

## Annexure – E 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 deregularisation 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 the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "the Listing Regulations"), 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 year, Four out of the Nine Directors on the Board are independent & non-executive and Two are 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 whole-time employment of the Company. Ms. Nitasha Nanda, Whole-time Director is also in whole-time employment of the Company.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("the Act"). The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act.

The Senior Management have made disclosure 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, 2016, the Board comprises of Nine 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.

Sl. No	Name	Designation	Category	Relationship with each other	No. of Board meetings attended during the financial year	Whether attended the last AGM	No. of directorships in Public Companies (#)	No. of Committee Membership/ (Chairmanships) in Public Companies (^)
1.	Mr. Rajan Nanda	Chairman & Managing Director	Executive & Non-Independent (Promoter)	Father of Mr. Nikhil Nanda	6	Y	2	-
2.	Mr. Nikhil Nanda	Managing Director	Executive & Non-Independent (Promoter)	Son of Mr. Rajan Nanda	6	Y	2	-
3.	Ms. Nitasha Nanda	Whole-time Director	Executive & Non-Independent (Promoter)	Daughter of Mr. Rajan Nanda and Sister of Mr. Nikhil Nanda	5	N	5	2(2)
4.	Dr. S. A. Dave	Director	Non-Executive and Independent	*	6	Y	7	5(2)
5.	Mr. Hardeep Singh	Director	Non-Executive and Non-Independent	*	6	Y	4	1
6.	Mr. P. H. Ravikumar	Director	Non-Executive and Independent	*	6	Y	9	4
7.	Mrs. Vibha Paul Rishi	Director	Non-Executive and Independent	*	5	Y	9	4
8.	Dr. Sutanu Behuria	Director	Non-Executive and Independent	*	6	Y	3	1(1)
9.	Mr. G. B. Mathur	Director	Non-Executive and Non Independent	*	4	Y	3	2
10.	Mr. S. C. Bhargava (&)	Director	Non-Executive and Independent	*	6	Y	-	-

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 Regulation 26, Membership/Chairmanships of Audit Committees and Stakeholders' Relationship Committees in all Public Limited (excluding Escorts Limited) companies have been considered.

(&) Resigned from Directorship w.e.f. March 29, 2016

N.A. Not a Director of the Company at the time of last AGM.

**NOTES:** 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 provisions of the Listing Regulations, 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 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.

### IV. Board Meetings

During the financial year ended on March 31, 2016 the Board of Directors met Six (6) times on the following dates:-

May 28, 2015, August 6, 2015, September 18, 2015, November 2, 2015, February 2, 2016 and March 9, 2016.

The gap between any two Board meetings did not exceed 120 days.

#### 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 Part A of Schedule II of the Listing Regulations 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 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 approved budget.

### 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 also available on the Company's website: [www.escortsgroup.com](http://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 in respect of financial year ended on March 31, 2016.

Sd/-

Place: Faridabad

**RAJAN NANDA**

Date: May 25, 2016

Chairman and Managing Director

### Vigil Mechanism

The Company has adopted a Whistle Blower Policy to report instances of unethical behaviour, fraud or violation of the Ethic Policy of the Company. The Whistle Blower Policy has been circulated to all the employees and directors of the Company and the same is also available on the Company's website: [www.escortsgroup.com](http://www.escortsgroup.com).

### V. Audit Committee

#### Constitution

During the financial year ended on March 31, 2016 the Audit Committee had been reconstituted post the resignation of Mr. S. C. Bhargava from the directorship of the Company. Mr. P. H. Ravikumar and Dr. Sutanu Behuria were inducted as members of the Committee on March 30, 2016.

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

1. Dr. S. A. Dave – Independent Director (Chairman)
2. Mr. P. H. Ravikumar – Independent Director
3. Dr. Sutanu Behuria – Independent Director
4. Mr. Hardeep Singh – Non-Independent Director

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Act and the Listing Regulations.

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 Seven (7) times on May 28, 2015, July 27, 2015, August 6, 2015, September 18, 2015, November 2, 2015, February 2, 2016 and March 8, 2016.

Mr. Ajay Sharma, Group General Counsel & Company Secretary is acting as Secretary of the Audit Committee.

#### Terms of Reference

The Charter of the Committee is as prescribed under Section 177 of the Act read with the Listing Regulations:

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 and, if required, the replacement or removal of the statutory 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 particular 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 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 and monitoring the auditors 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. 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) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c) Management letters/ letters of internal control weaknesses issued by the statutory auditors;
  - d) Internal audit reports relating to internal control weaknesses, if any;
  - e) Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any;
  - f) The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under the Listing Regulations;
  - g) Details of material transactions with related parties, which are not in the normal course of business; and
  - h) 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.
  - i) 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 Listing Regulations 32(7).

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.

#### Meetings & Attendance

Name of Member	Designation	No. of Meeting	
		Held	Attended
Dr. S. A. Dave	Chairman	7	7
Mr. Hardeep Singh	Member	7	7
Mr. P.H. Ravikumar*	Member	7	N.A.
Dr. Sutanu Behuria*	Member	7	N.A.
Mr. S.C. Bhargava **	Member	7	7

\*Inducted as Member of the Committee w.e.f. March 30, 2016 and no meeting held during their tenure as member of the Committee.

\*\*Resigned from Directorship w.e.f. March 29, 2016

The gap between any two Audit Committee meetings did not exceed 120 days.

## VI. Nomination and Remuneration Committee

### Constitution

During the financial year ended on March 31, 2016, the Nomination and Remuneration Committee was reconstituted on March 30, 2016 post the resignation of Mr. S. C. Bhargava.

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

1. Dr. S. A. Dave – Independent Director (Chairman)
2. Mr. Hardeep Singh – Non-Independent Director
3. Mr. P. H. Ravikumar – Independent Director
4. Dr. Sutanu Behuria – Independent Director

### Terms of Reference

The Charter of the Committee is as prescribed under Section 178 of the Act read with the Listing Regulations viz.:

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. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. 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. The Evaluation Criteria and the Remuneration Policy shall form part of the Annual Report of the Company.

The Nomination and Remuneration Committee has been constituted to recommend/ review remuneration of the directors, key managerial personal and other employees, 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 material transactions of the Non-Executive Directors viz-a-viz the Company.

### Meetings & Attendance

No meeting of Nomination and Remuneration Committee was held during the financial year.

### Remuneration Policy

The Company's remuneration policy for Directors, Key Managerial Personnel, Senior Management and other employees is annexed as **Annexure - C** to the Directors' Report.

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.

### 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 ₹ 50,000 per meeting was paid for Board Meeting and Audit Committee Meeting and ₹ 20,000 per meeting was paid for any other committee meeting. The aggregate amount of sitting fees paid during the financial year was ₹ 36.80 lakhs (excluding service tax). The director wise payment of sitting fee is provided in Form MGT-9 attached as **Annexure - I** to the Directors' Report.

The remuneration paid/ payable to Mr. Rajan Nanda, Chairman and Managing Director, Mr. Nikhil Nanda, Managing Director and Ms. Nitasha Nanda, Whole-time Director of the Company for the financial year ended on March 31, 2016 are as follows:

(In ₹)

Particulars	Mr. Rajan Nanda	Mr. Nikhil Nanda	Ms. Nitasha Nanda
Basic Salary	18,000,000	18,000,000	6,000,000
Allowances & Perquisites	29,731,692	28,393,317	6,975,592
Provident Fund Contribution	2,160,000	2,160,000	720,000
Superannuation Allowance	2,700,000	2,700,000	900,000
<b>Total</b>	<b>52,591,692</b>	<b>51,253,317</b>	<b>14,595,592</b>

The tenure of office of the Chairman and Managing Director, Managing Director and Whole-time Director is for a period of five years from their respective date of appointment. The services of said Directors with the Company 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 202 of the Act.

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. P. H. Ravikumar	-do-	-
Mrs. Vibha Paul Rishi	-do-	-
Dr. Sutanu Behuria	-do-	-
Mr. Hardeep Singh	Non-Independent	1,000
Mr. G. B. Mathur	Non-Independent	4,679

## VIII. Stakeholders' Relationship Committee Constitution

During the financial year ended on March 31, 2016, the Stakeholders' Relationship Committee was reconstituted on November 2, 2015 by inducting Dr. Sutanu Behuria in place of Mr. S.C. Bhargava.

The Stakeholders' Relationship Committee comprises of following Non-Executive Directors:-

1. Dr. S.A. Dave – Independent Director – Chairman
2. Dr. Sutanu Behuria – Independent Director
3. Mr. Hardeep Singh – Non-Independent Director

### 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 Share Transfer Agent and recommends measures for overall improvement in the quality and promptness towards investors services.

### Meetings & Attendance

During the financial year ended on March 31, 2016, the Committee met on February 2, 2016.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Dr. S. A. Dave	Chairman	1	1
Mr. Hardeep Singh	Member	1	1
Dr. Sutanu Behuria*	Member	1	1
Mr. S.C. Bhargava **	Member	1	N.A.

\*Inducted as Member of the Committee w.e.f. November 2, 2015

\*\*Ceased as Member of the Committee w.e.f. November 2, 2015

### Compliance Officer

Mr. Ajay Kumar Sharma, Group General Counsel & Company Secretary is the Compliance Officer as per the requirements of the Listing Regulations.

### Complaints received/ resolved

During the period under review, 6 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, 2016.

## IX. Risk Management Committee

### Constitution

During the financial year ended on March 31, 2016, the Risk Management Committee was reconstituted on March 30, 2016 by inducting Dr. Sutanu Behuria.

The Risk Management Committee comprises of following persons:-

1. Mr. Rajan Nanda – Chairman
2. Mr. Nikhil Nanda – Member
3. Dr. Sutanu Behuria – Member
4. Mr. Bharat Madan – Member

### Terms of Reference

The charter of the Committee shall be as follows:

- (i) Formulation & modification of the Risk Management Policy.
- (ii) Framing, implementing and monitoring the Risk Management Plan.
- (iii) Periodic reporting to the Audit Committee on the risk and its mitigation.
- (iv) Others functions in accordance with the applicable provisions of the Act read with rules made thereunder and the Listing Regulations.

### Meetings & Attendance

During the financial year ended on March 31, 2016, the Committee met on March 9, 2016.

Date of Meeting	Designation	No. of Meeting	
		Held	Attended
Mr. Rajan Nanda	Chairman	1	1
Mr. Nikhil Nanda	Member	1	1
Dr. Sutanu Behuria*	Member	1	N.A.
Mr. Bharat Madan	Member	1	1

\*Inducted as Member of the Committee w.e.f. March 30, 2016

## Corporate Social Responsibility

### Constitution

During the financial year ended March 31, 2016, the Corporate Social Responsibility (CSR) Committee had been reconstituted as under:

1. Mr. Rajan Nanda - Chairman
2. Mr. Nikhil Nanda - Member
3. Mr. Hardeep Singh - Member
4. Mrs. Vibha Paul Rishi - Member
5. Mr. G.B. Mathur - Member

The Committee met on May 28, 2015 where in all the members of the Committee were present except Mr. G.B. Mathur.

### Terms of Reference

The said 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 and recommending the amount to be spent on CSR activities.

### Meetings & Attendance

Name of Member	Designation	No. of Meeting	
		Held	Attended
Mr. Rajan Nanda	Chairman	1	1
Mr. Nikhil Nanda	Member	1	1
Mr. Hardeep Singh	Member	1	1
Mrs. Vibha Paul Rishi	Member	1	1
Mr. G.B. Mathur	Member	1	-
Mr. S.C. Bhargava *	Member	1	1

\*Resigned from Directorship w.e.f. March 29, 2016

## X. Functional Committee

The Board is authorised 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 are finalised in consultation with the Committee members.

### 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 next Committee and the subsequent Board Meeting for perusal and noting.

## XI. General Body Meetings

The particulars of last three Annual General Meeting(s) held by the Company are as under:

Financial Year/ Financial Period	Date	Time	Venue	No. of Special Resolutions Passed at AGM
2014-15	September 18, 2015	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134113 Haryana	One
2012-14	September 19, 2014	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134113 Haryana	Six
2011-12	March 22, 2013	12.00 Noon	Hotel KC Cross Road, Site No. 1, Sector- 10, Opp. Bus stand, Panchkula- 134113 Haryana	NIL



## XII. Special Resolution passed through Postal Ballot

During the financial year ended on March 31, 2016, the Company has passed one Special Resolution through Postal Ballot for the purpose of Shifting of Registered Office of the Company from "Panchkula" to "Faridabad" within the State of Haryana.

Sl. No.	Particulars of Special Resolution	Details of Voting	
		Votes casted in favour	Votes Casted against
1.	Shifting of Registered Office of the Company from Panchkula to Faridabad	100%	-

M/s. Jayant Gupta and Associates, Practicing Company Secretary was appointed as the scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.

Procedure for Postal Ballot- Where a Company is required or decides to pass any resolution by way of postal ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a Postal Ballot because Postal Ballot means voting by post or through electronic means within a period of thirty days from the date of dispatch of the notice. Your Company has followed the aforesaid procedure stipulated in the Act and has carried out postal ballot for the item as mentioned above.

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

## XIII. 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 during the financial year ended on March 31, 2016 were as per the "Policy on Materiality of Related Party Transactions and dealing with Related Parties".

b) 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

c) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee.

The Ethics Counselor or the Chairman of the Audit Committee has not received any complaint/ report during the period under review and no employee was denied access to the Audit Committee.

d) Details of the compliance with mandatory requirement and adoption of the discretionary requirements as prescribed in Schedule II Part E of the Listing Regulations.

The details of mandatory requirements are mentioned in this Report. The status of adoption of the non-mandatory requirement are mentioned in Clause No. XVI.

e) Policy for determining 'Material Subsidiaries'

The Policy for determining Material Subsidiaries is available on the website of the Company [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.

f) Policy on dealing with Related Party Transactions

The Policy on dealing with Related Party Transactions is available on the website of the Company [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.

g) The Company has complied with all the compliances given under Regulation 17 to 27 and Regulation 46(2) (b) to 46(2)(i) of the Listing Regulations.

h) Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account: Nil

i) 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 had 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 September 30, 2015 and the same has been filed on September 28, 2015.

### Subsidiary Companies

Regulation 16 of the Listing Regulations "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity 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 the Listing Regulations. Thus, these subsidiaries are out of the scope of the above definition.

Since, the Company does not have any material 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.

Policy for determining Material Subsidiary: The Policy for determining Material Subsidiary is placed on the Company's website [www.escortsgroup.com](http://www.escortsgroup.com) under Investor Information Section.

## XIV. MEANS OF COMMUNICATION

### Key Financial Reporting dated during the year ended on March 31, 2016

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

- For Year ended 31.03.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 30.06.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 30.09.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).
- For Quarter ended 31.12.15: Economic Times (English), Mint (English), Rashtriya Sahara (Hindi).

The Quarterly Results were displayed on Company's website viz. [www.escortsgroup.com](http://www.escortsgroup.com) in accordance with the requirement of the Listing Regulations.

The website also displays official news releases.

### 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](http://www.escortsgroup.com).

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report and Risk Management Process Highlights forms an integral part of this Annual Report.

## XV. 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 : Tuesday, September 20, 2016

Time : 11:00 a.m.

Venue : Aravali Golf Club, NH-3, N.I.T.  
Faridabad - 121 001, Haryana

### Financial Year:

April 1 to March 31

### Appointment/ Re-appointment of Directors

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Hardeep Singh and Mr. G.B. Mathur, Directors retires by rotation at the ensuing Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

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 the Listing Regulations are provided as Annexure to the AGM Notice.

### Financial Calendar 2016-17 (Tentative)

Meetings of Board/ Committee thereof to take on record:

Financial results for Quarter ended 30.06.2016	By 14.08.2016
Financial results for Quarter ended 30.09.2016	By 14.11.2016
Financial results for Quarter ended 31.12.2016	By 14.02.2017
Financial results for Quarter/ Year ended 31.03.2017	By 14.05.2017 if unaudited quarterly results or alternatively by 30.05.2017, in case of audited results for the year.

**Annual General Meeting for the Financial Year ending March, 2017:** By September 30, 2017.

### Cut off Date for e-voting

September 13, 2016 has been fixed as the cut off date to record entitlement of the shareholder to cast their vote electronically in the forthcoming AGM.

### Book Closure

The members register will be closed from September 10, 2016 to September 20, 2016 (both days inclusive) for the purpose of payment of Dividend for the financial year 2015-16.

## Dividend

- The Board of Directors of the Company have decided to recommend dividend @ ₹ 1.20 per share (being 12% of the nominal value of ₹ 10 per share) for the financial year 2015-16, subject to the approval of the shareholders in the forthcoming AGM.
- The dividend, if declared 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:-
  - whose names appear as beneficial owners as at the end of the business hours on September 9, 2016 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;
  - 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 9, 2016.
- 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 for Eight Years

Year	Rate	Date of Payment
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% (Interim)	October 21, 2013
2012-2014	6% (Final)	September 29, 2014
2014-2015	12%	September 28, 2015
2015-2016	12% (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
<b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra East, Mumbai – 400 051	ESCORTS
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	500495
<b>Delhi Stock Exchange Limited</b> DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002	00012

## Listing Fees

The Company is upto date on the payment of its Annual Listing Fees.

## Monthly Stock Market Data

Month	National Stock Exchange of India Limited		BSE Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2015	143.00	120.00	143.00	120.25
May, 2015	127.30	110.00	127.15	110.25
June, 2015	125.00	101.40	125.00	101.60
July, 2015	150.90	119.90	151.15	119.85
August, 2015	180.50	130.70	180.60	130.55
September, 2015	176.50	148.55	176.20	148.65
October, 2015	188.20	153.30	189.00	153.15
November, 2015	180.50	148.80	180.40	149.00
December, 2015	176.40	150.70	175.80	150.90
January, 2016	173.80	124.80	173.70	125.10
February, 2016	138.20	112.80	138.15	112.70
March, 2016	144.30	124.80	144.00	126.00

### Share Transfer System

Escorts Limited has appointed Karvy Computershare Private Limited ("Karvy") as its Registrar and Share Transfer Agent (RTA). The share transfer work in both physical as well as electronics mode has been carried on by Karvy. The authority relating to share transfer has been delegated to RTA. The Share Transfer Committee of the Board of Directors take note of the Transfer, Transmission, Remat, Split & Consolidation of share certificates etc. periodically.

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.

### Investors Relation Centers

#### Escorts Limited

Escorts Corporate Centre,  
15/5, Mathura Road,  
Faridabad – 121 003  
Tel. No.: (0129) 2564921  
Fax: (0129) 2250060

#### Escorts Limited

P Block, 2/90, 1st Floor, Opposite PVR Rivoli,  
Connaught Circus,  
New Delhi – 110 001  
Tel. No.: (011) 43587400

#### Escorts Limited

Times Square A Wing, Unit No. 1,  
3rd floor, Ancheri-Kurla Road,  
Andheri (East), Mumbai - 400 059  
Tel No.: (022) 6786 8607  
Fax No.: (022) 6786 8687

#### Karvy Computershare Private Limited,

Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032  
Tel.: No. 040-67167522 Fax: No. 040-67161791  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

### 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. Karvy Computershare Private Limited or e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or sent by post at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

### 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 Nomination Form SH-13 duly filled and signed to RTA i.e. Karvy Computershare Private Limited or email [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or sent by post at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

### Shareholding Pattern as on March 31, 2016

Category of Shareholders	No. of shareholders	No. of shares held	% to the Capital
1. Promoters and Promoter Group	30	52717817	43.01
2. Foreign Institutional Investors	79	10139743	8.27
3. Domestic Institutional Investors, Banks & Mutual Funds	65	4339436	3.54
4. Public & Others	93562	55379882	45.18
<b>Total</b>	<b>93736</b>	<b>122576878</b>	<b>100.00</b>

### Distribution of Shareholding as on March 31, 2016

Range of holding	Number of shareholders	% of Total
1 to 100	55427	59.13
101 to 500	29106	31.05
501 to 1,000	4804	5.13
1,001 to 5,000	3580	3.82
5,001 to 10,000	392	0.42
10,001 to 50,000	324	0.34
50,001 to 1,00,000	37	0.04
Above 1,00,000	66	0.07
<b>Total</b>	<b>93736</b>	<b>100.00</b>

## Dematerialisation

As on March 31, 2016 dematerialised shares accounted for 98.24% (98.17% up to March 31, 2015) 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, 2016		
Sl.No.	Mode of holding	%
1.	NSDL	89.86
2.	CDSL	8.38
3.	Physical	1.76
	<b>Total</b>	<b>100.00</b>

## Shares Liquidity

The trading volumes at major Stock Exchanges, during the financial year ended on March 31, 2016 are as follows:

Month	National Stock Exchange of India Ltd.		BSE Limited	
	No. of Shares	Value (₹ In Lakhs)	No. of Shares	Value (₹ in Lakhs)
April, 2015	15446948	20605.79	4372801	5836.87
May, 2015	9863523	11449.83	2689551	3128.89
June, 2015	19452640	22230.75	4496572	5100.94
July, 2015	27772135	38113.65	6787776	9301.77
August, 2015	57296800	92078.15	13288277	21317.45
September, 2015	24901997	40451.39	6693492	10836.27
October, 2015	31869838	54988.11	7241073	12462.77
November, 2015	16555552	27484.36	4164687	6891.13
December, 2015	12138934	20018.91	2431759	3957.41
January, 2016	8551134	12789.32	2918201	4392.48
February, 2016	8278949	10467.00	2457312	3106.95
March, 2016	8715134	11816.52	2283217	3085.78
<b>Total</b>	<b>240843584</b>	<b>362493.8</b>	<b>59824718</b>	<b>89218.71</b>

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

There is no outstanding GDRs/ ADRs/ Warrants for conversion into equity shares except 1,11,100 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, Ballabgarh, Faridabad - 121 004, Haryana
6. Plot No. 9, Sector 1, Integrated Industrial Estate, Pant Nagar, Rudrapur - 263 145, Uttarakhand

## Address for Correspondence

### ESCORTS LIMITED

#### Registered Office

Corporate Secretarial & Law

15/5, Mathura Road, Faridabad – 121 003, Haryana

Tel.: 0129 – 2250222, Extension: 4275/ 4254

Fax: 0129 – 2250060

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

Website: [www.escortsgroup.com](http://www.escortsgroup.com)

#### Registrar and Transfer Agents

### KARVY COMPUTERSHARE PRIVATE LIMITED

Karvy Selenium Tower B, Plot No. 31-32, Gachibowli,

Financial District, Nanakramguda, Hyderabad – 500 032

Tel.: 040 67161522 | Fax: 040 67161791

[einward.ris@karvy.com](mailto:einward.ris@karvy.com) | [www.karvycomputershare.com](http://www.karvycomputershare.com)

## XVI. NON-MANDATORY REQUIREMENTS

The status/ extent of compliance with non mandatory requirements are as follows:

Sl. 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.	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.	Separate Posts of Chairman and CEO	Not applicable as Chairman and Managing Director is one.
5.	Reporting of Internal Auditor	The Internal Auditors reports to the Audit Committee from time to time.

For and on behalf of the Board of Directors

Sd/-

Place: Faridabad

Date: May 25, 2016

**RAJAN NANDA**

Chairman and Managing Director