

## Annexure – C to the Directors' Report

Report on **Corporate Governance****I. Company's Philosophy on Corporate Governance**

Corporate Governance may be defined as a set of systems, processes and principles, which ensure that a Company is governed in the best interest of all stakeholders. It is the system that directs and controls respective companies. It is about promoting corporate fairness, transparency and accountability. In other words, 'Good Corporate Governance' is simply 'good business'.

In India, the question of Corporate Governance has emerged mainly in the wake of economic liberalisation and de-regularisation of industry and business. The objective of any Corporate Governance system is to simultaneously improve corporate performance and accountability. These, in turn, help to attract financial and human resources on the best possible terms and prevent corporate failure.

Corporate Governance consists of procedures and processes, according to which an organisation is directed and controlled. Its structure specifies the distribution of rights and responsibilities among different pan-organisational participants, such as the Board, managers, shareholders and other stakeholders. The system helps to lay down the rules and procedures for decision making.

The objective of Good Corporate Governance is to ensure the Board's commitment towards transparent management to maximise long-term value for the Company's shareholders and all other partners. It integrates all the participants involved in a process, which is economic and at the same time, social.

A well-defined and enforced Corporate Governance benefits everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices, as well as to applicable laws.

Corporate Governance goes beyond the practices enshrined in the laws and is imbibed in the basic business ethics and values that needs to be adhered to in letter and spirit. However a transparent, ethical and responsible Corporate Governance framework essentially emanates from the intrinsic will and passion for good governance ingrained in the organisation.

Good Corporate Governance practices are also essential for a sustainable business model for generating long term value for all its stakeholders.

At Escorts, Corporate Governance practices aim to adhere to the highest governance standards through continuous evaluation and benchmarking.

**II. Board of Directors**

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. 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. As on the end of financial period, Three out of the Six Directors on the Board are independent & non-executive and one is non-independent & non-executive. Mr. Rajan Nanda, Chairman is also acting as Managing Director of the Company duly assisted by Mr. Nikhil Nanda, Managing Director of the Company and both of them are in wholetime employment of the Company.

As mandated by Clause 49, the Independent Directors on Escorts Limited's Board:

- apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its Subsidiaries and Associates, which may affect the independence of the Director.
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- have not been an executive of the Company in the immediately preceding 3 financial years.
- are not Partners or Executives or were not Partners or Executives during the preceding three financial years of the:
  - a) Statutory Audit Firm or the Internal Audit Firm that is associated with the Company.

- a) Legal Firm(s) and Consulting Firm(s) that have a material association with the Company.
  - b) Legal Firm(s) and Consulting Firm(s) that have a material association with the Company.
- are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
  - are not substantial shareholders of the Company, i.e. do not own 2% or more of the Paid-up capital of the Company.
  - are not less than 21 years of age.

The Senior Management have made disclosures to the Board

confirming that there are no material, financial and/ or commercial transactions between them and the Company, which could have potential conflict of Interest with the Company at large.

As on March 31, 2014, the Board comprises of six Directors. The names and categories of Directors, the number of Directorship and Committee position(s) held by them in the companies, meetings attended by them and other relevant particulars are given below.

Sr. No	Name	Designation	Category	Relationship with each other	No. of Board meetings attended during the Period (18 Months)	Whether attended the last AGM	No. of directorships in Public Companies**	No. of Committee memberships/ (Chairmanships) in Public Companies***
1.	Mr. Rajan Nanda	Chairman & Managing Director	Executive & Non-Independent (Promoter)	Father of Mr. Nikhil Nanda	5	Y	2	-
2.	Mr. Nikhil Nanda	Managing Director	Executive & Non-Independent (Promoter)	Son of Mr. Rajan Nanda	4	N	3	-
3.	Dr. P. S. Pritam	Director	Non-Executive and Independent	*	6	Y	3	-
4.	Dr. S. A. Dave	Director	Non-Executive and Independent	*	5	Y	10	6(2)
5.	Mr. S. C. Bhargava	Director	Non-Executive and Independent	*	6	Y	11	4
6.	Mr. Hardeep Singh	Director	Non -Executive and Non - Independent	*	6	Y	3	1
7.	Dr. M.G.K. Menon ****	Director	Non-Executive and Independent	*	2	N	1	-

Y = Yes N = No

\* None of the Non-Executive Directors are related to any other director of the Company.

\*\* Including Escorts Limited.

\*\*\* In accordance with Clause 49, Membership/ Chairmanships of Audit Committees and Investors' Grievance Committees in all Public Limited (excluding Escorts Limited) companies have been considered.

\*\*\*\* Resigned from Directorship w.e.f. July 4, 2013

NOTE: 1) None of the Directors represent a Lender or Equity Investor. 2) None of the Non-Executive Directors have substantial shareholding in the Company.

### III. Directors' Membership in Board/ Committees of Other Companies

In terms of the Listing Agreement, none of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees (Committees being Audit Committee and Investors' Grievance 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 fifteen public companies.

### IV. Board Meetings

During the 18 months period ended on March 31, 2014 the Board of Directors met Six (6) times on the following dates:-

November 27, 2012, March 22, 2013, June 11, 2013, September 18, 2013, October 2, 2013 and January 27, 2014.

The gap between any two Board meetings did not exceed four months.

#### Board Meeting Procedures

Escorts Limited's Board is presented with detailed notes, along with the agenda papers, well in advance of the meeting. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement are regularly made available to the Board of Directors for discussion and consideration at Board Meetings.

#### Information supplied to the Board

Regular presentations are made to the Board of Directors covering Business Operations, Finance, Sales, Accounts, Marketing, Compliances and all the other important business issues.

The Annual Operating and Capital Budget(s) are approved by the Board of Directors. The Board spends considerable time in reviewing the actual performance of the Company vis-à-vis the budgeted.

#### Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. The Code has

been circulated to all the members of the Board and Senior Management and the same is available on the Company's website: www.escortsgroup.com.

The Board members and Senior Management personnel of the Company have affirmed their compliance with the code. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained hereinafter in this Report.

#### Declaration by C.E.O.

The Board of Directors,  
Escorts Limited

Dear Sir,

I hereby confirm that:

The Company has received from the members of the Board and Senior Management, a declaration of Compliance with the Code of Conduct for Directors and Senior Management during the 18 months period ended on March 31, 2014.

Sd/-

Place: Faridabad

**RAJAN NANDA**

Date: May 28, 2014

*Chairman and Managing Director*

### V. Audit Committee

#### Constitution

During the 18 months period ended on March 31, 2014, the Audit Committee had been reconstituted due to resignation of Dr. M. G. K. Menon from the directorship of the Company and in his place Mr. S.C. Bhargava was inducted as member of the Committee on July 19, 2013.

The Audit Committee comprises of the following Non-Executive and Independent Directors:

1. Dr. S.A. Dave (Chairman)
2. Dr. P. S. Pritam
3. Mr. S.C. Bhargava

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee meets with requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Annual General Meeting (AGM) held on Friday, March 22, 2013 was attended by the Chairman of the Committee, Dr. S. A. Dave, to answer shareholders' queries.

The Audit Committee assists the Board in its responsibility to

oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the Statutory Auditors, including the Cost Auditors and the performance of Internal Auditors of the Company.

The Committee met Eight (8) times on November 27, 2012, February 4, 2013, March 21, 2013, April 16, 2013, May 9, 2013, August 13, 2013, October 23, 2013 and January 27, 2014.

Mr. G.B. Mathur, Executive Vice President - Company Secretary & Strategic Advisor is acting as Secretary of the Audit Committee.

#### Terms of Reference

The Charter of the Committee is as prescribed under Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement viz.:

1. Oversight of the Company's financial reporting process and 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 and, if required, the replacement or removal of the statutory auditors and 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 before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement forming part of Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - 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 judgment 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. Qualifications 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 utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory & internal auditors and adequacy of the internal control systems.
8. Reviewing and monitoring the auditors independence & performance and effectiveness of audit process.
9. Approval or any subsequent modification of transactions of the Company with related parties.
10. Scrutiny of inter-corporate loans and investments.
11. Valuation of undertakings or assets of the Company, wherever necessary.
12. Evaluation of internal financial controls and risk management 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, in case the same is existing.

19. Approving the appointment of Chief Financial Officer (i.e., the wholtime Finance Director 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 Auditors.
23. The Company has systems and procedures in place to ensure that the Audit Committee immediately reviews:
- Management discussion and analysis of financial condition and results of operations;
  - Management letters/ letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses, if any;
  - Appointment, removal and terms of remuneration of the Internal Auditor;
  - The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Clause 49;
  - Details of material individual transactions with related parties, which are not in the normal course of business; and
  - Details of material individual transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same.
- The Audit Committee is endowed with the following powers:
- To investigate any activity within its terms of reference.
  - To seek information from any employee.
  - To obtain outside legal or other professional advice.
  - To secure attendance of outsiders with relevant expertise, if it considers necessary.
  - 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.

### Meetings & Attendance

Name of Member	No. of Meeting	
	Held	Attended
Dr. S. A. Dave (Chairman)	8	7
Dr. P. S. Pritam	8	8
Dr. M. G. K. Menon*	8	5
Mr. S.C. Bhargava**	8	3

\* Resigned from Directorship w.e.f. July 4, 2013

\*\* Inducted as Member of the Committee w.e.f. July 19, 2013

The gap between any two Audit Committee meetings did not exceed four months.

### VI. Remuneration Committee

#### Constitution

During the 18 months period ended on March 31, 2014, the Remuneration Committee was reconstituted due to resignation of Dr. M.G.K. Menon from the directorship of the Company and in his place Mr. S.C. Bhargava was inducted as member of the Committee on July 19, 2013.

The Remuneration Committee comprises of following Non-Executive and Independent Directors:

- Dr. S.A. Dave – Chairman
- Dr. P. S. Pritam
- Mr. S. C. Bhargava

#### Terms of Reference

The Remuneration Committee has been constituted to recommend/ review remuneration of the Managing Director and Executive Directors, based on their performance and defined assessment criteria.

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements. It is in consonance with the existing industry practice.

Non-Executive Directors can also be paid a commission based on the performance of the Company. During the period under review there are no pecuniary relationships or transactions of the Non-Executive Directors viz-a-viz the Company.

#### Meetings & Attendance

During the 18 months period ended on March 31, 2014, the committee met once on September 18, 2013 in which all three

members of committee namely Dr. S.A. Dave, Dr. P. S. Pritam and Mr. S.C. Bhargava were present.

### Details of Remuneration of Directors

The Company has not paid any remuneration to any of its Non-Executive Directors, except Sitting Fees for attending meetings of the Board and all its Committees for which ₹20,000 per meeting was paid. The aggregate amount of sitting fees paid during the financial period was ₹22.80 Lakhs (excluding service tax).

The remuneration paid/ payable to Mr. Rajan Nanda, Chairman and Managing Director and Mr. Nikhil Nanda, Managing Director of the Company for the period of 18 Months ended on March 31, 2014 are as follows:

Particular	(In ₹)	
	Mr. Rajan Nanda	Mr. Nikhil Nanda
Basic Salary	2,70,00,000	2,35,20,000
Allowances & Perquisites	4,36,88,477	3,62,54,320
Provident Fund Contribution	32,40,000	28,22,400
Superannuation Allowance	40,50,000	35,28,000

The services of Chairman & Managing Director and Managing Director can be terminated by either party giving six calendar months' notice in writing. In the event of termination of services, they shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.

No stock options were issued to the directors during the period under report.

### VII. Shares held by Non-Executive Directors

Name	Category	No. of Equity shares held
Dr. S.A. Dave	Independent	10,000
Mr. S.C. Bhargava	-do-	500
Dr. P.S. Pritam	-do-	Nil
Mr. Hardeep Singh	Non-Executive Non-Independent	1,000

### VIII. Investors' Grievance Committee Constitution

During the 18 months period ended on March 31, 2014 the Investors' Grievance Committee was reconstituted due to resignation of Dr. M.G.K. Menon from the directorship of the Company and in his place Mr. S.C. Bhargava was inducted as member of the Committee on July 19, 2013.

The Investors' Grievance Committee comprises of following Non-Executive Independent Directors:-

- Dr. S.A. Dave – Chairman
- Mr. S. C. Bhargava
- Dr. P. S. Pritam

### Terms of Reference

The Committee looks to redress shareholders and investors complaints relating to share transfer, Demat, Remat, non-receipt of declared dividends or Annual Reports etc.

The Committee additionally oversees the performance of in-house Share Registry and recommends measures for overall improvement in the quality and promptness in investors services.

### Meetings & Attendance

During the 18 months period ended on March 31, 2014, the Committee met on Two (2) occasions on November 27, 2012 and January 27, 2014.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Dr. S. A. Dave	Chairman	2	1
Dr. P. S. Pritam	Member	2	2
Dr. M. G. K. Menon*	Member	2	1
Mr. S.C. Bhargava**	Member	2	1

\*Resigned from Directorship w.e.f. July 4, 2013

\*\*Inducted as Member of the Committee w.e.f. July 19, 2013

### Compliance Officer

Mr. G. B. Mathur, Executive Vice President – Company Secretary & Strategic Advisor is the Compliance Officer as per the requirements of the Listing Agreement.

### Complaints received/ resolved

During the period under review, 31 complaints were received from investors which were replied/ resolved to the satisfaction of investors.

### Pending Share Transfers

No requests for transfer and/ or dematerialisation were pending

for redressal as on March 31, 2014.

### IX. Functional Committee

The Board is authorised to constitute one or more functional committees delegating thereto powers and duties with respect to specific purposes. Meeting of such committees are held, as and when the need arises. Time schedule for holding such functional committee meetings are finalised in consultation with the Committee members.

### X. General Body Meetings

Date, time and venue of last three Annual General Meetings of the Company:

Financial Year	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2011-2012	March 22, 2013	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector-10, Opp. Bus stand, Panchkula - 134 113, Haryana	NIL
2010-2011	March 15, 2012	11.00 A.M.	Hotel KC Cross Road, Site No. 1, Sector-10, Opp. Bus stand, Panchkula - 134 113, Haryana	Two
2009-2010	February 25, 2011	11.00 A.M.	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula - 134 113, Haryana	Three

### XI. Special Resolution passed through Postal Ballot

During the period of 18 months, the Company has not passed any Special Resolution through Postal Ballot.

None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

### XII. Disclosures

- There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – NIL
- Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee:  
The Company has not adopted any Whistle Blower policy. However, no person has been denied access to the Audit Committee.

### Procedure of Committee Meetings

The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. 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 Board Meeting for perusal and noting.

- Details of the compliance with mandatory requirement and adoption of the non-mandatory requirement of this clause:  
The details of mandatory requirements are mentioned in this Report. The status of adoption of the non-mandatory requirement are mentioned in Clause No. XV.
- Disclosure(s) relating to the full particulars of the Cost Auditor along with other details, pursuant to the General Circular No. 15/2011 dated April 11, 2011 issued by the Ministry of Corporate Affairs:  
Pursuant to the approval of the Central Government under Section 233B of the Companies Act, 1956, the Company has appointed M/s. Ramanath Iyer & Co., Cost Accountants, as Cost Auditor of the Company. Further, the due date of filing the Cost Audit Report for the previous year was March 31, 2013 and the same has been filed on March 26, 2013.

### Subsidiary Companies

Clause 49 defines a "material non-listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth, respectively,

of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Escorts Limited has 4 direct subsidiaries, 1 of them is registered outside India and 3 are in India, whose turnover does not exceed the limit prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. Thus, these subsidiaries are out of the scope of the above definition.

Since, the Company does not have any material unlisted subsidiary, it is not required to nominate an Independent Director of the Company on their Board.

Appropriate details of these subsidiaries are reported elsewhere in the Management Discussion and Analysis Report.

### XIII. Means of Communication

Key Financial reporting dates during the period of 18 months ended on March 31, 2014

The Company has published its Financial results in the following national newspapers:

- For Year ended 30.09.12: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 31.12.12: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 31.03.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 30.06.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 30.09.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).
- For Quarter ended 31.12.13: Economic Times (English), Financial Express (English), Jansatta (Hindi).

The Quarterly Results were displayed on Company's website viz. www.escortsgroup.com in accordance with the requirement of Listing Agreement.

### News Releases, Presentation

Official News releases, detailed presentations made to media, analysts, institutional investors etc. are displayed on the Company's website i.e. www.escortsgroup.com.

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report and Risk Management Process highlights form an integral part of this Annual Report.

### XIV. General Shareholder Information

#### Company Registration Details

The Company is registered in the State of Haryana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74899HR1944PLC039088.

#### Annual General Meeting (AGM)

Date : Friday, September 19, 2014

Time : 12:00 Noon

Venue : Hotel KC Cross Road, Site No. 1, Sector- 10, Opposite Bus Stand, Panchkula – 134 113, Haryana

#### Financial Year:

April 1 to March 31

#### Appointment/ Re-appointment of Directors

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Mr. Hardeep Singh, Director retires by rotation at the ensuing Annual General Meeting of your Company, and being eligible, offers himself for re-appointment.

Mr. Rajan Nanda, has been re-appointed as Managing Director for a further period of 5 years w.e.f. April 1, 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 your Directors are seeking appointment of Dr. S. A. Dave and Mr. S. C. Bhargava as Independent Directors for a period of 3 years.

The brief resume(s) and other details relating to the Director(s) who are proposed to be appointed/ re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement are provided as Annexure to the AGM Notice.

**Financial Calendar 2014-2015 (Tentative)**

Meetings of Board/ Committee thereof to take on record:

Financial results for Quarter ended 30.06.2014	By 14.08.2014
Financial results for Quarter ended 30.09.2014	By 14.11.2014
Financial results for Quarter ended 31.12.2014	By 14.02.2015
Financial results for Quarter/ Year ended 31.03.2015	By 14.05.2015 if unaudited quarterly results or alternatively By 30.05.2015, in case of audited results for the year.

**Annual General Meeting for the Financial Year ending March, 2015:** By September 30, 2015.

**Cut-off Date for e-voting**

August 1, 2014 has been fixed as the cut-off date to record entitlement of the shareholder to cast their vote electronically.

**Book Closure**

The members register will be closed from September 6, 2014 to September 19, 2014 (both days inclusive) for the purpose of payment of Final Dividend for the 18 months period ended on March 31, 2014.

**Dividend**

1. The Board of Directors of the Company have decided to recommend Final dividend @ 60 paise per share (being 6% of the nominal value of ₹10 per share) for the 18 months

period ended on March 31, 2014, subject to the approval of the shareholders in the forthcoming AGM apart from the payment of Interim dividend @ ₹1.20 per share paid on October 21, 2013. Thus, the total dividend payment for the 18 months period ended on March 31, 2014 is ₹1.80 per share.

2. The dividend, if approved at the AGM, would be paid/ dispatched within 30 days from the date of declaration at the ensuing AGM to those persons or their mandates:-
  - a) whose names appear as beneficial owners as at the end of the business hours on September 5, 2014 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 transfers in physical form lodged with the Company on or before September 5, 2014.
3. The dividend amount shall be credited in the shareholders 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.

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**

Year	Rate	Date of Payment
1996-1997	45%	September 10, 1997
1997-1998	45%	September 15, 1998
1998-1999	45%	October 18, 1999
1999-2000	45%	May 29, 2000
2000-2001	45%	October 22, 2001
2001-2002	10%	October 11, 2002
2002-2003	10%	December 24, 2003
2003-2004	Nil	N.A
2004-2005	Nil	N.A
2005-2006	Nil	N.A
2006-2007	Nil	N.A
2007-2008	Nil	N.A.
2008-2009	10%	March 23, 2010
2009-2010	15%	March 10, 2011
2010-2011	15%	March 27, 2012
2011-2012	12%	March 30, 2013
2012-2014	12%	October 21, 2013 (Interim)
2012-2014	6% (Final Proposed)	To be paid within 30 days from the date of declaration of dividend

**LISTING**

Equity Shares of Escorts Limited are listed with following Stock Exchanges:

LISTING	STOCK CODE
National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051	ESCORTS
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	500495
Delhi Stock Exchange Limited DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002	00012

**Listing Fees**

The Company is up-to-date on the payment of its Annual Listing Fees.

## Monthly Stock Market Data

High and low prices (based on daily closing prices) of Equity Shares during the 18 months period ended on March 31, 2014 were as follows:

Month	National Stock Exchange of India Limited		BSE Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
October, 2012	71.00	62.80	70.95	62.70
November, 2012	68.15	60.25	71.90	60.20
December, 2012	74.90	65.10	74.90	63.20
January, 2013	76.90	64.15	76.80	64.30
February, 2013	72.00	60.40	71.45	60.10
March, 2013	61.00	48.40	61.05	48.35
April, 2013	58.25	49.70	58.25	49.90
May, 2013	70.65	56.85	71.65	56.80
June, 2013	75.65	65.00	75.65	65.00
July, 2013	88.95	71.40	89.00	71.40
August, 2013	95.40	64.00	95.50	64.80
September, 2013	88.50	79.65	88.50	79.55
October, 2013	101.00	84.55	101.00	84.75
November, 2013	125.60	97.60	125.35	97.50
December, 2013	145.20	111.20	145.15	111.25
January, 2014	141.00	113.95	140.90	114.00
February, 2014	127.90	106.15	127.75	106.40
March, 2014	126.85	113.10	126.90	112.70

### Registrar and Share Transfer Agents

Escorts Limited has no Share Transfer Agent. The Company carries on its share transfer work in-house at:

#### ESCORTS LIMITED

##### Corporate Secretariat

15/5, Mathura Road, Faridabad -121003 Haryana.

Phone: 0129 – 2250222, Extension: 4275 / 4254

Fax: 0129 – 2250060

E-mail: corpsect@ndb.vsnl.net.in

Website: www.escortsgroup.com

### Share Transfer System

The Company is having in-house share transfer department duly registered with SEBI for providing services of Registrar and Transfer Agent to its investors. The authority relating to share transfer has been delegated to Share Transfer Committee of the Board of Directors to approve the Transfer, Transmission, Remat, Split & Consolidation of share certificates etc., which normally meets twice a month to approve the requests of the Investors.

Share Transfer Committee 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.

## Investors Relation Centers

### ESCORTS LIMITED

11, Scindia House, Connaught Circus, New Delhi – 110 001  
Telephone No.: (011) 43587400, Fax No.: (011) 43587432

### ESCORTS LIMITED

Times Square A Wing, Unit No 1, 3rd Floor, Andheri – Kurla Road, Andheri (East), Mumbai – 400 059  
Telephone No.: (022) 67868607, Fax No.: (022) 67868687

## 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 email corpsect@ndb.vsnl.net.in or sent by post to the Corporate

Secretariat Department, Escorts Limited, 15/5, Mathura Road, Faridabad – 121 003, Haryana.

## 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, bodies 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 form SH-13 duly filled and signed to the Corporate Secretariat Department, Escorts Limited, 15/5, Mathura Road, Faridabad – 121 003, Haryana. This form can be downloaded from our website www.escortsgroup.com.

## Shareholding Pattern as on March 31, 2014

Category of Shareholders	No. of shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	29	51444750	41.97
2. Foreign Institutional Investors	48	8435233	6.88
3. Domestic Institutional Investors, Banks & Mutual Funds	61	2676121	2.18
4. Public & Others	93635	60020774	48.97
<b>Total</b>	<b>93773</b>	<b>122576878</b>	<b>100.00</b>

## Distribution of Shareholding as on March 31, 2014

Range of holding	Number of shareholders	% of Total
1 to 5000	92869	99.03
5,001 to 10,000	415	0.44
10,001 to 50,000	353	0.38
50,001 to 1,00,000	63	0.07
Above 1,00,000	73	0.08
<b>Total</b>	<b>93773</b>	<b>100.00</b>

## Dematerialisation

As on March 31, 2014 dematerialised shares accounted for 98.09% (97.60% up to September 30, 2012) of the total equity shares.

Trading in Equity Shares of the Company is permitted only in dematerialised form as per the notification issued by the Securities and Exchange Board of India.

Dematerialisation of shares as on March 31, 2014		
S.No.	Mode of holding	%
1.	NSDL	88.85
2.	CDSL	9.24
3.	Physical	1.91
	<b>Total</b>	<b>100.00</b>

### Shares Liquidity

The trading volumes at major Stock Exchanges during the 18 months period ended on March 31, 2014 are as follows:

Month	National Stock Exchange of India Limited		BSE Limited	
	No. of Shares	Value (₹ In Lakhs)	No. of Shares	Value (₹ in Lakhs)
October, 2012	24092828	16283.38	8419987	5681.06
November, 2012	12243666	7862.24	3970368	2553.47
December, 2012	26057533	18037.83	8711252	6024.34
January, 2013	11931789	8654.45	4742243	3432.01
February, 2013	9584823	6408.86	3722491	2483.89
March, 2013	4941811	2793.96	2540490	1437.95
April, 2013	4463006	2460.72	1766390	973.84
May, 2013	17444618	11293.46	6127038	3975.18
June, 2013	19007003	13557.64	7439879	5312.16
July, 2013	25983978	21152.54	9642294	7830.35
August, 2013	27955526	23672.20	11206188	9428.68
September, 2013	12002319	10114.73	4211986	3546.48
October, 2013	43120437	40820.10	13146442	12433.46
November, 2013	45545500	52418.69	16138181	18681.72
December, 2013	37682935	48533.39	12118036	15706.52
January, 2014	27433853	33947.54	10565219	13011.52
February, 2014	17906755	21053.89	5057653	5949.47
March, 2014	23731855	28074.34	6915458	8164.51
<b>Total</b>	<b>391130235</b>	<b>367140.06</b>	<b>136441595</b>	<b>126626.61</b>

### Outstanding GDRs/ ADRs /Warrants/ Stock Options etc.

There is no outstanding ADRs/ GDRs/ Warrants for conversion into equity shares except 2,12,000 stock options granted to the employees. Each stock option, upon exercise of the same, would be converted into one equity share of ₹10/- each fully paid up. These options vest in three tranches after one year from date of grant as mentioned in the Letter of Grant and can be exercised during a period of two years or such extended period as the Employees Stock Compensation Committee may decide from the date of grant. The options unexercised during the exercise period would lapse.

There are no other convertible instruments outstanding, which could increase the paid up equity capital of the Company.

### Plant locations

The Company has its manufacturing plants at the following locations:

1. Plot No. 18/4, Mathura Road, Faridabad - 121 007, Haryana
2. Plot No. 2, Sector 13, Faridabad - 121 007, Haryana
3. Plot No. 3, Sector 13, Faridabad - 121 007, Haryana
4. Plot No. 115, Sector 24, Faridabad - 121 003, Haryana
5. Plot No. 219, Sector – 58, Ballabhgarh, Faridabad - 121 004, Haryana
6. Plot No. 9, Sector 1, Integrated Industrial Estate, Pant Nagar, Rudrapur - 263 145, Uttarakhand.

### Address for Correspondence

#### ESCORTS LIMITED

Corporate Secretariat, 15/5, Mathura Road, Faridabad -121003 Haryana

Phone: 0129 – 2250222, Extension: 4275/ 4254, Fax: 0129 – 2250060

E-mail: corpsect@ndb.vsnl.net.in, Website: www.escortsgroup.com

### XV. Non Mandatory Requirements

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 the Managing Director of the Company.
2.	Independent Directors' tenure not to exceed nine years in aggregate.	Not adopted.
3.	Remuneration Committee	Already constituted. Details given elsewhere in this report.
4.	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.
5.	Audit qualifications: The Company may move towards the regime of unqualified financial statements.	Adopted.
6.	Training of Board Members	All Board members are experts in their respective fields and are well aware of Company's business model and risk profile.
7.	Mechanism for evaluating Non-Executive Board Members	Not adopted.
8.	Whistle Blower Policy	Not adopted.

For and on behalf of the Board of Directors

Place: Faridabad

Date: May 28, 2014

Sd/-

**RAJAN NANDA**

Chairman and Managing Director