and Water & Environment segments. As the Chief Officer of the Tractor Division, he has articulated a medium- to long-term vision for the export business and has defined and executed specific measures to achieve these goals. His expertise in brand and channel strategy, sales planning based on demand forecasts, and new product planning from a sales and marketing perspective has been instrumental in his contributions to our success.

Since joining Kubota in 2000, Mr. Amano has amassed over 20 years of experience, holding various positions across sales and marketing in Japan, the United States, and Southeast Asia. In 2023, he transferred to EKL to enhance our presence in India by fostering collaboration between Indian and Japanese cultures and establishing a robust foundation for the export business, which is poised for significant growth.

Mr. Sanjeev Bajaj

Chief Officer, Construction Equipment Business Division

Sanjeev Bajaj is a professional with over 30 years of experience in construction equipment, farm equipment and implement industry managing profit centre operations, sales and marketing, channel management, business development, and customer management, among others.

He has worked in organizations like Larsen & Toubro Ltd., Terex Equipments India, Mahindra & Mahindra Limited and EKL in various leading roles.

Currently serving as the Chief Officer of the Construction Equipment Division for more than two years, he is spearheading divisional growth and business transformation. Before assuming his current role, Mr. Sanjeev headed the spares and lubricant business. He holds a Mechanical Engineering degree from Rajasthan Vidyapeeth and has completed postgraduate business management programs at the Indian Institute of Management Lucknow and Symbiosis Institute of Business Management.

Mr. Ankur Dev

Chief Officer, Railway Equipment Business Division

Mr. Ankur brings a wealth of expertise with 20 years of diverse management experience spanning manufacturing, automobile, consumer durables, telecom, and petroleum sectors.

Having held roles at prominent companies such as Samsung India, Ernst & Young, Bharti Airtel, and Reliance Industries Limited, he has showcased versatility and proficiency. Mr. Ankur is actively involved in the CII Railway Transportation & Equipment Division. Since joining EKL in 2018, he has displayed leadership prowess, effective communication, and a fervent dedication to learning.

As the Chief Officer of the Railway Equipment Business Division, Mr. Ankur spearheads goal-setting and drives the unit's growth. Academically, Ankur is a Chartered Accountant from The Institute of Chartered Accountants of India, a Certified Public Accountant from the USA, and a Chartered Certified Accountant from the UK. He holds a bachelor's degree (Hons.) in commerce from Delhi University and has completed a senior

management program from the Indian Institute of Management Calcutta.

Mr. Dhiraj Tiwary

Chief Officer, Service & Spare Parts Business Division

With over three decades of extensive experience as a business leader, Mr. Dhiraj has demonstrated remarkable expertise in managing diverse portfolios encompassing sales, marketing, and quality within the automotive and consumer durables industries. His professional journey includes pivotal roles at esteemed organizations such as Mahindra Tractors and Blue Star Ltd., where he honed his skills across various global environments, including India and the United States, navigating diverse cultural landscapes.

Mr. Dhiraj has been instrumental in expanding and fortifying the agri-machinery channel presence across India since November 2017. His leadership has been exemplified by the successful launch and execution of EKCAP, a flagship capability-building program designed to enhance the skills of EKL's sales and service teams, as well as dealership personnel, facilitated through the Escorts Training and Development Centre (ETDC).

His strategic vision has also been the driving force behind digital transformation initiatives at EKL, including the introduction of Contactless Sales platforms, Customer and Dealer Apps, and the comprehensive upgrade of the end-to-end Dealer Management System (ESMS). Moreover, his contributions extend to structuring working capital management and retail finance for EKL's agri-dealer business.

In his current role, he is tasked with transforming Customer Service and Spare Parts operations to deliver on the MTBP goal of providing an 'Unmatched Customer Experience.'

Additionally, he plays a pivotal role in leading integration efforts and driving change management during the merger process, ensuring seamless alignment of organizational objectives and operational synergies.

Mr. Rajan Chugh

Chief Officer, Agri-Solutions Business Division

With a professional career spanning over three decades, Mr. Rajan Chugh brings a wealth of experience to his role as Chief of the Agri-Solutions Division at EKL. Over his 10-year tenure at EKL, he has successfully led multiple departments, including Spare Parts, Engine Business, and Service, showcasing his versatility and leadership.

Mr. Chugh's comprehensive expertise in Business Development and Customer Service has played a crucial role in stabilizing the Company's foothold in high-growth domestic markets of strategic importance. His ability to lead multicultural and cross-functional teams has been instrumental in consistently delivering outstanding results.

Before assuming his current role, Mr. Chugh demonstrated innovative thinking and influential leadership across various capacities within EKL. His strategic insights and dedication have significantly contributed to the sustained success and growth of the Company

Mr. Hisashi Tsukatani

Chief Officer, Research and Development Division

Mr. Hisashi Tsukatani has been integral to Escorts Kubota Limited (EKL) since its launch in 2019. Initially serving as the Chief Designer on the Japanese side, he was key in transferring production for the MU4501 tractor, EKL's first model. By 2022, as head of EKL's Product Engineering department, he facilitated production transfer to India, new model launches, and procurement activities, enhancing Japan-India 2023, as Chief Officer of R&D, he has focused on creating synergy between Kubota and EKL, improving development quality, and establishing a global R&D base for Kubota. His efforts include building a robust development structure, enhancing inter-departmental collaboration, and steering product strategy and development.

His expertise lies in vehicle design, particularly cabins, hydraulics, and operating systems. He has led market-focused product development and handled complex issues like North America's EPA Tier 4 regulations and product development for SKC Thailand. His strategic approach involves resolving challenges collaboratively with related departments. He is committed to harnessing the synergy between Indian and Japanese companies to establish a global R&D base for value innovative products.

He joined Kubota in 1999 and has extensive experience in compact tractor design and development for various regions, including Japan, North America, Europe, Southeast Asia, emerging countries, and India. He led product development in North America, managing early Tier 4

regulations, and in Asia, overseeing SKC production in Thailand.

Mr. Kenji Ennyu

Chief Officer, Operation Division

Since his assignment to EKL in April 2024, Mr. Kenji Ennyu has been inspired by the dedication and competence of the EKL staff. He has recognized opportunities for growth in adopting a more robust gemba approach and enhancing progress management. Understanding that on-the-ground insights are crucial for continuous improvement, he initiated gemba visits starting on April 16 at 8 a.m., fostering a culture where issues are identified and addressed firsthand.

He is enthusiastic about improving progress management and advocating for frequent monitoring of critical points. For example, with the Hatsu production of the new model Promaxx, daily progress meetings have been in place since June 3. This proactive approach has fostered quicker problem resolution and more effective follow-ups on countermeasures.

Committed to EKL's top priority of quality enhancement, he believes in the power of teamwork. He is confident that by harnessing the collective talent of EKL's staff and working as One Team, significant improvements can be achieved. His rich experience in procurement and manufacturing engineering equips him well for this mission. At the China plant, he honed his skills in quality assurance and production control, and during his procurement career, he collaborated with over 200 suppliers, gaining deep insights into diverse manufacturing processes.

With expertise in machining (hydraulic equipment) and casting (engine and case castings), Mr. Ennyu brings a wealth of knowledge to his role. Although initially unfamiliar with tractors, he has found that his previous experience complements his current responsibilities. Driven by a passion for achieving significant goals as a team, he looks forward to building lifelong relationships with his colleagues and celebrating successes together at EKL.

After joining Kubota in 1995, he has excelled in various roles, starting with manufacturing engineering for machining and assembly of hydraulic components for construction machinery. In 2002, he led the procurement of casting, forging, and paint parts in the construction machinery procurement department. By 2011, he successfully established Kubota's construction machinery plant in Wuxi, China, achieving over 70% localization. Returning to Japan in 2015, he played a key role in orchestrating the Global Procurement Conference within the Procurement Planning Department. His expertise further expanded in 2017 when he joined the Manufacturing Engineering Management Department, securing approval for a new casting line at the Okajima Plant. As of 2022, he served as General Manager, supporting large scale global projects, including the GF project at EKL, before being assigned to EKL in 2024, where he is eager to contribute to the Company's ongoing success.

Mr. Bundo Ryo

Chief Officer, Quality Assurance Division

He was appointed to be in India in January 2022 as the head of EKI's Customer First Quality department, where he gained an understanding of Kubota-based quality control in India through aiming to enhance QA system and quality improvement works. He then transferred to EKL in January 2023 and, after preparations, established a new organization, the Quality Assurance Division, in April of the same year with the aim of building a global level QA system based on Kubota's practices, and became its first CO.

He is promoting to build full-scale QA governance while focusing on the pursuit and realization of a new ideal form of quality that will be the driving force to realize the mid-term business plan, including the leap into the Indian, European, Southeast Asian, and African markets.

He is one of the few Kubota members who has experience in both plant QC of tractors, industrial engines, and construction machine and the management role as well as management role of QA. Furthermore, he served as project leader for the establishment of a tractor factory in the US, and subsequently worked as QC and QA coordinator. This experience has provided him with a wide range of work experience and competitiveness in terms of quality based on manufacturing.

Through these experience and competitiveness, he is committed to creating synergy effects in terms of QA field through the alliance between Japan and India's two long-established companies, both has almost identical businesses.

He joined Kubota in 1993 and worked at the Sakai Plant, Kubota's mother plant, until 2007, where he participated in Kubota's first mission to obtain ISO certification and took QC role for industrial engines and tractors.

From 2007, he served as head of the tractor manufacturing section and head of the QC section. And

from 2012 to 2013, he served as project leader for the establishment of tractor factory in the US, and until 2017, he served in charge of QC and QA coordinator for the US production subsidiaries KIE and KMA, as an expert. He then served as CFQ section manager and department head until his assignment in India in January 2022.

Mr. Keisuke Yasue

Chief Officer, Corporate Planning Division

Mr. Keisuke Yasue is the drafter of current India strategy of Kubota Corporation (KBT) and one of the core members who launched the collaboration between KBT and EKL from scratch. He launched a value for money machinery business utilizing the capability of EKL in KBT global and created a business environment that would enable EKL to take off not only in India but also around the world.

After EKL and Kubota become one family in 2022, lead the transformation together with the management team to realize a turnaround. At the same time, foster a corporate culture based on proper discipline as an Indian-Japanese company.

In planning and implementing Mid Term Business Plan, EKL is promoting a strategy to play a part in KBT's global management in terms of IT, R&D, procurement, manufacturing, and human resources not only in India but also in the world. At the same time, he is promoting the expansion of a value for money machinery business in the world.

Mr. Yasue is adept at laying the groundwork for long-term global strategies spanning 10 years that combine the strengths of India and Japan, and is adept at maximizing the synergies between the two countries both within India and overseas.

Mr. Yasue also aims to make India an export base for the value for money machinery business in the world as well as to set up a regional headquarters to oversee neighboring countries, the Middle East and Africa. and he has dedicated his life towards contributing to the development of relations between the two countries by incorporating India's strengths into Japan and KBT.

Mr. Yasue joined Kubota in 2013. Prior to joining the company, he worked at a multinational company where he experienced finance, business strategy and numerous M&A deals. He also successfully launched a joint venture in India. He has extensive experience in strategy planning and business operations in India and Japan.

Mr. Amit Singhal

Chief Officer, Human Resources and General Affairs Division

Mr. Amit brings over 21 years of extensive experience in Strategic HR, Business Partnership, Employee Relations, and Culture and Change management across various industries and locations. His impactful contributions include fostering productive, performance-oriented, and streamlined learning environments at companies like Coca-Cola, Reliance Retail, Delphi Automotive, and Tata Motors, both domestically and internationally.

A graduate of Symbiosis Institute of Business Management, Pune, Mr. Amit is pivotal in shaping an agile and efficient organization, emphasizing capability and talent development for sustainable growth. He also oversees corporate functions and drives Corporate Social Responsibility initiatives. Certified in Operational Excellence leadership and a Fellow Certified HR Practitioner from the Australian HR Institute, Mr. Amit is a lifetime member of the National Human Resource Development, New Delhi.

Awards and Accolades

Celebrating Our Achievements



Bestowed with the Gold Award for 'Sustainability Reporting Leadership in Manufacturing Sector' by

3rd ICAI Sustainability Reporting Awards 2022-23



Received special recognition in Excellence in HR Analytics category at the 12th edition of

SHRM HR Excellence Awards 2023



Ranked #5 in the Top Rated Automobile Companies (mid-sized category) by

ABECA 2024 - AmbitionBox Employee Choice Awards



Honored with the Health Award for Best First Aid Arrangements for the Year 2022 by the

Haryana State Safety, Health & Welfare Awards



Named the Best Company in Material Handling Equipment by

EPIC MEDIA Construction & Infra Awards - 9th Edition 2023



Awarded a Silver in the Diversity, Equity & Inclusion Awards category for Project Udaan by the Brandon Hall

HCM Excellence Award 2023



Recognized as the Best Tractor between 46-50HP of the Year for

Powertrac Euro 50 by ITOTY Awards 2023



Received the Best Self-Propelled Machine of the Year for

Farmpower Proguard 600 Sprayer by ITOTY Awards 2023



Awarded Best 4WD Tractor of the Year for Farmtrac 45 Ultramaxx by

ITOTY Awards 2023



Recognized for Innovation in Rolling Stock Parts & Components on January 30, 2024, by

Rail Analysis India



Awarded the Rail Analysis Team of the Year on June 30, 2024, by

Rail Analysis India



Best Brand in Construction Equipment' by

EPIC MEDIA Construction & Infra Awards - 9th Edition 2023

Creating Enduring Value & Brand



EKL represents more than a brand; it embodies a commitment to excellence that permeates every aspect of our operations. With a relentless focus on innovation and quality, we strive to enhance the lives of all our stakeholders. From the agricultural fields to our manufacturing facilities, across railway and infrastructure creation, and from our investors to our employees and the wider community of stakeholders, we are dedicated to delivering enduring value.



External Environment

Leveraging Positive Sectorial Developments

In today's dynamic business landscape, staying ahead requires constant vigilance and strategic foresight. At EKL, we prioritize understanding risks, seizing opportunities, and continuously adapting our strategies to not only keep pace but also lead. Our commitment to evaluating and responding to our environment ensures sustained growth and a strong competitive edge.





INDIAN TRACTOR INDUSTRY REMAINS RESILIENT

During FY 2023-24, the tractor market experienced fluctuations, with growth in the initial months followed by a softening of demand later in the year. Despite these fluctuations, the future looks promising, with expected growth resuming in the second half of FY 2024-25. The agricultural sector, a cornerstone of India's economy, benefits from Government's efforts aimed at doubling farmers' incomes. Looking ahead, the sector is poised to play a significant role in India's economic framework, with a projected contribution of USD 600 Billion to the GDP by 2030.

Trends and Growth Drivers

Precision Agriculture

Tractor manufacturers are capitalizing on the demand for precision agriculture by developing new variants equipped with advanced sensing and control systems.

Technological Innovations

Advancements such as electric and autonomous tractors offer manufacturers the opportunity to introduce innovative products tailored to changing market needs.

Increased Power Usage

The farming landscape is evolving with the addition of more sophisticated implements. This is leading to higher horsepower requirements for tractors. And in turn, necessitating greater customization for linkages and implements.

Bespoke Solutions

The growing demand for specialized farming equipment has spurred the manufacture of custom tractors tailored to meet specific agricultural requirements.

EKL's Responses

Over the years, we have expanded our line-up by introducing a range of new tractor models. These models not only excel in performance and require minimal maintenance but are also offered at competitive prices. Through our collaboration with Kubota Corporation, we are enriching our product portfolio, extending our market reach and fostering innovation.



INDIA'S INFRASTRUCTURE DEMAND IS FUELING THE DEMAND FOR CONSTRUCTION EQUIPMENT

In FY 2023-24, the construction industry embraced a technological shift driven by key innovations. Generative AI is revolutionizing the design process, creating efficient and innovative designs that boost the sector's growth and efficiency. The construction equipment industry is targeting an ambitious 15% annual growth over the next five years, reflecting its dedication to delivering state-of-the-art machinery and supporting sustainable and efficient construction projects across the nation.

(Source: https://www.mojo4industry.com/construction-equipment-industry-aims-for-15-yearly-growth-in-the-next-5-years/)

EKL's Responses

As the construction equipment industry expands, we are gearing up to meet the rising demand. Our commitment to innovation in infrastructure and construction machinery is evident in the 'grey revolution'. Our collaboration with Kubota is strengthening our ability to meet the rising demand for construction equipment.

Trends and Growth Drivers

Government's Infrastructure Push

India announced unprecedented infrastructure outlays in the last three Union Budgets, signaling a clear call to action for private enterprises. With these initiatives, the country is poised to maintain its position among the world's top two fastest-growing major economies and is projected to become the world's third-largest economy by the end of the decade.

Increased Smart Cities

The Parliamentary Standing Committee on Housing and Urban Affairs reported in March 2023 that 68% of the projects under the Smart Cities Mission have been completed, taking the total to 5,343 out of 7,821. This progress is anticipated to fuel infrastructure growth in the designated Smart Cities.

(Source: https://www.business-standard.com/industry/news/story-in-numbers-8-years-on-india-s-smart-cities-mission-still-smarting-123070900437_1.')

Real Estate Sector Growth

The Indian real estate sector is likely to witness a significant boost following the announcement of the construction of an additional 2 crores houses under PMAY Gramin over the next five years. This sector will gain from a 25% year-on-year increase in budget allocations for roads and the Government's strategic investments in essential infrastructure sectors such as railways, metros, power, and capital goods.

Faster Road Construction

In FY 2023-24, approximately 12,300 kilometers of national highways were constructed, averaging around 34 kilometers per day. This achievement represents the second-highest rate of national highway construction in the country's history.

(Source: https://timesofindia.indiatimes.com/india/national-highways-construction-touched-34-km-per-day-in-2023-24/articleshow/108990468.cms)



INDIA'S RAIL COMPONENTS INDUSTRY POISED FOR SUBSTANTIAL GROWTH

India, being the fourth-largest railway network in the world with a huge in-house supplier base, manufactures most of its components domestically thanks to an extensive local supplier base with production units across the country. The Indian market for rail components is poised for steady growth in the coming years, driven by Government investments in railway infrastructure and rolling stock, rising demand for railway services and the uptake of new technologies.

EKL's Responses

Our commitment to maintaining the highest quality standards in local manufacturing sets us apart in the industry. Our brake systems exemplify our focus on indigenous and state-of-the-art technology. We will continue to remain a prime supplier to the Indian Railways and introduce advanced railway technologies that resonate with the anticipated innovations to serve the growing demands of the sector.

Trends and Growth Drivers

Continuous Freight Operations Growth

The Indian Railways has surpassed the milestone of 1,500 Million tonnes in originating freight loading. This validates the railway's robust performance in facilitating the movement of goods across the country.

Surge in Passenger Traffic

During FY 2023-24, 648 crores passengers travelled through railway as compared to 596 crores passengers in FY 2022-23. This increase in passenger traffic is anticipated to lead to the introduction of more new trains across the country.

Expanding Railway Network

In FY 2023-24, the railway network saw a substantial expansion with the addition of 5,100 kilometers of new tracks, averaging more than 14 kilometers laid each day. This impressive achievement highlights the Government's commitment to enhancing rail infrastructure development and modernization. Thereby improving connectivity and accessibility nationwide.

Security and Modernization Improvements

The Government implemented several initiatives to bolster security, including the installation of CCTV cameras, enhanced lighting, and other security infrastructure, all aimed at ensuring passenger safety.

Business Model

Creating Value Sustainably & Consistently

CAPITAL INPUTS

FINANCIAL CAPITAL
- Net Worth: **₹ 9,116.71 crores**

MANUFACTURED CAPITAL
- Agri Machinery: **1,20,000 Tractor (Assembly)**
- Construction Equipment: **10,000 Machine (Assembly)**
- EKL Plants: **5**
- R&D Center: **1**

INTELLECTUAL CAPITAL
- Collaborations/Memberships (Nos.): **5**
- Patents Filed (Nos.): **3**
- R&D Spend: **₹ 178.40 crores**

HUMAN CAPITAL
- Total Employees: **14,510**
- Employee Training: **5.62 Lacs + Training Hours**
- Paid Leaves Provided: **39 (Manager Grade) and 35 (Permanent Workmen)**

SOCIAL & RELATIONSHIP CAPITAL
- Contribution towards CSR Activities: **₹ 17.72 crores**
- PAN-India Tractor Dealers: **1,200+**
- Investor Meetings: **Multiple meeting with 800+ individuals (excluding Ad-Hoc calls)**

NATURAL CAPITAL
- Purchase Energy Consumption: **184.24 TJ**
- Water Consumption: **2,57,091.66 KL**
- Waste Generation: **19,068.05 MT**
- RE Produced/Procured: **5.44 TJ**

VALUE CREATION MODEL

VISION

STRATEGIC OBJECTIVES
- **S1** To be a pioneer in farm mechanization in India
- **S2** To contribute significantly towards infrastructure development in India
- **S3** To contribute towards the National Rail Plan to improve the safety and comfort of passengers and freight
- **S4** To maintain a healthy and thriving workplace culture
- **S5** To sustain our position as a trusted brand in India and a business that is respected by the community
- **S6** To conduct business responsibly and consciously

MISSION

Our business model focuses on creating value for stakeholders by optimizing resources, capitalizing on our core strengths, and pursuing a targeted growth strategy. This approach is steering our transformation into a more responsible and innovative organization, prioritizing resource efficiency, minimizing environmental impacts, and practicing prudence.

OUTPUTS



94,239
Tractors Produced



6,757
Construction Equipment Produced

WASTE AND EMISSIONS

- GHG Emissions (Scope 1 & 2) –
  Scope 1: **9,802.82 tCO_2e**
  Scope 2: **36,642.74 tCO_2e**
- PM: **1,03,243.9 kg/year**
- SOx: **2,480 kg/year**
- NOx: **54398.9 kg/year**

OUTCOMES

FINANCIAL CAPITAL (STANDALONE)

- Revenues: ₹ **9,175.0 crores**
- EBDITA: ₹ **1,168.8 crores**
- Net Profit after Tax: ₹ **1,037.2 crores**
- Earnings per Share (EPS): ₹ **93.78** (Basic)
- ROCE (Return on Capital Employed): **15.12%**
- Return on Equity: **11.75%**
- Proposed Dividend: ₹ **18.0 per Equity Share**

MANUFACTURED CAPITAL

- Capacity Utilization of Plants: **Agri Machinery ~ 80%**
- Construction Equipment: **~ 70%**

INTELLECTUAL CAPITAL

- Patents Obtained (in No.): **25**
- New Products Launched: **6**

HUMAN CAPITAL

- Total No. of New Joiners (Permanent employees and Permanent Workmen): **699**

SOCIAL & RELATIONSHIP CAPITAL

- Number of Beneficiaries under CSR: **~50,000**

NATURAL CAPITAL

- Water Recycled: **26,834 KL**
- Waste Intensity: **0.02 x10-^{5} MT/₹ of Turnover**
- Water Intensity: **0.29 x 10-^{5} KL/₹ of Turnover**

Standalone Numbers

Strategic Planning

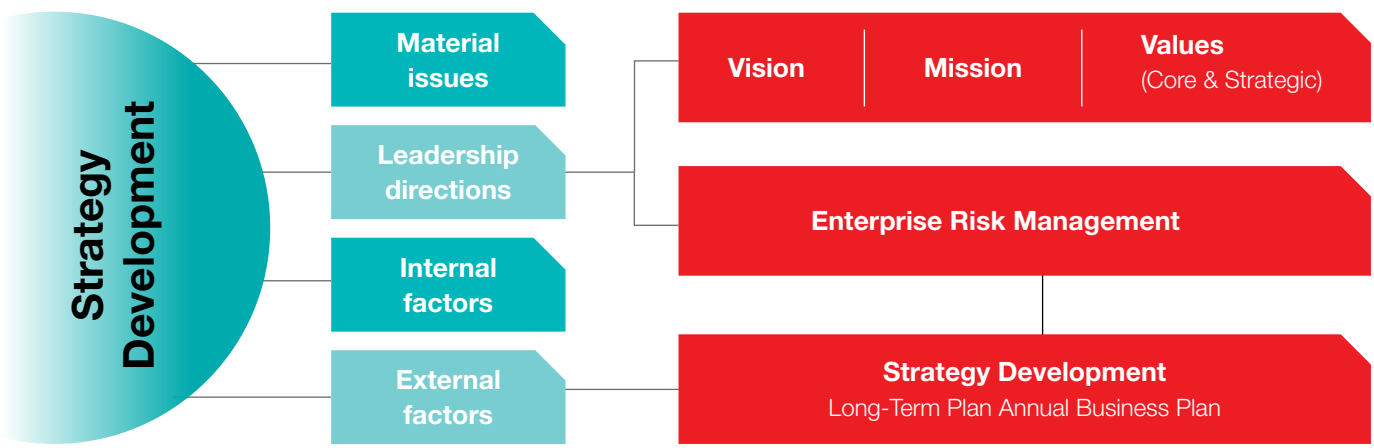
Planning Strategies with Prudence & Preparation

Our comprehensive strategic planning framework empowers us to scrutinize both external and internal operational environments, effectively mapping out potential risks and opportunities. This integrated framework oversees the deployment of our strategy through long-term plans, annual business plans and monthly business plans. Subsequently, the strategy and plans are disseminated to individual departments, with clearly defined responsibilities at each level of the organization.

At Escorts Kubota Limited, we aim to enhance our structure, finances, and culture, striving to become the top engineering company in India. Our strategy focuses on six key areas that align with the UN SDGs, blending our drive to provide innovative, high-quality engineering solutions with a commitment to sustainable and profitable growth.

To achieve our goals, we capitalize on our strengths—including strategic partnerships, strong brand recognition, a diverse product line-up, and a skilled workforce. We also take advantage of opportunities stemming from increasing mechanization demand, supportive government policies, and trends in digitalization and automation. We do this while managing risks from volatile raw material costs, competitive pressures and environmental impacts.

By staying attuned to customer requirements, enhancing operational efficiency, investing in research and development, and expanding our market footprint, we smoothly navigate business cycles with a focus on stakeholder interests. Our commitment to excellence and customer satisfaction drives our value creation, making us a trusted industry leader that delivers substantial and lasting results to customers, shareholders, employees, and communities.



STRATEGIC OBJECTIVES

SO1

To be a pioneer in farm mechanization in India

- Contribute towards developing new standards for farm mechanization
- Become a market leader in the farm mechanization industry (for affordable and quality products)
- Initiate farm mechanization products that use alternative/clean fuel

Capitals Impacted	SDGs Mapped	GRI Mapping
Financial Capital Manufacturing Capital Intellectual Capital Natural Capital	1 NO POVERTY 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	GRI 201, 204, 417

SO2

To significantly contribute towards India's infrastructure development

- Establish significance in the Indian crane industry by adhering to the utmost Occupational Health and Safety (OHS) standards and prioritizing customer health and safety

Capitals Impacted	SDGs Mapped	GRI Mapping
Financial Capital Manufacturing Capital	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	GRI 204, 403, 416

SO3

To contribute towards the National Rail Plan, improving the safety and comfort of passengers and freight

- Among the major railway components suppliers within our product basket

Capitals Impacted	SDGs Mapped	GRI Mapping
Financial Capital Manufacturing Capital Social & Relationship Capital	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	GRI 201, 203, 204, 416, 417

SO4

To maintain a health and thriving workplace culture

- Emerging as a preferred workplace for qualified employees/workers

Capitals Impacted	SDGs Mapped	GRI Mapping
Human Capital Social & Relationship Capital	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	GRI 401, 403, 404, 405, 406, 407, 408, 409, 410

SO5

To emerge as a trusted Indian brand respected by the community

- Initiating responsible corporate social responsibility initiatives
- Implementing the highest customer health and safety standards

Capitals Impacted	SDGs Mapped	GRI Mapping
Financial Capital Intellectual Capital Social & Relationship Capital	10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	GRI 413, 416, 417, 418

SO6

To ensure responsible business conduct

- Ensure minimal negative environmental footprint across operations

Capitals Impacted	SDGs Mapped	GRI Mapping
Natural Capital Social & Relationship Capital	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	GRI 301, 302, 303, 305, 306

Mid-Term Business Plan 2028

Steering Growth towards a Sustainable Tomorrow

Our Mid-term Business Plan for 2028 focuses on integrating Environmental, Social, and Governance (ESG) principles and ethical conduct. It outlines initiatives aimed at fostering responsible business practices while enhancing stakeholder value. From eco-friendly innovations to community engagement programs, every aspect of our strategy is designed to leave a positive impact on society while driving sustainable growth.

Increasing manufacturing capacity through a **greenfield project** dedicated to manufacturing tractors, construction equipment, agri solutions and engines

Implementing **Kubota Process System (KPS)** across all manufacturing facilities

Securing a position among the **top 3** in the farm implements segment within the agri machinery business division

Achieving **leadership position** in 'India-Led Tractor Export'

Securing a **leadership position** in pick-and-carry cranes and mini excavators

Achieving **60%** unique service coverage among customers for the **services & spare parts business division**

Maintaining **double-digit growth** in the railway equipment business division

Meeting stringent **environmental standards** for engines

We are progressing towards the goals set in our Mid-Term Business Plan by implementing initiatives for sustainable growth. Currently, Escorts Kubota Limited operates several facilities, including a corporate office and an R&D center, with specific plants dedicated to our Agri Machinery, Construction Equipment, and Railway Equipment Business Divisions. To meet our Mid-Term Business Plan (MTBP) objectives, we are implementing the Kubota Process System (KPS) across all manufacturing facilities. This includes adopting total quality management, sustainable practices, supplier enhancement, and optimizing operations. Additionally, we will be setting up a greenfield project to expand our tractor and engine manufacturing capacity from 170,000 to 300,000 units annually. Here's a brief overview of the key components of our MTBP, crucial for guiding our business towards future goals and critical targets:

CAPITAL ALLOCATION STRATEGY

In the Mid-Term Business Plan for 2028, we have delineated crucial capital allocation initiatives for strategic expansion. The plan encompasses various aspects, including capex investments for establishing a greenfield facility, strengthening vendor relationships for an improved supply chain function and steady research and development investments towards product innovation and technological advancements.

Identifying Scope for Inorganic Growth

We are exploring and capitalizing on strategic growth opportunities in EKL's core areas through potential acquisitions or partnerships.

Debt Repayment and Liquidity Maintenance

Our primary focus is on debt repayment for the merging entities, prioritizing financial stability and operational efficiency. We aim to maintain adequate liquidity by establishing a cash reserve to address any potential contingencies.

Dividends and Shareholder Returns

We acknowledge the importance of shareholder returns and have instituted a dividend policy in line with our long-term goals. During the year under review, our Board proposed a final dividend of 180% compared to the 70% dividend proposed last year. However, we are committed to progressively harmonizing our dividend policy and we aim to achieve a dividend distribution (including buybacks) of 10% to 40% of net profits.

Focusing on Efficient Growth

We prioritize capital efficiency to optimize shareholder returns and are dedicated to adopting efficient business management practices that improve capital utilization. We aim to enhance capital efficiency through streamlining operational processes, optimizing resource allocation and effective cost management strategies.

ENSURING SUSTAINABILITY

Sustainability, as part of our Mid Term Business Plan (MTBP), is a key priority for us. We are dedicated to embedding environmental, social, and governance (ESG) principles into our operations to foster long-term value and a positive impact. Our efforts are aimed at minimizing our environmental footprint, enhancing social responsibility, and upholding strong governance practices, placing sustainability at the heart of our business strategy and decision-making.

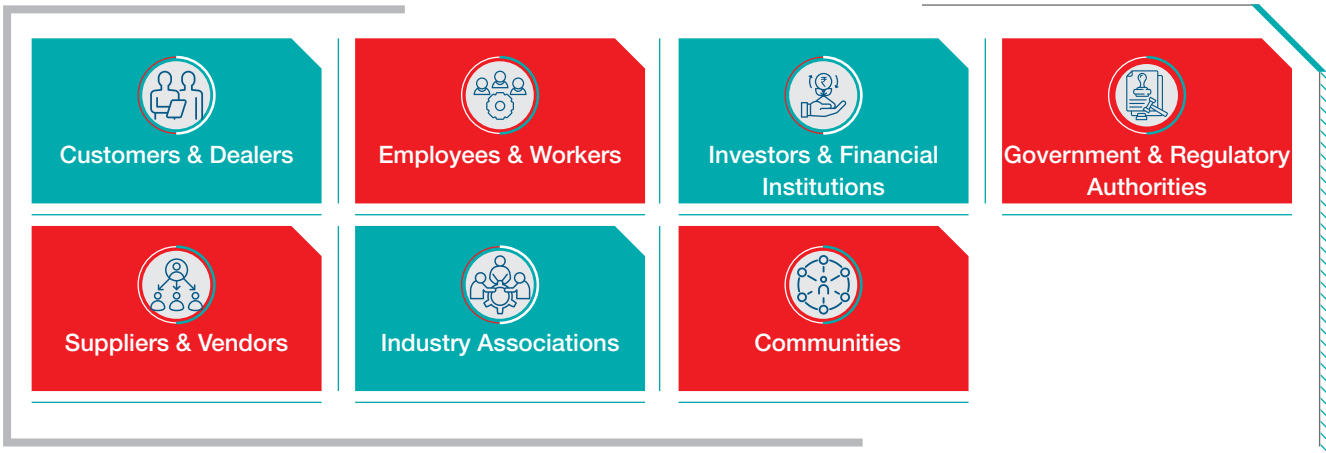
Stakeholder Engagement

Strengthening Relationships & Fostering Progress

Given the increasing focus on sustainable value creation on the global stage, we are dedicated to nurturing transparent dialogue with our stakeholders. We aim to meet their expectations through conscientious communication while advancing our Environment, Social, and Governance (ESG) goals. These core principles form the building block of our enterprise, empowering us to generate enduring value in the long run.



STAKEHOLDER UNIVERSE



Stakeholder Engagement Strategy

Ongoing Engagement

We regularly interact with our stakeholders to understand their needs and perspectives and to communicate EKL's strategy, vision, mission, values, practices, and performance.

Shared Responsibility

Our engagement with stakeholder groups is decentralized across EKL's lines of business.

Diverse Channels

We engage stakeholders through a variety of channels, including surveys, feedback forms, meetings, workshops, conferences, webinars, newsletters, reports, websites, social media platforms, and grievance mechanisms.

Tools and Frameworks

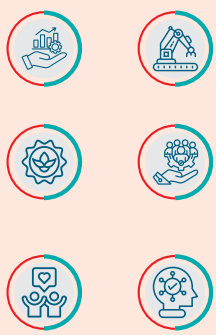
We use various tools and frameworks to identify and prioritize key stakeholders and their material issues and concerns.

Feedback integration

We gather inputs from stakeholder engagement activities and used it to enhance our decision-making processes, as well as to improve business practices and performance.

STAKEHOLDER ENGAGEMENT APPROACH

STAKEHOLDER TYPE	FOCUS AREAS	VALUE PROPOSITION
Customers & Dealers	▷ Ensuring high levels of customer satisfaction ▷ Timely and efficient grievance redressal ▷ Differentiating products to meet customer needs	▷ Build and maintain a robust brand presence ▷ Offer unique and distinctive products and services ▷ Provide comprehensive engineering support to customers ▷ Collaborate with partners to foster mutual growth
Employees & Workers	▷ Attract and retain diverse talent and foster inclusive workplace culture ▷ Enhance job satisfaction and employee engagement ▷ Fair and transparent performance management system ▷ Competency enhancement and Skill building through various development programs ▷ Provide equal opportunity to all employees	▷ Offering learning and growth opportunities ▷ Promoting collaborative and inclusive workplace culture ▷ Recognizing and rewarding employee performance ▷ Employee well-being and engagement
Investors & Financial Institutions	▷ Prioritize both financial and non-financial metrics for performance evaluation ▷ Monitor and enhance the market value of shares ▷ Aim to maximize shareholder returns through strategic initiatives ▷ Ensure the implementation of effective and robust corporate governance practices	▷ Strive for consistent returns on investments ▷ Concentrate on achieving profitable growth in the Indian market ▷ Enhance disclosures to provide clearer information ▷ Ensure transparency and credibility of financial reporting
Government & Regulatory Authorities	▷ Comply with all applicable laws and regulations ▷ Strive for leadership in sustainability to advance sustainable development ▷ Emphasise technology and innovation initiatives ▷ Foster demand creation strategies ▷ Enhance and diversify the product portfolio ▷ Expand manufacturing capacity to meet growing demand	▷ Maintain ongoing communication with the government bodies to address industry concerns about current and future policies and regulations, aiming to enhance the ease of doing business.

ENGAGEMENT INITIATIVES	ENGAGEMENT FREQUENCY	IMPACT ON CAPITALS
▷ Customer satisfaction surveys ▷ Introduction of 'CARE' devices in tractors as a tool that provides customer service to farmers ▷ Web-portals ▷ Toll-free number and many others	▷ Throughout the year	
▷ Employee Connects and Leadership Townhalls ▷ Employee life cycle surveys and sentiment check ▷ Role based training and development programs ▷ Reward and Recognition	▷ Throughout the year	
▷ General meetings ▷ Interactions with investors ▷ Annual Report ▷ Media updates ▷ Earning calls on Company's performance ▷ Company's website	▷ Annual General meetings ▷ Monthly investor meets	
▷ Actively engage with Indian Railways to understand and address their specific needs and requirements ▷ Promote innovation by proposing new policies or amendments to existing regulations at both national and regional levels ▷ Advocate for the establishment of product quality standards for tractors and cranes in collaboration with relevant ministries ▷ Ensure compliance with socio-economic and environmental regulations, as well as CSR initiatives, through regular oversight by governmental agencies.	▷ Throughout the year	

STAKEHOLDER TYPE	FOCUS AREAS	VALUE PROPOSITION
Industry Associations	▷ Maintain high standards for products and services across all operations ▷ Foster a culture of ongoing innovation among member businesses ▷ Collaborate between businesses to promote overall development within a healthy, competitive environment	▷ Promote collaboration between businesses to drive overall development within a healthy and competitive environment
Suppliers & Vendors	▷ Ensure transparency, fairness, and accountability in all supply chain operations ▷ Evaluate supplier financial health, reputation, and service quality as key criteria for partnerships ▷ Provide access to information and resources on sustainable supply chain practices to stakeholders ▷ Embrace innovation and technology to enhance supply chain efficiency and sustainability	▷ Pursue growth opportunities and seize new avenues for development ▷ Safe Operations: Prioritise safety in all operational activities to ensure a secure working environment ▷ Opportunity to Innovate: Encourage and foster a culture of innovation to explore new ideas and technologies
Communities	▷ Active CSR Engagement while ensuring participation in CSR initiatives focused on health, education, environment, women empowerment and Skill Development. ▷ Aim to create positive economic, environmental, and social impacts through our business operations ▷ Create job opportunities and livelihood avenues by leveraging the skilled pool of local candidates ▷ Foster and maintain cordial relationships with communities and stakeholders	▷ Committed to fostering sustainable improvements in the well-being of communities within our operational regions. ▷ Focus on tackling fundamental development gaps on a national scale through the implementation of replicable development models.

ENGAGEMENT INITIATIVES	ENGAGEMENT FREQUENCY	IMPACT ON CAPITALS
▷ Participation in conferences and seminars organized by industry bodies ▷ Participation in national and regional committees and sub-committees to deliberate on key industry issues	▷ Throughout the year	
▷ Annual supplier conventions ▷ Supplier audits ▷ Informal interactions between managers and suppliers/vendors/contractors	▷ Formal interactions during supplier conventions and audits ▷ Informal interactions throughout the year	
▷ Attending conferences and seminars organized by industry bodies ▷ Participating in national and regional committees and sub-committees	▷ Throughout the year	

 Financial Capital

 Manufactured Capital

 Intellectual Capital

 Social & Relationship Capital

 Natural Capital

 Human Capital

Materiality Assessment

Focusing on Topics & Areas that Leave an Impact

Our approach to materiality assessment is pivotal in guiding our environmental, social, and governance (ESG) initiatives. It serves as a compass, directing our focus towards the areas that hold the greatest significance for both our business and stakeholders. Through this process, we meticulously evaluate a range of factors, from economic impacts to social responsibilities, to pinpoint the critical issues that shape our operations and relationships.

By adhering to industry standards like the Global Reporting Initiative (GRI) and engaging with our diverse stakeholders, including customers, employees, investors, and communities, we gain invaluable insights into their expectations and concerns. This enables us to prioritize our efforts, ensuring that our actions not only drive business performance but also contribute positively to society and the environment. As we navigate the dynamic landscape of ESG challenges, our commitment to rigorous materiality assessment remains firm, anchoring us in our pursuit of sustainable and responsible business practices.



MATERIALITY ASSESSMENT METHODOLOGY

In FY 2020-21, we conducted a comprehensive materiality assessment to identify significant Environmental, Social, and Governance (ESG) topics relevant to both our business and stakeholders. Through this process, we pinpointed 11 critical areas that impact our business performance and are of importance to our stakeholders.

Each probable material issue underwent detailed analysis, considering its significance to stakeholders and its influence on our business performance. Senior management and leadership of EKL rated these material topics on a scale of High to Medium priority based on their strategic relevance and stakeholder expectations.

Moving into FY 2023-24, there were no substantial changes to our operational procedures or priorities, meaning the same critical issues identified in FY 2021-22 remain relevant. We commit to continual monitoring and review of these material topics, updating them as necessary to ensure alignment with stakeholder needs and business objectives.

Peer Benchmarking

- Compiled a list of industry peers and international standards such as the Global Reporting Initiative
- Conducted benchmarking exercises to identify material topics

Identification of Important Stakeholders

- Mapped a comprehensive list of stakeholders based on their significance to the business
- Identified Stakeholders: Customers & dealers, employees & workers, investors & financial institutions, government/ regulatory authorities and suppliers & vendors

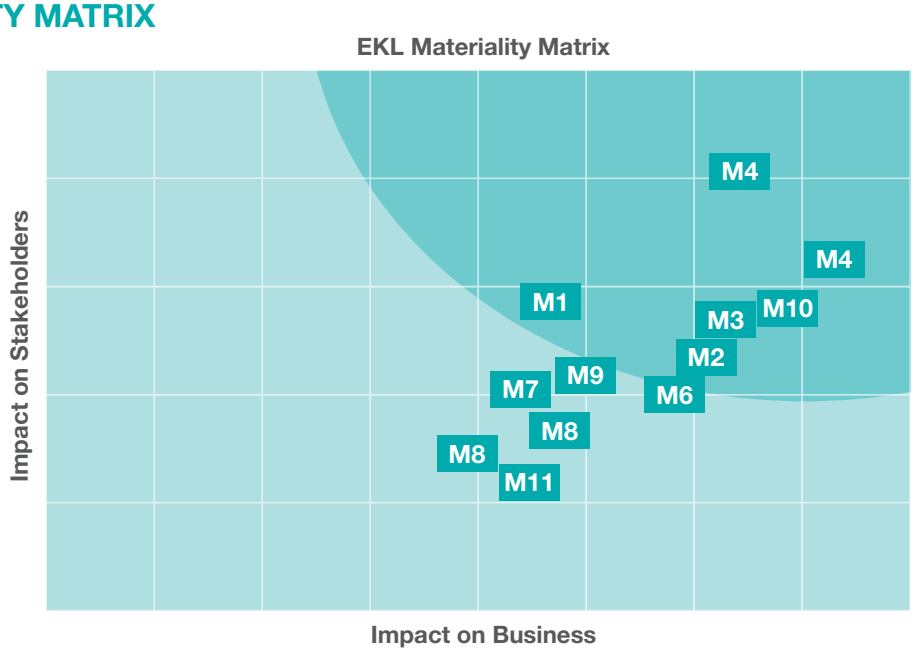
Evaluation of Material Topics

- Conducted a detailed analysis of material topics
- Generated a materiality matrix with 'Importance to Business' on the X-axis and 'Influence on Stakeholders' on the Y-axis

Prioritization of Material Topics

- Created a priority list of material topics based on the results of the analysis

MATERIALITY MATRIX



MATERIAL TOPICS

	Rationale	Stakeholder Impacted
M1 Energy & Climate Change	Our operations consume significant amounts of energy, contributing to greenhouse gas emissions. Given our commitment to sustainability, reducing our energy consumption and transitioning to renewable sources aligns with our environmental goals. By mitigating our carbon footprint, we not only contribute to global efforts to combat climate change but also demonstrate responsible stewardship of resources.	▷ Customers & Dealers ▷ Investors & Financial Institutions ▷ Government/Regulatory Authorities
	S6	13 CLIMATE ACTION; 7 AFFORDABLE AND CLEAN ENERGY
M2 Operational EHS Impact	The safety and well-being of our employees and the communities in which we operate are of paramount importance. Monitoring and improving our environmental, health, and safety (EHS) performance not only ensure compliance with regulations but also uphold our corporate values. By minimising workplace accidents, reducing emissions, and managing waste responsibly, we protect our workforce, mitigate risks, and enhance our reputation as a responsible corporate citizen.	▷ Employees & Workers ▷ Investors & Financial Institutions ▷ Government/Regulatory Authorities ▷ Suppliers & Vendors
	S6	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS
M3 Resource Efficiency	We recognise the importance of efficient resource utilisation in driving operational excellence and environmental sustainability. Optimising water usage, minimising waste generation, and enhancing material efficiency not only reduce costs but also minimise our ecological footprint. By implementing resource-efficient practices throughout our operations, we enhance resource resilience, support sustainable development, and maintain our competitive edge in the market.	▷ Customers & Dealers ▷ Employees & Workers ▷ Investors & Financial Institutions ▷ Government/Regulatory Authorities ▷ Suppliers & Vendors
	S1 S6	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

	Rationale	Stakeholder Impacted
M4 **Financial Performance**	As a leading Company in the industry, we understand the significance of maintaining strong financial performance. Sustainable growth and profitability enable us to invest in innovation, technology, and talent development, driving long-term value creation for our stakeholders. By delivering consistent financial results, we foster investor confidence, support employee stability, and sustain our ability to meet the needs of our customers and communities.	▷ Employees & Workers ▷ Investors & Financial Institutions
	S2 S5	8 DECENT WORK AND ECONOMIC GROWTH
M5 **Customer Satisfaction**	Customer satisfaction is at the heart of everything we do. By delivering high-quality products, reliable services, and exceptional customer experiences, we strengthen brand loyalty, drive repeat business, and differentiate ourselves in the market. Monitoring customer feedback, addressing concerns promptly, and exceeding expectations not only drive revenue growth but also enhance our reputation as a trusted partner in the industry.	▷ Customers & Dealers
	S3 S4 S5 S6	11 SUSTAINABLE CITIES AND COMMUNITIES
M6 **Employment**	Investing in employee development and career advancement opportunities not only enhances job satisfaction and engagement but also contributes to organisational success and resilience in a rapidly changing business landscape. By prioritising learning and development initiatives, we aim to empower employees to reach their full potential, drive innovation, and adapt to evolving job roles and market demands, ultimately strengthening our competitive advantage and positioning us as an employer of choice in the industry.	▷ Employees & Workers
	S6	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

	Rationale	Stakeholder Impacted
M7 Values, Ethics & Compliance	Upholding high ethical standards and compliance with regulations is fundamental to our corporate governance framework. By conducting business with integrity, transparency, and accountability, we build trust with our stakeholders, mitigate legal and reputational risks, and ensure long-term sustainability.	▷ Employees & Workers ▷ Investors & Financial Institutions ▷ Government/Regulatory Authorities
	S4	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
M8 Community Engagement & Local Employment	Community engagement is essential for EKL as a responsible organization. Through supporting CSR initiatives, investing in community development projects, and prioritizing skilled local hiring, we contribute to economic growth, social cohesion, and sustainable development.	▷ Employees & Workers ▷ Communities ▷ Investors & Financial Institutions ▷ Government/Regulatory Authorities
	S3 S4 S5 S6	1 NO POVERTY; 4 QUALITY EDUCATION
M9 Supply Chain Sustainability	Our supply chain plays a critical role in our overall sustainability performance. By promoting ethical sourcing, assessing supplier sustainability practices, and fostering collaboration with our partners, we mitigate supply chain risks, enhance resilience, ensure quality, and drive positive social and environmental impacts.	▷ Customers & Dealers ▷ Investors & Financial Institutions ▷ Government/Regulatory Authorities ▷ Suppliers & Vendors
	S1 S3 S4 S5 S6	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS

	Rationale	Stakeholder Impacted
M10 **Product Responsibility & Association**	We dedicated to delivering safe, reliable, and high-quality products that meet the needs and expectations of our stakeholders by adoption of technological advancements.	▷ Customers & Dealers ▷ Employees & Workers ▷ Investors & Financial Institutions ▷ Government/Regulatory Authorities
	S1 S2 S3	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
M11 **Diversity & Inclusion**	We recognise that diversity & inclusion are essential for driving innovation, fostering employee engagement, and enhancing organisational performance. By embracing diversity in all its forms, promoting inclusion, and creating a culture of belonging, we harness the unique perspectives and talents of our workforce, driving creativity, collaboration, and business success.	▷ Employees & Workers
	S4	5 GENDER EQUALITY 10 REDUCED INEQUALITIES

Financial Capital
Manufactured Capital
Intellectual Capital
Social & Relationship Capital
Natural Capital
Human Capital
S Strategic Topic Impacted

Risk Management

Navigating Challenges with Proactiveness & Preparation

We continuously reinforce our systems to swiftly identify risks, assess their relevance, and implement measures to mitigate potential losses. With our Enterprise Risk Management (ERM) framework, we ensure effective resource allocation. This framework covers critical risks across four key domains: strategic, operational, financial, and compliance risks.



OPERATIONAL RISKS

Risk

Our operations might be disrupted due to events beyond our Company's control (infrastructure breakdown, adverse weather conditions and natural disasters).

De-risking

We have comprehensive crisis management and business continuity plans implemented throughout our Company, which undergo regular testing. We conduct mock drills to ensure both our fire fighting systems and employees are well-prepared in the event of fire or earthquakes. Additionally, we have a disaster management system in place to enforce effective accident prevention measures across all our operating sites. Continuous monitoring and periodic reviews of our security functions are carried out to maintain optimal safety standards. Furthermore, we remain committed to enhancing our capabilities through ongoing capability-building efforts within our Company.

Risk

Supply chain disruptions might affect our Company's day-to-day operations, affecting profitability and sustainability.

De-risking

We maintain a continuous focus on cost optimization projects aimed at reducing fixed costs and optimizing variable costs. This includes facilitating our suppliers' access to attractive financing schemes to manage working capital efficiently. Moreover, we prioritize the development of alternate suppliers and emphasize localization efforts. To ensure financial stability, we have implemented a robust process for conducting financial due diligence on all suppliers before on-boarding them. Additionally, we continually enhance power security and infrastructure. Led by a strong management team, we remain committed to achieving sustainable, low-cost production, operational excellence, and securing key raw material linkages.

Risk

Our business operations might be impacted due to increased incidences of cyber threats.

De-risking

We are dedicated to formulating necessary frameworks, policies, and procedures aligned with best practices and international standards. This includes the implementation and adoption of various best-in-class tools and technologies for information security, such as Security Operations Centre (SOC) for detecting IT security incidents, Network Access Control (NAC) and Mobile Device Management (MDM) to prevent unauthorized usage, Endpoint Detection and Response (EDR) for preventing virus/malware attacks, and Data Loss Prevention (DLP) tools. Additionally, we conduct periodic assessments of our entire IT system landscapes and governance frameworks, including vulnerability and penetration testing by reputable expert auditors, and address identified observations promptly. Furthermore, we organize regular awareness programs to sensitize users about phishing attacks.

Risk

Employees' unrest or adverse labor relations could potentially disrupt our operations.

De-risking

We have implemented robust policies, a governance structure, and technological solutions to identify and safeguard our Company's intellectual property. This includes a rigorous process for obtaining Non-Disclosure Agreements (NDA) from all vendors before on-boarding, along with confidentiality agreements from R&D employees upon joining. Additionally, existing R&D employees submit annual declarations of compliance with our Company's IPR Policy. We conduct periodic audits by specialized auditors to identify any gaps and recommend process improvements. Furthermore, we regularly conduct training sessions to enhance IP awareness among all employees.



OPERATIONAL RISKS

Risk

Internal conflicts between employees and management may arise within our Company, particularly regarding issues such as health and safety protocols and grievance redressal processes.

De-risking

Our business leadership teams maintain periodic engagements with employees. This helps cultivate relationships built on trust and mutual benefit, prioritizing the understanding and resolution of issues. We engage proactively and regularly with employees and their families, striving for continuous improvement in the efficiency and effectiveness of our grievance redressal mechanism. Additionally, we offer regular training and development programs and welfare measures to support our employees' growth and well-being.

Risk

We may encounter challenges in creating and implementing succession plans for key positions and retaining high-performing employees.

De-risking

We focus on identifying critical positions, mapping successors, and assessing their readiness. Additionally, we invest in developing a talent pool through learning and career development programs. We closely monitor retention rates for key roles and high performers, conducting root cause analysis to mitigate any issues that may arise.

Risk

We may encounter accidents involving moving machinery, on-site transport, forklifts, and blasts.

De-risking

Our health and safety guidelines prioritize compliance with both local and international laws, regulations, and standards. Our primary focus is on safeguarding employees and communities from harm and minimizing business interruptions. We enforce safety measures such as mandatory usage of safety gadgets like shoes, helmets, gloves, and masks on shop floors and plants, supported by regular safety training. Additionally, we conduct frequent safety meetings to review safety aspects, including any fatal accidents or near misses, and maintain strong security arrangements such as security check-posts, entry passes, and access control systems.



COMPLIANCE RISKS

Risk

Our operations may face impacts due to legal and regulatory changes in the regions where we operate, potentially leading to increased operating costs, restrictions, and penalties.

De-risking

We continually monitor regulatory developments. Business-level teams are responsible for identifying and meeting regulatory obligations, as well as responding to emerging requirements. We demonstrate our commitment to sustainability through proactive environmental, safety, and CSR practices. Our plants are equipped with state-of-the-art equipment and technology as recommended by the Pollution Control Board. Employees receive training and awareness on environmental standards and norms, with periodic audits conducted to ensure compliance with applicable EHS laws. We have a disaster management system in place to implement effective accident prevention measures across all operating sites, and the mandatory use of personal protection equipment is enforced for all on-site workers.



STRATEGIC RISKS

Risk

Inability to innovate and introduce new products, business initiatives and technology to capitalize on market opportunities might affect our business sustainability.

De-risking

We have established appropriate financial allocation strategies to support the development of new products, expand channel reach, deliver customer-centric products and services, enhance customer experiences, and strengthen our brand. This includes investments in next-generation digital technologies through the Rajan Nanda Innovation Lab (RNIL), forming strategic alliances to enhance competitiveness, continuous product upgrades, and the introduction of superior technology. Additionally, we are actively pursuing the development of the Electric Vehicle (EV) market, products and technology.



FINANCIAL RISKS

Risk

The prices and demand for our products may experience volatility or uncertainty, influenced by economic conditions, natural disasters, weather events, pandemics, political instability, and other factors. Fluctuations in commodity prices and demand could have adverse effects on our earnings and cash flow.

De-risking

We remain committed to mitigating the inflationary impact through our ‘Commodity Risk Management’ efforts, alongside cost re-engineering and value engineering activities. We capitalize on opportunities presented by declines in commodity prices to achieve material cost reductions.

Contribution to SDGs

Contributing to Global Objectives & Growing Sustainably

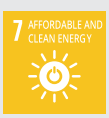
At Escorts Kubota Limited, our commitment to the UN SDGs runs deep within our organizational ethos. By meticulously managing our resources strategically and creating value, we actively contribute to these global objectives. As responsible corporate citizens, we align our corporate capitals with the UN SDGs to ensure that our operations not only thrive but also promote broader sustainable development.

	SDGs Impacted	Linked Material Topics	Linked Capital	Stakeholder Impacted	EKL's Efforts
SO1		Community Engagement & Local Employment	Social & Relationship Capital	Communities	▶ Facilitating job creation and enhancing livelihood opportunities for farmers through training on farm mechanization and further contributing to sustainable economic growth and decent work. ▶ Providing soft skills training to girls from underprivileged backgrounds, empowering them with essential job skills and enhancing their employability.

	SDGs Impacted	Linked Material Topics	Linked Capital	Stakeholder Impacted	EKL's Efforts
SO4		Employment	Human Capital, and Social & Relationship Capital	Employees & Workers, and Communities	▶ Training employees for leadership skills and safety ▶ Training dealers with the requisite knowledge and skills to excel in their roles ▶ Providing customers and communities with skill training for enhancing their employment opportunities

	SDGs Impacted	Linked Material Topics	Linked Capital	Stakeholder Impacted	EKL's Efforts
SO4		Diversity & Inclusion	Human Capital, and Social & Relationship Capital	Employees & Workers	▶ UDAAN - Leadership Development Program tailored for Women employees ▶ Leadership connect sessions with Women employees ▶ Platform to all women employees for interaction with prominent Women Leaders ▶ Enhance gender diversity to achieve 7.5% representation of women in the workforce in FY 2024-25

	SDGs Impacted	Linked Material Topics	Linked Capital	Stakeholder Impacted	EKL's Efforts
SO6		Resource Efficiency	Natural Capital, and Social & Relationship Capital	Employees & Workers, Government & Regulatory Authorities, and Communities	▶ Restoring the village pond and recharging groundwater resources at Sadpura, Faridabad, by ensuring sustainable access to water for the local community ▶ Provisioning drinking water facilities in a school upgradation project ▶ Goal to be 'Water Positive by 2030'

	SDGs Impacted	Linked Material Topics	Linked Capital	Stakeholder Impacted	EKL's Efforts
SO6		Energy & Climate Change	Natural Capital	Government & Regulatory Authorities, and Communities and Communities	▶ Increasing the utilisation of renewable energy to support 5.434 TJ of energy consumption ▶ Goal to 'increase renewable energy share by 3x'

	SDGs Impacted	Linkage with Strategic Priority	Linked Material Topics	Linked Capital	Stakeholder Impacted
SO1		Financial Performance	Financial Capital, Natural Capital, Manufactured Capital, Social & Relationship Capital, and Human Capital	Customers & Dealers, Employees & Workers, Investors & Financial Institutions, and Suppliers & Vendors	▸ Undertaking CSR initiatives ▸ Providing employment opportunities to the workforce, dealers, and other supply chain partners ▸ Paying all the applicable taxes periodically

	SDGs Impacted	Linkage with Strategic Priority	Linked Material Topics	Linked Capital	Stakeholder Impacted
SO4		Diversity & Inclusion, and Employment	Human Capital, and Social & Relationship Capital	Customers & Dealers, Employees & Workers, and Suppliers & Vendors	▸ Ensuring an equal opportunity policy and accessibility to all without discriminating on the grounds of gender, age, language, cultural background, sexual orientation and gender, identity, health or medical condition, religious beliefs, physical ability, appearance, and marital status, among others

	SDGs Impacted	Linkage with Strategic Priority	Linked Material Topics	Linked Capital	Stakeholder Impacted
SO6		Operational Environment; Health, Safety; Value, Ethics & Compliance; Supply Chain Sustainability, and Product Responsibility & Innovation	Natural Capital, Manufactured Capital, and Social & Relationship capital	Customers & Dealers, Government & Regulatory Authorities, Employees & Workers, Suppliers & Vendors, Communities, Investors & Financial Institutions and Industry Associations	▸ Providing 100% products and services with information about environmental safety, and safe and responsible usage ▸ Ensuring resource efficiency ▸ Upholding product quality and safety standards through regular testing, inspecting, and certification

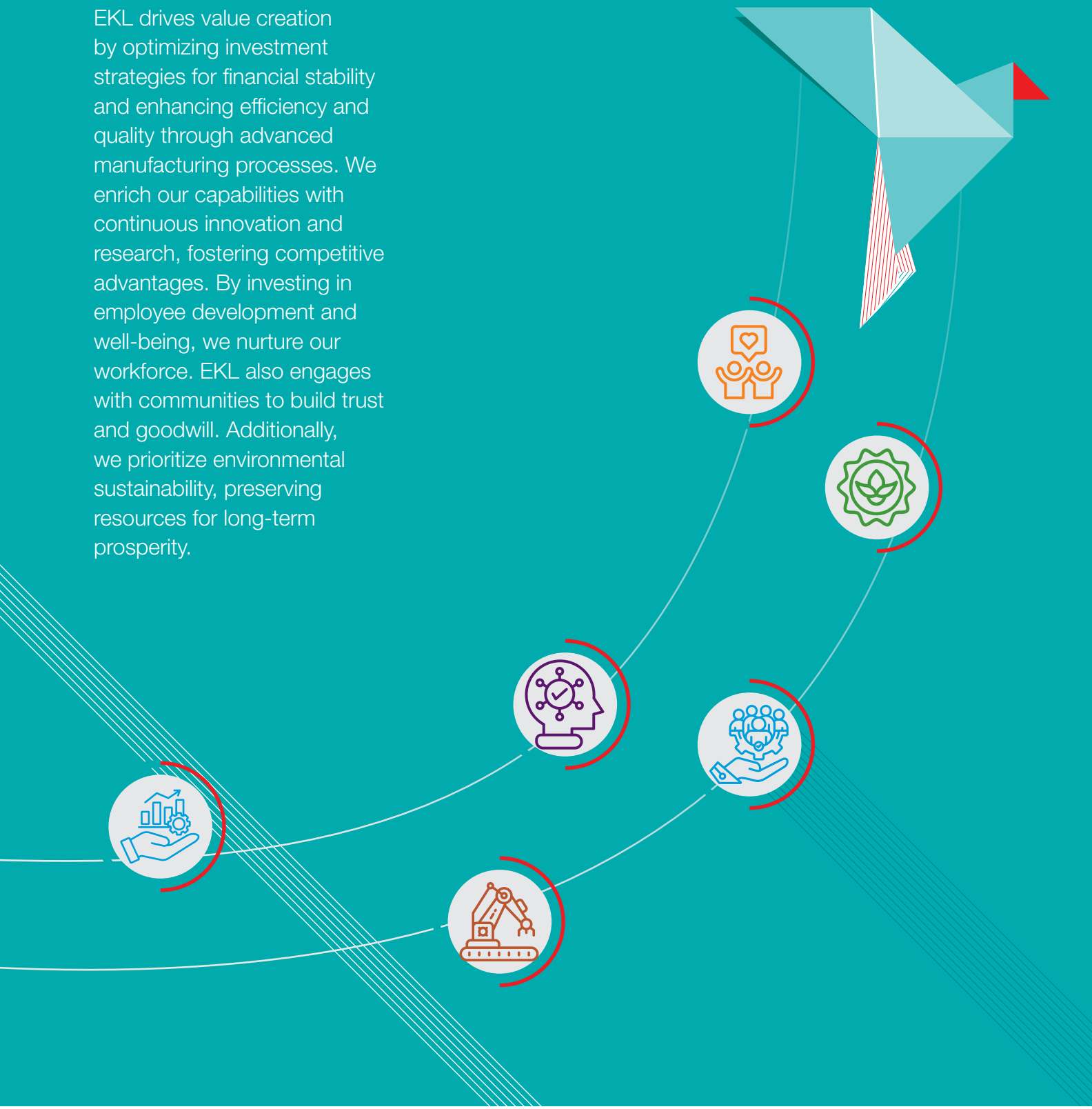
	SDGs Impacted	Linkage with Strategic Priority	Linked Material Topics	Linked Capital	Stakeholder Impacted
SO6		Energy & Climate Change	Natural Capital	Communities, Investors & Financial Institutions, and Government & Regulatory Authorities	▷ Goal to achieve carbon neutrality by 2050 ▷ Goal to 'increase renewable energy share by 3x' ▷ Pledge to plant 25,000 trees by 2025

	SDGs Impacted	Linkage with Strategic Priority	Linked Material Topics	Linked Capital	Stakeholder Impacted
SO1		Value, Ethics & Compliance	Human Capital	Customers & Dealers, Government & Regulatory Authorities, Employees & Workers, Suppliers & Vendors, Communities, Investors & Financial Institutions and Industry Associations	▷ Development of Business Responsibility and Sustainability Report Policy covering all 9 principles of NGBRC

	SDGs Impacted	Linkage with Strategic Priority	Linked Material Topics	Linked Capital	Stakeholder Impacted
SO1		Operations EHS Impact, Supply Chain Sustainability	Natural Capital,and Social & Relationship capital	Customers & Dealers, Government & Regulatory Authorities, Employees & Workers, Suppliers & Vendors, Communities, Investors & Financial Institutions and Industry Associations	▷ Participate in Government meetings, committees, sub-committees for business-related discussions/ conferences ▷ Affiliations with 5 trade and industry chambers/ associations

Driving Value Creation through Capitals

EKL drives value creation by optimizing investment strategies for financial stability and enhancing efficiency and quality through advanced manufacturing processes. We enrich our capabilities with continuous innovation and research, fostering competitive advantages. By investing in employee development and well-being, we nurture our workforce. EKL also engages with communities to build trust and goodwill. Additionally, we prioritize environmental sustainability, preserving resources for long-term prosperity.



Financial Capital

Strengthening the Fundamentals of Our Financial Prudence

We are dedicated to fortifying the bedrock of our financial prudence, ensuring robustness through strategic foresight and disciplined management. By prioritizing sound financial practices, we navigate uncertainties with confidence, safeguarding our financial health and enhancing stakeholder trust. Our commitment towards financial prudence underpins our ability to seize opportunities and weather challenges in the dynamic business landscape.



KEY HIGHLIGHTS OF FY 2023-24

₹ 8,776.7 crores
Standalone Revenue from Operations

13.3%
EBITDA Margin

15.12%
Return on Capital Employed

CAPITALS IMPACTED

- Manufactured Capital
- Intellectual Capital
- Human Capital
- Natural Capital
- Social & Relationship Capital

STAKEHOLDERS IMPACTED

- Employees & Workers
- Suppliers & Vendors
- Government & Regulatory Authorities
- Industry Associations
- Communities
- Investors & Financial Institutions

GRI LINKAGE

GRI 201

MATERIAL TOPICS IMPACTED

Financial Performance

STRATEGIC OBJECTIVES

SO1, SO2, SO3, SO5

RISKS ADDRESSED

- Financial Risk
- Strategic Risk
- Operational Risk
- Compliance Risk

SDGs IMPACTED



FINANCIAL PERFORMANCE

We possess a robust financial management system. This system evaluates the need for funds to support both sustainable business operations and investments. It is aimed at fostering business sustainability and growth prospects. Our primary focus lies on bolstering productivity, delivering innovative solutions to meet customer needs for sustained satisfaction, and maintaining high performance on ESG metrics to inspire investor confidence. Additionally, we are committed to cultivating valuable partnerships with businesses possessing profound expertise in sectors pertinent to our operations.

Business Growth

For the year ended March 31, 2024, we achieved remarkable financial performance with our highest-ever standalone operating revenue at
₹ 8,776.7 crores, a 5.2% increase year-over-year. We recorded our highest EBITDA at ₹ 1,168.8 crores, a 49.8% increase, with a margin of 13.3%. Our PBT before exceptional items reached an all-time high of
₹ 1,389.8 crores, recording a growth of 54%. And our net profit soared by 70.9% to a record ₹ 1,037.2 crores with PAT margins at 11.8%.

On a consolidated basis, our revenues grew by 5% to ₹ 8,849.6 crores, with an EBITDA margin improvement to 13.2% from 9.2% in FY 2022-23 and net profit growth of 64.8% to ₹ 1,049.1 crores. Thus marking FY 2023-24 as a significant milestone with our best-ever results.

Economic Value Creation in FY 2023-24

in ₹ crores

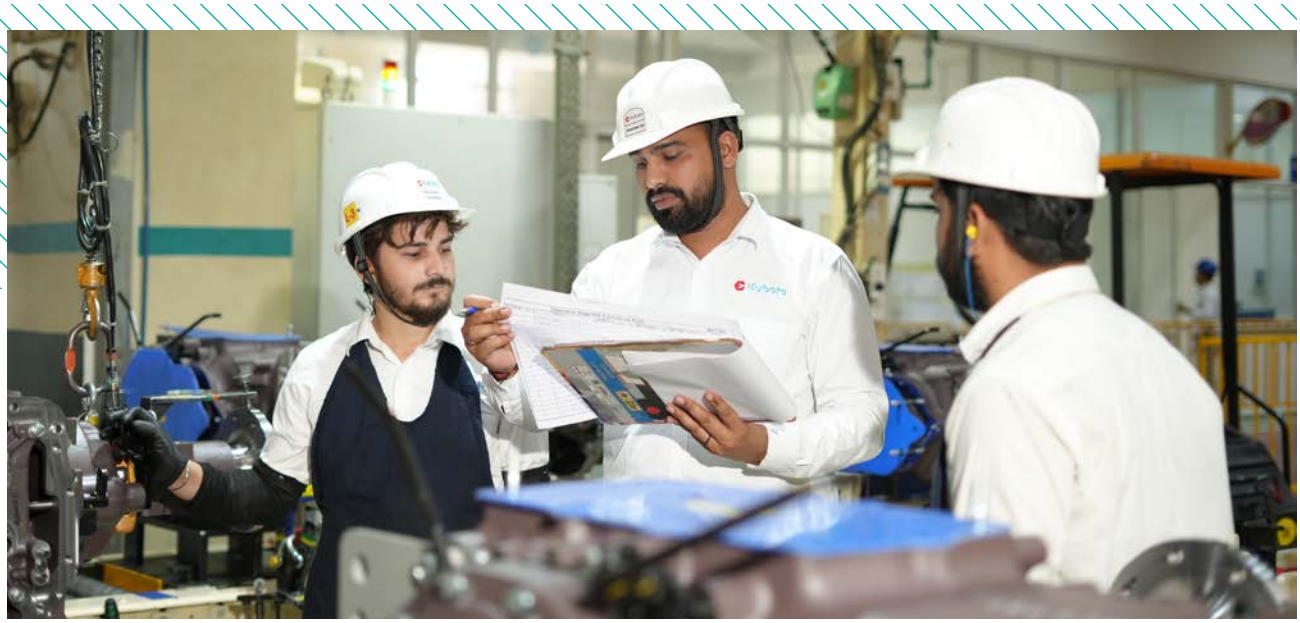
Particulars	FY 2023-24	FY 2022-23	FY 2021-22
Direct Economic Value Generated			
Revenue from Sales	8,610.46	8,172.57	6,995.72
Revenue from Financial Investments and Other Sources	564.58	452.94	369.98
Total (A)	**9,175.04**	**8,625.51**	**7,365.70**
Direct Economic Value Distributed			
Operating Costs	6,948.92	6,948.65	5,652.46
Employee Wage and Benefits	637.08	594.97	528.27
Payment to provider of funds			
Interest Payment Made to provider of loans	10.84	10.26	12.70
Dividend to all shareholders	75.84	75.69	73.73
Total Economic Value Distributed (B)	**7,672.68**	**7,629.57**	**6,267.16**
Payments to government	306.86	175.17	246.81
Community Investments	17.72	17.30	15.83
Exceptional Items (Loss on sale of investment in JVs / impairment of investment in Subsidiaries)	-	97.16	-
Reinvested to maintain and develop operations:			
Depreciation and amortisations	166.44	148.43	129.75
Retained profit	1,011.34	557.88	706.15
Deferred Tax	50.03	26.59	14.27
Sub total (C)	**961.31**	**531.29**	**691.88**
Grand Total	**8,213.73**	**7,997.06**	**6,673.82**
Rates & Taxes	4.24	3.61	5.14
Dividend Tax	-	-	-
PAT	1,037.15	606.98	765.61
Economic value retained	**1,253.62**	**879.16**	**909.63**

EMPLOYEE WELFARE CONTRIBUTION

We contribute to the provident fund and the gratuity fund for employee wages and benefits. Details of our contributions for the year under review and the past two years are outlined in the table:

in ₹ crores

Details of Contribution to Defined Benefit Schemes	FY 2023-24	FY 2022-23	FY 2021-22
Contribution to Provident Fund	23.77	22.2	20.6
Contribution to Superannuation Fund	-	-	-
Contribution to the National Pension Scheme	-	-	-
Contribution to Gratuity Fund	9.40	8.6	8.8
Others	0.85	0.7	0.7



SHAREHOLDER VALUE CREATION

We have generated substantial shareholder value through strategic decisions and profitable ventures. This has helped us drive exponential growth in market capitalization to more than ₹ 30,600 crores as of March 31, 2024, up from ₹ 610 crores on March 31, 2013, marking a 50x increase over 11 years. This remarkable growth has provided attractive capital appreciation opportunities for our investors. Additionally, our Board has recommended a final dividend of 180% (₹ 18 per equity share) for FY 2023-24, significantly higher than the 70% (₹ 7 per share) dividend from the previous year, further enhancing shareholder returns.

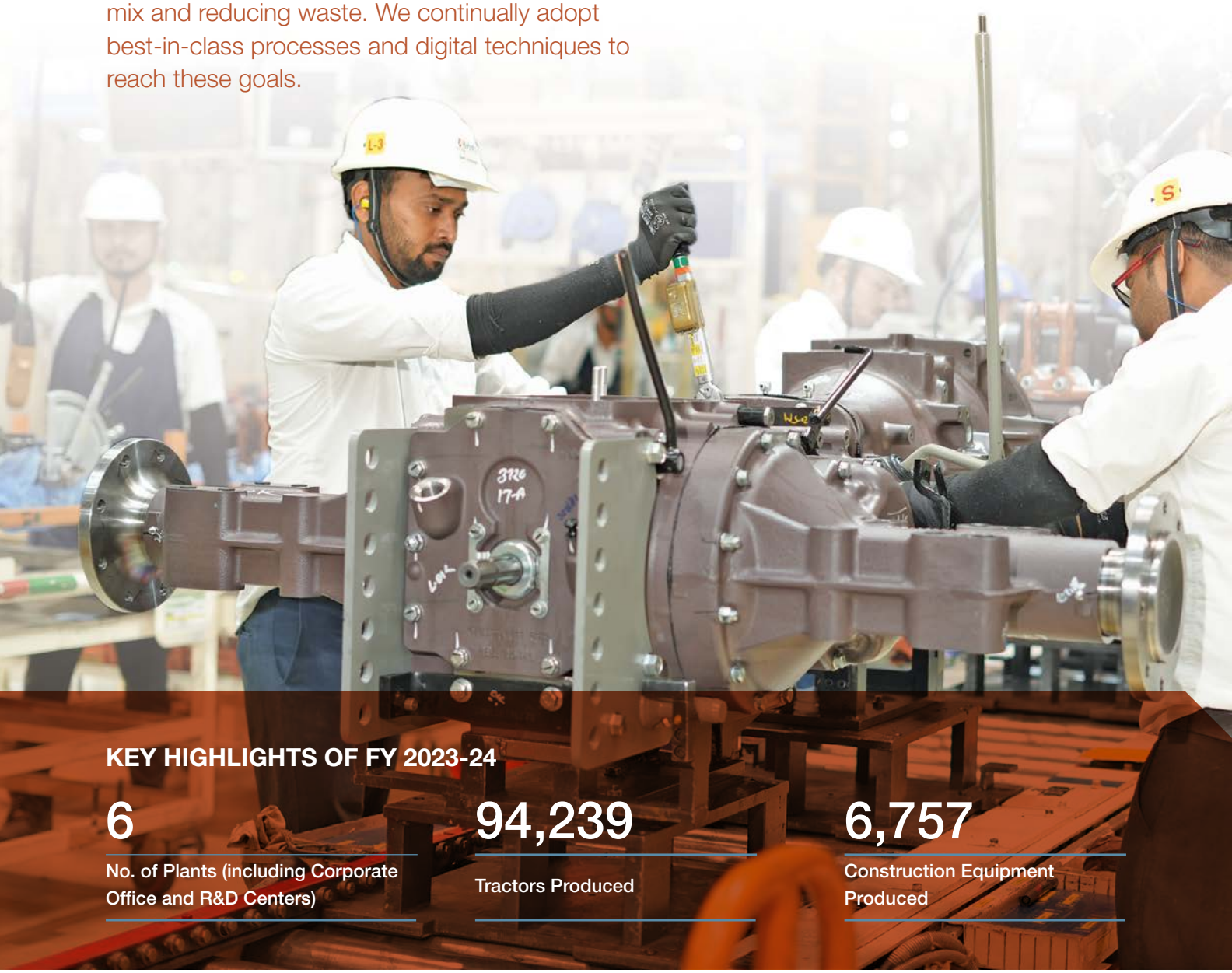
CAPITAL ALLOCATION STRATEGY

In our mid-term plan, we outlined our capital allocation strategy, affirming that our existing liquidity is sufficient to cover all requirements for our green field project, estimated at around ₹ 4,500 crores. This is supported by a balance sheet surplus of approximately ₹ 6,000 crores. Besides, the Board-approved capital of ₹ 700 crores will also be funded from this liquidity to venture into the NBFC business. We are generating about ₹ 850 crores of free cash annually and expect similar future performance. With continued annual free cash generation of ₹ 600 to ₹ 800 crores, we anticipate generating sufficient internal equity over the next 4-5 years while maintaining balance sheet liquidity. Therefore, we foresee no need to raise additional debt or capital, as existing resources and future internal growth will adequately meet all requirements.

Manufactured Capital

Reinforcing Cost & Quality Leadership

We consistently invest in achieving operational excellence by fortifying our supply chain, enhancing efficiency, optimizing our raw material mix and reducing waste. We continually adopt best-in-class processes and digital techniques to reach these goals.



KEY HIGHLIGHTS OF FY 2023-24

6
No. of Plants (including Corporate Office and R&D Centers)

94,239
Tractors Produced

6,757
Construction Equipment Produced

CAPITALS IMPACTED

- Financial Capital
- Intellectual Capital
- Human Capital
- Natural Capital
- Social & Relationship Capital

MATERIAL TOPICS IMPACTED

- Product Responsibility & Association
- Resource Efficiency

STRATEGIC OBJECTIVES

SO1, SO2, SO3

STAKEHOLDERS IMPACTED

- Employees & Workers
- Suppliers & Vendors
- Government & Regulatory Authorities
- Communities
- Customers & Dealers

RISKS ADDRESSED

- Macroeconomic and Market Risk
- Operational Risk
- Safety Risk
- Community Risk
- Supply Chain and Commodity Risk
- Environment/Climate Change Risk
- Regulatory Risks

GRI LINKAGE

GRI 2, 3, 4, 5, 6

SDGs IMPACTED



OUR MANUFACTURING COMPETENCE

At EKL, we operate across three business divisions: Agri Machinery, Construction Equipment, and Railway Equipment.

Agri Machinery Business Division

Our Agri Machinery division offers a broad range of top-notch tractor machines, which are respected in the sector for their best-in-class quality and efficiency. We operate the following manufacturing plants: three in Faridabad, India, with an annual capacity of 120,000 tractors; a wholly owned subsidiary in Poland, Europe, with an annual capacity of 2,500 tractors; and a joint venture plant with Kubota, with an annual capacity of 50,000 units.

Construction Equipment Business Division

Our Construction Equipment division serves the construction industry by producing superior quality cranes, hydra cranes, tandem rollers and hydraulic excavators. We operate through our sole manufacturing facility located in Ballabhgarh, Haryana, which has a production capacity of 10,000 units.

Railway Equipment Business Division

Since its establishment in 1962, our Railway Equipment business stands as one of India's oldest units. Situated in Faridabad, Haryana, our manufacturing facility integrates production, research and development, and testing capabilities. With a comprehensive presence across various rolling stock categories in India, we contribute significantly to the railway sector. We are prioritizing the localization of imported components, not only enhancing profitability but also aligning with the Make in India initiative. Thus fostering a smoother supply chain for components and spare parts.



ENHANCING CAPACITY CATERING TO GROWING DEMAND

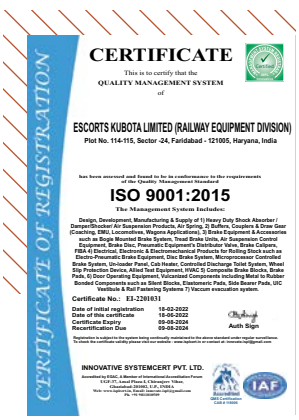
We are actively pursuing the expansion of our tractor production capacity by exploring the establishment of a new greenfield facility. This proposed plant will be the largest of its kind globally, for Kubota, to be located in India. It will be the most advanced and automated facility, designed to integrate all manufacturing processes into a single location. This comprehensive facility will encompass tractor and engine manufacturing, construction equipment production and potentially expand to include excavators and harvesters in the future. Additionally, we have planned for centralized warehousing for Spare Parts Distribution (SPD) and storage for finished goods owing to its proximity to the main depot. Spanning approx 250 acres of land, this facility will cater to all future capacity requirements in a single and centralized location.

Our commitment to quality control and quality management sets EKL apart in the industry. We have implemented rigorous testing protocols at every production stage to ensure each product meets our stringent standards. Our dedicated quality management team continuously monitors and improves processes, embracing advanced technologies and methodologies. We have invested in comprehensive training for our workforce to maintain the highest levels of craftsmanship and precision. Regular audits and feedback mechanisms are in place to identify and rectify any deviations swiftly. By prioritizing excellence, EKL guarantees reliability, durability and customer satisfaction in every product we deliver.

CERTIFICATIONS

At EKL, we have established strong Quality, Environmental Management, and Health & Safety Management systems throughout our manufacturing facilities. These facilities are certified by:

ISO 9001- Quality Management System


CERTIFICATE OF REGISTRATION

CERTIFICATE

This is to certify that the QUALITY MANAGEMENT SYSTEM of

ESCORTS KUBOTA LIMITED (RAILWAY EQUIPMENT DIVISION)

Plot No. 114-115, Sector -24, Faridabad - 121005, Haryana, India

has been assessed and found to be in conformance to the requirements of the Quality Management Standard

ISO 9001:2015

The Management System Includes:

Design, Development, Manufacturing & Supply of 1) Heavy Duty Shock Absorber / Damper/Shocker/ Air Suspension Products, Air Spring, 2) Buffers, Couplers & Draw Gear (Coaching, EMU, Locomotives, Wagons Applications), 3) Brake Equipment & Accessories such as Bogie Mounted Brake System, Tread Brake Units, Air Suspension Control Equipment, Brake Disc, Pneumatic Equipment's Distributor Valve, Brake Calipers, FBA 4) Electrical, Electronic & Electromechanical Products for Rolling Stock such as Electro-Pneumatic Brake Equipment, Disc Brake System, Microprocessor Controlled Brake System, Un-loader Panel, Cab Heater, Controlled Discharge Toilet System, Wheel Slip Protection Device, Allied Test Equipment, HVAC 5) Composite Brake Blocks, Brake Pads, 6) Door Operating Equipment, Vulcanized Components including Metal to Rubber Bonded Components such as Silent Blocks, Elastomeric Pads, Side Bearer Pads, UIC Vestibule & Rail Fastening Systems 7) Vaccum evacuation system.

Certificate No.: EI-2201031

Date of initial registration	18-02-2022
Date of this certificate	18-06-2022
Certificate Expiry	09-08-2024
Recertification Due	09-08-2024

Auth Sign

INNOVATIVE SYSTEMCERT PVT. LTD.

ISO 14001 - Environmental Management System


CERTIFICATE OF REGISTRATION

CERTIFICATE

This is to certify that the ENVIRONMENTAL MANAGEMENT SYSTEM of

ESCORTS KUBOTA LIMITED (RAILWAY EQUIPMENT DIVISION)

Plot No. 114-115, Sector -24, Faridabad - 121005, Haryana, India

has been assessed and found to be in conformance to the requirements of the Environmental Management Standard

ISO 14001:2015

The Management System Includes:

Design, Development, Manufacturing & Supply of 1) Heavy Duty Shock Absorber / Damper/Shocker/ Air Suspension Products, Air Spring, 2) Buffers, Couplers & Draw Gear (Coaching, EMU, Locomotives, Wagons Applications), 3) Brake Equipment & Accessories such as Bogie Mounted Brake System, Tread Brake Units, Air Suspension Control Equipment, Brake Disc, Pneumatic Equipment's Distributor Valve, Brake Calipers, FBA 4) Electrical, Electronic & Electromechanical Products for Rolling Stock such as Electro-Pneumatic Brake Equipment, Disc Brake System, Microprocessor Controlled Brake System, Un-loader Panel, Cab Heater, Controlled Discharge Toilet System, Wheel Slip Protection Device, Allied Test Equipment, HVAC 5) Composite Brake Blocks, Brake Pads, 6) Door Operating Equipment, Vulcanized Components including Metal to Rubber Bonded Components such as Silent Blocks, Elastomeric Pads, Side Bearer Pads, UIC Vestibule & Rail Fastening Systems 7) Vaccum evacuation system.

Certificate No.: EI-2201032

Date of initial registration	18-02-2022
Date of this certificate	18-06-2022
Certificate Expiry	09-08-2024
Recertification Due	09-08-2024

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INNOVATIVE SYSTEMCERT PVT. LTD.

ISO 45001- Occupational Health and Safety Management System


CERTIFICATE

The Certification Body of TÜV SÜD South Asia Private Limited certifies that

Kubota

ESCORTS KUBOTA LIMITED (Formerly Escorts Limited) 15/5, Mathura Road, Faridabad – 121 003, Haryana, India

including the sites and scope of application see enclosure

has implemented Occupational Health and Safety Management System in accordance with ISO 45001:2018 for the scope of

DESIGN & DEVELOPMENT OF TRACTORS, ENGINES, TRANSMISSIONS AND ITS COMPONENTS/ ACCESSORIES.

The certificate is valid from 2024-01-27 until 2027-01-26

Subject to successful completion of annual periodic audits

Certificate Registration No. 99 117 00475

Date of Initial certification: 2015-05-25

Issue Date: 2024-01-23 Rev. 00

IRIS (International Railway Industry Standard) for RED Unit


DNV

CERTIFICATE

awarded to

Escorts Kubota Limited, Railway Equipment Division
Plot no. 114-115, Sector 24,
121005, Faridabad -Haryana
India

DNV Business Assurance Zertifizierung GmbH

confirms, as an IRIS Certification® approved certification body, that the Management System of the above organization has been assessed and found to be in accordance with the

IRIS Certification® Conformity assessment:2020
and based on
ISO/TS 22163:2017

for the activities of Design and Development and Manufacturing for the scopes of certification: 03 (Guidance), 06 (Braking system), 16 (Vehicle linkage devices), 19 (Single railway components)

Design, Development, Manufacturing & Supply of Braking Systems, Brake Blocks, Couplers, Dampers, Rubber Products & Rubber to Metal Bonded components including Gangway Bellow

Certificate valid from: 10/06/2022 Certificate valid until: 10/07/2024*

IRIS Certification

Current date: 25/07/2022
Certificate-Register-No: 211508-2016-AQ-IND-UNFE

Intellectual Capital

Growing with Innovation & Excellence

Our foundation is built upon the pillars of knowledge and insight. Innovation is ingrained in our ethos, spanning a diverse spectrum of products and processes, marking an ongoing journey. Over the past few years, we have made substantial strides, witnessing a remarkable increase in our overall efficiency. Automation and digitization have assumed significant roles, reducing human intervention considerably. As a result, we now operate within a smarter, leaner ecosystem that facilitates data-driven decision-making and seamless integration across the manufacturing value chain.



KEY HIGHLIGHTS OF FY 2023-24

₹ 178.40 crores

R&D Investment

25

Patents Granted

CAPITALS IMPACTED

- Financial Capital
- Manufactured Capital
- Human Capital
- Natural Capital
- Social & Relationship Capital

STAKEHOLDERS IMPACTED

- Employees & Workers
- Customers & Dealers
- Suppliers & Vendors
- Government & Regulatory Authorities

GRI LINKAGE

GRI 401, 413

MATERIAL TOPICS IMPACTED

- Product Responsibility & Innovation

STRATEGIC OBJECTIVES

SO1, SO5

RISKS ADDRESSED

- Information Technology/ Cybersecurity Risk

SDGs IMPACTED



PRODUCT INNOVATION THROUGH R&D

Construction Equipment Division

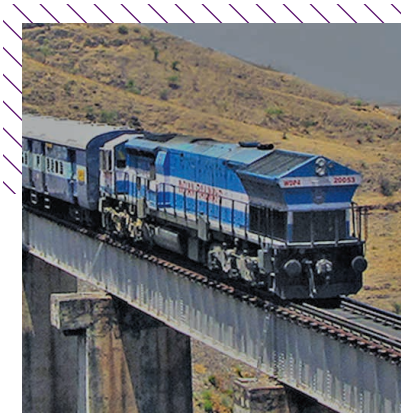
We recognize the challenge of rental rates not keeping pace with the escalating prices of equipment and commodities. Therefore, our primary focus is on delivering the right quality at the right price, with ongoing developments geared towards cost-effective models tailored to customer needs. Additionally, the transition to BS5 standards represents a significant milestone for us, requiring substantial investment in technology development and rigorous testing to ensure reliability. Our R&D team is commendably dedicated to implementing sound technologies that comply with evolving emission norms while ensuring ease of use and reliability for our customers. Collaboration between R&D and production teams, guided by our quality assurance function, is integral to ensuring the success of these technologies upon their introduction to the market.



Railway Equipment Division

We are focused on the development of products tailored for Vande Bharat coaches, addressing specific needs in this segment. Additionally, we are concentrating on expanding our presence in the metro sector, with a focus on introducing brakes and couplers alongside existing products like electric panels, brake pads, and dampers for metro systems.

Moreover, our R&D team is actively working on new product development to diversify our portfolio, including HVAC, Doors and Vacuum Toilets, alongside the enhancement of existing offerings like electric panels. These new products are being designed not only for existing passenger coaches but also for Vande Bharat and metro applications, representing significant advancements in our R&D landscape.



Agri Machinery Division

There were no major product launches in the tractor industry in FY 2023-24. However, R&D efforts were focused on addressing gaps in the product range and preparing for significant launches in the coming years. One such notable launch planned for the Farmtrac series was delayed due to internal constraints but is expected to have a substantial impact on brand positioning and volume growth once launched. Despite this delay, several product introductions aligned with the overall product plan occurred with a focus on segments targeted for growth over the next 2-3 years. Looking ahead, there are plans for multiple product introductions in FY 2024-25, indicating continued investment in R&D. Additionally, digital sales and promotion emerged as a key focus area, resulting in a good 20% increase in sales to customers through digital channels.



FACILITATING FASTER CUSTOMER COMMUNICATION

At EKL, we take pride in offering a unique feature on our tractors: the e-care button. This innovative button serves as both a transmitter and receiver, enabling direct communication with our customers from their tractors without the need for a mobile phone. Within just two minutes of pressing the button, our customers receive a call back from our call center, ensuring convenient and efficient communication from any location. We were early adopters of this technology, having implemented it since 2018, and all Powertrac tractors are now fitted with the e-care button. To further enhance the customer experience, we provide a complimentary two-year subscription for this feature. One of the key advantages of the e-care button is its ability to locate the tractor. While it operates on a 2G-based SIM and utilizes triangulation rather than GPS for location tracking, it still provides customers with a fairly accurate idea of their tractor's whereabouts. This feature has been incredibly popular among our customers, offering benefits such as peace of mind knowing the tractor's location. Additionally, in cases where a tractor has been lost, we have successfully used this feature to facilitate its recovery.



SERVING FASTER THROUGH APPS

We carry out all kinds of work at the customers' location, except for major overhauls such as engine overhauls. Distance to the workshop plays a crucial role in these instances, as well as time efficiency, particularly for farmers who prefer services to be provided on-site to avoid unnecessary hassles and diesel consumption. When we reach out to them, their work becomes our top priority, ensuring faster completion. To streamline this process, we have developed a customer app called the Humdum App, which allows customers to raise complaints and manage requests directly. The App's adoption is steadily increasing, considering that many of our customers own smartphones.



Natural Capital

Upholding Environmental Stewardship

Recognizing the evolving expectations placed upon responsible businesses, we have embarked on a journey of sustainability. This journey is aimed at mitigating our environmental impact and preserving natural resources. Across our diverse businesses, we prioritize minimizing our environmental impact, surpassing regulatory standards with robust compliance measures. Through comprehensive employee training, we instil a culture of compliance and innovation to mitigate pollution and minimize waste.



KEY HIGHLIGHTS OF FY 2023-24

0.04×10^{-7}
Energy Intensity per Rupee of Turnover

26,834 KL
Water Recycled

0.29×10^{-5}
Water Intensity per Rupee of Turnover

CAPITALS IMPACTED

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital

STAKEHOLDERS IMPACTED

- Customers & Dealers
- Government & Regulatory Authorities
- Suppliers & Vendors
- Communities
- Investors & Financial Institutions
- Industry Associations

GRI LINKAGE

GRI 301, 302, 303, 304, 305, 306

MATERIAL TOPICS IMPACTED

- Energy & Climate Change
- Resource Efficiency
- Operational Environment, Health & Safety

STRATEGIC OBJECTIVES

SO1, SO6

RISKS ADDRESSED

- Financial Risk
- Strategic Risk
- Operational Risk
- Compliance Risk

SDGs IMPACTED



OUR ENVIRONMENTAL STRATEGY AND COMMITMENTS

Enhancing operational efficiency while reducing our environmental impact remains a cornerstone of EKL's business strategy. Our commitment to environmental stewardship ensures that all manufacturing sites not only meet but exceed regulatory standards. Through rigorous compliance audits and real-time monitoring systems, such as magnetic flow meters, we optimize water consumption for enhanced sustainability. The establishment of an environment lab further bolsters our control over water recycling processes. Our internal Plant Sustainability Index serves as a valuable tool for monitoring our environmental performance, while regular employee training sessions ensure awareness of evolving regulations and best practices for pollution prevention and waste reduction.

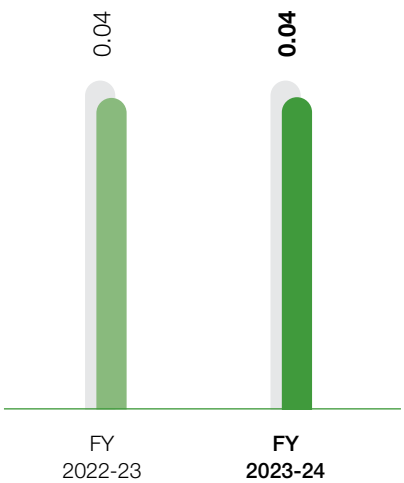
Parameter	Unit	FY 2023-24	FY 2022-23	FY 2021-22
NOx	2021-22: ug/m3 2022-23: kg/year 2023-24: kg/year	54,398.90	97,858.98	45,69,157.37
SOx	2021-22: ug/m3 2022-23: kg/year 2023-24: kg/year	2,480	2,206.00	7,37,736.99
PM	2021-22: ug/m3 2022-23: kg/year 2023-24: kg/year	1,03,243.90	92,454.78	70,88,048.05

TOWARDS DECARBONIZATION

The escalating impact of the climate crisis, marked by phenomena like heat waves, droughts, wildfires, and rising sea levels, necessitates urgent global intervention. At EKL, we are committed to playing our role towards conserving the environment. Our efforts entail substantial investments in energy efficiency, renewable energy adoption, and the procurement of green electricity across our operations. Moreover, significant R&D investments focus on developing energy efficient products, thereby mitigating greenhouse gas emissions throughout their life cycle.

Energy Consumption (in TJ)	FY 2023-24	FY 2022-23	FY 2021-22
Fuel Consumption Diesel Petrol Natural Gas LPG	168.69	153.06	153.67
Grid Electricity	184.24	187.13	172.98
Renewable Energy	5.44	4.53	4.08

ENERGY INTENSITY (TJ/₹ OF TURNOVER) (IN 10^{-7})



ENERGY EFFICIENCY

EKL employs state-of-the-art technologies alongside exemplary operations and maintenance practices to achieve optimal energy efficiency across all facilities. Throughout the reporting period, we introduced several initiatives aimed at minimizing energy consumption, reflecting our ongoing commitment to sustainable practices and environmental stewardship.

We have significantly advanced our energy efficiency by transitioning from diesel to gas generators. All diesel generators have been discontinued, and we have installed 6 new gas generators this year.

TRANSITION TO RENEWABLE ENERGY

Transitioning to renewable energy sources is a pivotal aspect of EKL's sustainability journey. Through strategic investments and partnerships, we are actively transitioning our energy portfolio towards renewable sources, ensuring a sustainable and low-carbon energy transition.

The completion of the first phase of our solar panel installation, with a capacity of 170 KWp, marks a milestone for us. We have already complied with the requirement of meeting 3% of our overall connected load through solar power. We further aim to triple this by identifying additional areas to enhance our environmental efforts.

STEPS TOWARDS CARBON NEUTRALITY

We are persistent in our commitment to achieving carbon neutrality, recognizing the urgency of addressing climate change. By implementing comprehensive carbon reduction strategies and offsetting initiatives, we aim to minimize our carbon footprint across all aspects of our operations. Thus contributing to a more sustainable and resilient future for generations to come.

We plan to plant 25,000 trees in FY 2024-25 as part of our carbon offsetting project and have initiated green belt development around our various plants.

Scope 1 + Scope 2 Emissions (in tCO_2e)	FY 2023-24	FY 2022-23	FY 2021-22
Scope 1	9,802.82	9,153.03	12,796.24
Scope 2	36642.74	36,907.51	37,960.00
Total	46,445.56	46,060.54	50756.24

	FY 2023-24	FY 2022-23	FY 2021-22
Emission Intensity (tCO_2e /of turnover in ₹ crores)	$0.05X10^{-5}$	$0.06X10^{-5}$	$0.07X10^{-5}$

4.12% reduction in

Scope 1 + Scope 2 Emission Intensity

Scope 3 Emissions (in tCO_2e)	FY 2023-24	FY 2022-23	FY 2021-22
Category 3: Fuel & Energy not included in Scope 1 & 2	245.67	358.39	Not Captured
Category 5: Waste Generated in Operations	340.89	335.71	
Category 6: Business Travel	27,755.16	21,122.51	
Category 7: Employee Commute	4250.47	3,412.6	
Category 9: Downstream Transportation & Distribution	987157.41	9,05,649.00	14,022.18
Total	10,19,749.6	9,30,878.21	14,022.18

ADVANCING CIRCULARITY

In the ongoing pursuit of sustainable practices, EKL continues to address waste management with diligence and innovation. Our comprehensive waste management infrastructure within our plants is designed to prioritize environmental impact, social considerations, and economic viability. Hazardous and non-hazardous waste generated undergoes responsible disposal methods, including recycling, incineration, or land filling. Collaborations with esteemed partners like Satyam Petro Chemical and Gujarat Enviro Protection & Infrastructure Limited facilitate the recycling and safe disposal of various types of waste.

To further manage waste effectively, we are working on replacing asbestos sheets in our old buildings with GI sheets and insulating them during shutdown periods. Our Oil Filtration Unit cleans industrial lubricants, prolonging equipment lifespan and enhancing efficiency. We repurpose food waste into compost for gardening, promoting sustainability. Moreover, we advocate for reduced paper usage in all facilities and offices, actively promoting recycling initiatives. Dedicated waste bins for paper facilitate easy recycling, aligning with our commitment to environmental stewardship.

During the year, through measures such as reducing paint consumption and adopting co-processing for disposal, we have ensured adopting waste efficiency measures. This transition not only aligns with stringent environmental standards but also promotes sustainability across our operations.



Category of Hazardous Waste Generated	Unit	Total
Used Oil	MT	107.33
Waste Coolant	MT	53.68
Grinding Sludge	MT	8.94
Industrial Waste	MT	2.03
Celdak Pad	MT	7.725
Electrical Scrap	MT	2.31
ETP Sludge	MT	88.17
Paint Sludge	MT	517.65
Phosphate Sludge	MT	22.09
Discarded Asbestos	MT	218.28
E-Waste	MT	0.99
Biomedical Waste	MT	0.9449
Battery waste	MT	42.615
Category of non-hazardous Waste Generated	**Unit**	**Total**
Wooden	MT	1,323.905
Garbage	MT	119.49
Tractor Parts	MT	268.045
Casting	MT	402.025
Forging	MT	307.14
Turning & Boring	MT	4,970.69
Plastic Waste	MT	136.705
Others	MT	10,467.23

Waste Disposal and Treatment Method	Unit	Total
Incineration	MT	0.94
Recycling	MT	18,167.26
Landfill	MT	257.04
Other Disposal Operations	MT	642.81

WATER CONSCIOUSNESS

Furthering our commitment to responsible resource management, EKL places a strong emphasis on holistic water management practices. Water, a critical resource in our operations, is sourced from both groundwater reservoirs and third-party vendors. While the Agri Machinery and Construction Equipment divisions primarily utilize groundwater, the Railway Equipment division relies on third-party suppliers for manufacturing processes. This comprehensive approach ensures efficient and sustainable water usage across our operations, aligning with our commitment to environmental stewardship.

During the year, we implemented water-saving initiatives such as converting underground pipelines to overhead ones, which resulted in a 40% water saving. We are also upgrading all our plants with STP (Sewage Treatment Plant) and ETP (Effluent Treatment Plant) facilities.

Water Indicators (in KL)	FY 2023-24	FY 2022-23
Total Water Withdrawal	3,91,627.17	5,19,556.74
Total Water Consumption	2,57,091.66	3,48,539.74
Total Water Discharged	1,34,535.51	1,71,017.00



26.24%

Reduction in water consumption YoY

RESOURCE MANAGEMENT

At EKL, our diverse product offerings necessitate a wide array of materials, each held to rigorous quality standards. Every procurement undergoes stringent quality checks by our in-house R&D division to ensure adherence to our exacting specifications. Particularly for our Railway Equipment business, materials are sourced in strict compliance with the environmental and social criteria mandated by the Ministry of Railways, our primary customer. Additionally, our facility in Poland conducts thorough compliance checks for all materials, reflecting our commitment to environmental and social responsibility across our global operations.

We are gathering data on environmental compliance to ensure all our products and packaging materials meet European Union and US regulations. We engage in quarterly supplier meetings to ensure adherence to environmental standards and alignment with our goals. To enhance transparency and compliance in our environmental sustainability initiatives, we are in the process of implementing a digital data platform.

Products Quantity in MT/10^5	FY 2023-24	FY 2022-23	FY 2021-22
Casting	0.85	0.94	0.69
Forging	0.34	0.35	0.34
Hot Roller Steel	0.14	0.16	0.14
Cold Rolled Steel	0.15	0.16	0.15
Flat	0.02	0.05	0.02
Electric Resistance Wielded Pipes	0.005	0.01	0.0005
RIM	0.13	0.14	0.12
Oil	0.08	0.09	0.05
Battery (Lead)	0.01	0.02	0.01
Tyre & Tube	0.11	0.18	0.19
Scrap	-0.1	-0.11	-o.09
Other (Alternator, Steering and Pump)	0.11	0.12	0.11

Human Capital

Driving Success through Our Greatest Asset

At EKL, we take cognizance that our employees are the foundation of our success. From the recruitment and onboarding of new talent to the ongoing development and support of our existing employees, we explore the various facets of our human capital management strategies. By prioritizing diversity & inclusion, employee well-being, training and development, and performance evaluation, we are cultivating a thriving and empowered workforce.



KEY HIGHLIGHTS OF FY 2023-24

80+
Internal Engagement Score

~5.62 Lacs
Training Hours

90%+
Departmental Positions Filled Internally

INTERLINKAGE OF SOCIAL & RELATIONSHIP CAPITAL WITH OTHER CAPITALS

- Financial Capital
- Social & Relationship Capital
- Intellectual Capital
- Natural Capital
- Manufactured Capital

STAKEHOLDERS IMPACTED

- Employees & Workers
- Government & Regulatory Authorities

GRI LINKAGE

GRI 401, 402, 403, 404, 405, 406, 407, 408, 409, 410

MATERIAL TOPICS IMPACTED

- Employment
- Diversity & Inclusion
- Operational Environment, Health & Safety
- Resource Efficiency
- Value, Ethics & Compliance

STRATEGIC OBJECTIVES

SO4

RISKS ADDRESSED

- Operational Risk
- Compliance Risk
- Financial Risk
- Strategic Risk

SDGs IMPACTED



OUR TALENT MANAGEMENT STRATEGY AND COMMITMENTS

We are dedicated to enhancing our employees' capabilities through strategic initiatives. Our flagship local program and robust knowledge exchange with Kubota markets in Japan and Thailand have intensified, fostering continuous improvement. We prioritize internal talent promotion, reflecting our confidence in our workforce. Our 'On Your Side' initiative emphasizes quality, safety, and responsiveness, promoting a customer-centric culture.



DIVERSITY AND INCLUSIVITY

At EKL, diversity fuels our success, driving innovation and productivity. We embrace varied ages, genders, abilities, and backgrounds, recognizing their pivotal role in maintaining our competitive edge. By promoting inclusion, we are ensuring that every employee enjoys equal opportunities. We actively seek talent from diverse backgrounds, amplifying our collective strengths across regions, grades, education, experience, and gender. As we expand, diversity remains integral, reflecting our commitment to connecting with diverse communities.

Creating an inclusive workspace is another basis of EKL's talent management approach. Regular connect sessions are held for female employees at manufacturing locations and offices to address basic hygiene issues and ensure a supportive work environment. These sessions are crucial in creating a workplace where women feel valued and supported, contributing to overall employee satisfaction and retention.



Employee Diversity

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	2,677	2,525	94.32	152	5.68
2.	Other than Permanent (E)	725	634	87.45	91	12.55
3.	Total Employees (D + E)	3,402	3,159	92.86	243	7.14
WORKERS						
4.	Permanent (F)	1,220	1,213	99.43	7	0.57
5.	Other than Permanent (G)	9,888	9,656	97.65	232	2.35
6.	Total Workers (F + G)	11,108	10,869	97.85	239	2.15

Category	<30 Years		30-50 Years		>50 Years	
	Male	Female	Male	Female	Male	Female
Employees	819	114	2,110	116	230	13
Workers	6,828	214	3,179	18	862	7
Total	**7647**	**328**	**5,829**	**134**	**1,092**	**20**

Board Diversity

<30 Years		30-50 Years		>50 Years	
Male	Female	Male	Female	Male	Female
-	-	-	-	15	3

TALENT RECRUITMENT AND RETENTION PRACTICES

EKL's talent management strategies emphasize both recruitment and retention, nurturing a robust and inclusive workforce. Our Company prioritizes internal talent with over 90% of the leadership positions being filled internally in the past year. This approach not only strengthens employee loyalty but also ensures that those who are already familiar with our Company's culture and operations are given opportunities to advance. In addition to internal promotions, EKL actively engages in building young and diverse talent through lateral and campus hiring.

In terms of talent retention, we emphasize development and engagement. Our Female Leaders Development Program is a testament to this, with a significant proportion of participants progressing in their careers. Additionally, our Company ensures a supportive workspace environment through inclusive policies and regular connect sessions tailored to address the needs of all employees. EKL also promotes equal opportunity for employees with disabilities, implementing specific initiatives like installing ramps in offices to enhance accessibility. Engagement with employees is facilitated through multiple touchpoints, including digital platforms for new joiners, regular pulse checks, and an annual in-house engagement survey. These efforts have resulted in an impressive internal engagement score of over 80+.



Details of New Joinees

Categorization	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Employee Category									
Senior Management	6	0	6	5	0	5	2	0	2
Middle Management	65	4	69	55	0	55	57	1	58
Junior Management	583	40	623	735	61	796	541	46	587
Permanent Workmen	1	0	1	3	0	3	11	0	11
Total	**655**	**44**	**699**	**798**	**61**	**859**	**611**	**47**	**658**

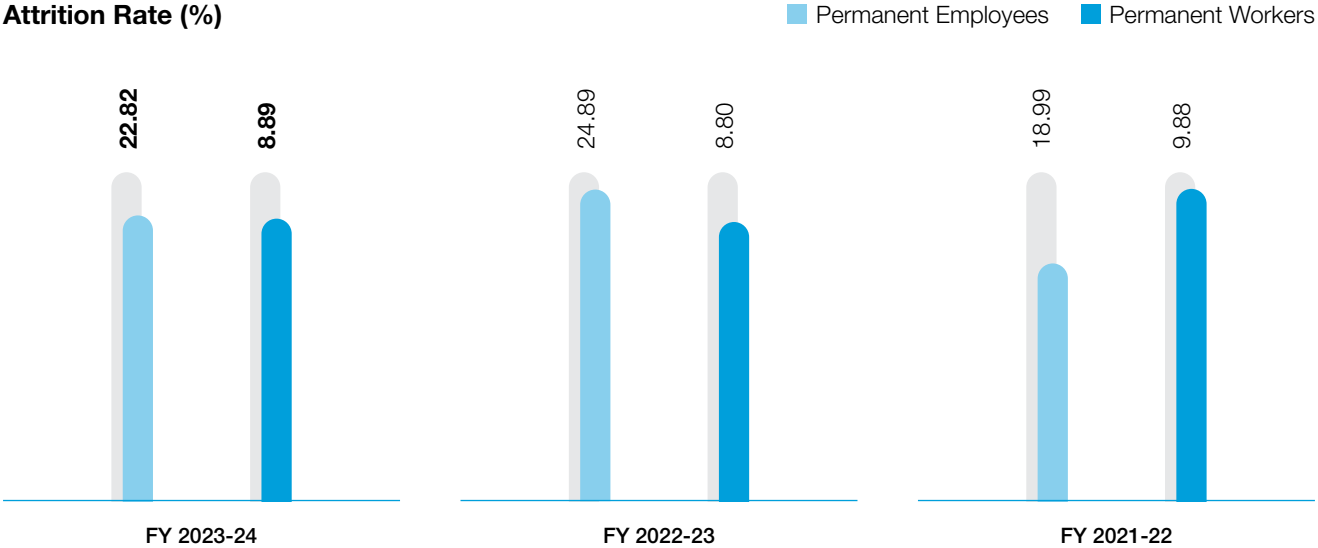
Categorization	Male	Female	Total
<30	269	24	293
30-50	375	20	395
>50	11	0	11
Total	**655**	**44**	**699**

Workforce Turnover (including VRS, Retirement and Death)

Categorization	Male	Female	Total
<30	157	15	172
30-50	356	7	363
>50	12	0	12
Total	**525**	**22**	**547**

Note: Includes only voluntary turnover, excluding retirements and demise.

Attrition Rate (%)



EMPLOYEE BENEFITS AND WELL-BEING

Employee well-being is an important step towards talent management at EKL. We are dedicated to enhancing the lives of our employees at every stage of their journey with us. Here's a glimpse into our comprehensive employee benefits:

Maternity Benefits: We prioritize supporting our women employees during the critical phase of motherhood by offering maternity leaves as per the Maternity Benefit Act. This enables them to balance their personal and professional lives seamlessly. In the past reporting year, 405 employees were entitled to parental leave, reflecting our Commitment to supporting employees through this significant life events

Health and Life Insurance: All permanent employees are provided with health insurance coverage, ensuring access to quality healthcare when needed.

Stock Ownership: As part of our commitment to fostering a sense of ownership and alignment with our Company goals, employees have the opportunity to participate in stock ownership programs. This program allows them to share in the success and growth of the organization.

Collective Bargaining: At EKL, we uphold the rights of our workers to exercise freedom of association and collective bargaining. To ensure transparency and open communication, we conduct structured monthly meetings between ER managers and union bodies. Regular interactions with union members and employees further foster a culture of collaboration and mutual respect. Our senior management actively engages with union representatives to address any concerns and ensure a harmonious work environment for all.

FY 2023-24	Maternity Leave	Paternity Leave
No. of employees entitled to parental leave	478	NA
No. of employees that took parental leave	6	NA
No. of employees who returned to work after leave ended	5	NA
No. of employees who returned to work after leave ended and were still employed after 12 months	8	NA
Return to work rate	100%	NA
Retention rate	80%	NA
No. of employees who took parental leave in FY 2022-23	7	NA



PRIORITIZING HEALTH AND SAFETY

At EKL, prioritizing the health and safety of our employees is not just a commitment but a cornerstone of our operations. We are dedicated to fostering a secure, healthy, and supportive workplace environment for all team members. Our Environmental Health and Safety (EHS) policy underscores the importance of human well-being, guiding all our EHS initiatives.

Being ISO 45001 and ISO 14001 certified highlights our attention to safety, process standardization, and continuous improvement. We ensure this through strict adherence to standard operating procedures (SOPs), comprehensive training programs, regular internal audits, and performance monitoring based on Key Result Areas (KRAs) and Performance Key Indicators (PKIs).

Moreover, our Escorts Kubota System (EKS) boasts over 30 meticulously crafted safety documents, currently being implemented across our operations. Committees like the Group Safety Committee (GSC) and Plant Safety Committee (PSC) play pivotal roles in evaluating and enhancing our Health and Safety Management System.

We actively seek input from our workforce to refine and enhance safety protocols continuously. Our channels for feedback include:

Minutes of Meetings (MOM): Regular meetings capture discussions and suggestions for safety improvements.

On-the-Job Training (OJT): Training sessions not only impart necessary skills but also encourage dialogue on safety measures.

Daily Meetings: These briefings serve as opportunities to discuss safety concerns and updates.

Tool Box Talks (TBT): These informative sessions are conducted to address specific safety topics and gather input from employees.

Our organizational structure ensures clarity in roles and responsibilities, facilitating effective safety management. We employ the PDCA cycle, driving ongoing enhancements:

Plan: Strategize safety initiatives and improvements

Develop: Implement protocols and procedures

Check: Regularly assess safety performance and identify areas for enhancement

Act: Take proactive measures to address identified issues and improve safety measures

Additionally, our Occupational Health and Safety (OHS) review system ensures comprehensive hazard identification and resolution at all levels of the organization. Our employees are empowered to address safety concerns through Safety WhatsApp Groups promptly. These are direct channels for raising concerns and facilitating swift resolutions, ensuring safety remains a top priority across all business divisions.

Measures towards Ensuring Health and Safety

At EKL, our approach to health and safety management is structured and comprehensive. It includes measures like:

Training During Induction: All workers receive health and safety training during their induction period, adhering to ISO 45001 requirements.



Effective Incident Management: Well-defined SOPs ensure prompt response to work-related injuries and incidents. Investigation teams are formed within 24 hours of occurrence, with implemented recommendations shared across the workforce to prevent recurrence.

Healthcare Access: Employees enjoy free access to doctors at our full-time Occupational Health Center (OHC) and benefit from comprehensive Mediclaim facilities for necessary medical treatments.

Employee Participation: We foster worker engagement in health and safety matters through various channels. These include department and plant safety committees, union representation, observation teams, and participation in initiatives like the Kaizen scheme, safety observation tours, and safety competitions.

Policy Coverage: Our Environment, Occupational Health & Safety policy extends to 100% of our stakeholders, including employees, workers, suppliers, and customers. Detailed policy information is available for reference online.

At our manufacturing locations, we prioritize the health and well-being of our employees by providing the following facilities and services:

Preventive Health Check-Ups: We conduct regular health check-ups to monitor and maintain employee health proactively.

Dedicated Ambulance Service: In case of emergency health needs, we have dedicated ambulance services available to ensure swift medical attention.

Detailed Evaluations by Qualified Doctors: Our employees have access to thorough evaluations by well-qualified doctors. We promptly implement any recommended actions to safeguard their health.

Health Communications in Regional Languages: We ensure all health-related communications are disseminated in the preferred regional language of our workforce, ensuring clear understanding and effective engagement.

Occupational Health Center (OHC) with Trained Personnel: Each of our plant is equipped with an Occupational Health Center staffed with adequately trained personnel. This personnel provides round-the-clock service to address health concerns.

Confidentiality Maintenance: We uphold strict confidentiality standards regarding health-related information, ensuring privacy and trust.

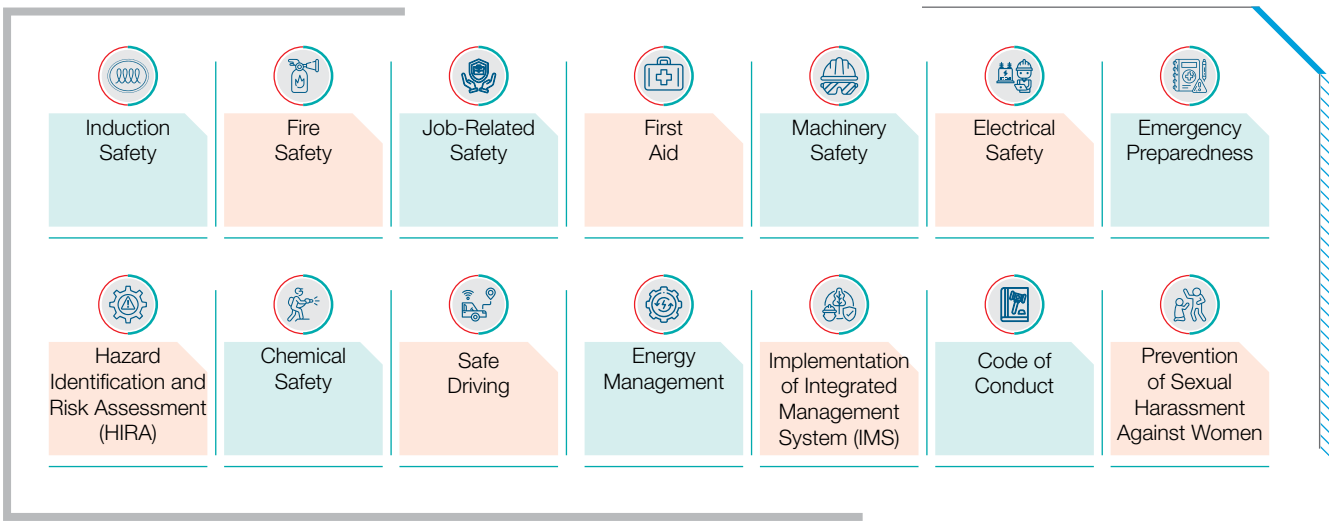
Trainings on OHS

OHS Training-Related Data	FY 2023-24	FY 2022-23	FY 2021-22
% Employees Trained for OHS	99.33	100	100
% Workers Trained for OHS	95.72	100	100

75,426

Total Person Hours of OHS Training during FY 2023-24

Ensuring the health and safety of our workers is fundamental at EKL. We go beyond mere compliance, continuously striving to raise the bar. Our rigorous training regimen encompasses a wide array of topics. These regimens are conducted monthly to exceed mandated standards:



Tailored Training Approach: Our training programs are customized based on thorough Training Need Identification (TNI) reports. These reports are developed in consultation with our EHS teams, line managers, and factory managers. This ensures that training content is relevant and impactful.

Hands-On Learning: We blend classroom lectures with practical applications to reinforce learning and promote active engagement among employees. This approach not only enhances comprehension but also cultivates a culture of safety-consciousness.

Continuous Evaluation and Improvement: We conduct health and safety assessments to gauge with records meticulously maintained by each plant's EHS team. This allows us to track progress and identify areas for further improvement.

Safety Observation Tours: We conduct safety observation tours at our plants to ensure adherence to safety protocols, with a focus on incorporating safety behaviors into daily routines.

Management Visits: We conduct management visits to reinforce safety practices and ensure a safe working environment for all employees.

Reward Systems: We have implemented reward systems based on the reporting of open cases and near-miss incidents. This encourages our employees to follow safety protocols and be vigilant.

Managerial Training: Our managerial staff undergoes specialized online training modules via our digital E-Star platform. The training focuses on topics such as Personal Protective Equipment (PPE).

Road Safety Training: We have initiatives in place that emphasize road safety, particularly for employees using two-wheelers and four-wheelers. These safety measures extend beyond the plant to include field personnel, suppliers, and dealers, ensuring comprehensive safety practices across all operational areas.

Holistic Well-Being: Beyond safety, we prioritize the holistic well-being of our workforce. Sessions on health, hygiene, parenting, and stress management are conducted to support their overall wellness.

Ensuring Zero Health Hazard

With a commitment to 'Zero Health Hazard', we monitor Occupational Health and Safety impacts through weekly meetings and Management Information System (MIS) updates, ensuring swift action and continuous improvement.

In our operations, transparency is key. We provide ample notice to employees regarding significant operational changes, adhering to collective bargaining agreements and Company standing orders.



Safety Data for Workers

Description	FY 2023-24	FY 2022-23	FY 2021-22
The number of fatalities as a result of work-related injury	0	0	1
The rate of high-consequence work-related injuries (excluding fatalities) LTIFR: Lost Time Injury Frequency Rate	0.03	0.67	1.69
The number of recordable work-related injuries	18	230	82
High consequence work-related injury or ill-health (excluding fatalities)	1	18	30

TRAINING AND DEVELOPMENT

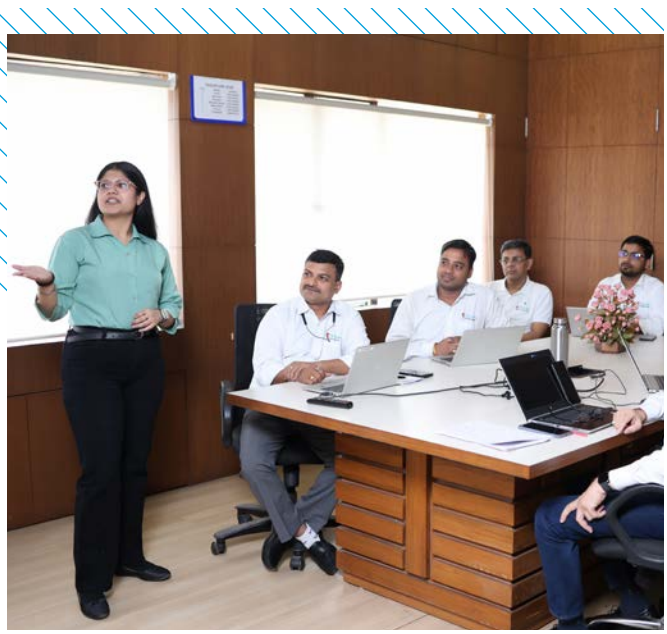
At EKL, we believe in continuously investing in the growth and development of our employees. Throughout FY 2023-24, we organized a series of training programs aimed at enhancing both functional and behavioral competencies across all divisions. These initiatives were designed to equip our workforce with the skills and knowledge necessary to excel in their roles and contribute effectively to our Company's success.

With over 1,200 employees participating in these training sessions, we are proud to report an average feedback score of 4.40, reflecting the positive impact and effectiveness of these programs.



LEARNING MANAGEMENT SYSTEM

We have an extensive Learning Management System (LMS) via a mobile app, supporting continuous employee learning and development. This platform provides a comprehensive suite of digital programs accessible anytime, anywhere, ensuring flexibility and convenience. The LMS includes a variety of courses, webinars, and training modules, which are regularly updated to reflect current industry trends and company needs. Features like personalized learning paths, progress tracking, and interactive elements enhance the learning experience. By empowering employees to take charge of their professional growth, EKL fosters a culture of continuous improvement and innovation, benefiting both individuals and our Company as a whole.



UDAAN

Women's Leadership Development Program

Udaan, our Women's Leadership Development Program, epitomizes our dedication to fostering diversity & inclusion within EKL. Launched in November 2023, the third batch of Udaan focuses on identifying, nurturing, and cultivating a talent pool of women leaders within our organization. Following the renowned Stanford development model, this program emphasizes self-management, people management, and business management skills.

In our endeavors to promote continuous learning, special sessions were arranged for batches 1 and 2 of Udaan, aimed at providing additional insights and perspectives on leadership development, particularly for women in the manufacturing sector. Notable among these sessions was the presence of Leslie Louden, Director of HR at Kubota North America Corporation and Manager of Global HR Projects at Kubota Corporation. Ms. Louden shared invaluable insights on women's leadership development, strategies for establishing a foothold in the manufacturing sector, and effective work-life balance while pursuing career excellence.

The energy and enthusiasm radiated by the participants during these sessions, captured in the accompanying photograph, underscore our collective commitment to personal and professional growth. Through initiatives like Udaan, we are not only nurturing our women leaders but also fostering a culture of diversity, inclusivity, and empowerment within EKL.



ECAP

ECAP represented a structured learning certification journey meticulously designed to elevate our workforce to new heights of excellence. This comprehensive program includes integrated simulation and activity-based workshops, e-learning modules, functional assessments, business projects, and group coaching calls, targeting both functional and behavioral competencies.



Training Hours as per Employee Categories

Trainings (in person hours)	Male	Female	Total
Senior Management	595	15	610
Middle Management	6894	198	7092
Junior Management	40,042	3271	43,313
Non-Management	5,03,245	7,985	5,11,230
Total	**5,50,773**	**11,469**	**5,62,245**

Training Hours per Year

Total Training Hours	FY 2023-24	FY 2022-23
	5,62,245	8,86,707

EMPLOYEE ENGAGEMENT

Employee engagement is vital for our success. We focus on creating a culture where every team member feels valued and motivated. We strive to cultivate an environment where everyone can contribute their best, driving productivity and innovation.

Over the past year, internal engagement scores have consistently exceeded 80%, indicating high employee satisfaction. This engagement is closely linked to improvements in specific areas, reflecting EKL's commitment to creating a supportive and fulfilling workplace. Continuous refinement of these strategies ensures a dynamic and responsive organizational environment.

Performance and Review

At EKL, our performance evaluation process is meticulously designed to acknowledge and incentivize employee excellence through a transparent mechanism. Here's an overview:

Structured Evaluation Process: Our evaluation process follows a systematic framework that ensures fairness and transparency. Employees are assessed based on predetermined criteria relevant to their roles and responsibilities.

Recognition and Rewards: We believe in rewarding exceptional performance. Employees who demonstrate outstanding contributions are duly recognized and rewarded, fostering a culture of appreciation and motivation.

Focused Learning and Training: Continuous learning and development are integral to our approach. We offer targeted training programs covering a wide range of topics to enhance employee skills and capabilities. These help ensure they stay abreast of industry trends and best practices.



Regular Performance Reviews: Each employee receives regular performance and career development review from their management head. These reviews serve as opportunities for constructive feedback, goal setting, and professional growth discussions.

By fostering a culture of continuous improvement and investment in employee development, we empower our workforce to thrive and contribute meaningfully to the success of our Company.

DIGITAL ENGAGEMENT

EKL fosters strong connections with employees through a fully digital engagement framework. New joinees benefit from a structured onboarding process over 30, 60, and 90 days, ensuring smooth integration. Regular pulse checks using simple metrics gauge employee sentiment, while an annual digital in-house engagement survey captures comprehensive feedback.

Social & Relationship Capital

Building Collaborative Connections & Relationships

EKL's success is deeply interwined with our commitment of growing in harmony with the community and all our stakeholders, ensuring a balance between financial objectives and societal needs. We prioritize nurturing robust relationships with shareholders, lenders, suppliers, employees, government entities, communities and the society at large. These connections are crucial to our operations, driving our ability to achieve sustained growth and expansion.



KEY HIGHLIGHTS OF FY 2023-24

~50,000

Number of Lives touched

INTERLINKAGE OF SOCIAL & RELATIONSHIP CAPITAL WITH OTHER CAPITALS

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Natural Capital
- Human Capital

STAKEHOLDERS IMPACTED

- Customers & Dealers
- Suppliers & Vendors
- Government & Regulatory Authorities
- Communities
- Industry Associations

GRI LINKAGE

GRI 203, 308, 411, 413, 414, 416, 417, 418

MATERIAL TOPICS IMPACTED

- Community Engagement & Local Employment
- Customer Satisfaction
- Supply Chain Sustainability

STRATEGIC OBJECTIVES

SO3, SO4, SO5, SO6

RISKS ADDRESSED

- Operational Risk
- Compliance Risk
- Financial Risk

SDGs IMPACTED



A SNAPSHOT OF OUR CSR INTERVENTIONS

- **Skill Development*:** Trained 1,600 ITI graduates on tractor operations and maintenance.
- **Tractor Driving Training*:** Provided tractor driving training to over 13,000 farmers, including 30% participation of women, across six states in India to enhance skills in farm mechanization.
- **School Upgradation***:** Improved facilities for over 2,500 students in Faridabad through our school upgradation project.
- **Sadpura Pond Restoration**:** Restored and rejuvenated the Sadpura Pond, recharging approximately 85 Million liters of groundwater, benefiting 5,000 families upon project completion.
- **Plastic Waste Recycling**:** Launched the Municipal Plastic Waste to School Benches initiative, recycling 210 metric tons of plastic into 6,000 benches for over 90 government primary schools in Faridabad.
- **Menstrual Health and Hygiene****:** Conducted a project on menstrual health and hygiene, training 1,661 girls and distributing 16,000 sanitary napkins.
- **Project Nimaya***:** Upskilled 791 girls with essential 21st-century work skills.
- **Advanced Farming Training#:** The Escorts Kubota Advanced Farming Institute (EKAFI) at Kurukshetra and Bengaluru has trained over 7,900 farmers in scientific agricultural skills.
- **Infrastructure Development#:** Completed the infrastructure development of the EKAFI Kurukshetra facility, which is ready for inauguration and will soon start skill development projects for regional farmers.

*Part of Agricultural projects

** Part of Environment projects

***Part of Education and Livelihood enhancement projects

**** Part of Healthcare projects

#Part of previous year ongoing project

CUSTOMER CENTRICITY

Centring our business around the needs and satisfaction of our customers is the linchpin of our longevity. At EKL, we understand that our customers' contentment is key to our growth. By staying responsive to market demands and consistently engaging with our customer base, we ensure that our products and processes evolve to meet our customers' changing needs. We are committed to delivering products that are safe, sustainable, and of high quality, offering an experience that exceeds expectations.

Throughout the customer journey, from the initial sale to after-sales support, we prioritize transparency and convenience. We provide detailed explanations of our products during installation and offer doorstep services for maintenance and repairs. Our goal is to make the entire experience as seamless and hassle-free as possible for our customers.

Building Customer Relationships

Fostering relationships with our customers is vital for our Company. We understand that our customers are pivotal to our sustainable future. Our commitment to earning their trust and delivering exceptional value is upheld by our stringent standards of quality and dedication to providing unparalleled experiences. This is what serves as our driving force.

Diverse Customer Base in Agri Machinery

In our Agri Machinery division, we cater to a diverse customer base, primarily comprising farmers. However, our customer reach extends beyond individual farmers to include organizations and businesses with varied needs for tractors. These needs range from agricultural applications to construction, landscaping, and industrial uses across the globe.

Specialized Equipment for the Construction Sector

Within our Construction Equipment business division, we specialize in manufacturing high-quality equipment tailored for the construction sector. Our equipment is designed to meet the evolving needs of infrastructure development projects, serving a broad spectrum of clientele. This clientele includes Construction & Industrial Companies, Government Agencies, Mining Companies, Rental Companies, and Individual Contractors.

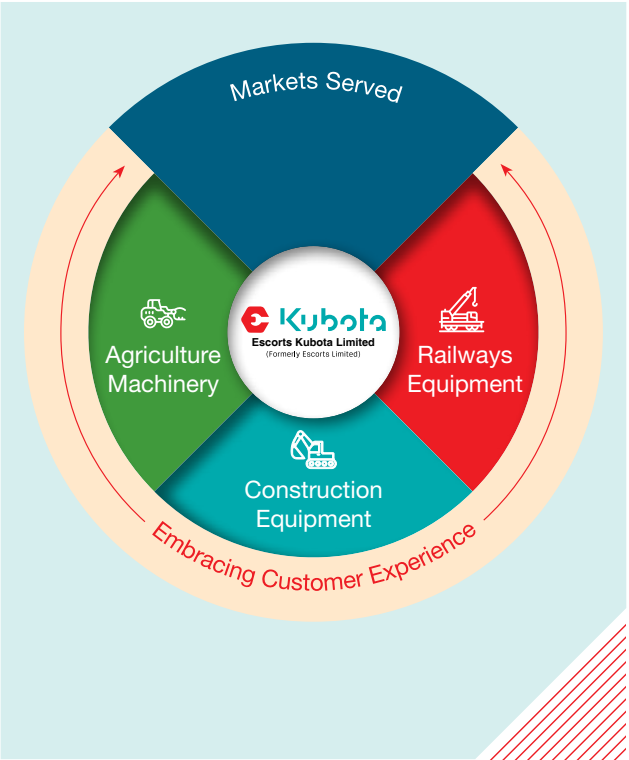
Integral Role in Railway Sector

Under our Railway Equipment business division, we play a vital role as a trusted supplier to key stakeholders in the railway sector. Our diverse product portfolio, ranging from brake systems to couplers and suspension systems, supports the efficient and safe operation of rail networks. Our clients under the division include Indian Railways, metros, private wagon builders, and other rolling stock manufacturers, highlighting our significance in this sector.

Customer Engagement and Satisfaction

Our dedication to customer satisfaction is evident in our approach to engagement. We utilize channels such as the Customer Empathy Index and Service Quality Index to gain insights into our customers' needs and preferences.

While our current focus is on gathering feedback, we aim to expand our scope to include assessments of the health and safety impacts of our products and services in the future. Our robust grievance redressal procedure ensures that customer concerns are addressed promptly and effectively, with measures in place to prevent recurrences.





ENSURING A STRONG VALUE CHAIN

Our Company's operations heavily depend on our expansive value chain, encompassing various stages from sourcing raw materials to delivering finished products to customers. Given the vast scope and complexity of this value chain, our primary focus is on embedding sustainability practices throughout our network of suppliers and partners. Our relationships with our value chain partners are fundamental to our business continuity. It is because of this that we prioritize cultivating enduring, transparent, and trust-based partnerships through ongoing engagement efforts.

Sustainable Value Chain

Our commitment to sustainability permeates our entire value chain, consisting over 500 direct partners. We've refined our processes to create a sustainable and efficient ecosystem, emphasizing collaboration and long-term relationships. This strategy enhances innovation, productivity, and environmental stewardship, boosting our overall ESG standards.

EKL's commitment to sustainability is evident in our procurement practices, particularly in our emphasis on local sourcing. We prioritize procuring raw materials from suppliers within and around Faridabad. Aligned with our sustainability goals, we have established stringent criteria for evaluating suppliers based on ESG principles. These criteria encompass factors such as human rights, environmental impact, and waste management, ensuring that our partners uphold the highest ethical and environmental standards. Our Supplier Code of Conduct (SCoC) reflects these principles, embodying global best practices in safety, health, environmental stewardship, human rights, and ethical business conduct across our value chain.

Key Focus Areas from Our Supplier's Code of Conduct:

- Compliance with All Applicable Laws and Regulations
- Ethical Business Practice
- Health & Safety
- Labor and Human Rights
- Anti-Corruption/Bribery
- Data Privacy
- Fair Competition

Dealers' Meet

The Dealer's Meet event, organized by our Construction Equipment business division, served as a pivotal gathering for dealer partners, sales, and service teams. This strategic congregation aimed to strengthen collaborative ties and celebrate mutual achievements.



The agenda comprised:

- Reflecting on the previous year's performance to identify growth opportunities.
- Deliberating industry trends to navigate market dynamics effectively.
- Engaging in a video conference session with the CMD and DMD to reinforce EKI's 'On Your Side' philosophy.
- Facilitating open dialogue through a dynamic Q&A segment.
- Recognising outstanding dealers during the awards ceremony for their contributions.

Trainings for Dealers

At EKL, we are dedicated to providing comprehensive training opportunities for our valued partners. These training initiatives are designed to empower our dealers and stakeholders with the knowledge and skills necessary to navigate the complexities of their roles effectively. Through these programs, we aim to enhance the capabilities of our partners, ultimately driving mutual success and delivering exceptional value to our customers.

FinTax Training for Construction Equipment Dealers We introduced a specialized program tailored for dealers within the construction equipment business. Held in Faridabad and Goa, these training sessions were carefully designed to equip dealerships with vital financial and taxation knowledge. The objective was to assist dealers in navigating fiscal complexities, optimising finances, and enhancing customer service delivery.

Product and Service Course: This comprehensive nine-day program was specifically curated for our new dealers from Bangladesh. Conducted at the Escorts Training and Development Center in Bengaluru, India, the course was centered around Farmtrac tractors. Participants delved into various facets of tractor operation, maintenance, and troubleshooting. The primary aim of this initiative was to provide dealers with the requisite knowledge and skills to excel in their roles, ensuring customer satisfaction and business success.

EMPOWERING COMMUNITIES

Our CSR initiatives are strategically designed to foster sustainable development in the areas that matters most, offering lasting social value to local communities and society at large. Through close collaboration with local communities, governments and stakeholders, we strive to implement impactful social development programs

Aligned with Schedule VII of Section 135 of the Companies Act, 2013, our CSR initiatives are overseen by a dedicated CSR committee. This committee ensures our programs are compliant, relevant, and responsive to the needs of the communities we serve.

Our CSR policy serves as a roadmap, guiding the design and implementation of our initiatives. We continuously reasses our policy to adapt to changing community needs and comply with legislative amendments, ensuring that our efforts remain effective and impactful.

During FY 2023-24, our CSR initiatives were focused on 3 thematic areas:

- **Agricultural Projects:** Enhancing agricultural practices and supporting farmers through advanced training and resources.
- **Environment and Community Needs:** Implementing projects aimed at environmental sustainability and addressing specific community needs including education.
- **Empowerment of Women and Socially Vulnerable Groups:** Promoting the empowerment of women and supporting socially vulnerable groups through targeted programs and initiatives including health care.

₹ 17.72 crores

CSR Spend during FY 2023-24



AGRICULTURAL TRANSFORMATION

Empowering Farmers for a Sustainable Future

We recognize the pivotal role agriculture plays in India's socio-economic fabric. Our commitment to driving agricultural transformation is unswerving, and our initiatives reflect our dedication to empowering farmers across the nation. Through various projects, we aim to equip thousands of farmers, including women, with the skills and knowledge necessary for efficient tractor operation and maintenance. Thereby promoting productivity and safety in the fields.

Tractor Driving Training

6,025

Farmers Trained

1,800+

Women Trained

6 States

Benfited form the Impact Created

Our Tractor Driving Training program, conducted in collaboration with agricultural experts and government agencies, focuses on enhancing tractor operation skills while prioritizing safety and fuel efficiency. The training was conducted in six states - Madhya Pradesh, Rajasthan, Uttar Pradesh, Bihar, Haryana and Gujarat. Through hands-on training sessions and classroom instruction, this initiative empowered 6,025 individuals. This included a 30% representation of women striving to become proficient tractor operators while also maintaining fuel efficiency and safety measures. The training was certified by the Agricultural Skills Council of India, ensuring quality and standardization.

Tractor Operation and Maintenance Training

1,600

Industrial Training Institute Students Trained

In collaboration with the Mechanization and Technology Division of the Ministry of Agriculture & Farmers Welfare, Govt. of India and the Skill Sector Council, we conducted a comprehensive Tractor Operation and Maintenance Training program. This initiative aimed to equip ITI Graduates from NRFMTTI Hisar, CFMTTI Budni, and Govt. ITI Kanpur with essential skills and knowledge for effective tractor operation and maintenance.

By fostering entrepreneurship among the participants, we aspire to create a network of skilled professionals capable of establishing their mechanization centres or service centres. This program not only enhances the participants' technical skills but also significantly improves their quality of life by providing sustainable livelihood opportunities and promoting economic independence.

Northern Region Farm Machinery Training and Testing Institute, Hisar

#Central Farm Machinery Training and Testing Institute, Budni

$Industrial Training Institute, Kanpur

Escorts Kubota Advanced Farming Institute

7,074 Farmers Trained

in Tractor Driving & Use of Implements

Under our ambitious Escorts Kubota Advanced Farming Institute (EKAFI), we launched the Model Farm Project in collaboration with Chandra Shekhar Azad University of Agriculture and Technology (CSAUK) in Kanpur. This initiative, under the aegis of an MoC, signed between the Ministry of Agriculture, Forestry and Fisheries (MAFF), the Government of Japan, and the Government of Uttar Pradesh, provided advanced training to 7074 farmers across seven Krishi Vigyan Kendra (KVK) centres.

The training focused on tractor driving, the use of implements, and handpump repairing, as guided by the Department of Agriculture, Government of Uttar Pradesh. This project stands as a beacon of agricultural excellence, offering farmers in Uttar Pradesh access to cutting-edge training facilities and expert guidance.

The development of the EKAFI Model Farm Project includes plans for residential accommodations, administrative buildings, and model farms. With the capacity to train 10,000 farmers annually, this institute is set to revolutionize farming practices in the region, significantly enhancing the quality of life for local farmers and contributing to sustainable agricultural development

DEVELOPING THE ENVIRONMENT AND LOCALITIES

Uplifting the Surroundings for a Better Tomorrow

School Upgradation

Over
2,500 Students, including
1,250 Girls Benefited

In an endeavor to enhance educational infrastructure and improve learning conditions, EKL undertook the School Upgradation Project. This initiative focused on renovating 5 government schools across Faridabad and constructed 1 new school in Ballabhgarh, Faridabad, all of which substantially benefited the students. The project aims to create a conducive learning environment by addressing critical needs such as:

- Basic Sanitation Facilities
- Storage Facilities
- Drinking Water Facilities
- Safe and Hygienic Conditions

Municipal Plastic Waste to School Benches Project

The Municipal Plastic Waste to School Benches Project is an innovative initiative that bridges environmental sustainability with educational support. This project exemplifies how waste management can serve multiple purposes including:

- **Plastic Waste Collection and Recycling:** EKL collected plastic waste from across the Faridabad district, effectively preventing 210 metric tons of plastic from polluting landfills.
- **Creation of School Benches:** The collected plastic waste was recycled into 6,000 durable school benches, which were then distributed to 90 Government primary schools.
- **Environmental Impact:** This initiative not only provided essential seating for 12,000 students but also significantly reduced environmental impact by avoiding 1,898.84 $KgCO_2$ equivalent emissions.

Village Pond Restoration

The Village Pond Restoration Project in Sadpura, Faridabad, reflects EKL's dedication to environmental restoration and community welfare. With an investment of ₹ 88 Lacs, this project aimed to rejuvenate the local ecosystem and improve the quality of life for residents by serving the following purposes:

- Lake Cleaning and Wastewater Treatment: The project involved comprehensive cleaning of the lake and implementing wastewater treatment processes to restore the pond to a healthier state. Around 600 thousand liters of wastewater treatment has begun with the deployment of oxytubes.
- Tree Planting: A total of 25,000 saplings were planted around the area based on the Miyawaki Forest Concept, which will not only beautify the surroundings but also contribute to ecological balance and air quality improvement.
- Groundwater Recharge: The restoration efforts are projected to recharge approximately 85 Million liters of groundwater, which is a crucial resource for the 5,000 families residing nearby. This initiative supports both the environment and the community by ensuring a sustainable water supply.



EMPOWERMENT OF WOMEN AND SOCIALLY VULNERABLE GROUPS

Bridging the Social Gap

Menstrual Health and Hygiene Project

1,661

Girls Trained

16,000

Sanitary Napkins Distributed

Under the Menstrual Health and Hygiene Project in Faridabad, we installed 16 sanitary napkin vending machines and incinerators in schools. Through this project, we also trained 1,661 adolescent girls on menstrual hygiene and distributed over 16,000 sanitary napkins. Our aim is to raise awareness and promote sustainable menstrual health practices among young girls.

Project Nimaya

791

Girls Upskilled

Our Project Nimaya focused on upskilling 791 girls with essential 21st century work skills through a 70-hour hybrid training program. The comprehensive training covered critical thinking, problem-solving, emotional intelligence, logical thinking, decision-making, and other job-readiness skills. This initiative aimed to enhance employability, self-confidence, and informed career choices for young women. Thereby empowering them to navigate the modern workforce successfully.

WAY FORWARD

Building on our success, we look forward to expanding our initiatives with a vision to giving back to society. We will continue to prioritize agricultural transformation, environmental sustainability, and community empowerment. Our focus will include creating state-of-the-art training facilities, enhancing educational infrastructure, and promoting innovative, sustainable practices across new regions, ensuring lasting positive impact.





ESG Targets and Performance

ESG Targets and Performance

As a part of our commitment to operate mindfully, we have set 10 goals across Environmental, Social and Governance parameters. These goal are aimed at developing our journey towards building a sustainable and ethical future. Through these long-term goals, we strive to ensure stability, mitigate risks, and build trust among stakeholders.

EKL is committed to a comprehensive ESG strategy that integrates environmental sustainability, social responsibility, and robust governance practices. With this, we foster long-term value creation and a positive impact on all stakeholders. This strategy includes ambitious targets for waste reduction, water positivity, and carbon emission reductions, aligned with our long-term vision of achieving carbon neutrality. We are expanding renewable energy use, particularly solar power, and prioritizing environmental protection through responsible waste management and emission control.

Socially, we emphasize positive community impact, fair labor practices and diversity & inclusion, which enhance our reputation and employee morale. Our CSR initiatives support agricultural advancement and farmer welfare, while our commitment to sustainability training ensures all employees are engaged in our goals.

Our governance approach focuses on creating long-term sustainable value through ethically driven practices, adhering to regulatory standards. Thus aligning with global reporting frameworks to ensure transparency and accountability.

ESG PERFORMANCE HIGHLIGHTS OF FY 2023-24

Enhanced ESG Governance

The ESG governance structure at EKL has undergone significant enhancements to facilitate ongoing discussions and updates on environmental, social, and governance issues. The ESG team now convenes monthly to thoroughly review and deliberate on ESG matters, while the ESG council meets quarterly to formulate long-term strategies and targets concerning environmental management. These gatherings are focused on implementing vital measures to combat global environmental challenges such as climate change, and to establish priority actions and plans. The outcomes of the council meetings are disseminated throughout the organization to foster transparency and uphold accountability.

Our commitment to sustainable growth goes beyond mere financial stability; it embodies our strong dedication to making a positive impact on the environment, society, and all those involved with our business. In line with this vision, we have set targets for 10 key Environmental, Social, and Governance (ESG) factors, guiding our decisions towards greater accountability and responsibility.



For more detailed information on commitment, please refer to management messages and BRSR report

EKL ESG COMMITMENTS

Carbon Neutrality by 2050

Scope 1+2 emissions-

Baseline year FY 2022-23:
46,060.5 tCO_2e

FY 2023-24:
46,445.56 tCO_2e
4.12% reduction in Scope 1 + Scope 2 Emission Intensity

Zero Landfill Waste by 2027

Waste sent to Landfill-

Baseline year FY 2022-23:
304.14MT

FY 2023-24:
257.04MT

Water Positive Organization by 2030

Water Consumption-

Baseline year FY 2022-23:
349 KL

FY 2023-24:
257 KL
26.23% reduction in Total Water Consumption

3x Improvement in Renewable Energy Share by 2030

FY 2023-24:
~20% increase Year-on-Year

Tree Plantation

Target to plant :
25,000 trees by 2025

Gender Diversity 7.5% by 2025

Baseline year FY 2020-21:
5%

FY 2023-24:
7.14%
Increased by 214 bps

Giving Back to Society

FY 2023-24:
Spend on CSR activities:
₹ 17.72 Crores
~50,000 lives impacted

Value Chain ESG Assessment

FY 2023-24:
Started in January 2024

Sustainability Awareness & Training

Baseline FY 2020-21:
Zero

FY 2023-24:
Various training sessions were conducted including e-modules and Over 1,000 employees participated in ESG awareness quizzes.

Governance Standard

FY 2023-24:
Regular policy reviews and updates by company's senior management and the board.

WAY FORWARD FOR FY 2024-25

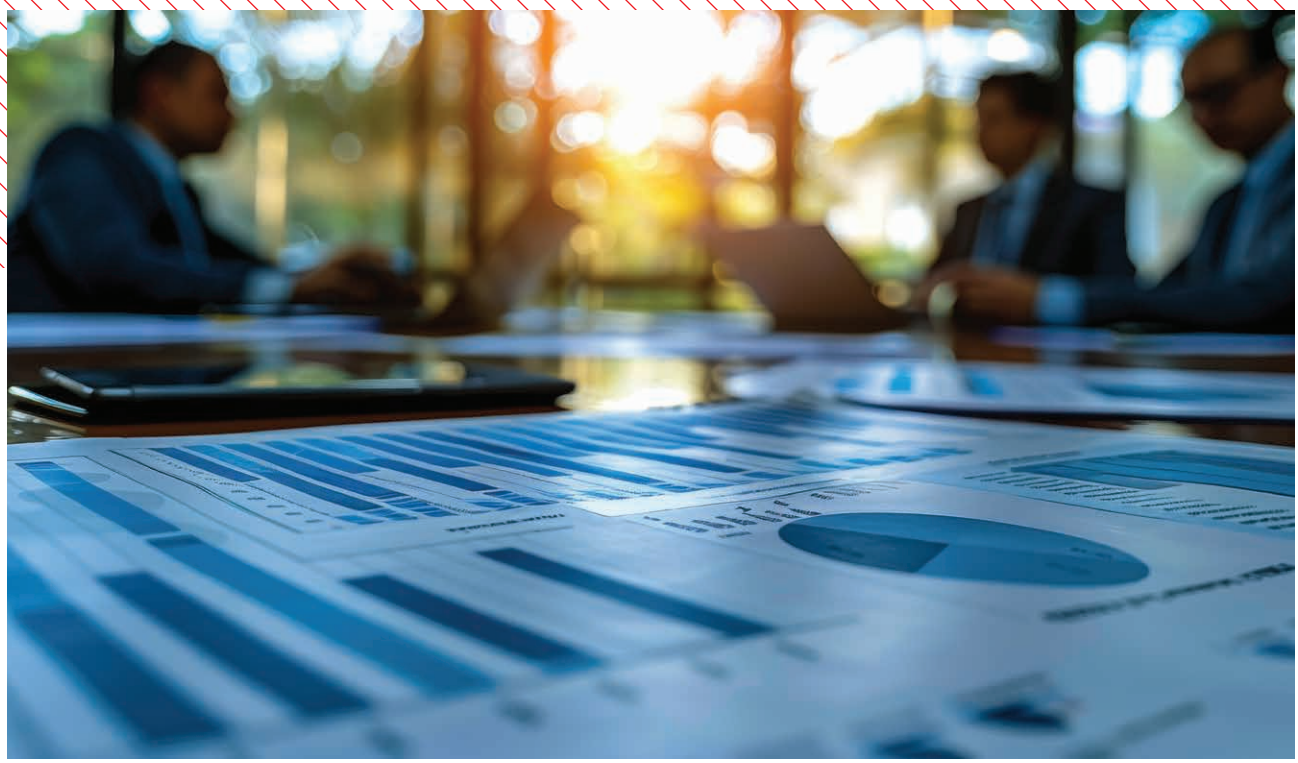
In FY 2024-25, our Company is fully committed to embedding sustainability principles across all facets of our operations, striving to become a more environmentally conscious and inclusive organization. This commitment includes actively reducing our carbon footprint, transitioning to sustainable energy sources, increasing supply chain transparency, and fostering diversity and inclusivity within our workforce.

Additionally, we are focused on advancing our ESG initiatives by leveraging digital tools to monitor progress, identify areas for improvement, and effectively communicate achievements to stakeholders. Through this approach, we aim to create a sustainable and adaptable business model that benefits both the environment and society.

For more detailed information on various ESG matrix, please refer to BRSR report



MANAGEMENT DISCUSSION AND ANALYSIS



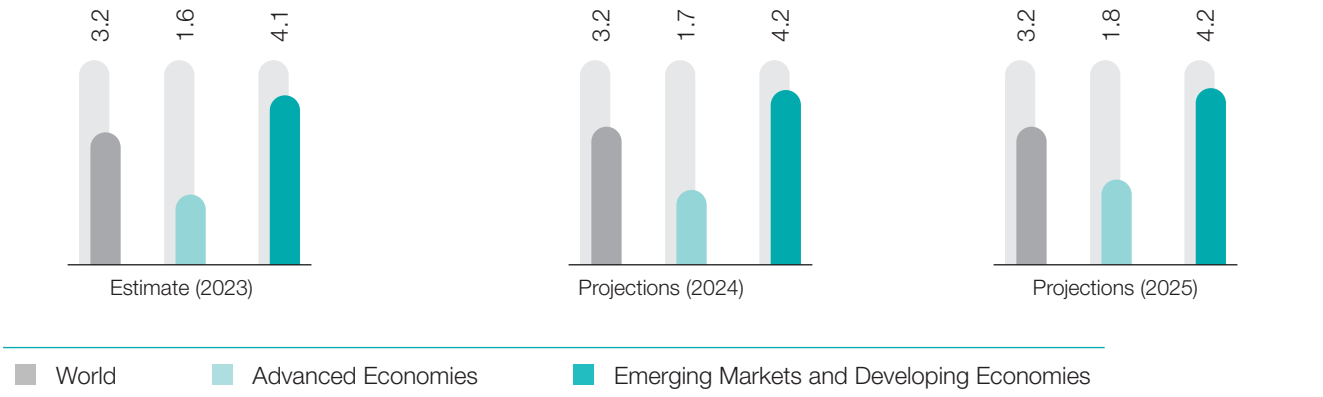
Economic Environment

GLOBAL ECONOMIC REVIEW

The global economy continues to display remarkable resilience as it has maintained stable growth after recovering from past disruptions across the globe and increased inflationary pressure. In 2023, global economic growth stood at 3.2%, a pace expected to persist through 2024 and 2025. While headline inflation has decreased worldwide, core and service inflation have shown a slower decline, reflecting ongoing labor market tightening. Major central banks in advanced economies (AEs) have maintained policy rates to align inflation with targets. The effects of tightened monetary policies are gradually emerging, with policy rates and interest rates for corporate and mortgage loans on the rise. Growth in advanced economies is forecasted to increase from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. Conversely, emerging markets and developing economies are anticipated to sustain stability, with a projected growth rate of 4.2% for both 2024 and 2025.

As global inflation descends from its peak, economic activity continues to grow steadily, dispelling concerns of stagflation and global recession. With global headline inflation expected to decrease from 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025, aided by tightened monetary policy and lower international commodity prices, the global economy remains on a path of gradual recovery.

GLOBAL ECONOMIC GROWTH (in %)



OUTLOOK

Looking ahead, the global economy is anticipated to grow at a steady pace, with the diminishing effects of positive shocks. Alongside, it is set to witness increasing yields and tighter credit conditions. There are likely to be persistent supply disruptions, along with a shift in inflation sentiment, which may restrain the fall in inflation. Notably, the business sector is likely to experience increased pressure, with shrinking profit margins, leading to a slowdown in hiring and expenditure.

The potential resurgence of consumer price inflation is a primary concern for the global economy. The trajectory of the economic rebound in 2025 largely hinges on central banks alleviating economic constraints, as inflation indicators approach their respective targets. The US and the Euro Area are particularly susceptible, with real policy rates currently at their highest levels since January 2008. Prolonged periods of high rates could substantially dampen economic activity, worsening mild recessions into more severe downturns. (Source: IMF, World Economic Outlook April 2024)

INDIAN ECONOMIC REVIEW

India has shown sustained progress with several advancements witnessed amid global economic uncertainties. There have been timely policy interventions aimed at enhancing macroeconomic stability and the rejuvenating both financial and non-financial sectors. These developments have been coupled with substantial investments in robust physical and digital public infrastructure. As a result, India has managed to navigate several challenges, both domestic and international, ensuring sustained economic progress. Despite the prevailing global economic uncertainties, India's GDP grew at 7.6% in FY 2023-24, compared to 7.0% in FY 2022-23. The ongoing and upcoming Government policy reforms have boosted optimism and confidence in India's economic trajectory. Consequently, India embraces its 'Amrit Kaal' with assurance, viewing growth challenges as opportunities for inclusive development rather than hindrances.

India's credit profile balances its large and diversified economy, high growth potential, relatively sound external position, and stable domestic financing base for government debt. At the same time, there are challenges due to high general government debt, weak debt affordability, and low per capita income. However, any material reduction in debt levels is unlikely in the near term, amid gradual fiscal consolidation. The Government's agenda for economic development has been centered on revitalizing India's growth potential. The country's economic policy involves reinvigorating the financial sector, streamlining business conditions to spur economic activity, and significantly enhancing both physical and digital infrastructure to strengthen connectivity. Such measures are likely to boost the competitiveness of the manufacturing sector. According to this purpose, the Government has implemented a range of economic reforms aimed at fostering a business-friendly environment, enhancing ease of living, and fortifying governance systems and processes.

The agriculture sector grew by 1.8% in FY 2023-24, lower than the 4% expansion recorded in FY 2022-23, on account of lower monsoon rainfall. The construction sector grew by 10.7% year-on-year from 10% in FY 2023-24, driven by rising incomes, housing shortages, in big cities, and a growing population. Indian Railways achieved unprecedented milestones in its operational performance, marking a historic year for the nation's lifeline in terms of freight loading, total revenue, and track laying during FY 2023-24. The Indian Railways demonstrated commendable growth, with total revenue reaching ₹ 2.40 Lac crores in FY 2023-24 compared to ₹ 2.23 Lac crores in FY 2022-23. The passenger segment witnessed notable growth, with a total of 648 crores passengers having travelled during FY 2023-24.

Source: https://www.business-standard.com/economy/news/farm-sector-growth-may-drop-to-4-year-low-of-1-8-in-fy-24-due-to-el-nino-124010501073_1.html

INDIAN ECONOMY GDP GROWTH RATE (in %)



OUTLOOK

Going forward, the country is likely to remain the world's fastest-growing major economy, driven by growing demand, moderate inflation, stable interest rate regime and robust foreign exchange reserves. The economy is poised to achieve nearly 7% growth in FY 2024-25. The catalysts for this projected growth are likely to be robust domestic demand, private consumption and investment, and Government reforms and initiatives implemented over the past decade. The Government's investments in both physical and digital infrastructure, coupled with measures to increase manufacturing have strengthened the supply side. Together, these developments are likely to provide an impetus to the country's economic activity.

India is making significant strides towards its futuristic growth trajectory. The Indian economy is projected to cross the USD 4 trillion mark during FY 2024-25, further escalating to USD 5 trillion by FY 2026-27. Additionally, the

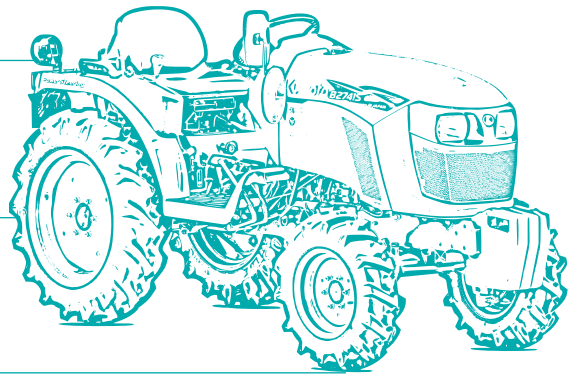
The Indian economy is projected to cross the USD 4 trillion mark during FY 2024-25, further escalating to USD 5 trillion by FY 2026-27.

Government has set an ambitious goal of transforming into a developed country by 2047. India will sustain its upward growth trajectory, propelled by stable and robust domestic demand, expanding private consumption and investments, and ongoing structural reforms.

(Source: Economic Times, PIB, Times of India)

Industry and Business Review

Global Tractor Industry



The global tractor industry stands on the cusp of significant expansion, propelled by a convergence of pivotal factors. Escalating labor costs and persistent shortages during peak seasons are compelling farmers worldwide to embrace mechanization as a means to streamline operations, enhance efficiency, and mitigate economic pressures. Concurrently, the escalating demand for plant-based foods, driven by evolving consumer preferences towards healthier diets and sustainable living, is catalyzing the imperative for higher agricultural output. Consequently, this surge in demand for tractors reflects a fundamental shift towards mechanized farming practices.

Moreover, Governmental initiatives geared towards augmenting agricultural productivity and sustainability, alongside the widespread adoption of precision farming techniques, are further galvanizing the trajectory of industry growth. The sectorial expansion is underpinned by the burgeoning need for food products and the expansion of arable land, which necessitates a more mechanised approach to farming. Large-scale farmers are increasingly turning to mechanization to bolster their capacity to meet burgeoning food demands while simultaneously optimizing profitability.

This transformative landscape is underscored by an unprecedented convergence of agriculture and digital technology, ushering in a new era of innovation and efficiency. Tractor manufacturers, cognizant of the evolving market dynamics, are engaged in a relentless pursuit of innovation, striving to offer increasingly sophisticated and tailored solutions to meet the diverse needs of farmers worldwide. As the industry continues to adapt and innovate in response to emerging challenges and opportunities, it holds the promise of not only driving sustainable growth but also fostering enhanced agricultural productivity and resilience on a global scale.



MAJOR GROWTH DRIVERS

Farm Mechanization and Labor Shortage

Amid global agricultural landscapes, a trend of widespread scarcity of labor has emerged. This challenge has ignited a surge in demand for mechanized farming equipment, notably tractors. Serving as modern-day workhorses, tractors empower farmers to accomplish tasks with unprecedented efficiency, alleviating the burden of labor-intensive practices and heralding a new era of agricultural productivity.

Increased Demand for Advanced Tractors

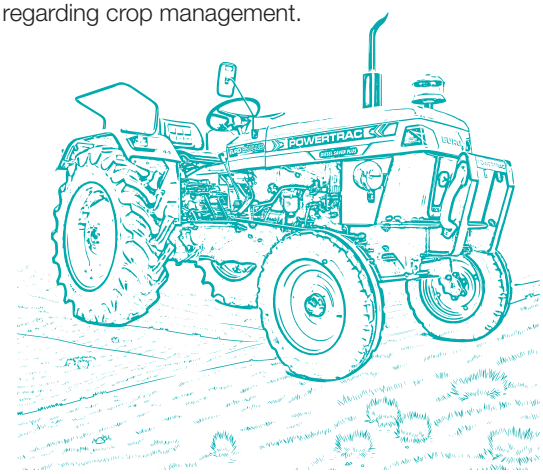
Efficient and advanced tractors are witnessing in high demand since they help farmers moderate operating costs and improve productivity. Moreover, tractors with updated features such as GPS guidance, telematics and precision agriculture capabilities are experiencing an increased demand.

Government Schemes

Governments worldwide are launching numerous schemes to promote agricultural mechanization. These include subsidies or financial assistance for farmers to purchase efficient and reliable agricultural machinery.

Advent of Intelligent & Smart Tractors

Advanced agricultural tractors are now equipped with cutting-edge technologies like artificial intelligence (AI) and machine learning (ML). These add-ons empower them to be operated with increased autonomy and efficiency. Notably, such tractors are capable of self-driving, navigating fields and making informed decisions regarding crop management.



INDIAN TRACTOR INDUSTRY

India holds a commanding position in the global tractor market, a testament to its remarkable growth and transformation since the advent of domestic production. As farm labor availability dwindles and innovative models like custom hiring solutions for tractors emerge, India emerges as a standout market for tractor manufacturers.

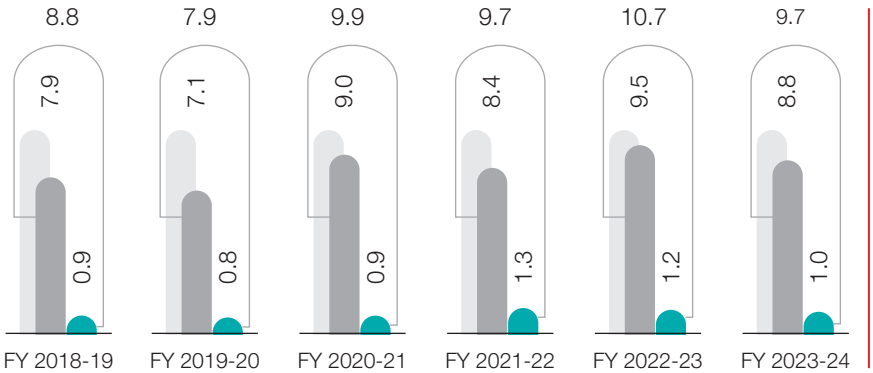
This dominance owes much to a suite of Government policies tailored to meet the escalating demand. Presently, over 90% of tractor sales are facilitated directly or indirectly through credit extended by commercial banks, state land development banks, and regional rural banks. Despite formidable competition from nations with entrenched tractor manufacturing traditions, India continues to outpace them, demonstrating unparalleled growth in the sector.

PERFORMANCE HIGHLIGHTS

During FY 2023-24, the domestic tractor industry experienced a decline in volumes, with sales decreasing by 7.4% to 8.75 Lac tractors compared to 9.45 Lac tractors in FY 2022-23. This decline can be attributed to erratic and deficient rainfall, leading to delayed crop harvests and reduced sowing of crops. These factors impacted rural cash flows, compounded by a high base from the previous year. Despite the subdued performance during the second half of FY 2023-24, recent trends indicate a shift towards more positive sentiment in the industry.

On the export front, tractor volumes saw a decline in FY 2023-24, dropping by 21.4% to 0.98 Lac compared to 1.25 Lac in the previous fiscal year.

TRACTOR INDUSTRY PERFORMANCE (in Lacs Units)*



	Y-O-Y	5-Year CAGR
Domestic	(7.36%)	2.18%
Exports	(21.45%)	1.22%
Total	(9.00%)	2.08%

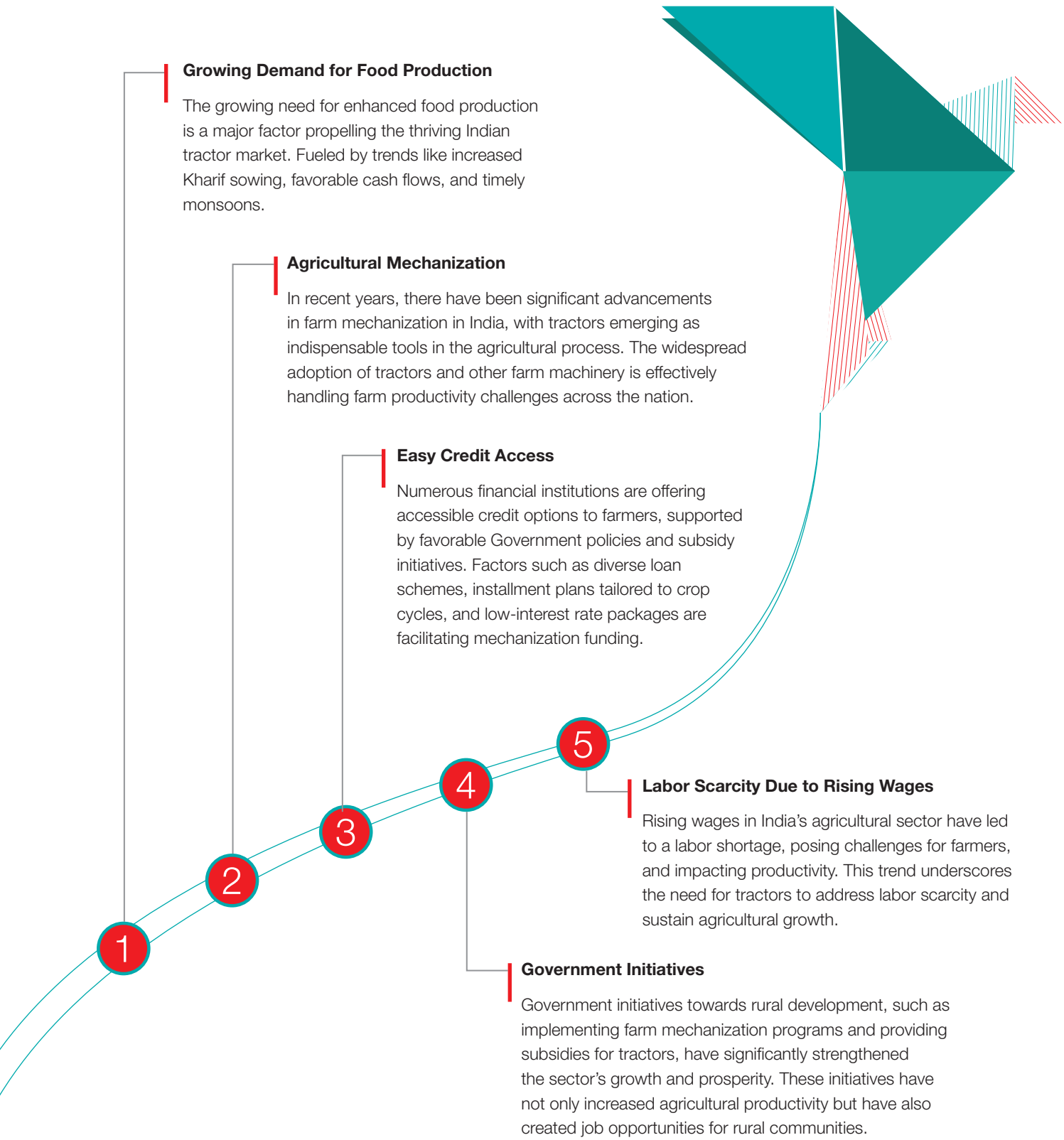
Rounded off to the nearest decimal

WAY FORWARD

The Indian tractor industry is looking optimistically towards FY 2024-25, as meteorological forecasts predict a normal monsoon season. Bolstered by initiatives such as the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) and the Soil Health Card scheme, farmers are increasingly adopting modern agricultural practices, driving the demand for tractors. With a concerted focus on increasing farm mechanization and supportive government policies, the industry is poised for steady growth in the upcoming years. This strategic alignment between agricultural advancement and industry initiatives sets the stage for a flourishing tractor sector in India.



SECTORIAL DEMAND DRIVERS



Growing Demand for Food Production

The growing need for enhanced food production is a major factor propelling the thriving Indian tractor market. Fueled by trends like increased Kharif sowing, favorable cash flows, and timely monsoons.

Agricultural Mechanization

In recent years, there have been significant advancements in farm mechanization in India, with tractors emerging as indispensable tools in the agricultural process. The widespread adoption of tractors and other farm machinery is effectively handling farm productivity challenges across the nation.

Easy Credit Access

Numerous financial institutions are offering accessible credit options to farmers, supported by favorable Government policies and subsidy initiatives. Factors such as diverse loan schemes, installment plans tailored to crop cycles, and low-interest rate packages are facilitating mechanization funding.

Labor Scarcity Due to Rising Wages

Rising wages in India's agricultural sector have led to a labor shortage, posing challenges for farmers, and impacting productivity. This trend underscores the need for tractors to address labor scarcity and sustain agricultural growth.

Government Initiatives

Government initiatives towards rural development, such as implementing farm mechanization programs and providing subsidies for tractors, have significantly strengthened the sector's growth and prosperity. These initiatives have not only increased agricultural productivity but have also created job opportunities for rural communities.

ESCORTS KUBOTA - AGRI MACHINERY BUSINESS DIVISION

The Agri Machinery Business Division is a global leader in the manufacturing and trading of top-quality agricultural equipment. Our extensive range of products includes tractors, paddy planters and a variety of agricultural implements like sprayers and tillage solutions. Designed to cater to the specific needs of farmers and organizations worldwide, our products are in use in more than 80 countries.

Designed for exceptional power, efficiency, and versatility, our products have become the preferred choice across various sectors, including agriculture, construction, and landscaping. Under the esteemed brands of Farmtrac, Powertrac, Steeltrac, Farmpower, and E Kubota, we uphold a legacy of excellence, ensuring top-notch quality and performance in every offering.

With a robust nationwide network of over 1,200 dealers, we provide a seamless customer experience and effectively deliver our products and services to the Indian market. Having proudly served more than 2.2 Million customers globally, we are committed to driving



innovation and excellence in the agricultural machinery industry, consistently setting new standards of quality and performance.

We have recently restructured our Agri-Machinery Business Division into separate profit centers:

- Tractor Business Division
- Agri Solutions Business Division
- Services & Spare Parts Business Division
- Engine Business Division

This strategic move is aimed at promoting autonomy and accountability within each segment, guiding them towards increased profitability and operational excellence in line with our established best practices.

ANNUAL TRACTOR PRODUCTION CAPACITY AND CAPACITY UTILIZATION

~80%
Total Capacity Utilization in FY 2023-24

3
Plants in India for Tractor and Components, manufactured in Faridabad, Haryana

1
Plant in Poland (100% Subsidiary)

1
Plant under JV with Kubota

50,000
Tractors per Annum, Capacity of JV Plant

1,20,000
Tractors per Annum, Capacity of 3 Plants



AGRI SOLUTIONS INDUSTRY

In 2023-24, the Indian agri solutions market experienced a significant upswing fueled by advancements in technology and sustainable practices. Innovations in precision agriculture, digital farm management platforms, and environmentally friendly inputs gained traction, resulting in increased productivity and reduced environmental impact. Stakeholders collaborated to tackle challenges and capitalize on opportunities in India's dynamic agricultural sector, with the Union Budget emphasizing regenerative agriculture, inclusive growth, and improved access to credit and quality inputs. Key initiatives, such as enhanced agriculture credit allocation and investments in infrastructure, are expected to propel steady growth in next few years, signalling substantial growth potential for us.

We have undertaken a partnership between EKL and Kubota Corporation, a prominent player in the agricultural implements industry. With an upcoming merger on the horizon, the Company is strategically positioned to become a dominant force in the agricultural solutions sector. This collaboration will enable the merged entity to capitalize on the unique strengths and expertise of both partners,



providing farmers with a wide array of top-tier agricultural machinery and solutions.

By offering products like Combine Harvesters and Rice Transplanters, we are poised to establish ourselves as a key player in the agricultural solutions market. This expansion will not only drive growth and success for the Company but also bring prosperity to farmers nationwide.

SERVICES & SPARE PARTS INDUSTRY

The Indian tractor services & spare parts industry has seen remarkable growth in recent years, with companies investing heavily in enhancing their offerings to meet the increasing demand across various sectors. By focusing on quality assurance and customer satisfaction, businesses are expanding their service portfolios and distribution networks to cater to a larger market base. The integration of digital platforms has completely transformed the way operations are carried out, leading to improved efficiency and accessibility for consumers. With ongoing infrastructure development and technological advancements driving the demand for services & spare parts, the industry is primed for continued growth and success across India in the coming years.

We have enhanced the Services & Spare Parts Division, responsible for managing customer service operations across all three core business segments, as well as spare parts sales and warehouse operations.

Product Range



Clutch Cover Assembly



Filter Kit (Oil and Fuel Filters)



RAM Cylinder



Hydraulic Pump

DIESEL GENSET INDUSTRY

The diesel engine and generator set (genset) industry has been instrumental in ensuring uninterrupted power supply across diverse sectors in India. From industrial operations to rural electrification, diesel gensets have served as reliable power sources, particularly in areas with intermittent electricity supply. In recent years, the sector has witnessed notable advancements driven by environmental concerns, technological innovations, and evolving market dynamics.

The transition towards new emission norms in the diesel genset industry is poised to significantly impact the market in FY 2024-25. As manufacturers and operators adjust to these stricter regulations, industry growth may slow or plateau. This adaptation process may necessitate investments in new technology and equipment, resulting in increased costs for businesses. However, the long-term benefits of reduced emissions and enhanced environmental sustainability are expected to outweigh these initial challenges.

Overall, the industry is primed for a period of adaptation and innovation as it moves towards a more sustainable future.A noteworthy development in FY 2023-24 was the



Central Pollution Control Board's (CPCB) recognition of environmental conservation's importance, leading to the establishment of stringent emissions guidelines for DG sets, particularly in the Delhi-NCR region.

PERFORMANCE HIGHLIGHTS

During FY 2023-24, the Company saw a 7.2% decrease in tractor sales from 103,290 units to 95,858 units compared to the previous year.

Domestic sales dropped by 5.3%, reaching 90,239 units in FY 2023-24 compared to 95,266 units in the previous year. Despite this decline, Escorts Kubota's market share increased to 10.3% in FY 2023-24, a 23 basis point rise from the previous year's 10.1%.

On the export side, the Company experienced a 30.0% decrease in volume, with exports totaling 5,619 tractors in 2023-24 compared to 8,024 tractors in the previous year.

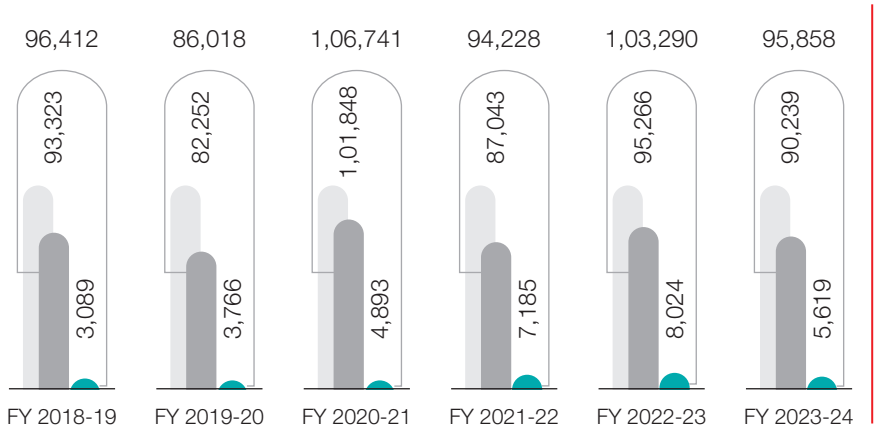
EBIT for the Agri Machinery segment rose from ₹ 587.4 crores to ₹ 778.3 crores. This positive change can be attributed to the softening of commodity prices, improved price realization, and efficient cost control measures.



EKL'S DOMESTIC MARKET SHARE PERFORMANCE (in %)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
< 30 HP	4.7	6.3	6.7	5.9	6.1	6.5
31-40 HP	16.5	15.2	13.3	11.9	11.1	11.1
41-50 HP	10.8	11.0	11.8	10.8	10.6	10.9
> 50 HP	5.9	6.7	7.1	7.2	7.7	3.1

ESCORTS KUBOTA'S AGRI MACHINERY BUSINESS DIVISION VOLUMES

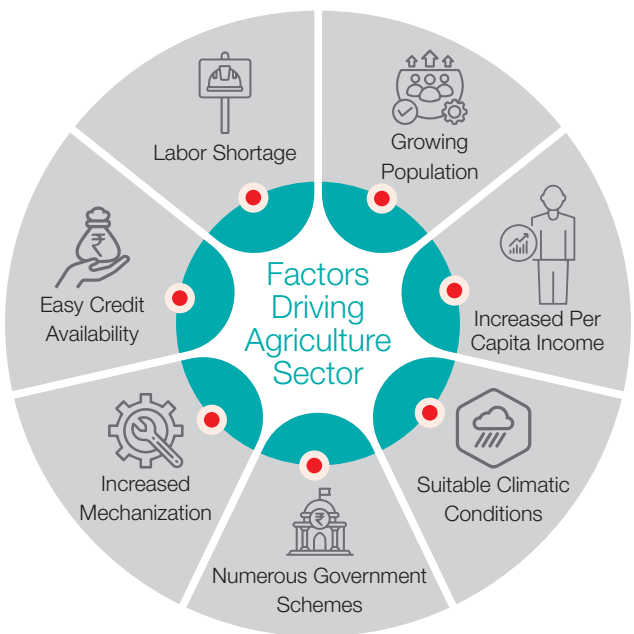


	Y-O-Y	5-Year CAGR
Domestic	(5.28%)	(0.67%)
Exports	(29.97%)	12.71%
Total	(7.20%)	(0.12%)

ENGINE BUSINESS PERFORMANCE

Escorts Kubota's engine business successfully sold over 12,000 engines, in addition to meeting the engines' captive use in machines.





SCOT Analysis

Strength

- We are one of the most renowned and legacy market players with a strong brand value and significant market share
- Entering new markets and strengthening distribution network through the help of global partnerships and alliances
- Maintaining a consistent production to cater to the increased demand
- Witnessing increased market penetration through broad-based market-specific product portfolio
- Reinforcing robust risk governance framework to incorporate sustainability
- Strengthening the distribution network by entering new geographies through partnerships and alliances
- Combating climate change through initiatives to reduce our carbon footprint

Challenges

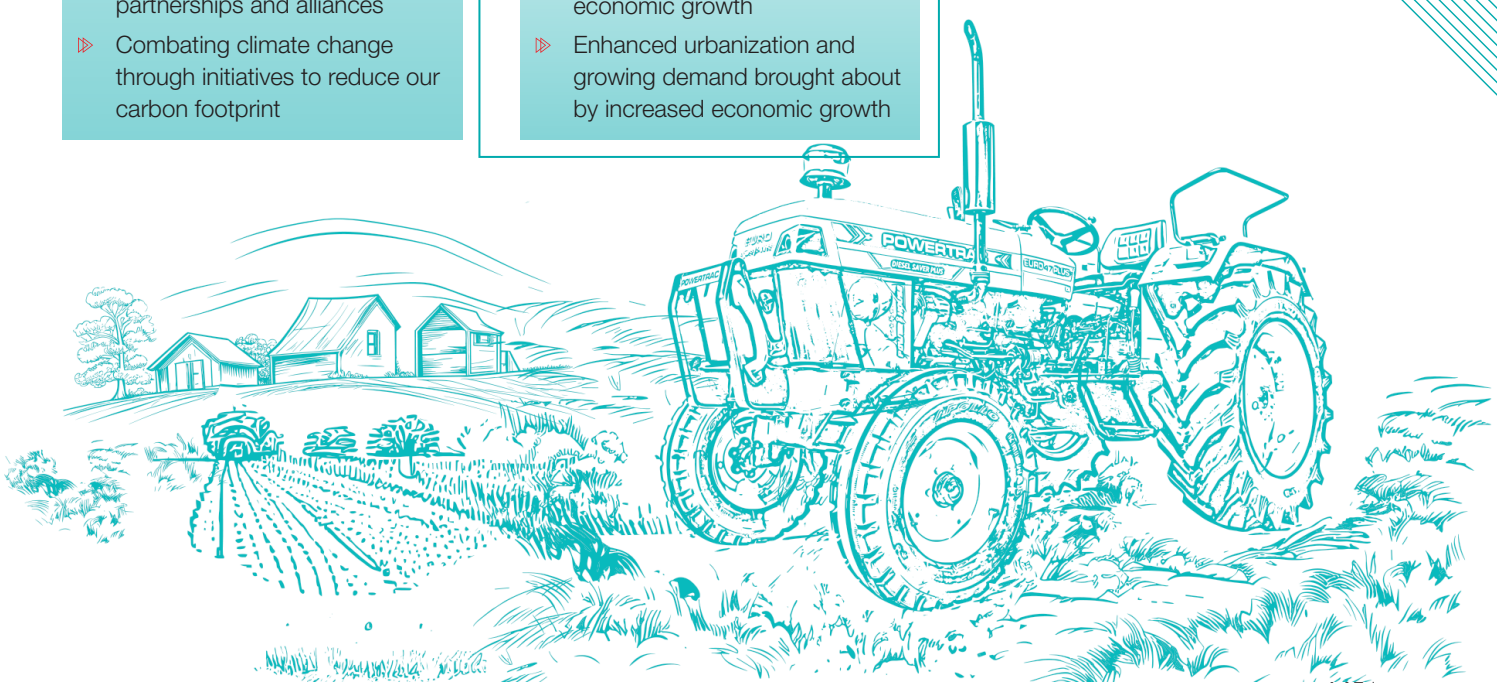
- Sudden policy changes by the Government can disrupt short-term growth of the business
- Supply chain issues might affect the Company's production process

Opportunities

- Access to a global network
- Substantial Government incentives granted to the country's agriculture and allied sectors
- The Government's consistent focus on enhancing demand by growing people's purchasing power capacity
- Increasing population literacy, in turn, driving increased economic growth
- Enhanced urbanization and growing demand brought about by increased economic growth

Threats

- Intensifying competition in the pricing due to the presence of both newcomers and established players in the market
- The risk of diminished yields and in turn, supply fluctuations, due to adverse climate and weather conditions
- Changing demand and supply dynamics, potentially causing abrupt shifts, owing to the influence of geopolitical maneuvers



AGRI MACHINERY DIVISION OUTLOOK

The agriculture sector in India is poised to gain momentum in the next few years, due to increased investment in agricultural infrastructure such as irrigation facilities, warehousing, and cold storage. Additionally, the growing use of genetically modified crops is expected to enhance yields for Indian farmers. India is projected to achieve self-sufficiency in pulses in the coming years, owing to the concerted efforts of scientists in developing early-maturing pulse varieties and the increase in minimum support prices.

Furthermore, a surge in demand for organic food is anticipated to drive growth in the agriculture and farm equipment markets. Organic food, free from synthetic pesticides, fertilizers, GMOs, antibiotics, or other artificial additives, is gaining popularity among consumers. The agri machinery segment stands to benefit from the use of agricultural machinery, resulting in increased efficiency, greater precision in farming, efficient weed and pest management, and promotion of soil health.

At Escorts Kubota, we are well positioned to capitalize on these growth opportunities through our state-of-the-art manufacturing units, competent workforce, advanced processes, and technologies, ensuring sustainable and scalable growth in this industry. The Company is poised to capture a larger market share with our innovative products, strategic distribution partnerships (including Kubota, Farmtrac, and Powertrac brands), targeted marketing campaigns, attractive financing options for our partners, effective sales management practices, and unparalleled after-sales support.

The Agri Machinery segment stands to benefit from the use of agricultural machinery, resulting in increased efficiency, greater precision in farming, efficient weed and pest management, and promotion of soil health.

(Source: https://www.india-briefing.com/news/india-farm-mechanisation-sector-opportunities-challenges-31243.html/)



Construction Equipment Industry



The construction equipment industry plays a crucial role in stimulating economic development. Industry enables effective infrastructure development, which contributes significantly to the country's GDP. The size of India's construction equipment market is estimated at USD 7.30 Billion in 2024. The major factors driving the boost in India's construction equipment market include improved road construction infrastructure, an increasing urbanization rate, and higher investment to boost infrastructure activities. With better road transportation infrastructure and a rise in urban population, there is a greater demand for convenience in personal mobility, healthcare, sanitation, and water supply, among others. This, in turn, has boosted the demand for construction equipment, and ushered growth in the construction sector across India.

(Source: https://www.mordorintelligence.com/industry-reports/india-construction-equipment-market/market-size)

In July 2023, the Indian Construction Equipment Manufacturers' Association (ICEMA) raised concerns about the unauthorized export of construction equipment. Currently, the Customs Act of 1962 lacks provisions prohibiting borrowers from exporting equipment without OEM authorization. ICEMA has urged the government to address this issue, proposing measures such as issuing a notification under Section 11 of the Customs Act.

A targeted Production-Linked Incentive (PLI) scheme is essential to stimulate investments, promote indigenization, and enhance competitiveness in the sector. With significant inflationary pressure and rising interest rates, a subsidized borrowing policy becomes imperative. This policy would enable borrowers to access lower interest rates, easing financial strain and supporting economic stability.

Additionally, government support for research and development (R&D) in advanced technologies, along with the formulation of a technology roadmap, is crucial. These initiatives are essential for the industry to emerge as a global manufacturing hub, ensuring its competitiveness in the international market.

(in `000 Units)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Y-o-Y Growth	5-Year CAGR
Backhoe Loaders	47.2	39.7	45.6	32.7	41.9	51.4	22.6%	1.7%
Cranes	10.2	7.8	7.4	7.6	9.4	14.4	52.3%	7.1%
Compactors	5.0	4.4	4.8	4.2	4.1	5.8	42.1%	2.8%

CONSTRUCTION EQUIPMENT INDUSTRY OUTLOOK

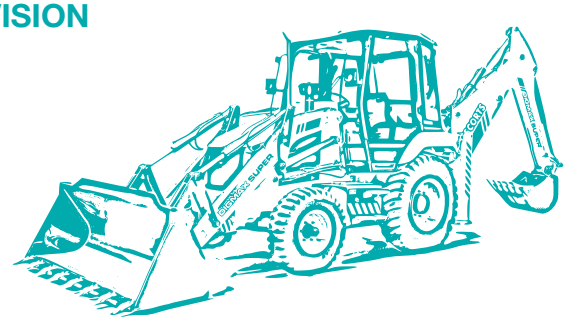
With growing population and increasing economic advancement, there is a pressing need for enhanced transport infrastructure. This entails bolstered investments across various sectors such as roads, railways, aviation, shipping, and inland waterways. Notably, the Government of India is directing USD 1.3 trillion into brownfield and greenfield infrastructure projects exceeding ₹ 100 crores under the National Infrastructure Pipeline (NIP).

The robust demand for construction equipment mirrors broader macroeconomic trends, including increasing interest rates, infrastructure investment, and liquidity. These trends collectively signal positive economic health. This upsurge in demand is also projected to coincide with the expansion of real estate projects from Tier 1 to Tier 2 and Tier 3 cities, further propelling market growth.

Moreover, emerging technologies like Artificial Intelligence, the Internet of Things, and Generative AI are revolutionizing the design process. Additionally, there are plans to substantially increase the country's port capacity and expand the airport network to about 220 airports in the next five to seven years. These initiatives are poised to augment efforts towards infrastructure development. The surge in road and infrastructure construction activities, supported by significant governmental and private sector investments, underscores the primary driver behind this growth trajectory.

ESCORTS KUBOTA - CONSTRUCTION EQUIPMENT BUSINESS DIVISION

Escorts Kubota holds a prominent position in the construction equipment market, particularly in material handling, earthmoving, and road building segments. Counted among the leading global manufacturers of pick-and-carry hydraulic mobile cranes, Escorts Kubota stands out for its expertise and innovation in these sectors.



ANNUAL PRODUCTION CAPACITY AND CAPACITY UTILIZATION

1
Construction and Material Handling Equipment plant at Ballabhgarh, Haryana

10,000
Units Capacity in Multi-Shift Operations

70%
Capacity Utilization in FY 2023-24

Escorts Kubota's Construction Equipment volumes rose by 42.2% to 6,548 machines as against 4,620 machines in FY 2022-23. Segment revenue went up by 45% to ₹ 1,709.7 crores as against ₹ 1,179.0 crores in the previous year. EBIT margin went up by 640 bps to 9.3% as against 2.9% in the previous fiscal.

(in `000 Units)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Y-o-Y Growth	5-Year CAGR
Volume	5,544	4,042	3,913	4,117	4,620	6,548	42.2%	3.4%

NEW PRODUCTS

EC 5250 Plus - 110 HP (Compactor)

- 11 Ton Operating Weight
- Variable Speed Regulator
- Highest Total Compaction Force – 34.29 Ton
- Highest Static Linear Load -30.9 kg/cm
- LED Light for Better Visibility while Working in night





F 20 Piling Master 101 HP (Crane)

- Robust Boom Structure for Piling Application
- Boltable Winch Mechanism
- Heavy Duty Piling Hook
- Piling Winch Max 6T Capacity
- Snatch Block with 15T Lifting

Digmax 3E/3EP Sub 4 Meter Extended Dipper 90/100 HP (Backhoe Loader)

- 6 Pillar and Spacious Cabin
- Tiltable Steering and Air Suspension Seat For Better Comfort
- LED Light for Better Visibility while Working in Night
- Highest Dump Height with More Durable and Rugged Bucket for More Efficiency
- Maximum Digging Depth with Faster Cycle Time of Operation



CONSTRUCTION EQUIPMENT SEGMENT OUTLOOK

The strong performance of the construction equipment industry across all segments has been attributed to increased infrastructure development projects nationwide. Currently, the Government is focusing on faster project execution and the adoption of advanced technologies and sustainable practices. As such, continued growth momentum is anticipated in the construction equipment industry and is projected to strengthen further in FY 2024-25. Additionally, a gradual improvement is predicted in segment margins, driven by continuous efforts to reduce costs and enhance operational efficiency.

SCOT Analysis

Strength

- The access to affordable and skilled labor, coupled with ample training opportunities, addresses workforce shortages, and fulfills industry demands
- Government incentives, particularly through NIP projects, are expected to drive accelerated infrastructure development goals by 2025
- Rich reserves of natural resources and raw materials fuel rapid growth and economic development
- Substantial investments in R&D initiatives elevate product quality and diversify the product portfolio, fostering innovation and competitiveness

Opportunities

- Enhanced access to financial assistance facilitated by Government incentives and initiatives
- Investments in sizable projects within the renewable energy sector driven by a robust focus on renewable energy
- Implementation of the Production Linked Incentive (PLI) scheme to bolster infrastructure development
- Influx of both private and public investments, accompanied by a surge in Foreign Direct Investments (FDIs)
- Construction of new schools, universities, and institutions fueled by the Government's prioritization of the education sector
- Construction of hospitals and medical facilities spurred by an increased emphasis on healthcare improvements

Threats

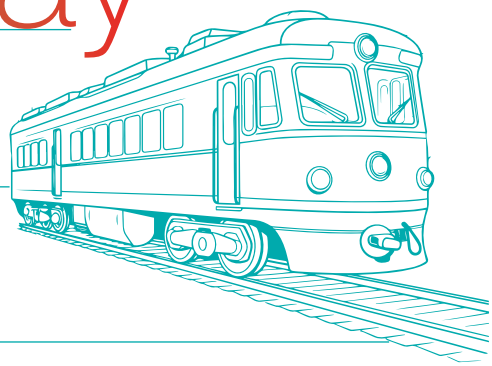
- Political instability emerges as a pervasive threat across various industries
- Ensuring employee safety remains a formidable challenge within the sector
- The construction industry is vulnerable to the impacts of natural disasters
- Insufficient political backing can impede development progress and diminish infrastructure project initiatives

Challenges

- Increasing labor costs, strict emission regulations, and stable rental rates can lead to higher project expenses, ultimately affecting the demand for our product.
- Significant capital investments are needed for infrastructure projects, leading to considerable financial requirements
- The absence of clear frameworks, procedures, and processes, posed challenges for the largely unorganized construction sector, impacting operational efficiency



Indian Railway Industry Overview



The Indian Railways achieved unprecedented milestones in operational performance during FY 2023-24, marking a historic year in the nation's lifeline in terms of freight loading, total revenue, and track laying.

One of the most significant achievements of Indian Railways in the current fiscal year has been the remarkable pace of track laying.

During FY 2023-24, 7,180 kilometers of railway tracks were electrified, the highest stretch achieved in the history of Indian Railways, surpassing the 6,565 kilometers of tracks electrified in the previous fiscal year. Approximately 1,591 Million Tons of freight were loaded in FY 2023-24, compared to 1,512 Million Tons in FY 2022-23, registering a 5% increase. For FY 2023-24, approximately 5,300 kilometers of new railway lines were laid, covering new tracks, doubling existing lines, and facilitating gauge conversion, surpassing the 5,241 kilometers achieved in FY 2022-23. To enhance line capacity on high-density routes and accommodate more trains, Indian Railways has prioritized the implementation of automatic block signals. During FY 2023-24, the Railways upgraded 582 km with automatic signalling, reflecting an increase from 530 km in FY 2022-23.

The Indian rail components market is poised for steady growth in the upcoming years, propelled by the Government's substantial investments in railway infrastructure and the introduction of a new range of rolling stocks for passenger and freight wagons, incorporating advanced technologies. Key players in this sector need

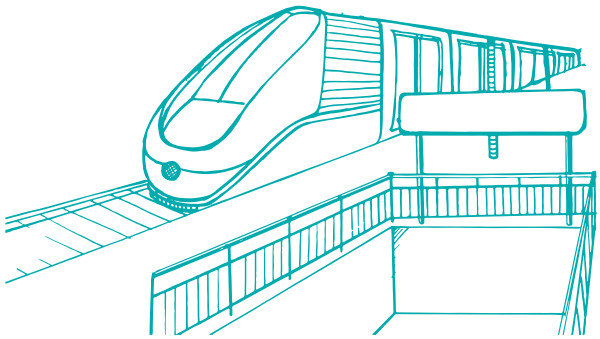


to possess substantial expertise in the manufacturing and supply of railway components. It is worth noting that the market is highly fragmented, presenting both challenges and opportunities for industry participants.

(Source: https://economictimes.indiatimes.com/industry/transportation/railways/indian-railways-poised-for-performance-in-freight-business-revenue-track-laying-in-fy-2023-24/articleshow/108520247.cms?from=mdr)

ESCORTS KUBOTA - RAILWAY EQUIPMENT BUSINESS DIVISION

Escorts Kubota is a renowned supplier, catering to the needs of various entities such as Indian Railways, Metro organizations, Freight Wagon Builders, and a range of rolling stock manufacturers worldwide. Our comprehensive product range includes Brake Systems, Couplers, Suspension Systems, Friction products, HVAC's, Electrical Panels, Automatic Plug Doors and Vacuum Toilet Systems. The Company is committed to delivering top-notch solutions to fulfill all rail transportation requirements globally.



RAILWAY EQUIPMENT BUSINESS DIVISION PERFORMANCE

Division Revenue for the year ended 31 March 2024 increased by 12.9% rising from ₹ 841.9 crores in FY 2022-23 to ₹ 950.4 crores in FY 2023-24. The EBIT margin for the year ended March 2024 stood at 18.9% as against 13.8% in the previous year.

(in ₹ crores)

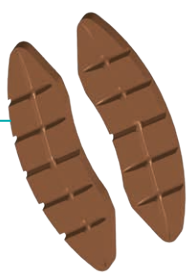
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Y-o-Y Growth	5-Year CAGR
Revenue	394.1	477.2	479.0	636.2	841.9	950.4	12.9%	19.3%

At the end of March 2024, the Company's order book amounted to ₹ 950 crores. Over the past five years, it has maintained a CAGR of 19.3% in sales growth while it is forecasted to showcase a consistent growth trajectory. This growth is likely to be driven by global strategic partnerships, robust product development initiatives emphasizing quality, and a committment to serve customers.

NEW PRODUCT LAUNCHES

We launched 3 products in FY 2024, which include Electrical Control Panels and Brake Pads for Metro coaches and a range of Dampers for Vande Bharat Coaches.

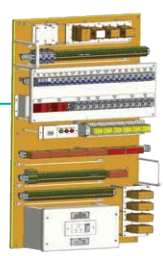
The Electrical Control Panel is a new product category and was supplied for the first time.



Brake Pad



Dampers



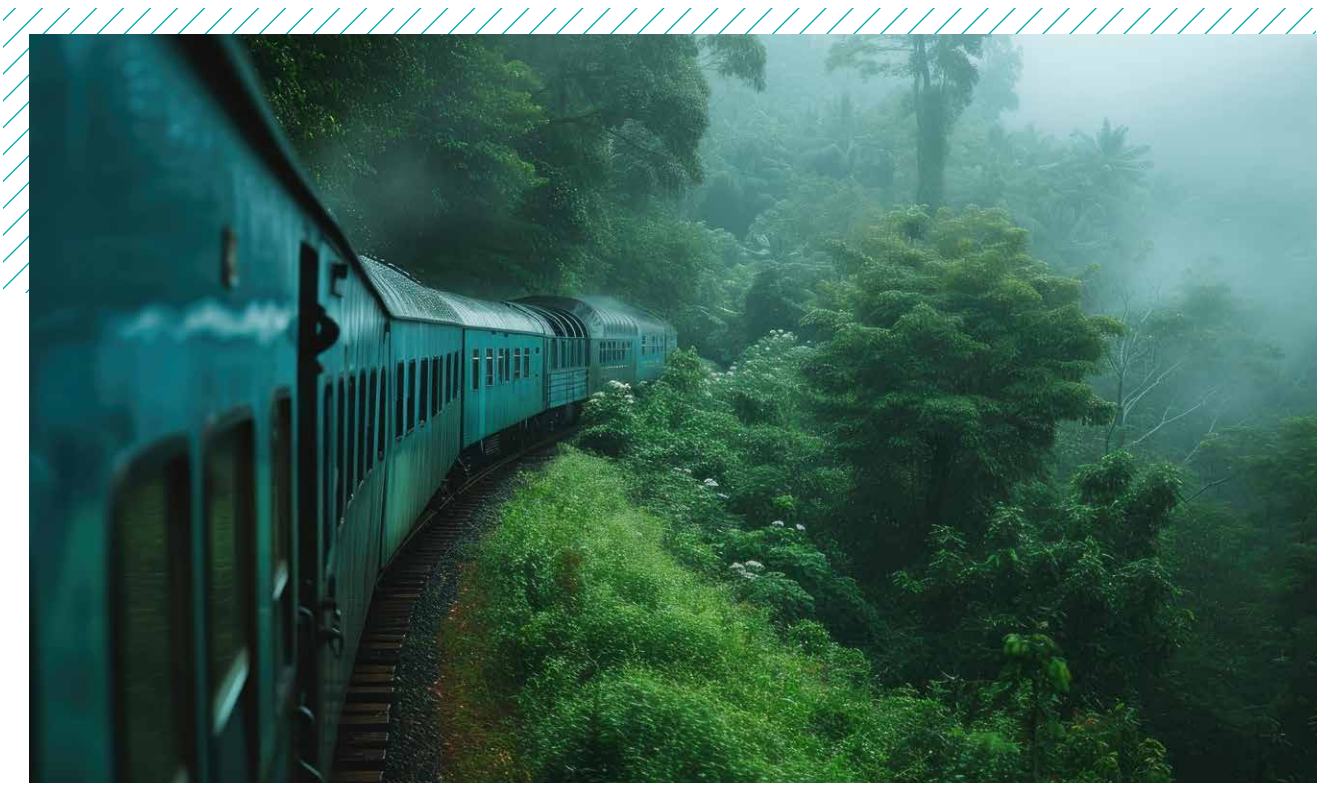
Electrical Control Panel

RAILWAY COMPONENTS INDUSTRY OUTLOOK

The government's ambitious railway plans for the upcoming years herald a transformative phase for the country's rail network. With a substantial budgetary allocation, the railways are poised to strengthen infrastructure, champion energy efficiency, and elevate the passenger experience. Significant government investments in railway infrastructure and the integration of advanced technologies into rolling stocks for both passenger and freight wagons are set to propel the Indian Rail components market forward. However, the market's notable fragmentation poses both challenges and opportunities for industry players, highlighting the necessity for extensive expertise in manufacturing and supplying railway components.

Escorts Kubota aims to continue its focus on lean manufacturing and establishing benchmarks in product innovation through global technology collaborations and state-of-the-art in-house manufacturing and testing facilities. Escorts Kubota remains committed to expanding its product portfolio for domestic as well as overseas markets for a range of rolling stocks. The Company will continue to localize import content to enhance margins over time, thereby ensuring sustained profitability as well as its contribution to make In India. With emphasize on meeting international standards, company aims to expand its global customer base. With positive momentum in the tendering process and company's focus on product diversification, the railway equipment business is poised to showcase a sustained growth trajectory.

(Source: https://www.mordorintelligence.com/industry-reports/rail-components-market)



SCOT Analysis

Strength

- Extensive industry presence bolstered by decades of experience
- Accredited with the International Railway Equipment Standard (IRIS) ISO TS/22163 certification
- Robust in-house product development capability facilitating swift commercialization
- Technology partnerships and strategic alliances bringing global rolling stock technologies and products

Challenges

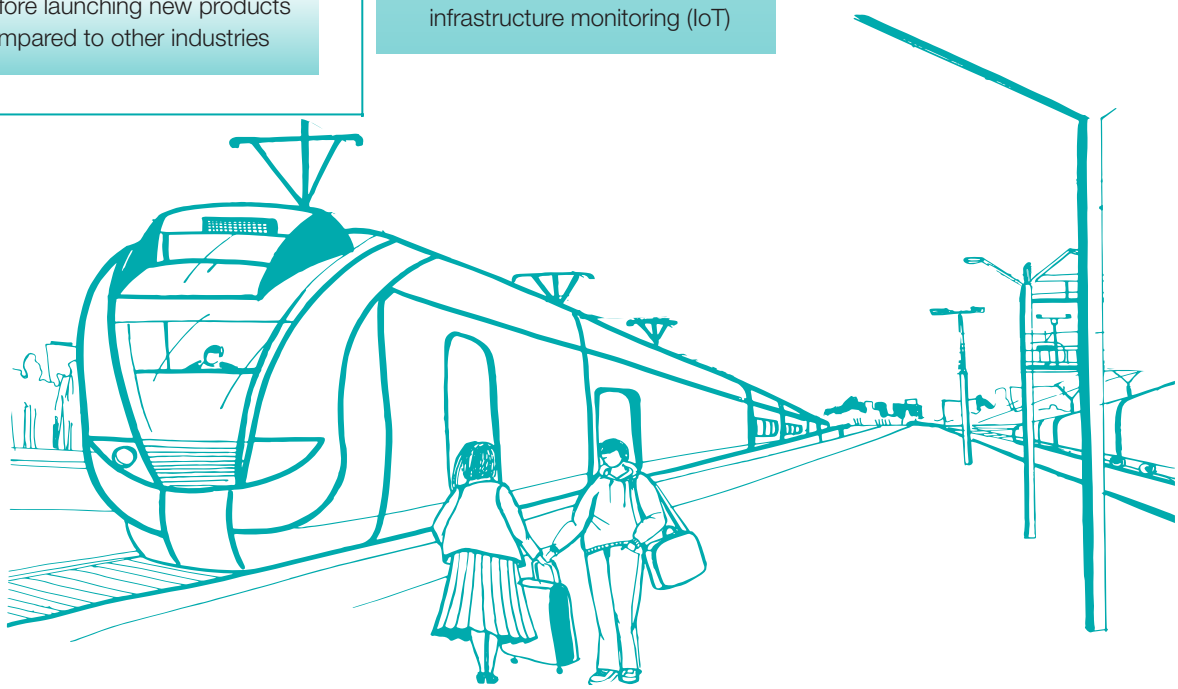
- Longer gestation periods before launching new products compared to other industries

Opportunities

- The Government is poised to accelerate the development of the Indian rail network
- Increased urbanization and rising per capita income are expected to drive the demand for railways
- Government initiatives are aimed at modernizing Indian railways
- 'Make in India' and 'Atmanirbhar' initiatives have taken the center stage, promoting the consumption of domestically manufactured products
- The Government is emphasising on enhancing product quality and safety
- The adoption of 5G can enhance the convenience and efficiency of train and infrastructure monitoring (IoT)

Threats

- Emergence of new competitors driven by existing as well as new business opportunities



ANNUAL CAPACITY

48,000 Air Brakes	**48,000** BMBS
10,200 FIBA	**9,600** Brake Disc
1,800 Axle Mounted Disc Brake	**1,50,000** Shock Absorbers
6,000 ASCE	**6,000** Couplers
10,15,200 Block Brakes	**600** EMCBS
1,20,000 Brake Pads	

SECTORIAL DEMAND DRIVERS FOR RAILWAY INDUSTRY

- Accelerated urbanization has led to a surge in Metro projects nationwide
- Strengthened public-private partnerships facilitating expedited projects
- Implementation of dedicated freight corridors augmenting freight traffic share
- National Rail Plan 2030 focusing on capacity expansion for the year 2050
- Introduction of manufacturing for a new range of passenger rolling stocks

Rational Cost Structure

Escorts Kubota continues to prioritize cost management and efficiency improvements, resulting in substantial savings. By focusing on cost controls, process enhancements, and innovative product development, Escorts Kubota consistently exceeds customer expectations. These operational initiatives enable the Company to maintain profitable growth in today's challenging economic environment.

With the introduction of new products boosting revenue, Escorts Kubota is now placing more emphasis on optimizing margins, reducing fixed costs, maximizing productivity, monitoring quality, And working on in-house design & developments. Through rigorous monitoring of overall operational efficiency, division is undergoing a series of projects aimed at cost optimization. This includes tackling legacy bottlenecks, enhancing materials sourcing, refining manufacturing processes, and lowering overhead expenses.

Furthermore, the Company is strengthening its endeavors by effectively allocating resources and strategically planning the desired outcomes to meet mid-term business plan for FY'2027-28

HUMAN RESOURCES

Escorts Kubota boasts a dedicated workforce of 14,510 employees, comprising permanent, temporary, casual, and contractual workers. All of these employees have been pivotal in propelling the Company's growth across diverse business domains. A detailed description of the Company's initiatives to enhance its human capital can be found in the detailed HR section of this report. By strategically investing



in workforce development, Escorts Kubota strives to cultivate a culture of excellence, innovation, and inclusivity. Such an approach helps foster the Company's employee growth and engagement, and ultimately, drives sustainable success for its business.

COMMUNITY ENGAGEMENT

Our Company's committment to corporate citizenship is exemplified through its holistic initiatives in areas such as health and wellness, education, and environmental safety. The Company prioritizes sustainable growth and community development in its approach to corporate social responsibility. Within the fiscal year 2023-24, Escorts Kubota has implemented a range of initiatives, moving towards achieving its CSR goals. For more information on Escorts Kubota's CSR efforts, please refer to the detailed CSR Report.

INVESTOR RELATIONS

Escorts Kubota is dedicated to providing top-notch investor services and continuously strives to measure its performance against industry best practices. The Company maintains investor relations desks at both Escorts Kubota and Kubota in Japan, ensuring regular and timely communication with its investor community. Management meetings with global investors and shareholders are conducted regularly with the Company's leadership team, including the Chairman & Managing Director, Deputy Managing Director, Whole-Time Director, Chief Financial Officer, and the Investor Relations Team, actively engaging in interactions with investors, the media, and other platforms.

To ensure transparency and accessibility, all critical information about the Company is readily available on stock exchanges and the Company's website, **www.escortskubota.com**. The website features a dedicated 'Investor Information' section providing shareholders with relevant data such as details on Directors, shareholding patterns, quarterly reports, financial results, annual reports, press releases, details of unpaid/unclaimed dividends and various policies. Additionally, quarterly earnings releases are accompanied by earnings calls, with transcripts and audio recordings available on the website.

Escorts Kubota promptly informs stock exchanges and updates its website with material developments likely to impact revenue or earnings during the quarter. The website also offers access to quarterly results, regulatory filings, transcripts of earnings calls, Investor Relations presentations, and schedules for analyst and investor interactions.

The Company has developed a comprehensive handbook addressing frequently asked questions for shareholders, available under the 'Governance' section on the **'Investor Relations' page of the website**. Periodic reminders for unpaid dividends are sent to shareholders and are also accessible on the website.

Shareholders can contact Escorts Kubota after at: **investor.relation@escortskubota.com** for any queries or suggestions, with a committment from the Company to respond within three working days.

INFORMATION TECHNOLOGY

Our Company has recently shifted from fully outsourcing our IT services to implementing a hybrid IT model. This new approach includes incorporating subject-matter experts into key roles within EKL and utilizing managed services from Tier 2 IT vendors. This strategic change is aimed at optimizing costs and improving the productivity of our IT operations. By leveraging a diverse talent pool and establishing strong vendor partnerships, we anticipate seeing significant enhancements in performance and cost-effectiveness throughout our IT infrastructure and services.

EKL has been actively working on multiple projects to integrate the IT systems of three companies in preparation for the merger of EKL, EKI, and KAI. We have successfully interconnected the infrastructure among these companies and extended the network to connect with KBT-Japan to enable seamless data sharing.

To enhance supply chain integration efforts, we have implemented Oracle Advanced Supply Chain Planning in EKL to consolidate material planning and improve inventory management post-merger. The establishment of IT infrastructure for the new subsidiary, EKFL, prioritizes compliance and data protection. Sales analytics are now supported by AI/ML algorithms, enabling dynamic pricing strategies and personalized customer interactions. Additionally, R&D systems have been upgraded to foster agility and innovation cycles.

Looking ahead, we are fully committed to the ongoing journey of digital transformation. We are excited about the transformative initiatives that have been planned and conceptualized and we are confident that these efforts will yield significant dividends for all our stakeholders.

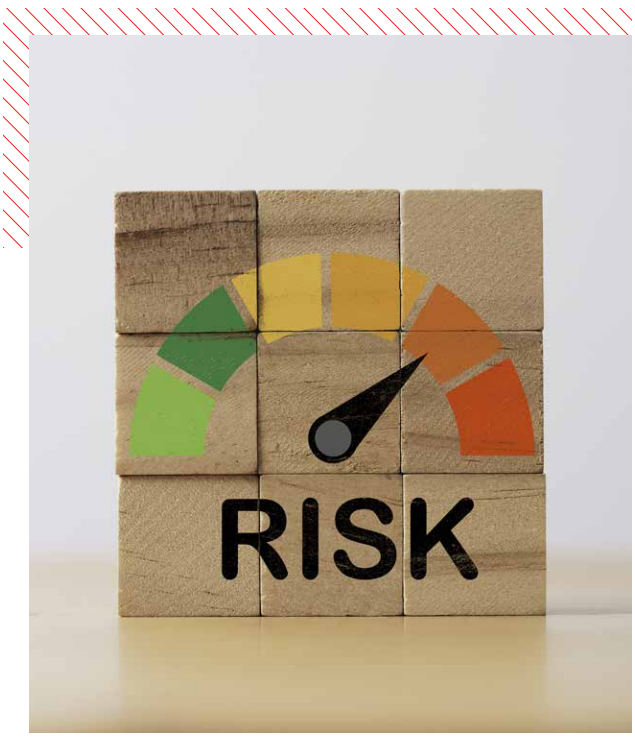
INTERNAL CONTROLS

Escorts Kubota has a strong corporate governance framework that is supported by an efficient risk management and internal control system. Ernst & Young (EY), along with the internal EKL's team, serves as Escorts Kubota's internal auditors, conducting periodic audits in alignment with discussions with the audit committee. These audits aim to provide reasonable assurance regarding the recording of transactions and operations. Moreover, audits safeguard against significant misuse or loss of assets, among other objectives.

At the Board level, the Company has established a defined risk management policy that encompasses pre-identified risks and requires regular assessment of the risk events or factors. It's responses to these risks are based on probability assessments, ensuring proactive measures are in place to mitigate potential impacts.

RISKS AND MITIGATION

Escorts Kubota acknowledges that proactive risk management is not only integral to sound corporate governance but also a key facilitator in seizing growth and development opportunities. For a more comprehensive understanding of Escorts Kubota's risk management framework, please refer to the Risk section of the Integrated Annual Report.



FINANCIAL PERFORMANCE

Escorts Kubota's consolidated revenue from operations amounted to ₹ 8,849.6 crores in FY 2023-24, reflecting a 5% increase compared to ₹ 8,428.7 crores in FY 2022-23. The Company's consolidated Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) reached ₹ 1,166.7 crores in FY 2023-24, up from ₹ 777.5 crores in FY 2022-23. The Company registered highest ever Consolidated Profit After Tax (PAT) of ₹ 1,049.1 crores in FY 2023-24 up by 64.5% compared to ₹ 636.6 crores in FY 2022-23.

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is obliged to disclose significant changes in key sector-specific financial ratios. Below are the identified changes along with some key figures:

Key Ratios

Particulars	Consolidated		Standalone	
	FY 2023	FY 2024	FY 2023	FY 2024
Revenue from Operations (₹ crores)	8,428.69	8,849.68	8,344.95	8,776.74
Material Costs (₹ crores)	6,122.88	6,087.18	6,066.94	6,037.13
RMC (₹ crores)	5,776.18	5,670.35	5,721.89	5,617.30
Traded Goods (₹ crores)	510.35	496.62	509.03	496.07
Change in Inventory (₹ crores)	(163.65)	(79.79)	(163.98)	(76.24)
PAT (₹ crores)	636.65	1,049.61	606.98	1,037.15
Revenue Growth (₹ crores)	15.74%	4.99%	14.59%	4.13%
EBITDA (₹ crores)	770.04	1,183.71	780.42	1,168.78
Operating Profit Margin (%)	9.14%	13.38%	9.35%	13.32%
Net Profit Margin (%)	7.55%	11.86%	7.27%	11.82%
Basic EPS (₹)	58.85	96.86	46.74	92.79
Trade Receivables (₹ crores)	1,179.65	1,173.72	1,207.56	1,208.57
Trade Receivable Days (No)	51	48	53	50
Inventory (₹ crores)	1,217.68	1,218.18	1,159.04	1,158.12
Inventory Turnover Days (No)	73	73	70	70
EBIT (₹ crores)	908.39	1,398.94	912.55	1,400.64
Interest Expense (₹ crores)	13.27	13.72	10.26	10.84
Interest Coverage Ratio (x)	68.45	101.96	88.94	129.21
Debt (₹ crores)	-	-	-	-
Equity (₹ crores)	8,182.83	9,172.92	8,434.81	9,213.76
Debt-Equity Ratio (x)	-	-	-	-
Net Worth (₹ crores)	8,182.83	9,172.92	8,434.81	9,213.76
Return on Net Worth/Equity (%)	7.78%	11.44%	7.20%	11.26%
No. of Shares O/S	10,83,23,031	10,83,23,031	12,97,65,374	10,83,23,031
Share Price- NSE Ltd. (₹)	1,891.90	2,780.30	1,891.90	2,780.30
Share Price- BSE Ltd. (₹)	1,891.05	2,780.30	1,891.05	2,780.30
Market Cap (As per BSE Ltd.) (₹ crores)	20,484.43	30,117.05	24,539.28	30,117.05
Revenue Multiple (x)	2.43	3.40	2.94	3.43
PE Multiple	32.13	28.70	40.46	29.96

Escorts Kubota's Agri Machinery Business Division revenue stood at ₹ 6,110.1 crores as against ₹ 6,316.1 crores in FY 2022-23. Tractor sales stood at 95,858 units in FY 2023-24 vis-à-vis 1,03,290 units in FY 2022-23. The Earnings Before Interest and Tax (EBIT) for the division stood at ₹ 778.3 crores in FY 2023-24 vis-à-vis ₹ 587.4 crores in FY 2022-23.

The revenue from the Construction Equipment Business Division grew by 45.0%, from ₹ 1,179.0 crores in FY 2022-23 to ₹ 1,709.7 crores in FY 2023-24. Construction equipment volumes rose by 42.2%, from 4,620 units in FY 2022-23 to 6,548 units in FY 2023-24. The EBIT stood at ₹ 158.9 crores in FY 2023-24, compared to ₹ 34.1 crores in FY 2022-23.

The revenue from the Railway Equipment Business Division grew by 12.9% to the Company's ever-highest yearly revenue of ₹ 950.4 crores in FY 2023-24 from ₹ 841.9 crores in FY 2022-23. The EBIT stood at ₹ 179.2 crores in FY 2023-24, compared to ₹ 115.9 crores in FY 2022-23.

Note: The 'forward-looking statements' that are part of the Management Discussion and Analysis of economic indicators are based on the Company's best estimate of the current environment. This may be subject to change based on external macroeconomic factors that are beyond the Company's control, including but not limited to raw material availability and prices, cyclical demand and pricing in its principal markets, changes in Government regulations, taxes, and economic policies, among others.

For and on behalf of the Board of Directors

Sd/-
NIKHIL NANDA
Chairman & Managing Director
SEIJI FUKUOKA
Deputy Managing Director

Place: Faridabad
Date: May 09, 2024

Directors' Report

Dear Members,

Your Directors have pleasure in presenting this Integrated Annual Report ('Annual Report') of the Escorts Kubota Limited ("Escorts" or "Company") along with the Company's audited financial statements (standalone and consolidated) for the financial year ended on March 31, 2024.

Financial Results

(₹ crores)

Particulars	Standalone		Consolidated	
	Year ended on March 31, 2024	Year ended on March 31, 2023	Year ended on March 31, 2024	Year ended on March 31, 2023
Revenue from operations	8,776.74	8,344.95	8,849.62	8,428.69
Other income	398.30	280.56	398.59	280.93
Total income	**9,175.04**	**8,625.51**	**9,248.21**	**8,709.62**
Profit from operations before Interest, Depreciation, Exceptional Items & Tax	1,567.08	1,060.98	1,581.64	1,050.97
Finance Cost	10.84	10.26	13.72	13.27
Profit from operations before Depreciation, Exceptional Items & Tax	1,556.24	1,050.72	1,567.92	1,037.70
Depreciation & Amortization	166.44	148.43	166.90	150.06
Profit from operations before Tax and Exceptional items	**1,389.80**	**902.29**	**1,401.02**	**887.64**
Exceptional Items	-	97.16	-	53.05
Profit Before Tax	**1,389.80**	**805.13**	**1,401.02**	**834.59**
Tax Expense	352.65	198.15	351.94	197.94
Net Profit for the period	**1037.15**	**606.98**	**1,049.08**	**636.65**

Financial Performance/ State of Company Affairs

The brief highlights of the Company's performance (Standalone) for the financial year ('FY') ended March 31, 2024 are:

₹ 9,175.04 crores

Total income of the Company for FY 2023-24 stood at ₹ 9,175.04 crores (₹ 8,625.51 crores in FY 2022-23)

₹ 1,567.08 crores

Profit from operations before Interest, Depreciation, Exceptional Items & Tax stood at ₹ 1,567.08 crores.

₹ 1,389.80 crores

Profit from operations before Tax (PBT) stood at ₹ 1,389.80 crores. Net profit for the period stood at ₹ 1,037.15 crores.

Our Company sold 95,858 tractors during the year under review as against 1,03,290 tractors sold during the last financial year.

The brief highlights of the Company's performance (Consolidated) for the financial year ended March 31, 2024 are:

- Total income of the Company for FY 2023-24 stood at ₹ 9,248.21 crores (₹ 8,709.62 crores in FY 2022-23)
- Profit from operations before Interest, Depreciation, Exceptional Items & Tax stood at ₹ 1,581.64 crores
- Profit from operations before Tax (PBT) stood at ₹ 1,401.02 crores. Net profit for the period stood at ₹ 1,049.08 crores

The details on the individual businesses of the Company are provided in the Management Discussion & Analysis section provided in this Annual Report.

Management Discussion & Analysis

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as the "SEBI Listing Regulations"), the Management Discussion and Analysis is set out in this Annual Report and provides a detailed analysis on the performance of individual businesses and their outlook.

Dividend

Based on the Company's performance, your Directors are pleased to recommend, for approval of the members, Dividend @180% per share of face value of ₹ 10/- each (i.e. ₹ 18.00 per share) for the financial year ended March 31, 2024, payable on all outstanding shares.

The dividend payout is subject to the approval of members at the ensuing Annual General Meeting ("AGM").

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

The record date for the purpose of dividend will be July 05, 2024.

The dividend distribution policy is available on the following web link https://www.escortskubota.com/images/pdf/Dividend-Distribution-Policy.pdf.

Transfer to Reserves

During the year ended March 31, 2024, no amount (previous year: nil) transferred to general reserves.

Employee Stock Option Scheme (ESOS)

The Escorts Employees Stock Option Scheme ("Scheme") is in line with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB Regulations") and there were no change to the scheme during FY 2023-24.

The Scheme is being implemented in accordance with the SBEB Regulations and the resolution(s) passed by the members. The Secretarial Auditors Certificate would be available during the Annual General Meeting for inspection by the members. The details as required to be disclosed under the Companies Act, 2013 (hereinafter referred as "the Act") and/ or SBEB Regulations would be available on the Company's website at www.escortskubota.com/other-documents.html.

Further, the Board at its meeting held on March 14, 2024 has approved the acceleration of unvested options and accordingly 1,16,640 unvested options has been vested with the eligible employees as on March 31, 2024 on pro rata basis and 80,549 unvested options has been cancelled. The other details pertaining to the above are provided in note 38 of the Notes to Accounts of Standalone Financial Statement of the Company.

Change in Share Capital

During the FY 2023-24, the Company extinguished/ cancelled 2,14,42,343 Equity Shares of nominal value ₹ 10/- each held by Escorts Benefits and Welfare Trust (EBWT) without payment of any consideration, pursuant to the 'Scheme of Reduction of Share Capital' ("Second Capital Reduction"), approved by National Company Law Tribunal (NCLT), Chandigarh Bench vide its order dated May 25, 2023. Consequently, the paid-up equity share capital of the Company, after said Second Capital Reduction stood at ₹ 110,49,82,610 consisting of 11,04,98,261 equity shares of ₹ 10/- each.

Merger & Amalgamation

In accordance with the directions of the National Company Law Tribunal (NCLT), Chandigarh Bench given vide its order dated October 16, 2023 on first motion petition submitted by Company, the scheme of amalgamation ("Scheme") among and between Escorts Kubota India Private Limited, Kubota Agricultural Machinery India Private Limited and the Company, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder, has been approved by NCLT convened shareholders and creditors meetings of the Company held on December 02, 2023. Subsequently, second motion petition was filed on December 11, 2023 before the NCLT. However, the final order of the NCLT is awaited.

Utilization of Funds

The reporting of the utilization of funds, as on March 31, 2024, raised through the above preferential allotment are as follows:

Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilized	Amount of Deviation/ Variation for the year according to applicable object	Remarks if any
For the Agri Machinery Business of the Company i.e. the business of manufacturing, assembly, sales, marketing, financing, servicing, research and development of: (a) tractors; (b) construction equipment (i.e., backhoe loaders and other items to be mutually agreed between Promoters and Kubota Corporation); (c) implements; (d) transmission for tractors, construction equipment (i.e., backhoe loaders and other items to be mutually agreed between the Promoters and Kubota Corporation) and implements; and (e) spare parts of the items referred in (a), (b), (c) and (d), and for the manufacture of engines by the Company	Not Applicable	₹ 1,041.90 crores	Nil	₹ 631.36 crores (Including ₹ 133.98 crores utilized during the year)	Nil	-
For expansion of its agri-machinery business of manufacturing, assembly, sales, marketing, financing, servicing, research and development of: (a) tractors; (b) combine harvester & rice transplanter; (c) utility vehicles; (d) turf equipment; (e) construction machinery; (f) engines; (g) implements; (h) transmission for tractors, construction equipment and implements; (i) other farm mechanization equipment; (j) spare parts of the items referred in (a) to (i) above	Not Applicable	₹ 1,855.31 crores*	Nil	Nil	Nil	-

*Net proceeds post deduction of expenditure of ₹ 17.44 crores incurred towards preferential issue and allotment.

Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013 (hereinafter referred as "the Act") and Articles of Association of the Company, Mr. Hardeep Singh (DIN: 00088096), Mr. Dai Watanabe (DIN: 08736520) and Mr. Yasukazu Kamada (DIN: 09634701), Directors of the Company, retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, offer themselves for re-appointment. The shareholders at AGM held on July 14, 2023, had appointed Dr. Rupinder Singh Sodhi (DIN: 03179002) as an Independent Director in place of Mr. Sutanu Behuria (DIN: 00051668), whose tenure had been completed at the last AGM.

Further, the tenure of Mr. Sunil Kant Munjal (DIN: 00003902), Independent Director is expiring in the ensuing AGM i.e. completing his first term. The Board of Directors, on recommendation of Nomination, Remuneration and Compensation Committee ("NRC"), in their meeting held on May 09, 2024 had recommended the re-appointment of

Mr. Munjal as an Independent Director for second term for 5 years for approval of members of the Company at the ensuing AGM.

Further, the tenure of Ms. Tanya Arvind Dubash (DIN: 00026028), Independent Director is expiring on January 28, 2025. Ms. Dubash was appointed as an Independent Director for a period of 5 years w.e.f. January 29, 2020 and completing the first term which will be ending on January 28, 2025. The Board of Directors, on recommendation of NRC, in their meeting held on May 09, 2024 had recommended the re-appointment of Ms. Tanya Arvind Dubash as an Independent Director for second term of 5 years effective from January 29, 2025 for approval of members of the Company at the ensuing AGM.

Further, the tenure of Ms. Nitasha Nanda (DIN: 00032660), Whole-time Director of the Company is expiring on January 15, 2025. The Board of Directors, on recommendation of NRC, in their meeting held on May 09, 2024 had recommended the re-appointment of Ms. Nitasha Nanda as a Whole-time Director of the Company, liable to retire by rotation, for a period of 3 years effective from January 16, 2025 for approval of members of the Company at the ensuing AGM.

Further, Mr. Yuji Tomiyama (DIN: 08779472) and Mr. Shiro Watanabe (DIN: 09588547), Non - Executive Nominee Directors had resigned, due to their pre-occupation in other professional assignments, from the Board on February 08, 2024 , and in their place, the Board, on the recommendation of NRC, have appointed Mr. Nobushige Ichikawa (DIN: 09570234) and Mr. Shingo Hanada (DIN: 10484929) as an additional Non – Executive Nominee Directors, effective from February 08, 2024, liable to retire by rotation. Subsequently, the shareholders of the Company have approved the appointment of said directors, vide postal ballot notice dated February 08, 2024 on March 21, 2024.

Mr. Satyendra Chauhan, Company Secretary and Compliance Officer of the Company has resigned w.e.f. February 29, 2024 and in his place Mr. Arvind Kumar has been appointed as a Company Secretary and Key Managerial Personnel of the Company and Mr. Vicky Chauhan has been appointed as the Compliance Officer of the Company.

The Company has received declarations from all Independent Directors of the Company that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under Regulations 16 and 25 of SEBI Listing Regulations and there has been no change in the circumstances affecting their status as independent directors of the Company. The Company has also received a declaration from all the independent directors that they have registered their names in the independent director data bank and pass/ exempt requisite proficiency test conducted by Ministry of Corporate Affairs.

In the opinion of the Board, the Independent Directors of the Company are the persons of integrity, expertise and fulfill the conditions as per the applicable laws and are independent of the management of the Company.

The Board at its meetings held on May 10, 2023 and March 14, 2024 has reviewed and made requisite amendment(s) in the Policy on Appointment and Removal of Director's and Members of Senior Management. Further, the Board at its meeting held on May 10, 2023 has reviewed and made requisite amendment(s) in the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other Employees. The Policy on Appointment and Removal of Director's and Members of Senior Management and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other Employees are annexed as **Annexure - A** and **Annexure - B** respectively and forms an integral part of this Report.

Annual performance evaluation of the Board, its committees and individual directors (including independent directors) pursuant to the provisions of the Act and the Corporate Governance requirements under SEBI Listing Regulations have been carried out. In accordance with the Policy, and the process, given in Corporate Governance Report, was followed by the Board for evaluation of its own performance and its committees and individual directors including independent directors.

The Board of Directors in their meeting held on May 09, 2024, has recommended, to the Shareholder for their approval in ensuing AGM, the payment of commission to the non-executive directors (including independent directors) up to 1% of net profits of the Company for a period of 5 years.

The Company has devised a process whereby various presentations/ programs are being conducted to familiarize the directors with various developments at Industry level, new business initiatives and organization strategies, policy on Business Responsibility & Sustainability Principles etc. The details of program for familiarization of independent directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company – www.escortskubota.com/investors/overview.html.

The Company recognizes and embraces the importance of a diverse board in its success. Your Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help to retain it's competitive advantage.

The brief resumes, justification where ever is applicable, and other details relating to the directors who are proposed to be appointed/ re-appointed, as required to be disclosed as per the provisions of the SEBI Listing Regulations/ Secretarial Standard are given in the Annexure I to the Notice of the 78th AGM.

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 are provided as **Annexure – C** and forms an integral part of this Report.

Corporate Governance

Corporate Governance is about maximizing shareholders value, ethically and sustainably. At Escorts Kubota the goal of corporate governance is to ensure fairness for every stakeholder. Your Company believes that strong corporate governance is critical to enhancing and retaining investor trust. Your Company also endeavors to enhance long term shareholder value and respect minority rights in all its business decisions.

Your Company reaffirms its commitment to the good corporate governance practices and has adopted the Code of Conduct which has set out the systems, processes and policies conforming to international standards. Pursuant to Regulation 34(3) of the SEBI Listing Regulations, Corporate Governance Report and a Certificate regarding compliance of conditions of Corporate Governance from Company Secretary in Practice are enclosed as **Annexure – D** and forms an integral part of this Report. Further, other governance related disclosures are available on the website of the Company at www.escortskubota.com/investors/overview.html.

Corporate Social Responsibility (CSR)

The key philosophy of all CSR initiatives of the Company is to make CSR a key business process for sustainable development of the society. The initiatives aim at enhancing welfare measures of the society based on the immediate and long term social and environmental consequence of its activities. The Company intends to undertake other need-based initiatives in compliance with Schedule VII of the Act.

The CSR Policy may be accessed on the Company's website at www.escortskubota.com/investors/governance.html. During the year, the Company has spent ₹ 17.72 crores. (Refer note 29 of the standalone financial statement).

For constitution and other details of the CSR Committee, please refer Report on Corporate Governance annexed as **Annexure – D** to this Report.

The Annual Report on CSR activities is enclosed as **Annexure – E** and forms an integral part of this Report.

Consolidated Financial Statement

The Consolidated Financial Statement have been prepared in accordance with the Act and Indian Accounting Standard ("IND AS") - 110 applicable to the Consolidated Financial Statement read with IND AS-28 on Accounting for Investments in Associates and IND AS-31 on Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India. The Audited Consolidated Financial Statement along with the Auditors' Report thereon are annexed with this Report.

Subsidiaries, Joint Ventures and Associate Companies

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary(ies) and associate(s) companies in Form AOC-1 is provided in this Report. The statement also provides details of performance and financial position of each of the subsidiaries and associates. Audited financial statements together with related information and other reports of each of the subsidiary companies have also been placed on the website of the Company at www.escortskubota.com/investors/annual-reports.html. The Consolidated Financial Statement presented by the Company include the financial results of its subsidiary and associate companies.

In terms of the Company's Policy on determining "material subsidiary", during the financial year ended March 31, 2024, there is no material subsidiary of the Company whose income or net worth exceeds 10% of the consolidated income or net worth of the Company in the immediately preceding Financial Year.

Further, during the FY ended on March 31, 2024, the Company has incorporated Escorts Kubota Finance Limited, as a wholly owned subsidiary company on January 09, 2024 to do the captive finance business, subject to the receipt of registration certificate from Reserve Bank of India and other necessary approvals.

The complete list of subsidiaries, joint ventures and associate companies as on March 31, 2024, in terms of the Act and IND-AS is provided herein below:

S. No.	Name of the subsidiary / associate companies / joint ventures	Relationship	% of shares
1.	Escorts Crop Solutions Limited	Subsidiary	100%
2.	EKL CSR Foundation (Formerly Escorts Skill Development)	Subsidiary	100%
3.	Escorts Kubota Finance Limited	Subsidiary	100%
4.	Invigorated Business Consulting Limited (Formerly Escorts Finance Limited)	Subsidiary	67.87%
5.	Farmtrac Tractors Europe Spolka Z.o.o.	Subsidiary	100%
6.	Escorts Benefit and Welfare Trust	Subsidiary	100%
7.	Escorts Benefit Trust	Subsidiary	100%
8.	Adico Escorts Agri Equipments Private Limited	Joint Venture	40%
9.	Escorts Kubota India Private Limited	Joint Venture	40%
10.	Kubota Agricultural Machinery India Private Limited	Joint Venture	40%
11.	Escorts Consumer Credit Limited	Associate	29.41%

The details of the above investments/ disinvestment are provided in note 7 of the Notes to Accounts of Standalone Financial Statements of the Company.

Downstream Investment

The Company has made a downstream investment of ₹ 20 crores in Escorts Kubota Finance Limited, wholly owned subsidiary company of the Company, in compliance with the applicable provisions of the laws, rules and regulations. Further, the requisite filing/ intimation and auditor's certificate in this regard yet to be filed/ obtained.

Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions.

The particulars of contracts or arrangements, with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC-2, is appended as **Annexure – F** to this report.

The Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions may be accessed on the Company's website at www.escortskubota.com/investors/governance.html.

Your Directors draw attention of the members to note 45 in the notes to accounts in the standalone financial statement and to note 44 in the notes to accounts in the consolidated financial statement which sets out related party disclosures.

Auditors and Auditors' Report

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act read with rules thereunder, the shareholders of the Company at the 76th AGM held on July 14, 2022 had re-appointed M/s. Walker Chandiok & Co LLP, Chartered Accountants, New Delhi (Firm Registration No. 001076N/ N500013) as Statutory Auditors of the Company for a period of 5 years i.e. upto the conclusion of AGM to be held in the year 2027.

The comments given by M/s. Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors, in their report read together with notes to Accounts for the FY ended March 31, 2024 are self-explanatory and hence, do not call for any further explanations or comments under Section 134 of the Act.

Pursuant to provisions of the Section 143(12) of the Companies Act, 2013 neither the Statutory Auditors nor Secretarial Auditors nor Cost Auditors have reported any incident of fraud to the Audit Committee or the Board during the year under review.

Cost Auditors

Pursuant to the Section 148 of the Act read with rule thereunder, your Company is required to maintain the Cost records and the said cost records are required to be audited.

The Company is maintaining all the aforesaid Cost records.

The Board of Directors, on the recommendation of Audit Committee, has re-appointed M/s. Ramanath Iyer and Co., Cost Accountants (Firm Registration No. 000019), as Cost Auditors of the Company for conducting the audit of cost records for the FY 2024-25.

The due date of filing the Cost Audit Report for the year ended on March 31, 2023 was September 30, 2023 and the same had been filed on August 29, 2023.

Secretarial Auditors

The Board had appointed M/s. Jayant Gupta and Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct secretarial audit of the Company for the FY 2023-24.

The Secretarial Audit Report of the Company as prescribed under Section 204 of the Act is annexed herewith as **Annexure – G** and forms an integral part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation and adverse remarks and the comments given by the Secretarial Auditors in their report are self-explanatory and hence, do not call for any further explanations or comments under Section 204(3) of the Act.

The Board has also re-appointed M/s. Jayant Gupta and Associates, Practicing Company Secretaries to conduct secretarial audit of the Company for the FY 2024-25.

Risk Management

The Risk Management Committee of the Board has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, sustainability, cyber security, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company has laid down a Risk Management Policy and the same is available on the website of the Company at www.escortskubota.com/investors/governance.html.

The details of constitution of Risk Management Committee of the Company is provided in Report on Corporate Governance at **Annexure - D** of the Directors' Report.

Internal Financial Control and its Adequacy

The Board has adopted policies and procedures 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 fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Company has in place adequate internal financial controls including with reference to financial statement and for ensuring the orderly & efficient conduct of its business.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Disclosures

Meetings of the Board

Seven meetings of the Board of Directors were held during the year. For further details, please refer Report on Corporate Governance annexed as **Annexure – D** to this Report.

Audit Committee

For constitution and other details of the Audit Committee, please refer Report on Corporate Governance annexed as **Annexure – D** to this Report.

All the recommendations made by the Audit Committee were accepted by the Board.

CSR Committee

For constitution and other details of the CSR Committee, please refer Report on Corporate Governance annexed as **Annexure – D** to this Report.

Annual Return

The Annual Return for FY 2023-24* is available on the Company's website at www.escortskubota.com/other-documents.

*Ensuing AGM related information i.e. attendance etc. to be updated after AGM.

Vigil Mechanism

The Company has adopted a Whistle Blower Policy establishing vigil mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of effected Director(s) and Employee(s). In exceptional cases, Directors and Employees have direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy has been reviewed and noted by the Board during the year at its meeting held on February 08, 2024 and is available on Company's website at www.escortskubota.com/investors/governance.html.

The Board has also adopted the Anti-Bribery Policy and the same is available on Company's website at www.escortskubota.com/investors/governance.html.

Registrar and Share Transfer Agent

The share transfer and related activities are being carried out by M/s. KFin Technologies Limited (earlier KFin Technologies Private Limited), Registrar and Share Transfer Agent from the following address:

M/s. KFin Technologies Limited
Selenium Building, Tower B, Plot No. 31-32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad, Rangareddy, Telangana - 500032

Particulars of Loans given, Investments made, Guarantees given and Securities provided

A statement regarding Loans/ Guarantees given and Investments made and Securities provided covered under the provisions of the Section 186 of the Act is made in the notes to the financial statement.

Particulars of Employees and related disclosures

In terms of provisions of Section 197(12) of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the prescribed limits are available with the Company Secretary.

In terms of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company and the same will be furnished on request.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – H** and forms an integral part of this Report.

Public Deposits

The Company has not accepted/ renewed any Fixed Deposit during the financial year under review and as such no amount of principal or interest was outstanding as of the Balance Sheet date.

Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Act, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Accordingly, the Company has transferred ₹ 16.84 Lacs, pertaining to unclaimed dividend, during the period under review, to IEPF.

Further, according to the rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred 47,068 shares, during the period under review, to IEPF. The detailed information is available at our website at www.escortskubota.com/investors/overview.html.

As on March 31, 2024, no unclaimed deposits are pending which required to be transferred to IEPF.

Credit Rating

The present credit rating of the Company is as under:

CRISIL Limited reaffirmed long term rating as "AA+ with stable outlook" and Short-Term rating as "A1+"

During the year, the Company had requested ICRA Limited to withdraw the credit rating granted during the year 2023 i.e. long term rating as "AA+ with stable outlook" and Short-Term rating as "A1+" and accordingly, the credit rating granted by ICRA was reaffirmed and withdrawn.

Material Changes and Commitment affecting the financial position

There are no material changes affecting the financial position of the Company subsequent to the closure of the FY 2023-24 till the date of this report.

There has been no change in the nature of business of the Company.

Prevention of Sexual Harassment

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to provide equal opportunities without regard to their race, caste, sex, religion, color, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Six cases were filed and resolved during the year under review pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Human Resources Management

Our employees are our most important assets. We are committed to hiring and retaining the best talent being among the industry's leading employers. We focus on promoting a collaborative, inclusive and transparent organization culture. Our systems and processes focus on allowing the employees to develop their skills to navigate their career path, rewarding and sustaining high performance.

Secretarial Standards

The Company is in compliance with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Integrated Report

The Company has provided Integrated Report, which includes non-financial and financial information to have a better understanding of the Company's long-term strategy. This report also touches upon aspects such as organizations strategy, governance framework, performance and prospects of value creation based on six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital as per International <IR> framework.

Business Responsibility and Sustainability Report (BRSR)

In November 2018, the Ministry of Corporate Affairs ("MCA") constituted a Committee on Business Responsibility Reporting ("the Committee") to finalize business responsibility reporting formats for listed and unlisted companies, based on the framework of the National Guidelines on Responsible Business Conduct ("NGRBC"). Through its report, the Committee recommended that BRR be rechristened BRSR, where disclosures are based on ESG Corporate Overview Management Discussion and Analysis Financial Statements parameters, compelling organizations to holistically engage with stakeholders and go beyond regulatory compliances in terms of business measures and their reporting. SEBI, vide its circular dated May 10, 2021, made BRSR mandatory for the top 1,000 listed companies (by market capitalization) from FY 2022-23. Further, pursuant to Regulation 34 of the SEBI Listing Regulations, the BRSR disclosures are enclosed as **Annexure I** and forms an integral part of this report.

Application made or any proceeding pending under the Insolvency and Bankruptcy Code

As on the date of the Report no application is pending under the Insolvency and Bankruptcy Code, 2016 ("IBC") and the Company did not file any application under IBC during the FY 2023-24. Further, the Company has not made any one-time settlement.

Compliance by Large Corporate

Your Company does not fall under the category of large corporate, as defined under SEBI vide its circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023, as such no disclosure is required in this regard.

Disclosure of Certain Type of Agreements Binding Listed Entity

Pursuant to Regulation 30A(2) of SEBI Listing Regulations, there is no agreement impacting the management or control of the Company or imposing any restrictions or create any liability upon the Company. However, there is one shareholder's agreement executed among and between the Company, Kubota Corporation (holding company of the Company), Mr. Nikhil Nanda and other parties. The details of the agreement including the salient features of the same was duly intimated to Stock Exchanges vide our letter dated November 18, 2021 and such intimation is available on the website of the Company at www.escortskubota.com/investors/overview.html. Further, the detailed terms including rights and obligations etc. of all the parties has been incorporated in the Memorandum and Articles of Association of the Company on page no. 54 and the same is available at the Company's website at www.escortskubota.com/templates/escortsgroup_home/images/pdf/Charter-Document.pdf.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, your Directors, to the best of their knowledge and ability, hereby confirm that:

(i) in the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profit of the Company for the year ended on that date;

(iii) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;

(iv) the Directors have prepared the annual accounts for financial year ended March 31, 2024 on a 'going concern' basis;

(v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future. However, members attention is drawn to note 32 in the notes to accounts in the standalone financial statement and to note 33 in the notes to accounts in the consolidated financial statement which sets out information on Commitments and Contingencies.
5. Details of difference between amount of valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.
6. No political contribution made during the year under review.

Acknowledgement

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

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

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

For and on behalf of the Board of Directors

Sd/-
Nikhil Nanda
Chairman & Managing Director

Sd/-
Seiji Fukuoka
Deputy Managing Director

Place: Faridabad
Date: May 09, 2024

Annexure – A
to the Directors' Report

Policy on Appointment and Removal of Director's and Members of Senior Management

1. Preamble

(i) This Policy on Appointment of Directors and Members of Senior Management (the **"Policy"**) applies to the Board of Directors (the **"Board"**) of Escorts Kubota Limited (**"Escorts"** or **"EKL"** or the **"Company"**) and the Senior Management of EKL. This Policy was recommended by the Nomination and Remuneration Committee of the Company (**"NRC"**) and approved by the Board at its meeting held on January 16, 2015 and shall be subjected to periodic review by the NRC.

(ii) This Policy has further been amended from time to time and last approved by the Board of Directors in its meeting held on March 14, 2024.

(iii) The primary objective of the Policy is to provide a framework and set standards for the appointment of talented and self-motivated Directors and Members of Senior Management who should have the capacity and ability to lead EKL towards achieving its stated goals and strategic objectives, taking into account the interest of all stakeholders.

(iv) The Board is ultimately responsible for the appointment of Directors and recommending the appointment of Independent Directors to the shareholders for their approval.

(v) The Board delegates its responsibility for the assessment and selection of suitable candidates for the position of Directors of EKL to the NRC, which will submit its recommendations to the Board, in accordance with this Policy.

2. Definitions

For the purposes of this Policy:

'Executive Board' shall mean and include the Chairman and Managing Director, Managing Director and any other Whole-time Director of EKL appointed by the Board/ shareholders, by whatever name called.

'Senior Management' shall mean and include the following:

- Employees in the grade of L09 and above or in the Organization layer between N0 to N2; and
- KMPs (other than Whole-time Directors)

3. Criteria for Appointment as a Director and Senior Management Positions:

(i) Matching the requirements of EKL and enhancing the competencies of the Board are the basis for NRC to shortlist and recommend a candidate for appointment to the Board. Such candidate shall have primary or substantial strategic and balance sheet management/ profitability management responsibilities. When recommending a candidate for such appointment, the NRC shall consider:

(a) the results of assessment of the proposed appointee against a range of criteria formulated by the NRC which include but shall not be limited to skill sets, regional and industry experience, background, integrity and other qualities required to operate successfully in the position of Director, having due regard to the benefits of diversity of the Board;

(b) the extent to which the proposed appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors and Senior Management;

(c) the present and potential future needs and requirements of the Company and sector in which it conducts its business and operations;

(d) the nature of existing positions held by the proposed appointee including other directorships held or other relationships and the impact it may have on the appointee's ability to exercise independent judgement;

(e) the provisions of the Articles of Association of the Company;

(f) any requirements under applicable law (including but not limited to under the Companies Act, 2013, and/or the rules and regulations made thereunder) and/or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR"**); and

(g) time commitment required from a Director to properly discharge his fiduciary duties towards the Company.

(ii) The criteria to be considered when assessing prospective candidates for appointment as Directors shall include the following:

(a) highest levels of personal and professional ethics and integrity;

(b) high quality attributes such as discipline, objectiveness, sensitivity and creativity;

(c) sharing and demonstrating the values of EKL;

(d) qualification in relevant disciplines (e.g. finance, secretarial, management, accountancy, legal and engineers etc.) or being a recognized specialist in disciplines or areas relevant to the Company and/ or its business;

(e) experience in the management of a diverse organization, whether located in India and/or overseas, in the Sector where the Company is already doing business or intents to enter into;

(f) experience in accounting and finance, secretarial, administration, corporate, engineering and strategic planning or fund management;

(g) demonstrable ability to work effectively with the Board;

(h) excellent interpersonal, communication and representational skills;

(i) demonstrable leadership skills;

(j) strong influencing and negotiating skills; and

(k) continuous professional development to update knowledge and skills.

(iii) The criteria to be considered when assessing prospective candidates for a Senior Management position shall include the following:

(a) highest levels of personal and professional ethics and integrity;

(b) demonstrable leadership skills;

(c) specialist knowledge and/or experience required for the Senior Management position in question;

(d) good interpersonal relationships;

(e) demonstrating intelligence, maturity and wisdom;

(f) possesses managerial abilities such as effective communication skills, action focus, people engagement, cultural sensitivity, flexibility, team player, strategic thinking, etc.;

(g) sharing and demonstrating the values of EKL;

(h) ability to significantly contribute towards achievement of the strategic and business objectives of the Company.

(iv) Every person proposed to be appointed as a Director or a member of Senior Management should be able to give sufficient time and attention to the Company's affairs.

(v) The Policy is aimed to engage Directors (including Non-Executive Directors and Independent Directors) and Members of Senior Management, who are highly skilled, competent, and experienced persons within the fields of business, finance, accounting, management, sales, marketing, administration, research, corporate governance, technical operations, law or other disciplines related to the Company's business and operations.

(vi) In addition to such requirements as may be specified under this Policy and the provisions of the Articles of Association of the Company, the Independent Directors shall also fulfill the applicable requirements prescribed under Section 149 of the Companies Act, 2013, and the rules and regulations made there under, the provisions of the SEBI LODR, and other applicable laws as modified or amended or supplemented, from time to time.

(vii) Each Independent Director shall be required to duly submit/ make the stipulated declarations required to be furnished pursuant to the provisions of the Companies Act, 2013, and the rules and regulations made thereunder, the SEBI LODR, other applicable laws and the Articles of Association of the Company.

(viii) No person shall be considered for appointment/ re-appointment as a Director of EKL, if he is disqualified to be appointed/ re-appointed as such in terms of the provisions of Section 164 of the Companies Act, 2013, or under any other applicable law.

(ix) No person shall be considered for appointment as a Director of EKL, if he is already a Director in ten or more public companies or private companies, which is either a holding or subsidiary company of a public company.

4. Selection Process

(i) The selection procedure to be followed for appointment of persons for the Board is as below:

(a) NRC in consultation with the Chairman & Managing Director and Deputy Managing Director of EKL shall determine the selection criteria applicable for each position at the Board level (**"Director Selection Criteria"**).

(b) For the positions of Whole-time Directors and based on the applicable Selection Criteria, the NRC in consultation with the Chairman & Managing Director and Deputy Managing Director of EKL, shall generate a potential list of candidates for the Board position in question who may meet the prescribed Director Selection Criteria.

(c) For the positions of Independent Directors or Non-Executive Directors, the NRC shall finalize a list of potential candidate(s) who meet the applicable Director Selection Criteria and shall submit such list to the Chairman & Managing Director and Deputy Managing Director of EKL along with its recommendations.

(d) The Chairman & Managing Director and Deputy Managing Director of EKL shall thereafter meet the shortlisted candidate(s) to assess their capability for the job. In the event that the Chairman & Managing Director and Deputy Managing Director may feel that no shortlisted candidate is suitable for appointment to the Board, the Chairman & Managing Director and Deputy Managing Director may require the NRC to submit a fresh list of candidates.

(e) The candidate selected by the Chairman & Managing Director and Deputy Managing Director, shall be appointed in accordance with the relevant provisions of the Companies Act, 2013, rules made thereunder and the SEBI LODR, subject to the approval of the Board and/ or shareholders of EKL at a General Meeting.

(ii) The selection procedure to be followed for the appointment of persons at the Senior Management positions is as below:

(a) In case of vacancy of KMP (other than Whole-time Directors), the Company's HR in consultation with the NRC shall identify and short list employees to fill such vacancy, who may meet the criteria mentioned in this Policy. The appointment of the successful candidate shall be made by the Board in accordance with the provisions of the Companies Act, 2013, rules made thereunder, the SEBI LODR, and the Company's internal rules and regulations and policies.

(b) In case of vacancy in other Senior Management positions, the Company's HR shall identify and short list employees to fill such vacancy. The details of appointment will be placed before the NRC and/ or the Board for noting only.

Notwithstanding anything contained herein, the selection procedure to be followed by the NRC in consultation with the Chairman & Managing Director and Deputy Managing Director of EKL for the appointment of: (i) Directors on the Board, and (ii) persons at the Senior Management positions, shall at all times be in accordance with the provisions of the Articles of Association of the Company.

5. Appointment Procedure

(i) Every Director shall be appointed/ re-appointed by EKL at a Board or a General Meeting in accordance with the provisions of the Articles of Association of the Company, and as per the requirements of the Companies Act, 2013, the SEBI LODR, or any other applicable laws.

(ii) No person shall be appointed/ re-appointed as a Director of EKL unless he/she has been allotted the Director Identification Number (DIN) and he furnishes to EKL a declaration to the effect that he is not disqualified to become a Director under the provisions of the Companies Act, 2013 and rules made there under or under any other law for the time being in force and files consent to hold the office as Director.

(iii) No person shall be appointed as a Director whose name appears in the list of willful defaulters published by the Reserve Bank of India.

(iv) The NRC shall ensure that the appointment/ re-appointment of Directors of EKL is as per the terms of this Policy and recommendations of candidates are made to the Board for appointment.

6. Term/ Tenure

(i) Managing Director/Whole Time Director

The Company shall appoint or re-appoint any person as its Managing Director or CEO or Whole Time Director for such a term as provided under the applicable laws in accordance with the terms of the Articles of Association of the Company, as applicable.

(ii) Independent Director

An Independent Director shall hold the office for a maximum term of upto five consecutive years on the Board of the Company and will be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in the Board's report.

Independent Directors will normally have an age limit of 75 years. The Board might however in specific cases review this age limit and continue the tenure of the appointment subject to such approvals as are needed. A new appointee will therefore be at the time of appointment will not be more than 70 years old. The limit of 75 years will not apply to non-independent directors and/ or to Independent Directors re-categorized as non-independent directors, subject the composition of the Board being in conformity with the extant guidelines.

No Independent Director shall hold the office for more than two consecutive terms, but Such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not during the said period of three years, be appointed in or be associated with the Company in other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five years or more in the Company as on April 01, 2014, or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of upto five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

7. Letters of Appointment to Directors

The Company shall issue a formal letter of appointment to the person appointed as a Director of EKL. The letter of appointment to be issued to the Independent Directors shall inter alia set out the matters as stated in Schedule IV of the Companies Act, 2013.

8. Evaluation Procedure for Directors

(i) The NRC shall develop such assessment criteria as it shall deem fit for the purposes of undertaking performance evaluation of the Directors and the Board as a whole. The NRC shall undertake an annual performance evaluation of all Directors of EKL based on the relevant assessment criteria developed by it.

(ii) The assessment criteria for performance evaluation of Directors shall be disclosed in accordance with the relevant provisions of the Companies Act, 2013, the rules framed thereunder and the SEBI LODR.

9. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereafter or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a director or KMP subject to the provisions and compliance of said Act, rules and regulations.

10. Retirement

(i) The Directors liable to retire by rotation shall retire as per the provisions of the Companies Act, 2013, read with rules framed thereunder. For Whole-Time Director(s), KMPs and members of Senior Management the retirement age shall be 58 years. The term of Independent Directors shall be governed by the provisions of the Companies Act, 2013, read with rules framed thereunder.

(ii) Any extension of the term of services beyond the age of 58 years for Whole-Time Director(s), KMPs, members of Senior Management shall be decided by the Board of Directors on case-to-case basis upon receiving recommendations from the Nomination and Remuneration Committee. Unless otherwise decided by the Board the extension shall not be more than one year duration at a time with right to revoke the extension any time as per the terms.

11. Disclosure to stock exchange(s)

Notwithstanding anything contained herein the Company shall report to stock exchange(s) the change in Senior Management in accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), as amended.

Whereas Senior Management(SM) means Senior Management as defined in SEBI Listing Regulations, as amended, which is reproduced below:

"Senior management shall mean the officers and personnel of the listed entity, who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer."

12. Policy Review

(i) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013, and rules made thereunder, the SEBI LODR, the Securities and Exchange Board of India Act, 1992, and rules/regulations/ guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.

The NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

For and on behalf of the Board of Directors

Sd/-
NIKHIL NANDA
Chairman & Managing Director

Sd/-
SEIJI FUKUOKA
Deputy Managing Director

Place: Faridabad
Date: May 09, 2024

Annexure – B

to the Directors' Report

Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees

1. Preamble

The primary objective of this Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees (the **"Policy"**) is to provide a framework for the remuneration of the Directors, Key Managerial Personnel (KMP), Members of Senior Management and other employees of the Escorts Kubota Limited (**"Escorts"** or **"EKL"** or the **"Company"**).

In terms of Section 178 of the Companies Act, 2013, read with rules framed thereunder and Regulation 19 read with Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR"**), the Nomination and Remuneration Committee of Directors of the Company (**"NRC"**) has formulated and recommended this Policy for the approval of the Board of Directors of EKL.

The primary objectives of this Policy are as under:

(i) To ensure that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives.

(ii) To ensure that a reasonable balance is maintained in terms of composition of remuneration (fixed and variable component).

(iii) To have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees.

Based on the above objectives and broad parameters set herein, the Board of Directors of EKL at its meeting held on January 16, 2015, has approved this Policy.

This Policy has further been amended from time to time and last approved by the Board of Directors in its meeting held on May 10, 2023.

2. Applicability

This Policy shall be applicable and act as a guiding principle with regard to remuneration payable by EKL to all directors, KMPs, Members of Senior Management and other employees of the Company.

3. Remuneration of Non-Executive/ Independent Directors

(i) The key elements of remuneration of Non-Executive/ Independent Directors are commission and sitting fees (except professional fee, if any), subject to overall limit as prescribed in the Companies Act, 2013, read with rules made thereunder and the approval of the shareholders, as applicable. They shall be covered under the Directors and Officers Liability Insurance (D&O) Policy. The Independent Directors shall not be eligible for stock options.

(ii) Since, the Non-Executive/ Independent Directors collectively endeavor to ensure that the Company performs well and is compliant with applicable laws, rules, regulations and guidelines, they may be paid commission, subject to the approval of the Board.

4. Remuneration of Whole-time Director's including Whole-time KMP (being a Director)

(i) The Whole-time Directors are appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by the NRC/ Board and approval of the shareholders.

(ii) The remuneration paid to Whole-time Directors is within the limits approved by the shareholders of EKL which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Companies Act, 2013. They are also eligible for stock options as per the scheme framed/ to be framed by EKL, from time to time.

(iii) The Whole-time Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

(iv) Their annual increments shall be linked to their overall performance and as recommended by the NRC and approved by the Board, from time to time.

5. Members of Senior Management, KMP (other than whole-time directors) and other employees

(i) Senior Management shall mean and include the following:

(a) Employees in the grade of L09 and above or in the Organization layer between N0 to N2; and

(b) KMPs (other than Whole-time Directors).

(ii) The key components of remuneration package of the Senior Management and other employees of EKL shall comprise of basic salary, dearness allowance, house rent allowance, transport allowance, ex-gratia, performance bonus, contribution to provident fund and superannuation fund, premium on medical insurance and personal accident insurance, scholarship for children, gratuity, leave travel allowance, leave encashment etc., which is linked to their grade. They are also eligible for stock options as per the scheme framed/ to be framed by EKL, from time to time.

(iii) The remuneration, performance appraisal and rewards of Members of Senior Management and other employees, shall be in line with the stated objectives.

(iv) The annual increments for the Senior Management and KMP (other than Whole-time Directors) and other employees shall be linked to their overall performance and as decided by the Chairman & Managing Director and Deputy Managing Director in consultation with their reporting managers and Company's HR. The Board, on the recommendation of the NRC, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

(v) Employees must conduct themselves to ensure that no breach of Kubota Charter of Action and Code of Conduct, EKL

(vi) Code of Conduct, EKL Code of conduct for prevention of Insider trading or such other code as may be applicable from time to time, Standard Operating Procedures (SOPs) and all other relevant and applicable codes is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

6. Disclosures in the Board's Report

(i) The disclosures as required under the relevant provisions of the Companies Act, 2013, rules made thereunder and SEBI LODR shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.

(ii) This Policy shall be uploaded on the website of the Company

7. Policy review

(i) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013, rules made thereunder, the SEBI LODR, the Securities and Exchange Board of India Act, 1992, and rules/ regulations/ guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.

(ii) The NRC may issue/ implement such guidelines, procedures, formats and/ or reporting mechanisms to enforce this Policy as it may deem fit.

For and on behalf of the Board of Directors

Sd/-
NIKHIL NANDA
Chairman & Managing Director

Sd/-
SEIJI FUKUOKA
Deputy Managing Director

Place: Faridabad
Date: May 09, 2024

Annexure – C
to the Directors' Report

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

I) Conservation of Energy

1. The Steps taken or impact on conservation of energy

The Company has always been conscious of the need for the conservation of the Energy & has been steadily making progress towards this end.

The area focused is Generation, Transmission, Distribution & Consumption in all Production & Non-Production Processes and for the same, following energy conservation initiatives have been taken, which are detailed as under:

- Replacement of very old high energy consumption air conditioning plant having specific energy consumption of 1.7 KW/ TR with energy efficient VRV air conditioning units having specific energy consumption of approx. 0.8 KW/ TR.
- Optimization of Office space to reduce air conditioning requirements.
- Pull core light switching for individual lights in the office area.
- Man cooler fans switching timer implemented during Lunch/ Dinner and Tea Time.
- Office HVAC system centralized switching control from power house.
- Development of new design offices with latest LED lights to provide required lux level inside office areas for energy saving.
- Installation of VFD on air washer & cooling tower.
- Installation of motion sensor in some offices.

2. Steps taken by the Company for utilizing alternate source of energy

The Company has taken some steps for utilizing alternate source of energy and installed rooftop Solar Plant Capacity of 45 KW in addition to existing rooftop solar plants. The Company has also installed Solar Light Fixtures with inbuilt lithium batteries for energy saving & better illumination.

3. Capital Investment on Energy Conservation Equipment's

During the year under review, approximately ₹ 222 Lacs has been spent on various initiatives like replacement of old air conditioning plants, installation of solar plants, VFD on air washer & cooling tower, motion sensor and replacement of diesel forklift into electric forklift for daily material movement.

II) Technology Absorption

1. The efforts made towards technology absorption

a. Developed & supplied 4 Panels per Metro Train - Relay Panel, Electrical Distribution Board, Cubicle Electrical Control Panel & Saloon Electrical Control Panel. These panels are used for reliable power/ control of coach lighting, air-conditioning, public address/ public information system, Door System, Traction System & Brake System.

b. ATOM 30 Facelift Tractor in Red Colour, Compact and lightweight suitable for Orchards and Vineyards.

c. FT 6055 CRDi model with in-house EKL engine introduced in domestic market to ensure compliance with the latest BT-IV Emission Norms in Farmtrac Portfolio.

d. Euro 60 CRDi model with in-house EKL engine introduced in domestic market to ensure compliance with the latest BT-IV Emission Norms in Powertrac Portfolio.

e. Worldmax Series in 16+8/ 24+8 speeds introduced with the latest BT-IV Emission norms having multi gear speeds to cater all applications like Agri, Creeper, and Commercial.

f. EURO 30 4WD Narrow Tractor for Orchards and Utility Application.

g. Powertrac 434 DS Eco Tractor with New Optimized Rear Axle.

h. EURO G28 Compact Tractor with in-house EKL engine for Vineyards in Powertrac Brand.

i. EK1-221 tractor with New Branding Decal, New Bonnet and Lock Mechanism for EU market.

j. Euro 42 & 47 for potato farming with suitable track & high lifting capacity.

k. Euro 50 NXT (High Torque) with Bigger wet liner engine and larger tyres (16.9 - 28).

l. EC 5250 Plus compactor with new branding and variable RPM controller.

m. Digmax 3E/ 3EP sub 4 meter Extended Dipper Backhoe loader for meeting height compliance for export market.

n. Digmax Super Backhoe loader with rebranding and first in industry 6 pillar Spacious cabin for comfort and higher visibility.

o. Digmax 3E (new variant) backhoe loader for export market with all climate cabin with HVAC to work in extreme weather conditions.

p. F20 Piling Application BSIV High end crane with piling application.

2. Benefits derived like product improvement, cost reduction, product development or import substitution

a. Developed the heavy-duty Hydraulic Damper for Defence Trucks.

b. Developed 4 types of Dampers for Vande-Bharat Train namely Secondary Lateral, Primary Vertical, Secondary Vertical & Yaw Damper.

c. Delivered a series of new products with enhanced power and performance and made a better value proposition for customers in the domestic & export market. This has given more customer & application coverage for Escorts Kubota products & resulted in enhanced growth.

d. Developed and exporting electric tractors to the US and Europe market as a part of Sustainability initiative. Now we are further enhancing the range of electric tractor with Hydrostatic transmission and further developing the Global Technology for smart agriculture, total business solution, and carbon neutrality.

e. Design & Development of Autonomy/ Digital features by adopting the future technologies.

f. Design & Development of emission control programs like Stage-V for exports, BT-V for Tractors, BS-V for Construction respectively as per Indian & European norms.

g. Improving the development environment by promoting digitization with expansion of design software and tools.

h. Enhanced the styling, power, and performance of our tractors range from 15 hp to 120 hp for domestic and export markets.

i. Design & Development of modular transmissions for multiple Agri & Non-Agri tractor applications.

j. Initiated new projects for the addition of new features, reliability enhancement and upgradation of existing products & creation of new platforms to meet customer expectations and emerging future trends.

k. Capability enhancement for Engine, Transmission, Hydraulic technologies & design optimization through the usage of virtual simulation software, and high-performance computers.

l. Use of in-house aggregates to support cost-effective solutions to customers.

3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

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

4. Expenditure incurred on Research & Development

₹ crores

	For the financial year ended on March 31, 2024	For the financial year ended on March 31, 2023
a) Capital Expenditure*	24.03	43.33
b) Recurring Expenditure	154.37	149.48
Total R&D Expenditure	178.40	192.81
Total R&D Expenditure as a percentage of total turnover	2.07%	2.36%

*Does not include capital advance/ capital work in progress

III) Foreign Exchange Earnings and Outgo

Activities relating to export

The details on activities related to exports are provided elsewhere in this Annual Report.

Total foreign exchange earning and outgo

₹ crores

		For the financial year ended on March 31, 2024	For the financial year ended on March 31, 2023
a)	Foreign exchange outgo:		
	- Imports (including capital goods)	183.83	264.28
	- Others	28.93	21.75
Total		**212.76**	**286.03**
b)	Foreign Exchange earned	446.52	640.43

For and on behalf of the Board of Directors

Sd/-
NIKHIL NANDA
Chairman & Managing Director

Sd/-
SEIJI FUKUOKA
Deputy Managing Director

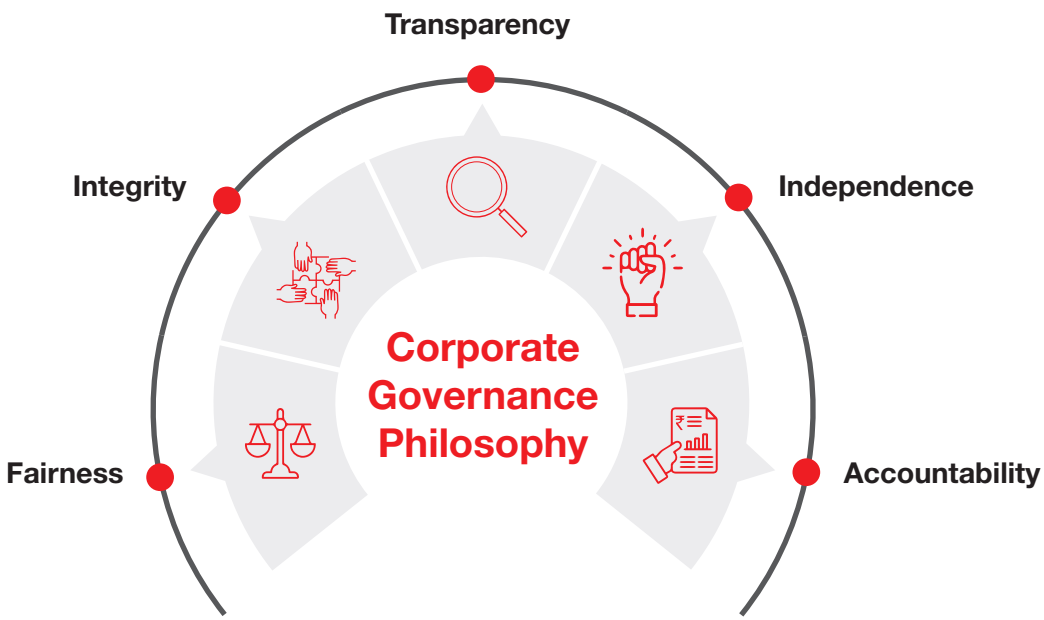
Place: Faridabad
Date: May 09, 2024

Annexure – D
to the Directors' Report

Report on Corporate Governance

I. Company's Philosophy on Corporate Governance Code

The Chosen Vision of your Company is an institution in perpetuity. The Company is deeply conscious that, while doing business successfully, it will actively cater to building of nation and society around it. The long-term interest of the Company, particularly in agriculture and construction equipment domains, is closely woven with stakeholder alignment.



Your Company has a large number of stakeholders in all spheres of business and society. It will be our endeavors to constantly promote and enhance the stakeholder's legitimate interest.

The Company endeavors to conduct its business and strengthen the relationship in a manner that is dignified, distinctive and responsible. The Company adheres to ensure fairness, integrity, transparency, independence, and accountability in dealing with all stakeholders. Therefore, the Company has adopted various codes/ policies to carry out its duties in transparent manner and highest governance standards through continuous evaluation and benchmarking. Some of these codes/ policies are: -

1. Code of Conduct to Regulate, Monitor and Report Trading by Insider
2. Code of Conduct
3. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
4. Code of Conduct for Board Members and Senior Management of the Company
5. Investor Grievance Redressal Policy
6. Policy for Preservation of Company's Records
7. Policy for determining Material Subsidiary
8. Policy on Materiality of Related Party Transactions (RPT) and dealing with RPT
9. Policy on Appointment and Removal of Directors and Members of Senior Management
10. Corporate Social Responsibility (CSR) Policy
11. Dividend Distribution Policy
12. Remuneration Policy for the Directors, KMPs, Senior Management, and other employees

13. Whistle Blower Policy
14. Policy for Determination of Materiality of Events/ Information
15. Policy on Risk Management
16. Policy on Succession Planning
17. Board's Diversity Policy
18. Competition Compliance Policy
19. Policy on Prevention of Sexual Harassment at Workplace
20. Equal Opportunity Policy
21. Supplier Code of Conduct
22. Business Responsibility and Sustainability Policy
23. Anti-Bribery Policy

II. Board of Directors

a) The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board of Director(s) along with its committee(s) provide leadership and guidance to the Company's Management and directs, supervises and controls the performance of the Company. The Board of Director(s) of the Company comprises of distinguished personalities, who have been acknowledged in their respective fields. The composition of the Board and categories of directors, as on March 31, 2024, is as follows: -

Category	Name of Director
Promoter/ Promoter Group Directors	Mr. Nikhil Nanda (Chairman and Managing Director) Ms. Nitasha Nanda (Whole-time Director)
Executive Director	Mr. Seiji Fukuoka, 'Whole-time Director' designated as 'Deputy Managing Director' (Nominee of Kubota Corporation, Japan - Joint Promoter of the Company, as equity investor) Mr. Bharat Madan, 'Whole-time Director' designated as 'Whole-time Director and Chief Financial Officer'
Non-Executive Director (Promoter Group)	Mr. Hardeep Singh
Non-Executive Nominee Directors (Kubota Corporation, Japan - Joint Promoter of the Company) as Equity Investor	Mr. Dai Watanabe Mr. Yasukazu Kamada Mr. Nobushige Ichikawa Mr. Shingo Hanada
Independent Non-Executive Directors	Mr. Sunil Kant Munjal Ms. Tanya Arvind Dubash Mr. Harish Narinder Salve Mr. Ravindra Chandra Bhargava Mr. Kenichiro Toyofuku Mr. Vimal Bhandari Ms. Reema Nanavaty Mr. Manish Sharma Dr. Rupinder Singh Sodhi

There are no inter-se relationship amongst the directors except Mr. Nikhil Nanda is brother of Ms. Nitasha Nanda. None of the other directors are related to any other director on the Board.

b) Familiarization program for Board members

The Board members are provided with necessary documents viz Company's profile, its mission, vision, organization structure, Company's milestone, a brief background of the business of the Company, major policies, periodic presentations are made to the Board on the business and performance, risk management, new business initiatives and organization strategies, change in the regulatory environment applicable to the corporate sector and to the industry in which it operates.

The details of such familiarization program of Independent Directors are posted on the website of the Company and can be accessed at https://www.escortskubota.com/investors/governance.html.

c) Independent Directors' obligations

- The Independent Director(s), at the first meeting of the Board in which they participate as Director and thereafter at the first meeting of the Board in every financial year (FY) or whenever there is any change in the circumstances which may affect his/ her status as an Independent Director, give a declaration that they meet the criteria of independence as provided under the Companies Act, 2013 ('Act') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR' or 'SEBI Listing Regulations').
- All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) & 25(8) of the SEBI Listing Regulations read with Section 149(6) of the Act.

- The maximum tenure of Independent Directors is in compliance with the Act.
- The Board is of the opinion that the Independent Directors fulfill the conditions specified in the SEBI Listing Regulations and are independent of the management. Further, there is no independent director who resigns before the expiry of his/ her tenure.
- The Independent Directors of the Company meet at least once in every FY without the presence of Non-Independent Directors and management personnel. Such meeting enables Independent Directors to discuss matters pertaining to the Company's affairs and matters mentioned in Schedule IV of the Act. The Independent Directors take appropriate steps to present their views to the Chairman. One meeting of the Independent Directors was held during the FY 2023-24.

d) Certification from Company Secretary in Practice

- A certificate from M/s Jayant Gupta & Associates, Practicing Company Secretaries, certifying none of the directors of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India ('SEBI')/ Ministry of Corporate Affairs ('MCA') or any other regulatory authority. The said certificate posted on the website of the Company and can be accessed at www.escortskubota.com/other-documents.html.

e) Code of Conduct

- The Board has laid down a code of conduct ('the Code') for all Board Members and Senior Management Personnel of the Company. The Code is posted on the website of the Company at https://www.escortskubota.com/investors/governance.html.
- All Board Members and Senior Management Personnel of the Company affirm compliance with the Code on an annual basis and the declaration to that effect by the Chairman and Managing Director of the Company is attached to this report.
- The Company recognizes that sexual harassment violates the fundamental rights of gender equality, right to life and liberty and the right to work with human dignity as guaranteed by the Constitution of India. To meet this objective, measures have been taken to eliminate any act of sexual harassment and to take penal action, if required. The Company has taken initiatives to create wide awareness amongst the employees about the policy for the prevention of sexual harassment.
- The Senior Management have made the disclosure to the Board confirming that there is no material, financial and/ or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

f) Directors attendance, directorships and memberships etc.

Attendance of Directors at the meeting of Board of Directors and the last Annual General Meeting (AGM) and number of other Directorship and Chairmanship/ Membership of the Committee of each Director in various Companies and shareholding in the Company:

Name of Director	Director Identification number (DIN)	Category*	Directorship in other listed entity & Category**	No. of Board meetings during the period from April 01, 2023 to March 31, 2024		Whether attended the last AGM held on July 14, 2023	No. of directorships held in other Public Limited Companies as on March 31, 2024 (#)		No. of committee Memberships / Chairpersonships held in Public Companies (^) as on March 31, 2024	No. of shares held$
				Held	Attended		Directorship	Chairmanship		
Mr. Nikhil Nanda	00043432	EPCMD	-	7	7	Y	1	1	-	12,03,091
Ms. Nitasha Nanda	00032660	EPD	-	7	7	Y	1	-	-	1,93,422
Mr. Seiji Fukuoka%	08786470	DMD	-	7	7	Y	2	-	1/0	Nil
Mr. Bharat Madan	00944660	ED & CFO	-	7	7	Y	4	-	2/0	Nil

Name of Director	Director Identification number (DIN)	Category*	Directorship in other listed entity & Category**	No. of Board meetings during the period from April 01, 2023 to March 31, 2024		Whether attended the last AGM held on July 14, 2023	No. of directorships held in other Public Limited Companies as on March 31, 2024 (#)		No. of committee Memberships / Chairpersonships held in Public Companies (^) as on March 31, 2024	No. of shares held$
				Held	Attended		Directorship	Chairmanship		
Mr. Hardeep Singh	00088096	NENID	UPL Limited, Independent Director	7	7	Y	5	-	6/4	500
Mr. Dai Watanabe%	08736520	NEND	-	7	6	Y	1	-	-	Nil
Mr. Yasukazu Kamada%	09634701	NEND	-	7	7	Y	1	-	-	Nil
Mr. Nobushige Ichikawa%	09570234	NEND	-	7	0	NA	1	-	-	Nil
Mr. Shingo Hanada%	10484929	NEND	-	7	1	NA	1	-	-	Nil
Mr. Sunil Kant Munjal	00003902	NEID	DCM Shriram Limited, Independent Director	7	5	Y	4	-	3/0	26,270
Ms. Tanya Arvind Dubash	00026028	NEID	Godrej Agrovet Limited, Director Godrej Industries Limited, Executive Director Godrej Consumer Products Limited, Director Britannia Industries Limited, Independent Director	7	5	Y	7	1	2/0	Nil
Mr. Harish Narinder Salve	01399172	NEID	-	7	3	Y	1	-	-	Nil
Mr. Ravindra Chandra Bhargava	00007620	NEID	Maruti Suzuki India Limited, Chairperson & Director Dabur India Limited, Independent Director	7	7	Y	3	1	2/1	Nil
Mr. Kenichiro Toyofuku	08619076	NEID	Maruti Suzuki India Limited, Executive Director	7	4	N	2	0	-	Nil
Mr. Vimal Bhandari	00001318	NEID	Bharat Forge Limited, Independent Director J K Tyres & Industries Limited, Independent Director DCM Shriram Limited, Independent Director	7	7	Y	7	1	5/2	Nil
Ms. Reema Nanavaty	00690270	NEID	-	7	6	Y	2	-	-	Nil
Mr. Manish Sharma	06549914	NEID	-	7	7	Y	2	-	1/0	Nil
Dr. Rupinder Singh Sodhi	03179002	NEID	-	7	5	Y	1	-	2/0	Nil

Dr. Sutanu Behuria was eligible for two meetings and attended the same and his tenure got completed on July 14, 2023. Mr. Shiro Watanabe and Mr. Yuji Tomiyama were eligible for 5 meetings and attended the same and resigned from their office on February 08, 2024. Dr. Rupinder Singh Sodhi was eligible for 5 meetings and attended the same. Mr. Nobushige Ichikawa and Mr. Shingo Hanada were eligible for 1 meeting but only Mr. Shingo Hanada attended the same.

* EPCMD - Executive Promoter Chairman and Managing Director, NENID - Non Executive Non Independent Director (Promoter Group), NEID- Non Executive Independent Director, EPD - Executive Promoter Group Director, NEND - Non Executive Nominee Director – Kubota Corporation, Joint Promoter of the Company, DMD – Deputy Managing Director, ED & CFO – Executive Director and Chief Financial Officer

** In accordance with Regulation 17A, Directorship in equity listed entity have been considered.

(#) Including Escorts Kubota Limited but excluding Private Limited Company, Section 8 Companies and Companies incorporated outside India.

(^) In accordance with Regulation 26, Membership/ Chairmanships of Audit Committees and Stakeholders' Relationship Committees in all Public Limited Companies (including Escorts Kubota Limited) have been considered.

$ No Convertible instrument was held by directors including non-executive director.

% Nominee directors of Equity Investor i.e. M/s Kubota Corporation (Joint Promoter of the Company).

g) Key Board Qualifications, Expertise and Attributes

The Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its' Committees. The Board members are committed to ensuring highest standards of corporate governance.

The table below provides the key qualifications, skills, expertise and attributes which are broadly taken into consideration while nominating candidates to serve on the Board:

Details of Directors qualifications

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and

Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
Leadership	Expended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth.
Mergers and Acquisitions	A history of leading growth through acquisitions and other business combinations, with the ability to assess build or buy decisions, analyze the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plans.
Board Service and Governance	Service on public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices. Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.
Digital/ Information Technology	Use of Digital/ Information Technology, ability to anticipate technological driven changes & disruption impacting business and appreciation of the need of cyber security and controls across the organization.

independence required for it to function effectively. The Board periodically evaluates the need for change in its composition and size.

The details of directors who have such skills/ expertise/ competence are provided herein below:

Name of Directors	Area of Expertise					
	Financial	Leadership	Merger and Acquisitions	Board Service and Governance	Sales and Marketing	Digital/ Information Technology
Mr. Nikhil Nanda, Chairman and Managing Director	Y	Y	Y	Y	Y	Y
Ms. Nitasha Nanda, Whole-time Director	Y	Y	-	Y	-	-
Mr. Seiji Fukuoka, Deputy Managing Director	Y	Y	Y	Y	Y	Y
Mr. Bharat Madan, Whole-time Director & Chief Financial Officer	Y	Y	Y	Y	-	Y
Mr. Hardeep Singh, Director	Y	Y	Y	Y	Y	-
Mr. Dai Watanabe, Nominee Director	Y	Y	Y	Y	Y	Y
Mr. Yasukazu Kamada, Nominee Director	Y	Y	Y	Y	Y	Y
Mr. Nobushige Ichikawa, Nominee Director	Y	Y	Y	Y	Y	Y
Mr. Shingo Hanada, Nominee Director	Y	Y	Y	Y	Y	Y
Mr. Sunil Kant Munjal, Independent Director	Y	Y	Y	Y	Y	Y
Ms. Tanya Arvind Dubash, Independent Director	-	Y	-	Y	Y	-
Mr. Harish Narinder Salve, Independent Director	-	Y	-	Y	-	-
Mr. Ravindra Chandra Bhargava, Independent Director	Y	Y	-	Y	Y	-
Mr. Kenichiro Toyofuku, Independent Director	Y	Y	Y	Y	-	-
Mr. Vimal Bhandari, Independent Director	Y	Y	Y	Y	-	-
Ms. Reema Nanavaty, Independent Director	-	Y	-	Y	Y	-
Mr. Manish Sharma, Independent Director	Y	Y	Y	Y	Y	Y
Dr. Rupinder Singh Sodhi, Independent Director	-	Y	-	Y	Y	Y

h) Directors' Membership in Board/ Committees of Other Companies

In terms of the provisions of the SEBI Listing Regulations, none of the Directors on the Company's Board is a member of more than ten committees and chairperson of more than five committees (Committees being, Audit Committee and Stakeholders' Relationship Committee) across the companies in which they are associated as Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies including ten public companies (including seven listed companies).

i) Board Meetings

Seven (7) Board Meetings were held during the FY ended March 31, 2024 i.e. on April 07, 2023, May 10, 2023, August 01, 2023, September 20, 2023, November 03, 2023, February 08, 2024 and March 14, 2024.

The gap between any two consecutive Board Meetings did not exceed 120 days. All the recommendation of committee(s) of the Board were accepted by the Board. Further, The Annual Operating and Capital Budget(s) are approved by the Board of Directors and Board spends considerable time in reviewing the actual performance of the Company vis-à-vis the approved budget.

Board Committees



III. Audit Committee

a) Composition of Audit Committee*

As on March 31, 2024, the Audit Committee comprises of the following Non-Executive Directors:

1. Mr. Vimal Bhandari – Independent Director (Chairman)
2. Mr. Hardeep Singh – Non-Independent Director (Member)
3. Mr. Manish Sharma – Independent Director (Member)
4. Mr. Sunil Kant Munjal – Independent Director (Member)
5. Dr. Rupinder Singh Sodhi – Independent Director (Member)

Mr. Arvind Kumar, Company Secretary, acts as Secretary to the Audit Committee.

Chairman of the Audit Committee had attended the last AGM.

*Committee was re-constituted on August 01, 2023, by inducting Dr. Rupinder Singh Sodhi.

b) Meetings & Attendance

Seven (7) meetings of the Audit Committee were held during the FY ended March 31, 2024 – i.e. on May 10, 2023, June 06, 2023, August 01, 2023, October 06, 2023, November 03, 2023, February 08, 2024 and March 14, 2024.

The attendance of the Audit Committee Members is as under:

Name of Member	No. of Meeting	
	Held	Attended
Mr. Vimal Bhandari (Chairman)	7	7
Mr. Hardeep Singh	7	7
Mr. Manish Sharma	7	6
Mr. Sunil Kant Munjal	7	4
Dr. Rupinder Singh Sodhi	7	5*

*Eligible for 5 meetings.

The gap between any two Consecutive Audit Committee meetings did not exceed 120 days.

c) Terms of Reference of the Audit Committee

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with reference to:
    a. Matters required to be included in the Directors' Responsibility Statement forming part of Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Act.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgement by management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of any related party transactions.
    g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence & performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory & internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
19. Approving the appointment of Chief Financial Officer (i.e. the Whole-time Finance Head or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.

21. Carrying out any other function as may be referred to the Committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.
22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost and the Secretarial Auditors.
23. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
24. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
25. The Committee has systems and procedures in place to ensure that the Audit Committee periodically reviews:
    a. Management discussion and analysis of financial condition and results of operations;
    b. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
    c. Internal audit reports relating to internal control weaknesses, if any;
    d. Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any;
    e. The financial statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under the SEBI Listing Regulations;
    f. Details of material transactions with related parties, which are not in the normal course of business;
    g. Details of material transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same; and
    h. Statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of the Regulation 32(7) of SEBI Listing Regulations.
26. The Audit Committee is endowed with the following powers:
    a. To investigate any activity within its terms of reference.
    b. To seek information from any employee.
    c. To obtain outside legal or other professional advice.
    d. To secure attendance of outsiders with relevant expertise, if it considers necessary.
    e. To invite such of the executives, as it considers appropriate (and particularly the head of the finance) to be present at the meetings of the committee.

IV. Nomination, Remuneration and Compensation Committee (NRC)

a) Composition of NRC

As on March 31, 2024, the NRC comprises of following Directors:

1.	Mr. Vimal Bhandari	– Independent Director (Chairman)
2.	Mr. Hardeep Singh	– Non-Independent Director (Member)
3.	Mr. Sunil Kant Munjal	– Independent Director (Member)
4.	Ms. Tanya Arvind Dubash	– Independent Director (Member)
5.	Mr. Ravindra Chandra Bhargava	– Independent Director (Member)
6.	Mr. Dai Watanabe	– Non-Independent Director (Member)

Mr. Arvind Kumar, Company Secretary, acts as Secretary to the NRC.

Chairman of the NRC had attended the last AGM.

b) Meetings & Attendance

Five (5) meetings of the NRC were held during the FY ended March 31, 2024 i.e. on April 07, 2023, May 09, 2023, October 06, 2023, February 07, 2024 and March 14, 2024.

The attendance of the NRC Members is as under:

Name of Member	No. of Meeting	
	Held	Attended
Mr. Vimal Bhandari (Chairman)	5	5
Mr. Hardeep Singh	5	5
Mr. Sunil Kant Munjal	5	3
Ms. Tanya Arvind Dubash	5	4
Mr. Ravindra Chandra Bhargava	5	3
Mr. Dai Watanabe	5	4

c) Terms of Reference of the NRC

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
2. Evaluate the balance of skills, knowledge and experience of an Independent Director for appointment on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
   a. Use the services of an external agencies, if required;
   b. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
   c. Consider the time commitments of the candidates.
3. Formulation of criteria for evaluation of Independent Directors and the Board.
4. Devising a policy on Board diversity.
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
7. To extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
8. To oversee the functioning/ execution of the Escorts Kubota Limited General Employee Benefit Scheme, 2024 ("Scheme") including but not limited to alter/ change/ modify/ approve the terms & conditions of the scheme and/ or benefits contained in the scheme.

d) Performance evaluation for Directors, Board and its Committees

The NRC oversees the annual self-evaluation of the Board including Committee thereof and of Individual Directors. It reviews and discusses all matters pertaining to performance of all Directors including Independent Directors, periodically as may be necessary, on the basis of the detailed performance parameters set forth. The Committee also periodically evaluates the usefulness of such performance parameters and makes necessary amendments.

The NRC has laid down the criteria/ questionnaires for performance evaluation of Board Committees and Directors (including Independent Directors) which is based on certain parameters which, inter–alia, including the following:-

i. Timeliness of circulating Agenda for meetings.

ii. Quality, quantity and timelines of flow of information to the Board.

iii. Opportunity to discuss matters of critical importance, before decisions are made.

iv. Promptness with which Minutes of the meetings are drawn and circulated.

v. Familiarity with the objects, operations and other functions of the Company.

vi. Involvement of Board in strategy evolution and monitoring.

vii. Performance of the Chairperson of the Company including leadership quality.

viii. Overall performance and contribution of directors at meeting.

ix. Overall performance of the Board/ Committee.

x. Director's adherence to high standard of integrity, confidentiality and ethics.

During the year under review, NRC has evaluated the performance of the directors (including Independent Directors), Board and it's committees and Chairman of the Board and found the same satisfactory.

e) Remuneration Policy

In terms of the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, the NRC is responsible for formulating the criteria for determining qualification, positive attribute and independence of directors. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the directors, key managerial personnel, senior management and other employees. The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

In line with this requirement, the Board has adopted the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other Employees and is annexed as **Annexure – B** to the Directors' Report.

V. Details of Remuneration paid during the financial Year ('FY') ended March 31, 2024 to the Directors

i. There was no pecuniary relationships or transaction between the Non-Executive Directors and the Company during FY 2023-24 except sitting fee and commission paid to the Non-Executive Directors as permitted under the Act read with SEBI Listing Regulations and the same is detailed out below.

ii. Criteria for making payments to Non-Executive Directors:- The Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. The sitting fees as decided by the Board is reasonable and sufficient to attract, retain and motivate Independent Directors aligned to the requirement of the Company. However, it is ensured that the amount of such fees does not exceed the amount prescribed by the Central Government from time to time.

Non-Executive Directors can also be paid a commission based on performance of the Company apart from sitting fee.

Further, the shareholders of the Company have approved the payment of commission to Non-Executive Directors in the Annual General Meeting held on July 27, 2019, for a period of five years. Accordingly, Board has approved, for the FY 2023-24, the commission to Non-Executive and Independent Directors subject to 1% of the net profits (calculated in terms of Section 198 of the Act) of the Company.

Mr. Dai Watanabe, Mr. Yasukazu Kamada, Mr. Shiro Watanabe, Mr. Yuji Tomiyama, Mr. Nobushige Ichikawa and Mr. Shingo Hanada Nominee Directors of M/s. Kubota Corporation, have not been paid any sitting fee/ commission during the FY 2023-24. Further, no sitting fee/ commission has been paid to Mr. Kenichiro Toyofuku (Non-Executive-Independent Director) during the FY 2023-24.

Other than the above, no other payments are made to the Non-Executive Directors of the Company apart from sitting fee and commission.

The details of remuneration including fixed component and performance linked incentives, based on the performance criteria to directors:

(₹ in crores)

Name of Directors	Category	Sitting Fee	Commission*	Basic Salary	Allowance & Perquisites	Provident Fund Contribution & Others	Total
Mr. Nikhil Nanda	EPCMD	-	4.00	5.55	2.55	0.36	12.46
Ms. Nitasha Nanda	EPD	-	0.56	1.44	0.80	0.11	2.91
Mr. Seiji Fukuoka	DMD	-	-	0.48	1.41	-	1.89
Mr. Bharat Madan	ED & CFO	-	-	1.10	2.65**	0.13	3.88**
Mr. Hardeep Singh	NENID	0.16	0.15	-	-	-	0.31
Mr. Dai Watanabe	NEND	-	-	-	-	-	-
Mr. Yasukazu Kamada	NEND	-	-	-	-	-	-
Mr. Yuji Tomiyama (Upto February 08, 2024)	NEND	-	-	-	-	-	-
Mr. Shiro Watanbe (Upto February 08, 2024)	NEND	-	-	-	-	-	-
Mr. Nobushige Ichikawa (W.e.f. February 08, 2024)#	NEND	-	-	-	-	-	-
Mr. Shingo Hanada (W.e.f. February 08, 2024) #	NEND	-	-	-	-	-	-
Dr. Sutanu Behuria (Upto July 14, 2023)	NEID	0.02	-	-	-	-	0.02
Mr. Sunil Kant Munjal	NEID	0.09	0.15	-	-	-	0.24
Ms. Tanya Arvind Dubash	NEID	0.07	0.15	-	-	-	0.22
Mr. Harish Narinder Salve	NEID	0.03	0.15	-	-	-	0.18
Mr. Ravindra Chandra Bhargava	NEID	0.08	0.15	-	-	-	0.23
Mr. Kenichiro Toyofuku	NEID	-	-	-	-	-	-
Mr. Vimal Bhandari	NEID	0.15	0.15	-	-	-	0.30
Ms. Reema Nanavaty	NEID	0.07	0.15	-	-	-	0.22
Mr. Manish Sharma	NEID	0.12	0.15	-	-	-	0.27
Dr. Rupinder Singh Sodhi (W.e.f. July 14, 2023)#	NEID	0.10	0.15	-	-	-	0.25
Grand Total		**0.89**	**5.91**	**8.57**	**7.41**	**0.60**	**23.38**

*Commission for FY 2023-24

** Excluding ₹ 1.35 crores towards multi year payment under "Deferred Pay Plan" of the Company.

#Dr. Rupinder Singh Sodhi has been appointed as Non-Executive Independent Director w.e.f. July 14, 2023 and Mr. Nobushige Ichikawa and Mr. Shingo Hanada have been appointed as Non-Executive Nominee Director w.e.f. February 08, 2024.

The tenure of office of the Chairman and Managing Director and Whole-time Director is for a period of five years from their respective date of appointment. The services of said Directors can be terminated as per the terms, not limited to the notice period, approved by the shareholders of the Company read with the policies of the Company, which includes bonus, pension perquisites, etc. In the event of termination of services, they shall be entitled to receive compensation in accordance with the provisions of Section 202 of the Act. Further, no severance fee is payable by the Company to the said Directors on termination of the agreement.

In terms of the Escorts Limited Employee Stock Option Scheme, 2006, No stock options were issued to the directors during the period under review. Further, as on March 31, 2024, 16,630 unvested options have been accelerated on pro rata basis and vested to Mr. Bharat Madan and 19,370 unvested options of Mr. Madan stands cancelled as on March 31, 2024. The vested options are exercisable over a period of 3 years from the date of vesting.

VI. Stakeholders' Relationship Committee (SRC)

a) Composition of the SRC*

As on March 31, 2024, the SRC comprises of following Non-Executive Directors: -

1. Mr. Hardeep Singh – Non-Executive & Non-Independent Director (Chairman)
2. Mr. Vimal Bhandari – Independent Director (Member)
3. Dr. Rupinder Singh Sodhi – Independent Director (Member)

Mr. Arvind Kumar, Company Secretary, acts as Secretary to the SRC.

Mr. Vicky Chauhan is Compliance Officer of the Company under SEBI Listing Regulations.

Chairman of the SRC had attended the last AGM.

*Committee was re-constituted on August 01, 2023, by inducting Dr. Rupinder Singh Sodhi and Dr. Sutanu Behuria has vacated his office.

b) Terms of Reference of SRC

The terms of reference of the committee shall inter-alia include the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.

c) Meetings & Attendance

Four (4) meetings of the SRC were held during the financial year ended March 31, 2024 i.e. on May 09, 2023, August 01, 2023, November 03, 2023 and February 08, 2024.

Name of Member	No. of Meeting	
	Held	Attended
Mr. Hardeep Singh (Chairman)	4	4
Mr. Vimal Bhandari	4	4
Dr. Rupinder Singh Sodhi	4	3*

*Eligible for 3 meetings.
Dr. Sutanu Behuria was eligible for one meeting and attended the same.

d) The details of Complaints received/ resolved

During the period under review, 2,204 complaints were received from investors which were replied/ resolved to the satisfaction of investors except 3 complaints pending as on March 31, 2024 and the same have now been resolved.

e) Pending Share Transfers

No requests for transfer and/ or dematerialization were pending for redressal as on March 31, 2024.

f) Engagement with Investors/ Shareholders

Company's RTA as well as internal team continuously address the grievances and/ or suggestions of investors/ shareholders and the SRC members review the same along with the details of the interactions with the investors/ shareholders on quarterly basis and provide suggestions/ directions, if any, for improving the engagement. Further, SRC members directly engage with investors/ shareholders at the time of general meeting(s).

VII. Risk Management Committee (RMC)

a) Composition of the RMC*

As on March 31, 2024, the RMC comprises of following persons: -

1. Mr. Nikhil Nanda – Chairman & Managing Director (Chairman)
2. Mr. Bharat Madan – Whole-time Director & Chief Financial Officer (Member)
3. Mr. Seiji Fukuoka – Deputy Managing Director (Member)
4. Mr. Kenichiro Toyofuku – Independent Director (Member)
5. Mr. Keisuke Yasue – Chief Officer - Corporate Planning (Member)

Mr. Arvind Kumar, Company Secretary, acts as Secretary to the RMC.

*Dr. Sutanu Behuria has vacated his office w.e.f. July 14, 2023.

b) Terms of Reference of RMC

1. To formulate a detailed risk management policy which shall include:

   A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

2. Measures for risk mitigation including systems and processes for internal control of identified risks.
3. Business continuity plan.
4. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
5. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
6. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
7. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
8. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

   The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

c) Meetings & Attendance

Two (2) meetings of the RMC were held during the financial year ended March 31, 2024 i.e. on July 28, 2023 and January 23, 2024.

Name of Member	No. of Meeting	
	Held	Attended
Mr. Nikhil Nanda (Chairman)	2	2
Mr. Bharat Madan	2	2
Mr. Seiji Fukuoka	2	1
Mr. Kenichiro Toyofuku	2	1
Mr. Keisuke Yasue	2	2

VIII. Corporate Social Responsibility Committee (CSR)

a) Composition of the CSR

As on March 31, 2024, the CSR comprises of following Directors:

1.	Ms. Nitasha Nanda	–	Whole-time Director (Chairperson)
2.	Mr. Nikhil Nanda	–	Chairman & Managing Director (Member)
3.	Mr. Hardeep Singh	–	Non-Independent Director (Member)
4.	Ms. Tanya Arvind Dubash	–	Independent Director (Member)
5.	Mr. Seiji Fukuoka	–	Deputy Managing Director (Member)
6.	Ms. Reema Nanavaty	–	Independent Director (Member)

Mr. Arvind Kumar, Company Secretary, acts as Secretary to the CSR.

b) Terms of Reference of CSR

1. The CSR committee has been entrusted with the responsibility of formulating and recommending to the Board, CSR Policy indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of CSR Policy, CSR projects and recommending the amount to be spent on CSR activities.
2. Review and oversight the Company's programs, policies, practices and strategy related to ESG including:
   a) Climate change
   b) Sustainable sourcing
   c) Water conservation and management
   d) Energy Consumption
   e) Waste disposal
   f) GHG reduction
3. Set appropriate Environmental, Social and Governance (ESG) goals and review periodically with respect to emerging trends and standards and accordingly approve for Company's Sustainability Reporting for external reporting.
4. Work in conjunction with the Risk Committee to oversee the identification and mitigation of risks relating to ESG, as well as the identification of opportunities related to ESG matters.
5. Periodically review regulatory, governance, market and other trends pertaining to ESG and accordingly make recommendations to Board in relations to updated requirements.
6. Work and liaise as necessary with all other Board committees.

c) Meetings & Attendance

Four (4) meetings of the CSR were held during the FY ended March 31, 2024 i.e. on May 09, 2023, July 31, 2023, October 06, 2023 and February 08, 2024.

Name of Member	No. of Meeting	
	Held	Attended
Ms. Nitasha Nanda (Chairperson)	4	4
Mr. Nikhil Nanda	4	4
Mr. Hardeep Singh	4	4
Ms. Tanya Arvind Dubash	4	2
Mr. Seiji Fukuoka	4	4
Ms. Reema Nanavaty	4	4

IX. Functional Committee

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

Procedure of Committee Meetings

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

X Particular of Senior Management and Changes Therein

The following are the Senior Management Personnel ("SMP"), effective from April 01, 2024, which shall be from N0 to N1 (as per organization structure of the Company) including functional head(s) based on their role and responsibilities, in accordance with the Policy on Appointment and Removal of Director's and Member of Senior Management read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015:

S. No.	Name of SMP	Designation
1.	Mr. Neeraj Mehra	Chief Officer – Tractor Business Division
2.	Mr. Yuki Amano	Chief Officer – Tractor Business Division
3.	Mr. Rajan Chugh	Chief Officer – Agri Solutions Business Division
4.	Mr. Dhiraj Tiwary	Chief Officer – Service & Spare Parts Business Division
5.	Mr. Sanjeev Bajaj	Chief Officer – Construction Equipment Business Division
6.	Mr. Ankur Dev	Chief Officer – Railway Equipment Business Division
7.	Mr. Hisashi Tsukatani	Chief Officer – Research & Development Division
8.	Mr. Kenji Ennyu	Chief Officer – Operation Division
9.	Mr. Bundo Ryo	Chief Officer – Quality Assurance Division
10.	Mr. Keisuke Yasue	Chief Officer – Corporate Planning Division
11.	Mr. Amit Singhal	Chief Officer – Human Resources & General Affairs Division

The following are changes in senior management personnel during the year:

S. No.	Name of Senior Management Personnel	Designation	Particulars of Change
1.	Mr. Rajiv Wahi	Head – International Sales & Service	Retired w.e.f. August 31, 2023, as per the Company's Policy
2.	Mr. Sharad Kumar Gupta	Head - Corporate Communication	Resigned w.e.f. October 29, 2023
3.	Mr. Takahiro Fumoto	Coordinator - Quality Control - Operation Division	Appointed w.e.f. November 01, 2023
4.	Mr. Yoshiaki Fujii	Head of Product Management, Channel Excellence and Training Department of Agri Machinery Business Division	Appointed w.e.f. November 01, 2023
5.	Mr. Satkar Singh Grewal	Associate Vice President & Head – Logistics Department	Resigned w.e.f. December 31, 2023
6.	Mr. Harish Lalchandani	Chief Officer – Agri Machinery Business Division	Resigned w.e.f. February 28, 2024
7.	Mr. Satyendra Chauhan*	Company Secretary and Compliance officer	Resigned w.e.f. February 29, 2024
8.	Mr. Arvind Kumar	Company Secretary	Appointed as Company Secretary & Key Managerial Personnel w.e.f. March 01, 2024

*Designated as Key Managerial Personnel (KMP).

XI. General Body Meetings

a) Annual General Meetings

The venue, date and time of the Annual General Meetings held during the preceding three years and the special resolution(s) passed thereat were as under:

Financial Year	Date	Time	Location	No. of Special Resolutions Passed at AGM
2022-23	July 14, 2023	12:00 Noon	Through Video Conferencing/ Other Audio-Visual Means. Deemed Venue was the registered office of the Company	One
2021-22	July 14, 2022	12:00 Noon	Through Video Conferencing/ Other Audio-Visual Means. Deemed Venue was the registered office of the Company	Eight
2020-21	July 27, 2021	12:00 Noon	Through Video Conferencing/ Other Audio-Visual Means. Deemed Venue was the registered office of the Company	One

b) Extraordinary General Meetings

No Extraordinary General Meeting was held during the three years preceding the financial years 2023-24.

c) NCLT Convened Meetings

As per the directions of the National Company Law Tribunal (NCLT), Chandigarh Bench vide its order dated October 16, 2023, the meetings of the shareholders and creditors of the Company were held on December 02, 2023 to approve the scheme of amalgamation of Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited with the Company, under Sections 230 to 232.

The aforesaid scheme was approved by shareholders as well as creditors with requisite majority in their respective meetings.

d) Special Resolution(s) passed through Postal Ballot

One (1) Special Resolution was passed during the year under review through the exercise of postal ballot:

S. No.	Postal Ballot Notice	Particulars of Special Resolution	Details of Voting	
			Votes casted in favor	Votes casted against
1	March 15, 2023*	To approve the appointment and remuneration of Mr. Bharat Madan (DIN: 00944660) as Whole-time Director and designated as Whole-time Director and Chief Financial Officer of the Company	99.9754%	0.0246%

*Passed on April 20, 2023.

Mr. Jayant Gupta was appointed as Scrutinizer to conduct the postal ballot process.

e) Procedure for Postal Ballot

The postal ballot was carried out as per the applicable provisions of the Act read with the relevant rules and circulars issued by the Ministry of Corporate Affairs.

None of the business proposed to be conducted require passing a special resolution through the Postal Ballot.

XII. Means of Communication

The Company has been sending Annual Report, Notices and other communications to each shareholder through e-mail, post and/ or courier. However, in accordance with circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) Notice and Annual Report for FY 2022-23 and Postal Ballot Notice(s) during the FY 2023-24 were sent to the shareholders only through e-mail. Further, in terms of Circulars of the MCA and SEBI, the Notice and Annual Report for the FY 2023-24 are also being sent through e-mail only. Notice and Annual Report shall also be available on the website of the Company at www.escortskubota.com/investors/overview.html.

The quarterly/ annual results of the Company as per the requirement of SEBI Listing Regulations, are generally published in the Economic Times (English), Financial Express (English), Mint (English), Rashtriya Sahara (Hindi). Quarterly and Financial Results, along with segment reporting, if any, and quarterly shareholding pattern are posted on the Company's website at www.escortskubota.com and intimated to stock exchanges.

The presentation made to analysts and others including official news release are also posted on the Company's website and intimated to stock exchanges. All periodical and other fillings including the price sensitive information, press release etc. are filled electronically through NSE Electronic Application Processing System (NEAPS), BSE Corporate Compliance and Listing Centre (BSE Listing Centre) and are updated on the Company's website. Investor Complaints are redressed through SEBI Complaints Redressal System (SCORES) and updated on the Company's website.

XIII. General Shareholder Information

a) Annual General Meeting to be held:-

Date	Thursday, July 18, 2024
Time	12:00 Noon (Indian Standard Time)
Venue	Video Conferencing as set out in the Notice convening the meeting. Deemed Venue will be the Registered Office of the Company.

b) Financial Calendar

The financial year is April 1st to March 31st every year and for the FY 2024-25, the financial results are proposed to be declared as per the following tentative schedule:

Particulars	Schedule/ Tentative Date
Financial results for Quarter ended June 30, 2024	First fortnight of August 2024
Financial results for Quarter ended September 30, 2024	First fortnight of November 2024
Financial results for Quarter ended December 31, 2024	First fortnight of February 2025
Financial results for Quarter/ Year ended March 31, 2025	First fortnight of May 2025
Annual General Meeting for the FY ending March, 2025	July/ August 2025.

c) Cut-off Date for e-voting

July 11, 2024 has been fixed as the cut-off date to record entitlement of the shareholders to cast their vote electronically in the forthcoming AGM.

d) Book Closure

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, July 06, 2024 to Thursday, July 18, 2024 (both days inclusive) for the purpose of payment of Dividend for the FY 2023-24 and for the purpose of the 78th AGM.

e) Dividend Payment Date

1. The Board of Directors of the Company have recommended dividend **@ 180% per share of Face Value of ₹ 10/- each** (i.e. ₹ 18.00 per share), payable on all outstanding shares, for the FY ended March 31, 2024, subject to the approval of the shareholders in the forthcoming AGM.
2. The dividend, if declared at the AGM, would be paid/ dispatched within 30 days from the date of declaration to those persons or their mandates:-
   a) whose names appear as beneficial owners as at the end of the business hours on July 05, 2024 in the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode and;
   b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transmission/ transposition in physical form lodged with the Company on or before July 05, 2024.

3. The dividend amount shall be credited in the shareholder's bank account directly through NECS. Alternatively, Physical Warrant/ Demand Draft shall be posted to the shareholders at their registered address available with the Depository/ Company, subject to the compliance of SEBI Master Circular for RTA dated May 07, 2024.

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

Dividend Payment History for Ten Years

Year	Rate	Date of Payment
2013-14	6% (Final)	September 29, 2014
2014-15	12%	September 28, 2015
2015-16	12%	September 29, 2016
2016-17	15%	September 29, 2017
2017-18	20%	September 24, 2018
2018-19	25%	August 05, 2019
2019-20	25%	September 04, 2020
2020-21	75%	August 09, 2021
2021-22	70%	July 18, 2022
2022-23	70%	July 18, 2023
2023-24	180%	To be paid within 30 days from the date of declaration of dividend

f) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

Name and Address of the Stock Exchange	Stock Code
National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai – 400051	ESCORTS
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	500495

The Company is up to date on the payment of its annual listing fees and has paid annual listing fees for the FY 2024-25 to Stock Exchanges.

g) Market Price Data – high & low during each month in the last FY relating to the Equity Shares and performance of the share price in comparison to BSE Sensex and S&P CNX Nifty

Month	BSE		Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2023	2,008.00	1,831.55	61,209.46	58,793.08
May, 2023	2,191.00	1,965.05	63,036.12	61,002.17
June, 2023	2,260.00	2,112.00	64,768.58	62,359.14
July, 2023	2,580.00	2,193.05	67,619.17	64,836.16
August, 2023	3,344.00	2,472.80	66,658.12	64,723.63
September, 2023	3,343.00	3,025.75	67,927.23	64,818.37
October, 2023	3,435.20	3,031.00	66,592.16	63,092.98
November, 2023	3,291.65	3,015.55	67,069.89	63,550.46
December, 2023	3,283.75	2,926.00	72,484.34	67,149.07
January, 2024	3,057.25	2,794.00	73,427.59	70,001.60
February, 2024	3,040.25	2,647.45	73,413.93	70,809.84
March, 2024	2,967.45	2,670.75	74,245.17	71,674.42

Month	NSE		Nifty 50	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2023	2,010.00	1,831.50	18,089.15	17,312.75
May, 2023	2,191.00	1,964.15	18,662.45	18,042.40
June, 2023	2,259.90	2,111.85	19,201.70	18,464.55
July, 2023	2,581.00	2,192.00	19,991.85	19,234.40
August, 2023	3,343.85	2,470.25	19,795.60	19,223.65
September, 2023	3,343.00	3,026.00	20,222.45	19,255.70
October, 2023	3,440.15	3,031.10	19,849.75	18,837.85
November, 2023	3,293.15	3,011.55	20,158.70	18,973.70
December, 2023	3,284.60	2,924.50	21,801.45	20,183.70
January, 2024	3,058.80	2,790.00	22,124.15	21,137.20
February, 2024	3,045.00	2,648.40	22,297.50	21,530.20
March, 2024	2,966.35	2,670.55	22,526.60	21,710.20

h) Registrar and Share Transfer Agent (RTA)

KFin Technologies Limited
Unit :- Escorts Kubota Limited
Selenium Building, Tower – B, Plot No. 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad, Rangareddy, Telangana – 500032
Toll Free Number: 1800 309 4001
WhatsApp No.: +91- 910 009 4099
einward.ris@kfintech.com | www.kfintech.com | http://ris.kfintech.com

i) Share Transfer System

1. The Company has appointed KFin Technologies Limited ("KFin") as its Registrar and Share Transfer Agent (RTA). The share transfer work in both physical as well as electronic mode has been carried on by KFin. The authority relating to share transfer has been delegated to RTA. The Stakeholder's Relationship Committee of the Company take note of the transfer, transmission, remat, demat, split & consolidation of share certificates etc. periodically.
2. The RTA ensures the approval of share transfer/ transmission/ splitting and consolidation of valid request within a period of 15 days from their receipt and also processing of valid demat request within a week.
3. In terms of Regulation 40 of the SEBI Listing Regulations, no transfer of shares in physical mode is permitted. However, the transmission or transposition of securities held in physical or dematerialized form shall be effective only in dematerialized form.

j) Investors Communication

All enquiries relating to transfer, transmission, transposition, demat, remat, split, consolidation, nomination, change of address and payment of dividend can be addressed to RTA i.e. KFin Technologies Limited or e-mail: einward.ris@kfintech.com or sent by post at Selenium Building, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana – 500032.

k) Nomination Facility

Shareholders can file their nominations against shares held under physical mode as well as electronic mode. The facility of nomination is not available to non-individual shareholders such as societies, trusts, body corporate, karta of hindu undivided families and holders of powers of attorney. The shareholders, who are holding shares in physical form and wish to avail this facility, may send prescribed Nomination Form SH-13 duly filled and signed to RTA.

l) Distribution of Equity Shareholding as on March 31, 2024

S. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1 - 5000	1,36,968	97.40	69,42,022	6.28
2	5001 - 10000	2,114	1.50	15,69,401	1.42
3	10001 - 20000	839	0.60	12,23,986	1.11
4	20001 - 30000	213	0.15	5,39,284	0.49
5	30001 - 40000	113	0.08	3,97,819	0.36
6	40001 - 50000	90	0.06	4,21,536	0.38
7	50001 - 100000	126	0.09	8,96,326	0.81
8	100001 and above	166	0.12	9,85,07,887	89.15
	Total	**1,40,629**	**100.00**	**11,04,98,261**	**100.00**

m) Dematerialization of Shares and Liquidity

The Company's shares are available for dematerialization with both the Depositories i.e. NSDL and CDSL. Total 10,97,89,855 equity shares of the Company, as detailed below, have been dematerialized till March 31, 2024. Trading in Equity Shares of the Company is permitted only in dematerialized form as per the notification issued by the SEBI. Further, The Company's shares are regularly traded on BSE and NSE and never suspended from trading.

ISIN :- INE042A01014

S. No.	Dematerialization of shares as on March 31, 2024		
	Mode of holding	**No. of shares**	**%**
1.	NSDL	10,57,98,592	95.75
2.	CDSL	39,91,263	3.61
3.	Physical	7,08,406	0.64
	Total	**11,04,98,261**	**100.00**

During the period under review, trading volumes at both Stock Exchanges, are as follows:

Month	BSE Limited		National Stock Exchange of India Limited	
	No. of Shares	**Value (₹ in crores)**	**No. of Shares**	**Value (₹ in crores)**
April, 2023	1,86,828	36.30	59,25,090	1,149.86
May, 2023	2,61,963	54.19	57,89,500	1,199.92
June, 2023	2,61,488	57.29	56,12,478	1,229.86
July, 2023	2,42,611	56.91	61,10,372	1,437.91
August, 2023	6,87,164	194.44	1,46,66,739	4,187.23
September, 2023	2,41,686	76.03	78,47,190	2,481.15
October, 2023	2,88,219	93.60	82,55,541	2,689.89
November, 2023	1,34,651	42.58	67,69,343	2,133.90
December, 2023	2,71,070	83.16	63,95,281	1,987.74
January, 2024	3,32,414	96.34	72,67,984	2,104.93
February, 2024	1,95,223	55.91	71,07,202	2,018.28
March, 2024	75,889	21.24	34,02,464	954.00
Total	**31,79,206**	**868.00**	**8,51,49,184**	**23,574.66**

n) Outstanding GDRs/ ADRs/ Warrants/ Convertible Instrument/ Stock Options and likely impact on equity

There are no outstanding GDRs/ ADRs/ Warrants/ Convertible Instrument for conversion into equity shares. Further, for the stock options outstanding as on March 31, 2024, out of the options granted to the employees, please refer note 38 of the Standalone Financial Statement. Each stock option, upon exercise of the same, would be transferred as one equity share of ₹ 10/- each fully paid-up to the respective employee from the Escorts Employees Benefit and Welfare Trust. These options vest in four tranches after one year from date of grant as mentioned in the Letter of Grant and can be exercised during a period of three years or such extended period as the Nomination, Remuneration & Compensation Committee may decide. The options unexercised during the exercise period would be lapsed. Further, there would be no impact on the paid-up equity capital of the Company.

Further, the Board at its meeting held on March 14, 2024 approved the acceleration of 1,16,640 unvested shares, on a pro rata basis, to the eligible employees and 80,549 unvested options stands cancelled as on March 31, 2024. The other details pertaining to the above are provided in note 38 of the Notes to Accounts of Standalone Financial Statement of the Company.

o) Commodity price risk or foreign exchange risk and hedging activities

The details of foreign currency exposure and hedging are disclosed in Note 35 to the Standalone Financial Statement and Note 34 of Consolidated Financial Statement.

p) Plant locations

The Company has its manufacturing plants at the following locations:

1. Plot No. 18/4, Mathura Road, Faridabad - 121007, Haryana
2. Plot No. 15/5, Mathura Road, Faridabad - 121003, Haryana
3. Plot No. 2, Sector 13, Faridabad - 121007, Haryana
4. Plot No. 3, Sector 13, Faridabad - 121007, Haryana
5. Plot No. 114-115, Sector 24, Faridabad - 121005, Haryana
6. Plot No. 219, Sector – 58, Ballabhgarh, Faridabad – 121004, Haryana

The Company has its training center at Ramakrishnapura, Chandapura - Anekal Road, Chandapura, Post Bangalore - 560099, Karnataka.

Please refer to page no. 219 for no. of all locations including regional offices of the Company and its subsidiaries.

q) Address for Correspondence and Registered Office

Company Secretary

Escorts Kubota Limited

CIN: L74899HR1944PLC039088

15/5, Mathura Road, Faridabad – 121003, Haryana

Tel.: 0129 – 2250222

E-mail: corp.secretarial@escortskubota.com

Website: www.escortskubota.com

r) Credit Ratings

The details of the Credit Ratings of the Company are provided in the Directors' Report.

s) Prevention of Insider Trading

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 2015, as amended, the Company has instituted a comprehensive Code of Conduct for prevention of insider trading, in the Company's shares and code of practice and procedure for fair disclosure of unpublished price sensitive information.

t) Subsidiary Companies

The Company review the performance of its subsidiary Companies, inter-alia, by the following means:

1. The financial statements, including the investments made by subsidiary companies, are reviewed by the Audit Committee of the Company.
2. The Minutes of the Board Meetings/ Committee Meetings of the subsidiary companies are noted at the Board Meetings/ Committee Meetings respectively of the Company.
3. The details of significant transactions and arrangements entered in to by subsidiary companies are placed periodically before the Board of the Company.
4. Utilization of loan/ advances given, or investment made in subsidiary company, exceeding ₹ 100 crores or 10% of asset size of subsidiary, whichever is lower is reviewed periodically by the Audit Committee of the Company.
5. Since, the Company does not have any material subsidiary, hence it is not required to nominate

an Independent Director of the Company on the Board of material subsidiary. Further, the disclosure pertaining to the date of incorporation, date of appointment and name of statutory auditor of material subsidiary is not applicable.

XIV. Disclosures

a) There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.

All the related party transactions (RPTs) entered, during the FY ended on March 31, 2024, were as per the "Policy on Materiality of Related Party Transactions and dealing with Related Parties".

b) There has been no Instances of non-compliance by the Company on any matter related to capital markets, during the last three years and hence, no penalties or strictures was imposed by Stock Exchanges or SEBI or any Statutory Authority.

c) To maintain high level of legal, ethical, and moral standard and to provide gateway for employees to voice concern in a reasonable and effective manner about serious malpractice, abuse, or wrongdoing within the organization, the Company has Whistle Blower Policy and has established vigil mechanism system and we affirm that, during the year under review, no personnel have been denied access to the Chairman of the Audit Committee. The mechanism has been communicated to all concern and posted on the Company's website at www.escortskubota.com.

d) The Company has complied with the mandatory requirement of the SEBI Listing Regulations. Further, the Company has also put its best endeavor to comply with non-mandatory requirement(s).

e) Policy for determining 'Material Subsidiaries'

The Policy for determining Material Subsidiaries is available on the website of the Company and the weblink for the same is https://www.escortskubota.com/investors/governance.html.

f) Policy on dealing with Related Party Transactions

The Policy on dealing with Related Party Transactions is available on the website of the Company and the weblink for the same is https://www.escortskubota.com/investors/governance.html.

g) The Company has complied with all the compliances given under Regulations 17 to 27 and Regulations 46(2)(b) to 46(2)(i) of the SEBI Listing Regulations.

h) Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account: As per Schedule V read with Schedule VI, Regulations 34(3) and 39(4) of the SEBI Listing Regulations, the details in respect of equity shares lying in the suspense/ escrow account are as under :-

Particulars	Number of shareholders	Number of equity shares held
Aggregate number of shareholders and outstanding shares in the suspense/ escrow account (maintained with NSDL & CDSL) lying as on April 01, 2023	Nil	Nil
Number of shareholders who approached the Company for transfer of shares from suspense/ escrow account during the year	Nil	Nil
Number of shareholders to whom shares were transferred from suspense/ escrow account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense/ escrow account (maintained with NSDL & CDSL) lying as on March 31, 2024	Nil	Nil

The Voting Right on the shares outstanding in the aforesaid suspense account as on March 31, 2024, if any, shall remain frozen till the rightful owner of such shares claim the shares. There were no unclaimed equity shares issued in physical form.

i) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI Listing Regulations: Refer Director's Report for the information.

j) The Board has accepted all the recommendations of the Board Committee(s) which are mandatorily required in relevant financial year.

k) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

S. No.	Particulars	No.
a.	Number of complaints filed during the financial year	6
b.	Number of complaints disposed of during the financial year	7*
c.	Number of complaints pending as on end of the financial year	Nil

*1 complaint was received on March 23, 2023, and the same was concluded in the financial year 2023-24

l) The details of fee paid by the Company and its subsidiaries for the financial year ended March 31, 2024, on a consolidated basis, to M/s. Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors of the Company and to all entities in the network firm/ network entity of which the Statutory Auditors of the Company is a part, are as follows:

(₹ in crores)

Particulars	Amount* (without Tax)
Audit Fee	1.30
Certification Fees	0.05
Total fee	**1.35**

*excluding reimbursement of out of pocket expenses

m) Details of Loan and advances in the nature of Loan to firm/ companies in which directors are interested are as follows: -

(₹ in crores)

S. No.	Particulars	Amount in ₹
1.	Given by the Company	
	Name of the Firm/ Companies in which directors are interested	
	Adico Escorts Agri Equipment Private Limited	1.00
2.	Given by subsidiary company of the Company	
	Name of the Firm/ Companies in which directors are interested	-

n) There has been no instance of non-compliance of any requirement of Corporate Governance Report as prescribed under SEBI Listing Regulations.

o) Details of top 10 shareholders of the Company as at end of each quarter and as well as year ended March 31, 2024 are available on the website at https://www.escortskubota.com/investors/governance.html.

p) Details of agreements as specified under Clause 5A of Para A of Part A of Schedule III of SEBI Listing Regulations: Refer Director's Report for the information.

XV. Adoption of Non-Mandatory Requirements as stipulated in Part E of Schedule II of SEBI Listing Regulations

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

S No.	Non-Mandatory Provisions	Status
1.	Maintenance of Non-Executive Chairman's Office	Not applicable as Chairman is Executive and also holding the position of Managing Director of the Company.
2.	Shareholders' rights: Half-yearly financial performance and summary of significant events may be sent to each household of shareholders.	The said information is available on Company's website.
3.	Audit qualifications: The Company may move towards the regime of unqualified financial statements.	Adopted
4.	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

XVI. Certificate on Corporate Governance

Pursuant to Schedule V of the SEBI Listing Regulations, the Certificate from Practicing Company Secretary on Corporate Governance is annexed hereinafter.

For and on behalf of the Board of Directors

Sd/-
Nikhil Nanda
Chairman & Managing Director

Sd/-
Seiji Fukuoka
Deputy Managing Director

Place: Faridabad
Date: May 09, 2024

Declaration on Compliance with Code of Conduct

To,
The Members of Escorts Kubota Limited

Sub: Declaration by the Chairman and Managing Director under Para-D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Nikhil Nanda, Chairman and Managing Director of the Company, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the Financial Year ended March 31, 2024.

Sd/-
NIKHIL NANDA
Chairman & Managing Director

Place: Faridabad
Date: May 09, 2024

CEO / CFO Certification

To,
The Board of Directors
Escorts Kubota Limited

Dear Sir,

We, Nikhil Nanda, Chairman and Managing Director and Bharat Madan, Whole-time Director and Chief Financial Officer, certify to the Board of Directors that:

A. We have reviewed financial statements (Standalone and Consolidated) and the cash flow statement of Escorts Kubota Limited for the financial year ended March 31, 2024 and to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statement(s) that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transaction(s) entered into by the Company during the financial year which are fraudulent, illegal or violate the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   i. significant changes in internal control over financial reporting during the financial year;

   ii. significant changes in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
BHARAT MADAN
Whole-time Director and Chief Financial Officer

Sd/-
NIKHIL NANDA
Chairman & Managing Director

Place: Faridabad
Dated: May 09, 2024

Certificate on Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members
ESCORTS KUBOTA LIMITED
15/5, Mathura Road,
Faridabad – 121003, Haryana

1. This report contains details of compliance of conditions of corporate governance by Escorts Kubota Limited (hereinafter called "the Company"/"EKL") for the year ended March 31, 2024, as stipulated in Regulations 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the BSE Limited and the National Stock Exchange of India Limited (collectively referred to as the 'Stock Exchanges').

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance with the terms and conditions contained in the Corporate Governance, including the preparation and maintenance of all relevant supporting records and documents, is the responsibility of the management of the Company.

Practicing Company Secretary's Responsibility

3. The examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

4. Pursuant to the requirements of the Listing Regulations, it is my responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2024.

Opinion

5. In my opinion, and to the best of my information and according to explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

Restriction on use

7. The certificate is addressed and provided to the Members of the Company solely for the purpose to enable the Company to comply with the requirements of the Listing Regulations, and the same shall not be used by any other person or for any other purpose. Accordingly, I do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without my prior consent in writing.

For **Jayant Gupta and Associates**

Sd/-
(Jayant Gupta)
Practicing Company Secretary
FCS : 7288
CP : 9738
PR : 759/2020
UDIN : F007288F000342403

Place : New Delhi
Date : May 09, 2024

Annexure – E
to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company:

Objective:

The main objective of CSR Policy is to lay down guidelines for the Company to make CSR a key business process for sustainable development of the society. It aims at enhancing welfare measures of the society based on the immediate and long-term social and environmental consequences of its activities.

Review Mechanism:

The CSR Committee and the Board of Directors of the Company will monitor/ review the CSR implementation every year.

The Company shall include in its Annual Report the CSR activities/ project undertaken by the Company including the progress thereof.

The CSR Committee may require Project Appraisal of its CSR projects to be carried out by External Agencies/ Third Party Agency, if required.

Utilisation Certificate along with statement of expenditure duly certified will be obtained by the organisation/ Institution to whom CSR fund is allocated.

To undertake the above activities Committee may delegate the power of execution to persons/ officers of the Company.

2. Composition of CSR Committee

The composition of the CSR Committee as on March 31, 2024 is as under:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Nitasha Nanda	Chairperson, Whole-time Director	4	4
2	Mr. Nikhil Nanda	Member, Chairman & Managing Director	4	4
3	Mr. Hardeep Singh	Member, Non-Executive Director	4	4
4	Ms. Tanya Arvind Dubash	Member, Independent Director	4	2
5	Mr. Seiji Fukuoka	Member, Deputy Managing Director	4	4
6	Ms. Reema Nanavaty	Member, Independent Director	4	4

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

(a) Composition of CSR Committee: https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/Composition-of-various-committees-of-the--Board.pdf

(b) CSR Policy: https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/CSR-Policy-aug22.pdf

(c) CSR Projects: https://www.escortskubota.com/investors/governance.html

4. Executive Summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

https://www.escortskubota.com/images/pdf/Impact-Assessment-Report.pdf

5.

(a) Average net profit of the Company as per section 135(5): ₹ 885.09 crores

(b) Two percent of average net profit of the Company as per section 135(5): ₹ 17.70 crores

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(d) Amount required to be set off for the financial year, if any: NIL

(e) Total CSR obligation for the financial year (2023-2024) (b+c-d): ₹ 17.70 crores

6. (a) Amount spent on CSR Projects (both Ongoing Project and Other): ₹ 17.61 crores. In addition, ₹ 23.27 crores has been spent for the previous financial year, details of which given in point no. 7 below.

(b) Amount spent in Administration Overheads: ₹ 0.09 crores

(c) Amount spent on Impact Assessment, if applicable: ₹ 0.02 crores

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 17.72 crores

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year.	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 17.72 crores	Not Applicable	Not Applicable	NA	NA	NA

(f) Excess amount for set-off, if any: ₹ 0.02 crores

S. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent average net profit of the company as per sub-section (5) of section 135	₹ 17.70 crores
(ii)	Total amount spent for the Financial Year	₹ 17.72 crores
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹ 0.02 crores
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹ 0.02 crores

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in Rs)	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any section 135(6), if any		Amount remaining to be spent in succeeding Financial Years. (in ₹)	Deficiency, if any
					Amount (in ₹).	Date of transfer		
1.	2020-21	8,50,00,000	1,25,00,000	1,25,00,000	-	-	0	-
2.	2021-22	8,92,00,000	8,92,00,000	8,92,00,000	-	-	0	-
3.	2022-23	13,10,00,000	13,10,00,000	13,10,00,000	-	-	0	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes

If Yes, enter the number of Capital assets created/ acquired: The details of capital assets are provided below

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial year:2023-24

S. No.	Short particulars of the property of asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (in crores)	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
1.	**Escorts Advance Farming Institute Project** **Building** Complete Address and Location: EKL CSR Foundation- Dhand Road, next to Bharat Petrol Pump Village Kamoda, Tehsil Pehowa, Distt-Kurukshetra-136119, Haryana.	136119	March 31, 2024	14.16	CSR00001566	EKL CSR Foundation	Regd office address of the entity: 15/5, Mathura Road Faridabad
	Training Equipment such as: 1 Tractor ATOM 26 (4X4) 4WD Engine no. A-93674/Chasis No. T052627130LM, 1 Happy Seeder Triple Action with Multi Box 10 Tine, 1 Rotaridger KARC5 Sr.No.MHF0079 (Kunal Agrotech), 1 HQ650 D H Agricultural Power Triller Make "HONDA" Complete Address and Location: Escorts Training and Development Centre- Ramakrishnapura Anekal Road, Chandapera post, Bangalore-560081	560081	May 17, 2023 to October 17, 2023	0.11			
	1 High Back Revolving Chair and 1 Tractor "Powertrac "Euro 60 4WD "Engine No.E3762949/Chasis No. T053672111FM" Complete Address and Location: EKL CSR Foundation- Dhand Road, next to Bharat Petrol Pump Village Kamoda, Tehsil Pehowa, Distt-Kurukshetra-136119, Haryana.	136119	May 31, 2023 and October 23, 2023	0.10			
	1 Intercultivator KK-IC400D Power Weeder, 1- 24-Blade Single Speed Rotavator, 1-3-Ton 2-Wheel Tripping Trailor with Spring, 1 Maschio Mulcher 6ft.(Terminator 180) Complete Address and Location: Escorts Training and Development Centre- Ramakrishnapura Anekal Road, Chandapera post, Bangalore-560081	560081	November 09, 2023 to January 06, 2024	0.05			

S. No.	Short particulars of the property of asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (in crores)	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
	1 Disc Harrow (Pipe Fra, me 24"x10Kg Carbon Steel), 1 Disc Ridger 926" x165 Kg, 1 Sub Soiler Heavy Duty 1-Arm Sr.No.D110005132, 1 Cultivator (Spring Triller 13 Tyne) Sr.No 020072971, 1 Happy Seeder National, 1 Rotavator 8'x54 Blade "Shaktiman", 1 laser Land Leveler 8 Feet with T & D 1500T (LL022024595), 1 Tractor -FT-ATOM 26 Chasis No. T054008519KN/Eng.No. B15546, 1 Mulcher (Terminator200C MEC BL 10MAS+PTO (Sr.No MII5T0335), 1 Paddy Rice Transplanter Complete Address and Location: EKL CSR Foundation- Dhand Road, next to Bharat Petrol Pump Village Kamoda, Tehsil Pehowa, Distt-Kurukshetra-136119, Haryana.	136119	March 06, 2024 to March 31, 2024	0.29			
	Office Equipment such as: 1 Printer HP Smart Tank and 10 Plastic chairs Complete Address and Location: EKL CSR Foundation- Dhand Road, next to Bharat Petrol Pump Village Kamoda, Tehsil Pehowa, Distt-Kurukshetra-136119, Haryana.	136119	October 23, 2023 and February 26, 2024	0.0056			

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5). – NA

For and on behalf of the Board of Directors and CSR Committee

Sd/-
Nikhil Nanda
Chairman and Managing Director
DIN: 00043432

Sd/-
Nitasha Nanda
Chairperson of CSR Committee
DIN: 00032660

Annexure – F

to the Directors' Report

Form No. AOC-2

{Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014}

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	Nil
(b)	Nature of contracts/ arrangements/ transactions	Nil
(c)	Duration of the contracts/ arrangements/ transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e)	Justification for entering into such contracts or arrangements or transactions	Nil
(f)	Date(s) of approval by the Board	Nil
(g)	Amount paid as advances, if any:	Nil
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	Nil

2. Details of material contracts or arrangements or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	Nil
(b)	Nature of contracts/ arrangements/ transactions	Nil
(c)	Duration of the contracts/ arrangements/ transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Nil
(e)	Date(s) of approval by the Board, if any:	Nil
(f)	Amount paid as advances, if any:	Nil

For and on behalf of the Board of Directors

Sd/-
NIKHIL NANDA
Chairman & Managing Director

Sd/-
SEIJI FUKUOKA
Deputy Managing Director

Place: Faridabad
Dated: May 09, 2024

Annexure – G

to the Directors' Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

(For the Financial Year ended March 31, 2024)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ESCORTS KUBOTA LIMITED
15/5, Mathura Road,
Faridabad – 121003, Haryana

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Escorts Kubota Limited** (hereinafter called "the Company"/"EKL"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the **Financial Year ended March 31, 2024,** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2024 according to the provisions of:

I. The Companies Act, 2013 ('the Act') and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during the Audit Period);**

(g) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);** and

(h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VI. I further report that, having regard to the compliance system prevailing in the Company and based on the representation made by the management of the Company and on examination of the relevant documents

and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

(a) The Motor Vehicles Act, 1988 and the Rules made thereunder;

(b) The Petroleum Act, 1934 and the Rules made thereunder.

I have also examined compliance with the applicable clauses of the Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India;

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (or with requisite compliances for holding of a Board Meeting at a shorter notice in case of urgency, if applicable), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. As per the minutes of meetings duly recorded and signed by the Chairman, the majority of the decisions of the Board were carried through unanimously. The dissenting members' views, if any, were recorded as part of the minutes.

I further report that, based on the information provided and the representation made by the Company and also on the review of compliance reports / certificates taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period under review:

1. The Scheme of Capital Reduction of the Company for cancelling and extinguishing 2,14,42,343 (Two Crore Fourteen Lacs Forty Two Thousand Three Hundred and Forty Three) issued, subscribed and paid-up equity share capital of the Company of ₹ 10 (Indian Rupees Ten only) each, held by the Escorts Benefit and Welfare Trust ("Trust"), without payment of any consideration to the aforesaid Trust, was approved by the Hon'ble NCLT Bench, Chandigarh ("NCLT") vide its order dated May 25, 2023. Certified copy of the NCLT order was received by the Company on May 29, 2023 and became effective from July 29, 2023.
2. The Company paid final dividend of ₹ 7/- (Rupees Seven only) per equity share.
3. At the Board Meeting held on September 20, 2023, the Board approved incorporation of a Wholly Owned Subsidiary for carrying Non-Banking Financial Company activities and approved investment in its securities aggregating upto ₹ 200 crores.
4. The composite scheme of amalgamation amongst the Company, Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited, and their respective shareholders and creditors was approved by the shareholders and unsecured creditors of the respective companies at the meetings of the Equity Shareholders and Unsecured Creditors these companies, convened by the NCLT on December 02, 2023.
5. Mr. Satyendra Chauhan ceased to be the Company Secretary and Compliance Officer w.e.f. February 29, 2024 upon resignation and Mr. Arvind Kumar was appointed as Company Secretary in his place.

This report is to be read with my letter of even date which is annexed as Annexure and forms integral part of this report.

For **Jayant Gupta and Associates**

Sd/-
Jayant Gupta
Practicing Company Secretary
FCS : 7288
CP : 9738
PR No.: 759/2020
UDIN: F007288F000342414

Place : New Delhi
Date : May 09, 2024

Annexure to Secretarial Audit Report of Escorts Kubota Limited for financial year ended March 31, 2024

The Members,
ESCORTS KUBOTA LIMITED

Management Responsibility for Compliances

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have relied upon the books, records and documents made available by the Company to us through electronic means and in digital format.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Jayant Gupta and Associates**

Sd/-
Jayant Gupta
Practicing Company Secretary
FCS : 7288
CP : 9738
PR No.: 759/2020
UDIN: F007288F000342414

Place : New Delhi
Date : May 09, 2024

Annexure – H

to the Directors' Report

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(I) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2023-24 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2023-24 are as under:

S. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for FY 2023-24 (₹ in crores)	% Increase in Remuneration in FY 2023-24	Ratio of remuneration of each Director/ to the median remuneration of the employees
1.	Mr. Nikhil Nanda, Chairman and Managing Director	12.46	3.66	124.60
2.	Ms. Nitasha Nanda, Whole-time Director	2.91	2.11	29.10
3.	Mr. Seiji Fukuoka, Deputy Managing Director	1.89	10.53	18.90
4.	Mr. Bharat Madan, Whole-time Director and Chief Financial Officer	3.88^	11.82^	38.80
5.	Mr. Hardeep Singh, Non-Executive Director	0.31	10.71	3.10
6.	Mr. Dai Watanabe, Non-Executive Director	#	NA#	NA
7.	Mr. Yasukazu Kamada, Non-Executive Director	#	NA#	NA
8.	Mr. Yuji Tomiyama, Non-Executive Director (Upto February 08, 2024)	#	NA#	NA
9.	Mr. Shiro Watanabe, Non-Executive Director (Upto February 08, 2024)	#	NA#	NA
10.	Mr. Nobushige Ichikawa, Non-Executive Director (W.e.f. February 08, 2024)	#	NA#	NA
11.	Mr. Shingo Hanada, Non-Executive Director (W.e.f. February 08, 2024)	#	NA#	NA
12.	Dr. Sutanu Behuria, Independent Director (Upto July 14, 2023)	0.02	***	0.20
13.	Mr. Sunil Kant Munjal, Independent Director	0.24	33.33	2.40
14.	Ms. Tanya Arvind Dubash, Independent Director	0.22	37.50	2.20
15.	Mr. Harish Narinder Salve, Independent Director	0.18	28.57	1.80
16.	Mr. Ravindra Chandra Bhargava, Independent Director	0.23	27.78	2.30
17.	Mr. Kenichiro Toyofuku, Independent Director	@	NA@	NA

S. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for FY 2023-24 (₹ in crores)	% Increase in Remuneration in FY 2023-24	Ratio of remuneration of each Director/ to the median remuneration of the employees
18.	Mr. Vimal Bhandari, Independent Director	0.30	25.00	3.00
19.	Ms. Reema Nanavaty, Independent Director	0.22	22.22	2.20
20.	Mr. Manish Sharma, Independent Director	0.27	22.73	2.70
21.	Dr. Rupinder Singh Sodhi, Independent Director (W.e.f. July 14, 2023)	0.25	NA**	2.50
22.	Mr. Satyendra Chauhan, Company Secretary (Upto February 29, 2024)	0.69	***	NA
23.	Mr. Arvind Kumar, Company Secretary (W.e.f. March 01, 2024)	0.12	***	NA

#Mr. Dai Watanabe, Mr. Yasukazu Kamada, Mr. Yuji Tomiyama, Mr. Shiro Watanabe, Mr. Nobushige Ichikawa and Mr. Shingo Hanada are Nominee Directors of M/s Kubota Corporation and have waived their right for sitting fees. Accordingly have not been paid any sitting fee or commission thus there is no percentage increase/ decrease in their remuneration for FY 2023-24.

** Appointed in FY 2023-24 thus the percentage increase/ decrease in their remuneration for FY 2023-24 is not applicable.

@Mr. Kenichiro Toyofuku, Independent Director of the Company, has waived his right for sitting fee accordingly, he has not been paid any sitting fee or Commission, thus there is no percentage increase/ decrease in their remuneration for FY 2023-24.

***Served the Company for the part of FY 2023-24 thus the percentage increase/ decrease in their remuneration for FY 2023-24 is not applicable.

^Excluding ₹ 1.35 crores (previous year ₹ 0.13 crores) towards multi year payment under "Deferred Pay Plan" of the Company.

(II) The percentage increase in median remuneration of employees in the Financial Year: 8.3%.

(III) There were 3,897 permanent employees on the rolls of the Company as on March 31, 2024.

(IV) Average percentile/ percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year: 11.1%

(V) Comparison with the percentile/ percentage increase in the managerial remuneration and justification thereof:

Compensation is offered or revised based on the internal & external parity for the role/ grade. The increments and salary corrections are made in line with the market positioning, budget & compensation principles.

Further, due to the increase in the Director's commission for FY 2023-24, comparison with the remuneration increase for the rest of the employees is not comparable.

(VI) Exception circumstances for increase in the managerial remuneration: N.A. Percentage increase in remuneration in FY 2023-24 is in terms of the performance of the Company during FY 2023-24.

(VIII) It is affirmed that the remuneration is as per the Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other Employees adopted by the Company.

For and on behalf of the Board of Directors

Sd/-
Nikhil Nanda
Chairman & Managing Director

Sd/-
Seiji Fukuoka
Deputy Managing Director

Place: Faridabad
Date: May 09, 2024

Annexure – I
to the Directors' Report

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT



At Escorts Kubota Limited (EKL), we are dedicated to incorporating Environmental, Social, and Governance (ESG) factors into our business strategy to drive sustainable growth. As a prominent engineering company operating in sectors of agriculture and infrastructure, we understand the importance of addressing the economic, environmental, and social impacts of our operations. Our commitment to long-term success extends beyond financial performance to include our responsibility towards society and the environment.

We have made a conscious effort to embed ESG principles into our business operations, aiming to create value for all our stakeholders. In this Business Responsibility and Sustainability Report for FY 2023-24, we outline our ESG performance, and initiatives based on nine principles that align with the National Guidelines on Responsible Business Conduct (NGRBC) set forth by the Ministry of Corporate Affairs. We also highlight our material ESG topics that are pertinent to our business and stakeholders.

Through this report, we seek to provide a transparent overview of our ESG journey, including our accomplishments, challenges, and aspirations for the future. We believe that by sharing this information, we can foster greater understanding and collaboration towards achieving our sustainability goals.

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity

   L74899HR1944PLC039088

2. Name of the Listed Entity

   Escorts Kubota Limited

3. Year of incorporation

   1944

4. Registered office address

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

5. Corporate address

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

6. E-mail

   corp.secretarial@escortskubota.com

7. Telephone

   0129-2250222

8. Website

   www.escortskubota.com

9. Financial year for which reporting is being done

   FY 2023-24

10. Name of the Stock Exchange(s) where shares are listed

    BSE Limited and National Stock Exchange of India Limited

11. Paid-up Capital

    ₹ 1,104,982,610

12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report

    Mr. Bharat Madan Whole-time Director & Chief Financial Officer Telephone: 0129-2250222
    Email:**investor.relation@escortskubota.com**

13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

    The disclosures made under this report cover the standalone operations of Escorts Kubota Limited, in India, unless otherwise stated.

14. Name of assurance provider

    Grant Thornton Bharat LLP

15. Type of assurance obtained

    Reasonable Assurance

II. Products/services

16. Details of business activities *(accounting for 90% of the turnover):*

Description of Main Activity	Description of Business Activity	% of Turnover of the entity
Manufacturing	Manufacturing and/or sale of Agri Machinery Products (Tractors, Implements, Spare parts, Oils Lubes Etc.), Construction Equipment's and Railway components Globally.	99.92%

17. Products/Services sold by the entity *(accounting for 90% of the entity's Turnover):*

1	2	3
Product/Service	Product/Service	Product/Service
Agri-machinery products	Construction Equipment	Railway Components
NIC Code	NIC Code	NIC Code
28211	2824	30204
% of total Turnover contributed	% of total Turnover contributed	% of total Turnover contributed
69.62	19.48	10.83

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

National



Plants	Offices*	Total
6	46	52

International



Plants	Offices	Total
1	1	2

*Regional offices and Depots only.

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	28 states and 8 Union Territories
International (No. of Countries)	80

b. What is the contribution of exports as a percentage of the total turnover of the entity?

4.90%

c. A brief on types of customers

Escorts Kubota Limited (EKL), one of India's leading engineering companies and is a preferred partner of choice for farming and construction equipment in the country. For more than seven decades, EKL has helped accelerate India's socio-economic growth through its presence across high-growth sectors, EKL is committed to contributing towards India's growth story and bringing in quality change in the lives of people. EKL has diverse portfolio and various customer segments are served basis their requirement:

1. Customers for Agri Machinery Business Division:

Agri Machinery Business Division is a powerhouse in the manufacturing and trading of agricultural equipment. Our extensive product range provides a complete solution to the farmers right from land preparation to transplanting & harvesting. Our lineup of products covers everything from tractors, paddy planters, combines to implements, sprayers, and tillage solutions, meeting the diverse needs of individuals farmers and organizations across 80 countries.

Designed for exceptional power, efficiency, and versatility, our products have become the preferred choice across various sectors, including agriculture, construction, and landscaping. Under the esteemed brands of Farmtrac, Powertrac, Steeltrac, Farmpower, and E Kubota, we uphold a legacy of excellence, ensuring top-notch quality and performance in every offering.

With a robust nationwide network of over 1200 dealers, we provide a seamless customer experience and effectively deliver our products and services in the Indian market. Having proudly served more than 2.2 Million customers globally, we are committed to driving innovation and excellence in the agricultural machinery industry, continually setting new standards of quality and performance.



2. Customers for Construction Equipment Business Division:

we are a leading manufacturer of high-quality equipment for material handling, road building, and earthmoving industries, catering to the increasing needs of infrastructure development projects in the country. Our wide range of customers includes Construction and Industrial Companies, Government Agencies, Mining Companies, Rental Companies, and Individuals. Our products play a crucial role in various daily operations at Infra project sites, mining and production of metals, cement, coal industry, power sector, defence & the allied industries. With our unwavering dedication to excellence, customers can rely on our products to consistently deliver top-notch performance, safety & reliability. We have over 250 touch points across India and a presence in more than 20 countries worldwide, ensuring our commitment to customer satisfaction on a global scale.

3. Customers for Railway Equipment Business Division:

We are a reputable supplier to cater the requirements of Indian Railways, Metro organizations, Freight wagon builders, Passenger rolling stock manufacturers globally. Our extensive product line includes components like brake systems, couplers, suspension systems, electric panels, and friction products. Count on us to deliver top-notch solutions for all your Rail transportation needs.



IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			NO. (B)	% (B / A)	NO. (C)	% (C / A)
	Employees					
1.	Permanent (D)	2,677	2,525	94.32	152	5.68
2.	Other than Permanent (E)	725	634	87.45	91	12.55
3.	Total employees (D + E)	3,402	3,159	92.86	243	7.14
	Workers					
4.	Permanent (F)	1,220	1,213	99.43	7	0.57
5.	Other than Permanent (G)	9,888	9,656	97.65	232	2.35
6.	Total workers (F + G)	11,108	10,869	97.85	239	2.15

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			NO. (B)	% (B / A)	NO. (C)	% (C / A)
	Employees					
1.	Permanent (D)	2	2	100.00	-	0.00
2.	Other than Permanent (E)	-	-	0.00	-	0.00
3.	Total employees (D + E)	2	2	100.00	-	0.00
	Workers					
4.	Permanent (F)	2	2	100.00	-	0.00
5.	Other than Permanent (G)	-	-	0.00	-	0.00
6.	Total workers (F + G)	2	2	100.00	-	0.00

21. Participation/Inclusion/Representation of women

Board Of Directors

Total (A)	No. and percentage of Females	
	No. (B)	% (B/A)
18*	3	16.67

*Including 3 person who are also KMP

Key Managerial Personnel

Total (A)	No. and percentage of Females	
	No. (B)	% (B/A)
4**	-	0.00

**Including 3 persons who are also on the Board





22. Turnover rate for permanent employees and workers

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	23.16	16.90	22.82	24.62	30.20	24.89	18.88	21.46	18.99
Permanent Workers	8.79	25.00	8.89	8.65	28.57	8.80	9.77	23.08	9.88

Note: Please note that the turnover rate is being calculated separately for each category, as per the guidelines. The figures for the previous financial years are realigned accordingly.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. **(a) Names of holding / subsidiary / associate companies / joint ventures**

Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
Escorts Crop Solutions Limited	Subsidiary	100.00	No
EKL CSR Foundation (Formerly Escorts Skill Development)	Subsidiary	100.00	No
Farmtrac Tractors Europe sp. z o.o.	Subsidiary	100.00	No
Escorts Kubota Finance Limited	Subsidiary	100.00	No
Invigorated Business Consulting Limited (Formerly Escorts Finance limited)	Subsidiary	67.87	No
Adico Escorts Agri Equipments Private Limited	Joint Venture	40.00	No
Escorts Kubota India Private Limited	Joint Venture	40.00	No
Kubota Agricultural Machinery India Private Limited	Joint Venture	40.00	No
Escorts Consumer Credit Limited	Associate	29.41	No

VI. CSR Details

24.

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013	(ii) Turnover (in Rs.)	(iii) Net Worth (in Rs.)
Yes	**87,767,365,496/-** (FY2023-2024) **83,449,530,239/-** (FY2022-2023)	**91,167,124,289/-** (FY2023-2024) **83,384,966,570/-** (FY2022-2023)

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) *(If Yes, then provide web-link for grievance redress policy)*	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes Community members can raise any concerns or grievances via call / e-mail / letter on contact details mentioned at **https://www.escortskubota.com/contact-us/business.html?view=business**.	-	-		-	-	-
Investors (other than shareholders)	Yes Policy can be accessed at **https://www.escortskubota.com/images/pdf/EKL-2022-08-01-Investor-Grievance-Redressal-Policy-Clean.pdf**	-	-	-	-	-	-
Shareholders	Yes Policy can be accessed at **https://www.escortskubota.com/images/pdf/EKL-2022-08-01-Investor-Grievance-Redressal-Policy-Clean.pdf**	2,204	3	-	1,506	3	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) *(If Yes, then provide web-link for grievance redress policy)*	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Yes Policy can be accessed at **https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/Whistle-Blower-Policy-aug22.pdf**	340	13	-	103	6	-
Customers	Yes Customer can easily raise any concerns or grievances by contacting our dedicated customer care toll-free number mentioned at **https://www.escortskubota.com/contact-us/business.html?view=business.** Additionally, customers can also reach out to us via email or letter using the contact details provided at above link.	1,60,920	81	Includes complaints and queries received from various platforms	1,61,686	52	Includes complaints and queries received from various platforms
Value Chain Partners	Yes Partners can raise any concerns or grievances via call / e-mail / letter on contact details mentioned at **https://www.escortskubota.com/contact-us/business.html?view=business.**	-	-	-	-	-	
Other (please specify)	NA	-	-	-	-	-	

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Energy & Climate Change	Risk	As a manufacturer of agricultural and construction equipment, EKL is dependent on fossil fuels as a source of energy for their machinery. Any disruption in the supply of fossil fuels or a significant increase in their price could adversely affect the Company's operations and profitability. Secondly, as climate change is leading to more frequent and intense weather events such as floods, droughts, and hurricanes, it can impact the demand for agricultural equipment. The extreme weather events can damage crops and reduce the demand for farm equipment. This can directly affect the sales of EKL, which could lead to a decline in revenue.	EKL has taken various steps towards mitigation: 1. Working and launching Alternative Fuel products- Electric Tractor, CNG fuel base machines, hybrid machines. 2. Leveraging Kubota's expertise in advanced farm mechanization solutions to address global food security and enhanced farm productivity needs.	Negative
Operations EHS impact	Risk	EHS risks can have significant impact on EKL in several ways which can lead to Human cost, legal and regulatory consequences, financial impact, reputational damage, operational disruptions and employee productivity.	EKL has established a robust Environment, Health and Safety (EHS) management system that covers all its operations. EKL ensures compliance with all applicable EHS laws and regulations, as well as international standards and best practices. EKL also conducts regular EHS trainings, audits, inspections, and risk assessments to identify and mitigate potential hazards and incidents. EKL also has a dedicated EHS team and a grievance mechanism to address any EHS issues or concerns.	Negative

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Resource Efficiency	Opportunity	EKL sees resource efficiency as an opportunity to improve its operational efficiency and productivity, as well as to reduce its environmental impact and costs. EKL adopts the 3R principle of Reduce, Reuse and Recycle for its resource consumption, such as water, raw materials, packaging materials, and waste. EKL also invests in research and development to innovate new products and processes that are more resource-efficient and eco-friendly.	-	Positive
Customer Satisfaction	Opportunity	EKL sees customer satisfaction as an opportunity to build long-term relationships with its customers and to increase its market share and reputation. EKL strives to provide innovative and quality engineering solutions that meet or exceed customer expectations and needs. EKL also engages with its customers through various channels, such as surveys, feedback forms, meetings, workshops, webinars, newsletters, websites, social media platforms, and grievance mechanisms, to understand their preferences, concerns, and suggestions. EKL also ensures customer satisfaction by providing timely delivery, after-sales service, warranty support, and product training.	-	Positive

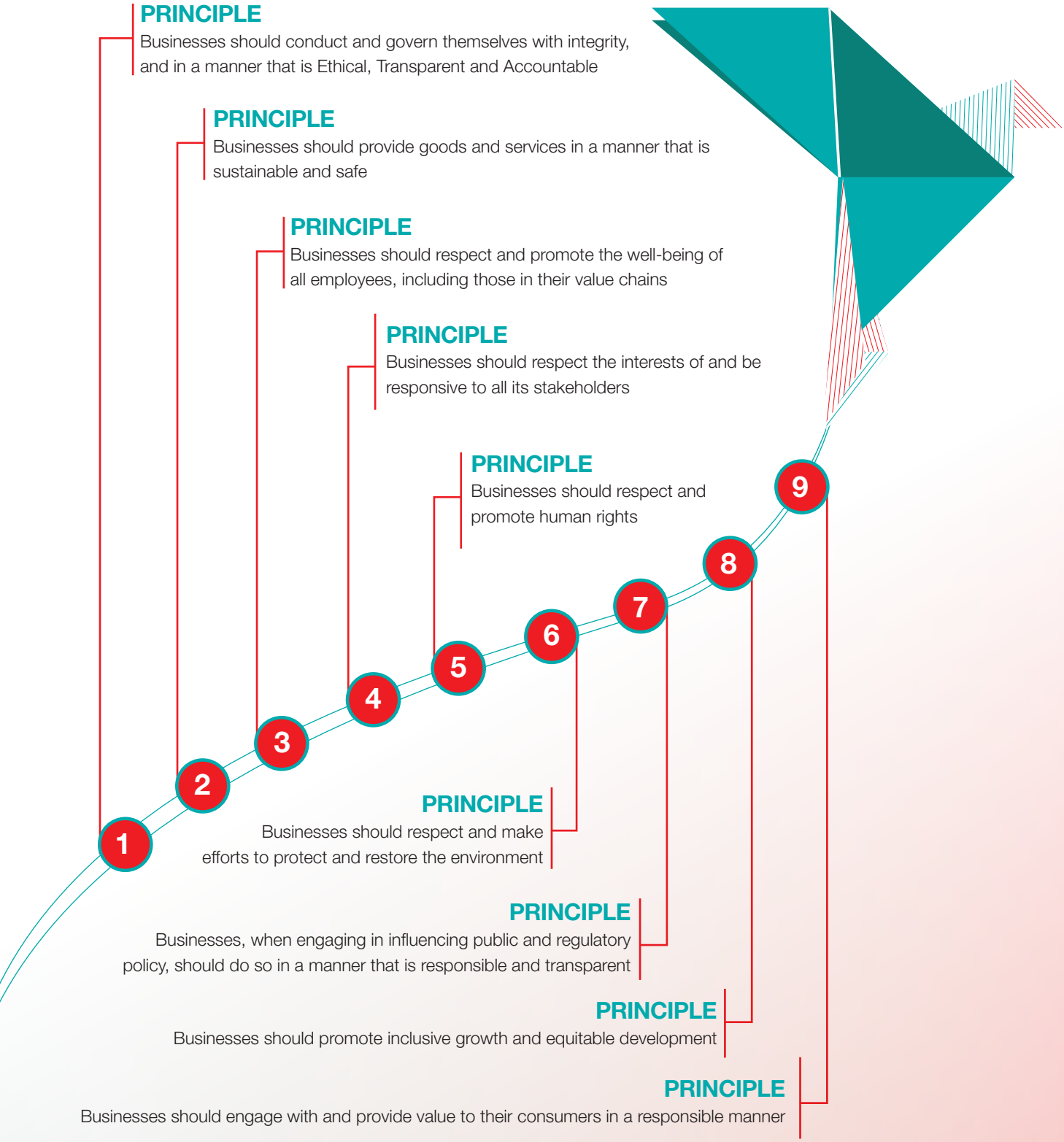
Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Employment	Opportunity	EKL sees employment as an opportunity to attract, retain, and develop a skilled and diverse workforce that is essential for its success and sustainability. EKL provides fair and competitive compensation and benefits to its employees, as well as opportunities for learning and career growth. EKL also fosters a culture of excellence, integrity, innovation, customer focus, and teamwork among its employees. EKL also respects the human rights and labour rights of its employees and ensures a safe, healthy, and inclusive work environment for them.	-	Positive
Value, Ethics and Compliance	Risk	EKL recognises that value ethics compliance are essential for its reputation and trust in the market and society. EKL faces the risk of legal or regulatory violations or ethical breaches that could harm its image and performance.	To mitigate this risk, EKL has established a Code of Conduct that outlines the values and principles that guide its actions and decisions. EKL also has various policies and procedures that ensure compliance with all applicable laws and regulations in the countries where it operates. EKL also conducts regular trainings, audits, reviews, and assessments to monitor and ensure compliance and ethical conduct across the organisation. EKL also has a whistle-blower mechanism that allows anyone to report any suspected or actual violations or breaches without fear of retaliation.	Positive

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Community Engagement & Local Employment	Opportunity	EKL sees community engagement & local employment as an opportunity to support the social development of the communities where it operates and to strengthen its social license to operate. EKL engages with the local communities through various initiatives that focus on education, health care, skill development, livelihood enhancement, women empowerment, and rural development. EKL also creates employment opportunities for the local people and supports local suppliers and vendors.	-	Positive
Supply Chain Sustainability	Risk	EKL recognises that supply chain sustainability is critical for its business continuity and performance. EKL faces the risk of disruptions or delays in its supply chain due to various factors such as natural disasters, pandemics, political instability, environmental or social issues, or non-compliance or unethical practices by its suppliers or vendors.	To mitigate this risk, EKL has established a Supplier Code of Conduct that sets the minimum standards and expectations for its suppliers and vendors in terms of quality, environmental, social, and governance aspects. EKL also conducts regular assessments, audits, and reviews of its suppliers and vendors to ensure their compliance and performance. EKL also diversifies its supply chain sources and locations to reduce its dependency and vulnerability.	Negative

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Product Responsibility & Association	Opportunity	EKL sees product responsibility & association as an opportunity to improve its product quality and safety, as well as to increase its brand value and recognition. EKL ensures that its products meet or exceed the applicable standards and regulations for quality and safety in the countries where it operates. EKL also conducts regular product testing, inspection, and certification to ensure its product quality and safety. EKL also provides product information and labelling to inform its customers about the features, benefits, and risks of its products. EKL also associates with reputable industry associations and bodies that promote best practices and standards for its products and sector.	-	Positive
Diversity & Inclusion	Opportunity	EKL sees diversity & inclusion as an opportunity to leverage the diverse perspectives and talents of its workforce and stakeholders, as well as to foster a culture of respect and belonging. EKL ensures that its workforce reflects the diversity of the markets and communities where it operates in terms of gender, age, ethnicity, religion, disability, sexual orientation, and other aspects. EKL also ensures that its workforce is treated fairly and equitably in terms of compensation, benefits, opportunities, recognition, and development. EKL also promotes a culture of inclusion where everyone feels valued and respected for their unique contributions and perspectives. EKL also engages with diverse stakeholders to understand their needs and expectations and to address any issues or concerns related to diversity & inclusion.	-	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.



Disclosure questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes								
b. Has the policy been approved by the Board? (Yes/No)	Yes								
c. Web Link of the Policies, if available	Business Responsibility and Sustainability Policy, along with other policies related to BRSR principles, can be accessed by visiting the following weblinks: Business Responsibility and Sustainability Policy: **https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/EKL-2023-05-10-Business-Responsibility-and-Sustainability-Policy.pdf** Other related policies: **https://www.escortskubota.com/investors/governance.html**								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	All policies are in accordance with NGRBC guidelines. Additionally, ISO-9001, ISO-14001, and ISO-45001 standards are implemented at all manufacturing and corporate locations along with IRIS (International Railway Industry Standard) Certification is obtained for the Railway Equipment Business Division.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The organization has set an environmental goal of becoming carbon neutral by 2050, reducing CO2 emissions by 25% by 2030, minimizing its impact on the environment, and encouraging recycling. We have an objective to accomplish zero landfill by 2027. Water is one of the most valuable and shared normal assets at which our tasks rely on. Through initiatives like Zero Liquid Discharge activity, upgrading STP/ETP, water reuse and recycling, and rainwater harvesting, we aim to be water positive by 2030 as part of our ESG target. We aim to increase gender diversity in the workforce to 7.5% and increase employee engagement and satisfaction by 2025.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	EKL has made significant progress during the reporting period towards achieving the target of becoming Carbon neutral by 2050. We have upgraded the diesel powered Gensets in our operations to Gas powered gensets and increasing the share of renewable energy in the total energy consumption. Company has focused on limiting water usage and reduced the net water withdrawal. In order to achieve its goal of increasing gender diversity, the Company has increased the number of women employed overall. During the reporting period, the primary focus was placed on making investments in employee training and development in order to enhance expertise and skills.								

Disclosure questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

On Your Side, EKL's philosophy, we are committed to addressing ESG issues and have identified key challenges such as reducing our carbon footprint, minimizing water usage, decreasing waste generation, promoting diversity and inclusion, ensuring transparency and sustainability in our value chain, and engaging with the community. To tackle these challenges, we have set ambitious goals, including achieving carbon neutrality by 2050, increasing renewable energy usage, becoming water positive by 2030, eliminating landfill waste by 2027, enhancing female representation in our workforce, implementing sustainable practices across our value chain, and investing in community development projects.

We have already made significant strides towards these targets by investing in renewable energy, utilizing water recycling and treatment technologies, providing diversity and inclusion training, and enhancing our value chain assessment process. We have also been actively discussing our progress in our Business Responsibility and Sustainability Report (BRSR) as per SEBI's guidelines, showcasing our commitment to sustainability and transparency with our stakeholders.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Ms. Nitasha Nanda Whole-time Director DIN: 00032660
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The directors and senior management periodically monitor the business responsibility performance of the Company. The Board of directors reviews the business responsibility performance on an annual basis. The CSR Committee reviews the social performance and the Risk Management Committee assesses and reviews the identified risks from time to time.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes, on an annual basis, The Directors and Senior Management of the Company review and update the Business Responsibility Policies and guide on further actions, if required for modifications/improvement in the policies.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes, on an annual basis, The Directors and Senior Management of the Company review and update the Business Responsibility Policies and guide on further actions, if required for modifications/ improvement in the policies. The Company is in compliance with statutory requirements of relevance to the principles.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No, however all policies and processes are subject to Internal and statutory audits / reviews done for the Company from time to time								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

Note: NA denotes Not Applicable



SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	7	Familiarization programs covering • Corporate Governance Practices • Code of Conduct & Ethics • Updates on Business Operations • Emergency Response and Disaster Management Plans • ESG & BRSR Principles • Cyber Security Awareness • Other regulatory updates	88.88
Key Managerial Personnel	3	• POSH- Prevention of Sexual harassment • COC - Code of Conduct • Leadership culture workshop	100.00
Employees other than BoD and KMPs	166	Various programs as mentioned in Human capital page number 110.	99.00
Workers	9	• POSH- Prevention of Sexual harassment • COC - Code of Conduct • Nayi Urja Nayi Disha • Safety • New Joinee orientation • First Aid • HIV Awareness • Behavioural Trainings • Technical Trainings	98.00

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format:

Monetary					
	NGRBC Principle	Name of the regulatory/ Enforcement agencies/judicial institutions	Amount (in INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	NA	Principal Commissioner of Customs (Import), New Delhi	4,18,47,046	An order passed on November 6, 2023, imposed penalty on dispute on classification issue on imported goods and eligibility of concessional rate of duty.	Yes
		Assistant Commissioner (ST), GST Department, Vijayawada, Andhra Pradesh	18,495	An order passed on November 18, 2023, imposed penalty on account of a mismatch of Input Tax Credit with GSTR-2A &/ or eligibility. The Penalty has been deposited by the Company and matter stands closed.	No
		Assistant Commissioner, GST Department, Kanpur, Uttar Pradesh	20,28,091	The orders were passed on January 10, 2024 and January 11, 2024 imposed penalty on account of a minute clerical error in the customer address mentioned on the tax invoice is unwarranted and incorrect.	Yes
Settlement	NA	Excise & Taxation Officer, West Bengal	Payment of Rs. 5,13,969 made against the tax demand of (excluding interest & penalty) Rs. 26,75,466	Provisional settlement orders for settlement of VAT/ CST/ Entry Tax demand matters in the state of West Bengal under the Scheme of West Bengal One time Settlement for Recovery of Outstanding dues, involving demand mainly on account of Non-availability of Statutory forms pertaining to Assessment Years 2008-09, 2009-10, 2010-11, 2013-14, 2016-17. The contravention was mainly on account of sales return disallowed, excess turnover determined etc. under the West Bengal VAT/ CST/ Entry Tax Act.	No

Monetary					
	NGRBC Principle	Name of the regulatory/ Enforcement agencies/judicial institutions	Amount (in INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Settlement	NA	Excise & Taxation Officer, Faridabad (East), Haryana	Payment of Rs. 2,42,56,420 made against tax demand of (excluding interest & penalty): Rs. 8,08,54,733	Provisional settlement orders passed under the Scheme of Haryana One time Settlement for Recovery of Outstanding dues'2023', pertaining to Assessment Years 2002-03, 2011-12, 2012-13, 2013-14, 2014-15. The contravention was mainly on account of Non-availability of statutory forms under the Haryana VAT/ CST Act.	No
Compounding Fee	NA	NA	NA	NA	NA

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	NA	NA	NA
Punishment	NA	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
An appeal was filed on February 02, 2024 against the order dated November 06, 2023 of Principal Commissioner of Customs (Import), New Delhi on dispute on classification issue on imported goods and eligibility of concessional rate of duty	Appeal filed before Customs Excise & Service Tax Appellate Tribunal
An appeal was filed on April 09, 2024 against the orders of Assistant Commissioner, GST Department, Kanpur, Uttar Pradesh of dispute on account of a minute clerical error in the customer address mentioned on the tax invoice is unwarranted and incorrect.	Appeal filed before Commissioner (Appeal)

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Escorts Kubota Limited is dedicated to upholding ethical business practices by implementing a comprehensive anti-corruption and anti-bribery policy. This policy applies to all employees, members of the Board of Directors, and individuals working for the Company in any capacity. You can easily access the policy on our website here:

https://www.escortskubota.com/images/pdf/EKL_Anti_Bribery_Policy.pdf

Our commitment to integrity is emphasized in this policy, which provides clear guidelines for conduct to ensure we maintain the highest standards of ethical behavior.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

FY 2023-24 Current Financial Year		FY 2022-23 Previous Financial Year
Nil	Directors	Nil
	KMPs	
	Employees	
	Workers	

6. Details of complaints with regard to conflict of interest:

FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year	
Number	Remarks		Number	Remarks
Nil	Nil	Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil
Nil	Nil	Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Number of days of accounts payables	73	60

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Matrix	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Concentration of Purchases*	a. Purchases from trading houses as % of total purchases	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses.	0	0
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	75.91%	75.93%
	b. Number of dealers / distributors to whom sales are made	1,835	1,866
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	10.71%	8.33%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	3.03%	3.73%
	b. Sales (Sales to related parties / Total Sales)	1.94%	2.75%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	3.70%	2.14%
	d. Investments (Investments in related parties / Total Investments made)	5.16%	8.96%

*Company's vendors of material goods and services are not trading houses, and it is important to note that there is no specific guidance on trading houses in the SEBI BRSR guidelines

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
8 for Suppliers	Kaizen Training Program, Quality Upgradation program	30.00
386 for New Dealers	New Dealer Induction	100.00
34 Dealer Meet	Industry update Company Policies	100.00

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Escorts Kubota Limited has established a code of conduct procedure to effectively prevent and manage conflicts of interest within the organization. This policy is readily accessible on the Company's website under the section designated for Board Members and Senior Management @ **https://www.escortskubota.com/images/pdf/EKL-2023-05-10-Code-of-Conduct.pdf**. In addition to this, Escorts Kubota Limited also adheres to the Kubota Group Charter for Action & Code of Conduct, further strengthening its commitment to ethical business practices applicable to all employees and accessible @ **https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/KUBOTA-Group-Charter-for-Code-of-Conduct.pdf**.

PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	85.3%	86.7%	The Company has invested on the research and innovation which have resulted in the reduction of emission and improve the efficiency of the processes. Develop alternative fuel machines Development of Trem V, CPCB4 technology
Capex	15.93%	23.70%	

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) Yes

b. If yes, what percentage of inputs were sourced sustainably? 37%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Waste management in a safe and responsible manner is a crucial priority for our businesses.

Plastics:

All plastic waste generated in the plant premises is disposed of through an authorized recycler approved by the CPCB or the SPCB. During the year FY 2023-24 EKL has recycled 257 Tonnes post-consumer plastic waste under the Plastic waste EPR (Extended Producer Responsibility) obligation.

E-waste

E-waste is not material to EKL. All the E-waste is disposed through certified third parties.

Hazardous waste:

At EKL, we recycle or incinerate Hazardous wastes or send them to landfill. We have partnered with Satyam PetroChemical, a Haryana State Pollution Control Board (HSPCB) dealer, to recycle our waste oil. For disposing the other types of hazardous wastes, we have partnered with Gujarat Enviro Protection & Infrastructure Ltd. (GEPIL), also a HSPCB dealer, who incinerated the paint sludge and dispose the rest into landfill.

Other waste

All the other Non-hazardous waste generated is sent to the recycler.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No)

Yes. We have registered with CPCB under Plastic waste EPR as Brand owner & Importer & Batter waste EPR as Producer

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, EKL has submitted details on the CPCB as per CPCB requirement and directions. For plastic waste, EPR registration as brand owner/Importer is granted and our plastic EPR obligation was 257 tonnes of plastic recycling, we have completed our plastic EPR targets and its reflected in CPCB portal in EKL Wallet. Also EKL is for FY23-24 registered with CPCB battery EPR portal as Producer under battery waste management rules, cat- Lithium-Ion Battery (EV Tractor) and the recycling target to be met by 2030

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

No, the entity has not conducted any Life Cycle Perspective / Assessments (LCA) for any of its products.

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
-	Nil	Nil	Nil	Nil	Nil

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Nil	Nil	Nil

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
-	Nil	Nil

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed of.

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (Including packaging)	Nil	136.71	Nil	Nil	111.12	Nil
E-waste (Including packaging)	Nil	0.99	Nil	Nil	41.38	Nil
Hazardous waste ETP Sludge, Grinding Sludge, Industrial Waste, Paint Sludge, Phosphate Sludge, waste coolant, waste used oil, Discarded Asbestos, Celdak Pad, Electrical Scrap, Bio-medical waste, battery Waste)	Nil	171.04	900.78	Nil	632.51	252.85
Others (Non-hazardous waste)	Nil	17,858.53	Nil	Nil	14,754	4.56

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Nil	Nil

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1.

a. Details of measures for the well-being of employees.

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits*		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	2,525	2,514	99.56	2,525	100.00	NA	NA	0	0.00	2,525	100.00
Female	152	147	96.71	152	100.00	152	100.00	NA	NA	152	100.00
Total	**2,677**	**2,661**	**99.40**	**2,677**	**100.00**	**152**	**100.00**	**0**	**0.00**	**2,677**	**100.00**
Other than Permanent employees											
Male	634	627	98.90	627	98.90	NA	NA	0	0.00	627	98.90
Female	91	89	97.80	89	97.80	89	97.80	NA	NA	89	97.80
Total	**725**	**716**	**98.76**	**716**	**98.76**	**89**	**97.80**	**0**	**0.00**	**716**	**98.76**

*As per the NSE circular: NSE/CML/2024/11, we have not included males in the total figure.

b. Details of measures for the well-being of workers

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits*		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	1,213	1,213	100.00	1,213	100.00	NA	NA	0	0.00	1,213	100.00
Female	7	7	100.00	7	100.00	7	100.00	NA	NA	7	100.00
Total	**1,220**	**1,220**	**100.00**	**1,220**	**100.00**	**7**	**100.00**	**0**	**0.00**	**1,220**	**100.00**
Other than Permanent workers											
Male	9,656	8,585	88.91	9,656	100.00	NA	NA	0	0.00	9,656	100.00
Female	232	145	62.50	232	100.00	232	100.00	NA	NA	232	100.00
Total	**9,888**	**8,730**	**88.29**	**9,888**	**100.00**	**232**	**100.00**	**0**	**0.00**	**9,888**	**100.00**

*As per the NSE circular: NSE/CML/2024/11, we have not included males in the total figure.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

Cost incurred on well-being measures as a % of total revenue of the Company

FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
0.23	0.22

2. Details of retirement benefits

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.40	100.00	Y	98.96	100.00	Y
Gratuity	99.40	100.00	Y	98.96	100.00	N
ESI	0.00	1.00	Y	0.04	0.98	Y
Others –Please specify				-	-	-

3. Accessibility of workplaces
Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, Our premises are fully accessible to individuals with disabilities in accordance with the Rights of Persons with Disabilities Act 2016. We offer comprehensive assistance to ensure that all visitors, employees, and workers are accommodated with ease.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, We are committed to providing Equal Employment Opportunity as mandated by the Rights of Persons with Disabilities Act, 2016. Our policy can be accessed through the following link:

https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/Equal-Opportunity-Policy.pdf

Furthermore, our Code of Business Conduct emphasizes our dedication to promoting equal opportunities for all individuals, regardless of gender, age, language, cultural background, sexual orientation, gender identity, health or medical condition, religious beliefs, physical ability, appearance, marital status, etc. Policy can be accessed through the following link:

https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/EKL-Code-of-Conduct.pdf

We strive to create a workplace that values diversity and inclusion for all employees.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	100.00	66.67	100.00	100.00
Total	**100.00**	**66.67**	**100.00**	**100.00**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Permanent Workers

Yes, we have grievance redressal committees, plant wise, that meet monthly to address workmen grievances

Other than Permanent Workers

Yes, Contractor takes care of the grievances if any raised by the employee

Permanent Employees

Yes, as per the Grievance Redressal Policy mentioned in the HR Policy Manual

Other than Permanent Employees

Yes, Contractor takes care of the grievances if any raised by the employee

Escorts Kubota Limited have Grievance Mechanism Policy which is accessible to internal stakeholders and is available on Company's intranet and brief under code of business conduct that can be accessible on website:

https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/EKL-Code-of-Conduct.pdf

In case of any unethical matter, all employees are encouraged to report the concern to their supervisor or reporting manager. For Organisational issues, performance and appraisal related concerns or if the complaint is against the Supervisor or Reporting Manager, they are directed towards Human Resource Manager. Employees should reach out to the Ethics Committee if complaint is of the nature as described in the whistle blower policy which can be accessed via link:

https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/Whistle-Blower-Policy-aug22.pdf

All complaints are reviewed periodically, and investigation is carried out followed by strict disciplinary action against the person.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	2,677	0	0.00	2,598	0	-
- Male	2,525	0	0.00	2,466	0	-
- Female	152	0	0.00	132	0	-
Total Permanent Workers	1,220	1,206	98.85	1,322	1,309	99.02
- Male	1,213	1,199	98.85	1,313	1,300	99.01
- Female	7	7	100.00	9	9	100.00

Note:- Calculation methodology for FY 2023-24 has been aligned to the internal policies and guidelines

8. Details of training given to employees and workers:

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,525	587	23.25	2,367	93.74	2,466	2,466	100.00	2,211	89.66
Female	152	26	17.11	143	94.08	132	132	100.00	115	87.12
Total	**2,677**	**613**	**22.90**	**2,510**	**93.76**	**2,598**	**2,598**	**100.00**	**2,326**	**89.53**
Workers										
Male	1,213	1,180	97.28	1,188	97.94	1,313	1,313	100.00	1,313	100.00
Female	7	6	85.71	6	85.71	9	9	100.00	9	100.00
Total	**1,220**	**1,186**	**97.21**	**1,194**	**97.87**	**1,322**	**1,322**	**100.00**	**1,322**	**100.00**

Note : All Employees (Excluding other than permanent employees) and all workers (Excluding other than permanent workers) active as on March 31 of respective financial year, are considered.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	2,525	2,525	100.00	2,466	2,466	100.00
Female	152	152	100.00	132	132	100.00
Total	**2,677**	**2,677**	**100.00**	**2,598**	**2,598**	**100.00**
Workers						
Male	1,213	1,213	100.00	1,313	1,313	100.00
Female	7	7	100.00	9	9	100.00
Total	**1,220**	**1,220**	**100.00**	**1,322**	**1,322**	**100.00**

Note: Includes only permanent employees.

10. Health and safety management system:

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?**

Yes, All our operational facilities are certified with ISO 45001 & ISO 14001. Escorts Kubota Limited has implemented a robust health and safety management system across the business. We have an EHS policy, applicable to all employees and workers and multiple processes implemented to eliminate risk in the system that can be accessed at **https://www.escortskubota.com/templates/escortsgroup_home/images/pdf/EHS-Policy-Full-Version-2023.pdf**.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

At Escorts Kubota Limited, the health and safety of our employees is our top priority. As an ISO 45001 certified company, we follow strict guidelines to identify risks and develop mitigation plans to ensure a safe working environment. Our centralized team has developed clear protocols which are regularly updated, and all employees undergo regular training to address any potential work-related hazards. By consistently reviewing and updating our mitigation plans, we are committed to maintaining a safe workplace for all.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes, All sites are equipped with incident and hazard reporting procedures to ensure the safety of the workforce by identifying and addressing unsafe working conditions. Various platforms and processes are in place to report hazards, such as the Safety Observation tour (SOT) where line managers actively engage with workers to address safety concerns. Additionally, an online safety risk reporting mechanism is available. Regular training sessions are conducted on Safety Risk Assessment, Mock Drill Fire-Disaster Management, Emergency Management, and Driving Safety. A monthly Safety Committee meeting involving all workers is held to ensure ongoing safety improvements.

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes, All plants are equipped with a dedicated occupational health center that provides round-the-clock access to routine and non-routine employees. A full-time doctor is on staff to provide regular medications and general treatment, with the company also supplying necessary medicines. If further assistance is needed, the doctor can help to arrange for outside medications.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0.00
	Workers	0.03	0.67
Total recordable work-related injuries	Employees	0	0
	Workers	18	230
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	1	18

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

- Escorts Kubota Limited manufacturing plants hold certifications in ISO 45001 and ISO 14001, demonstrating our commitment to ensuring a safe and healthy workplace.
- Management monitors performance in safety, environment, and compliance on a monthly basis, with a well-defined structure in place for accountability on a regular basis.
- Our adherence to local, state, and national regulations, including ISO standards, guides our comprehensive safety policies and procedures. Regular training sessions on health and safety protocols, first aid, fire drills, and machinery handling are provided to ensure our workforce is well-informed.
- Regular risk assessments are conducted to identify potential hazards, and appropriate PPE is provided to all employees.
- Safety is a top priority at every manufacturing plant, with separate safety committees ensuring the participation of both workers and management. At the group level, the group safety committee oversees the implementation of standardized safety processes. Additionally, an annual safety environment plan guides strategic actions, with monthly tracking to ensure progress. Training and development opportunities are regularly offered to employees, focusing on safety, environment, and compliance.
- We conduct regular risk assessments to identify potential hazards in the workplace.
- We ensure that each employee has access to and is trained to use appropriate PPE such as gloves, helmets, shoes to protect against specific hazards.
- In terms of equipment, inherently safe machinery is a priority, with the goal of zero level-1 incidents. Process guidelines are followed to ensure safety and compliance, with a focus on the Escorts Kubota system.
- Employee motivation is fostered through various activities and celebrations, such as National Safety Week and Environment Week.
- Organization-wide training, awareness programs, and motivational activities are conducted to promote safe behavior and engagement among employees.
- A Reward/Recognition & Consequence Management system has been implemented to address work behaviors and situations, ensuring accountability and reinforcing safety practices.

13. Number of complaints on the following made by employees and workers

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	14,211	503		17,490	326	-
Health & Safety	2,357	79		5,478	105	-

14. Assessments for the year

Health and safety practices	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)	Working Conditions
	100.00 (Including assessments done by Escorts Kubota Limited and third parties)	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Ensuring the safety of our employees is our top priority at Escorts Kubota Limited. We have a comprehensive safety system in place that includes regular safety inspections, operation control, monitoring, audits, and assessments to identify any potential risks. Any gaps or learnings from incidents are thoroughly reviewed and improvements are made company-wide to prevent any repeat occurrences. Our site leadership takes responsibility for implementing corrective actions to address any safety concerns promptly.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

(A) Yes, Escorts Kubota Limited provides the following benefits to the beneficiaries in case of demise of permanent employees

1. Accidental Death Insurance of Rs.20 Lacs
2. One-Time compassionate amount of Rs.12 Lacs
3. Voluntary contribution by all permanent employees
4. Statutory benefits applicable under EDLI, EPS, PF and Gratuity

(B) Yes, Escorts Kubota Limited provides the following benefits in case of demise of permanent workers

1. Accidental Death Insurance of Rs.20 Lacs
2. Jeevan Dhara Policy benefits
3. Voluntary contribution by all permanent employees (employees and workers)
4. One-Time compassionate amount of Rs.12 Lacs or joining offer to one biological son based on the education and age criteria
5. Statutory benefits under EDLI, EPS, PF and Gratuity

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Escorts Kubota Limited is committed to complying with all statutory requirements related to transactions. We ensure that all applicable statutory dues are deducted and deposited in accordance with regulations. As part of our internal and statutory audit process, we review proof of submission for statutory dues. Additionally, the manpower contractor shares monthly copies of ESI/PF challans and Electronic Challan Receipts with our Employee Relations team for validation. The ER team cross-checks these challans with wage sheets and salary bank transfer sheets submitted by the contractor.

We hold our value chain partners to high standards of business responsibility, emphasizing the principles of transparency and accountability.



3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Employees	Nil	Nil	NA	NA
Workers	Nil	Nil	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

Health and safety conditions	% of value chain partners (by value of business done with such partners) that were assessed	Working Conditions
	0.00	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Nil

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

At Escorts Kubota Limited, the engagement approach takes into cognisance the fact that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from stakeholder engagements, help validate the Company's performance and shape new perspectives.

The process for identifying key stakeholders is on the basis of the material influence they have on the Company or on how they are materially influenced by the Company's corporate decisions and the consequences of those decisions. We also use various tools and frameworks to identify and prioritize our key stakeholders and their material issues and concerns. We use the feedback and inputs from our stakeholder engagement to improve our decision-making process and our business practices and performance.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government and regulatory authorities	No	• Email • website • Annual Reports/ Compliance Filings • Advertisement	Regular	• Regulatory & Legal requirements • Technology & Innovation • Capacity expansion
Employees	No	• Feedback and connect sessions / Employee surveys / Townhalls • Training & safety programmes - Classroom and Virtual • Engagement & R&R programs • Regular update on Intranet / Emails / HRIS / Notics Board / Website	Regular	• Business Performance Update and action planning • Employee engagement & recognition / employee pulse check • Training and Development • Performance assessment & KRA cascading • Grievance redressal
Customers	No	• Pamphlets • E-Mail • Meetings • Newspapers • Website • Advertisement • SMS • Notice Boards	Regular	• Customer Satisfaction • Customer complaints • Extending product & services
Suppliers	No	• Annual Supplier Convention • Supplier Audits • Informal Interaction • E-Mail • Newspapers • Website • Advertisement	Regular	• Transparent, fair & accountable supply chain practice • Supplier financial health/ reputation • Service Quality • Access to knowledge on sustainable supply chain practices • Innovation & Technology

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Local community	No	• Community Meetings	Regular/Event Based	• CSR Initiatives • Creation of job opportunities • Relationship development
Investors & shareholders	No	• General Body Meetings • E-Mail • Newspapers • Advertisement • Concalls • Stock Exchanges • Annual Report • Media Updates • Company's website	Regular/Event Based	• Discussion on financial & non-financial performance, market value of shares • Shareholder returns • Effective & robust corporate governance

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   EKL's committees facilitate communication between stakeholders to address economic, environmental, and social issues. Through regular meetings with the board, committee members provide valuable feedback gathered from stakeholders, ensuring that all relevant topics are effectively communicated to the board.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   No.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   We always consciously act as responsible corporate citizens with the marginalized and vulnerable section of our society. Accordingly, The Corporate Social Responsibility (CSR) policy of our company is designed with a clear & strategic focus, aimed at maximizing the positive impact on society and the environment through our dedicated efforts. For the sake of administrative efficiency and to ensure that our initiatives are well-directed and impactful, the CSR projects have been categorized into three primary sections: Agricultural Development, Environmental Sustainability, and Empowerment of Socially Vulnerable Groups. Additionally, Escorts Kubota Advanced Farming Institute at Kurukshetra & Bengaluru have been instrumental in capacity development of farmers.

   These categories not only reflect our commitment to addressing some of the most pressing challenges of our times but also serve as the guiding framework for all our CSR projects, ensuring a coherent and focused approach towards social responsibility. Kindly refer to the Annexure - E i.e. Annual Report on Corporate Social Responsibility Activities at page 207 and Social and Relationship Capital at page 122 for further details.

PRINCIPLE 5

Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	2,677	2,677	100.00	2,598	2,598	100.00
Other than permanent	725	725	100.00	983	983	100.00
Total employees	**3,402**	**3,402**	**100.00**	**3,581**	**3,581**	**100.00**
Workers						
Permanent	1,220	1,220	100.00	1,322	1,322	100.00
Other than permanent	9,888	9,888	100.00	8,702	8,702	100.00
Total workers	**11,108**	**11,108**	**100.00**	**10,024**	**10,024**	**100.00**

* Human Rights is part of EKL COC so every employee is covered

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	2,525	-	-	2,525	100.00	2,466	-	-	2,466	100.00
Female	152	-	-	152	100.00	132	-	-	132	100.00
Other than permanent										
Male	634	-	-	634	100.00	899	-	-	899	100.00
Female	91	-	-	91	100.00	84	-	-	84	100.00

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Workers										
Permanent										
Male	1,213	-	-	1,213	100.00	1,313	-	-	1,313	100.00
Female	7	-	-	7	100.00	9	-	-	9	100.00
Other than permanent										
Male	9,656	-	-	9,656	100.00	8,518	-	-	8,518	100.00
Female	232	-	-	232	100.00	184	-	-	184	100.00

3. Details of remuneration/salary/wages:

a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	12	#24,65,000	3	22,20,000
Key Managerial Personnel*	4	2,88,51,712	-	-
Employees other than BoD and KMP	2,522	10,27,378	151	7,24,992
Workers	1,213	9,72,496	7	10,80,216

#Directors who have waived their sitting fee has not been considered to calculate the median.

*Mr. Nikhil Nanda, Mr. Seiji Fukuoka and Mr. Bharat Madan who are BoDs are also KMP, as per the Companies Act, 2013, and shown along with KMP.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Gross wages paid to females as % of total wages	3.39	2.76

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, EKL maintains an Ethics Committee dedicated to addressing issues related to violations of the Code of Conduct reported through the whistle-blower mechanism. Stakeholders can report concerns via a toll-free number, email, or mail. Additionally, there is a Grievance Redressal Committee in place to handle interpersonal grievances. Employees have the option of approaching any committee.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

At EKL, we are committed to upholding human rights and addressing any grievances related to human rights issues. We have established reporting avenues for employees, customers, suppliers, and other stakeholders to raise concerns or make disclosures regarding any actual or potential violations of our company's code, policies, or laws, including human rights violations. All reports made through these avenues are thoroughly reviewed, and appropriate action is taken if necessary. We value transparency and accountability in handling these matters to ensure a safe and respectful environment for everyone involved.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	6	0	NA	2	1	Complaint has been closed by the time the report is being published
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	6	2
Complaints on POSH as a % of female employees / workers	1.24	0.49
Complaints on POSH upheld	1	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Escorts Kubota Limited is committed to providing equal opportunities to all individuals and is intolerant towards discrimination and / or harassment based on race, sex, nationality, ethnicity, origin, religion, age, disability, sexual orientation, gender identification and expression (including transgender identity), political opinion, medical condition, language as protected by applicable laws.

The Company has a Whistle blower Policy to protect the whistleblower. The identity of the complainant remains confidential, in case a complaint is filed and action is taken on immediate basis.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. Human rights requirements form part of your business agreements and contracts.

10. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100.00
Forced/involuntary labour	100.00
Sexual harassment	100.00
Discrimination at workplace	100.00
Wages	100.00
Others – please specify	Not Applicable

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Nil

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

Escorts Kubota Limited regularly through training convey its employees on Code of Conduct. The Company strives to uphold the basic principles of human rights in all its operations. This is in alignment with its codes and policies. The Company regularly sensitizes its employees on the Code of Conduct, Human Rights through various training and awareness programs.

2. Details of the scope and coverage of any Human rights due-diligence conducted

Escorts Kubota Limited is of the belief that it has upheld the basic principles of human rights in all its dealings. This is in alignment with its Human Rights Policy. The Company follows zero tolerance to child, forced or compulsory labour and regularly sensitises its employees on the Code of Conduct through various training programmes.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the registered and corporate office and all plants have ramps for easy movement of differently abled visitors. Most of the offices are located in commercial premises which may be on the ground floor or have elevators and infrastructure for differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	0.00
Discrimination at workplace	0.00
Child labour	0.00
Forced/involuntary labour	0.00
Wages	0.00
Others – please specify	Not Applicable

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	5.44	4.53
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	**5.44**	**4.53**
From non-renewable sources		
Total energy consumption (D)	184.24	187.13
Total fuel consumption (E)	168.69	153.06
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**352.93**	**340.19**
Total energy consumed (A+B+C+D+E+F)	**358.37**	**344.72**
Energy intensity per rupee of turnover (Total energy consumption/ Revenue from operations)	0.04×10^{-7}	0.04×10^{-7}
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumption/ revenue from operations adjusted for PPP)	0.09×10^{-6}	0.09×10^{-6}
Energy intensity in terms of physical output	3.53×10^{-3}	3.16×10^{-3}
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

All the values are in Tera Joules, The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.88. Intensity in terms of physical output is calculated on total tractor and construction machines produced.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Grant Thornton Bharat LLP has given Reasonable Assurance on Energy consumption for FY 2023-24. Details for the same have been mentioned in the assurance statement.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable, as we do not fall under DC Category

3. Provide details of the following disclosures related to water, in the following format

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	3,21,858.53	4,58,101.94
(iii) Third party water (Municipal water supplies)	69,768.64	61,454.80
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**3,91,627.17**	**5,19,556.74**
Total volume of water consumption (in kilolitres)	**2,57,091.66**	**3,48,539.74**
Water intensity per rupee of turnover (Total water consumed / Revenue from operations)	0.29×10^{-5}	0.42×10^{-5}
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	0.07×10^{-3}	0.08×10^{-3}
Water intensity in terms of physical output	2.55	3.20
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.4.

Intensity in terms of physical output is calculated on total tractor and construction machines produced.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Grant Thornton Bharat LLP has given Reasonable Assurance for FY 2023-24. Details for the same have been mentioned in the assurance statement.

4. Provide the following details related to water discharged:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	1,34,535.51	1,71,017
- No treatment	-	-
- With treatment – please specify level of treatment	1,34,535.51	1,71,017

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**1,34,535.51**	**1,71,017**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Grant Thornton Bharat LLP has given Reasonable Assurance for FY 2023-24. Details for the same have been mentioned in the assurance statement.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes.EKL has implemented a Zero Liquid Discharge (ZLD)system at two of its facilities - the production plant and R&D center. The wastewater produced at these facilities is repurposed for gardening and landscaping, showcasing our commitment to sustainability and environmental responsibility.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	kg/year	54,398.90	97,858.98
SOx	kg/year	2,480	2,206.00
Particulate matter (PM)	kg/year	1,03,243.90	92,454.78
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – Ozone Depleting Substances (HCFC – 22 or R-22)	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)	*FY 2022-23 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 Equivalent	9,802.82	9,153.03
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 Equivalent	36,642.74	36,907.51
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	tCO_2e/₹ crores of revenue	0.05×10^{-5}	0.06×10^{-5}
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)		0.12×10^{-4}	0.12×10^{-4}
Total Scope 1 and Scope 2 emission intensity in terms of physical output		**0.36**	**0.34**
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.88. Intensity in terms of physical output is calculated on total tractor and construction machines produced.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. –

Yes, Grant Thornton Bharat LLP has given Reasonable Assurance on Scope 1 and Scope 2 Emissions for FY 2023-24.

Details for the same have been mentioned in the assurance statement..

8. Does the entity have any project related to reducing Greenhouse Gas emission? If Yes, then provide details.

Yes, EKL has made the strategic decision to transition from Diesel Gensets to Gas Gensets for power generation.

5 new Gas Gensets were installed in FY 2022-23 and 6 new Gas Gensets were installed in FY2023-24 with a capacity of 1950 kVA each.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	136.71	111.12
E-waste (B)	0.99	2.67
Bio-medical waste (C)	0.94	0.22
Construction and demolition waste (D)	-	-
Battery waste (E)	42.62	37.20
Radioactive waste (F)	-	-
Other Hazardous waste, Please specify if any (G)	-	-
ETP Sludge	88.17	45.998
Grinding Sludge	8.94	10.56

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Paint Sludge	517.65	397.67
Waste Used Oil	107.33	97.75
Industrial Waste	2.03	1.29
Phosphate Sludge	22.09	37.03
Discarded Asbestos	218.28	200.41
Others (Waste coolant, Celdak Pad, Electrical Scrap)	63.72	92.99
Total Hazardous Waste Generated (G)	1,028.27	883.69
Other Non-hazardous waste generated (H), Please specify, if any.		
Wooden	1,323.91	1,268.05
Garbage	119.49	4.56
Casting	402.025	322.42
Forging	307.14	221.40
Tractor Parts	268.045	146.87
Turning & Boring	4,970.69	4,151.66
Radiator	-	3.13
Rubber	-	57.99
Others	10,467.23	8,582.19
Total Non-Hazardous Waste Generated (H)	17,858.53	14,758.55
Total (A+B + C + D + E + F + G + H)	**19,068.05**	**15,793.20**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.02×10^{-5}	0.02×10^{-5}
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.05×10^{-4}	0.04×10^{-4}
Waste intensity in terms of physical output	0.19	0.14
Waste intensity (optional) - the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**-**	**-**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0.94	0.51
(ii) Landfilling	257.04	304.14
(iii) Other disposal operations	18,810.07	15,487.55
Total	**19,068.05**	**15,793.2**

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by World Bank for India which is 22.88.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Grant Thornton Bharat LLP has given Limited Assurance on Waste Generated (Hazardous and Non-Hazardous) for FY 2023-24 as per GRI 306-3. Details for the same have been mentioned in the assurance statement.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

EKL has robust waste management infrastructure within our plants which considers environmental impact, social effects and commercial viability.

The waste generated is recycled or incinerated or sent to landfill. For recycling our waste oil, we have partnered with Satyam PetroChemical, a Haryana State Pollution Control Board (HSPCB) dealer. For disposing the other types of hazardous wastes, we have partnered with Gujarat Enviro Protection & Infrastructure Ltd. (GEPIL), also a HSPCB dealer, who incinerated the paint sludge and disposed of the rest into landfill.

Various initiatives have been taken to manage waste in our operations. We have an Oil Filtration Unit which cleans industrial lubricants, enhancing equipment's longevity and efficiency. We convert food waste into compost and use it for gardening, encourage reduced usage of paper at all our facilities and offices, promote recycling of paper and have designated waste bins for paper to facilitate paper recycling.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

No

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	-	-	-
	-	-	-



12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-
-	-	-	-	-	-

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the Escorts Kubota Limited is compliant with the applicable environment laws/guidelines.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-	-	-	-	-

Leadership Indicators

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Nil

(ii) Nature of operations: Nil

(iii) Water withdrawal, consumption, and discharge in the following format: Not Applicable

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)	-	-
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total volume of water withdrawal (in kilolitres)	**-**	**-**
Total volume of water consumption (in kilolitres)	**-**	**-**
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)	**-**	**-**
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**-**	**-**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	10,19,749.6	9,30,878.21
Total Scope 3 emissions per rupee of turnover		1.16×10^{-5}	1.12×10^{-5}
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Nil

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Moving to Gas Gensets	EKL has discontinued all Diesel Genset and switched to Gas Genset for power generation. This year 6 Gas gensets were installed with the capacity of 1950 kVA each	Reduction in CO_2 emissions
2.	Optimization of Paint during Painting operation and Disposal of paint in Environment-efficient manner	Following steps has been taken for the initiative: ▷ Reduction in paint consumption ▷ Switched to co-processing for paint disposal instead of incineration	Adoption of Environment-friendly waste disposal methodology
3.	Reduction in water consumption	EKL has taken various water conservation measure to reduce its water consumption	Reduction in water consumption

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

EKL has an Enterprise Risk Management (ERM) framework that allows for efficient resource allocation. Our ERM framework addresses critical risks in four domains: strategic, operational, financial, and compliance risks.

The systematic and proactive approach enables us to identify and manage risks effectively.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Nil

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

0%

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

5

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.

	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	CII – Confederation of Indian Industry	National/Regional/State & Zone
2	FICCI- Federation of Indian Chambers of Commerce & Industry	National
3	TMA - Tractors & Mechanization Association	National
4	ICEMA - Indian Construction Equipment Manufacturers Association	National
5	FIA - Faridabad Industry Association	State



2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
NA	NA	NA

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
Not Applicable					

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Nil

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

Community members are encouraged to voice any concerns or grievances by contacting us through phone, email, or letter. Our contact information can be found at **https://www.escortskubota.com/contact-us/business.html?view=business**. Once raised, we carefully evaluate and address each concern or grievance, taking necessary actions to resolve the issue.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Directly sourced from MSMEs/ small producers	29.14	27.82
Directly from India	96.84	94.98

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Rural	0.00	0.00
Semi-urban	0.00	0.00
Urban	0.47	0.36
Metropolitan	99.53	99.64

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
Not Applicable			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, As we prioritizes local procurement in order to enhance efficiency, reduce environmental and safety impacts, and promote business continuity.

(b) From which marginalized / vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/ No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Nil

Name of authority	Brief of the Case	Corrective action taken
-	-	-

6. Details of beneficiaries of CSR Projects:

	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups*
1	Agriculture	14,699	100.00
2	Environment	30,000	65.90
3	Education and livelihood enhancement	3,291	90.38
4	Healthcare	1,661	75.00

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

At EKL, customer satisfaction is our top priority. We utilize the Customer Empathy Index and Service Quality Index to deeply understand our customers' needs and preferences. The Customer Empathy Index includes factors such as Complaint Appointment, Turnaround Time, and Customer Satisfaction, while the Service Quality Index considers Post-Service Feedback, Doorstep Services, and First Time Right. Additionally, we have introduced a "Care" device in our tractors to provide instant customer support to farmers.

Our customer service team can be reached through Toll Free numbers, Dedicated Customer App (HUMDUM Plus), CARE device, Social Media Platforms, and an email address for customers to raise their complaints. We follow a strict standard operating procedure for grievance redressal, ensuring that customer complaints are resolved promptly and efficiently. We analyze each issue carefully and implement corrective actions to provide a satisfactory resolution and prevent future occurrences. It is important to note that we have not received any complaints regarding breach of customer privacy or loss of customer data in the past year.

Furthermore, we offer personalized services such as tailored training programs for farmers on tractor maintenance and operation to empower our customers with the necessary knowledge and skills to optimize the performance of our products. We actively seek feedback from customers through surveys and focus groups to continuously improve our products and services. Our dedication to customer satisfaction is evident in our ongoing efforts to exceed expectations and provide exceptional service at EKL.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover*
Environmental and social parameters relevant to the product	100.00
Safe and responsible usage	100.00
Recycling and/or safe disposal	Not Applicable

*Turnover generated from sale of equipments only



3. Number of consumer complaints in respect of the following:

	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	NA	Nil	Nil	NA
Advertising	Nil	Nil	NA	Nil	Nil	NA
Cyber-security	Nil	Nil	NA	Nil	Nil	NA
Delivery of essential services	Nil	Nil	NA	Nil	Nil	NA
Restrictive Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Unfair Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Other	NA	NA	NA	NA	NA	NA

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	NA
Forced recalls	Nil	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy.

Yes, Escorts Kubota Limited has a comprehensive policy on Cyber Security and risks that clearly outlines the company's approach to data privacy. This policy is easily accessible on the company's intranet. Additionally, EKL's risk policy also briefly covers data protection.

The Policy is available at the following link: **https://www.escortskubota.com/privacy-policy.html**

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

NA

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches
Nil

b. Percentage of data breaches involving personally identifiable information of customers
Nil

c. Impact, if any, of the data breaches
Not applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

- Company Website: www.escortskubota.com
- Company social media channels
- Company authorized Dealerships and Distributors
- Company Toll Free Numbers
- Customer App (HUMDUM Plus)
- Print Media and Electronic Media
- Influencer Meets
- Client Submissions

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

At Escorts Kubota Limited, we collaborate with our partners and customers to innovate sustainable materials in our solutions and expand into new markets. We provide installation services with demonstrations, usage guidance, product information, warranties, and other essential details. Our mobile apps, tutorials, and customer care helpline ensure that customers can fully utilize our products. We are committed to educating our vendors and customers on the safe and responsible use of our products, leading to significant transformation in the tractor industry in the near future.

3. Mechanisms in place to inform consumers of any risk of disruption/ discontinuation of essential services.

Not Applicable

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, Customers are not only given access to detailed product information through owner's manuals, brochures, and stickers on the vehicle, but they are also provided with personalized guidance at the time of final delivery. A comprehensive walk-through on safer usage is shared with customers to ensure that they fully understand how to operate the vehicle responsibly. This not only enhances customer satisfaction but also promotes safe driving practices and proper maintenance of the product.

Yes, Escorts Kubota Limited conducts customer satisfaction surveys periodically to understand customer review/satisfaction level. Also, the Company maintains customer Satisfaction Index through call centres and feedback based on service records internally.

For and on behalf of the Board of Directors

Sd/-
Nikhil Nanda
Chairman & Managing Director

Sd/-
Seiji Fukuoka
Deputy Managing Director

Place: Faridabad
Date: May 09, 2024

FINANCIAL STATEMENTS

STANDALONE - 276 to 368

CONSOLIDATED - 369 to 479

Independent Auditor's Report

To the Members of Escorts Kubota Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Escorts Kubota Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Refer to the Company's material accounting policy on revenue recognition in note 2.2(a) and the revenue related disclosure in note 46 of the standalone financial statements. Owing to the multiplicity of the Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention.	Our audit procedures, related to revenue recognition included, but were not limited, to the following: a) Evaluated the design and tested the operating effectiveness of Company's controls (including the automated controls) around revenue recognition and measurement (including rebates / discounts); b) Assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; c) Scrutinized sales ledgers to verify accuracy and completeness of sales transactions recorded during the year;

Independent Auditor's Report (Contd.)

Key audit matter	How our audit addressed the key audit matter
Further, Ind AS 115 "Revenue from Contracts with Customers" ('Ind AS 115') requires management to make certain key judgements and estimates, such as, identification of distinct performance obligations in contract with customers (such as after sales maintenance services and product warranties), determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations. Considering the volume of sales transactions, materiality of the amount involved, above mentioned key judgements / estimates and extent of industry knowledge and skills needed to apply audit procedures to address the matter and evaluate the results of those procedures, revenue recognition has been considered as a key audit matter for the current year audit.	d) Performed test of details on a sample basis of revenue transaction recorded during the year, including specific period before and after the year end. For the samples selected, inspected supporting documents, including agreements, price lists, invoices and proof of dispatches / deliveries (as the case may be) to ensure that the correct amount of revenue is recorded in the correct period; e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end in accordance with approved incentives / discounts schemes; f) Performed the substantive analytical procedures on revenue recognized during the year which includes review of price, quantity and product mix variances and analysis of discounts at customer level; g) Circularised balance confirmations to a sample of customers and evaluated the responses; and h) Ensured the adequacy and appropriateness of disclosures made in notes to the standalone financial statements in respect of the revenue from operations in accordance with the requirements of Ind AS 115.

Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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

Independent Auditor's Report (Contd.)

accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. 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 with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of Board of Directors' 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 standalone 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; and
    - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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.

13. 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.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. Further to our comments in Annexure A, 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 purpose of our audit of the accompanying standalone financial statements;

    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 except for the matters stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;

    f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

    g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2024 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed an unmodified opinion; and

    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, as detailed in note 32(c) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2024;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024;

Independent Auditor's Report (Contd.)

iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47(ii) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47(iii) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. Further, as stated in note 36(b) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, the Company, in respect of financial year commencing on 01 April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature was not enabled at database level for accounting software Oracle EBS to log any direct data changes, as described in note 42(g) to the standalone financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software where such feature is enabled.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 24504662BKGEBY7376

Place: Mumbai
Date: 9 May 2024

Annexure A

referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Escorts Kubota Limited on the standalone financial statements for the year ended 31 March 2024

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress, investment property and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, capital work-in-progress, investment property and relevant details of right-of-use assets under which the assets are physically verified in a phased manner over a period of 3 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment, capital work-in-progress, investment property and relevant details of right-of-use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties including investment properties held by the company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in notes 3(i), 4 and 5 to the standalone financial statements are held in the name of the Company.

(d) Company has not revalued its property, plant and equipment including right-of-use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties and in respect of goods-in-transit, these have been confirmed from corresponding receipt and/or dispatch inventory records.

(b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) The Company has not provided any guarantee or security to companies, firms, limited liability partnerships during the year. Further, the Company has made investments in and granted unsecured loans to companies during the year, in respect of which:

(a) The Company has provided loans to a joint venture during the year as per details given below:

Particulars	Loans (in ₹ crores)
Aggregate amount provided / granted during the year to joint venture	1.00
Balance outstanding as at balance sheet date in respect of above cases to joint venture	1.00

(b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and principal amount is not due for repayment currently, however, the receipts of the interest are regular.

Annexure A (Contd.)

(d) There is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.

(e) The Company has granted loan which had fallen due during the year and such loan was renewed. The details of the same has been given below:

Name of the party	Total loan amount granted during the year	Aggregate amount of overdues of existing loans renewed	Nature of extension	Percentage of the aggregate to the total loans granted during the year
Adico Escorts Agri Equipments Private Limited	1.00	Nil	Renewed	100%

(f) The Company has not granted any loan, which is repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Annexure A (Contd.)

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross amount (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Haryana Local Area Development Tax, 2000	Local Area Development Tax	52.80	39.90	2000-2008	Hon'ble High Court of Punjab and Haryana
Value Added Tax Acts	Sales Tax	2.10	0.02	2003-2015	Hon'ble High Court of Andhra Pradesh
Value Added Tax Acts	Sales Tax	0.94	-	2008-2011	Hon'ble High Court of West Bengal
Value Added Tax Acts	Sales Tax	1.24	1.29	1994-2000	Hon'ble High Court of Bihar
Value Added Tax Acts	Sales Tax	16.36	1.39	2003-2018	Appellate Tribunal
Value Added Tax Acts	Sales Tax	13.69	4.95	1997-2018	Appellate authority till Commissioner level
Central Excise Act, 1944	Excise Duty	19.65	-	2013-2015	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	449.47	50.69	2004-2017	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.99	0.06	1992-2018	Appellate authority till Commissioner level
Finance Act, 1994	Service tax	1.38	-	2005-2009	Hon'ble High Court of Punjab & Haryana
Finance Act, 1994	Service tax	0.15	0.01	2011-2012	Customs Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	0.74	0.06	2011-2013	Appellate authority till Commissioner level
The Customs Act, 1962	Custom Duty	12.37	7.38	2007-2020	Customs Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Custom Duty	0.56	0.04	2017-2021	Appellate authority till Commissioner level
The Central Goods and Services Tax Act, 2017	Goods and Services Tax	3.91	0.92	2017-2024	Appellate authority till Commissioner level
Income Tax Act, 1961	Income Tax	23.50	3.93	2002-2017	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Income Tax	1.40	-	2003-2016	Income Tax Appellate Tribunal

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings to any lender or in the payment of interest thereon,

Annexure A (Contd.)

(b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and did not have any term loans outstanding at the beginning of the current year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us, the Company has received whistle blower complaints during the year, which have been considered by us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the

Annexure A (Contd.)

provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

(b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Companies.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 24504662BKGEBY7376

Place: Mumbai
Date: 09 May 2024

Annexure B

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Escorts Kubota Limited (formerly Escorts Limited) ('the Company') as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

5. 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

Annexure B (Contd.)

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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 24504662BKGEBY7376

Place: Mumbai
Date: 09 May 2024

Standalone Balance Sheet

As at March 31, 2024

(₹ crores)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3 (i)	1,733.88	1,729.85
Capital work-in-progress	3 (ii)	116.31	69.39
Investment property	4	54.69	79.80
Right-of-use assets	5	40.03	50.23
Intangible assets	6 (i)	39.62	28.44
Intangible assets under development	6 (ii)	35.22	44.29
Financial assets			
Investments	7 (i)	3,192.37	3,235.63
Other financial assets	8 (i)	7.66	6.42
Income tax assets (net)		0.28	0.28
Other non current assets	10 (i)	222.07	196.33
Total non-current assets		**5,442.13**	**5,440.66**
Current assets			
Inventories	11	1,158.12	1,159.04
Financial assets			
Investments	7 (ii)	2,090.19	1,794.93
Trade receivables	12	1,208.57	1,207.56
Cash and cash equivalents	13	206.67	181.60
Bank balances other than above	14	958.00	286.86
Other financial assets	8 (ii)	20.16	19.35
Other current assets	10 (ii)	183.52	200.59
Total current assets		**5,825.23**	**4,849.93**
Assets held for sale	15	17.54	17.54
Total assets		**11,284.90**	**10,308.13**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	110.50	131.94
Other equity	17	9,103.26	8,302.87
Total equity		**9,213.76**	**8,434.81**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	39	35.31	44.91
Other financial liabilities	19 (i)	20.30	26.95
Provisions	21 (i)	44.70	41.76
Deferred tax liabilities (net)	9 (i)	115.12	65.12
Other non-current liabilities	20 (i)	6.66	7.92
Total non-current liabilities		**222.09**	**186.66**
Current liabilities			
Financial liabilities			
Lease liabilities	39	13.58	12.39
Trade payables	22		
(a) Total outstanding dues of micro enterprises and small enterprises		119.99	103.70
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,069.30	1,129.17
Other financial liabilities	19 (ii)	275.37	115.07
Other current liabilities	20 (ii)	183.61	220.56
Provisions	21 (ii)	114.46	103.62
Current tax liabilities		72.74	2.15
Total current liabilities		**1,849.05**	**1,686.66**
Total equity and liabilities		**11,284.90**	**10,308.13**

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

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Standalone Statement of Profit and Loss

For the year ended March 31, 2024

(₹ crores)

Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
Income			
Revenue from operations	23	8,776.74	8,344.95
Other income	24	398.30	280.56
Total income		**9,175.04**	**8,625.51**
Expenses			
Cost of materials consumed	25 (i)	5,617.30	5,721.89
Purchases of stock-in-trade		496.07	509.03
Changes in inventories of finished goods, stock-in -trade and work-in-progress	25 (ii)	(76.24)	(163.98)
Employee benefits expense	26	637.08	594.97
Finance costs	27	10.84	10.26
Depreciation and amortization expense	28	166.44	148.43
Other expenses	29	933.75	902.62
Total expenses		**7,785.24**	**7,723.22**
Profit before exceptional items and tax		**1,389.80**	**902.29**
Exceptional items	30 (ii)	-	(97.16)
Profit before tax		**1,389.80**	**805.13**
Tax expense	9 (ii)		
Current tax		302.62	171.56
Deferred tax charge		50.03	26.59
Total tax expense		**352.65**	**198.15**
Profit for the year		**1,037.15**	**606.98**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		0.19	0.06
Re-measurements of defined employee benefit plans		(0.20)	2.43
Income tax relating to items that will not be reclassified to profit or loss		0.03	(0.62)
Total other comprehensive income for the year		**0.02**	**1.87**
Total comprehensive income for the year		**1,037.17**	**608.85**
Earnings per equity share:	30 (i)		
Basic (₹)		92.79	46.74
Diluted (₹)		92.64	46.68

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

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Standalone Cash Flow Statement

For the year ended March 31, 2024

(₹ crores)

	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A	**Cash flows from operating activities**		
	Profit before tax	**1,389.80**	**805.13**
	Adjustments for:		
	Depreciation and amortization expense	166.44	148.43
	Provisions written back net of provisions recognized	29.92	7.98
	Provision for diminution on investment in Subsidiary & Joint Venture	-	97.16
	Finance costs (other than finance and bank charges)	9.17	7.84
	Interest income	(219.74)	(161.80)
	Gain on disposal of property, plant and equipment (net)	(10.31)	(2.13)
	Gain on fair valuation and sale of investments carried at fair value through profit or loss (net)	(152.76)	(88.12)
	Share based payment to employees	4.13	5.70
	Unrealized foreign exchange (gain)/loss	3.99	(5.24)
	Operating profit before working capital changes	**1,220.64**	**814.95**
	Movement in working capital		
	Inventories	0.92	(355.47)
	Trade receivables	(30.02)	(383.63)
	Other financial assets	(2.00)	4.57
	Other assets	(13.38)	(31.73)
	Trade payables	98.52	356.96
	Other financial liabilities	12.05	33.95
	Other liabilities and provisions	(14.46)	(16.86)
	Cash generated from operating activities post working capital changes	**1,272.27**	**422.74**
	Income tax paid (net)	(234.02)	(186.39)
	Net cash generated from operating activities (A)	**1,038.25**	**236.35**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment (including capital advances)	(175.79)	(190.32)
	Sale of property, plant and equipment	14.84	4.62
	Purchase of intangible assets	(13.55)	(28.41)
	Purchase of investment property	-	(0.02)
	Investment in subsidiary	(20.00)	-
	Proceeds from sale of investment in joint venture	-	0.01
	Sale / (Purchase) of Non - Current investments (net)	21.20	(422.54)
	(Purchase) / Sale of current investments (net)	(129.51)	667.26
	Bank deposits (Net) (having original maturity of more than 3 months)	(648.00)	(100.01)
	Margin / bank deposits	(0.25)	(9.55)
	Interest received	17.83	11.37
	Net cash used in investing activities (B)	**(933.23)**	**(67.59)**
C	**Cash flows from financing activities (refer note 18)**		
	Proceeds from shares(ESOPs) issued	13.47	20.57
	Repayment of lease liabilities	(8.41)	(7.03)
	Interest paid	(9.17)	(7.84)
	Dividend paid	(75.84)	(75.69)
	Net cash used in financing activities (C)	**(79.95)**	**(69.99)**
	Increase in cash and cash equivalents (A+B+C)	**25.07**	**98.77**
	Cash and cash equivalents at the beginning of the year (refer note 13)	181.60	82.83
	Cash and cash equivalents at the end of the year (refer note 13)	**206.67**	**181.60**

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'.

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

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Standalone Statement of changes in equity

For the year ended March 31, 2024

A Equity share capital

(₹ crores)

Balance as at April 01, 2022	Changes in equity share capital during the year		Balance as at March 31, 2023	Changes in equity share capital during the year		Balance as at March 31, 2024
	Capital reduction	Issued		Capital reduction (refer note 42)	Issued	
131.94	-	-	131.94	(21.44)	-	110.50

B Other equity

(₹ crores)

Particulars	Treasury shares	Reserves and surplus						Fair value changes of equity instruments measured at fair value through other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Securities premium	General reserve	Employees' stock options outstanding	Retained earnings		
Balance as at April 01, 2022	**(20.11)**	**97.40**	**4.00**	**3,298.79**	**731.56**	**14.16**	**3,619.50**	**0.94**	**7,746.24**
Profit for the year	-	-	-	-	-	-	606.98	-	606.98
Other comprehensive income for the year	-	-	-	-	-	-	1.82	0.05	1.87
Transactions with owners in their capacity as owners									
Dividends paid	-	-	-	-	-	-	(76.28)	-	(76.28)
Employee stock option exercise for the year	-	-	-	7.62	-	(7.62)	-	-	-
Employee stock option charge for the year	-	-	-	-	-	5.76	-	-	5.76
Adjustment for options exercised during the year	1.73	-	-	16.57	-	-	-	-	18.30
Balance as at March 31, 2023	**(18.38)**	**97.40**	**4.00**	**3,322.98**	**731.56**	**12.30**	**4,152.02**	**0.99**	**8,302.87**
Profit for the year	-	-	-	-	-	-	1,037.15	-	1,037.15
Other comprehensive income for the year	-	-	-	-	-	-	(0.15)	0.17	0.02
Transactions with owners in their capacity as owners									
Impact of shares cancelled during the year (refer note 42)	-	-	-	(176.60)	-	-	-	-	(176.60)
Dividends paid	-	-	-	-	-	-	(76.34)	-	(76.34)
Employee stock option exercise for the year	-	-	-	4.63	-	(4.63)	-	-	-
Employee stock option charge for the year	-	-	-	-	-	4.19	-	-	4.19
Adjustment for options exercised during the year	1.00	-	-	10.97	-	-	-	-	11.97
Balance as at March 31, 2024	**(17.38)**	**97.40**	**4.00**	**3,161.98**	**731.56**	**11.86**	**5,112.68**	**1.16**	**9,103.26**

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

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

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(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Notes Forming Part of the Standalone Financial Statements

For the year ended March 31, 2024

1. Company overview

Escorts Kubota Limited (Formerly Escorts Limited) ("the Company") is a public limited company incorporated and domiciled in India and having its registered office at 15/5, Mathura Road, Faridabad (Haryana). The Company's shares are listed with Bombay Stock Exchange and National Stock Exchange. The Equity Shares of the Company were listed on the Delhi Stock Exchange. However, DSE has been de-recognized and allowed to exit as a stock exchange by Securities Exchange Board of India (SEBI) by way of SEBIs Order No. WTM/SR/SEBI/MRD-DSA/04/01/2017 dated January 23, 2017. The Company is primarily engaged in the business of manufacturing of agricultural tractors, engines for agricultural tractors, construction, earth moving and material handling equipment, round and flat tubes, heating elements, double acting hydraulic shock absorbers for railways coaches, centre buffer couplers, automobile shock absorbers, telescopic front fork & Mcpherson struts, brake block, internal combustion engines and all types of brake used by railways. It also trades in oils & lubricants, implements, trailers, tractors, compressor accessories and spares, construction, earth moving and material handling equipment.

Pursuant to the approval of the Board of Directors of the Company, approval of the shareholders of the Company and Registrar of Companies, NCT of Delhi and Haryana on November 18, 2021, December 18, 2021 and June 09, 2022, respectively, the name of the Company has changed to "Escorts Kubota Limited" effective June 09, 2022.

2. Basis of preparation, measurement and material accounting policies

2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended March 31, 2024 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on May 09, 2024.

The financial statements have been prepared on accrual and going concern basis. 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 realization 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.

The financial statements have been prepared under historical cost convention basis except for the following–

- Certain financial assets which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;

2.2 Summary of material 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 recognize 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. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price received or receivable, excluding the estimates of variable consideration allocable to the performance

obligation, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.

Revenue is recognized 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.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see note 20). Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of goods

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company 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 1 to 5 years' product warranty on its goods sold to the buyer. 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.

After-sale services

The Company enters into fixed price maintenance and extended warranty contracts with its customers for terms between one and two years in length. Customers are required to pay in advance for the services along with the contractual amount paid for the purchase of goods.

- Maintenance contracts – The Company enters into agreements with its customers to perform regularly scheduled maintenance services on goods purchased from the Company. Revenue is recognized over time based on the ratio between the number of services provided/lapsed in the current period and the total number of such services expected to be provided under each contract. This method best depicts the transfer of services to the customer because details of the services to be provided are specified by management in advance as part of its published maintenance program.
- Extended warranty program – The Company enters into agreements with its customers to perform necessary repairs falling outside the Company's standard warranty period. As this service involves an indeterminate number of acts, the Company is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognized on a straight-line basis over the term of the contract and matched to related costs. This method best depicts the transfer of services to the customer as (a) the Company's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

Notes Forming Part of the Standalone Financial Statements
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Other income

Income from export incentives are recognized on accrual basis.

Interest Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortized cost (refer 'h' below), 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.

Dividend income

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

b) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') and are rounded to two decimal places of crores, 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 of time 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. Capitalization 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 of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognized as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)

Property, plant and equipment are stated at their cost of acquisition, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives mentioned below:

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Asset category	Estimated useful life (in years)
Factory buildings	30
Office buildings	60
Tubewells and fencing	5
Roads	10
Sheds	3
Plant and machinery	3-15*
Furniture and fixtures	5-10*
Office equipment	3-10
Vehicles	8-10
Leasehold improvements	Over the effective term of the lease
Electrical appliances	10
IT equipment	6
Computers	3

*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.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

e) Investment properties

Recognition and initial measurement

Investment properties are properties including right-of-use in properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements.

Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties other than right-of-use in properties is provided on the straight-line method, computed on the basis of useful lives 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.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

Notes Forming Part of the Standalone Financial Statements
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De-recognition

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

f) Intangible assets

Recognition and initial measurement

Purchased intangible assets are stated at cost.

Internally developed intangible assets

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

Costs that are directly attributable to a project's development phase are recognized 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 capitalization 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 (amortization)

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

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalized costs are amortized 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	6
Prototypes	4
Technical know how	6

g) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for

Notes Forming Part of the Standalone Financial Statements
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leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

h) Financial instruments

Financial instruments are recognized 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 or trade receivables which are recognized at their transaction price, where the trade receivable does not contain a significant financing component.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognizes the difference between the fair value at initial recognition and the transaction price as a gain or loss.

b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognizes that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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

Notes Forming Part of the Standalone Financial Statements
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Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. **Financial assets at amortized cost –** a financial instrument is measured at amortized 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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

ii. **Financial assets at fair value**

Investments in equity instruments (other than subsidiaries/ associates/ joint ventures) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL), except investment in certain fixed maturity plans (FMPs) and target maturity funds (TMFs).

Fixed maturity plans (FMP), purchased by the Company on or after April 01, 2021, are measured at amortized cost, if the Company intends to hold the FMPs to maturity. Further, the Company applies amortized cost for those FMPs where the Company is able to demonstrate that the underlying instruments in the portfolio would fulfill the SPPI test and the churn in the underlying portfolio is negligible. These conditions are assessed at each Balance Sheet date. If these conditions are not fulfilled, then FMPs are valued at FVTPL.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) purchased on or after April 01, 2021 till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla rupee denominated bonds with

fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of SPPI test as per the requirements of Ind AS 109.

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortized cost using effective interest method. Amortized cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Derivative financial instruments

Initial and subsequent measurement

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

i) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortized cost.

ECL is the weighted average of 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, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets;
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms;

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

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The Company uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macro-economic factors for each identified segment.

The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset 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. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

j) 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 an 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 recognized 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-organizations 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.

k) Fair value measurement

The Company measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement

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is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 35 for fair value hierarchy.

l) Inventories

Inventories are stated at the lower of cost and net realizable 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 condition. Costs of inventories are computed using weighted average cost formula. Net realizable 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 realizable value of such inventories.

m) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax liabilities are generally recognized in full for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss, unused tax credits (Minimum alternate tax credit entitlement) or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

n) Investment in subsidiaries, joint ventures and associates

In accordance with Ind AS 27 – Separate Financial Statements, investments in equity instruments of subsidiaries, joint ventures and associates can be measured at cost or at fair value in accordance with Ind AS 109. The Company has opted to measure such investments at cost at initial recognition.

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Subsequently, such investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

o) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is initially recognized as deferred income at fair value and subsequently is recognized in statement of profit and loss as other income on a systematic basis over the expected useful life of the related asset.

When the Company receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

p) 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.

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

The Company provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity and pension are post-employment benefits and are in the nature of a defined benefit plan. The liability recognized in the financial statements in respect of gratuity and pension is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

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Short-term employee benefits

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

r) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

s) Share based payments

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

t) 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 recognized as a finance cost.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

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.

u) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

v) Earnings per equity 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 including a bonus issue.

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.

2.3 Material management judgements in applying accounting policies and estimation uncertainty

The following are the critical judgements and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Material management estimates

Allowance for doubtful debts – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

Allowance for obsolete and slow-moving inventory- The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value and has been determined based on past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

Product warranties- The Company makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency, and average cost of warranty claims. The Company seeks to improve vehicle quality and minimize warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligations (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of

inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Material management judgements

Capitalization of internally developed intangible assets – Distinguishing the research and development phases for new products and design enhancements determining whether the recognition requirements for the capitalization of development costs are met requires judgement. After capitalization, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalized costs may be impaired.

Evaluation of indicators for impairment of non-financial assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Contingent liabilities – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated.

2.4 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

3 (i) Property, plant and equipment

(₹ crores)

Particulars	Land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
Gross carrying value									
As at April 01, 2022	1,040.63	421.85	0.05	1,153.08	99.62	57.64	16.74	10.37	2,799.98
Additions	5.12	13.09	-	123.15	15.79	7.98	0.22	1.94	167.29
Disposals	-	(0.43)	-	(13.63)	(2.08)	(2.98)	(2.85)	(0.02)	(21.99)
As at March 31, 2023	**1,045.75**	**434.51**	**0.05**	**1,262.60**	**113.33**	**62.64**	**14.11**	**12.29**	**2,945.28**
Additions	-	11.70	-	89.87	14.01	10.95	0.95	0.78	128.26
Reclassified from Investment Property (refer note 4)	19.70	4.86	-	-	-	-	-	-	24.56
Disposals	-	(10.45)	-	(60.31)	(4.31)	(3.15)	(3.83)	(0.21)	(82.26)
As at March 31, 2024	**1,065.45**	**440.62**	**0.05**	**1,292.16**	**123.03**	**70.44**	**11.23**	**12.86**	**3,015.84**
Accumulated depreciation									
As at April 01, 2022	-	267.84	0.01	710.32	70.30	41.04	9.19	9.04	1,107.74
Charge for the year	-	10.85	-	101.15	6.47	5.62	1.83	1.26	127.18
Adjustment for disposals	-	(0.29)	-	(11.69)	(2.07)	(2.93)	(2.49)	(0.02)	(19.49)
As at March 31, 2023	**-**	**278.40**	**0.01**	**799.78**	**74.70**	**43.73**	**8.53**	**10.28**	**1,215.43**
Charge for the year	-	14.16	-	111.77	7.07	6.97	0.99	1.17	142.13
Reclassified from Investment Property (refer note 4)	-	2.16	-	-	-	-	-	-	2.16
Adjustment for disposals	-	(9.45)	-	(57.78)	(4.10)	(3.12)	(3.16)	(0.15)	(77.76)
As at March 31, 2024	**-**	**285.27**	**0.01**	**853.77**	**77.67**	**47.58**	**6.36**	**11.30**	**1,281.96**
Net carrying value as at March 31, 2023	**1,045.75**	**156.11**	**0.04**	**462.82**	**38.63**	**18.91**	**5.58**	**2.01**	**1,729.85**
Net carrying value as at March 31, 2024	**1,065.45**	**155.35**	**0.04**	**438.39**	**45.36**	**22.86**	**4.87**	**1.56**	**1,733.88**

Notes:

(i) Property, plant and equipment include assets in use for in house research and development

Refer note 34 for details.

(ii) Contractual obligations

Refer note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Property, plant and equipment pledged as security

Refer note 44 for information on property, plant and equipment pledged as security by the Company.

(iv) Depreciation for the year has been included in "Depreciation and amortization expense" line item in statement of profit and loss.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

3 (ii) Capital work-in-progress

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Capital work-in-progress	116.31	69.39

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

(₹ crores)

Particulars	Amount
Capital work-in-progress as at April 01, 2022	56.34
Add: additions during the year	180.35
Less: capitalization during the year	(167.30)
Capital work-in-progress as at March 31, 2023	**69.39**
Add: additions during the year	175.18
Less: capitalization during the year	(128.26)
Capital work-in-progress as at March 31, 2024	**116.31**

Capital work in progress ageing schedule-projects in progress

(₹ crores)

Particulars	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 2024	100.63	11.68	2.88	1.12	116.31
As at March 2023	62.58	5.60	0.60	0.61	69.39

There is no capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan.

4 Investment property

(₹ crores)

Particulars	Land	Building	Total
Gross carrying value			
As at April 01, 2022	28.09	62.96	91.05
Additions	-	0.01	0.01
Disposals	-	-	-
As at March 31, 2023	**28.09**	**62.97**	**91.06**
Additions	-	-	-
Reclassified to Property, plant and equipment (refer note 3)	(19.70)	(4.86)	(24.56)
Disposals	-	(0.13)	(0.13)
As at March 31, 2024	**8.39**	**57.98**	**66.37**
Accumulated depreciation			
As at April 01, 2022	-	8.45	8.45
Charge for the year	-	2.81	2.81
Adjustment for disposals	-	-	-

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	Land	Building	Total
As at March 31, 2023	**-**	**11.26**	**11.26**
Charge for the year	-	2.67	2.67
Reclassified to Property, plant and equipment (refer note 3)	-	(2.16)	(2.16)
Adjustment for disposals	-	(0.09)	(0.09)
As at March 31, 2024	**-**	**11.68**	**11.68**
Net carrying value as at March 31, 2023	**28.09**	**51.71**	**79.80**
Net carrying value as at March 31, 2024	**8.39**	**46.30**	**54.69**

(i) Amount recognized in the statement of profit and loss for investment property

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Rental income	11.16	10.66
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	**11.16**	**10.66**

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

(iii) Fair value of investment property

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Land	99.04	119.86
Building	49.25	59.79

The Company obtains independent valuations for its investment property at least annually by registered valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017. The best evidence of fair value is current prices in an active market for similar properties.

The fair value measurement of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used by the independent registered valuer.

Where such information is not available, the independent valuer considers information from a variety of sources including:

a) In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.

b) In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2012 have been taken as the basis of valuation. These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

5 Right-of-use assets

(₹ crores)

Particulars	Property, plant and equipment		Investment property	Total
	Land	Buildings	Land	
Gross carrying value				
As at April 01, 2022	34.52	16.32	4.16	55.00
Additions	24.20	-	-	24.20
Reclassification during the year	4.16	-	(4.16)	-
Disposals	-	-	-	-
As at March 31, 2023	**62.88**	**16.32**	**-**	**79.20**
Additions	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2024	**62.88**	**16.32**	**-**	**79.20**
Accumulated depreciation				
As at April 01, 2022	10.73	7.71	1.92	20.36
Charge for the year	5.70	2.53	0.38	8.61
Reclassification during the year	2.30	-	(2.30)	-
Adjustment for disposals	-	-	-	-
As at March 31, 2023	**18.73**	**10.24**	**-**	**28.97**
Charge for the year	7.76	2.44	-	10.20
Adjustment for disposals	-	-	-	-
As at March 31, 2024	**26.49**	**12.68**	**-**	**39.17**
Net carrying value as at March 31, 2023	**44.15**	**6.08**	**-**	**50.23**
Net carrying value as at March 31, 2024	**36.39**	**3.64**	**-**	**40.03**

Notes:

(i) Right-of-use assets classified as investment property

(a) Amount recognized in statement of profit and loss for investment property

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Rental income	-	0.54
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	**-**	**0.54**

(b) Leasing arrangements

Land classified as investment property is leased to a tenant under long-term operating lease arrangement with rentals payable monthly. The said lease arrangement has been terminated during the year and the corresponding land is being used by the Company for its own business.

(ii) Depreciation for the year has been included in "Depreciation and amortization expense" line item in statement of profit and loss.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

6 (i) Intangible assets

(₹ crores)

Particulars	Prototypes	Technical know how	Software	Total
Gross carrying value				
As at April 01, 2022	43.07	23.84	58.86	125.77
Additions	0.59	-	14.98	15.57
Disposals	-	-	-	-
As at March 31, 2023	**43.66**	**23.84**	**73.84**	**141.34**
Additions	6.09	-	16.53	22.62
Disposals	-	-	-	-
As at March 31, 2024	**49.75**	**23.84**	**90.37**	**163.96**
Accumulated amortization				
As at April 01, 2022	38.59	17.65	46.83	103.07
Charge for the year	2.36	1.76	5.71	9.83
Adjustment for disposals	-	-	-	-
As at March 31, 2023	**40.95**	**19.41**	**52.54**	**112.90**
Charge for the year	3.00	1.57	6.87	11.44
Adjustment for disposals	-	-	-	-
As at March 31, 2024	**43.95**	**20.98**	**59.41**	**124.34**
Net carrying value as at March 31, 2023	**2.71**	**4.43**	**21.30**	**28.44**
Net carrying value as at March 31, 2024	**5.80**	**2.86**	**30.96**	**39.62**

Notes:

(i) Contractual obligations

Refer note 32 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) Expenses incurred and assets in use for in house research and development :

During the year, expenditure of ₹ 131.68 crores (March 31, 2023: ₹ 129.66 crores) was incurred on research and development (excluding depreciation) recognized in statement of profit and loss.

Refer note 34 for detail.

(iii) Amortization for the year has been included in line item 'Depreciation and amortization expense' in statement of profit and loss.

(ii) Intangible assets under development

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Intangible assets under development	35.22	44.29

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Movement in intangible assets under development during the year :

(₹ crores)

Particulars	Amount
Intangible assets under development as at April 01, 2022	**31.45**
Add: additions during the year	28.41
Less: capitalization during the year	(15.57)
Intangible assets under development as at March 31, 2023	**44.29**
Add: additions during the year	13.55
Less: capitalization during the year	(22.62)
Intangible assets under development as at March 31, 2024	**35.22**

Intangible assets under development ageing schedule-projects in progress

(₹ crores)

Particulars	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 2024	7.63	8.65	3.39	15.55	35.22
As at March 2023	19.97	5.42	5.82	13.08	44.29

There are no Intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan.

7 Investments

(i) Investments - non-current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Investments carried at cost		
Subsidiary companies		
Fully paid equity shares (quoted)	1.17	1.17
Fully paid equity shares (unquoted)	53.13	231.17
Joint ventures and associates		
Fully paid equity shares (unquoted)	218.40	218.40
Investments carried at fair value through OCI		
Fully paid equity shares (quoted)	1.19	1.00
Investments carried at amortised Cost		
Mutual funds (quoted) (Target Maturity Funds)	2,902.84	2,783.89
Bonds (unquoted)	15.64	-
	3,192.37	**3,235.63**
Aggregate amount of quoted investments	**2,905.20**	**2,786.06**
Market value of quoted investments	**2,873.02**	**2,718.36**
Aggregate amount of unquoted investments	**287.17**	**449.57**
Aggregate amount of impairment in value of investments	**27.35**	**27.35**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ii) Investments - current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment carried at fair value through profit or loss		
Mutual funds (quoted)	1,891.09	1,794.93
Investments carried at amortised Cost		
Mutual funds (quoted) (Target Maturity Funds)	41.28	-
Bonds (Unquoted)	157.82	-
	2,090.19	**1,794.93**
Aggregate amount of quoted investments	**1,932.37**	**1,794.93**
Market value of quoted investments	**1,932.56**	**1,794.93**
Aggregate amount of unquoted investments	**157.82**	**-**

Details of investments are as follows:

Non-current investments (excluding investments carried at amortized Cost)

(₹ crores)

Particulars	Number of shares		Amount	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
In equity instruments*				
Subsidiaries (quoted)				
Invigorated Business Consulting Limited (Formerly Escorts Finance Limited)	38,19,700	38,19,700	3.12	3.12
less: provision for impairment			(1.95)	(1.95)
			1.17	**1.17**
Subsidiaries (unquoted)				
Escorts Crop Solution Limited	2,43,50,000	2,43,50,000	24.40	24.40
less: provision for impairment			(24.40)	(24.40)
			-	**-**
Farmtrac Tractors Europe SP Z.o.o, Poland (face value of 1000 PLN each)	15,500	15,500	18.68	18.68
EKL CSR Foundation (Formerly Escorts Skill Development)	50,000	50,000	0.02	0.02
Escorts Kubota Finance Limited (face value of ₹ 100 each)	20,00,000	-	20.00	-
Sole beneficiary interest in Escorts Benefit and Welfare Trust	-	-	14.43	212.47
			53.13	**231.17**
Joint ventures and associates (unquoted)				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
less: provision for impairment			(1.00)	(1.00)

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	Number of shares		Amount	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Adico Escorts Agri Equipment Private Limited	84,00,000	84,00,000	8.40	8.40
Escorts Kubota India Private Limited (face value of ₹ 100 each)	1,20,00,000	1,20,00,000	120.00	120.00
Kubota Agricultural Machinery India Private Limited	2,00,00,000	2,00,00,000	90.00	90.00
			218.40	**218.40**
Investments carried at fair value through OCI (Quoted)				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	1.01	0.85
Godavari Drugs Limited	19,700	19,700	0.18	0.15
Twenty First Century Medicare Limited^	19,400	19,400	-	-
Tamilnadu Newsprints & Papers Limited ^	100	100	-	-
			1.19	**1.00**
In preference shares				
Subsidiaries				
Invigorated Business Consulting Limited (Formerly Escorts Finance Limited) (1% redeemable cumulative)	95,00,000	95,00,000	-	-

* All equity shares are of ₹ 10 each unless otherwise stated.

^ Amount less than ₹ 1 lakh.

8 Other financial assets

(i) Other non-current financial assets

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Security Deposits *	7.66	6.42
	7.66	**6.42**

* includes deposit given to related party for ₹ Nil (previous year ₹ 0.04 crores).

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortised cost and assessment of expected credit losses.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ii) Other current financial assets

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Export incentives receivable	2.97	3.62
Claims receivable	1.57	0.28
Derivative assets	0.01	-
Security Deposits	10.65	9.23
Other recoverable		
- from related parties (refer note 45 for related party balances)	3.21	3.47
- from others	1.75	2.75
	20.16	**19.35**

The carrying values are considered to be a reasonable approximation of their fair values.

9 (i) Deferred tax liabilities (net)

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax liability arising on account of :		
Property, plant and equipment, investment property and intangible assets	39.74	48.15
Investments	133.82	58.55
Deferred tax asset arising on account of :		
Financial assets and financial liabilities at amortised cost and inventories	(46.25)	(30.24)
Provision for employee benefits and other liabilities deductible on actual payment	(12.19)	(11.34)
Net deferred tax liabilities	**115.12**	**65.12**

Notes:

(a) Movement in deferred tax liabilities (net) for the year ended March 31, 2024 is as follows:

(₹ crores)

Particulars	Opening balance	Recognised/ (reversed) in statement of profit and loss	Recognised/ (reversed) in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Property, plant and equipment, investment property and intangible assets	48.15	(8.41)	-	39.74
Financial assets and financial liabilities at amortised cost and inventories	(30.24)	(16.01)	-	(46.25)
Provision for employee benefits and other liabilities deductible on actual payment	(11.34)	(0.80)	(0.05)	(12.19)
Investments	58.55	75.25	0.02	133.82
Net deferred tax liabilities	**65.12**	**50.03**	**(0.03)**	**115.12**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(b) Movement in deferred tax liabilities (net) for the year ended March 31, 2023 is as follows:

(₹ crores)

Particulars	Opening balance	Recognised/ (reversed) in statement of profit and loss	Recognised/ (reversed) in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Property, plant and equipment, investment property and intangible assets	52.55	(4.40)	-	48.15
Financial assets and financial liabilities at amortised cost and inventories	(35.24)	5.00	-	(30.24)
Provision for employee benefits and other liabilities deductible on actual payment	(11.06)	(0.89)	0.61	(11.34)
Investments	31.66	26.88	0.01	58.55
Net deferred tax liabilities	**37.91**	**26.59**	**0.62**	**65.12**

(ii) Tax expense

The income tax expense consists of the following:

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax expense	302.62	171.56
Deferred tax expense	50.03	26.59
Total tax expense	**352.65**	**198.15**

Notes:

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:

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before income tax	1,389.80	805.13
Statutory income tax rate*	25.17%	25.17%
Expected income tax expense	349.78	202.64
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	3.66	3.64
Adjustment for tax expense pertaining to prior years	0.76	(3.98)
Income chargeable to lower rate of tax	(0.53)	(3.77)
Others	(1.02)	(0.38)
Total income tax expense	**352.65**	**198.15**
* Statutory tax rate applicable to the Company has been computed as follows		

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Base tax rate	22%	22%
Surcharge (% of tax)	10%	10%
Cess (% of tax)	4%	4%
Applicable rate	25.17%	25.17%

10 Other assets

(i) Non-current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances*	23.01	17.78
Deposits with statutory authorities**	67.97	68.52
Balances with statutory authorities	133.23	112.17
	224.21	**198.47**
Allowance for doubtful advances	(2.14)	(2.14)
	222.07	**196.33**

* includes advance given to related party ₹ 0.68 crores (previous year ₹ 0.30 crores)
** includes deposit paid under protest with statutory authorities.

(i) Current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Refund asset	4.35	5.02
Advances to suppliers*	21.48	39.27
Prepaid expenses**	9.88	10.10
Balances with statutory authorities	147.25	144.90
Other advances	0.56	1.30
	183.52	**200.59**

* includes advance payment to related party ₹ 0.69 crores (previous year ₹ Nil).
** includes prepayment to related party ₹ Nil (previous year ₹ 0.06 crores).

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

11 Inventories

(Valued at lower of cost and net realizable value, unless otherwise stated)

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials and components	433.73	507.59
Goods-in-transit	38.42	43.25
	472.15	**550.84**
Work-in-progress	57.24	60.20
Finished goods	470.64	380.73
Goods-in-transit	58.53	63.85
	529.17	**444.58**
Stock-in-trade	77.75	83.38
Goods-in-transit	1.04	0.80
	78.79	**84.18**
Stores and spares	14.24	13.47
Loose tools	6.53	5.77
	1,158.12	**1,159.04**

(i) Refer note 44 for inventories pledged as security for borrowings .

(ii) Amount of write down and reversal of write down of inventories recognized in statement of profit and loss:

(₹ crores)

Particulars	Amount
Allowance for obsolete and slow moving inventories as at April 01, 2022	**46.78**
Add: write-down recognized during the year	32.18
Less: allowance utilized during the year	(12.79)
Allowance for obsolete and slow moving inventories as at March 31, 2023	**66.17**
Add: write-down recognized during the year	56.58
Less: allowance utilized during the year	(18.52)
Allowance for obsolete and slow moving inventories as at March 31, 2024	**104.23**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

12 Trade receivables

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured, considered good	280.41	221.99
Unsecured, considered good	954.20	998.58
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	26.93	17.11
	1,261.54	**1,237.68**
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(26.04)	(13.01)
Trade Receivables which have significant increase in credit Risk	-	-
Trade Receivables - credit impaired	(26.93)	(17.11)
	(52.97)	**(30.12)**
	1,208.57	**1,207.56**

Trade receivables ageing schedule

As at March 31, 2024

(₹ crores)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	804.76	351.07	31.49	1.50	0.01	0.01	1,188.84
(ii) Undisputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	2.31	1.14	1.25	4.70
(iv) Disputed trade receivables – considered good	-	2.52	13.09	14.96	13.97	1.23	45.77
(v) Disputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	8.55	7.02	6.66	22.23
Total	**804.76**	**353.59**	**44.58**	**27.32**	**22.14**	**9.15**	**1,261.54**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Trade receivables ageing schedule

As at March 31, 2023

(₹ crores)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	942.10	241.94	6.58	1.30	0.50	0.61	1,193.03
(ii) Undisputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	0.77	0.06	0.63	1.46
(iv) Disputed trade receivables – considered good	-	0.79	10.96	11.74	2.42	1.63	27.54
(v) Disputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	9.01	0.94	5.70	15.65
Total	**942.10**	**242.73**	**17.54**	**22.82**	**3.92**	**8.57**	**1,237.68**

(i) Refer note 44 for trade receivables pledged as security for liabilities.

(ii) Refer note 35 - Financial instruments for assessment of expected credit losses.

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

(iv) Trade receivables include ₹ 76.35 crores (March 31, 2023 ₹ 100.13 crores) due from related parties. For details refer note 45 - related party disclosures.

13 Cash and cash equivalents

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks in current accounts	17.69	17.68
Debit balance in cash credit accounts	65.93	53.88
Bank deposits with original maturity of less than or equal to 3 months	123.05	110.04
	206.67	**181.60**

There are no restrictions of use with respect to cash and cash equivalents as at the end of the current year and previous year.

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

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

14 Other bank balances

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked bank balances	1.98	12.23
Fixed deposits with original maturity of more than 3 months but less than 12 months	768.59	100.24
Margin money deposits	2.86	2.61
Escrow account	184.57	171.78
	958.00	**286.86**

(i) Earmarked balances with banks represent unclaimed dividends (previous year: balance in unspent CSR account (refer note 29) and unclaimed dividends).

(ii) Fixed deposits with maturity of more than 3 months but less than 12 months includes ₹ 0.19 crores (March 31, 2023: ₹ 0.17 crores) deposits held by the entity which are not available for use by the Company, as these are lien marked.

(iii) Balance in Escrow account is not available for use by the Company, refer note 21 (ii) for details.

(iv) ₹ 2.86 crores (March 31, 2023: ₹ 2.61 crores) represent margin money pledged with various authorities.

(v) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the current year and previous year.

(vi) The carrying values are a reasonable approximation of their fair values.

15 Assets held for sale

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Land held for sale	17.54	17.54
	17.54	**17.54**

Notes:

(i) Details of assets held for sale :

The Company in earlier years, has agreed to transfer 25 acres of land at plot no 219, sector 58, Ballabhgarh, Haryana for a consideration of ₹ 17.54 crores(including additional payment of ₹ 8.54 crores to Haryana Shehri Vikas Pradhikaran (HSVP) under "Last and Final Settlement Scheme, 2022" towards settlement of enhancement dues related to the said land) of which ₹ 13.00 crores has been received from the buyer. The said transfer is subject to necessary approval from Haryana Urban Development Authority (HUDA) and accordingly the amount received from the buyer is being classified in the other current liabilities.

Owing to the inordinate delay in obtaining approval from HUDA, the transfer has been delayed for more than a year that was not originally envisaged. However, the Company is taking necessary action to respond to the current conditions and favourable resolution is expected. Therefore, such land continues to be classified as held for sale.

(ii) Non-recurring fair value measurements

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹ 0.76 crores was made in earlier years on account of such measurement for land.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

16 Equity Share Capital

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorized		
40,10,00,000 (previous year 40,10,00,000) Equity shares of ₹ 10 each	401.00	401.00
88,80,00,000 (previous year 88,80,00,000) Unclassified shares of ₹ 10 each	888.00	888.00
	1,289.00	**1,289.00**
Issued, subscribed and fully paid-up		
11,04,98,261 (previous year 13,19,40,604) Equity shares of ₹ 10 each	110.50	131.94
	110.50	**131.94**

(a) Reconciliation of number of shares

Particulars	As at March 31, 2024		As at March 31, 2023	
	No of shares	₹ crores	No of shares	₹ crores
Equity shares at the beginning of the year	13,19,40,604	131.94	13,19,40,604	131.94
Cancelled during the year (refer note 42)	(2,14,42,343)	(21.44)	-	-
Equity shares at the end of the year	**11,04,98,261**	**110.50**	**13,19,40,604**	**131.94**

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

The Company has only one class of shares, i.e., equity shares having a face value of ₹ 10 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.

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No of shares	% holding	No of shares	% holding
Kubota Corporation	5,91,12,970	53.50%	5,91,12,970	44.80%
Har Parshad and Company Private Limited	1,07,26,308	9.71%	1,07,26,308	8.13%
Escorts Benefit and Welfare Trust	-	-	2,14,42,343	16.25%

(d) The Company has a holding company named Kubota Corporation w.e.f. April 11, 2022.

(e) The Company has issued total 1,18,700 (March 31, 2023: 2,04,625) equity shares to employees (through Escorts Employees Benefit and Welfare Trust) on exercise of option granted under the Employee Stock Option Scheme 2006, wherein part consideration was received in form of employee services.

(f) Shares reserved for issue under options

Particulars	As at March 31, 2024	As at March 31, 2023
	No of shares	No of shares
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	20,56,530	21,75,230

These shares are held as treasury shares under other equity (refer note 17).

For terms and other details refer note 38.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(g) Shares held by promoters at the end of the year

As at March 31, 2024

S. No	Promoter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.02%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	1.09%	-
3	Nitasha Nanda	1,93,422	-	1,93,422	0.18%	-
4	Navya Naveli Nanda	18,000	-	18,000	0.02%	-
5	Agastya Nanda	10,000	-	10,000	0.01%	-
6	Hardeep Singh	500	-	500	0.00%	-
7	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.53%	-
8	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.60%	-
9	Invigorated Business Consulting Limited (Formerly Escorts Finance Limited)	31	-	31	0.00%	-
10	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	9.71%	-
11	Sietz Technologies India Private Limited	826	-	826	0.00%	-
12	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
13	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
14	Escorts Benefit And Welfare Trust	2,14,42,343	(2,14,42,343)	-	0.00%	(16.25%)
15	Kubota Corporation	5,91,12,970	-	5,91,12,970	53.50%	-

As at March 31, 2023

S. No	Promoter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.01%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	0.91%	-
3	Nitasha Nanda	1,93,422	-	1,93,422	0.15%	-
4	Navya Naveli Nanda	18,000	-	18,000	0.01%	-
5	Agastya Nanda	10,000	-	10,000	0.01%	-
6	Hardeep Singh	500	-	500	0.00%	-
7	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.28%	-
8	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.34%	-
9	Invigorated Business Consulting Limited (Formerly Escorts Finance Limited)	31	-	31	0.00%	-

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

S. No	Promoter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
10	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	8.13%	-
11	Sietz Technologies India Private Limited	826	-	826	0.00%	-
12	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
13	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
14	Escorts Benefit And Welfare Trust	2,14,42,343	-	2,14,42,343	16.25%	-
15	Kubota Corporation	2,16,21,414	3,74,91,556	5,91,12,970	44.80%	28.42%

* Kubota corporation held 2,16,21,414 share at the beginning of the year ended March 31, 2023 in public category hence only additional acquisition is considered for change during the year.

17 Other equity

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital reserve	**97.40**	**97.40**
Capital redemption reserve	**4.00**	**4.00**
General reserve	**731.56**	**731.56**
Securities premium		
Opening balance	3,322.98	3,298.79
Less: cancellation of shares held by Escorts Benefit and Welfare Trust (refer note 42)	(176.60)	-
Add: net proceeds from shares issued during the year	-	-
Add: amount received from employees on exercise of employees' stock option against options exercised during the year(net of tax)	10.97	16.57
Add: transferred from employees' stock option outstanding account against options exercised during the year	4.63	7.62
	3,161.98	**3,322.98**
Employees' stock option outstanding account		
Opening balance	12.30	14.16
Add: charge for the year*	4.19	5.76
Less: transferred to securities premium against vested options exercised during the year	(4.63)	(7.62)
	11.86	**12.30**
Treasury shares		
Opening balance	(18.38)	(20.11)
Less: adjustment for options exercised during the year	1.00	1.73
	(17.38)	**(18.38)**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Retained earnings		
Opening balance	4,152.02	3,619.50
Add: net profit for the year	1,037.15	606.98
Less: equity dividend (net of dividend on treasury shares) (during FY 2023-24: ₹ 7.00 per share paid for FY 2022-23) (during FY 2022-23: ₹ 7.00 per share paid for FY 2021-22)	(76.34)	(76.28)
Add: remeasurement of defined benefit plans (net of tax)	(0.15)	1.82
	5,112.68	**4,152.02**
Other comprehensive income, net of tax		
Equity instruments measured at fair value through other comprehensive income		
Opening balance	0.99	0.94
Add : changes during the year (net of tax)	0.17	0.05
	1.16	**0.99**
	9,103.26	**8,302.87**

* includes ₹ 0.06 crores (previous year ₹. 0.06 crores) charged back to a subsidiary company.

Nature and purpose of reserves:

(i) Securities premium

Securities premium represents premium received on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

(ii) Employee's stock options outstanding account

The account is used to recognize the grant date fair value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

(iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

(iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of acquisition paid at the time of amalgamation/ acquisition done in earlier years. This reserve is not available for distribution to the shareholders.

(v) Treasury shares

Treasury shares represents Company's own equity shares held by Escorts Employees Benefit and Welfare Trust, which is created for the purpose of issuing equity shares to employees under Company's stock option plan.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(vi) General reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956 and transfer from Employee's stock options outstanding account upon lapse of vested options. Mandatory transfer to general reserve upon declaration of dividend is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

(vii) Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

(viii) Other comprehensive income (OCI)

The Company has elected to recognize changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

18 Reconciliation of financial liabilities with cashflow arising from financing activities:

(₹ crores)

Particulars	Lease liabilities	Current borrowings
Opening balance as at April 01, 2022	**51.93**	**-**
Cash flows:		
Proceeds/(repayments)	(7.03)	-
Interest paid	(4.58)	(0.43)
Interest expenses	4.58	0.43
Non cash:		
Addition during the year	12.40	-
Closing balance as at March 31, 2023	**57.30**	**-**
Cash flows:		
Proceeds/(repayments)	(8.41)	-
Interest paid	(4.49)	(0.50)
Interest expenses	4.49	0.50
Closing balance as at March 31, 2024	**48.89**	**-**

19 Other financial liabilities

(i) Other non-current financial liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	20.30	26.95
	20.30	**26.95**

Refer note 35 - Financial instruments for disclosure of fair values in respect of financial liabilities measured at amortized cost and analysis of their maturity profiles.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ii) Other current financial liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital creditors	31.82	27.21
Security deposits	6.42	0.61
Unpaid dividends*	1.98	2.06
Payable to related parties (refer note 45)	0.41	0.42
Employee related payables	85.63	74.50
Retention money	0.74	0.58
Derivative liabilities	-	0.48
Other accrued liabilities	139.81	-
Other payables	8.56	9.21
	275.37	**115.07**

*Investor Education and Protection Fund will be credited as and when due

The carrying values are considered to be a reasonable approximation of their fair values.

20 Other liabilities

(i) Other non-current liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred income	6.66	7.92
	6.66	**7.92**

(ii) Other current liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Advances received from customers	71.48	83.93
Advance against assets held for sale	13.00	13.00
Payable to statutory authorities	34.99	54.62
Deferred income	27.90	24.27
Others	36.24	44.74
	183.61	**220.56**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

21 Provisions

(i) Non-current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Provision for compensated absences	25.13	22.30
Provision for pension	3.91	4.14
Others		
Provision for warranty	15.66	15.32
	44.70	**41.76**

(ii) Current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Provision for gratuity	13.81	6.22
Provision for compensated absences	2.18	2.27
Provision for pension	0.62	0.64
Others		
Provision for claims	65.00	65.00
Provision for warranty	32.85	29.49
	114.46	**103.62**

Notes:

1 Information about individual provisions:

Provision for claims

During FY 2005-06, the Company sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated September 25, 2005. At the time of sale, EHIRCL had certain pending income-tax demands. For this purpose and in terms of said SPA, an amount of ₹ 64.99 crores had been kept under Escrow as fixed deposit by the Company, which after renewal(s) along with interest cumulatively amounts to ₹ 184.57 crores as on March 31, 2024 (March 31, 2023: ₹ 171.78 crores). In accordance with the terms of said SPA, the Company has undertaken to indemnify the purchaser against the aforesaid tax demands arising on EHIRCL upon final adjudication in law, to the maximum extent of funds lying in the Escrow Account plus one-third of the remaining tax demand in excess of the balance in the Escrow Account or as may be finally settled between the parties. Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹ 65.00 crores on March 31, 2024 (March 31, 2023: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the disputed matters in the Company's favour and the appeals filed by Income Tax Department against the orders of first appellate authority have been dismissed. The income-tax department had filed two appeal(s) before Hon'ble Delhi High Court. During the year ended March 31, 2024 one of the appeal has ben dismissed by the Hon'ble Delhi High Court and the other appeal is pending.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Provision for warranty

The Company gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/replacement. The timing of outflows is expected to be within a period of five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to incur the related expenditure over the future periods.

2 Movement in other provisions :

(₹ crores)

Particulars	Provision for claims	Provision for warranty
Provision at March 31, 2022	65.00	34.99
Additions during the year	-	28.42
Amount utilized during the year	-	(18.60)
Provision at March 31, 2023	**65.00**	**44.81**
Additions during the year	-	28.82
Amount utilized during the year	-	(25.12)
Provision at March 31, 2024	**65.00**	**48.51**

3 For disclosures on provisions related to employee benefits, refer note 37.

22 Trade payables

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
- due to micro, small and medium enterprises(MSME) (refer note 41)	119.99	103.70
- due to others	881.02	822.74
Other accrued liabilities	188.28	306.43
	1,189.29	**1,232.87**

The carrying values are considered to be a reasonable approximation of their fair values.

Trade Payables ageing schedule as at March 31, 2024

(₹ crores)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				
			Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	0.95	39.70	75.21	2.01	1.26	0.86	**119.99**
(ii) Others	216.84	509.75	334.30	1.42	0.91	6.08	**1,069.30**
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	217.79	**549.45**	**409.51**	**3.43**	**2.17**	**6.94**	**1,189.29**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Trade Payables ageing schedule as at March 31, 2023

(₹ crores)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				
			Less than 1 year	1 -2 years	2 -3 years	More than 3 years	Total
(i) MSME	0.91	40.96	59.45	1.36	0.28	0.74	**103.70**
(ii) Others	338.15	451.66	331.76	1.47	0.81	5.32	**1,129.17**
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	339.06	**492.62**	**391.21**	**2.83**	**1.09**	**6.06**	**1,232.87**

23 Revenue from operations

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Operating revenue		
Sale of products		
Export	430.19	610.16
Domestic	8,170.31	7,553.31
Sale of services	9.96	9.10
	8,610.46	**8,172.57**
Other operating revenue		
Sale of other services	32.51	36.51
Export incentives	11.88	21.62
Scrap sales	64.30	56.94
Liabilities no longer required written back	3.54	2.69
Others	54.05	54.62
	166.28	**172.38**
	8,776.74	**8,344.95**

Also refer note 46 for disclosures pursuant to Ind AS 115 -Revenue from Contracts with Customers.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

24 Other income

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest from		
Bank deposits	46.83	9.14
Other financial assets carried at amortized cost	0.91	1.85
Investments carried at amortized cost	172.00	150.81
	219.74	**161.80**
Other income		
Lease rentals	10.77	11.32
Gain on fair valuation of investments carried at fair value through profit or loss (net)	152.76	88.12
Gain on disposal of property, plant and equipment (net)	10.31	2.13
Miscellaneous income	4.72	17.19
	178.56	**118.76**
	398.30	**280.56**

25 Cost of materials consumed

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i) Cost of material consumed		
Opening stock	550.84	360.98
Purchases	5,538.61	5,911.75
	6,089.45	**6,272.73**
Closing stock	(472.15)	(550.84)
	5,617.30	**5,721.89**
(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods		
Opening stock		
Finished goods	444.58	295.13
Work-in-progress	60.20	40.29
Stock-in-trade	84.18	89.56
	588.96	**424.98**
Closing stock		
Finished goods	(529.17)	(444.58)
Work-in-progress	(57.24)	(60.20)
Stock-in-trade	(78.79)	(84.18)
	(665.20)	**(588.96)**
	(76.24)	**(163.98)**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

26 Employee benefits expense

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus	559.47	523.96
Share based payments to employees (refer note 38)	4.13	5.70
Post-employment and other long term benefits expense (refer note 37)	9.75	8.92
Contribution to provident and other funds (refer note 37)	24.27	22.56
Staff welfare	39.46	33.83
	637.08	**594.97**

27 Finance costs

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on		
Cash credit and short term loans	0.50	0.43
Lease liabilities	4.49	4.58
Others	1.06	-
Finance and bank charges	1.67	2.43
Unwinding of discount on provisions and financial liabilities carried at amortized cost	3.12	2.82
	10.84	**10.26**

28 Depreciation and amortization

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on		
Property, plant and equipment	142.13	127.18
Investment property	2.67	2.81
Right-of-use assets	10.20	8.61
Amortization on		
Intangible assets	11.44	9.83
	166.44	**148.43**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

29 Other expenses

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Stores and spares consumed	71.64	66.47
Power, fuel and electricity	45.73	45.01
Repair and maintenance		
Building	8.16	9.10
Machinery	23.52	18.40
Others	34.81	29.84
Outsourcing expenses	14.15	18.05
Warranties and after sale service	59.52	62.91
Rent	6.96	5.48
Research and development expense on projects	7.85	10.53
Rates and taxes	4.24	3.61
Insurance	10.71	23.91
Travelling and conveyance	73.51	75.86
Postage and telephones	8.33	6.30
Manpower hiring on contract	194.04	163.04
Legal and professional (refer note 31)	43.44	48.98
Commission, discounts and sales incentive	11.11	10.85
Advertisement and promotional expenses	52.56	63.08
Royalty paid	42.49	40.86
Packing, freight and forwarding	107.74	119.83
Security charges	6.69	6.88
Printing and stationery	4.57	4.17
Director's sitting fees and commission	6.79	6.42
Corporate social responsibility (CSR) expenditure *	17.72	17.30
Provision for doubtful debts/advances and deposits	33.09	9.19
Bad debts written off	0.39	51.08
Less : Provision already held	(0.39)	(49.61)
Miscellaneous expenses	44.38	35.08
	933.75	**902.62**
*** CSR Expenditure**		
(i) Opening balance of amount deposited in designated bank account in terms of section 135(6) of the Companies Act, 2013^	23.27	17.42
(ii) Gross amount required to be spent by the Company during the year	17.70	17.30
(iii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	17.72	4.20
(iv) Unspent amount deposited in a designated bank account (Previous Year: April 29, 2022), in terms of section 135(6) of the Companies Act, 2013.	-	13.10
(v) Amount spent (in cash) during the year from amount deposited in designated bank account in terms of section 135(6) of the Companies Act, 2013	23.27	7.25
(vi) Closing balance of amount deposited in designated bank account in terms of section 135(6) of the Companies Act, 2013^	**-**	**23.27**

^ Opening and closing balances include amount deposited in the designated bank account subsequent to the respective year end but before the date of approval of the financial statements by the Board.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

30 (i) Earnings per share (EPS)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net profit for the year (A) (₹ in crores)	**1,037.15**	**606.98**
Total shares issued at the beginning of the year	**13,19,40,604**	**13,19,40,604**
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust at the beginning of the year	21,75,230	21,75,230
Add : Weighted average number of Equity Shares issued and allotment of shares by ESOP Trust to Employees	50,816	92,010
Less: Weighted average number of Equity Shares on account of capital reduction during the year	1,80,44,376	-
Weighted-average number of equity shares for basic EPS (B)	**11,17,71,814**	**12,98,57,384**
Effect of dilution :		
Weighted average number of share options granted to employees	1,86,437	1,66,538
Weighted average number of equity shares adjusted for the effect of dilution (C)	**11,19,58,251**	**13,00,23,922**
Basic EPS (Amount in ₹) (A/B)	92.79	46.74
Diluted EPS (Amount in ₹) (A/C)	92.64	46.68

(ii) Exceptional items

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loss on sale of investment in joint venture (note a)	-	72.76
Impairment of investments in subsidiary (note b)	-	24.40
	-	**97.16**

Notes:

a) Represents loss on disposal of investment in Tadano Cranes India Private Limited (formerly Tadano Escorts India Private Limited, a joint venture of the Company till November 11, 2022) amounting to ₹ 72.76 crores for the year ended March 31, 2023.

b) Represents provision for impairment in investment in Escorts Crop Solutions Limited amounting to ₹ 24.40 crores for the year ended March 31, 2023.

31 Legal and professional expenses includes payments to auditor

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
As Auditor:		
Audit fee	1.30	1.30
Certification and other services	0.05	0.11
For reimbursement of expenses	0.07	0.07

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

32 Commitments and contingencies

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
A. Capital commitments - Estimated amounts of contracts remaining to be executed on capital account and not provided for	170.73	133.83
B. Guarantees executed in favour of others	55.90	43.90
C. Contingencies		
(i) Taxation related contingencies		
Excise duty/ customs duty /service tax demands/ GST demands	469.57	466.25
Sales tax and other demands	34.33	32.21
Demand raised by income tax department, disputed by the Company and pending in appeal (refer note 1 below)	63.50	63.50
(ii) Others		
Cases under litigation relating to :		
- Personnel	5.49	5.19
- Others	49.93	59.56
(iii) Claims not acknowledged as debts	15.42	15.42

Notes:

1. Contingencies for demand raised by income tax department, disputed by the Company and pending in appeal does not include Income tax cases pending w.r.t. Escorts Heart Institute and Research Center Limited(EHIRC) since the amount is indeterminable (refer note 21(ii) for details). Further the amount includes ₹ 32.17 crores (March 31, 2023 ₹ 32.17 crores) in respect of matters which have been decided in favour of the Company, however the income tax department has preferred appeals at the next levels.

2. The amounts indicated as contingent liability or claims against the Company only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered. Penalties wherever quantified have been included.

33 Loss from agricultural business :

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Expenses	0.01	-
Sales and other income	-	-
Net loss from agricultural activities	0.01	-

34 Research and development

(i) Research and development costs on in house R&D centres amounting to ₹ 154.37 crores (March 31, 2023: ₹ 149.48 crores) were incurred during the year.

(₹ crores)

Particulars	Tractor		Construction equipment	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Cost of materials consumed	5.60	5.22	0.13	0.54
Employee benefits expense	70.06	66.04	10.18	11.22
Other expenses	39.49	41.29	6.22	5.35
Depreciation	21.30	18.54	1.39	1.28
Total	**136.45**	**131.09**	**17.92**	**18.39**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ii) Assets purchased/capitalised for research and development centres*:

(₹ crores)

Particulars	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
Gross carrying value		
As at April 01, 2022	338.84	12.55
Additions	42.28	1.05
Disposals	(5.36)	-
As at March 31, 2023	**375.76**	**13.60**
Additions	20.00	4.03
Disposals	(4.45)	(0.02)
As at March 31, 2024	**391.31**	**17.61**
Accumulated depreciation and amortization		
As at April 01, 2022	148.18	7.83
Depreciation and amortization for the year	18.54	1.28
Disposals	(4.65)	-
As at March 31, 2023	**162.07**	**9.11**
Depreciation and amortization for the year	21.30	1.39
Disposals	(4.07)	(0.02)
As at March 31, 2024	**179.30**	**10.48**
Net carrying value as at March 31, 2023	**213.69**	**4.49**
Net carrying value as at March 31, 2024	**212.01**	**7.13**

* Excluding capital advance/capital work-in-progress.

(iii) Expenses on research and development as percentage to gross turnover is:

Particulars	March 31, 2024	March 31, 2023
Tractor	1.58%	1.60%
Construction equipment	0.21%	0.23%

35 Financial Instruments

A Financial assets and liabilities

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

(₹ crores)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Financial assets measured at fair value			
Investments measured at			
Fair value through other comprehensive income	7 (i)	1.19	1.00
Fair value through profit and loss	7 (ii)	1,891.09	1,794.93
Derivative assets			
Fair value through profit and loss	8 (ii)	0.01	-

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Financial assets measured at amortised cost			
Investments	7 (i), 7 (ii)	3,117.58	2,783.89
Trade receivables	12	1,208.57	1,207.56
Cash and cash equivalents	13	206.67	181.60
Other bank balances	14	958.00	286.86
Other financial assets	8 (i), 8 (ii)	27.81	25.77
Total		**7,410.92**	**6,281.61**
Financial liabilities measured at fair value			
Derivative liabilities			
Fair value through profit and loss	19(ii)	-	0.48
Financial liabilities measured at amortised cost			
Trade payables	22	1,189.29	1,232.87
Lease liabilities	39	48.89	57.30
Other financial liabilities	19(i), 19(ii)	295.67	141.54
Total		**1,533.85**	**1,432.19**

Investment in subsidiaries, joint ventures and associates are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

B Fair values hierarchy

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

The categories used are as follows:

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

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

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

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

(₹ crores)

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2024				
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	1.19	-	-	1.19
Fair value through profit and loss	1,891.09	-	-	1,891.09
Derivative assets measured at				
Fair value through profit and loss	-	0.01	-	0.01

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2023				
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	1.00	-	-	1.00
Fair value through profit and loss	1,794.93	-	-	1,794.93
Derivative liabilities measured at				
fair value through profit and loss	-	0.48	-	0.48

a. Valuation process and technique used to determine fair value

(i) The fair value of quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.

(ii) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(iii) The derivative financial instruments are valued using forward exchange rates as at the balance sheet date.

B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed alongwith fair value hierarchy is as follows:

(₹ crores)

As at March 31, 2024	Fair value hierarchy	Carrying value	Fair value
Other financial assets	Level 3	7.66	7.66
Investments in Mutual Funds (Target Maturity Funds, Quoted)	Level 1	2,944.12	2,911.28
Investments in Bonds (Unquoted)	Level 2	173.46	167.23
Security deposits received	Level 3	20.30	19.94
Lease liabilities	Level 3	48.89	48.36

(₹ crores)

As at March 31, 2023	Fair value hierarchy	Carrying value	Fair value
Other financial assets	Level 3	6.42	6.42
Investments in Mutual Funds (Target Maturity Funds, Quoted)	Level 1	2,783.89	2,715.42
Security deposits received	Level 3	26.95	27.83
Lease liabilities	Level 3	57.30	56.92

The management assessed that fair values of other current financial assets, cash and cash equivalents, other bank balances, trade receivables, short term borrowings, 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. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate receivables(if any) are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ii) The fair values of the Company's fixed interest-bearing receivables and lease liabilities are determined by applying discounted cash flows ('DCF') method on contractual cash flows, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2024 was assessed to be insignificant.

(iii) All the other long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values. However, there are no long-term borrowings as at March 31, 2024 and March 31, 2023.

C Financial Risk Management

Risk Management

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	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 foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

C.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other 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.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

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 recognized in statement of profit and loss.

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

Basis of categorization	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, and other financial assets measured at amortized cost	12 month expected credit loss
High credit risk	Trade receivables	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher.

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

Financial assets (other than trade receivables) that expose the entity to credit risk –

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Low credit risk on financial reporting date		
Investments**	3,117.58	2,783.89
Cash and cash equivalents *	206.67	181.60
Other bank balances *	958.00	286.86
Other financial assets *	27.81	25.77

* Represents carrying values of financial assets, without deduction for expected credit losses

** Represents target maturity funds, bonds at amortized cost

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.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Trade receivables

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

Trade receivables are generally extended a credit period of 0 to 90 days, except in case of sale to government, where the credit period is governed by terms of the order or the tender document and do not involve any significant financing component.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees, 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 are in place ensure the amounts are within defined limits.

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 and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.
- 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. The Company does not have any expected loss based impairment recognized on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default (net of any recoveries from the insurance companies) relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for).Trade receivables amounting to ₹ 280.41 crores (March 31, 2023: ₹ 221.99 crores) are secured by way of security deposits from customer and letter of credit issued by banks. The letter of credit are issued by reputable banks and their credit risk is assessed to be low.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

March 31, 2024

Agri machinery

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	880.77	51.41	20.90	12.89	35.23	1,001.20
Expected loss rate	0.85%	18.62%	13.97%	31.96%	40.31%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	7.47	9.57	2.92	4.12	14.20	38.28

Construction equipment

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	54.56	0.07	-	-	8.15	62.78
Expected loss rate	0.15%	28.57%	0.00%	0.00%	47.61%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	0.08	0.02	-	-	3.88	3.98

March 31, 2023

Agri machinery

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	754.28	106.36	31.07	4.38	22.28	918.37
Expected loss rate	0.50%	4.50%	3.70%	32.90%	35.90%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	3.56	4.74	1.15	1.44	7.99	18.88

Construction equipment

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount- trade receivables	66.22	1.06	0.15	0.06	11.57	79.06
Expected loss rate	0.17%	6.60%	20.00%	100.00%	36.82%	
Expected credit loss (loss allowance provision net of trade receivables secured by insurance)	0.11	0.07	0.03	0.06	4.26	4.53

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	March 31, 2024			March 31, 2023		
	Auto products*	Railway products	Others	Auto products*	Railway products	Others
Historical loss rate on sales during the year	0.00%	0.12%	0.00%	0.00%	0.12%	0.00%
Loss allowance provision on the sales	-	1.86	-	-	1.85	-
Loss allowance provision on the debtors outstanding more than one year	4.31	4.26	0.28	4.31	0.28	0.27

The Company estimates loss allowance provision for the railway products division at 100% for the debtors (other than government) outstanding more than one year as at the reporting date and historical loss rate on the sales made during the year.

* Auto products business was discontinued and all assets & liabilities were transferred under a sale agreement executed in FY 2016-17, except certain receivables and other assets which remained with the Company.

Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ crores)

Particulars	Trade receivables	Other financial assets
Loss allowance on April 01, 2022	70.22	-
Loss allowance created	9.51	-
Loss allowance written back	(49.61)	
Loss allowance on March 31, 2023	**30.12**	**-**
Loss allowance created	23.24	-
Loss allowance written back	(0.39)	-
Loss allowance on March 31, 2024	**52.97**	**-**

C.2 Liquidity risk

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

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

a) Financing arrangements

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Floating rate		
- Expiring within one year (cash credit and other facilities)	157.20	550.00

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, there were no undrawn facilities as at March 31, 2024.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

b) Maturities of financial liabilities

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

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

(₹ crores)

March 31, 2024	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Lease liabilities	14.20	12.00	9.58	28.27	64.05
Trade payable (including MSME)	1,189.29	-	-	-	1,189.29
Security deposits	6.83	-	0.70	25.74	33.27
Other financial liabilities	268.95	-	-	-	268.95
Total	**1,479.27**	**12.00**	**10.28**	**54.01**	**1,555.56**

(₹ crores)

March 31, 2023	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Derivatives					
Derivative liabilities	0.48	-	-	-	0.48
Non-derivatives					
Lease liabilities	12.90	14.20	12.00	37.85	76.95
Trade payable (including MSME)	1,232.87	-	-	-	1,232.87
Security deposits	1.19	7.14	-	27.48	35.81
Other financial liabilities	113.98	-	-	-	113.98
Total	**1,360.94**	**21.34**	**12.00**	**65.33**	**1,459.61**

C.3 Market risk

a) Foreign currency risk

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

(i) Foreign currency risk exposure in USD:

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Financial assets	7.15	19.53
Financial liabilities	8.30	10.42
Net exposure to foreign currency risk (liabilities)/assets	**(1.15)**	**9.11**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Sensitivity

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
USD sensitivity		
INR/USD- increase by 1.92% (March 31, 2023 - 4.09%)*	(0.02)	0.28
INR/USD- decrease by 1.92% (March 31, 2023 - 4.09%)*	0.02	(0.28)

* Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Financial assets	72.55	95.94
Financial liabilities	91.36	25.88
Net exposure to foreign currency risk (liabilities)/assets	**(18.81)**	**70.06**

Sensitivity

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
EURO sensitivity		
INR/EURO- increase by 4.46% (March 31, 2023 - 6.62%)*	(0.63)	3.47
INR/EURO- decrease by 4.46% (March 31, 2023 - 6.62%)*	0.63	(3.47)

* Holding all other variables constant

(iii) Foreign currency risk exposure in JPY:

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Financial liabilities	8.01	1.39
Net exposure to foreign currency risk (liabilities)	**(8.01)**	**(1.39)**

Sensitivity

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
JPY sensitivity		
INR/JPY- increase by 6.90% (March 31, 2023 - 9.50%)*	(0.41)	(0.10)
INR/JPY- decrease by 6.90% (March 31, 2023 - 9.50%)*	0.41	0.10

* Holding all other variables constant

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. There are no outstanding borrowings as at March 31, 2024 and March 31, 2023 and accordingly exposure to interest rate risk and sensitivity thereof is not disclosed.

ii) 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.

c) Price risk

i) Exposure

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

Impact on profit after tax

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Mutual funds		
Net assets value – increase by 100 bps (100bps)	14.15	13.43
Net assets value – decrease by 100 bps (100bps)	(14.15)	(13.43)

Impact on other comprehensive income after tax

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Quoted equity instruments		
Market price – increase by 500 bps (500bps)	0.05	0.04
Market price – decrease by 500 bps (500bps)	(0.05)	(0.04)

36 Capital management

The Company's capital management objectives are

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

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

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

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

(a) Debt equity ratio

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Net debts	-	-
Total equity	9,213.76	8,434.81
Net debt to equity ratio	**0.00%**	**0.00%**

(b) Dividends

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
(i) Dividend paid on equity shares		
Final dividend for the year ended March 31, 2023 of ₹ 7.00 per share (excluding tax)	77.35	-
Final dividend for the year ended March 31, 2022 of ₹ 7.00 per share (excluding tax)	-	77.35
(ii) Dividend proposed	198.90	77.35
In addition to the above, dividend, if any recommended by the Board of Directors post end of relevant reporting year shall be accrued and distributed in the year of approval in annual general meeting.		

37 Employee benefits

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 employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

(i) Amount recognized in the balance sheet is as under:

(₹ crores)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Gratuity				
Present value of defined benefit obligation	95.82	-	93.52	-
Fair value of plan assets	82.01	-	87.30	-
Net value of defined benefit obligation	**13.81**	**-**	**6.22**	**-**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ii) Amount recognized in the statement of profit and loss is as under:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Current service cost	8.94	8.11
Net interest cost	0.46	0.45
Net impact on profit (before tax)	**9.40**	**8.56**
Actuarial loss/(gain) recognized during the year	0.28	(2.34)
Amount recognized in the statement of profit and loss	**9.68**	**6.22**

(iii) Movement in the present value of defined benefit obligation recognized in the balance sheet is as under:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of defined benefit obligation as at the start of the year	**93.52**	**95.70**
Current service cost	8.94	8.11
Interest cost	6.88	6.91
Actuarial loss/(gain) recognized during the year	(0.27)	(2.53)
Benefits paid	(13.25)	(14.67)
Present value of defined benefit obligation as at the end of the year	**95.82**	**93.52**

(iv) Movement in the plan assets recognized in the balance sheet is as under:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at beginning of year	**87.30**	**89.41**
Expected return on plan assets	6.42	6.46
Employer's contribution	2.09	6.29
Benefits paid	(13.25)	(14.67)
Actuarial gain/(loss) on plan assets	(0.55)	(0.19)
Fair value of plan assets at the end of the year	**82.01**	**87.30**
Actual return on plan assets	5.87	6.27

(v) Breakup of actuarial (gain)/loss:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	1.63	(0.81)
Actuarial (gain)/loss on arising from experience adjustment	(1.35)	(1.53)
Total actuarial (gain)/loss	**0.28**	**(2.34)**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(vi) Actuarial assumptions

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.22%	7.36%
Future salary increase	8.00%	8.00%
Expected average remaining working lives of employees (years)	21.66	20.98

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2012-14) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vii) Sensitivity analysis for gratuity liability

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Impact of the change in discount rate		
Present value of obligation at the end of the year	95.82	93.52
- Impact due to increase of 0.50 %	(3.85)	(3.49)
- Impact due to decrease of 0.50 %	4.16	3.78
Impact of the change in salary increase		
Present value of obligation at the end of the year	95.82	93.52
- Impact due to increase of 0.50 %	4.11	3.73
- Impact due to decrease of 0.50 %	(3.84)	(3.48)

The above sensitivity analysis 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 which was applied while calculating the defined benefit obligation recognized in the balance sheet.

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

(viii) Maturity profile of defined benefit obligation

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Within next 12 months	10.61	11.38
Between 1-5 years	31.53	39.08
Beyond 5 years	53.70	116.32

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ix) Category of plan assets :

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
LIC of India - Group Gratuity Cash Accumulation Fund	80.84	85.70
Others	1.17	1.60
Total	**82.01**	**87.30**

(x) The Company expects to contribute ₹ 11.66 crores (previous year ₹ 10.08 crores) to its gratuity plan for the next year.

(xi) The weighted average duration of defined benefit obligation for gratuity is 16.25 years(previous year 16.70 years) for the company.

B Compensated absences (unfunded)

The leave obligations cover the Company's liability for sick and earned leaves. The Company does not have an unconditional right to defer settlement for the obligation shown as current provision balance above. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months, 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 ₹ 9.13 crores (previous year: ₹ 3.17 crores) has been recognized in the statement of profit and loss.

(₹ crores)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	2.18	25.13	2.27	22.30

The weighted average duration for Compensated absences is 16.25 years(previous year 16.70 years) for the company.

C Pension

(₹ crores)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Pension	0.62	3.91	0.64	4.14

(i) Amount recognized in the balance sheet is as under:

(₹ crores)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Pension:				
Present value of defined benefit obligation	0.62	3.91	0.64	4.14
Fair value of plan assets	-	-	-	-
Net value of defined benefit obligation	**0.62**	**3.91**	**0.64**	**4.14**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(ii) Amount recognized in the statement of profit and loss is as under:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Current service cost	-	-
Past service cost including curtailment gains/losses	-	-
Net interest cost	0.35	0.36
Net impact on profit (before tax)	**0.35**	**0.36**
Actuarial loss/(gain) recognized during the year	(0.08)	0.09
Amount recognized in the statement of profit and loss	**0.27**	**0.45**

(iii) Movement in the present value of defined benefit obligation recognized in the balance sheet is as under:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of defined benefit obligation as at the start of the year	**4.78**	**5.04**
Current service cost	-	-
Past service cost	-	-
Interest cost	0.35	0.36
Actuarial loss/(gain) recognized during the year	(0.08)	0.09
Benefits paid	(0.52)	(0.71)
Present value of defined benefit obligation as at the end of the year	**4.53**	**4.78**

(iv) Breakup of actuarial (gain)/loss:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Actuarial (gain)/loss on arising from change in financial assumption	-	-
Actuarial (gain)/loss on arising from experience adjustment	(0.08)	0.09
Total actuarial (gain)/loss	**(0.08)**	**0.09**

(v) Actuarial assumptions

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.22%	7.36%

Pension liability arises on account of future payments, which are required to be made after retirement. It is a special plan in which selective retired employees are getting some fix amount of pension on quarterly and annual basis.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Pension growth rate is Company's long term best estimate as to salary increases and takes account of inflation, on long term basis as provided in relevant accounting standard. As this is a fix pension plan so this has been assumed as nil.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(vi) Sensitivity analysis for pension liability

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Impact of the change in discount rate		
Present value of obligation at the end of the year	4.53	4.78
- Impact due to increase of 0.50 %	(0.11)	(0.11)
- Impact due to decrease of 0.50 %	0.10	0.11

The above sensitivity analysis 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 which was applied while calculating the defined benefit obligation recognized in the balance sheet.

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(vii) Maturity profile of defined benefit obligation

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Within next 12 months	0.62	0.64
Between 1-5 years	2.21	2.85
Beyond 5 years	1.70	4.16

(viii) The Company expects to contribute ₹ 0.33 crores (previous year ₹ 0.35 crores) to its pension plan for the next year.

D Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund for the year aggregated to ₹ 23.77 crores (Previous year: ₹ 22.21 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.39 crores (Previous year: ₹ 0.28 crores).

E The Company has taken an insurance policy for medical benefits in respect of its retired and working employees. The insurance policy for on-roll employees is fully funded by the Company.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

38 Share-based payments

The option plan is designed to provide incentives to employees of the Company. Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting conditions	Exercise period	Exercise price per share (₹)
Employees Stock Option Scheme, 2006	Vested equally over 4 years from the date of grant	Three years from the date of vesting	870.00
			1,122.00
			1,385.00
	Vested equally over a period of 4 years from the date of grant in the ratio of 2:2:3:3*		1,465.80
			1,805.00
			1,928.00

*The unvested options at the beginning of March 31, 2024 has been vested to the eligible employees on an accelerated basis in the proportion of the period served by these employees upto March 31, 2024 and the remaining unvested options stand cancelled as at March 31, 2024.

Options are granted under the plan for the consideration as mentioned above and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan:

(Nos)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	5,49,094	5,54,444
Granted during the year	-	2,40,000
Exercised during the year	1,18,700	2,04,625
Forfeited during the year	80,549	-
Lapsed/Cancelled during the year	1,05,929	40,725
Closing balance	**2,43,916**	**5,49,094**

Employee benefits expense includes ₹ 4.13 crores (previous year : ₹ 5.70 crores) being expenses on account of share based payments.

The weighted average share price at the date of exercise of options during the year ended March 31, 2024 was ₹ 2,772.76 (March 31, 2023 ₹ 1,987.20).

Weighted average remaining contractual life of options as at March 31, 2024 is 2.49 years (March 31, 2023 : 4.16 years).

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Exercise price (₹)	Expiry date of options at March 31, 2024	Expiry date of options at March 31, 2023	Share options March 31, 2024	Share options March 31, 2023
August 16, 2018	870.00	August 15, 2023	August 15, 2023	-	3,750
August 16, 2018	870.00	August 15, 2024	August 15, 2024	2,350	8,365
August 16, 2018	870.00	August 15, 2025	August 15, 2025	35,750	77,613
September 08, 2020	1,122.00	September 07, 2024	September 07, 2024	4,900	13,262
September 08, 2020	1,122.00	September 07, 2025	September 07, 2025	9,064	28,228
September 08, 2020	1,122.00	September 07, 2026	September 07, 2026	26,212	54,277
September 08, 2020	1,122.00	March 31, 2027	September 07, 2027	32,290	53,925
February 03, 2021	1,385.00	February 02, 2025	February 02, 2025	-	-
February 03, 2021	1,385.00	February 02, 2026	February 02, 2026	1,250	1,250
February 03, 2021	1,385.00	February 02, 2027	February 02, 2027	18,000	27,688
February 03, 2021	1,385.00	March 31, 2027	February 02, 2028	14,193	27,688
September 16, 2021	1,465.80	September 15, 2025	September 15, 2025	3,850	5,700
September 16, 2021	1,465.80	September 15, 2026	September 15, 2026	3,900	7,450
September 16, 2021	1,465.80	March 31, 2027	September 15, 2027	6,301	7,450
September 16, 2021	1,465.80	March 31, 2027	September 15, 2028	4,727	7,450
November 26, 2022	1,805.00	November 25, 2026	November 25, 2026	22,000	38,000
November 26, 2022	1,805.00	March 31, 2027	November 25, 2027	21,494	38,000
November 26, 2022	1,805.00	March 31, 2027	November 25, 2028	21,504	57,000
November 26, 2022	1,805.00	March 31, 2027	November 25, 2029	16,131	57,000
February 07, 2023	1,928.00	N.A	February 06, 2027	-	7,000
February 07, 2023	1,928.00	N.A	February 06, 2028	-	7,000
February 07, 2023	1,928.00	N.A	February 06, 2029	-	10,500
February 07, 2023	1,928.00	N.A	February 06, 2030	-	10,500
				2,43,916	**5,49,094**

Fair value of options granted

The value of the options has been determined by an independent valuer. The following assumptions were used for calculation of fair value of options in accordance with Black Scholes model :

a)	Options are granted for consideration equivalent to exercise price referred below and vest in a graded manner over a period of four years. Vested options are exercisable for a period of three years after vesting.						
b)	Exercise price	₹ 870.00	₹ 1,122.00	₹ 1,385.00	₹ 1,465.80	₹ 1,805.00	₹ 1,928.00
c)	Grant date, as per the details shared above.	August 16, 2018	September 08, 2020	February 03, 2021	September 16, 2021	November 26, 2022	February 07, 2023
d)	Expiry date	as per details shared above					
e)	Share price at grant date	₹ 869.50	₹ 1,121.10	₹ 1,384.15	₹ 1,465.80	₹ 2,288.35	₹ 2,061.90
f)	Expected price volatility of the Company's shares	26.86%	41.40%	41.90%	37.33%	29.00%	35.00%
g)	Expected dividend yield	0.29%	0.36%	0.29%	0.27%	0.76%	0.85%
h)	Risk free rate	7.56% - 7.97%	4.70% - 5.74%	4.62% - 5.68%	4.65%- 5.76%	6.8% - 6.98%	6.83% - 6.98%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

39 Leases

(a) Information for leases where the Company is a lessee

Lease liabilities are presented in the statement of financial position as follows:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Current	13.58	12.39
Non-current	35.31	44.91
Total	**48.89**	**57.30**

The Company has leases for the factory lands, marketing offices, depots and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Company has considered automatic extension option available for land leases in lease period assessment since the Company can enforce its right to extend the lease beyond the initial lease period. The Company also has plans of setting up production facility on the land, therefore is likely to be benefited by exercising the extension option.

The following are amounts recognized in statement of profit or loss:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation expense of right-of-use assets	10.20	8.61
Interest expense on lease liabilities	4.49	4.58
Rent expense*	6.96	5.48
Total	**21.65**	**18.67**

*Rent expense in term of short term leases

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on balance sheet:

As at 31 Mar 2024

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	7	1.50-16.30	7	-
Marketing offices and related facilities	2	1.42-2.75	-	-

As at 31 Mar 2023

Right-of-use asset	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	7	2.50-17.30	7	-
Marketing offices and related facilities	2	2.42-3.76	-	-

The maturity analysis of lease liabilities are disclosed in note 35.

Lease payments not recognized as a liability

The Company has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right to use the underlying asset recognized in the financials statements.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 6.96 crores (previous year: ₹ 5.48 crores).

Total cash outflow for leases for the year ended March 31, 2024 was ₹ 19.86 crores (previous year:.₹ 17.09 crores).

(b) Information for leases where the Company is a lessor

i) Finance Lease

The following are amounts recognized in statement of profit or loss with respect to finance lease arrangements:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest income on lease receivable	-	0.55
Total	**-**	**0.55**

Changes in carrying amount of lease receivable

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	-	12.43
Interest income on lease receivable	-	0.55
Reversal of rental income	-	(1.17)
Adjustment on account of termination of lease contract	-	(11.81)
Total	**-**	**-**

During the year ended March 31, 2023, the Company has terminated the finance lease arrangement with it's joint venture company for sublease of land acquired by it as a Right of Use.

ii) Operating Lease

The Company leases out investment properties under operating leases (see note 4 and note 5).

Lease payments in relation to operating leases are as follow:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	4.25	11.02
One to two years	-	4.25
Two to three years	-	-
Three to four years	-	-
Total	**4.25**	**15.27**

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40 During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgement dated October 01, 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which was disposed of by the Hon'ble Supreme Court by nine Hon'ble Judges of Constitution Bench and hence that Compensator issue is no more relevant as it does not arise out of the Constitution but imaginary. Matters are not decided by Division Bench by making an order that the interested parties may prefer writs before the High Court. Hence the matter remains pending till its decision. Based on the legal advice received by the Company no further provision on this account is considered necessary after March 31, 2008.

41 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ crores)

Particulars		As at March 31, 2024	As at March 31, 2023
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	119.99	103.70
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	0.95	0.91
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. This has been relied upon by the auditors.

42 (a) Pursuant to the Public Announcement ("PA") dated November 18, 2021 in relation to the open offer to the Public Shareholders of the Company by Kubota Corporation ("Acquirer"), Detailed public statement (DPS) dated November 25, 2021 and Letter of Offer (LoF) dated March 03, 2022, for acquisition of up to 3,74,91,556 fully paid-up equity shares of face value of ₹ 10 Each ("Equity Shares"), the Acquirer on April 11, 2022, has completed the said acquisition of 3,74,91,556 equity shares from the public shareholders of the Company.

(b) Pursuant to preferential allottment of 93,63,726 equity shares of the Company to Kubota Corporation on December 18, 2021 and completion of open offer as mentioned in Note 42(a) above, the Share Subscription Agreement ("SSA") and Shareholders' Agreement ("SHA") dated November 18, 2021 executed among the Kubota Corporation ("Investor"), the Company, certain Existing Promoters has become effective on April 11, 2022, and accordingly, Kubota Corporation has become a Joint Promoter of the Company effective April 11, 2022 along with existing promoters of the Company.

(c) Subsequent to approval of the Board of Directors on February 18, 2022 for selective reduction of share capital of the Company by cancelling and extinguishing 2,14,42,343 Equity Shares, held by the Escorts Benefit and Welfare Trust, the Company filed a Scheme for reduction of share capital ("the Scheme") between the Company and its shareholders, under Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, with the Hon'ble NCLT of Chandigarh ("the Tribunal") on August 14, 2022. During the year, the Scheme has been approved by the Tribunal vide its order dated May 25, 2023 ("Order"). The scheme became effective upon filing of the certified copy of the order of the

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Tribunal sanctioning this Scheme and the minute of reduction with the RoC on May 29, 2023. Accordingly, the impact of the scheme has been considered in these financial statements.

(d) The Board of the Directors of the Company on September 15, 2022 had approved a Scheme of Amalgamation ("Scheme"), under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and rules framed thereunder. The Scheme, inter alia, provides for amalgamation of Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited (Amalgamating Companies) into and with Escorts Kubota Limited (Amalgamated Company). The Company has received no objection from the National Stock Exchange of India Limited and BSE Limited vide their letters dated May 29, 2023 and May 30, 2023, respectively, in respect of the aforesaid Scheme. Subsequently, the Company has filed the said Scheme with the Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT) on July 12, 2023.The Scheme has been approved by the requisite majority of the Shareholders and Creditors of the Companies on December 2, 2023. Post Shareholders and Creditors approval, the Company filed the Second Motion Application with NCLT on December 11, 2023. The Scheme is subject to the approvals of NCLT and other regulatory authorities, as may be applicable.

(e) Pursuant to the in-principle approval of the Board of Directors dated September 15, 2022 and the subsequent Share Purchase Agreement dated November 04, 2022 between the Company and Tadano Limited, Japan (Tadano) for sale of 7,27,65,000 equity shares held by the Company in Tadano Cranes India Private Limited formerly Tadano Escorts India Private Limited (TEIPL), the Company has transferred the said equity shares to Tadano on November 09, 2022 at a consideration of ₹ 0.01 crores and accordingly TEIPL has ceased to be a Joint Venture of the Company.

(f) a) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

b) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

c) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

d) The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.

e) No charges or satisfaction yet to be registered with ROC beyond the statutory period.

f) No proceeding have been initiated on or is pending against the Company for holding benami property under the Benami Transactions Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(g) The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. The new requirement is applicable with effect from the financial year beginning on April 01, 2023.

The Company, in respect of financial year commencing on April 01, 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail of each and every transaction posted into the accounting software, creating an edit log of each change made in the books of account along with the date when such changes were made, in respect of those posted transactions in the books of accounts and such feature in the accounting software cannot be disabled. However, the audit trail (edit logs) feature for any changes made directly at the database level was not enabled for the accounting software.

The Company is evaluating the implementation of audit log feature for recording of edit logs at database level for the accounting software used for maintenance of books of accounts.

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

43 A Scheme of Arrangement and Amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Escorts Construction Equipment Limited ('ECEL'), a subsidiary company and Escotrac Finance and Investments Private Limited ('Escotrac') and Escorts Finance Investments and Leasing Private Limited ('EFILL'), joint ventures of the Company (together referred to as 'transferor companies'), was sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh vide its order dated August 09, 2012 (hereinafter referred to as 'the Scheme'). Upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana by the Transferor Companies and Transferee Company, the Scheme became effective on October 12, 2012. In accordance with the Scheme, 3,73,00,031 equity shares of the Company comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Company were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Company in EBWT, has been accounted for as an Investment by the Company in the manner prescribed in the Scheme.

Post selective reduction of share capital of the Company as detailed in Note 42(c) above, EBWT presently holds Nil (March 31, 2023: 2,14,42,343) equity shares of the Company and 2,34,97,478 (March 31, 2022: 2,34,97,478) equity shares of Escorts Finance Limited (subsidiary of the Company). Market value of outstanding shares held by Trust on March 31, 2024 is ₹ 12.43 crores (March 31, 2023: ₹ 4,068.64 crores).

44 Assets pledged as security for borrowings

(₹ crores)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Current			
Financial assets			
First charge			
Investments	7 (ii)	-	1,794.93
Trade receivables	12	-	1,207.56
Cash and cash equivalents	13	-	181.60
Bank balances other than above	14	-	286.86
Other financial assets	8 (ii)	-	19.35
Non financial assets			
First charge			
Inventories	11	-	1,159.04
Other current assets	10 (ii)	-	200.59
Total current assets pledged as security		**-**	**4,849.93**
Non-current			
Second Charge			
Other movable assets (other than specifically charged to other term lenders)	3 (i)	-	527.95
Total non-currents assets pledged as security		**-**	**527.95**
Total assets pledged as security*		**-**	**5,377.88**

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

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

45 Related party transactions

The Company's related party transactions and outstanding balances are with its subsidiaries, associate and joint venture, key management and others as described below.

A Relationships

Holding Company (Overseas)

Kubota Corporation (w.e.f 11 Apr 2022)

Subsidiaries including Fellow Subsidiaries

Domestic Subsidiaries	Overseas Subsidiaries
Escorts Crop Solutions Limited	Farmtrac Tractors Europe Sp. Z.o.o, Poland
Escorts Benefit and Welfare Trust	
Invigorated Business Consulting Limited (Formerly Escorts Finance Limited)	
Escorts Benefit Trust	
EKL CSR Foundation (Formerly Escorts Skill Development)	
Escorts Kubota Finance Limited (Incorporated on January 09, 2024)	

Fellow Subsidiaries (Overseas) (w.e.f 11 Apr 2022)

Kubota Europe S.A.S.	Kubota (U.K.) Limited
Kubota Holdings Europe B.V.	Kubota Malaysia SDN BHD
Kubota (Deutschland) GMbh	Kubota Tractor Corporation
Kubota España S.A.	Kubota Machinery Trading Co. Ltd
Kubota Canada Ltd.	

Joint venture

Adico Escorts Agri Equipment Private Limited
Escorts Kubota India Private Limited
Tadano Cranes India Private Limited (Formerly Tadano Escorts Private Limited (relationship ceased w.e.f 09 November 2022))
Kubota Agricultural Machinery India Private Limited

Associate

Escorts Consumer Credit Limited

B Key management personnel

Mr. Nikhil Nanda #	Chairman and Managing Director
Ms. Nitasha Nanda #	Whole-time Director
Mr. Seiji Fukuoka #	Deputy Managing Director (w.e.f May 13, 2022)
Mr. Shailendra Aggarwal #	Executive Director (ceased to be w.e.f February 03, 2023)
Mr. Bharat Madan #	Whole-time Director and Chief Financial Officer (w.e.f February 08, 2023)
Mr. Satyendra Chauhan #	Company Secretary & Compliance Officer (ceased to be w.e.f February 29, 2024)
Mr. Arvind Kumar #	Company Secretary (appointed as KMP w.e.f. March 01, 2024)

Notes Forming Part of the Standalone Financial Statements
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Other directors

Mr. Hardeep Singh
Mr. P.H Ravikumar (ceased to be w.e.f July 14, 2022)
Mr. Sutanu Behuria (ceased to be w.e.f July 14, 2023)
Ms. Vibha Paul Rishi (ceased to be w.e.f July 14, 2022)
Mr. Sunil Kant Munjal
Ms. Tanya Arvind Dubash
Mr. Harish Narinder Salve
Mr. Dai Watanabe
Mr. Yuji Tomiyama (ceased to be w.e.f February 08, 2024)
Mr. Ravindra Chandra Bhargava (appointed as Director w.e.f. May 13, 2022)
Mr. Kenichiro Toyofuku (appointed as Director w.e.f. May 13, 2022)
Mr. Shiro Watanabe (ceased to be w.e.f February 08, 2024)
Mr. Vimal Bhandari (appointed as Director w.e.f. July 14, 2022)
Ms. Reema Nanavaty (appointed as Director w.e.f. July 14, 2022)
Mr. Manish Sharma (appointed as Director w.e.f. July 14, 2022)
Mr. Yasukazu Kamada (appointed as Director w.e.f. July 14, 2022)
Dr. Rupinder Singh Sodhi (appointed as Director w.e.f. July 14, 2023)
Mr. Shingo Hanada (appointed as Director w.e.f. February 08, 2024)
Mr. Nobushige Ichikawa (appointed as Director w.e.f. February 08, 2024)

Key Management Personnel (KMP) as defined under Section 2(51) of the Companies Act, 2013

Enterprises over which key management personnel and relatives of such personnel exercise significant influence

AAA Portfolios Private Limited
Agresource Management Private Limited
Big Apple Clothing Private Limited
EEWL Limited
Har Parshad And Company Private Limited
Niky Tasha Communications Private Limited
Niky Tasha Energies Private Limited
Sietz Technologies India Private Limited
Sun & Moon Travels (India) Private Limited
Hero Mindmine Institute Private Limited
The IVY Trust

List of other related parties

Escorts Limited Employees' Group Gratuity Fund Trust (refer note 37 for transaction)

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Key management personnel remuneration includes the following expenses:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Short-term employee benefits:	22.51	23.98
Other long term benefits	0.03	-
Post-employment benefits:	0.76	0.74
Total remuneration	**23.30**	**24.72**

C Transactions and balances with related party

(i) Transactions and balances with joint ventures

(₹ crores)

Nature of transactions*	Purchase of goods	Interest Income	Rent Received	Receiving of services	Sale of goods	Rendering of services	Advance given/Trade receivables	Payables/ Advance received
Adico Escorts Agri Equipment Private Limited	68.75	0.26	-	-	0.22	-	1.69	-
	(51.25)	(0.25)	-	-	(0.21)	-	(1.00)	(5.14)
Escorts Kubota India Private Limited	0.08	-	10.80	21.59	0.12	9.00	4.79	9.24
	-	-	(10.29)	(22.08)	(0.55)	(8.89)	(3.17)	(1.22)
Tadano Cranes India Private Limited *	-	-	-	-	-	-	-	-
	(14.62)	-	(3.13)	-	(0.27)	(14.69)	-	-
Kubota Agricultural Machinery India Private Limited	0.04	-	0.02	4.84	1.67	-	0.55	4.59
	-	-	(0.02)	(2.07)	(0.06)	(0.01)	(0.01)	(2.07)

* excluding purchase of net assets pertaining to RT crane business purchases pursuant to Business Transfer Agreement amounting to ₹ Nil (previous year ₹ 16.59 crores.

(ii) Transactions and balances with Subsidiaries :

(₹ crores)

Nature of transactions*	Sale of goods	Rendering of services	Reimbursement of expenses/ Receiving of services	Purchase of goods	Investments made	Trade/ Other Receivables	Payables/ Advance received
Farmtrac Tractors Europe Sp. Z.o.o, Poland	36.17	0.07	2.14	0.01	-	48.88	0.08
	(71.96)	-	(0.92)	(0.52)	-	(58.80)	(1.07)
Escorts Crop Solutions Limited	0.90	-	0.26	0.04	-	0.38	0.05
	(8.81)	-	(0.36)	-	-	(3.10)	(0.03)
EKL CSR Foundation	-	-	40.88	-	-	-	-
	-	-	-	-	-	-	-
Escorts Kubota Finance Limited	-	0.23	-	-	20.00	0.30	-
	-	-	-	-	-	-	-

Notes Forming Part of the Standalone Financial Statements
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(iii) Transactions and balances with ultimate Holding Company and Fellow Subsidiaries :

(₹ crores)

Nature of transactions*	Sale of goods	Receiving of services/ Reimbursement of expenses	Dividend Paid	Trade/ Other Receivables	Payables/ Advance received
Kubota Corporation	1.37	16.25	41.38	0.06	7.99
	(1.99)	(1.90)	(41.38)	(0.54)	(0.85)
Kubota Europe S.A.S.	62.06	0.01	-	15.90	-
	(51.04)	(0.11)	-	(10.88)	-
Kubota Holdings Europe B.V.	49.69	-	-	5.64	-
	(80.15)	(0.02)	-	(25.84)	-
Kubota (Deutschland) GMbh	-	0.02	-	-	-
	-	(0.09)	-	-	-
Kubota España S.A.	-	-	-	-	-
	-	(0.02)	-	-	-
Kubota (U.K.) Limited	13.84	-	-	1.89	-
	(7.84)	-	-	-	-
Kubota Malaysia SDN BHD	-	-	-	-	-
	(0.87)	-	-	-	(0.16)
Kubota Tractor Corporation	0.16	-	-	-	0.01
	-	-	-	-	(0.18)
Kubota Canada Ltd.	0.20	-	-	-	-
	-	-	-	-	-
Kubota Machinery Trading Co. Ltd	0.04	-	-	-	-
	(0.32)	-	-	(0.02)	-

*Numbers in brackets represents financial year ending March 31, 2023

(iv) Transactions and balances with key management personnel, their relatives and entities in which they exercise control/significant influence

(₹ crores)

Nature of transactions*	Royalty	Remuneration/ commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Trade Receivables	Payables/ Advance received
Nikhil Nanda	-	12.46	-	0.43	-	0.11	**	0.84	-	-	4.00
	-	(12.02)	-	(0.42)	-	-	-	(0.84)	-	-	(4.00)
Nitasha Nanda	-	2.91	-	0.47	-	0.03	-	0.14	**	-	0.57
	-	(2.85)	-	(0.47)	-	-	-	(0.14)	(0.04)	-	(0.56)
Shweta Nanda	-	-	-	-	-	-	-	0.01	-	-	-
	-	-	-	-	-	-	-	(0.01)	-	-	-
Navya Naveli Nanda	-	-	-	-	-	-	0.24	0.01	-	-	0.02
	-	-	-	-	-	-	(0.12)	(0.01)	-	-	(0.02)
Agastya Nanda	-	-	-	-	-	-	-	0.01	-	-	-
	-	-	-	-	-	-	-	(0.01)	-	-	-
Shailendra Aggrawal	-	-	-	-	-	-	-	-	-	-	-
	-	(3.90)	-	-	-	-	-	-	-	-	(1.06)
Bharat Madan	-	5.23	-	-	-	-	**	-	-	-	1.12
	-	(3.60)	-	-	-	-	-	-	-	-	(0.86)
Satyendra Chauhan	-	0.69	-	-	-	-	-	-	-	-	-
	-	(0.64)	-	-	-	-	-	-	-	-	(0.10)
Smarti Chauhan	-	-	-	-	-	-	0.03	-	-	-	-
	-	-	-	-	-	-	(0.03)	-	-	-	(**)

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Nature of transactions*	Royalty	Remuneration/ commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Trade Receivables	Payables/ Advance received
Arvind Kumar	-	0.12	-	-	-	-	-	-	-	-	0.08
	-	-	-	-	-	-	-	-	-	-	-
Meenakshi Gupta	-	-	-	-	-	-	**	-	-	-	**
	-	-	-	-	-	-	-	-	-	-	-
Hardeep Singh^	-	-	-	-	-	-	0.31	**	-	-	0.15
	-	-	-	-	-	-	(0.29)	(**)	-	-	(0.13)
P.H Ravikumar	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.03)	-	-	-	-
Vibha Paul Rishi	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.04)	-	-	-	-
Sutanu Behuria^	-	-	-	-	-	-	0.02	-	-	-	-
	-	-	-	-	-	-	(0.23)	-	-	-	(0.13)
Sunil Kant Munjal^	-	-	-	-	-	-	0.24	0.02	-	-	0.15
	-	-	-	-	-	-	(0.19)	(0.02)	-	-	(0.13)
Seiji Fukuoka	-	1.89	-	-	-	-	-	-	-	-	-
	-	(1.71)	-	-	-	-	-	-	-	-	(0.04)
Manish Sharma^	-	-	-	-	-	-	0.27	-	-	-	0.15
	-	-	-	-	-	-	(0.22)	-	-	-	(0.13)
Ravindra Chandra Bharvaga^	-	-	-	-	-	-	0.23	-	-	-	0.15
	-	-	-	-	-	-	(0.18)	-	-	-	(0.13)
Reema Nanavaty^	-	-	-	-	-	-	0.22	-	-	-	0.15
	-	-	-	-	-	-	(0.18)	-	-	-	(0.13)
Vimal Bhandari^	-	-	-	-	-	-	0.30	-	-	-	0.15
	-	-	-	-	-	-	(0.24)	-	-	-	(0.13)
Tanya Arvind Dubash^	-	-	-	-	-	-	0.22	-	-	-	0.15
	-	-	-	-	-	-	(0.16)	-	-	-	(0.13)
Harish Narinder Salve^	-	-	-	-	-	-	0.18	-	-	-	0.15
	-	-	-	-	-	-	(0.14)	-	-	-	(0.13)
Rupinder Singh Sodhi^	-	-	-	-	-	-	0.25	-	-	-	0.15
	-	-	-	-	-	-	-	-	-	-	-
Harparshad & Co. Private Limited	42.49	-	0.16	-	-	-	-	7.51	-	0.01	4.33
	(41.03)	-	-	-	-	-	-	(7.51)	-	-	(0.31)
Escorts Dealer Development Assosiation Ltd	-	-	0.05	-	-	-	1.46	-	-	0.01	0.60
	-	-	-	-	-	-	-	-	-	-	-
Rimari India Private Limited	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Momento Communications Private Limited	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
AAA Portfolios Private. Limited	-	-	-	-	-	-	-	1.18	-	-	-
	-	-	-	-	-	-	-	(1.18)	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	1.24	-	-	-
	-	-	-	-	-	-	-	(1.24)	-	-	-
Niky Tasha Communications Private Limited	-	-	-	-	-	-	-	**	-	-	-
	-	-	-	-	-	-	-	(**)	-	-	-

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(₹ crores)

Nature of transactions*	Royalty	Remuneration/ commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/other recoverable	Trade Receivables	Payables/ Advance received
Niky Tasha Energies Private Limited	-	-	-	-	-	-	-	**	-	-	-
	-	-	-	-	-	-	-	(**)	-	-	-
Sietz Technologies India Private Limited	-	-	0.36	-	113.90	0.29	**	**	0.68	0.07	15.28
	-	-	(0.37)	(0.63)	(173.26)	(0.32)	(0.01)	(**)	(0.30)	(0.15)	(19.21)
Sun & Moon Travels (India) Private Limited	-	-	0.02	-	-	-	7.32	-	0.02	0.04	0.04
	-	-	(0.02)	-	-	-	(11.16)	-	(0.02)	(0.01)	(0.30)
EEWL Limited	-	-	**	-	-	-	-	-	-	**	0.41
	-	-	(**)	-	-	(0.28)	-	-	(0.05)	(**)	(0.40)
Agresource Management Private Limited	-	-	-	-	-	-	0.62	-	-	-	-
	-	-	-	-	-	-	(0.62)	-	-	-	-
Hero Mindmine Institute Private Limited	-	-	-	-	-	-	**	-	-	-	-
	-	-	-	-	-	-	(0.08)	-	-	-	-
The IVY Trust	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(0.18)	-	-	-	-	-	-	-

*Numbers in brackets represents financial year ending March 31, 2023

** Amount represents less than a lakh.

^ Services received includes Directors sitting fees and commission.

46 Revenue from Contracts with Customers

(a) Disaggregation of revenue

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

For the year ended March 31, 2024

(₹ crores)

Revenue from operations	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	8,170.31	9.96	96.81	8,277.08
Export	430.19	-	-	430.19
Total	**8,600.50**	**9.96**	**96.81**	**8,707.27**
Revenue by time				
Revenue recognized at point in time				8,697.31
Revenue recognized over time				9.96
Total				**8,707.27**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

For the year ended March 31, 2023

(₹ crores)

Revenue from operations	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	7,553.31	9.10	93.45	7,655.86
Export	610.16	-	-	610.16
Total	**8,163.47**	**9.10**	**93.45**	**8,266.02**
Revenue by time				
Revenue recognized at point in time				8,256.92
Revenue recognized over time				9.10
Total				**8,266.02**

* Other operating revenue amounting to ₹ 69.47 crores (March 31, 2023 : ₹ 78.93 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here.

(b) Revenue recognized in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period	79.54	83.71
Revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

(c) Assets and liabilities related to contracts with customers

(₹ crores)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Non-current	Current	Non-current	Current
Contract liabilities related to sale of goods				
Advance from customers	-	71.48	-	83.93
Deferred income	6.66	27.90	7.92	24.27

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

(d) Reconciliation of revenue recognized in Statement of profit and loss with Contract price

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Contract price	9,076.17	8,606.21
Less: Discount, rebates, credits etc.	368.90	340.19
Revenue from operations as per Statement of Profit and Loss	**8,707.27**	**8,266.02**

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

(e) The Company provide warranties on products sold by them and majority of these are in nature of assurance that the related products will function as the parties intended because it complies with agreed-upon specifications and hence accounted for in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets. Additionally, the Company extends its services by offering extended warranty with the sale of products which is deferred over the warranty period.

47 Other Statutory Information

(i) Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

a Transactions other than shareholding with struck off Companies

(₹ crores)

Name of the Struck of Company	Nature of transaction with struck-off company	Balance Outstanding Amount as on March 31, 2024	Balance Outstanding Amount as on March 31, 2023
74 BC Technologies Private Limited	Trade payable	0.01	0.01
Carry More Hoists Private Limited	Trade payable	-	0.02
Core Leadership Search Consulting Private Limited	Trade payable	-	-
J.J. Engineering Private Limited	Trade payable	-	-
Sugam Parivahan Private Limited	Trade payable	-	-
Fabricon Generators Private Limited	Trade receivables	-	-
FG Wilson Generators India Private Limited	Trade receivables	-	-
Synergy Telecommunications Private Limited	Trade receivables	-	-
Trinity Electro Mechanicals Private Limited	Trade receivables	-	-
R K Industries Private Limited	Trade receivables	-	-
RDVS Infra Private Limited	Trade receivables	-	-
Kohli Engineering & Power Management Private Limited	Trade receivables	-	-
Burn Standard Co. Limited	Trade receivables	-	-
Sigma Holdings Private Limited	Advance from Customer	-	1.43

b. Details of shares held by struck off company (Face value of ₹ 10 each):

Name of the Struck of Company	Nature of transaction with struck-off company	Number of shares as on March 31, 2024	Number of shares as on March 31, 2023
Dreams Broking Private Limited	Shares held by struck off company	9	9
Esvee Tools Private Limited	Shares held by struck off company	50	50
Kothari Intergroup Private Limited	Shares held by struck off company	1	1
Popular Stock & Share Services Private Limited	Shares held by struck off company	100	100
Sunren Exports Investments Private Limited	Shares held by struck off company	112	112

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Name of the Struck of Company	Nature of transaction with struck-off company	Number of shares as on March 31, 2024	Number of shares as on March 31, 2023
AL Falah Investments Limited	Shares held by struck off company	20	-
Shree Capital Services Limited	Shares held by struck off company	53,056	-

(ii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b) provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(iii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

48 Ratio analysis

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for change
Current Ratio	Current Assets	Current Liabilities	3.15	2.88	9.56%	NA
Debt Equity Ratio	Total Debt (including Current maturities of Long Term Borrowings excluding lease liabilities)	Shareholder's Equity	-	-	-	NA
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+Interest Expense	Debt service = Interest & Lease Payments + Principal Repayments	68.40	51.18	33.63%	The increase is primarily on account of higher profits as compared to financial year ended March 31, 2023.
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	11.75%	7.44%	57.94%	The increase is primarily on account of higher profits as compared to financial year ended March 31, 2023 partially offset by increase in average shareholder's equity.
Inventory turnover ratio	Cost of goods sold	Average Inventory	5.21	6.18	(15.72%)	NA
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	7.27	8.20	(11.41%)	NA
Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchases return	Average Trade Payables	4.98	6.08	(18.11%)	NA

Notes Forming Part of the Standalone Financial Statements
For the year ended March 31, 2024

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for change
Net capital turnover ratio	Net sales = Total sales - sales return	Average Working capital = Current assets – Current liabilities	2.46	1.94	26.79%	The increase is mainly due to decrease in average working capital for the year ended March 31, 2024.
Net profit ratio	Net Profit	Net sales = Total sales - sales return	11.82%	7.27%	62.46%	Increase is mainly on account of higher profits in current year as compared to financial year ended March 31, 2023..
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	15.12%	9.65%	56.71%	The increase is primarily on account of higher profits as compared to financial year ended March 31, 2023.
Return on Investment	{MV(T1) – MV(T0) – Sum [C(t)]} (Refer note below)	{MV(T0) + Sum [W(t) * C(t)]} (Refer below notes)	46.50%	11.43%	306.92%	Increase is mainly on account of significant increase in market price of the equity shares of the Company in current financial year as compared to financial year ended March 31, 2023.

Notes:

T1 = End of year
T0 = Beginning of year
t = Specific date falling between T1 and T0
MV(T1) = Market value at end of year
MV(T0) = Market value at beginning of year
C(t) = Cash inflow, cash outflow on specific date
W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as [T1 – t] / T1

49 The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in these financial statements.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Independent Auditor's Report

To the Members of Escorts Kubota Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Escorts Kubota Limited (formerly Escorts Limited) ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint ventures, as listed in Appendix 1, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint ventures, the aforesaid consolidated 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 ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint ventures, as at 31 March 2024, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and joint ventures 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 consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgement and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associate and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report (Contd.)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Refer to the Group's material accounting policy on revenue recognition in note 2.2(a) and the revenue related disclosure in note 46 of the consolidated financial statements. Owing to the multiplicity of the Holding Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers, in line with the requirements of the Standards on Auditing, revenue is determined to be an area involving significant risk and hence requiring significant auditor attention. Further, Ind AS 115 "Revenue from Contracts with Customers" ('Ind AS 115') requires management to make certain key judgements and estimates, such as, identification of distinct performance obligations in contract with customers (such as after sales maintenance services and product warranties), determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations. Considering the volume of sales transactions, materiality of the amount involved, above mentioned key judgements / estimates and extent of industry knowledge and skills needed to apply audit procedures to address the matter and evaluate the results of those procedures, revenue recognition has been considered as a key audit matter for the current year audit.	Our audit procedures, related to revenue recognition included, but were not limited, to the following: a) Evaluated the design and tested the operating effectiveness of Holding Company's controls (including the automated controls) around revenue recognition and measurement (including rebates / discounts); b) Assessed the appropriateness of Holding Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; c) Scrutinized sales ledgers to verify accuracy and completeness of sales transactions recorded during the year; d) Performed test of details on a sample basis of revenue transaction recorded during the year, including specific period before and after the year end. For the samples selected, inspected supporting documents, including agreements, price lists, invoices and proof of dispatches / deliveries (as the case may be) to ensure that the correct amount of revenue is recorded in the correct period; e) Tested the appropriateness of accruals for various rebates and discounts as at the year-end in accordance with approved incentives / discounts schemes; f) Performed the substantive analytical procedures on revenue recognized during the year which includes review of price, quantity and product mix variances and analysis of discounts at customer level; g) Circularised balance confirmations to a sample of customers and evaluated the responses; and h) Ensured the adequacy and appropriateness of disclosures made in notes to the consolidated financial statements in respect of the revenue from operations in accordance with the requirements of Ind AS 115.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate company and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate company and joint venture companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the Group and of its associate and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing 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 consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated 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;

Independent Auditor's Report (Contd.)

- Obtain an understanding of internal 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 Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' 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 ability of the Group and its associate and joint ventures 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 Group and its associate and joint ventures 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associate and joint ventures, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. 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.

13. 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.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 102.18 crores as at 31 March 2024, total revenues of ₹ 112.67 crores and net cash inflows amounting to ₹ 2.51 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 12.14 crores for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of one associate and

two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint ventures, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associate and joint ventures, are based solely on the reports of the other auditors.

Further, of these subsidiaries, associate and joint ventures, one subsidiary, is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which have been audited by other auditor under generally accepted auditing standards applicable in that country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiary located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, associate and joint ventures, we report that the Holding Company and two subsidiaries incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to two subsidiaries and three joint ventures incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under section 2(71) of the Act. Further, we report that one subsidiary and one associate company incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary and associate.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended 31 March 2024 and covered under the Act, refer Annexure A for details of qualifications and/or adverse remarks given by the respective auditors in the Order reports of such companies.

18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint ventures incorporated in India whose financial statements have been audited under the Act, 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 purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in paragraph 18(h)(vi) below

Independent Auditor's Report (Contd.)

on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and a joint venture and taken on record by the Board of Directors of the Holding Company and joint venture respectively and the reports of the statutory auditors of its subsidiaries, associate and joint ventures, covered under the Act, none of the directors of the Group companies, its associate company and joint venture companies, are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries, associate and joint ventures covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' wherein we have expressed an unmodified opinion; and

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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, associate and joint ventures incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint ventures as detailed in note 33(c) to the consolidated financial statements;

ii. The Holding Company, its subsidiaries, associate and joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries, associate and joint ventures during the year ended 31 March 2024;

iv. a. The respective managements of the Holding Company and its subsidiaries, associate and joint ventures incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in note 47(ii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries, associate and joint ventures to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any

Independent Auditor's Report (Contd.)

such subsidiaries, associate and joint ventures ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiaries, associate and joint ventures incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, as disclosed in the note 47(iii) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries, associate and joint ventures from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries, associate and joint ventures shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, associate and joint ventures, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final dividend paid by the Holding Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

Further, as stated in note 35(b) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

The subsidiary companies, associate and joint venture companies have not declared or paid any dividend during the year ended 31 March 2024.

vi. As stated in note 40(h) to the consolidated financial statements and based on our examination which included test checks and that performed by the respective auditor of one joint venture which are companies incorporated in India and audited under the Act, except for the instances mentioned below, the Holding Company and its joint ventures, in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditor of the above referred joint venture did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below.

Independent Auditor's Report (Contd.)

Nature of exception noted	Details of Exception
(a) Instances of accounting software for maintaining books of account which did not have a feature of recording audit trail (edit log) facility.	The accounting software of one joint venture did not have a feature of recording audit trail (edit log) facility.
(b) Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software.	The audit trail feature was not enabled at database level for accounting software to log any direct data changes, used for maintenance of all accounting records by the Holding Company and one joint venture.
(c) Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature.	Another accounting software used by the joint venture referred to in point (a) above is operated by third-party software service provider, and in absence of independent auditor's report covering the audit trail requirement for this software, the respective auditor is unable to comment whether audit trail feature for the software was enabled and operated throughout the year for all relevant transactions recorded in the accounting software.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 24504662BKGEBZ3495

Place: Mumbai
Date: 9 May 2024

Appendix 1

List of entities included in the Statement

Subsidiaries:

1. Farmtrac Tractors Europe Sp. Z.o.o.
2. Escorts Crop Solutions Limited
3. Invigorated Business Consulting Limited (formerly Escorts Finance Limited)
4. Escorts Benefit and Welfare Trust
5. Escorts Benefit Trust
6. Escorts Kubota Finance Limited (w.e.f. 09 January 2024)

Associate:

1. Escorts Consumer Credit Limited

Joint ventures:

1. Adico Escorts Agri Equipment Private Limited
2. Escorts Kubota India Private Limited
3. Kubota Agricultural Machinery India Private Limited

Annexure A

Referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Escorts Kubota Limited on the consolidated financial statements for the year ended 31 March 2024

As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors, of companies included in the consolidated financial statements for the year ended 31 March 2024 and covered under the Act, we report that:

Following are the qualifications/adverse remarks reported by other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2024 for which such Order reports have been issued till date:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1.	Escorts Crop Solutions Limited	U01100HR1995PLC032681	Subsidiary	3(xix)
2.	Escorts Kubota India Private Limited	U34300HR2019FTC078790	Joint Venture	3(ix)(d)

Annexure B

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Escorts Kubota Limited (formerly Escorts Limited) ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint ventures as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, its associate company and joint venture companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain

Annexure B (Contd.)

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 with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, associate company and joint venture companies, the Holding Company, its subsidiary companies, its associate company and joint venture companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to three subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 22.68 crores as at 31 March 2024, total revenues of ₹ 3.47 crores and net cash inflows amounting to ₹ 2.40 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 12.14 crores for the year ended 31 March 2024, in respect of one associate company and two joint venture companies, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, associate company and joint venture companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies, its associate company and joint venture companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, associate company and joint venture companies is based solely on the reports of the auditors of such companies.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662
UDIN: 24504662BKGEBZ3495

Place: Mumbai
Date: 9 May 2024

Consolidated Balance Sheet

As at March 31, 2024

(₹ crores)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3 (i)	1,736.12	1,732.05
Capital work-in-progress	3 (ii)	116.31	69.39
Investment property	4	54.69	79.80
Right-of-use assets	5	40.03	50.23
Intangible assets	6 (i)	40.20	29.07
Intangible assets under development	6 (ii)	35.22	44.29
Investments accounted for using equity method	7 (i)	203.21	186.84
Financial assets			
Investments (other than investment accounted using equity method)	7 (ii)	2,919.69	2,784.92
Other financial assets	8 (i)	7.67	7.51
Deferred tax assets (net)	9 (i)	1.36	0.41
Income tax assets (net)		0.98	0.97
Other non current assets	10 (i)	222.07	196.34
Total non-current assets		**5,377.55**	**5,181.82**
Current assets			
Inventories	11	1,218.10	1,217.68
Financial assets			
Investments	7 (iii)	2,097.00	1,794.93
Trade receivables	12	1,173.18	1,179.65
Cash and cash equivalents	13	209.76	182.15
Bank balances other than above	14	969.24	289.75
Other financial assets	8 (ii)	20.39	18.96
Other current assets	10 (ii)	184.15	201.32
Total current assets		**5,871.82**	**4,884.44**
Assets held for sale	15	17.54	18.97
Total assets		**11,266.91**	**10,085.23**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	110.50	131.94
Other equity	17	9,065.80	8,054.77
Total of Equity (for shareholders of parent)		**9,176.30**	**8,186.71**
Non-controlling interests	18	(3.91)	(3.88)
Total equity		**9,172.39**	**8,182.83**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	39	35.31	44.91
Other financial liabilities	20 (i)	20.30	26.94
Provisions	22 (i)	45.10	42.09
Deferred tax liabilities (net)	9 (i)	114.89	64.64
Other non-current liabilities	21 (i)	6.66	7.92
Total non-current liabilities		**222.26**	**186.50**
Current liabilities			
Financial liabilities			
Borrowings	19 (i)	4.20	-
Lease liabilities	39	13.58	12.39
Trade payables	23		
(a) Total outstanding dues of micro enterprises and small enterprises		120.03	103.74
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,087.64	1,157.04
Other financial liabilities	20 (ii)	275.44	115.21
Other current liabilities	21 (ii)	183.77	220.75
Provisions	22 (ii)	114.76	104.52
Current tax liabilities		72.84	2.25
Total current liabilities		**1,872.26**	**1,715.90**
Total liabilities		**2,094.52**	**1,902.40**
Total equity and liabilities		**11,266.91**	**10,085.23**

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Consolidated Statement of Profit and Loss

For the year ended March 31, 2024

(₹ crores)

Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
Income			
Revenue from operations	24	8,849.62	8,428.69
Other income	25	398.59	280.93
Total income		**9,248.21**	**8,709.62**
Expenses			
Cost of materials consumed	26 (i)	5,670.35	5,776.18
Purchases of stock-in-trade		496.58	510.35
Changes in inventories of finished goods, stock-in -trade and work-in-progress	26 (ii)	(79.71)	(163.65)
Employee benefits expense	27	648.73	607.40
Finance costs	28	13.72	13.27
Depreciation and amortization expense	29	166.90	150.06
Other expenses	30	946.99	920.89
Total expenses		**7,863.56**	**7,814.50**
Profit before share of net profit/(loss) of investment accounted for using the equity method, exceptional items and tax		**1,384.65**	**895.12**
Share of profit/ (loss) of equity accounted investments		16.37	(7.48)
Profit before exceptional items and tax		**1,401.02**	**887.64**
Exceptional items	31	-	(53.05)
Profit before tax		**1,401.02**	**834.59**
Tax expense:	9 (ii)		
Current tax		302.62	171.60
Deferred tax charge		49.32	26.34
Total tax expense		**351.94**	**197.94**
Profit for the year		**1,049.08**	**636.65**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in fair values of equity instruments carried at fair value through other comprehensive income		0.19	0.06
Re-measurements of defined employee benefit plans		(0.19)	2.40
Income tax relating to items that will not be reclassified to profit or loss		0.03	(0.62)
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		0.63	0.41
Total other comprehensive income for the year		**0.66**	**2.25**
Total comprehensive income for the year		**1,049.74**	**638.90**
Profit attributable to:			
(i) Owners		1,049.11	636.78
(ii) Non-controlling interests		(0.03)	(0.13)
Other comprehensive income attributable to:			
(i) Owners		0.66	2.25
(ii) Non-controlling interests		-	-
Total comprehensive income attributable to:			
(i) Owners		1,049.77	639.03
(ii) Non-controlling interests		(0.03)	(0.13)
Earnings per equity share:	**32**		
Basic (₹)		96.80	58.85
Diluted (₹)		96.64	58.76

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Consolidated Cash Flow Statement

For the year ended March 31, 2024

(₹ crores)

	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A	**Cash flow from operating activities**		
	Profit before tax	**1,401.02**	**834.59**
	Adjustments for:		
	Depreciation and amortization expense	166.90	150.06
	Provisions written back net of provisions recognized	30.43	9.47
	Finance costs (other than finance and bank charges)	11.96	10.75
	Interest income	(220.07)	(162.03)
	Share of (profit)/ loss of equity accounted investments	(16.37)	7.48
	Gain on disposal of property, plant and equipment (net)	(10.31)	(1.20)
	Loss on disposal of assets held for sales	0.72	-
	Impairment of property, plant and equipment	-	1.51
	Exceptional item (related to investing activities)	-	53.05
	Gain on fair valuation and sale of investments carried at fair value through profit or loss (net)	(152.81)	(88.14)
	Share based payment to employees	4.19	5.76
	Unrealised foreign exchange gain	(0.64)	(0.77)
	Operating profit before working capital changes	**1,215.02**	**820.53**
	Movement in working capital		
	Inventories	(0.42)	(371.13)
	Trade receivable	(20.11)	(398.31)
	Other financial assets	(1.67)	2.85
	Other assets	(13.20)	(30.03)
	Trade payables	81.10	368.74
	Other financial liabilities	19.71	26.50
	Other liabilities and provisions	(14.23)	(8.81)
	Cash generated from operating activities post working capital changes	**1,266.20**	**410.34**
	Income tax paid (net)	(234.02)	(186.43)
	Net cash generated from operating activities (A)	**1,032.18**	**223.91**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment (including capital advances)	(176.37)	(190.35)
	Proceeds from sale of property, plant and equipment	14.84	5.55
	Purchase of intangible assets	(13.54)	(28.44)
	Purchase of investment property	-	(0.02)
	Proceeds from sale of assets held for sale including advance	0.71	-
	Proceeds from sale of investment in subsidiary and joint venture	-	0.01
	Sale / (Purchase) of non current investments	21.21	(422.55)
	(Purchase) / Sale of current investment (net)	(136.27)	670.17
	Bank deposit (net) (having original maturity of more than 3 months)	(656.22)	(98.18)
	Margin/bank deposits	(0.24)	(9.55)
	Interest received	18.01	11.59
	Net cash used in investing activities (B)	**(927.87)**	**(61.77)**
C	**Cash flows from financing activities (refer note 19 (ii))**		
	Proceeds from shares (ESOPs) issued during the year	13.47	20.57
	Repayment of lease liabilities	(8.41)	(7.05)
	Proceeds from short term borrowings (net)	4.20	-
	Interest paid	(10.10)	(9.05)
	Dividend and tax thereon paid	(75.84)	(75.69)
	Net cash used in financing activities (C)	**(76.68)**	**(71.22)**
	Increase in cash and cash equivalents (A+B+C)	27.63	90.92
	Cash and cash equivalents at the beginning of the year (refer note 13)	182.15	91.51
	Exchange difference on translation of foreign currency cash and cash equivalents	(0.02)	(0.28)
	Cash and cash equivalents at the end of the year (refer note 13)	**209.76**	**182.15**

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

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

A Equity share capital

(₹ crores)

Balance as at April 01, 2022	Changes in equity share capital during the year		Balance as at March 31, 2023	Changes in equity share capital during the year		Balance as at March 31, 2024
	Capital reduction	Issued		Capital reduction (refer note 40)	Issued	
131.94	-	-	131.94	(21.44)	-	110.50

B Other equity

(₹ crores)

Particulars	Treasury shares	Reserves and surplus							Fair value changes of equity instruments measured at fair value through other comprehensive income	Foreign currency translation reserve	Total attributable to owners of the parent	Attributable to non-controlling interest	Total
		Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Employee stock option outstanding account	Retained earnings	Special reserve					
Balance as at April 01, 2022	**(218.15)**	**97.91**	**6.00**	**3,298.79**	**730.39**	**14.16**	**3,537.19**	**0.07**	**0.94**	**0.66**	**7,467.96**	**(3.75)**	**7,464.21**
Profit for the year	-	-	-	-	-	-	636.78	-	-	-	636.78	(0.13)	636.65
Other comprehensive income for the year	-	-	-	-	-	-	1.79	-	0.05	0.41	2.25	-	2.25
Transactions with owners in their capacity as owners													
Dividend paid	-	-	-	-	-	-	(76.28)	-	-	-	(76.28)	-	(76.28)
Employee stock option exercised for the year	-	-	-	7.62	-	(7.62)	-	-	-	-	-	-	-
Employee stock option charge for the year	-	-	-	-	-	5.76	-	-	-	-	5.76	-	5.76
Adjustment for options exercised during the year	1.73	-	-	16.57	-	-	-	-	-		18.30	-	18.30
Balance as at March 31, 2023	**(216.42)**	**97.91**	**6.00**	**3,322.98**	**730.39**	**12.30**	**4,099.48**	**0.07**	**0.99**	**1.07**	**8,054.77**	**(3.88)**	**8,050.89**
Profit for the year	-	-	-	-	-	-	1,049.11	-	-	-	1,049.11	(0.03)	1,049.08
Other comprehensive income for the year	-	-	-	-	-	-	(0.14)	-	0.17	0.63	0.66	-	0.66
Transactions with owners in their capacity as owners													
Dividend paid	-	-	-	-	-	-	(76.34)	-	-	-	(76.34)	-	(76.34)
Employee stock option exercised for the year	-	-	-	4.63	-	(4.63)	-	-	-	-	-	-	-
Employee stock option charge for the year	-	-	-	-	-	4.19	-	-	-	-	4.19	-	4.19
Cancellation of shares held by Escorts benefit and welfare trust (refer note 40)	198.04	-	-	(176.60)	-	-	-	-	-	-	21.44	-	21.44
Adjustment for options exercised during the year	1.00	-	-	10.97	-	-	-	-	-	-	11.97	-	11.97
Balance as at March 31, 2024	**(17.38)**	**97.91**	**6.00**	**3,161.98**	**730.39**	**11.86**	**5,072.11**	**0.07**	**1.16**	**1.70**	**9,065.80**	**(3.91)**	**9,061.89**

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

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Notes Forming Part of the Consolidated Financial Statements

For the year ended March 31, 2024

1 Group information

The Company or Parent Company, its subsidiaries, its joint venture and associate (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

A. Subsidiaries

Name of the entity	Principal activities	Country of incorporation	% equity Interest	
			March 31, 2024	March 31, 2023
Invigorated Business Consulting Limited (formerly Escorts Finance Limited)	Recovery of delinquent loan assets	India	67.87%	67.87%
Escorts Benefit & Welfare Trust	Holding stocks on behalf of Settlor Escorts Kubota Limited	India	100%	100%
Escorts Benefit Trust	Holding fund for payment of dues of fixed deposit holders of Escorts Finance Limited	India	100%	100%
Farmtrac Tractors Europe Spolka z.o.o	Production, development and import of parts and accessories, sale of agricultural tractors and organization of services in respect of agricultural tractors	Poland	100%	100%
Escorts Crop Solution Limited	Crop solution services	India	100%	100%
EKL CSR Foundation (Formerly Escorts Skill Development) @	Corporate Social Responsibility	India	100%	100%
Escorts Kubota Finance Limited (incorporated on January 09, 2024)	Financing services	India	100%	-

@ EKL CSR Foundation (Formerly Escorts Skill Development) ("ECF") has become wholly owned subsidiary of the Company on November 01, 2021. Based on the control assessment carried out by management in terms of Ind AS 110, ECF has not been consolidated in these consolidated financial statements.

B. Interests in associate and joint ventures

Name of the entity	Principal activities	Country of incorporation	March 31, 2024	March 31, 2023	Relationship	Accounting method
			% Ownership Interest	% Ownership Interest		
Adico Escorts Agri Equipment Private Limited	Manufacturing and trading of agricultural equipments and its spares and implements	India	40%	40%	Joint venture	Equity method
Escorts Kubota India Private Limited	Manufacturing (including contract manufacturing) and sale of tractors and parts thereof	India	40%	40%	Joint venture	Equity method
Kubota Agricultural Machinery India Private Limited	Sale of agricultural equipments and its spares and implements	India	40%	40%	Joint venture	Equity method
Escorts Consumer Credit Limited	Financing activity	India	29.41%	29.41%	Associate	Equity method

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

C. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)	As % of consolidated other comprehensive income	Amount (₹ crores)	As % of consolidated total comprehensive income	Amount (₹ crores)
Parent								
Escorts Kubota Limited	100.45%	9,213.76	98.86%	1,037.15	3.03%	0.02	98.80%	1,037.17
Indian subsidiaries								
Escorts Crop Solutions Limited	-	0.07	(0.18%)	(1.94)	-	-	(0.18%)	(1.94)
Escorts Benefit and Welfare Trust	-	0.01	(0.01%)	(0.01)	-	-	-	(0.01)
Invigorated Business Consulting Limited (formerly Escorts Finance Limited)	(1.95%)	(179.24)	(0.02%)	(0.20)	-	-	(0.02%)	(0.20)
Escorts Benefit Trust	-	0.16	-	-	-	-	-	-
Escorts Kubota Finance Limited (incorporated on January 09, 2024)	0.19%	17.67	(0.22%)	(2.34)	1.52%	0.01	(0.23%)	(2.33)
Foreign subsidiaries								
Farmtrac Tractors Europe Sp. Z.o.o, Poland	0.08%	7.30	(0.07%)	(0.74)	95.45%	0.63	(0.01%)	(0.11)
Joint venture and associate (investment as per the equity method)								
Indian								
Adico Escorts Agri Equipment Private Limited	0.03%	2.79	(0.05%)	(0.51)	-	-	(0.05%)	(0.51)
Escorts Kubota India Private Limited	0.83%	75.87	1.21%	12.65	-	-	1.21%	12.65
Kubota Agricultural Machinery India Private Limited	1.36%	124.55	0.40%	4.23	-	-	0.40%	4.23
Escorts Consumer Credit Limited	-	-	-	-	-	-	-	-
Non-controlling interest in all subsidiaries	(0.04%)	(3.91)	-	(0.03)	-	-	-	(0.03)
Intercompany elimination and consolidation adjustment	(0.95%)	(86.64)	0.08%	0.82	-	-	0.08%	0.82
Total	**100.00%**	**9,172.39**	**100.00%**	**1,049.08**	**100.00%**	**0.66**	**100.00%**	**1,049.74**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

2. Basis of preparation, measurement, consolidation and material accounting policies

2.1 Overall consideration

Basis of preparation and measurement

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

The consolidated financial statements for the year ended March 31, 2024 were approved for issue by the Board of Directors on May 09, 2024.

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Group'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 realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared under the historical cost convention basis except for the following–

- Certain financial assets which are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;

Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profit/ (loss) and Other Comprehensive Income ('OCI') of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting date of March 31, 2024.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Profit/(loss) and each component of OCI are attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of the subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

Associates

Investment in entities in which there exists significant influence but not a controlling interest are accounted for

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognized as a reduction in the carrying amount of the investment. Unrealized gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

Joint ventures

Investments in joint arrangements are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

Joint ventures – Interest in joint venture are accounted for using the equity method, after initially being recognized at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment. Unrealized gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in these entities.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2.2 Summary of material 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 recognize revenue, the Group 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. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is measured at transaction price received or receivable, excluding the estimates of variable consideration allocable to the performance obligation, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method.

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

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see note 22). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of goods

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the 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 Group provides 1 to 5 years' product warranty on its goods sold to the buyer. 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.

After-sale services

The Group enters into fixed price maintenance and extended warranty contracts with its customers for terms between one and two years in length. Customers are required to pay in advance for the services along with the contractual amount paid for the purchase of goods.

- **Maintenance contracts –** The Group enters into agreements with its customers to perform regularly scheduled maintenance services on goods purchased from the Group. Revenue is recognized over time based on the ratio between the number of services provided/ lapsed in the current period and the total number of such services expected to be provided under each contract. This method best depicts the transfer of services to the customer because details of the services to be provided are specified by management in advance as part of its published maintenance program.
- **Extended warranty program –** The Group enters into agreements with its customers to perform necessary repairs falling outside the Group's standard warranty period. As this service involves an indeterminate number of acts, the Group is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. Revenue is recognized on a straight-line basis over the term of the contract and matched to related costs. This method best depicts the transfer of services to the customer as (a) the Group's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

Other income

Income from export incentives are recognized on accrual basis.

Interest Income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortized cost (refer 'h' below), 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.

Dividend income

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

b) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') and are rounded to two decimal places of crores, which is also the functional and presentation currency of the Group.

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.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time 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. Capitalization 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 of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognized as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)

Property, plant and equipment are stated at their cost of acquisition, net of accumulated depreciation and accumulated impairment losses, if any.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

Depreciation on property, plant and equipment of the Group is provided on the straight-line method except for Adico Escorts Agri Equipment Private Limited (Joint Venture) which provided depreciation on written down value method, computed on the basis of useful lives mentioned below:

Asset category	Estimated useful life (in years)
Factory buildings	30
Office buildings	60
Tubewells and fencing	5
Roads	10
Sheds	3
Plant and machinery	3-15*
Furniture and fixtures	5-10*
Office equipment	3-10
Vehicles	8-10
Leasehold improvements	Over the effective term of the lease
Electrical appliances	10
IT equipments	6
Computers	3

*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 are 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.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

In case of one of the subsidiary (Farmtrac Tractors Europe Spolka Z.O.O), no depreciation of the land with perpetual usufruct right is made by the Company.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

e) Investment properties

Recognition and initial measurement

Investment properties are properties, including right-of-use in properties, held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements.

Subsequent measurement (depreciation and useful lives)

Depreciation on investment properties other than right-of-use in properties is provided on the straight-line method, computed on the basis of useful lives 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

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

f) Intangible assets

Recognition and initial measurement

Purchased intangible assets are stated at cost.

Internally developed intangible assets

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

Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided the Group 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 capitalization 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 (amortization)

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

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalized costs are amortized 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	2- 6
Prototypes	4
Technical know how	6

g) Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

h) Financial instruments

Financial instruments are recognized when the Group 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 or trade receivables which are recognized at their transaction price, where the trade receivable does not contain a significant financing component.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognizes the difference between the fair value at initial recognition and the transaction price as a gain or loss.

b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After

Notes Forming Part of the Consolidated Financial Statements
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initial recognition, the Group recognizes that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. **Financial assets at amortized cost** – a financial instrument is measured at amortized 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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

ii. **Financial assets at fair value**

Investments in equity instruments other than above – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at fair value through profit and loss (FVTPL). For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL), except investment in certain fixed maturity plans (FMPs) and target maturity funds (TMFs).

Fixed maturity plans (FMP), purchased by the Company on or after April 01, 2021, are measured at amortized cost, if the Company intends to hold the FMPs to maturity. Further, the Company applies amortized cost for those FMPs where the Company is able to demonstrate that the underlying instruments in the portfolio would fulfill the SPPI test and the churn in the underlying portfolio is negligible. These conditions are assessed at each Balance Sheet date. If these conditions are not fulfilled, then FMPs are valued at FVTPL.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) purchased on or after April 01, 2021 till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view,

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such strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla rupee denominated bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of SPPI test as per the requirements of Ind AS 109.

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortized cost using the effective interest method.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Derivative financial instruments

Initial and subsequent measurement

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

i) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortized cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on company's historical collection experience for customers and forecast of macro-economic factors for each identified segment.

The Group defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset 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. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

j) 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 Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group 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 recognized 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 Group's latest approved budget, adjusted as necessary to exclude the effects of future re-organizations 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.

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k) Fair value measurement

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Refer Note 34 for fair value hierarchy.

l) Inventories

Inventories are stated at the lower of cost and net realizable 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 condition. Costs of inventories are computed using the weighted average cost formula. Net realizable 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 realizable value of such inventories.

m) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax liabilities are generally recognized in full for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss, unused tax credits (Minimum alternate tax credit entitlement) or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

n) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is

recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is initially recognized as deferred income at fair value and subsequently is recognized in statement of profit and loss as other income on a systematic basis over the expected useful life of the related asset.

When the Group receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

o) 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.

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

The Group provides post-employment benefits through various defined contribution and defined benefit plans

Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized as an expense in the year in which related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group.

Gratuity and pension are post-employment benefits and are in the nature of a defined benefit plan. The liability recognized in the financial statements in respect of gratuity and pension is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

q) Non-current assets held for sale and discontinued operations

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed

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to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

r) Share based payments

The Group has equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

s) 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 recognized 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 Group 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.

t) Treasury shares

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

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u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors assess the financial performance and position of the Group, and makes strategic decisions and therefore the board would be the chief operating decision maker.

The Group has the following operating/reportable segments: Agri machinery, Construction equipment, Railway equipment and Auto ancillary products (Discontinued in financial year 2016-17). In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

v) 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 including a bonus issue.

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.

2.3 Material management judgements in applying accounting policies and estimation uncertainty

The following are the critical judgements and the key estimates concerning the future that management has made in the process of applying the Group's accounting policies and that may have the most significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Material management estimates

Allowance for doubtful debts – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on the Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

Allowance for obsolete and slow-moving inventory- The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

Product warranties- The Group makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information of the nature, frequency and average cost of warranty claims. The Group seeks to improve vehicle quality and minimize warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

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Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Material management judgements

Capitalization of internally developed intangible assets- Distinguishing the research and development phases for new products and design enhancements determining whether the recognition requirements for the capitalization of development costs are met requires judgement. After capitalization, management monitors whether the recognition requirements continue to be met and whether there any indicators that capitalized costs may be impaired.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Non-consolidation of Farmtrac North America LLC (FNA) – At the behest of the creditors of FNA the authorities had appointed receiver who has taken over all the assets, books and records of FNA. Therefore, the Group has lost its control on the relevant activities of FNA, hence the Group has not considered FNA for consolidation in these financial statements.

Contingent liabilities – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

2.4 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

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3 (i) Property, plant and equipment

(₹ crores)

Particulars	Land	Leasehold land*	Buildings	Leasehold improvements	Plant and equipment	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
Gross carrying value										
As at April 01, 2022	1,040.65	0.43	424.04	0.05	1,154.40	99.98	59.02	26.15	9.15	2,813.87
Additions	5.12	-	13.09	-	123.24	15.79	7.98	0.27	1.94	167.43
Reclassified to assets held for sale (refer note 15)	-	-	-	-	(0.50)	(0.02)	-	(6.13)	(0.02)	(6.67)
Disposals	-	-	(0.43)	-	(14.20)	(2.08)	(2.98)	(5.69)	(0.02)	(25.40)
Exchange differences	-	0.03	0.15	-	0.02	0.02	-	0.04	-	0.26
As at March 31, 2023	**1,045.77**	**0.46**	**436.85**	**0.05**	**1,262.96**	**113.69**	**64.02**	**14.64**	**11.05**	**2,949.49**
Additions	-	-	11.70	-	89.89	14.01	10.95	1.00	0.78	128.33
Reclassified from investment property (refer note 4)	19.70	-	4.86	-	-	-	-	-	-	24.56
Disposals	-	-	(10.45)	-	(60.31)	(4.31)	(3.15)	(3.83)	(0.21)	(82.26)
Exchange differences	-	0.04	0.19	-	0.03	0.03	-	0.05	-	0.34
As at March 31, 2024	**1,065.47**	**0.50**	**443.15**	**0.05**	**1,292.57**	**123.42**	**71.82**	**11.86**	**11.62**	**3,020.46**
Accumulated depreciation										
As at April 01, 2022	-	-	268.56	0.03	711.06	70.40	42.21	13.46	8.16	1,113.88
Charge for the year	-	-	10.96	-	101.27	6.51	5.62	2.86	1.26	128.48
Adjustment for disposals	-	-	(0.30)	-	(11.99)	(2.07)	(2.93)	(3.99)	(0.02)	(21.30)
Impairment during the year^	-	-	-	-	0.13	-	-	1.38	-	1.51
Reclassified to assets held for sale (refer note 15)	-	-	-	-	(0.42)	(0.02)	-	(4.78)	(0.02)	(5.24)
Exchange differences	-	-	0.05	-	0.01	0.02	-	0.03	-	0.11
As at March 31, 2023	**-**	**-**	**279.27**	**0.03**	**800.06**	**74.84**	**44.90**	**8.96**	**9.38**	**1,217.44**
Charge for the year	-	-	14.24	-	111.80	7.11	6.97	1.05	1.17	142.34
Adjustment for disposals	-	-	(9.45)	-	(57.75)	(4.10)	(3.12)	(3.16)	(0.15)	(77.73)
Reclassified from investment property (refer note 4)	-	-	2.16	-	-	-	-	-	-	2.16
Exchange differences	-	-	0.05	-	0.02	0.02	-	0.04	-	0.13
As at March 31, 2024	**-**	**-**	**286.27**	**0.03**	**854.13**	**77.87**	**48.75**	**6.89**	**10.40**	**1,284.34**
Net carrying value as at March 31, 2023	**1,045.77**	**0.46**	**157.58**	**0.02**	**462.90**	**38.85**	**19.12**	**5.68**	**1.67**	**1,732.05**
Net carrying value as at March 31, 2024	**1,065.47**	**0.50**	**156.88**	**0.02**	**438.44**	**45.55**	**23.07**	**4.97**	**1.22**	**1,736.12**

*Leasehold land with perpetual usufruct right

^During the previous year ended March 31, 2023, Escorts Crop Solution Limited, a subsidiary of the Group has scaled down its operation in relation to farming business and it is expected that the carrying value of related property, plant and equipment will be realized through sale in active market, rather than continuing use in the business, accordingly, impairment loss amounting to ₹ 1.51 crores has been recognized to bring down the carrying value of the said assets to the realizable value.

Notes Forming Part of the Consolidated Financial Statements
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Notes:

(i) Contractual obligations

Refer note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Property plant and equipment pledged as security

Refer note 43 for information on property, plant and equipment pledged as security by the Group.

(iii) Property, plant and equipment include assets in use for in house research and development

Refer note 42 for details.

(iv) Depreciation for the year has been included in "Depreciation & amortization expense" line item in the statement of profit & loss.

3 (ii) Capital work-in-progress

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Capital work-in-progress	116.31	69.39

Movement in capital work in progress:

(₹ crores)

Particulars	Amount
Capital work-in-progress as at April 01, 2022	**56.34**
Add: additions during the year	180.35
Less: capitalization during the year	(167.30)
Capital work-in-progress as at March 31, 2023	**69.39**
Add: additions during the year	175.18
Less: capitalization during the year	(128.26)
Capital work-in-progress as at March 31, 2024	**116.31**

Capital work in progress ageing schedule-projects in progress

(₹ crores)

Particulars	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 2024	100.63	11.68	2.88	1.12	**116.31**
As at March 2023	62.58	5.60	0.60	0.61	**69.39**

There is no capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan.

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4 Investment property

(₹ crores)

Description	Land	Building	Total
Gross carrying value			
As at April 01, 2022	28.09	62.96	91.05
Additions	-	0.02	0.02
As at March 31, 2023	**28.09**	**62.98**	**91.07**
Reclassified to property, plant and equipment (refer note 3)	(19.70)	(4.86)	(24.56)
Disposals	-	(0.13)	(0.13)
As at March 31, 2024	**8.39**	**57.99**	**66.38**
Accumulated depreciation			
As at April 01, 2022	-	8.45	8.45
Charge for the year	-	2.82	2.82
As at March 31, 2023	**-**	**11.27**	**11.27**
Charge for the year	-	2.67	2.67
Reclassified to property, plant and equipment (refer note 3)	-	(2.16)	(2.16)
Disposals	-	(0.09)	(0.09)
As at March 31, 2024	**-**	**11.69**	**11.69**
Net carrying value as at March 31, 2023	**28.09**	**51.71**	**79.80**
Net carrying value as at March 31, 2024	**8.39**	**46.30**	**54.69**

(i) Amount recognized in statement of profit and loss for investment property

(₹ crores)

	March 31, 2024	March 31, 2023
Rental income	11.16	10.66
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	**11.16**	**10.66**

(ii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

(iii) Fair value of investment property

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Land	99.04	119.86
Building	49.25	59.79

The Group obtains independent valuations for its investment property at least annually by registered valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017. The best evidence of fair value is current prices in an active market for similar properties.

The fair value measurement of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used by independent registered valuer.

Notes Forming Part of the Consolidated Financial Statements
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Where such information is not available, the independent valuer considers information from a variety of sources including:

a) In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken.

b) In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2012 have been taken as the basis of valuation. These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account.

5 Right-of-use assets

(₹ crores)

Description	Property, plant and equipment		Investment property	Total
	Land	Buildings	Land	
Gross carrying value				
As at April 01, 2022	34.52	16.38	4.16	55.06
Additions	24.20	-	-	24.20
Reclassification during the year	4.16	-	(4.16)	-
As at March 31, 2023	**62.88**	**16.38**	**-**	**79.26**
Additions	-	-	-	-
As at March 31, 2024	**62.88**	**16.38**	**-**	**79.26**
Accumulated depreciation				
As at April 01, 2022	10.73	7.76	1.92	20.41
Charge for the year	5.70	2.54	0.38	8.62
Reclassification during the year	2.30	-	(2.30)	-
As at March 31, 2023	**18.73**	**10.30**	**-**	**29.03**
Charge for the year	7.76	2.44	-	10.20
As at March 31, 2024	**26.49**	**12.74**	**-**	**39.23**
Net carrying value as at March 31, 2023	**44.15**	**6.08**	**-**	**50.23**
Net carrying value as at March 31, 2024	**36.39**	**3.64**	**-**	**40.03**

Notes:

(i) Right-of-use assets classified as investment property

(a) Amount recognized in statement of profit and loss for investment property

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Rental income	-	0.54
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	-	-
Profit from leasing of investment properties	**-**	**0.54**

(b) Leasing arrangements

Land classified as investment property is leased to a tenant under long-term operating lease arrangement with rentals payable monthly. The said lease arrangement has been terminated during the year and the corresponding land is being used by the Company for its own business.

(ii) Depreciation for the year has been included in "Depreciation and amortization expense" line item in statement of profit and loss.

Notes Forming Part of the Consolidated Financial Statements
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6 (i) Intangible assets

(₹ crores)

Description	Prototypes	Technical know how	Software	Total
Gross carrying value				
As at April 01, 2022	43.07	26.17	59.17	128.41
Additions	0.59	0.03	14.99	15.61
Disposals	-	-	(0.31)	(0.31)
Exchange differences	-	0.16	-	0.16
As at March 31, 2023	**43.66**	**26.36**	**73.85**	**143.87**
Additions	6.09	0.15	16.53	22.77
Disposals	-	-	-	-
Exchange differences	-	0.21	-	0.21
As at March 31, 2024	**49.75**	**26.72**	**90.38**	**166.85**
Accumulated amortization				
As at April 01, 2022	38.59	19.17	46.84	104.60
Charge for the year	2.36	2.01	5.77	10.14
Adjustment for disposals	-	-	(0.05)	(0.05)
Exchange differences	-	0.11	-	0.11
As at March 31, 2023	**40.95**	**21.29**	**52.56**	**114.80**
Charge for the year	3.00	1.82	6.87	11.69
Exchange differences	-	0.16	-	0.16
As at March 31, 2024	**43.95**	**23.27**	**59.43**	**126.65**
Net carrying value as at March 31, 2023	**2.71**	**5.07**	**21.29**	**29.07**
Net carrying value as at March 31, 2024	**5.80**	**3.45**	**30.95**	**40.20**

Notes:

(i) Contractual obligations

Refer note 33 for disclosure of contractual commitments for the acquisition of intangible assets.

(ii) Expenses incurred and assets in use for in house research and development :

During the year, expenditure of ₹ 131.68 crores (March 31, 2023: ₹ 129.66 crores) was incurred on research and development (excluding depreciation) recognized in statement of profit and loss.

Refer note 42 for details.

(iii) Amortization for the year has been included in line item 'Depreciation and amortization expense' in statement of profit and loss.

6 (ii) Intangible assets under development

(₹ crores)

	March 31, 2024	March 31, 2023
Intangible assets under development	35.22	44.29

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

Movement in intangible assets under development :

(₹ crores)

Particulars	Amount
Intangible assets under development as at April 01, 2022	**31.46**
Add: additions during the year	28.44
Less: capitalization during the year	(15.61)
Intangible assets under development as at March 31, 2023	**44.29**
Add: additions during the year	13.55
Less: capitalization during the year	(22.62)
Intangible assets under development as at March 31, 2024	**35.22**

Intangible assets under development ageing schedule-projects in progress

(₹ crores)

Particulars	Amount in capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 2024	7.63	8.65	3.39	15.55	**35.22**
As at March 2023	19.97	5.42	5.82	13.08	**44.29**

There are no Intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan.

7 Investments

Investments - non-current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Investments accounted for using equity method (refer note 36)		
Fully paid equity shares (unquoted)	203.21	186.84
	203.21	**186.84**
Aggregate amount of impairment in value of investments	1.00	1.00
(ii) Investments (other than investment accounted using equity method)		
(A) Investments carried at fair value through OCI		
Fully paid equity shares (quoted)	1.19	1.00
(B) Investment carried at cost		
Fully paid equity shares (unquoted)	0.02	0.02
(C) Debt instruments carried at amortized cost		
Mutual funds (quoted) (Target Maturity Funds)	2,902.84	2,783.90
Bonds (Unquoted)	15.64	-
	2,919.69	**2,784.92**
Aggregate amount of quoted investments	**2,904.03**	**2,784.90**
Market value of quoted investments	**2,871.00**	**2,716.42**
Aggregate amount of unquoted investments	**15.66**	**0.02**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(iii) Investments - current

(₹ crores)

	As at March 31, 2024	As at March 31, 2023
(A) Investment carried at fair value through profit or loss		
Mutual funds (quoted)	1,897.89	1,794.93
(B) Investments carried at amortised Cost		
Bonds (Unquoted)	157.83	-
Mutual funds (quoted) (Target Maturity Funds)	41.28	-
	2,097.00	**1,794.93**
Aggregate amount of quoted investments	**1,939.17**	**1,794.93**
Market value of quoted investments	**1,939.36**	**1,794.93**
Aggregate amount of unquoted investments	**157.83**	**-**

Details of investments are as follows:

Non-current investments

(₹ crores)

Particulars	Number of shares		Amount	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
In equity instruments^				
Joint ventures and associate (unquoted)				
Escorts Consumer Credit Limited	12,50,000	12,50,000	1.00	1.00
Less: provision for impairment			(1.00)	(1.00)
			-	**-**
Adico Escorts Agri Equipment Private Limited	84,00,000	84,00,000	2.79	3.29
Escorts Kubota India Private Limited (face value of ₹ 100 each)	1,20,00,000	1,20,00,000	75.87	63.23
Kubota Agricultural Machinery India Private Limited	2,00,00,000	2,00,00,000	124.55	120.32
			203.21	**186.84**
Investments carried at fair value through OCI (Quoted)				
Asahi India Glass Limited (face value of ₹ 1 each)	18,862	18,862	1.01	0.85
Godavari Drugs Limited	19,700	19,700	0.18	0.15
Twenty First Century Medicare Limited *	19,400	19,400	-	-
Tamilnadu Newsprints & Papers Limited*	100	100	-	-
			1.19	**1.00**
Investments carried at cost (unquoted)				
EKL CSR Foundation (Formerly Escorts Skill Development)	50,000	50,000	0.02	0.02

^All equity shares are of ₹ 10 each unless otherwise stated.

*Amount less than ₹ 1 lakh

Refer note 34 - Financial instruments for disclosure of fair values in respect of Investment measured at amortized cost.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

8 Other financial assets

(i) Non-current financial assets

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits with remaining maturity of more than 12 months	-	1.09
Security deposits*	7.67	6.42
	7.67	**7.51**

* includes deposit given to related party for ₹ Nil crores (previous year ₹ 0.04 crores).

Refer note 34 - Financial instruments for disclosure of fair values in respect of financial assets measured at amortized cost and assessment of expected credit losses.

(ii) Current financial assets

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Export incentives receivable	2.97	3.62
Claims receivable	1.57	0.28
Derivative assets	0.01	-
Security deposits	10.66	9.24
Other recoverables		
- from related parties (refer note 44 for related party balances)	3.21	2.94
- from others	1.97	2.88
	20.39	**18.96**

The carrying values are considered to be a reasonable approximation of their fair values.

9 (i) Deferred tax liabilities (net)

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax asset arising on account of :		
Financial assets and financial liabilities at amortized cost and inventories	(47.58)	(31.15)
Provision for employee benefits and other liabilities deductible on actual payment	(12.23)	(11.34)
Unabsorbed losses	(0.24)	-
Deferred tax liability arising on account of :		
Investments	133.84	58.57
Property, plant and equipment, investment property and intangible assets	39.74	48.15
Net deferred tax liabilities	**113.53**	**64.23**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

Notes:

(a) Movement in deferred tax assets/liabilities for the year ended March 31, 2024 is as follows:

(₹ crores)

Particulars	Opening balance deferred tax assets	Opening balance deferred tax liabilities	(Reversed)/ recognized through statement of profit and loss	(Reversed)/ recognized in other comprehensive income	Closing balance deferred tax liabilities	Closing balance deferred tax assets
Deferred tax assets/liabilities in relation to:						
Property, plant and equipment, investment property and intangible assets	-	48.15	(8.41)	-	39.74	-
Financial assets and liabilities at amortized cost and inventories	0.41	(30.74)	(16.44)	-	(46.50)	1.08
Provision for employee benefits and other liabilities deductible on actual payment	-	(11.34)	(0.84)	(0.05)	(12.19)	0.04
Investments	-	58.57	75.25	0.02	133.84	-
Unabsorbed losses	-	-	(0.24)	-	-	0.24
Net deferred tax assets/liabilities	**0.41**	**64.64**	**49.32**	**(0.03)**	**114.89**	**1.36**

(b) Movement in deferred tax assets/liabilities for the year ended March 31, 2023 is as follows:

(₹ crores)

Particulars	Opening balance deferred tax assets	Opening balance deferred tax liabilities	(Reversed)/ recognized through profit and loss	(Reversed)/ recognized in other comprehensive income	Closing balance deferred tax liabilities	Closing balance deferred tax assets
Deferred tax assets/liabilities in relation to:						
Property, plant and equipment, investment property and intangible assets	-	52.55	(4.40)	-	48.15	-
Financial assets and liabilities at amortized cost and inventories	-	(35.86)	4.71	-	(30.74)	0.41
Provision for employee benefits and other liabilities deductible on actual payment	-	(11.06)	(0.89)	0.61	(11.34)	-
Investments	-	31.64	26.92	0.01	58.57	-
Net deferred tax assets/liabilities	**-**	**37.27**	**26.34**	**0.62**	**64.64**	**0.41**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(ii) Tax expense

The income tax expense consists of the following:

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax expense	302.62	171.60
Deferred tax expense	49.32	26.34
Total income tax expense	**351.94**	**197.94**

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:

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before income tax	1,401.02	834.59
Statutory income tax rate*	25.17%	25.17%
Expected income tax expense	352.61	210.05
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax effect of expenses not eligible for deduction	3.66	3.64
Adjustment for tax expense pertaining to prior years	0.76	(3.98)
Income chargeable to lower rate of tax	(0.53)	(3.77)
Utilization of tax losses on which no deferred tax is recognized	(3.83)	(6.82)
Others	(0.73)	(1.18)
Total income tax expense	**351.94**	**197.94**
*Statutory tax rate applicable to the Holding Company has been computed as follows		
Base tax rate	22%	22%
Surcharge (% of tax)	10%	10%
Cess (% of tax)	4%	4%
Applicable rate	25.17%	25.17%

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

10 Other assets

(i) Non-current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances*	23.01	17.79
Deposits with statutory authorities**	67.97	68.52
Balances with statutory authorities	133.23	112.17
	224.21	**198.48**
Allowance for doubtful advances	(2.14)	(2.14)
	222.07	**196.34**

* includes advance given to related party ₹ 0.68 crores (previous year ₹ 0.30 crores).

** includes deposit paid under protest with statutory authorities.

(i) Current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Refund asset	4.35	5.02
Advances to suppliers*	21.75	39.64
Prepaid expenses**	9.88	10.15
Balances with statutory authorities	147.60	145.21
Other advances	0.57	1.30
	184.15	**201.32**

* includes advance payment to related party ₹ 0.69 crores (previous year ₹ Nil).

** includes prepayment to related party ₹ Nil (previous year ₹ 0.06 crores).

Notes Forming Part of the Consolidated Financial Statements
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11 Inventories

(Valued at lower of cost and net realisable value, unless otherwise stated)

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials and components	483.05	559.68
Goods-in-transit	38.42	43.25
	521.47	**602.93**
Work-in-progress	**59.41**	**61.73**
Finished goods	479.41	384.67
Goods-in-transit	58.53	63.85
	537.94	**448.52**
Stock-in-trade	77.47	84.46
Goods-in-transit	1.04	0.80
	78.51	**85.26**
Stores and spares	**14.24**	**13.47**
Loose tools	**6.53**	**5.77**
	1,218.10	**1,217.68**

Note :

(i) Refer note 43 for inventories pledged as security for borrowings.

(ii) Amount of write down and reversal of write down of inventories recognized in statement of profit and loss:

(₹ crores)

Particulars	Amount
Allowance for obsolete and slow moving inventories as at April 01, 2022	**47.00**
Add: write-down recognized during the year	32.21
Less: allowance utilized during the year	(12.79)
Allowance for obsolete and slow moving inventories as at March 31, 2023	**66.42**
Add: write-down recognized during the year	56.84
Less: allowance utilized during the year	(18.52)
Allowance for obsolete and slow moving inventories as at March 31, 2024	**104.74**

Notes Forming Part of the Consolidated Financial Statements
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12 Trade receivables

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured, considered good	280.41	221.99
Unsecured, considered good	918.81	970.67
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	33.93	25.17
	1,233.15	**1,217.83**
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(26.04)	(13.01)
Trade receivables which have significant increase in credit Risk	-	-
Trade receivables - credit impaired	(33.93)	(25.17)
	(59.97)	(38.18)
	1,173.18	**1,179.65**

Trade receivables ageing schedule

As at March 31, 2024

(₹ crores)

Particulars		Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed trade receivables – considered good	786.60	342.95	21.38	2.11	0.06	0.35	1,153.45
(ii)	Undisputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(iii)	Undisputed trade receivables – credit impaired	-	-	-	2.31	1.14	1.25	4.70
(iv)	Disputed trade receivables – considered good	-	2.52	13.09	14.96	13.97	1.23	45.77
(v)	Disputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(vi)	Disputed trade receivables – credit impaired	-	-	-	8.55	7.02	13.66	29.23
Total		**786.60**	**345.47**	**34.47**	**27.93**	**22.19**	**16.49**	**1,233.15**

Notes Forming Part of the Consolidated Financial Statements
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Trade receivables ageing schedule

As at March 31, 2023

(₹ crores)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	910.10	244.06	7.41	2.28	0.51	0.76	1,165.12
(ii) Undisputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	0.42	1.01	0.19	0.90	2.52
(iv) Disputed trade receivables – considered good	-	0.79	10.96	11.74	2.42	1.63	27.54
(v) Disputed trade receivables – significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	9.01	0.94	12.70	22.65
Total	**910.10**	**244.85**	**18.79**	**24.04**	**4.06**	**15.99**	**1,217.83**

Notes:

(i) Refer note 43 for trade receivables pledged as security for liabilities.

(ii) Refer note 34 - Financial instruments for assessment of expected credit losses.

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

(iv) Trade receivables include ₹ 26.79 crores (March 31, 2023 ₹ 38.75 crores) due from related parties. For details refer note 44 - related party disclosures.

13 Cash and cash equivalents

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks in current accounts	20.60	18.22
Debit balance in cash credit accounts	65.93	53.88
Bank deposits with original maturity of less than or equal to 3 months	123.23	110.05
	209.76	**182.15**

There are no restrictions of use with respect to cash and cash equivalents as at the end of the current year and previous year. The carrying values are a reasonable approximation of their fair values.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

14 Other bank balances

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked bank balances	1.98	12.23
Fixed deposits with original maturity of more than 3 months but less than 12 months	779.83	103.13
Margin money deposits	2.86	2.61
Escrow account	184.57	171.78
	969.24	**289.75**

Notes:

(i) Earmarked balances with banks represent unclaimed dividends (previous year balance in unspent CSR account (refer note 30) and unclaimed dividends).

(ii) Fixed deposits with original maturity of more than 3 months but less than 12 months includes ₹ 0.19 crores (March 31, 2023: ₹ 0.17 crores) deposits held by the Group which are not available for use by the Group, as these are lien marked.

(iii) Balance in Escrow account is not available for use by the Group, refer note 22 (ii) for details.

(iv) ₹ 2.86 crores (March 31, 2023: ₹ 2.61 crores) represent margin money pledged with various authorities.

(v) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the current year and previous year.

(vi) The carrying values are a reasonable approximation of their fair values.

15 Assets held for sale

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Land held for sale	17.54	17.54
Property, plant and equipment held for sale	-	1.43
	17.54	**18.97**

Notes:

(i) Details of assets held for sale :

(a) The Group in earlier years, has agreed to transfer 25 acres of land at Plot No. 219, Sector 58, Ballabhgarh, Haryana for a consideration of ₹ 17.54 crores (including additional payment of ₹ 8.54 crores to Haryana Shehri Vikas Pradhikaran (HSVP) under "Last and Final Settlement Scheme, 2022" towards settlement of enhancement dues related to the said land) of which ₹ 13.00 crores has been received from the buyer as at March 31, 2024. The said transfer is subject to necessary approval from Haryana Urban Development Authority (HUDA) and accordingly the amount received from the buyer is being classified in other current liabilities. Owing to the inordinate delay in obtaining approval from HUDA, the transfer has been delayed for more than a year that was not originally envisaged. However, the Group is taking necessary action to respond to the current conditions and favourable resolution is expected. Therefore, such land continues to be classified as held for sale.

(b) During the previous year, Escorts Crop Solution Limited, a subsidiary of the Group scaled down its operation in relation to farming business and it expected that the carrying value of related property, plant and equipment will be realised through sale in active market, rather than continuing use in the business. Accordingly, the remaning carrying value as at March 31, 2023 amounting to ₹ 1.43 crores was disclosed under "Assets held for sale" (refer note 3(i)).The said assets have been disposed off during the year.

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(ii) Non-recurring fair value measurements

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell at the time of re-classification. A total write down of ₹ 0.76 crores was made in earlier years on account of such measurement for land.

16 Equity Share Capital

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
40,10,00,000 (previous year 40,10,00,000) Equity shares of ₹ 10 each	401.00	401.00
88,80,00,000 (previous year 88,80,00,000) Unclassified shares of ₹ 10 each	888.00	888.00
	1,289.00	**1,289.00**
Issued, Subscribed and Fully paid-up		
11,04,98,261 (previous year 13,19,40,604) Equity shares of ₹ 10 each	110.50	131.94
	110.50	**131.94**

(a) Reconciliation of number of shares

Particulars	As at March 31, 2024		As at March 31, 2023	
	No of shares	₹ crores	No of shares	₹ crores
Equity shares at the beginning of the year	13,19,40,604	131.94	13,19,40,604	131.94
Cancelled during the year (refer note 40)	(2,14,42,343)	(21.44)	-	-
Equity shares at the end of the year	**11,04,98,261**	**110.50**	**13,19,40,604**	**131.94**

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

The Parent Company has only one class of shares, i.e. equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend is paid in Indian Rupees. In the event of liquidation of the Parent Company, equity shareholders will be entitled to receive remaining assets after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No of shares	% holding	No of shares	% holding
Kubota Corporation	5,91,12,970	53.50%	5,91,12,970	44.80%
Har Parshad and Company Private Limited	1,07,26,308	9.71%	1,07,26,308	8.13%
Escorts Benefit and Welfare Trust	-	-	2,14,42,343	16.25%

(d) The Group has a holding company named Kubota Corporation w.e.f. April 11, 2022.

(e) The Group has issued total 1,18,700 (March 31, 2023: 2,04,625) equity shares to employees (through Escorts Employees Benefit and Welfare Trust) on exercise of option granted under the Employee Stock Option Scheme 2006, wherein part consideration was received in form of employee services.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(f) Shares reserved for issue under options

(₹ crores)

Particulars	As at March 31, 2024 No of shares	As at March 31, 2023 No of shares
Under the Employee Stock Option Plan (ESOP) 2006, equity share of ₹ 10 each, at an exercise price as decided by management on case to case basis	20,56,530	21,75,230

These shares are held as treasury shares under other equity (refer note 17).

For terms and other details refer note 38.

(g) Shares held by promoters at the end of the year

As at March 31, 2024

S. No	Promoter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.02%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	1.09%	-
3	Nitasha Nanda	1,93,422	-	1,93,422	0.18%	-
4	Navya Naveli Nanda	18,000	-	18,000	0.02%	-
5	Agastya Nanda	10,000	-	10,000	0.01%	-
6	Hardeep Singh	500	-	500	0.00%	-
7	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.53%	-
8	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.60%	-
9	Invigorated Business Consulting Limited (formerly Escorts Finance Limited)	31	-	31	0.00%	-
10	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	9.71%	-
11	Sietz Technologies India Private Limited	826	-	826	0.00%	-
12	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
13	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
14	Escorts Benfits And Welfare Trust	2,14,42,343	(2,14,42,343)	-	-	(16.25%)
15	Kubota Corporation	5,91,12,970	-	5,91,12,970	53.50%	-

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

As at March 31, 2023

S. No	Promoter Name	No. of shares at beginning of the year	Change during the year	No. of shares at end of the year	% of Total shares	% change during the year
1	Shweta Nanda	17,000	-	17,000	0.01%	-
2	Nikhil Nanda	12,03,091	-	12,03,091	0.91%	-
3	Nitasha Nanda	1,93,422	-	1,93,422	0.15%	-
4	Navya Naveli Nanda	18,000	-	18,000	0.01%	-
5	Agastya Nanda	10,000	-	10,000	0.01%	-
6	Hardeep Singh	500	-	500	0.00%	-
7	AAA Portfolios Private Limited	16,87,280	-	16,87,280	1.28%	-
8	Big Apple Clothing Private Limited	17,71,837	-	17,71,837	1.34%	-
9	Invigorated Business Consulting Limited (formerly Escorts Finance Limited)	31	-	31	0.00%	-
10	Har Parshad and Company Private Limited	1,07,26,308	-	1,07,26,308	8.13%	-
11	Sietz Technologies India Private Limited	826	-	826	0.00%	-
12	Niky Tasha Communications Private Limited	3,850	-	3,850	0.00%	-
13	Niky Tasha Energies Private Limited	1,250	-	1,250	0.00%	-
14	Escorts Benefit And Welfare Trust	2,14,42,343	-	2,14,42,343	16.25%	-
15	Kubota Corporation*	2,16,21,414	3,74,91,556	5,91,12,970	44.80%	28.42%

* Kubota corporation held 2,16,21,414 share at the beginning of the year ended March 31, 2023 in public category hence only additional acquisition is considered for change during the year.

17 Other equity

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital reserve	**97.91**	**97.91**
Capital redemption reserve	**6.00**	**6.00**
General reserve	**730.39**	**730.39**
Securities premium		
Opening balance	3,322.98	3,298.79
Add: Amount received from employees on exercise of employees' stock option against options exercised during the year (net of tax)	10.97	16.57
Add: transferred from employees' stock option outstanding account against options exercised during the year	4.63	7.62
Less: cancellation of shares held by Escorts benefit and welfare trust (refer note 40)	(176.60)	-
	3,161.98	**3,322.98**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Employees' stock option outstanding account		
Opening balance	12.30	14.16
Add: charge for the year	4.19	5.76
Less: transferred to Securities Premium against vested options exercised during the year	(4.63)	(7.62)
	11.86	**12.30**
Treasury shares		
Opening balance	(216.42)	(218.15)
Less: cancellation of shares held by Escorts benefit and welfare trust	198.04	-
Less: adjustment for options exercised during the year	1.00	1.73
	(17.38)	**(216.42)**
Retained earnings		
Opening balance	4,099.48	3,537.19
Add: net profit for the year	1,049.11	636.78
Less: Equity dividend (net of dividend on treasury shares) (during FY 2023-24: ₹ 7.00 per share paid for FY 2022-23) (during FY 2022-23: ₹ 7.00 per share paid for FY 2021-22)	(76.34)	(76.28)
Less: remeasurement benefit of defined benefit plans (net of tax)	(0.14)	1.79
	5,072.11	**4,099.48**
Special reserve	**0.07**	**0.07**
Other comprehensive income, net of tax		
Fair value changes of equity instruments measured at fair value through other comprehensive income		
Opening balance	0.99	0.94
Add: changes during the year (net of tax)	0.17	0.05
	1.16	**0.99**
Foreign currency translation reserve		
Opening balance	1.07	0.66
Add: changes during the year	0.63	0.41
	1.70	**1.07**
	9,065.80	**8,054.77**

Nature and purpose of other reserves

(i) Securities premium

Securities premium represents premium received on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

(ii) Employee's stock options outstanding account

The account is used to recognize the grant date fair value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(iii) Capital redemption reserve

This reserve represents reserve created on redemption of preference shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

(iv) Capital reserve

This reserve represents the excess of net assets taken, over the cost of acquisition paid at the time of amalgamation/ acquisition done in earlier year. This reserve is not available for the distribution to the shareholders.

(v) Treasury shares

This reserve represents the cost of Parent Company's own equity shares held by the Escorts Employees Benefit and Welfare Trust, which is created under the Employee Stock Option Plan, Escorts Benefit and Welfare Trust and Escorts Benefit Trust which has been consolidated in these financial statements.

(vi) Retained earnings

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

(vii) General reserve

The Group has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956 and transfer from Employee's stock options outstanding account upon lapse of vested options. Mandatory transfer to general reserve upon declaration of dividend is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

(viii) Special reserve

This reserve was created by Invigorated Business Consulting Limited (formerly Escorts Finance Limited) ('subsidiary company') pursuant to the requirements of section 45-IC of the Reserve Bank of India Act, 1934.

(ix) Other Comprehensive Income (OCI) reserve

(i) The Group has elected to recognize changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

(ii) The Group has recognized remeasurements of defined benefits plans through other comprehensive income.

(iii) The Group recognized exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

18 Non-controlling interest

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	(3.88)	(3.75)
Less: share of loss for the year	(0.03)	(0.13)
Closing non-controlling interest	**(3.91)**	**(3.88)**

19 Borrowings

(i) Current borrowings

(₹ crores)

Secured	As at March 31, 2024	As at March 31, 2023
Working capital facility from bank	4.20	-
	4.20	**-**

(a) Security details

(i) Working capital credit facility as on March 31, 2024 amounting to ₹ 4.20 crores is secured against inventory of Farmtrac Tractors Europe Spolka z.o.o and joint mortgage on two real estate properties situated in (i) Mragowo, Poland at ul Przemyslowa 11/4 comprising parcels of land no 4/62, 4/36 and no 4/37 and (ii) Mragowo, Poland at ul Przemyslowa 11/4 comprising parcels of land no 2/16. The facility carry variable interest rate as WIBOR 1 month base rate plus 1.7%.

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

(ii) Reconciliation of financial liabilities with cash flow arising from financing activities:

(₹ crores)

Particulars	Lease liabilities	Current borrowings
Opening balance as at April 01, 2022	**51.95**	**-**
Cash flows:		
Repayments	(7.05)	-
Interest paid	(4.58)	(0.43)
Interest expenses	4.58	0.43
Other non cash transactions		
Non cash:		
Addition during the year	12.40	-
Closing balance as at March 31, 2023	**57.30**	**-**
Cash flows:		
Proceeds/ (Repayments)	(8.41)	4.20
Interest paid	(4.49)	(0.59)
Interest expenses	4.49	0.59
Closing balance as at March 31, 2024	**48.89**	**4.20**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

20 Other financial liabilities

(i) Other non-current financial liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	20.30	26.94
	20.30	**26.94**

Refer note 34 - Financial instruments for disclosure of fair values in respect of Financial liabilities measured at amortized cost and analysis of their maturity profiles.

(ii) Other current financial liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital creditors	31.82	27.21
Security deposits	6.42	0.61
Unpaid dividends*	1.98	2.06
Payable to related parties (refer note 44)	0.41	0.42
Employee related payables	85.70	74.64
Retention money	0.74	0.58
Other accrued liabilities	139.81	-
Derivative liabilities	-	0.48
Other payables	8.56	9.21
	275.44	**115.21**

*Investor Education and Protection Fund will be credited as and when due.

The carrying values are considered to be a reasonable approximation of their fair values.

21 Other liabilities

(i) Other non-current liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred income	6.66	7.92
	6.66	**7.92**

(ii) Other current liabilities

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Advances received from customers	71.48	84.05
Advance against assets held for sale	13.00	13.00
Payable to statutory authorities	35.15	54.69
Deferred income	27.90	24.27
Others	36.24	44.74
	183.77	**220.75**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

22 Provisions

(i) Non-current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Provision for gratuity	0.10	0.06
Provision for compensated absences	25.44	22.57
Provision for pension	3.91	4.14
Others		
Provision for warranty	15.65	15.32
	45.10	**42.09**

(ii) Current

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Provision for gratuity	13.81	6.22
Provision for compensated absences	2.47	3.17
Provision for pension	0.62	0.64
Others		
Provision for claims	65.00	65.00
Provision for warranty	32.86	29.49
	114.76	**104.52**

1 Information about individual provisions

Provision for claims

During FY 2005-06, the Group sold its entire shareholding in Escorts Heart Institute and Research Center Limited (EHIRCL) vide Share Purchase Agreement (SPA) dated September 25, 2005. At the time of sale, EHIRCL had certain pending income-tax demands. For this purpose and in terms of said SPA, an amount of ₹ 64.99 crores had been kept under Escrow as fixed deposit by the Company, which after renewal(s) along with interest cumulatively amounts to ₹ 184.57 crores as on March 31, 2024 (March 31, 2023: ₹ 171.78 crores). In accordance with the terms of said SPA, the Company has undertaken to indemnify the purchaser against the aforesaid tax demands arising on EHIRCL upon final adjudication in law, to the maximum extent of funds lying in the Escrow Account plus one-third of the remaining tax demand in excess of the balance in the Escrow Account or as may be finally settled between the parties. Correspondingly, a provision was created earlier on prudent basis to meet this liability, if and when the same arises, whose carrying value is ₹ 65.00 crores on March 31, 2024 (March 31, 2023: ₹ 65.00 crores). The disputed tax demands on EHIRCL are presently reduced to Nil after the first appellate authority decided the disputed matters in the Group's favour and the appeals filed by Income Tax Department against the orders of first appellate authority have been dismissed. The income-tax department had filed two appeal(s) before Hon'ble Delhi High Court. During the year ended March 31, 2024, one of the appeal has been dismissed by the Hon'ble Delhi High Court and the other appeal is pending.

Notes Forming Part of the Consolidated Financial Statements
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Provision for warranty

The Group gives warranties on certain products and undertakes to repair or replace them if these fail to perform satisfactorily during the free warranty period. Such provision represents the amount of expected cost of meeting the obligations of such rectification/replacement. The timing of outflows is expected to be within a period of five years. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the related expenditure over the future periods.

2 Movement in other provisions :

(₹ crores)

Particulars	Provision for claims	Provision for warranty
Provision at April 01, 2022	65.00	34.99
Additions during the year	-	28.42
Amount utilized during the year	-	(18.60)
Provision at March 31, 2023	**65.00**	**44.81**
Additions during the year	-	28.82
Amount utilized during the year	-	(25.12)
Provision at March 31, 2024	**65.00**	**48.51**

3 For disclosures on provisions related to employee benefits, refer note 37.

23 Trade payables

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
- due to micro, small and medium enterprises (MSME) (refer note 41)	120.03	103.74
- due to others	896.38	846.16
Other accrued liabilities	191.26	310.88
	1,207.67	**1,260.78**

The carrying values are considered to be a reasonable approximation of their fair values.

Trade Payables ageing schedule

as at March 31, 2024

(₹ crores)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1 -2 years	2 -3 years	More than 3 years	
(i) MSME	0.95	39.74	75.21	2.01	1.26	0.86	**120.03**
(ii) Others	216.87	509.75	352.29	1.74	0.91	6.08	**1,087.64**
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	217.82	**549.49**	**427.50**	**3.75**	**2.17**	**6.94**	**1,207.67**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

Trade Payables ageing schedule

as at March 31, 2023

(₹ crores)

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1 -2 years	2 -3 years	More than 3 years	
(i) MSME	0.91	41.00	59.45	1.36	0.28	0.74	**103.74**
(ii) Others	338.27	451.66	359.51	1.47	0.81	5.32	**1,157.04**
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	339.18	**492.66**	**418.96**	**2.83**	**1.09**	**6.06**	**1,260.78**

24 Revenue from operations

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Operating revenue		
Sale of products		
Export	394.03	544.61
Domestic*	8,273.44	7,688.49
Sale of services	9.96	9.10
	8,677.43	**8,242.20**
Other operating revenue		
Sale of other services	31.93	39.01
Export incentives	11.88	21.62
Scrap sales	64.30	56.94
Liabilities no longer required written back	3.54	2.69
Others	60.54	66.23
	172.19	**186.49**
	8,849.62	**8,428.69**

*Domestic sale includes domestic sale made by foreign subsidiary of the Group in its country of domicile.

Also refer note 46 for disclosure pursuant to Ind AS 115- Revenue from Contracts with Customers.

Notes Forming Part of the Consolidated Financial Statements
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25 Other income

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest from :		
Bank deposits	47.16	9.37
Other financial assets carried at amortized cost	0.91	1.85
Investments carried at amortized cost	172.00	150.81
	220.07	**162.03**
Other income		
Lease rentals	10.77	11.32
Gain on fair valuation of investments carried at fair value through profit or loss (net)	152.81	88.14
Gain on disposal of property,plant and equipment (net)	10.31	2.13
Miscellaneous income	4.63	17.31
	178.52	**118.90**
	398.59	**280.93**

26 Cost of materials consumed

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i) Cost of material consumed		
Opening stock	602.93	397.44
Purchases	5,588.97	5,979.83
	6,191.90	**6,377.27**
Closing stock	(521.47)	(602.93)
Foreign currency translation	(0.08)	1.84
	5,670.35	**5,776.18**
(ii) Changes in inventories of work-in-progress, stock-in-trade and finished goods		
Opening stock		
Finished goods	448.52	298.95
Work-in-progress	61.73	41.41
Stock-in-trade	85.26	91.15
	595.51	**431.51**
Closing stock		
Finished goods	(537.94)	(448.52)
Work-in-progress	(59.41)	(61.73)
Stock-in-trade	(78.51)	(85.26)
	(675.86)	**(595.51)**
Foreign currency translation	0.64	0.35
	(79.71)	**(163.65)**

Notes Forming Part of the Consolidated Financial Statements
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27 Employee benefits expense

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus	570.93	535.78
Share based payments to employees (refer note 38)	4.19	5.76
Post-employment and long term benefits expense (refer note 37)	9.76	8.94
Contribution to provident and other funds (refer note 37)	24.31	22.71
Staff welfare	39.54	34.21
	648.73	**607.40**

28 Finance costs

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on		
Cash credit and short term loans	0.59	0.43
Lease liabilities	4.49	4.58
Others	3.76	2.91
Finance and bank charges	1.76	2.52
Unwinding of discount on provisions and financial liabilities carried at amortized cost	3.12	2.83
	13.72	**13.27**

29 Depreciation and amortization

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i) Depreciation on		
Property, plant and equipment	142.34	128.48
Investment property	2.67	2.82
Right-of-use assets	10.20	8.62
(ii) Amortization on		
Intangible assets	11.69	10.14
	166.90	**150.06**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

30 Other expenses

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Stores and spares consumed	71.64	66.47
Power, fuel and electricity	46.40	45.84
Repair and maintenance		
Building	8.16	9.10
Machinery	23.87	18.93
Others	34.89	29.95
Outsourcing expenses	14.15	18.05
Warranties and after sale service	59.50	63.89
Rent	7.15	5.75
Research and development expense on projects	7.85	10.53
Rates and taxes	4.63	4.08
Insurance	10.82	24.12
Travelling and conveyance	73.92	76.74
Postage and telephone	8.97	6.89
Manpower hiring on contract	196.10	165.20
Legal and professional	44.14	49.61
Commission, discounts and sales incentive	11.11	10.85
Advertisement and promotional expenses	54.10	65.03
Royalty paid	42.49	40.86
Packing, freight and forwarding	108.41	121.54
Security charges	7.13	7.24
Printing and stationery	4.58	4.18
Director's sitting fees and commission	6.80	6.43
Corporate social responsibility (CSR) expenditure *	17.72	17.30
Provision for doubtful debts/advances and deposits	33.09	10.14
Bad debts written off	2.31	49.61
Less : Provision already held	(1.43)	(49.61)
Impairment of Property, plant and equipment	-	1.51
Assets written off	-	2.02
Miscellaneous expenses	48.49	38.64
	946.99	**920.89**
***CSR Expenditure**		
(i) Opening balance of amount deposited in designated bank account in terms of section 135(6) of the Companies Act, 2013^	23.27	17.42
(ii) Gross amount required to be spent by the Group during the year	17.70	17.30
(iii) Amount spent (in cash) during the year on:		
a) Construction/acquisition of any asset	-	-
b) For the purposes other than (a) above	17.72	4.20
(iv) Unspent amount deposited in a designated bank account, Previous Year: April 29, 2023 in terms of section 135(6) of the Companies Act, 2013.	-	13.10
(v) Amount spent (in cash) during the year from amount deposited in designated bank account in terms of section 135(6) of the Companies Act, 2013	23.27	7.25
(vi) Closing balance of amount deposited in designated bank account in terms of section 135(6) of the Companies Act, 2013^	-	23.27

^ Opening and closing balances include amount deposited in the designated bank account subsequent to the respective year end but before the date of approval of the financial statements by the Board

Notes Forming Part of the Consolidated Financial Statements
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31 Exceptional items

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loss on sale of shares of Joint venture	-	53.05
	-	**53.05**

Notes:

Represents loss on disposal of investment in Tadano Cranes India Private Limited [(formerly Tadano Escorts India Private Limited) a joint venture of the Group till 11 November 2022] amounting to ₹ 53.05 crores for the year ended March 31, 2023.

32 Earnings per share (EPS)

(₹ crores)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net profit for the year (A) (₹ in crores)	**1,049.11**	**636.78**
Computation of weighted average number of shares for EPS		
Total shares issued	11,04,98,261	13,19,40,604
Less: shares reserved for issue under options held by Escorts Employees Benefit & Welfare Trust	20,56,530	21,75,230
Less: shares held by Escorts Benefit and Welfare Trust	-	2,14,42,343
Less: Impact of weighted average number of shares issued during the year	67,884	1,12,615
Weighted-average number of equity shares for basic EPS (B)	**10,83,73,847**	**10,82,10,416**
Effect of Dilution :		
Weighted average number of share options granted to employees	1,86,437	1,66,538
Weighted average number of Equity shares adjusted for the effect of dilution (C)	**10,85,60,284**	**10,83,76,954**
Basic EPS (Amount in ₹) (A/B)	96.80	58.85
Diluted EPS (Amount in ₹) (A/C)	96.64	58.76

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33 Commitments and contingencies

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
A. Capital commitments- Estimated amounts of contracts remaining to be executed on capital account and not provided for	170.73	133.83
B. Guarantees executed in favour of others	55.90	43.90
C. Contingencies		
(i) Taxation related contingencies		
Excise duty/ customs duty /service tax/ GST demands	473.97	470.65
Sales tax and other demands	34.36	32.24
Demand raised by Income tax department, disputed by the Group and pending in appeal (refer note (1) below)	68.00	68.00
(ii) Others		
Cases under litigation relating to :		
- Personnel	5.49	5.19
- Others	49.93	59.56
(iii) Claims not acknowledged as debts	15.42	15.42

Notes:

1. Contingencies for demand raised by income tax department, disputed by the Group and pending in appeal does not include Income tax cases pending w.r.t. Escorts Heart Institute and Research Center Limited since the amount is indeterminable (refer note 22(ii) for details). Further the amount includes ₹ 34.20 crores (March 31, 2023 ₹ 34.20 crores) in respect of matters which have been decided in favour of the Group, however the income tax department has preferred appeals at the next levels.
2. The amounts indicated as contingent liability or claims against the Group only reflect the basic value. Interest, penalty if any or legal costs,being indeterminable are not considered. Penalties wherever quantified have been included.
3. Farmtrac Tractors Europe Sp. Z.o.o, Poland, one of the subsidiary of the Group has provided a blank promissory note to bank against the working capital credit facility amounting to ₹ 8.36 crores (March 31, 2023 ₹ 3.86 crores).

34 Financial Instruments

A Financial assets and liabilities

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

(₹ crores)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Financial assets measured at fair value			
Investments measured at			
Fair value through other comprehensive income	7 (ii)	1.19	1.00
Fair value through profit and loss	7 (iii)	1,897.89	1,794.93
Derivative assets			
Fair value through profit and loss	8(ii)	0.01	-
Financial assets measured at amortized cost			
Investments	7 (ii) & (iii)	3,117.59	2,783.90
Trade receivables	12	1,173.18	1,179.65

Notes Forming Part of the Consolidated Financial Statements
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(₹ crores)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	13	209.76	182.15
Other bank balances	14	969.24	289.75
Other financial assets	8(i) & 8(ii)	28.05	26.47
Total		**7,396.91**	**6,257.85**
Financial liabilities measured at fair value			
Derivative liabilities			
Fair value through profit and loss	20(ii)	-	0.48
Financial liabilities measured at amortised cost			
Borrowings	19	4.20	-
Trade payables	23	1,207.67	1,260.78
Lease liabilities	39	48.89	57.30
Other financial liabilities	20(i) & 20(ii)	295.74	141.67
Total		**1,556.50**	**1,460.23**

Investment in joint ventures and associate are measured using equity method and hence, not presented here.

B Fair values hierarchy

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

The categories used are as follows:

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

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

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

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

(₹ crores)

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2024				
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	1.19	-	-	**1.19**
Fair value through profit and loss	1,897.89	-	-	**1,897.89**
Derivative assets measured at				
Fair value through profit and loss	-	0.01	-	**0.01**

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(₹ crores)

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2023				
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	1.00	-	-	**1.00**
Fair value through profit and loss	1,794.93	-	-	**1,794.93**
Liabilities at fair value				
Derivative assets measured at				
Fair value through profit and loss	-	0.48	-	**0.48**

a. Valuation process and technique used to determine fair value

(i) The fair value of quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.

(ii) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

B.2 Fair value of instruments measured at amortized cost

Fair value of instruments measured at amortized cost for which fair value is disclosed alongwith fair value hierarchy is as follows:

(₹ crores)

As at March 31, 2024	Fair value hierarchy	Carrying value	Fair value
Other financial assets	Level 3	7.67	7.67
Investments in Mutual Funds (Target Maturity Funds, Quoted)	Level 1	2,944.12	2,911.29
Investments in Bonds (Unquoted)	Level 2	173.47	167.24
Security deposits received	Level 3	20.30	19.94
Lease liabilities	Level 3	48.89	48.37

(₹ crores)

As at March 31, 2023	Fair value hierarchy	Carrying value	Fair value
Other financial assets	Level 3	7.51	7.51
Investments in Mutual Funds (Target Maturity Funds, Quoted)	Level 1	2,783.90	2,715.42
Security deposits received	Level 3	26.94	27.83
Lease liabilities	Level 3	57.30	56.92

The management assessed that fair values of other current financial assets, cash and cash equivalents, other bank balances, trade receivables, other receivables, short term borrowings, 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. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate receivables (if any) are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

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(ii) The fair values of the Group's fixed interest-bearing receivables and lease liabilities are determined by applying discounted cash flows ('DCF') method on contractual cash flows, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2024 was assessed to be insignificant.

(iii) All the other long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values. However, there are no long term borrowings as on March 31, 2024 and March 31, 2023.

C Financial Risk Management

Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group 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 amortized cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee (₹)	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 Group's risk management is carried out by a central treasury department (of the Group) under policies approved by the Board of Directors. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

C.1 Credit risk

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

a) Credit risk management

The Group 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 Group 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

Notes Forming Part of the Consolidated Financial Statements
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Based on business environment in which the Group 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 Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

The Group provides for expected credit loss on financial assets other than trade receivables based on the following:

(₹ crores)

Basis of categorization	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, and other financial assets measured at amortized cost	12 month expected credit loss
High credit risk	Trade receivables	Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher.

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

Financial assets (other than trade receivables) that expose the entity to credit risk –

(₹ crores)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Low credit risk on financial reporting date		
Investments**	3,117.59	2,783.90
Cash and cash equivalents*	209.76	182.15
Other bank balances*	969.24	289.75
Other financial assets*	28.05	26.47

*Represents carrying values of financial assets, without deduction for expected credit losses

** Represents target maturity funds, bonds at amortized cost

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.

Trade receivables

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

Trade receivables are generally extended a credit period of 0 to 90 days, except in case of sale to government, where the credit period is governed by terms of the order or the tender document and do not involve any significant financing component.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees, 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 are in place ensure the amounts are within defined limits.

b) Expected credit losses for financial assets

i) Financial assets (other than trade receivables)

Group 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 and other bank balances -** Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- **For loans comprising security deposits paid -** Credit risk is considered low because the Group is in possession of the underlying asset.
- **For other financial assets -** Credit risk is evaluated based on Group'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 Group can draw to apply consistently to entire population For such financial assets, the Group'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. The Group does not have any expected loss based impairment recognized on such assets.

ii) Expected credit loss for trade receivables under simplified approach

The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by analysing historical trend of default (net of any recoveries from the insurance companies) relevant to each business segment based on the criteria defined above and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for).Trade receivables amounting to ₹ 280.41 crores (March 31, 2023 : ₹ 221.99 crores) are secured by way of security deposits from customer and letter of credit issued by banks. The letter of credit are issued by reputable banks and their credit risk is assessed to below.

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March 31, 2024

Agri machinery

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	854.17	40.17	12.67	9.70	35.23	951.94
Expected loss rate	0.87%	23.82%	23.05%	42.47%	40.31%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	7.47	9.57	2.92	4.12	14.20	38.28

Construction equipment

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	54.56	0.07	-	-	8.15	62.78
Expected loss rate	0.15%	28.57%	-	-	47.61%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	0.08	0.02	-	-	3.88	3.98

March 31, 2023

Agri machinery

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	742.86	85.90	1.51	4.38	22.28	856.93
Expected loss rate	0.48%	5.52%	76.16%	32.88%	35.86%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	3.56	4.74	1.15	1.44	7.99	18.88

Construction equipment

(₹ crores)

Ageing	0-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
Gross carrying amount - trade receivables	66.22	1.06	0.15	0.06	11.57	79.06
Expected loss rate	0.17%	6.60%	20.00%	100.00%	36.82%	
Expected credit loss allowance (net of expected recoveries under insurance contracts)	0.11	0.07	0.03	0.06	4.26	4.53

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(₹ crores)

Particulars	March 31, 2024			March 31, 2023		
	Auto products	Railway products	Financing & others	Auto products	Railway products	Financing & others
Historical loss rate on sales during the year	-	0.12%	-	-	0.12%	-
Loss allowance provision on the sales	-	1.86	-	-	1.85	-
Loss allowance provision on the debtors outstanding more than one year	4.31	4.26	7.28	4.31	0.28	8.34

The Group estimates loss allowance provision for the railway products division at 100% for the debtors (other than government) outstanding more than one year as at the reporting date and historical loss rate on the sales made during the year.

Reconciliation of loss allowance provision from beginning to end of reporting period:

(₹ crores)

Reconciliation of loss allowance	Trade receivables	Other financial assets
Loss allowance on April 01, 2022	**78.49**	**-**
Loss allowance created	9.30	-
Loss allowance written back	(49.61)	-
Loss allowance on March 31, 2023	**38.18**	**-**
Loss allowance created	23.22	-
Loss allowance written back	(1.43)	-
Loss allowance on March 31, 2024	**59.97**	**-**

C.2 Liquidity risk

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

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

a) Financing arrangements

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

(₹ crores)

Floating rate	March 31, 2024	March 31, 2023
- Expiring within one year (cash credit and other facilities)	161.36	553.86
- Expiring beyond one year (bank loans)	-	-
	161.36	553.86

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice. For long term borrowings, there were no undrawn facilities as at March 31, 2024 and March 31, 2023.

Notes Forming Part of the Consolidated Financial Statements
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b) Maturities of financial liabilities

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

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

(₹ crores)

March 31, 2024	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Lease liabilities	14.20	12.00	9.58	28.27	**64.05**
Trade payable (including MSME)	1,207.67	-	-	-	**1,207.67**
Security deposits	6.83	-	0.70	25.74	**33.27**
Other financial liabilities	269.02	-	-	-	**269.02**
Total	**1,497.72**	**12.00**	**10.28**	**54.01**	**1,574.01**

(₹ crores)

March 31, 2023	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Derivatives					
Derivative liabilities	0.48	-	-	-	**0.48**
Non-derivatives					
Lease liabilities	12.90	14.20	12.00	37.85	**76.95**
Trade payables (including MSME)	1,260.78	-	-	-	**1,260.78**
Security deposits	1.19	7.14	-	27.48	**35.81**
Other financial liabilities	114.12	-	-	-	**114.12**
Total	**1,388.99**	**21.34**	**12.00**	**65.33**	**1,487.66**

C.3 Market risk

a) Foreign currency risk

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

(i) Foreign currency risk exposure in USD:

The Group exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Financial assets	7.15	19.53
Financial liabilities	8.30	10.42
Net exposure to foreign currency risk (liabilities) / assets	**(1.15)**	**9.11**

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Sensitivity

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
USD sensitivity		
INR/USD- increase by 1.92% (March 31, 2023 4.09%)*	(0.02)	0.28
INR/USD- decrease by 1.92% (March 31, 2023 4.09%)*	0.02	(0.28)

* Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Financial assets	23.67	37.66
Financial liabilities	88.88	23.50
Net exposure to foreign currency risk (liabilities) /assets	**(65.21)**	**14.16**

Sensitivity

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
EURO sensitivity		
INR/EURO- increase by 4.46 % (March 31, 2023 6.62%)*	(2.18)	0.70
INR/EURO- decrease by 4.46 % (March 31, 2023 6.62%)*	2.18	(0.70)

* Holding all other variables constant

(iii) Foreign currency risk exposure in JPY:

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Financial liabilities	8.01	1.39
Net exposure to foreign currency risk (liabilities)	**(8.01)**	**(1.39)**

Sensitivity

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
JPY sensitivity		
INR/JPY- increase by 6.90 % (March 31, 2023 9.50%)*	(0.41)	(0.10)
INR/JPY- decrease by 6.90 % (March 31, 2023 9.50%)*	0.41	0.10

* Holding all other variables constant

Notes Forming Part of the Consolidated Financial Statements
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b) Interest rate risk

i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on external financing. There Group exposure to interest rate risk and sensitivity thereof is as follows.

Interest rate risk exposure

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Variable rate borrowing	4.20	-

Sensitivity

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

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	0.03	-
Interest rates – decrease by 100 basis points (100 bps)	(0.03)	-

* Holding all other variables constant

ii) Assets

The Group's fixed deposits are carried at amortized 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.

c) Price risk

i) Exposure

The Group's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the year :

Impact on profit after tax

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Mutual funds		
Net assets value – increase by 100 bps (100bps)	14.20	13.43
Net assets value – decrease by 100 bps (100bps)	(14.20)	(13.43)

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Impact on other comprehensive income after tax

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Quoted equity instruments		
Market price – increase by 500 bps (500bps)	0.05	0.04
Market price – decrease by 500 bps (500bps)	(0.05)	(0.04)

35 Capital management

The Company' s capital management objectives are

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

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

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

(a) Debt equity ratio

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Net debts	4.20	-
Total equity	9,172.39	8,182.83
Net debt to equity ratio	**0.05%**	**0%**

(b) Dividends

(₹ crores)

Particulars		March 31, 2024	March 31, 2023
(i)	**Dividend paid on equity shares**		
	Final dividend for the year ended March 31, 2023 of ₹ 7.00 per share (excluding tax)	77.35	-
	Final dividend for the year ended March 31, 2022 of ₹ 7.00 per share (excluding tax)	-	77.35
(ii)	**Dividend proposed**	198.90	77.35
	In addition to the above dividends, the dividends, if any recommended by the Board of Directors post end of relevant reporting year shall be accrued and distributed in the year of approval in annual general meeting.		

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For the year ended March 31, 2024

36 (a) Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Adico Escorts Agri Equipment Private Limited	
	March 31, 2024	March 31, 2023
Current assets		
Cash and cash equivalents	0.85	0.46
Other assets	16.67	14.37
Total current assets	**17.52**	**14.83**
Total non-current assets	**6.54**	**9.23**
Current liabilities		
Financial liabilities	16.38	14.78
Other liabilities	0.73	1.05
Total current liabilities	**17.11**	**15.83**
Total non-current liabilities	**-**	**-**
Net assets	**6.95**	**8.23**

(₹ crores)

Reconciliation to carrying amounts	Adico Escorts Agri Equipment Private Limited	
	March 31, 2024	March 31, 2023
Opening net assets	8.23	9.94
Loss for the year	(1.26)	(1.71)
Closing net assets	**6.97**	**8.23**
Group's share in %	40%	40%
Group's share in Indian Rupees	2.79	3.29
Carrying amount	**2.79**	**3.29**

(₹ crores)

Summarised statement of profit and loss	Adico Escorts Agri Equipment Private Limited	
	March 31, 2024	March 31, 2023
Revenue	69.05	51.26
Interest income	0.03	0.05
Finance costs	0.24	0.27
Depreciation and amortization expense	1.43	1.62
Tax expenses	0.15	(0.59)
Loss for the year	(1.26)	(1.71)
Total comprehensive loss	**(1.26)**	**(1.71)**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

36 (a) Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Escorts Kubota India Private Limited	
	March 31, 2024	March 31, 2023
Current assets		
Cash and cash equivalents	1.66	0.62
Other assets	398.62	367.37
Total current assets	**400.28**	**367.99**
Total non-current assets	**303.18**	**261.36**
Current liabilities		
Financial liabilities	440.67	338.29
Other liabilities	5.57	44.63
Total current liabilities	**446.24**	**382.92**
Non-current liabilities		
Financial liabilities	52.00	79.90
Other liabilities	15.54	8.46
Total non-current liabilities	**67.54**	**88.36**
Net assets	**189.68**	**158.07**

(₹ crores)

Reconciliation to carrying amounts	Escorts Kubota India Private Limited	
	March 31, 2024	March 31, 2023
Opening net assets	158.07	167.74
Profit/(loss) for the year	31.61	(9.67)
Closing net assets	**189.68**	**158.07**
Group's share in %	40%	40%
Group's share in Indian Rupees	75.87	63.23
Carrying amount	**75.87**	**63.23**

(₹ crores)

Summarised statement of profit and loss	Escorts Kubota India Private Limited	
	March 31, 2024	March 31, 2023
Revenue	1,112.12	975.56
Finance costs	20.38	14.22
Depreciation and amortization expense	48.12	41.87
Profit/(loss) for the year	31.61	(9.67)
Total comprehensive profit/(loss)	**31.61**	**(9.67)**

Notes Forming Part of the Consolidated Financial Statements
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36 (a) Summarised financial information for joint venture that is material to the Group:

(₹ crores)

Summarised balance sheet	Kubota Agricultural Machinery India Private Limited	
	March 31, 2024	March 31, 2023
Current assets		
Cash and cash equivalents	25.02	257.83
Other assets	704.30	531.81
Total current assets	**729.32**	**789.64**
Total non-current assets	**91.04**	**99.99**
Intangible assets	44.32	48.77
Current liabilities		
Financial liabilities	525.47	615.43
Other liabilities	31.97	27.01
Total current liabilities	**557.44**	**642.44**
Total non-current liabilities	**40.87**	**40.18**
Net assets	**266.37**	**255.78**

(₹ crores)

Reconciliation to carrying amounts	Kubota Agricultural Machinery India Private Limited	
	March 31, 2024	March 31, 2023
Opening net assets	240.42	247.31
Total comprehensive income for the year	10.59	(6.89)
Closing net assets	**251.01**	**240.42**
Group's share in %	40%	40%
Group's share in Indian Rupees	100.40	96.17
Goodwill recognized	24.15	24.15
Carrying amount	**124.55**	**120.32**

(₹ crores)

Summarised statement of profit and loss	Kubota Agricultural Machinery India Private Limited	
	March 31, 2024	March 31, 2023
Revenue	1,824.02	2,054.54
Other income	14.77	13.40
Finance costs	8.13	5.55
Depreciation and amortization expense	25.46	26.03
Other expenses	86.12	99.48
Profit / (loss) for the year	10.59	(6.89)
Total comprehensive profit/(loss)	**10.59**	**(6.89)**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

36 (b) Summarised financial information for individually immaterial associate to the Group:

(₹ crores)

Summarised statement of profit and loss	Escorts Consumer Credit Limited	
	March 31, 2024	March 31, 2023
Profit/(loss) from continuing operations.	-	-
Other comprehensive income.	-	-
Total comprehensive income.	**-**	**-**

37 Employee benefits

A Gratuity

The Group 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.

(i) Amount recognized in the balance sheet is as under:

(₹ crores)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
Gratuity	13.81	0.10	6.22	0.06
Net value of defined benefit obligation	**13.81**	**0.10**	**6.22**	**0.06**

(ii) Amount recognized in the statement of profit and loss is as under:

(₹ crores)

Description	March 31, 2024	March 31, 2023
Current service cost	8.95	8.13
Net interest cost	0.46	0.45
Net impact on profit (before tax)	**9.41**	**8.58**
Amount recognized in the other comprehensive income Actuarial loss/ (gain) recognized during the year	0.27	(2.31)
Impact on total comprehensive income	**9.68**	**6.27**

(iii) Movement in the present value of defined benefit obligation recognized in the balance sheet is as under:

(₹ crores)

Description	March 31, 2024	March 31, 2023
Present value of defined benefit obligation as at the start of the year	**93.59**	**95.76**
Current service cost	8.95	8.13
Interest cost	6.88	6.91
Actuarial loss/(gain) recognized during the year	(0.28)	(2.50)
Benefits paid	(13.22)	(14.71)
Present value of defined benefit obligation as at the end of the year	**95.92**	**93.59**
Net value of defined benefit obligation	**95.92**	**93.59**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(iv) Movement in the plan assets recognized in the balance sheet is as under:

(₹ crores)

Description	March 31, 2024	March 31, 2023
Fair value of plan assets at beginning of year	**87.31**	**89.42**
Expected return on plan assets	6.42	6.46
Employer's contribution	2.09	6.29
Benefits paid	(13.26)	(14.67)
Actuarial gain/(loss) on plan assets	(0.55)	(0.19)
Fair value of plan assets at the end of the year	**82.01**	**87.31**
Actual return on plan assets	5.87	6.27

(v) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	March 31, 2024	March 31, 2023
Actuarial (gain)/loss on arising from change in demographic assumption	-	-
Actuarial (gain)/loss on arising from change in financial assumption	1.62	(0.81)
Actuarial (gain)/loss on arising from experience adjustment	(1.35)	(1.50)
Total actuarial gain	**0.27**	**(2.31)**

(vi) Actuarial assumptions

(₹ crores)

Description	March 31, 2024	March 31, 2023
Discount rate	7.22%	7.36%
Future salary increase	8.00%	8.00%
Expected average remaining working lives of employees (years)	21.66	20.98

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(vii) Sensitivity analysis for gratuity liability

(₹ crores)

Description	March 31, 2024	March 31, 2023
Impact of the change in discount rate		
Present value of obligation at the end of the year	95.92	93.59
- Impact due to increase of 0.50 %	(3.85)	(3.49)
- Impact due to decrease of 0.50 %	4.16	3.78
Impact of the change in salary increase		
Present value of obligation at the end of the year	95.92	93.59
- Impact due to increase of 0.50 %	4.11	3.73
- Impact due to decrease of 0.50 %	(3.84)	(3.48)

Notes Forming Part of the Consolidated Financial Statements
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The above sensitivity analysis 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 which was applied while calculating the defined benefit obligation recognized in the balance sheet.

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

(viii) Maturity profile of defined benefit obligation

(₹ crores)

Description	March 31, 2024	March 31, 2023
Within next 12 months	10.61	11.38
Between 1-5 years	31.53	39.14
Beyond 5 years	53.70	116.44

(ix) Category of plan assets :

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
LIC of India-Group gratuity cash accumulation fund	80.84	85.70
Others	1.17	1.61
Total	**82.01**	**87.31**

(x) The Group expects to contribute ₹ 11.66 crores (previous year ₹ 10.08 crores) to its gratuity plan for the next year.

(xi) The weighted average duration of defined benefit obligation for gratuity is 16.25 years (previous year 16.70 years) for the Group.

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 months, 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 ₹ 9.14 crores (previous year: ₹ 3.21 crores) has been recognized in the statement of profit and loss.

(₹ crores)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
Compensated absences (unfunded)	2.47	25.44	3.17	22.57

The weighted average duration for compensated absences is 16.25 years(previous year 16.70 years) for the Group.

C Pension

(₹ crores)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
Pension	0.62	3.91	0.64	4.14

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(i) Amount recognized in the balance sheet is as under:

(₹ crores)

Particulars	March 31, 2024		March 31, 2023	
	Current	Non-current	Current	Non-current
Pension:				
Present value of defined benefit obligation	0.62	3.91	0.64	4.14
Fair value of plan assets	-	-	-	-
Net value of defined benefit obligation	**0.62**	**3.91**	**0.64**	**4.14**

(ii) Amount recognized in the statement of profit and loss is as under:

(₹ crores)

Description	March 31, 2024	March 31, 2023
Net interest cost	0.35	0.36
Net impact on profit (before tax)	**0.35**	**0.36**
Amount recognized in the other comprehensive income Actuarial loss/ (gain) recognized during the year	(0.08)	0.09
Impact on total comprehensive income	**0.27**	**0.45**

(iii) Movement in the present value of defined benefit obligation recognized in the balance sheet is as under:

(₹ crores)

Description	March 31, 2024	March 31, 2023
Present value of defined benefit obligation as at the start of the year	**4.78**	**5.04**
Interest cost	0.35	0.36
Actuarial loss/(gain) recognized during the year	(0.08)	0.09
Benefits paid	(0.52)	(0.71)
Present value of defined benefit obligation as at the end of the year	**4.53**	**4.78**

(iv) Breakup of actuarial (gain)/loss:

(₹ crores)

Description	March 31, 2024	March 31, 2023
Actuarial (gain)/loss on arising from change in financial assumption	-	-
Actuarial (gain)/loss on arising from experience adjustment	(0.08)	0.09
Total actuarial loss	**(0.08)**	**0.09**

(v) Actuarial assumptions

(₹ crores)

Description	March 31, 2024	March 31, 2023
Discount rate	7.22%	7.36%

Pension liability arises on account of future payments, which are required to be made after retirement. It is a special plan in which selective retired employees are getting some fix amount of pension on quarterly and annual basis.

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Pension growth rate is Group long term best estimate as to salary increases and takes account of inflation, on long term basis as provided in relevant accounting standard. As this is a fix pension plan so this has been assumed as nil.

Notes Forming Part of the Consolidated Financial Statements
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(vi) Sensitivity analysis for pension liability

(₹ crores)

Description	March 31, 2024	March 31, 2023
Impact of the change in discount rate		
Present value of obligation at the end of the year	4.53	4.78
- Impact due to increase of 0.50 %	(0.11)	(0.11)
- Impact due to decrease of 0.50 %	0.10	0.11

The above sensitivity analysis 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 which was applied while calculating the defined benefit obligation recognized in the balance sheet.

(vii) Maturity profile of defined benefit obligation

(₹ crores)

Description	March 31, 2024	March 31, 2023
Within next 12 months	0.62	0.64
Between 1-5 years	2.21	2.85
Beyond 5 years	1.70	4.16

(viii) The Group expects to contribute ₹ 0.33 crores (previous year ₹ 0.35 crores) to its pension plan for the next year.

D Defined contribution plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund for the year aggregated to ₹ 23.81 crores (previous year: ₹ 22.35 crores) and contribution to Employee State Insurance Scheme for the year aggregated to ₹ 0.39 crores (previous year: ₹ 0.28 crores).

E The Group has taken an Insurance policy for medical benefits in respect of its retired and working employees. The Insurance policy for on-roll employees is fully funded by the Group.

38 Share-based payments

The option plan is designed to provide incentives to employees of the Group. Under the plan, participants have been granted options which will vest as follows –

Scheme	Vesting conditions	Exercise period	Exercise price per share (₹)
Employees Stock Option Scheme, 2006	Vested equally over 4 years from the date of grant	Three years from the date of vesting	870.00
			1,122.00
			1,385.00
	Vested equally over a period of 4 years from the date of grant in the ratio of 2:2:3:3*		1,465.80
			1,805.00
			1,928.00

* The unvested options at the beginning of March 31, 2024 has been vested to the eligible employees on an accelerated basis in the proportion of the period served by these employees upto March 31, 2024 and the remaining unvested options stand cancelled as at March 31, 2024.

Notes Forming Part of the Consolidated Financial Statements
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Options are granted under the plan for the consideration as mentioned above and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Set out below is a summary of options granted under the plan:

(Nos)

Particulars	March 31, 2024	March 31, 2023
Opening balance	5,49,094	5,54,444
Granted during the year	-	2,40,000
Exercised during the year	1,18,700	2,04,625
Forfeited during the year	80,549	-
Lapsed/Cancelled during the year	1,05,929	40,725
Closing balance	**2,43,916**	**5,49,094**

Employee benefit expense includes ₹ 4.19 crores (previous year : ₹ 5.76 crores) being expenses on account of share based payments.

The weighted average share price at the date of exercise of options during the year ended March 31, 2024 was ₹ 2,772.76 (March 31, 2023 ₹ 1,987.20).

Weighted average remaining contractual life of options as at March 31, 2024 2.49 years (March 31, 2023 : 4.16 years).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

(₹ crores)

Grant Date	Exercise price (₹)	Expiry date of options at March 31, 2024	Expiry date of options at March 31, 2023	Share options March 31, 2024	Share options March 31, 2023
August 16, 2018	870.00	August 15, 2023	August 15, 2023	-	3,750
August 16, 2018	870.00	August 15, 2024	August 15, 2024	2,350	8,365
August 16, 2018	870.00	August 15, 2025	August 15, 2025	35,750	77,613
September 08, 2020	1,122.00	September 07, 2024	September 07, 2024	4,900	13,262
September 08, 2020	1,122.00	September 07, 2025	September 07, 2025	9,064	28,228
September 08, 2020	1,122.00	September 07, 2026	September 07, 2026	26,212	54,277
September 08, 2020	1,122.00	March 31, 2027	September 07, 2027	32,290	53,925
February 03, 2021	1,385.00	February 02, 2025	February 02, 2025	-	-
February 03, 2021	1,385.00	February 02, 2026	February 02, 2026	1,250	1,250
February 03, 2021	1,385.00	February 02, 2027	February 02, 2027	18,000	27,688
February 03, 2021	1,385.00	March 31, 2027	February 02, 2028	14,193	27,688
September 16, 2021	1,465.80	September 15, 2025	September 15, 2025	3,850	5,700
September 16, 2021	1,465.80	September 15, 2026	September 15, 2026	3,900	7,450
September 16, 2021	1,465.80	March 31, 2027	September 15, 2027	6,301	7,450
September 16, 2021	1,465.80	March 31, 2027	September 15, 2028	4,727	7,450
November 26, 2022	1,805.00	November 25, 2026	November 25, 2026	22,000	38,000
November 26, 2022	1,805.00	March 31, 2027	November 25, 2027	21,494	38,000
November 26, 2022	1,805.00	March 31, 2027	November 25, 2028	21,504	57,000
November 26, 2022	1,805.00	March 31, 2027	November 25, 2029	16,131	57,000
February 07, 2023	1,928.00	N.A	February 06, 2027	-	7,000
February 07, 2023	1,928.00	N.A	February 06, 2028	-	7,000
February 07, 2023	1,928.00	N.A	February 06, 2029	-	10,500
February 07, 2023	1,928.00	N.A	February 06, 2030	-	10,500
				2,43,916	**5,49,094**

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Fair value of options granted

The value of the options has been determined by an independent valuer. The following assumptions were used for calculation of fair value of options in accordance with Black Scholes model :

a)	Options are granted for consideration equivalent to exercise price referred below and vest in a graded manner over a period of four years. Vested options are exercisable for a period of three years after vesting.						
b)	Exercise price	₹ 870.00	₹ 1,122.00	₹ 1,385.00	₹ 1,465.80	₹ 1,805.00	₹ 1,928.00
c)	Grant date, as per the details shared above.	August 16, 2018	September 08, 2020	February 03, 2021	September 16, 2021	November 26, 2022	February 07, 2023
d)	Expiry date	As per the details shared above.					
e)	Share price at grant date	₹ 869.50	₹ 1,121.10	₹ 1,384.15	₹ 1,465.80	₹ 2,288.35	₹ 2,061.90
f)	Expected price volatility of the Company's shares	26.86%	41.40%	41.90%	37.33%	29.00%	35.00%
g)	Expected dividend yield	0.29%	0.36%	0.29%	0.27%	0.76%	0.85%
h)	Risk free rate	7.56% - 7.97%	4.70% - 5.74%	4.62% - 5.68%	4.65%- 5.76%	6.8% - 6.98%	6.83% - 6.98%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

39 Leases

(a) Information for leases where the Group is a lessee

Lease liabilities are presented in the statement of financial position as follows:

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Current	13.58	12.39
Non-current	35.31	44.91
	48.89	**57.30**

The Group has leases for the factory lands, marketing offices, depots and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incure maintenance fees on such items in accordance with the lease contracts.

The Group has considered automatic extension option available for land leases in lease period assessment since the Group can enforce its right to extend the lease beyond the initial lease period. The Group also has plans of setting up production facility on the land, therefore is likely to be benefited by exercising the extension option.

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The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized on balance sheet:

Right-of-use asset	March 31, 2024			
	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	7	1.50-16.30	7	-
Marketing offices and related facilities	2	1.42-2.75	-	-

Right-of-use asset	March 31, 2023			
	No of right-of-use assets leased	Range of remaining term (in years)	No of leases with extension options	No of leases with termination options
Land	7	2.50-17.30	7	-
Marketing offices and related facilities	2	2.42-3.76	-	-

The following are amounts recognized in profit or loss:

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Depreciation expense of right-of-use assets	10.20	8.62
Interest expense on lease liabilities	4.49	4.58
Rent expense*	7.15	5.75
Total	**21.84**	**18.95**

*Rent expense in term of short term leases

The maturity analysis of lease liabilities are disclosed in refer note 34.

Lease payments not recognized as a liability

The Group has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Group does not have any liability to make variable lease payments for the right to use the underlying asset recognized in the financials statements.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 7.15 crores (March 31, 2023: ₹ 5.75 crores)

Total cash outflow for leases for the year ended March 31, 2024 was ₹ 20.05 crores (March 31, 2023: ₹ 17.38 crores).

Notes Forming Part of the Consolidated Financial Statements
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(b) Information for leases where the Group is a lessor

i) Finance Lease

The following are amounts recognized in profit or loss with respect to finance lease arrangements:

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Interest income on lease receivable	-	0.55
Total	**-**	**0.55**

Changes in carrying amount of lease receivable

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Opening balance	-	12.42
Reversal of rental income	-	(1.17)
Interest income on lease receivable	-	0.55
Adjustment on account of termination of lease contract	-	(11.80)
Total	**-**	**-**

During the year ended March 31, 2023, the Group has terminated the finance lease arrangement with it's joint venture company for sublease of land acquired by it as a Right of Use.

ii) Operating Lease

The Group leases out investment properties under operating leases (refer note 4 and 5).

Lease payments in relation to operating leases are as follow:

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Less than one year	4.25	11.02
One to two years	-	4.25
Two to three years	-	-
Total	**4.25**	**15.27**

40 (a) During 2008 the Haryana State Government introduced Haryana Tax on Entry of Goods into Local Area Act, 2008 ("Entry Tax") by repealing the Haryana Local Area Development Tax Act, 2000 ("HLADT"). The said Act was held unconstitutional by the Hon'ble Punjab & Haryana High Court in their judgement dated October 01, 2008. The State Government of Haryana has preferred an appeal before the Hon'ble Supreme Court which was disposed of by the Hon'ble Supreme Court by nine Hon'ble Judges of Constitution Bench and hence that Compensator issue is no more relevant as it does not arise out of the Constitution but imaginary. Matters are not decided by Division Bench by making an order that the interested parties may prefer writs before the High Court. Hence the matter remains pending till its decision. Based on the legal advice received by the Group no further provision on this account is considered necessary after March 31, 2008.

(b) A Scheme of Arrangement and Amalgamation under Section 391 to 394 of the Companies Act, 1956 for the amalgamation of Escorts Construction Equipment Limited ('ECEL'), a subsidiary company and Escotrac Finance and Investments Private Limited ('Escotrac') and Escorts Finance Investments and Leasing Private Limited ('EFILL'), joint ventures of the Company (together referred to as 'transferor companies'), was sanctioned by the Hon'ble High Court of Punjab and Haryana at Chandigarh vide its order dated August 09, 2012 (hereinafter referred to as 'the Scheme').

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For the year ended March 31, 2024

Upon necessary filings with the Registrar of Companies, NCT of Delhi and Haryana by the Transferor Companies and Transferee Company, the Scheme became effective on October 12, 2012. In accordance with the Scheme, 3,73,00,031 equity shares of the Company comprising (a) equity shares issued in consideration of amalgamation of ECEL and (b) investments held by two amalgamating entities in the Company were transferred to Escorts Benefit and Welfare Trust ('EBWT'). The beneficiary interest of the Holding Company in EBWT in respect of the Holding Company's equity shares held by EBWT has been accounted for as 'Treasury Shares' and reduced from 'Other Equity' in the consolidated financial statements.

Post selective reduction of share capital of the Parent Company as detailed in Note 40(e) below, EBWT presently holds Nil (March 31, 2023: 2,14,42,343) equity shares of the Company and 2,34,97,478 (March 31, 2023: 2,34,97,478) equity shares of Invigorated Business Consulting Limited (Formerly Escorts Finance Limited) (subsidiary of the Company). The Company is the sole beneficiary of the Trust. Market value of outstanding shares held by Trust on March 31, 2024 is ₹ 12.43 crores (March 31, 2023: ₹ 4,066.81 crores).

(c) Pursuant to the Public Announcement ("PA") dated 18 November 2021 in relation to the open offer to the Public Shareholders of the Parent Company by Kubota Corporation ("Acquirer"), Detailed public statement (DPS) dated 25 November 2021 and Letter of Offer (LoF) dated 03 March 2022, for acquisition of up to 3,74,91,556 fully paid-up equity shares of face value of ₹ 10 Each ("Equity Shares"), the Acquirer on 11 April 2022, has completed the said acquisition of 3,74,91,556 equity shares from the public shareholders of the Parent Company.

(d) Pursuant to preferential allottment of 93,63,726 equity shares of the Parent Company to Kubota Corporation on December 18, 2021 and completion of open offer as mentioned in Note 40(c) above, the Share Subscription Agreement ("SSA") and Shareholders' Agreement ("SHA") dated November 18, 2021 executed among the Kubota Corporation ("Investor"), the Parent Company, certain Existing Promoters has become effective on April 11, 2022, and accordingly, Kubota Corporation has become a Joint Promoter of the Parent Company effective April 11, 2022 along with existing promoters of the Parent Company.

(e) Subsequent to approval of the Board of Directors on February 18, 2022 for selective reduction of share capital of the Parent Company by cancelling and extinguishing 2,14,42,343 Equity Shares, held by the Escorts Benefit and Welfare Trust, the Parent Company filed a Scheme for reduction of share capital ("the Scheme") between the Parent Company and its shareholders, under Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013 and National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, with the Hon'ble NCLT of Chandigarh ("the Tribunal") on August 14, 2022. During the year, the Scheme has been approved by the Tribunal vide its order dated May 25, 2023 ("Order"). The scheme became effective upon filing of the certified copy of the order of the Tribunal sanctioning this Scheme and the minute of reduction with the RoC on May 29, 2023. Accordingly, the impact of the scheme has been considered in these financial statements.

(f) The Board of the Directors of the Parent Company on September 15, 2022 had approved a Scheme of Amalgamation ("Scheme"), under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and rules framed thereunder. The Scheme, inter alia, provides for amalgamation of Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited (Amalgamating Companies) into and with Escorts Kubota Limited (Amalgamated Company). The Parent Company has received no objection from the National Stock Exchange of India Limited and BSE Limited vide their letters dated May 29, 2023 and May 30, 2023, respectively, in respect of the aforesaid Scheme. Subsequently, the Parent Company has filed the said Scheme with the Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT) on July 12, 2023.The Scheme has been approved by the requisite majority of the Shareholders and Creditors of the Companies on December 02, 2023. Post Shareholders and Creditors approval, the Parent Company filed the Second Motion Application with NCLT on December 11, 2023. The Scheme is subject to the approvals of NCLT and other regulatory authorities, as may be applicable.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

(g) a) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

b) The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

c) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

d) The Group has not been declared wilful defaulter by any bank or financial Institution or other lender.

e) No charges or satisfaction yet to be registered with ROC beyond the statutory period.

f) No proceeding have been initiated on or is pending against the Parent Company for holding benami property under the Benami Transactions Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder."

(h) The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of accounts, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of accounts along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Group has used accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. However, the audit trail feature was not enabled at the database level for accounting software Oracle EBS to log any direct data changes, used for maintenance of all accounting records by the Holding Company and its joint venture.

Further, one joint venture has used an accounting software which is operated by a third-party software service provider for payroll records for which the independent auditor's report covering the audit trail requirement for the software was not available. Also, accounting software Oracle EBS used for maintaining its books of accounts by this joint venture did not have a feature of recording audit trail (edit log) facility.

(i) Pursuant to the in-principle approval of the Board of Directors dated September 15, 2022 and the subsequent Share Purchase Agreement dated November 04, 2022 between the Parent Company and Tadano Limited, Japan (Tadano) for sale of 7,27,65,000 equity shares held by the Parent Company in Tadano Cranes India Private Limited formerly Tadano Escorts India Private Limited (TEIPL), the Parent Company has transferred the said equity shares to Tadano on November 09, 2022 at a consideration of ₹ 0.01 crores and accordingly TEIPL has ceased to be a Joint Venture of the Group.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

41 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") is as under:

(₹ crores)

Particulars		As at March 31, 2024	As at March 31, 2023
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	120.03	103.74
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	0.95	0.91
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 Group. This has been relied upon by the auditors.

42 Research and development

(i) Research and development costs on in house R&D centres amounting to ₹ 154.37 crores (March 31, 2023: ₹ 149.48 crores) were incurred during the year.

(₹ crores)

Particulars	Tractor		Construction equipment	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Cost of materials consumed	5.60	5.22	0.13	0.54
Employee benefits expense	70.06	66.04	10.18	11.22
Other expenses	39.49	41.29	6.22	5.35
Depreciation	21.30	18.54	1.39	1.28
Total	**136.45**	**131.09**	**17.92**	**18.39**

(ii) Assets purchased/capitalised for research and development centres*:

(₹ crores)

Particulars	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
Gross carrying value		
As at April 01, 2022	**338.84**	**12.55**
Additions	42.28	1.05
Disposals	(5.36)	-
As at March 31, 2023	**375.76**	**13.60**
Additions	20.00	4.03
Disposals	(4.45)	(0.02)
As at March 31, 2024	**391.31**	**17.61**

Notes Forming Part of the Consolidated Financial Statements
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(₹ crores)

Particulars	R & D Centre (Tractors)	R&D Centre (Construction Equipment)
Accumulated depreciation and amortisation		
As at April 01, 2022	148.18	7.83
Depreciation and amortisation for the year	18.54	1.28
Disposals	(4.65)	-
As at March 31, 2023	**162.07**	**9.11**
Depreciation and amortisation for the year	21.30	1.39
Disposals	(4.07)	(0.02)
As at March 31, 2024	**179.30**	**10.48**
Net carrying amount as at March 31, 2023	**213.69**	**4.49**
Net carrying amount as at March 31, 2024	**212.01**	**7.13**

* Exclude capital advance/capital work-in-progress

(iii) Expenses on research and development as percentage to gross turnover is:

Particulars	March 31, 2024	March 31, 2023
Tractor	1.57%	1.59%
Construction equipment	0.21%	0.22%

43 Assets pledged as security

(₹ crores)

Particulars	Notes	March 31, 2024	March 31, 2023
Current			
Financial assets			
First charge			
Investments	7 (iii)	-	1,794.93
Trade receivables	12	-	1,159.95
Cash and cash equivalents	13	-	181.60
Bank balances other than above	14	-	286.86
Other financial assets	8 (ii)	-	18.88
Non Financial assets			
Inventories	11	61.32	1,216.33
Other current assets	10 (ii)	-	200.59
Total current assets pledged as security		**61.32**	**4,859.14**
Non-current			
First charge			
Land and building	3 (i)	2.00	1.96
Second Charge			
Other movable assets (other than specifically charged to other term lenders)	3 (i)	-	527.95
Total non-currents assets pledged as security		**2.00**	**529.91**
Total assets pledged as security*		**63.32**	**5,389.05**

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

Notes Forming Part of the Consolidated Financial Statements
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44 Related party transactions

A Holding Company (Overseas)

Kubota Corporation (w.e.f April 11, 2022)

B Fellow Subsidiaries (Overseas) (w.e.f April 11, 2022)

Kubota Europe S.A.S.
Kubota Holdings Europe B.V.
Kubota (Deutschland) GMbh
Kubota España S.A.
Kubota Canada Ltd.
Kubota (U.K.) Limited
Kubota Malaysia SDN BHD
Kubota Tractor Corporation
Kubota Machinery Trading Co. Ltd.

C Joint venture in the Group

Adico Escorts Agri Equipment Private Limited

Escorts Kubota India Private Limited

Tadano Cranes India Private Limited (Formerly Tadano Escorts Private Limited (relationship ceased w.e.f November 09, 2022))

Kubota Agricultural Machinery India Private Limited

D Subsidiary - Not consolidated

EKL CSR Foundation (Formerly Escorts Skill Development)

E Associate in the Group

Escorts Consumer Credit Limited

F Key management personnel

Mr. Nikhil Nanda*	Chairman and Managing Director and Trustee
Mr. Seiji Fukuoka*	Deputy Managing Director (w.e.f May 13, 2022)
Mr. Shailendra Aggrawal*	Executive Director (relationship ceased w.e.f. February 03, 2023)
Mr. Bharat Madan*	Whole-time Director (w.e.f. February 08, 2023), Chief Financial Officer and Trustee
Mr. Satyendra Chauhan*	Company Secretary and Trustee (relationship ceased w.e.f February 29, 2024)
Mr. Arvind Kumar *	Company Secretary and Trustee (w.e.f March 01, 2024)
Ms. Nitasha Nanda	Whole-time Director
Mr. Hardeep Singh	Director
Mr. P.H Ravikumar	Director (relationship ceased w.e.f. July 14, 2022)
Ms. Vibha Paul Rishi	Director (relationship ceased w.e.f. July 14, 2022)
Mr. Sutanu Behuria	Director and Trustee (relationship ceased w.e.f July 14, 2023)
Mr. Sunil Kant Munjal	Director
Ms. Tanya Arvind Dubash	Director
Mr. Harish Narinder Salve	Director
Mr. Dai Watanabe	Director
Mr. Yuji Tomiyama	Director (relationship ceased w.e.f February 08, 2024)

Notes Forming Part of the Consolidated Financial Statements
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Mr. Ravindra Chandra Bhargava	Director (appointed as Director w.e.f. May 13, 2022)
Mr. Kenichiro Toyofuku	Director (appointed as Director w.e.f. May 13, 2022)
Mr. Shiro Watanabe	Director (relationship ceased w.e.f February 08, 2024)
Mr. Vimal Bhandari	Director (appointed as Director w.e.f. July 14, 2022)
Mr. Reema Nanavaty	Director (appointed as Director w.e.f. July 14, 2022)
Mr. Manish Sharma	Director (appointed as Director w.e.f. July 14, 2022)
Mr. Yasukazu Kamada	Director (appointed as Director w.e.f. July 14, 2022)
Dr. Rupinder Singh Sodhi	Director (appointed as Director w.e.f. July 14, 2023)
Mr. Shingo Hanada	Director (appointed as Director w.e.f. February 08, 2024)
Mr. Nobushige Ichikawa	Director (appointed as Director w.e.f. February 08, 2024)
Mr. Pawan Goenka*	Chief Financial Officer
Mr. Deba Prasad Roy	Director (relationship ceased w.e.f. February 14, 2022)
Mr. Pawan Kumar Bhalla	Director (till February 14, 2022)
Mr. Ashish Kumar Bhattacharya	Director (relationship ceased w.e.f. February 14, 2022)
Mr. Shenu Agarwal	Director (relationship ceased w.e.f. November 30, 2022)
Mr. Rajan Chugh*	Managing Director
Mr. Vinod Dixit	Director (relationship ceased w.e.f. October 26, 2023)
Mr. Rajeev Khanna*	Whole Time Director (relationship ceased w.e.f. May 08, 2023)
Mr. Ashok Behl*	Whole Time Director (w.e.f. May 08, 2023)
Ms. Preeti Chauhan	Director
Mr. Sumit Raj	Director
Mr. Priyank Kalra	Director
Mr. Maciej Rujner	Director (w.e.f. August 18, 2023)
Ms. Moni Singh	Director
Mr. Vicky Chauhan*	Company Secretary
Mr. Pranjal Gupta*	Company Secretary (w.e.f. August 22, 2022)
Mr. Donald Fernandez*	Chief Financial Officer
Mr. Abhishek Mudgal*	Chief Executive Officer (w.e.f. February 07, 2024)
Mr. Kishan Rao Puthli*	Chief Financial Officer (w.e.f. February 07, 2024)
Mr. Prosenjeet Roy*	Company Secretary (w.e.f. February 07, 2024)

*Key managerial personnel (KMP) as defined under section 2(51) the Companies Act, 2013.

Enterprises over which key management personnel and relatives of such personnel exercise significant influence

AAA Portfolios Private Limited
Big Apple Clothing Private Limited
EEWL Limited
Hero Mindmine Institute Private Limited
Har Parshad And Company Private Limited
Niky Tasha Communications Private Limited
Niky Tasha Energies Private Limited
Sietz Technologies India Private Limited

Notes Forming Part of the Consolidated Financial Statements
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Sun & Moon Travels (India) Private Limited
Agresource Management Private Limited
The IVY Trust
Smartparts Innovations Private Limited

List of other related parties in the Group

Escorts Limited Employees' Group Gratuity Fund Trust (refer note 37 for transaction)

Key management personnel remuneration includes the following expenses:

(₹ crores)

Particulars	March 31, 2024	March 31, 2023
Short-term employee benefits:	24.52	25.62
Other long-term benefits:	0.60	-
Post-employment benefits:	0.98	1.01
Total remuneration	**26.10**	**26.63**

(i) Transactions and balances with joint ventures

(₹ crores)

Nature of transactions*	Purchase of goods	Interest Income	Rent Received	Receiving of services	Sale of goods	Rendering of services	Advance given/Trade Receivables	Payables/ Advance received
Adico Escorts Agri Equipment Private Limited	68.75	0.26	-	-	0.22	-	1.69	-
	(51.25)	(0.25)	-	-	(0.21)	-	(1.00)	(5.14)
Escorts Kubota India Private Limited	0.08	-	10.80	21.59	0.12	9.00	4.79	9.24
	-	-	(10.29)	(22.08)	(0.55)	(8.89)	(3.17)	(1.22)
Tadano Cranes India Private Limited#	-	-	-	-	-	-	-	-
	(14.62)	-	(3.13)	-	(0.27)	(14.69)	-	-
Kubota Agricultural Machinery India Private Limited	0.04	-	0.02	4.84	1.67	-	0.55	4.59
	-	-	(0.02)	(2.07)	(0.06)	(0.01)	(0.01)	(2.07)

previous year numbers are excluding purchase of net assets pertaining to RT crane business purchases pursuant to Business Transfer Agreement amounting to ₹ 16.59 crores (refer note 40(i)).

*Numbers in brackets represents financial year ending March 31, 2023.

(ii) Transactions and balances with Holding company and Fellow Subsidiaries :

(₹ crores)

Nature of transactions*	Sale of goods	Receiving of services/ Reimbursement of expenses	Dividend Paid	Trade/ Other Receivables	Payables/ Advance Received
Kubota Corporation	1.37	16.25	41.38	0.06	7.99
	(1.99)	(1.90)	(41.38)	(0.54)	(0.85)
Kubota Europe S.A.S.	62.06	0.01	-	15.90	-
	(51.04)	(0.11)	-	(10.88)	-
Kubota Holdings Europe B.V.	49.69	-	-	5.64	-
	(80.15)	(0.02)	-	(25.84)	-

Notes Forming Part of the Consolidated Financial Statements
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(₹ crores)

Nature of transactions*	Sale of goods	Receiving of services/ Reimbursement of expenses	Dividend Paid	Trade/ Other Receivables	Payables/ Advance Received
Kubota (Deutschland) GMbh	-	0.02	-	-	-
	-	(0.09)	-	-	-
Kubota España S.A.	-	-	-	-	-
	-	(0.02)	-	-	-
Kubota (U.K.) Limited	13.84	-	-	1.89	-
	(7.84)	-	-	-	-
Kubota Malaysia SDN BHD	-	-	-	-	-
	(0.87)	-	-	-	(0.16)
Kubota Tractor Corporation	0.16	-	-	-	0.01
	-	-	-	-	(0.18)
Kubota Canada Ltd.	0.20	-	-	-	-
	-	-	-	-	-
Kubota Machinery Trading Co. Limited	0.04	-	-	-	-
	(0.32)	-	-	(0.02)	-

*Numbers in brackets represents financial year ending March 31, 2023.

(iii) Transactions and balances with key management personnel, their relatives and entities in which they exercise control/significant influence

(₹ crores)

Nature of transactions*	Royalty	Remuneration/ Commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/ Other recoverables	Trade Receivables	Payables/ Advance received
Nikhil Nanda	-	12.46	-	0.43	-	0.11	**	0.84	-	-	4.00
	-	(12.02)	-	(0.42)	-	-	-	(0.84)	-	-	(4.00)
Nitasha Nanda	-	2.91	-	0.47	-	0.03	-	0.14	**	-	0.57
	-	(2.85)	-	(0.47)	-	-	-	(0.14)	(0.04)	-	(0.56)
Shweta Nanda	-	-	-	-	-	-	-	0.01	-	-	-
	-	-	-	-	-	-	-	(0.01)	-	-	-
Navya Naveli Nanda	-	-	-	-	-	-	0.24	0.01	-	-	0.02
	-	-	-	-	-	-	(0.12)	(0.01)	-	-	(0.02)
Agastya Nanda	-	-	-	-	-	-	-	0.01	-	-	-
	-	-	-	-	-	-	-	(0.01)	-	-	-
Shailendra Aggrawal	-	-	-	-	-	-	-	-	-	-	-
	-	(3.90)	-	-	-	-	-	-	-	-	(1.06)
Bharat Madan	-	5.23	-	-	-	-	**	-	-	-	1.12
	-	(3.60)	-	-	-	-	-	-	-	-	(0.86)
Satyendra Chauhan	-	0.69	-	-	-	-	-	-	-	-	-
	-	(0.64)	-	-	-	-	-	-	-	-	(0.10)
Smarti Chauhan	-	-	-	-	-	-	0.03	-	-	-	-
	-	-	-	-	-	-	(0.03)	-	-	-	(**)
Arvind Kumar	-	0.12	-	-	-	-	-	-	-	-	0.08
	-	-	-	-	-	-	-	-	-	-	-

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(₹ crores)

Nature of transactions*	Royalty	Remuneration/ Commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/ Other recoverables	Trade Receivables	Payables/ Advance received
Meenakshi Gupta	-	-	-	-	-	-	**	-	-	-	**
	-	-	-	-	-	-	-	-	-	-	-
Hardeep Singh^	-	-	-	-	-	-	0.31	**	-	-	0.15
	-	-	-	-	-	-	(0.29)	(**)	-	-	(0.13)
P.H Ravikumar	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.03)	-	-	-	-
Vibha Paul Rishi	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(0.04)	-	-	-	-
Sutanu Behuria^	-	-	-	-	-	-	0.02	-	-	-	-
	-	-	-	-	-	-	(0.23)	-	-	-	(0.13)
Sunil Kant Munjal^	-	-	-	-	-	-	0.24	0.02	-	-	0.15
	-	-	-	-	-	-	(0.19)	(0.02)	-	-	(0.13)
Seiji Fukuoka	-	1.89	-	-	-	-	-	-	-	-	-
	-	(1.71)	-	-	-	-	-	-	-	-	(0.04)
Manish Sharma^	-	-	-	-	-	-	0.27	-	-	-	0.15
	-	-	-	-	-	-	(0.22)	-	-	-	(0.13)
Ravindra Chandrs Bharvaga^	-	-	-	-	-	-	0.23	-	-	-	0.15
	-	-	-	-	-	-	(0.18)	-	-	-	(0.13)
Reema Nanavaty^	-	-	-	-	-	-	0.22	-	-	-	0.15
	-	-	-	-	-	-	(0.18)	-	-	-	(0.13)
Vimal Bhandari^	-	-	-	-	-	-	0.30	-	-	-	0.15
	-	-	-	-	-	-	(0.24)	-	-	-	(0.13)
Harish Narinder Salve^	-	-	-	-	-	-	0.18	-	-	-	0.15
	-	-	-	-	-	-	(0.14)	-	-	-	(0.13)
Tanya Arvind Dubash^	-	-	-	-	-	-	0.22	-	-	-	0.15
	-	-	-	-	-	-	(0.16)	-	-	-	(0.13)
Rupinder Singh Sodhi^	-	-	-	-	-	-	0.25	-	-	-	0.15
	-	-	-	-	-	-	-	-	-	-	-
Har Parshad And Company Private Limited	42.49	-	0.16	-	-	-	-	7.51	-	0.01	4.33
	(41.03)	-	-	-	-	-	-	(7.51)	-	-	(0.31)
Escorts Dealer Development Assosiation Ltd	-	-	0.05	-	-	-	1.46	-	-	0.01	0.60
	-	-	-	-	-	-	-	-	-	-	-
AAA Portfolios Private. Limited	-	-	-	-	-	-	-	1.18	-	-	-
	-	-	-	-	-	-	-	(1.18)	-	-	-
Big Apple Clothing Private Limited	-	-	-	-	-	-	-	1.24	-	-	-
	-	-	-	-	-	-	-	(1.24)	-	-	-
Niky Tasha Communications Private Limited	-	-	-	-	-	-	-	**	-	-	-
	-	-	-	-	-	-	-	(**)	-	-	-
Niky Tasha Energies Private Limited	-	-	-	-	-	-	-	**	-	-	-
	-	-	-	-	-	-	-	(**)	-	-	-
Sietz Technologies India Private Limited	-	-	0.36	-	113.90	0.29	**	**	0.68	0.07	15.28
	-	-	(0.37)	(0.63)	(173.26)	(0.32)	(0.01)	(**)	(0.30)	(0.15)	(19.21)

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(₹ crores)

Nature of transactions*	Royalty	Remuneration/ Commission	Rent received	Rent paid	Purchase of goods	Sale of goods and services	Services received	Dividend paid	Advance given/ Other recoverables	Trade Receivables	Payables/ Advance received
Sun & Moon Travels (India) Private Limited	-	-	0.02	-	-	-	7.32	-	0.02	0.04	0.04
	-	-	(0.02)	-	-	-	(11.16)	-	(0.02)	(0.01)	(0.30)
EEWL Limited	-	-	**	-	-	-	-	-	-	**	0.41
	-	-	(**)	-	-	(0.28)	-	-	(0.05)	(**)	(0.40)
Hero Mindmine Institute Private Limited	-	-	-	-	-	-	**	-	-	-	-
	-	-	-	-	-	-	(0.08)	-	-	-	-
The IVY Trust	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(0.18)	-	-	-	-	-	-	-
Agresource Management Private Limited	-	-	-	-	-	-	0.62	-	-	-	-
	-	-	-	-	-	-	(0.62)	-	-	-	-
Sumit Raj	-	-	-	-	-	-	0.01	-	-	-	-
	-	-	-	-	-	-	(**)	-	-	-	-
Preeti Chauhan	-	-	-	-	-	-	**	-	-	-	-
	-	-	-	-	-	-	(**)	-	-	-	-
Rajeev Khanna	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(**)	-	-	-	-
Donald Fernandez	-	0.07	-	-	-	-	-	-	-	-	-
	-	(0.07)	-	-	-	-	-	-	-	-	-
Priyank Kalra	-	2.35	-	-	-	-	-	-	-	-	-
	-	(1.84)	-	-	-	-	-	-	-	-	-
Ms. Moni Singh	-	-	-	-	-	-	**	-	-	-	-
	-	-	-	-	-	-	(**)	-	-	-	-
Vinod Dixit	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(**)	-	-	-	-
Smartparts Innovations Private Limited	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(0.11)	-
Mr. Abhishek Mudgal	-	0.24	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Mr. Kishan Rao Puthli	-	0.11	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Mr. Prosenjeet Roy	-	0.02	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

*Numbers in brackets represents financial year ending March 31, 2023

** Amount represents less than a lakh

^ Services received includes directors sitting fees and commission.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

45. Segment information

The Group has determined following reportable segments based on the information reviewed by the Group's management:

i Agri machinery products

ii Construction equipments

iii Railway equipments

iv. Auto ancillary products (discontinued operation)

v. Others

A. Segment revenue and results

(₹ crores)

Particulars	March 31, 2024						March 31, 2023					
	Agri machinery products	Construction equipments	Railway equipments	Unallocated	Inter segment adjustment	Total	Agri machinery products	Construction equipments	Railway equipments	Unallocated	Inter segment adjustment	Total
Revenue	6,180.90	1,709.65	950.41	9.56	(0.90)	**8,849.62**	6,397.08	1,178.98	841.86	19.58	(8.81)	**8,428.69**
Segment Result before interest income unallocable, exceptional items, finance cost and tax	781.09	158.85	179.25	60.52	-	**1,179.71**	593.32	34.13	115.87	5.20	-	**748.52**
Add: Interest income unallocable						**218.66**						**159.87**
Less: Finance cost						**(13.72)**						**(13.27)**
Less: Exceptional items						**-**						**(53.05)**
Add: Share of profit/ (loss)of equity accounted investments						**16.37**						**(7.48)**
Profit before tax						**1,401.02**						**834.59**
Less: Tax expense						**351.94**						**197.94**
Profit after tax						**1,049.08**						**636.65**
Other comprehensive income						**0.66**						**2.25**
Total comprehensive income						**1,049.74**						**638.90**

B. Other information

(₹ crores)

Segment	Segment assets		Segment liabilities	
	As on March 31, 2024	As on March 31, 2023	As on March 31, 2024	As on March 31, 2023
Agri machinery products	3,752.01	3,644.03	1,262.99	1,290.36
Construction equipments	389.24	353.46	349.57	292.16
Railway equipments	501.48	623.09	158.85	79.11
Auto ancillary products (discontinued operation)	0.19	0.12	4.27	5.13
Unallocated	6,623.99	5,464.53	318.84	235.64
Total	**11,266.91**	**10,085.23**	**2,094.52**	**1,902.40**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

C. Additional information by geographies

(₹ crores)

Description	As at March 31, 2024	As at March 31, 2023
Revenue by geographical market		
India	8,348.55	7,737.55
Outside India	501.07	691.14
	8,849.62	**8,428.69**
Non-current assets*		
India	2,244.10	2,199.64
Outside India	2.88	2.91
	2,246.98	**2,202.55**

*Non-current assets excludes financial instruments.

D. Revenue from major customers

The Group is not reliant on revenues on transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes:

(i) Operating segments have been identified by the Group taking into account nature of services, associated risks and returns and internal reporting system that reflects the manner in which operating results are regularly reviewed by the Chief Operating Decision Maker for purpose of making decisions on resources to be allocated to such segments and assess their performance.

(ii) Segment revenue, segment results, segment assets and segment liabilities include the respective amount identifiable for each operating segment.

46 Revenue from Contracts with Customers

(a) Disaggregation of revenue

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

For the year ended March 31, 2024

(₹ crores)

Revenue from operations	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	8,273.44	9.96	96.23	8,379.63
Export	394.03	-	-	394.03
Total	**8,667.47**	**9.96**	**96.23**	**8,773.66**
Revenue by time				
Revenue recognized at point in time				8,763.70
Revenue recognized over time				9.96
Total				**8,773.66**

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

For the year ended March 31, 2023

(₹ crores)

Revenue from operations	Goods	Services	Other operating revenue*	Total
Revenue by geography				
Domestic	7,688.49	9.10	95.95	7,793.54
Export	544.61	-	-	544.61
Total	**8,233.10**	**9.10**	**95.95**	**8,338.15**
Revenue by time				
Revenue recognized at point in time				8,329.05
Revenue recognized over time				9.10
Total				**8,338.15**

* Other operating revenue amounting to ₹ 75.96 crores (March 31, 2023 : ₹ 90.54 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here

(b) Revenue recognized in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

(₹ crores)

Description	As at March 31, 2024	As at March 31, 2023
Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period	79.54	83.71
Revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	-

(c) Assets and liabilities related to contracts with customers

(₹ crores)

Description	As at March 31, 2024		As at March 31, 2023	
	Non-current	Current	Non-current	Current
Contract liabilities related to sale of goods				
Advance from customers	-	71.48	-	84.05
Deferred income	6.66	27.90	7.92	24.27

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

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

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

(₹ crores)

Description	As at March 31, 2024	As at March 31, 2023
Contract price	9,123.49	8,678.34
Less: Discount, rebates, credits etc.	349.83	340.19
Revenue from operations as per Statement of Profit and Loss*	**8,773.66**	**8,338.15**

* Other operating revenue amounting to ₹ 75.96 crores (March 31, 2023 : ₹ 90.54 crores) in the nature of export incentives, liabilities no longer required written back and others is not in the scope of Ind AS 115. Hence, not covered here.

(e) The Group provide warranties on products sold by them and majority of these are in nature of assurance that the related products will function as the parties intended because it complies with agreed-upon specifications and hence accounted for in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets. Additionally, the Group extends its services by offering extended warranty with the sale of products which is deferred over the warranty period.

47 Other Statutory Information

(i) Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

a Transactions other than shareholding with struck off Companies

Name of the Struck of Company	Nature of transaction with struck-off company	Balance Outstanding Amount as on March 31, 2024	Balance Outstanding Amount as on March 31, 2023
74 BC Technologies Private Limited	Trade payable	0.01	0.01
Carry More Hoists Private Limited	Trade payable	-	0.02
Core Leadership Search Consulting Private Limited	Trade payable	-	-
J.J. Engineering Private Limited	Trade payable	-	-
Sugam Parivahan Private Limited	Trade payable	-	-
Fabricon Generators Private Limited	Trade receivables	-	-
FG Wilson Generators India Private Limited	Trade receivables	-	-
Synergy Telecommunications Private Limited	Trade receivables	-	-
Trinity Electro Mechanicals Private Limited	Trade receivables	-	-
R K Industries Private Limited	Trade receivables	-	-
RDVS Infra Private Limited	Trade receivables	-	-
Kohli Engineering & Power Management Private Limited	Trade receivables	-	-
Burn Standard Co. Limited	Trade receivables	-	-
Sigma Holdings Private Limited	Advance from Customer	-	1.43

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

b. Details of shares held by struck off company (Face value of ₹ 10 each):

Name of the Struck of Company	Nature of transaction with struck-off company	Number of shares as on March 31, 2024	Number of shares as on March 31, 2023
Dreams Broking Private Limited	Shares held by struck off company	9	9
Esvee Tools Private Limited	Shares held by struck off company	50	50
Kothari Intergroup Private Limited	Shares held by struck off company	1	1
Popular Stock & Share Services Private Limited	Shares held by struck off company	100	100
Sunren Exports Investments Private Limited	Shares held by struck off company	112	112
AL Falah Investments Limited	Shares held by struck off company	20	-
Shree Capital Services Limited	Shares held by struck off company	53,056	-

(ii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b) provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(iii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provided any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

48 Ratio analysis

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for change
Current Ratio	Current Assets	Current Liabilities	3.14	2.85	10.18%	NA
Debt Equity Ratio	Total Debt (including Current maturities of Long Term Borrowings and excluding lease liabilities)	Shareholder's Equity	-	-	-	NA
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest Expense	Debt service = Interest & Lease Payments + Principal Repayments	59.78	44.68	33.78%	The increase is primarily on account of higher profits as compared to financial year ended March 31, 2023.

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for change
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	12.08%	8.07%	49.82%	The increase is primarily on account of higher profits as compared to financial year ended March 31, 2023 partially offset by increase in average shareholder's equity.
Inventory turnover ratio	Cost of goods sold	Average Inventory	5.00	5.93	(15.75%)	NA
Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales	Average Trade Receivable	7.52	8.55	(11.99%)	NA
Trade payable turnover ratio	Total purchases of raw material,store and spares and stock in trade	Average Trade Payables	4.93	6.02	(18.16%)	NA
Net capital turnover ratio	Net sales = Total sales - sales return	Average Working capital = Current assets – Current liabilities	2.47	1.96	26.27%	The increase is mainly due to decrease in average working capital for the year ended March 31, 2024.
Net profit ratio	Net Profit	Net sales = Total sales - sales return	11.85%	7.55%	56.94%	Increase is mainly on account of increase in profits in current year coupled with increase in current year sales.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	15.33%	10.99%	39.50%	The increase is primarily on account of increase in profits as compared to previous year ended March 31, 2023.
Return on Investment	"{MV(T1) – MV(T0) – Sum [C(t)]} (Refer notes below)"	"{MV(T0) + Sum [W(t) * C(t)]} (Refer notes below)"	46.50%	11.43%	306.92%	Increase is mainly on account of significant increase in market price of the equity shares of the Company in current financial year as compared to financial year ended March 31, 2023.

Notes:

T1 = End of year

T0 = Beginning of year

t = Specific date falling between T1 and T0

MV(T1) = Market value at end of year

MV(T0) = Market value at beginning of year

C(t) = Cash inflow, cash outflow on specific date

W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as [T1 – t] / T1

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

49 The Scheme of Compromise and Arrangement pending before the Delhi High Court to bail out the fixed deposit holders of Invigorated Business Consulting Limited (Formerly Escorts Finance Limited) stands disposed-off vide order dated March 04, 2011.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
(Firm Regn No. 001076N/N500013)

Ashish Gupta
Partner
Membership No. 504662

Place : Mumbai
Date : May 09, 2024

For and on behalf of the Board of Directors

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Notes Forming Part of the Consolidated Financial Statements
For the year ended March 31, 2024

Form AOC-1

Statement containing salient features of the financial statements of subsidiaries/joint venture/associates for the year 2023-24

Subsidiaries

(₹ crores)

Name of the subsidiaries	Invigorated Business Consulting Limited (formerly Escorts Finance Limited)	Farmtrac Tractors Europe Sp. Z.o.o, Poland*	Escorts Crop Solutions Limited	Escorts Benefit and Welfare Trust	Escorts Benefit Trust	Escorts Kubota Finance Limited**	EKL CSR Foundation (Formerly Escorts Skill Development) (Unaudited) ^
The date since when subsidiary was acquired	12 October 2012	8 October 2009	12 October 2012	14 February 2012	04 March 2013	09 January 2024	01 November 2021
Reporting period	31 March 2024	31 March 2024	31 March 2024	31 March 2024	31 March 2024	31 March 2024	31 March 2024
Capital	40.17	25.87	24.40	-	-	20.00	0.05
Reserves & Surplus	(219.42)	(18.57)	(24.33)	0.01	0.16	(2.33)	0.22
Total assets	4.11	79.32	0.55	0.01	0.17	18.02	1.66
Total liability	183.36	72.03	0.48	-	0.01	0.35	1.38
Investments	-	-	-	-	-	6.80	-
Turnover	-	109.17	2.92	-	-	-	30.55
Profit/(loss) before taxation	(0.20)	(0.91)	(1.94)	(0.01)	-	(3.12)	(0.25)
Provision for taxation	-	(0.17)	-	-	-	(0.79)	-
Profit/(loss) after taxation	(0.20)	(0.74)	(1.94)	(0.01)	-	(2.34)	(0.25)
Proposed dividend	-	-	-	-	-	-	-
% of shareholding	67.87%	100%	100%	100%	100%	100%	100%

* Note : Exchange rate 1 PLN= 20.90 ₹ (.i.e. closing rate)

** Escorts Kubota Finance Limited subsidiary of the group is yet to commence its operations.

^ EKL CSR Foundation (Formerly Escorts Skill Development) has become wholly owned subsidiary of the Company on 01 November 2021. Based on the control assessment carried out by management in terms of Ind AS 110, ECF has not been consolidated in these consolidated financials.

None of subsidiaries, which have been liquidated or sold during the year

Joint venture and associates

(₹ crores)

Name of the Joint venture/Associates	Adico Escorts Agri Equipment Private Limited	Escorts Kubota India Private Limited	Kubota Agricultural Machinery India Private Limited	Escorts Consumer Credit Limited#
Latest audited balance sheet date	31 March 2024	31 March 2024	31 March 2024	31 March 2024
Date on which the Joint venture/Associates was associated	01 April 2015	23 February 2019	05 October 2020	12 October 2012
Shares held by company				
Numbers	84,00,000	1,20,00,000	2,00,00,000	12,50,000
Amount of investment (₹ Crores)	8.40	120.00	90.00	-
Holding %	40%	40%	40%	29.41%
Description of how there is significant influence	Joint venture agreement	Joint venture agreement	Joint venture agreement	Associates
Reason for not considered for consolidation	Not applicable	Not applicable	Not applicable	Not applicable
Networth attributable to shareholding (including goodwill)	2.79	75.87	124.55	-
Total comprehensive (loss) / income for the year	(1.26)	31.61	10.59	-
Considered in consolidation	(0.50)	12.64	4.24	-
Not considered in consolidation	(0.76)	18.97	6.35	-

Investment in Escorts Consumer Credit Limited is net off impairment provision amounting to ₹ 1 crore.

None of associates or joint ventures, which are yet to commence its operations

None of associates or joint venture, which have been liquidated or sold during the year

For and on behalf of the Board

Nikhil Nanda
Chairman and Managing Director
(DIN: 00043432)
Place : Faridabad

Seiji Fukuoka
Deputy Managing Director
(DIN: 08786470)
Place : Faridabad

Vimal Bhandari
Director
(DIN: 00001318)
Place : Mumbai

Bharat Madan
Whole-time Director and Chief Financial Officer
(DIN: 00944660)
Place : Faridabad

Arvind Kumar
Company Secretary
Membership No. A14874
Place : Faridabad

Date : May 09, 2024

Global Reporting Initiative (GRI) Content Index

Statement of use	**Escorts Kubota Limited has reported the information cited in this GRI content index for the period April 01, 2023- March 31, 2024 with reference to the GRI Standards.**			
GRI 1 used	**GRI 1: Foundation 2021**			
GRI STANDARD	**DISCLOSURE**		**LOCATION**	**PAGE NO.**
GRI 2: General Disclosures 2021	2-1	Organizational details	Cover page	
			Corporate snapshot	12-13
			Report on Corporate Governance	201
			BRSR Section A	218-223
	2-2	Entities included in the organization's sustainability reporting	About the report	3
	2-3	Reporting period, frequency and contact point	About the report	3
	2-4	Restatements of information	There are no restatments of information in the report this year	-
	2-5	External assurance		
	2-6	Activities, value chain and other business relationships	Our Business Verticals	18-27
			Management Discussion and Analysis	137-155
			BRSR Section A	219
	2-7	Employees	Human Capital	112
			BRSR Section A	221
	2-8	Workers who are not employees	Human Capital	112
			BRSR Section A	221
	2-9	Governance structure and composition	Board of Directors, Leadership Team	42-53
			Report on Corporate Governance	181-183
	2-10	Nomination and selection of the highest governance body	Director's Report	171-172
	2-11	Chair of the highest governance body	Report on Corporate Governance	181-183
	2-12	Role of the highest governance body in overseeing the management of impacts	Report on Corporate Governance	181-183
	2-13	Delegation of responsibility for managing impacts	Report on Corporate Governance	186-196
	2-14	Role of the highest governance body in sustainability reporting	BRSR Section B	233
	2-15	Conflicts of interest	BRSR Section C: Principle 1	238, 239
			Report on Corporate Governance	182
	2-17	Collective knowledge of the highest governance body	Report on Corporate Governance	185
	2-18	Evaluation of the performance of the highest governance body	Report on Corporate Governance	189
	2-19	Remuneration policies	Report on Corporate Governance	190
	2-20	Process to determine remuneration	Director's Report	175
	2-21	Annual total compensation ratio	Report on Corporate Governance	191
	2-22	Statement on sustainable development strategy	Message from the Chairman and Managing Director & Deputy Managing Director	28-33
			BRSR Section B	233
	2-23	Policy commitments	Mid Term Business Plan 2028	68-69
			ESG Strategy	131-133
	2-26	Mechanisms for seeking advice and raising concerns	BRSR Section A	224-225
	2-27	Compliance with laws and regulations	BRSR Section C: Principle 1	236
	2-28	Membership associations	BRSR Section C: Principle 7	268
	2-29	Approach to stakeholder engagement	Stakeholder Engagement	70-75
			BRSR Section C: Principle 4	251-253
	2-30	Collective bargaining agreements	BRSR Section C: Principle 3	246

Global Reporting Initiative (GRI) Content Index

Statement of use	Escorts Kubota Limited has reported the information cited in this GRI content index for the period April 01, 2023- March 31, 2024 with reference to the GRI Standards.			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment	88-89
	3-2	List of material topics	Materiality Assessment	76-81
	3-3	Management of material topics	Materiality Assessment	76-81
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Capital	94
	201-2	Financial implications and other risks and opportunities due to climate change	BRSR Section A	226-230
	201-3	Defined benefit plan obligations and other retirement plans	Financial Capital	94-95
			Standalone Financial Statements	288, 291, 301, 323
			Consolidated Financial Statements	385, 396, 418
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	BRSR Section C: Principle 5	255
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Social and Relationship Capital	127-130
	203-2	Significant indirect economic impacts	Social and Relationship Capital	127-130
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	BRSR Section C: Principle 8	271
	205-2	Communication and training about anti-corruption policies and procedures	BRSR Section C: Principle 1	235
	205-3	Confirmed incidents of corruption and actions taken	BRSR Section C: Principle 1	238
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	BRSR Section C: Principle 7	268
GRI 207: Tax 2019	207-1	Approach to tax	Governance	40
	207-2	Tax governance, control, and risk management	Governance	40
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Natural Capital	109
	301-3	Reclaimed products and their packaging materials	BRSR Section C: Principle 2	242
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Natural Capital	106
			BRSR Section C: Principle 6	259
	302-3	Energy intensity	Natural Capital	106
			BRSR Section C: Principle 6	259
	303-3	Water withdrawal	Natural Capital	109
			BRSR Section C: Principle 6	260
	303-4	Water discharge	Natural Capital	109
			BRSR Section C: Principle 6	260
	303-5	Water consumption	Natural Capital	109
			BRSR Section C: Principle 6	260
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Natural Capital	107
			BRSR Section C: Principle 6	262
	305-2	Energy indirect (Scope 2) GHG emissions	Natural Capital	107
			BRSR Section C: Principle 6	262
	305-3	Other indirect (Scope 3) GHG emissions	Natural Capital	107
			BRSR Section C: Principle 6	266
	305-4	GHG emissions intensity	Natural Capital	107
			BRSR Section C: Principle 6	262
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Natural Capital	106
			BRSR Section C: Principle 6	261
	306-3	Waste generated	Natural Capital	108
			BRSR Section C: Principle 6	262-263
	306-4	Waste diverted from disposal	Natural Capital	108
			BRSR Section C: Principle 6	263

Global Reporting Initiative (GRI) Content Index

Statement of use	Escorts Kubota Limited has reported the information cited in this GRI content index for the period April 01, 2023- March 31, 2024 with reference to the GRI Standards.			
	306-5	Waste directed to disposal	Natural Capital	108
			BRSR Section C: Principle 6	263
	401-1	New employee hires and employee turnover	Human Capital	114
			BRSR Section A	223
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	BRSR Section C: Principle 3	244
	401-3	Parental leave	Human Capital	115
			BRSR Section C: Principle 3	243, 245
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	We provide minimum notice to employees on significant operational changes that could affect them, and notice period on provisions for consultation and negotiation as specified in collective bargaining agreements as per LTS norms and the Standing Order of the Company	-
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Human Capital	116
			BRSR Section C: Principle 3	247-248
	403-2	Hazard identification, risk assessment, and incident investigation	Human Capital	117-118
			BRSR Section C: Principle 3	247-248
	403-5	Worker training on occupational health and safety	Human Capital	117
			BRSR Section C: Principle 3	247-248
	403-8	Workers covered by an occupational health and safety management system	Human Capital	117
			BRSR Section C: Principle 3	247-248
	403-9	Work-related injuries	Human Capital	119
			BRSR Section C: Principle 3	248
	403-10	Work-related ill health	Human Capital	119
			BRSR Section C: Principle 3	248
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Human Capital	121
	404-3	Percentage of employees receiving regular performance and career development reviews	BRSR Section C: Principle 3	247
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Human Capital	112-113
			BRSR Section A	221-222
	405-2	Ratio of basic salary and remuneration of women to men	BRSR Section C: Principle 5	255
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	BRSR Section C: Principle 5	256-257
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital	115
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	BRSR Section C: Principle 5	256
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	BRSR Section C: Principle 5	256
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital	127-130
	413-2	Operations with significant actual and potential negative impacts on local communities	Social and Relationship Capital	127-130
GRI 415: Public Policy 2016	415-1	Political contributions	Director's Report	169
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	BRSR Section C: Principle 9	273

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Independent Practitioner's reasonable assurance on non-financial Information pertaining to core attributes of Business Responsibility and Sustainability Report ("BRSR Core Information") and limited assurance and Type 2 Moderate assurance report on identified non-financial information other than BRSR Core Information contained in Escorts Kubota Limited's Integrated Annual Report for the FY 2023-24

To

The Board of Directors

Escorts Kubota Limited (formerly Escorts Limited)

Faridabad, Haryana, India

We have been engaged to perform assurance engagement for Escorts Kubota Limited (formerly Escorts Limited) ('EKL' or 'the Company') vide our engagement letter dated 03 May 2024 to provide reasonable assurance on non-financial information pertaining to core attributes of Business Responsibility and Sustainability Report ("BRSR Core Information" / "Subject Matter 1") included in BRSR report of the Company and limited assurance and Type 2 Moderate assurance on identified non-financial information other than BRSR Core Information included in the Integrated Annual report of the Company for the financial year ended 31 March 2024 ("Subject Matter 2") ('Subject Matter 1 and Subject Matter 2 together referred as "Identified Sustainability Information") prepared by management in accordance with the Criteria stated below. This assurance engagement has been carried out by a multi-disciplinary team of competent experts in the field of assurance on non-financial information.

Identified Sustainability Information

The Identified Sustainability Information is included in the BRSR and Integrated Annual Report of the Company for the financial year ended 31 March 2024:

The BRSR Core Information for the financial year ended 31 March 2024 included in BRSR Report (Subject Matter 1) is summarised below:

Attribute	Principle	Key Performance Indicator
Energy footprint	Principle 6 – 1	• Total energy consumption (in Joules or multiples) and energy intensity • % of energy consumed from renewable sources • Energy intensity
Water footprint	Principle 6 – 3	• Total water consumption • Water consumption intensity
	Principle 6 – 4	• Water Discharge by destination and levels of Treatment
Greenhouse (GHG) footprint	Principle 6 – 7	Greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity
Enhancing Employee Wellbeing and Safety	Principle 3 – 1(c)	Spending on measures towards well-being of employees and workers (including permanent and other than permanent)
	Principle 3 – 11	Safety related incidents: • Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) • Total recordable work-related injuries • No. of fatalities • High consequence work-related injury or ill-health (excluding fatalities)
Enabling Gender Diversity in Business	Principle 5 – 3(b)	Gross wages paid to females as % of total wages paid by the entity
	Principle 5 – 7	Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
Enabling Inclusive Development	Principle 8 – 4	Percentage of input material (inputs to total inputs by value) sourced from suppliers
	Principle 8 – 5	Job creation in smaller towns – Wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the locations, as % of total wage cost
Fairness in Engaging with Customers and Suppliers	Principle 1 – 8	Number of days of accounts payables
	Principle 9 – 7	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events
Open-ness of business	Principle 1 – 9	Details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties

The identified non-financial information other than BRSR Core Information for the financial year ended 31 March 2024 included in the Integrated Annual report ("Subject Matter 2") is summarised below:

Series	Material Issue	GRI	Key Performance Indicator
GRI – 2 General Disclosures 2021		2 – 1	Organizational details
		2 – 5	External assurance
		2 – 7	Employees (Gender)
GRI – 200 Economic	201 – Economic Performance (2016)	201 – 1	Direct economic value generated and distributed
	203 – Indirect Economic Impacts (2016)	203 – 1	Infrastructure investments and services supported
GRI – 300 Environment	302 – Energy (2016)	302 – 1	Energy consumption within the organization
		302 – 3	Energy intensity (on revenue)
	303 – Water and Effluents (2018)	303 – 3	Water withdrawal
		303 – 4	Water discharge
		303 – 5	Water Consumption
	305 – Emissions (2016)	305 – 1	Direct (Scope 1) GHG emissions
		305 – 2	Energy indirect (Scope 2) GHG emissions
		305 – 4	GHG emissions intensity (on revenue)
	306 – Waste (2020)	306 – 3	Waste generated - (Hazardous) and (Non-Hazardous)
GRI – 400 Social	401 – Employment (2016)	401 – 1	New employee hires and employee turnover (age and gender)
		401 – 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
		402 – 3	Parental leave
	403 – Occupational Health and Safety (2018)	403 – 8	Workers covered by an occupational health and safety management system
		403 – 9	Work-related injuries
	405 – Diversity and Equal Opportunity (2016)	405 – 1	Diversity of governance bodies and employees (age and gender)

Our assurance engagement is with respect to the financial year ended 31 March 2024 information only unless otherwise stated and we have not performed any procedures with respect to earlier periods or any other elements included in the BRSR and Integrated Annual Report, therefore, do not express any opinion/conclusion thereon.

Boundary

Boundary of the report covers EKL's operations in India, which includes:

- Escorts Kubota Limited Corporate Office located in Faridabad, Haryana
- Knowledge Management Centre
- Agri Machinery Business Division
- Construction Equipment Business Division
- Railway Equipment Business Division
- Escort's Training and Development Centre (ETDC)
- Data for Diversity of governance bodies and employees (age and gender) is only limited to Permanent Employees

Criteria

The criteria used by the Company to prepare the Subject Matter 1 is summarised below ('BRSR Framework'):

- Regulation 34(2)(f) of the Securities and Exchange Board of India (the "SEBI") (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended;
- Business Responsibility and Sustainability Reporting Requirements for listed entities as per Master Circular No. SEBI/HO/CFD/PoD2/ CIR/P/2023/120 dated 11 July 2023; and
- SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated 12 July 2023 and clarifications thereto issued by SEBI.

The Company has prepared the Subject Matter 2 included in the Integrated Annual report based on the principles of the International Integrated Reporting Framework published by the International Integrated Reporting Council ('IIRC') of the Value Reporting Foundation with reference to Global Reporting Initiative ('GRI') Sustainability Reporting Standards ('the GRI Standards') issued by Global Sustainability Standards Board (GSSB).

Management's Responsibilities

The Company's management is responsible for selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable laws and regulations, if any, related to reporting on the Identified Sustainability Information, identification of key aspects, engagement with stakeholders, content, preparation and presentation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the BRSR Report and the Integrated Annual Report and the measurement of the Identified Sustainability Information, which is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Auditor's Independence and Quality Control

We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the 'IESBA Code') and have the required competencies and experience to conduct this assurance engagement.

Our firm applies International Standards on Quality Management ('ISQM') 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a reasonable assurance in the form of an opinion on the Subject Matter 1 and express a limited assurance in the form of a conclusion on the Subject Matter 2, based on the procedures we have performed and evidence we have obtained. We conducted our reasonable assurance engagement and limited assurance engagement in accordance with the ISAE 3000 (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" ('ISAE 3000 (Revised)') issued by the International Auditing and Assurance Standards Board ('IAASB'). The standard requires that we plan and perform our engagement to obtain reasonable assurance about whether the Subject Matter 1 is prepared, in all material respects, in accordance with the BRSR Framework and limited assurance about whether the Subject Matter 2 is free from material misstatement.

A reasonable assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Subject Matter 1, assessing the risks of material misstatement of the Subject Matter 1 whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Subject Matter 1.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Subject Matter 2, identifying areas where material misstatement is likely to arise in the Subject Matter 2 whether due to fraud or error, designing and performing procedures to address identified risk areas as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter 2.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our responsibility is also to provide Type 2 Moderate Assurance in accordance with third version of AA1000 Assurance Standard ('AA100AS v3') issued by AccountAbility which requires us to obtain limited evidence from internal sources and parties, evidence gathering is restricted to corporate/management levels in the organization to conclude on the nature and extent of adherence of the Report to the AA Accountability Principles 2018 ("AA1000AP, 2018"), i.e., Inclusivity, Materiality, Responsiveness and Impact including the conclusion on reliability and quality, accuracy and completeness of the specified performance information and to assess and report findings. Moderate assurance will provide users with a relatively lower level of confidence in an organization's disclosure on the subject matter it refers to.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, analytical procedures and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, our work procedures included the following:

- Physical site visit at the corporate office at Faridabad and site visit at all the plants in Faridabad for data and document verification
- Interviewing senior executives to understand the reporting process, governance, systems and controls in place during the reporting period.
- Reviewing the records and relevant documentation including information from audited financial statements or statutory reports submitted by the Company to support relevant performance disclosures within our scope.
- Evaluating the suitability and application of Criteria and that the Criteria have been applied appropriately to the Identified Sustainability Information. .
- Selecting key parameters and representative sampling, based on statistical audit sampling tables and agreeing claims to source information to check accuracy and completeness of claims such as source data, meter data, etc.
- Re-performing calculations to check accuracy of claims,
- Reviewing data from independent sources, wherever available,

- Reviewing data, information about sustainability performance indicators and statements in the report.
- Reviewing and verifying information/ data as per the BRSR framework and IIRC framework;
- Reviewing accuracy, transparency and completeness of the information/ data provided;

Exclusions

Our assurance engagement scope excludes the following and therefore we do not express an opinion/ a conclusion on the same:

- Any disclosure other than those mentioned in the Identified Sustainability Information section above
- Data and information outside the defined reporting period
- Data related to Company's financial performance, strategy and other related linkages expressed in the Integrated Annual Report.
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, forward looking statements provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.
- Mapping of the Report with reporting frameworks other than those mentioned in Reporting Criteria above.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

The procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Opinion

Based on the procedures we have performed and the evidence we have obtained, the Subject Matter 1 included in the BRSR report for the financial year ended 31 March 2024 is prepared in all material respects, in accordance with the BRSR Framework.

Conclusion

Based on the procedures we have performed and the evidences we have obtained, nothing has come to our attention that causes us to believe that Company's Subject Matter 2 contained in the Integrated Annual report for the financial year ended 31 March 2024, is not prepared, in all material respects with reference to GRI Standards.

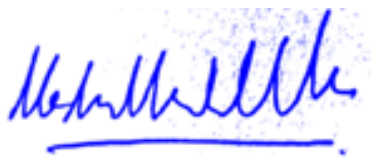
Our conclusions on the Subject Matter 2's adherence to the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact including the conclusion on Reliability and Quality of the information are as follows:

- Inclusivity – The Company has identified its key stakeholder groups based on the level of influence and impact the company has on these stakeholder groups. We are not aware of any matter that would lead us to conclude that the company has not applied the principle of inclusivity in engaging with the key stakeholder groups identified in the report.
- Materiality – The Company has reported on material topics across economic, environmental, social, and governance aspects, post stakeholder consultations. Nothing has come to our attention that causes us to believe that material issues so identified have been excluded from the Report by the Company.
- Responsiveness - The Company has demonstrated their commitment to understand stakeholder concerns, as evident from the various stakeholder consultation and engagement mechanisms that have been applied. We are not aware of any matter than would lead us to believe that the Company has not applied the responsiveness principle in its engagement with stakeholders identified in the Report on material aspects covering its sustainability performance.

- Impact - The company acknowledges its impact on the wider society and has established policies and processes to measure, monitor and evaluate the economic, environmental and social impacts for select aspects material to the Company and its key stakeholders. Basis the information provided to us, we are not aware of any matter that would lead us to conclude that the criteria related to the impact principle has not been applied for the key stakeholders.
- Reliability and Quality - The data collected has been adequately recorded, compiled, analyzed and disclosed. The data when subject to examination will establish the quality and materiality of the information. The data trail has been traced up to the source of information and recording & compilation has been done with working sheets. The data has been sourced from data owners to validate the authenticity of the information.

Restriction on use

Our assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the Company solely, to assist the Company in reporting on the Company's sustainability performance and activities. Accordingly, the assurance statement may not be suitable for any other purpose and should not be used by any other party other than the Board of Directors of the Company. Further, we do not accept or assumes any duty of care or liability for any other purpose or to any other party to whom the assurance report is shown or into whose hands it may come.



Grant Thornton Bharat LLP

Abhishek Tripathi

Partner

Dated: 24th June 2024

Place: Grant Thornton Bharat LLP

Plot No. 19A, 2nd Floor, Sector – 16A,

Noida - 201301,

Uttar Pradesh, India

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Glossary List

Short Form	Full form
AE	Advanced Economies
AGM	Annual General Meeting
AIESEC	Association Internationale des Étudiants en Sciences Économiques et Commerciales
ANZ	Australia and New Zealand
BHL	Backhoe Loader
BMU	BML Munjal University
BRR	Business Responsibility Report
BRSR	Business Responsibility and Sustainability Report
BSE	Bombay Stock Exchange
BSIV	Bharat stage emission standards
CAGR	Compound Annual Growth Rate
CCTV	Closed-circuit television
CEI	Customer Empathy Index
CEO	Chief Executive Officer
CFMTTI	Central Farm Machinery Training and Testing Institute
CFO	Chief Financial Officer
CII	Conferderation of Indian Industry
CNG	Compressed natural gas
CoBC	Code of Business Conduct
CPCB	Central Pollution Control Board
CSAUK	Chandrashekhar Azad University of Agriculture and Technology
CSR	Corporate social responsibility
DG	Diesel Generator
DLP	Data Loss Prevention
EBIT	Earnings before interest and taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EBWT	Escorts Benefit and Welfare Trust
ECE	Escorts Kubota Construction Equipment Business Division
ECEL	Escorts Construction Equipment Limited
ED	Executive Director
EDR	Endpoint Detection and Response
EHS	Environment, Health and Safety
EHS	Environmental, Health, and Safety
EKI	Escorts Kubota India Private Limited
EKL	Escorts Kubota Limited or Escorts Limited
EKS	Escorts Kubota System
EPA	Environmental Protection Agency
EPS	Earnings per share
ERM	Enterprise Risk Management
ERM	Enterprise Risk Management
ESG	Environment, Social and Governance
ESOPs	Employee Stock Option Plan

Short Form	Full form
ETDC	Escorts Training and Development Centre
ETP	Effluent Treatment Plant
EY	Ernst & Young
FDI	Foreign Direct Investments
FICCI	Federation of Indian Chambers of Commerce and Industry
FT	Farmtrac
FY	Fiscal Year represents the 12 months period from 1st April to 31st March
FY2021-22 or FY22	Fiscal Year represents the 12 months period from 1st April 2021 to 31st March 2022
FY2022-23 or FY23	Fiscal Year represents the 12 months period from 1st April 2022 to 31st March 2023
FY2023-24 or FY24	Fiscal Year represents the 12 months period from 1st April 2023 to 31st March 2024
GDP	Gross domestic product
GHG	Greenhouse Gas
GI	Galvanized Iron
GMO	Genetically Modified Organism
GPS	Global Positioning System
GRI	Global Reporting Initiative
GSC	Group Safety Committee
GST	Goods and Services Tax
HIRA	Hazard Identification and Risk Assessment
HP	Horsepower
HR	Human Resource
HSPCB	Haryana State Pollution Control Board
HVAC	Heating, Ventilation, and Air Conditioning
IBC	Insolvency and Bankruptcy Code
ICEMA	Indian Construction Equipment Manufacturers Association
IIM	Indian Institute of Management
IMF	International Monetary Fund
Ind AS	Indian Accounting Standards
IP	INTELLECTUAL PROPERTY
IRIS	International Railway Industry Standard
ISO	International Organization for Standardization
IT	Informational Technology
ITI	Industrial Training Institute
JETRO	Japan External Trade Organisation
JV	Joint venture
KAI	Kubota Agriculture Machinery India Pvt. LTD.
KL	kilolitre
KMP	Key Managerial Personnel
KPIs	Performance Key Indicators
KPS	Kubota Process System
KRAs	Key Result Areas
kVA	Kilo-volt-amperes

Short Form	Full form
KVK	Krishi Vigyan Kendra
KW	Kilo Watt
KWp	Kilowatt peak
LED	Light-Emitting Diode
LMS	Learning Management System
LODR	Listing Obligations and Disclosure Requirements
LPG	Liquefied Petroleum Gas
MBA	Master of Business Administration
MDM	Mobile Device Management
MIS	Management Information System
ML	Machine Learning
ML	millilitre
MOM	Minutes of Meetings
MSME	Ministry of Micro, Small and Medium Enterprises
MT	Metric Ton
MTBP	Mid Term Business Plan
NAC	Network Access Control
NAV	Net Asset Value
NCR	National Capital Region
NDA	Non-Disclosure Agreements
NETS	New Escorts Tractor Series
NGRBC	National Guidelines for Responsible Business Conduct
NIP	National Infrastructure Pipeline
NOx	Nitrogen oxide emissions
NRC	Nomination and Remuneration Committee of the Company
NRFMTTI	Northern Region Farm MWachinery Training and Testing Institute
NSE	National Stock Exchange
OCI	Other Comprehensive Income
OEMs	Original Equipment Manufacturers
OHC	Occupational Health Centre
OHS	Occupational Health and Safety
OJT	On-Job Training
PAT	Profit After Tax
PBT	Profit Before Tax
PF	Provident Fund
PLI	Production-Linked Incentive
PM	Pradhan Mantri
PM	Particulate Matter
PMAY	Pradhan Mantri Aawas Yojana
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojana
PnC	Pick & Carry Crane
POSH	Prevention of Sexual Harassment at Workplace

Short Form	Full form
PPE	Personal Protective Equipment
PSC	Plant Safety Committee
PSI	Plant Sustainability Index
Q4	Represents the 3 months period from 1st January to 31st March
R&D	Research and development
RBI	Reserve Bank of India
RDSO	Research Designs and Standards Organisation
RE	Renewable Energy
RED	Escorts Kubota Railway Equipment Business Division
RNIL	Rajan Nanda Innovation Lab
ROCE	Return on capital employed
SAARC	South Asian Association for Regional Cooperation
SCoC	Supplier Code of Conduct
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SHG	Self Help Groups
SKC	Siam Kubota Corporation Co
SOC	Security Operations Centre
SOPs	Standard Operating Procedures
SOx	Sulfur oxide emissions
STP	Sewage Treatment Plant
TBT	Tool Box Talks
TEIPL	Tadano Escorts India Private Limited
TJ	Terajoule
TNI	Training Need Identification
TSR	Total Shareholder Return
UIC	International Union of Railways
UN	United Nations
US	United States
USA	United States of America
VFD	Variable Frequency Drive
YPO	Young Presidents Organisation

Notes

Corporate Information

Mr. Nikhil Nanda
Chairman & Managing Director

Mr. Hardeep Singh
Non-Executive Director

Mr. Dai Watanabe
Non-Executive Director

Mr. Seiji Fukuoka
Deputy Managing Director

Mr. Ravindra Chandra Bhargava
Independent Director

Mr. Kenichiro Toyofuku
Independent Director

Ms. Nitasha Nanda
Whole-Time Director

Mr. Sunil Kant Munjal
Independent Director

Mr. Vimal Bhandari
Independent Director

Ms. Reema Nanavaty
Independent Director

Mr. Yasukazu Kamada
Non-Executive Director

Mr. Manish Sharma
Independent Director

Ms. Tanya Arvind Dubash
Independent Director

Mr. Harish Narinder Salve
Independent Director

Mr. Bharat Madan
Whole Time Director and Chief Financial Officer

Dr. Rupinder Singh Sodhi
Independent Director

Mr. Shingo Hanada
Non-Executive Director

Mr. Nobushige Ichikawa
Non-Executive Director

Company Secretary
Mr. Arvind Kumar

Secretarial Auditors
M/s. Jayant Gupta & Associates

Statutory Auditors
M/s. Walker Chandiok & Co LLP

Cost Auditors
M/s. Ramanath Iyer & Co.

Corporate Centre & Registered Office
15/5, Mathura Road,
Faridabad - 121003,
Haryana, India

Bankers

IDBI Bank

Axis Bank

HDFC bank

State Bank of India

ICICI Bank

Standard Chartered Bank

Escorts Kubota Limited
(Formerly Escorts Limited)

Escorts Kubota Limited

Corporate Centre & Registered Office

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