

ESCORTS MUTUAL FUND

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Report of the Trustee Company to the Unit Holders

Dear Unit holder(s),

The Directors of Escorts Investment Trust Ltd. have pleasure in presenting the Sixteenth Annual Report and audited financial statement of the schemes of Escorts Mutual Fund for the year April 1, 2015 to March 31, 2016.

As on March 31, 2016 the Asset under Management (AUM) of Escorts Mutual Fund was Rs. 260.89 Crores. The fund house managed 13 schemes and has 14 Branches across the country.

Equity Market Review and Outlook

The year under review witnessed significant volatility in global markets with commodity prices moving to historical low levels and the Chinese economy facing an unprecedented slowdown, while the global economic growth continued to be fragile. India's economy recorded a growth rate of 7.6 per cent in terms of real Gross Domestic Product (GDP) in 2015-16. This was the highest in five years despite the continued slowdown in global growth and two consecutive years of deficient monsoons in India. Inflation moderated, with the average level of Consumer Price Inflation declining to 5 per cent in 2015-16 from 6 per cent in 2014-15. Domestic manufacturing growth improved to a robust 9.5 per cent compared to 5.5 per cent in financial year 2014-15. It reflects stronger value addition due to subdued input prices, which was a result of the declining global commodity cycle.

Outlook :

A range of supply side measures, including prudent food stock management, appropriate monetary policy action and subdued global commodity prices aided the decline in inflation. Meanwhile, initiatives such as 'Make in India', power sector reforms, the liberalization of FDI rules and higher government capital expenditure spending indicate an incipient revival in domestic investment activity.

Debt Market Review and Outlook

With easing of inflationary conditions, the Reserve Bank of India (RBI) signalled softening of the monetary policy stance by cutting policy repo rates by 25 bps in June and 50 bps in September to 6.75%. RBI through active liquidity management operations ensured that Liquidity conditions remained broadly stable and it continued to provide liquidity through overnight and term repos. Liquidity conditions are expected to be comfortable in the coming year. These conditions should augur well for a reinvigoration of private consumption demand. This coupled with a stable government, thrust on rural infrastructure and reforms, it is expected that India's growth will be strong.

Sovereign and corporate bond yields which had started to ease ahead of the monetary policy easing cycle – got increasingly disconnected and firmed up through the second half of 2015-16. However, after the announcement of the Union Budget, yields steadily eased.

Outlook :

The growth inflation mix should improve for 2016-17 as the Government is expected to undertake more structural reforms and the RBI is likely to be more accommodative in its monetary policy. Going by the Union Budget, the focus of fiscal policy in the coming year will be the revival of rural economy and sustained increase in capital expenditure. Besides, higher outlay on various social sector programmes and implementation of Seventh Central Pay Commission recommendations should boost consumption spending. Going forward, headline GDP growth should increase to 7.8 per cent in 2016-17 from 7.6 per cent in 2015-16.

Year in retrospect and Performance of the Schemes

For the year ended 31st March, 2016 Escorts Mutual Fund had thirteen SEBI registered schemes. These schemes are under the category of Debt, Equity and Hybrid Funds. The fund is committed to provide stable return to its investors in medium to long term that is consistent with scheme objectives and meet investor's expectations.

A brief note on various schemes/plans and their performance is as under:

Escorts Liquid Plan, an open ended liquid scheme has the investment objective to provide income and liquidity consistent with the prudent risk from a portfolio comprising of money market and debt instruments. This income may be complemented by possible capital appreciation. The aim is to optimise returns while providing liquidity. The scheme provided a high return of 8.68% during the year as against the 8.06% of benchmark index. Further, it declared dividend aggregating to Rs. 1.131 per unit under Daily Dividend Option, Rs. 1.081 per unit under Weekly Dividend Option and Rs. 1.230 per unit under Monthly Dividend Option for the financial year.

Period	Escorts Liquid Plan	CRISIL Liquid Fund Index
1 year	8.68%	8.06%
3 years	9.29%	8.86%
5 years	9.67%	8.64%

Escorts Short Term Debt Fund (erstwhile Escorts Floating Rate Fund), an open ended income scheme has the investment objective to generate regular income through investment in a portfolio comprising substantially of Floating Rate Debt Securities (including floating rate securitised debt, Money Market Instruments and Fixed Rate Debt Instruments swapped for floating rate returns). The scheme shall also invest in Fixed Rate Debt Securities (including fixed rate securitised debt, Money Market Instruments and Floating Rate Debt Instruments swapped for fixed returns). The scheme provided a high return of 8.93% during the year as against the 8.06% of benchmark index. It declared a Dividend aggregating to Rs. 1.320 per unit for the financial year.

Period	Escorts Short Term Debt Fund	CRISIL Liquid Fund Index
1 Year	8.93%	8.06%
3 Years	9.88%	8.86%
5 Years	10.24%	8.64%

Escorts Income Plan, an open ended scheme, has the investment objective to generate current income by investing predominantly in a well-diversified portfolio of Fixed Income securities with moderate risk levels. The scheme provided a high return of 9.07% during the year as against the 8.24% of benchmark index. It declared Dividend aggregating to Rs. 1.104 per unit for the financial year.

Period	Escorts Income Plan	CRISIL Composite Bond Fund Index
1 Year	9.07%	8.24%
3 Years	9.25%	8.99%
5 years	10.76%	8.78%

Escorts High Yield Equity Plan, an open ended growth scheme has the investment objective to generate income by investing predominantly in well diversified portfolio of equity stocks providing high dividend yield but at the same time capture long term capital appreciation as and when the opportunity arises. This long term style of investment tries to locate, in a disciplined manner, shares, which for a variety of reasons are selling at prices which are substantially lower than the company's actual business value or future earnings potential, and are also yielding a higher than normal dividend yield. It provided a return of 2.79% during the year as against the -8.70% of benchmark index. It declared Dividend aggregating to Rs. 0.90 per unit for the financial year.

Period	Escorts High Yield Equity Plan	CNX 100
1 Year	2.79%	-8.07%
3 Years	37.10%	11.97%
5 Years	12.18%	6.52%

Escorts Tax Plan, an open-ended Equity Linked Savings Scheme, has the investment objective to generate capital appreciation by investing predominantly in a well-diversified portfolio of Equity Shares with growth potential. It provided an outstanding return of 3.51% during the year as against the -8.86% of benchmark index.

Period	Escorts Tax Plan	NSE Nifty
1 Year	3.51%	-8.86%
3 Years	23.09%	10.84%
5 Years	5.83%	5.81%

Escorts Infrastructure Fund, close ended equity scheme with an automatic conversion into an open ended scheme on expiry of 5 years from the date of allotment was converted into open ended w.e.f. 21.09.2012. The investment objective of the Scheme is to provide income distribution and / or medium to long term capital gains by investing predominantly in equity/equity related instrument of the companies in the infrastructure sector. It provided a return of 2.83% during the year as against the -8.86% of benchmark index.

Period	Escorts Infrastructure Fund	NSE Nifty
1 year	2.83%	-8.86%
3 Years	26.66%	10.84%
5 years	16.53%	5.81%

Escorts Income Bond, an open ended income scheme has the investment objective to generate current income by investing predominantly in a well - diversified portfolio of Fixed Income securities with moderate risk levels. It declared Dividend aggregating to Rs. 1.20 per unit for the financial year.

Period	Escorts Income Bond	CRISIL Composite Bond Fund Index
1 Year	7.91%	8.24%
3 Years	9.06%	8.99%
5 years	7.49%	8.78%

Escorts Growth Plan, an open-ended growth scheme, has the investment objective to generate capital appreciation by investing predominantly in a well-diversified portfolio of Equity Shares with growth potential. It declared a Dividend aggregating to Rs. 1.00 per unit for the financial year.

Period	Escorts Growth Plan	NSE Nifty
1 Year	-1.17%	-8.86%
3 Years	24.17%	10.84%
5 Years	11.55%	5.81%

Escorts Gilt Plan, an open-ended income scheme, has the investment objective of generation of income and capital appreciation through investments in government securities market. The aim is to generate returns commensurate with minimal credit risk by investing in securities created and issued by the Central Government and / or a State Government and / or repos / reverse repos in such government securities as may be permitted by RBI.

Period	Escorts Gilt Plan	CRISIL I-Sec Mi-BEX
1 Year	8.07%	9.01%
3 Years	7.36%	9.43%
5 Years	7.12%	9.25%

Escorts Opportunities Fund, an open ended Scheme has the investment objective to generate long term capital appreciation by predominantly moving investments in a portfolio of equity and equity related securities amongst different sectors, present or future, expected to show high earnings such as Technology Sector, Media Sector, Entertainment Sector, Communications Sector, FMCG Sector, Pharmaceuticals Sector, Cyclical Sector, Real Estate Sector, Space Sector, Cybercity Sector etc. It provided a high return of 33.33% during the year as against the 22.53% of benchmark index.

Period	Escorts Opportunities Fund	CRISIL Balanced Fund Index
1 Year	-1.94%	-2.90%
3 Years	12.98%	10.50%
5 years	10.12%	7.16%

Escorts Balanced Fund, an open-ended scheme, has the investment objective to generate long term capital appreciation and current income from a portfolio of equity & fixed-income securities. It declared a Dividend aggregating to Rs. 1.00 per unit for the financial year.

Period	Escorts Balanced Fund	CRISIL Balanced Fund Index
1 Year	-1.37%	-2.90%
3 Years	21.75%	10.50%
5 Years	10.56%	7.16%

Escorts Leading Sectors Fund, an open-ended growth scheme, has the investment objective to provide capital appreciation or income distribution by investing in companies from Leading Sectors, depending upon their growth prospects and sustainability of future earnings growth. It declared a Dividend aggregating to Rs. 2.500 per unit for the financial year.

Period	Escorts Leading Sectors Fund	NSE Nifty
1 year	-13.11%	-8.86%
3 Years	14.22%	10.84%
5 years	-2.97%	5.81%

Escorts Power & Energy Fund, an open-ended growth scheme, has the investment objective to provide income distribution and / or medium to long-term capital gains by investing predominantly in equity/equity related instruments of the companies in the Power/ Energy Sector and /or Debt/Money Market Instruments.

Period	Escorts Power & Energy Fund	BSE Power Index
1 year	-3.30%	16.53%
3 Years	19.34%	-13.17%
5 years	2.51%	-8.12%

Board of Directors

The following are the directors of Escorts Investment Trust Ltd. :

Mr. Rajan Nanda, Chairman, CMD - Escorts Limited

Dr. Rakesh Khurana, Chairman & Managing Director, Knowledge Network India Pvt. Ltd.

Mr. Deba Prasad Roy, Professional Director

Mr. Vinod Kumar Nagar, Consultant

Risk Factor

Mutual Funds, like securities investments, are subject to market and other risks and there can be no guarantee against loss resulting from investment in the schemes nor there assurance that the scheme's objectives will be achieved. As with any investment in securities, the NAV of the units issued under the schemes can go up or down depending on various factors and forces affecting securities markets.

Statutory Details

Escorts Mutual Fund was registered with the Securities and Exchange Board of India ('SEBI') on 3rd July, 1996 vide registration no. MF/028/96/4.

The enclosed audited accounts of the Mutual Fund Schemes provide, in our view, an adequate disclosure of its affairs during the period under review. In addition, we state that:

- The liabilities and responsibilities of the Trustee (Escorts Investment Trust Ltd.) are in accordance with SEBI (Mutual Funds) Regulations, 1996, Trust Deed and the offer documents of the schemes. The liability of the Sponsor / Settlor is limited to the initial contribution of Rs. 1,00,000/- towards the setting up of Escorts Mutual Fund.
- Since the schemes permit investments, partly or wholly in shares, bonds, debentures and other scrips or securities whose values can fluctuate, the price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the markets value of its underlying investments.
- On a written request, present and prospective unitholders / investors can obtain a copy of the trust deed, the annual report of the schemes, the annual report of the asset management company (Escorts Asset Management Limited) and the text of the relevant schemes.

Acknowledgement

The Trustees wish to place on record their grateful thanks to the Unitholders for their continued support and to the Securities and Exchange Board of India, the Bankers, Custodians and Unitholders of Escorts Mutual Fund for the support provided during the year.

Yours sincerely,

for **Escorts Investment Trust Limited**
(Trustee of Escorts Mutual Fund)

Director

Director

Place : New Delhi

Date : 18.07.2016

Disclosure pursuant to SEBI Circular No. MFD/CIR/9/120/2000, dated 24-11-2000 regarding details of unclaimed redemption and dividend and number of such investors for each scheme is as follows :

As on 31.03.2016	Unclaimed redemption amount (Rs.)	Number of investors	Unclaimed dividend amount (Rs.)	Number of investors
Escorts Income Bond	148,003.17	5	63,716.62	161
Escorts Income Plan	1,70,998.48	27	17,245.40	34
Escorts Tax Plan	2,57,153.23	28	43,440.92	46
Escorts Opportunities Fund	6,53,130.39	27	48,755.84	107
Escorts Growth Plan	268,858.57	7	13,459.18	25
Escorts Gilt Plan	45,000.00	2	--	--
Escorts Balanced Fund	1,38,243.44	12	3,305.89	10
Escorts Liquid Plan	45,550.50	2	160.33	1
Escorts Short Term Debt Fund	--	--	1,17,890.19	40
Escorts High Yield Equity Plan	73,687.03	11	13,853.64	12
Escorts Infrastructure Fund	2,85,911.15	29	--	--
Escorts Leading Sectors Fund	50,808.30	2	--	--
Escorts Power & Energy Fund	11,299.40	2	--	--

On written request, present and prospective unitholder/investors can obtain copy of the trust deed, the annual report at a price and the text of the relevant scheme.

Investor Complaints Report

Redressal of Complaints received against Mutual Funds (MFs) during 2015-2016

Name of Mutual Fund : ESCORTS MUTUAL FUND

Total Number of Folios : 9924

Complaint Code	Type of Complaint#	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)										
			(b) No. of Complaints received during the year	Resolved				Non Actionable	Pending				
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months	
I A	Non receipt of Dividend on Units	0	5	3	0	0	0	0	0	2	0	0	0
I B	Interest on delayed payment of Dividend	0	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	1	1	0	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	0	0	0	0	0	0	0	0	0	0	0
II D	Non receipt of Annual Report/Abridged Summary	0	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	0	0	0	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	0	0	0	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	0	0	0	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	1	1	0	0	0	0	0	0	0	0	0
IV	Others*	0	2	1	0	1	0	0	0	0	0	0	0
	Cut off timing	0	1	1	0	0	0	0	0	0	0	0	0
	Non receipt of CAS	0	1	0	0	1	0	0	0	0	0	0	0
Total		0	9	6	0	1	0	0	0	2	0	0	0

* If others include a type of complaint which is more than 10% of overall complaint, provide that reason separately

Non updation of branch address on website in Feb 2014

Redemption was made in June 2014. However, in April 2015 investor questioned why his units had been redeemed.

Statutory Details: Escorts Mutual Fund has been constituted as a Trust under the Indian Trust Act, 1882 with Escorts Finance Ltd. As its sponsor/settlor and Escorts Investment Trust Ltd. As its sole Trustee. Escorts Asset Management Ltd. has been incorporated under the provisions of the companies Act, 1956 and has been appointed as the investment manager of Escorts Mutual Fund. On written request, present and prospective unitholders / investors can obtain copy of the Trust Deed, the Annual Report at a price and text of the relevant scheme. **Risk Factors : All Mutual Fund and securities investments are subject to market risks and there is no assurance and no guarantee that the Fund's objectives will be achieved. All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending on the factors and forces affecting the securities markets** such as price and volume volatility in stock markets, interest rates, currency exchange rates, change in Government Policies, taxation, political or economic development and closure of stock exchanges, liquidity and settlement systems in equity and debt markets. The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments in securities or fair value in underlying real estate asset, as the case may be. Past performance of the Sponsor / Asset Management Company / Mutual Fund does not guarantee the future performance of the schemes of the Mutual Fund. Escorts Income Bond, Escorts Income Plan, Escorts Tax Plan, Escorts Opportunities Fund, Escorts Balanced Fund, Escorts Gilt Plan, Escorts Growth Plan, Escorts Liquid Plan, Escorts Short Term Debt Fund, Escorts High Yield Equity Plan, Escorts Infrastructure Fund, Escorts Leading Sectors Fund and Escorts Power & Energy Fund are only the names of the Schemes and do not in any manner indicate either the quality of the Scheme or its future prospects and returns. Please read the Scheme Information Documents before investing. The Annual Report shall be available to the Unitholders of the Schemes, for inspection at the Head Office of the Mutual Fund and if so required, on written request, present and prospective unitholders/investors can obtain a copy of the Trust deed, annual report at a price as may be specified by the Mutual Fund and the text of the relevant schemes. **Loads :** Escorts Income Bond – No Entry Load. Exit Load : For redemption ≤ 1 year from date of allotment – 1.00%. Escorts Income Plan – No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment – 1.00%. Escorts Tax Plan - No Entry or Exit Load. There is a 3 year lock-in period. Escorts Opportunities Fund - No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment – 1%. Escorts Balanced Fund - No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment – 1%. Escorts Growth Plan - No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment – 1%. Escorts Gilt Plan – No Entry Load or Exit Load. Escorts Short Term Debt Fund – No Entry Load or Exit Load. Escorts High Yield Equity Plan – No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment. Escorts Liquid Fund – The scheme has no Entry Load and no Exit Load. Escorts Leading Sectors Plan – No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment. Escorts Power & Energy Fund – No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment. Escorts Infrastructure Fund – No Entry Load. Exit Load: For redemption ≤ 1 year from date of allotment. Full Annual Report shall be available for inspection at the Head Office of the mutual fund and a copy thereof shall be made available to unitholder on payment of such nominal fees as may be specified by the mutual fund.