



ESCORTS

ESCORTS LIMITED

Investment Policy

1. Preface

This **Investment Policy** aims to cover Investment Objectives and Investment Guidelines that should govern the management of the Company's investments. At the same time, these guidelines should provide adequate flexibility given changes in market environment and any contingent circumstances.

2. Objective

The broad objectives of the policy are:

- Safety of funds
- Easy liquidity
- Reasonable return on the investment
- Set Authorization level for Investments
- Minimizing the idle funds

3. Corpus

The corpus for investment would comprise of two streams of Cash Flows:

Corpus I - Transitory cash flows arising out of Company's operations;

Corpus II - Cash flows arising out of specific funds raised whether locally or in international markets/sale of shares held under Escorts Benefit Trust / lien marked funds like funds lying under EHIRCL Escrow Deposit

It may be possible that sometimes the character of funds available cannot be classified easily in to either of above categories; in such cases, the assumption would be that such funds are borrowed funds.

Cash flows arising out of specific funds raised whether locally or in international markets to repay costlier borrowings/other liabilities will be outside the purview of this Investment policy.

4. Liquidity:

To ensure that the payment obligations of the business are met in a timely manner. Investments shall be made in such a manner that adequate liquidity is maintained. The liquidity profile of the two corpuses would be as under:

Corpus	Liquidity Profile
I	High
II	Medium

For the purpose of this policy, “High liquidity” would imply ability to liquidate the investments with “spot’ market notice (two working days of financial markets) or less.

“Medium Liquidity” would imply ability to liquidate the investments within fifteen days of a decision to liquidate them.

5. Guidelines for Investment

Safety of the principal shall be of paramount importance. Factors such as net worth/corpus, credit rating, track record of performance of the investee organizations shall be considered for the purpose of ascertaining safety.

The Company may invest in the following entities, subject to the internal guidelines of investment in various instruments issued by them:

- Deposit in Scheduled Commercial Banks having net worth not less than Rs. 1000 crores or with a credit rating of not less than AA by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.
- Deposit in NBFCs/ Housing Finance Cos. with a credit rating of not less than AA by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.

- Bonds/NCDs with a credit rating of not less than AA by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.
- CPs, CDs with a minimum of P1+ or equivalent credit rating by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.

SEBI registered mutual funds with assets under management of at least Rs. 10,000 crores; also in the scheme invested, the corpus of the scheme shall not be less than Rs. 750 crores. The corpus check of Rs. 750 Cr. is only applicable for Mutual Funds and does not apply on Fixed Maturity Plans (FMPs).

- Alternative Investment Fund has to be liquid and corpus of the fund shall not be less than Rs. 500 crores.
- Preference Shares of any company having Market capitalization of not less than Rs. 20000 crs. and with a credit rating of not less than AA by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee
- Structured Products that have to be listed in any of the Stock Exchange (BSE/NSE) and with a credit rating of not less than AA by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.

6. Investment Portfolio & Instruments of Investment

Primary risks involved in any investment are Counterparty Risk, Liquidity Risk and Market Risk. Depending on the risk aspects investment can be made in the following:

Asset Class	Allocation
Fixed Income instruments including Debt Instruments/Fixed Deposits	0-100%
Arbitrage Funds / Liquid Funds / Money Market Instruments	0-20%
Equity & Equity Related instruments	0-10%
Preference Shares	0-10%
Alternatives Investment Funds	0-15%
Structured Products	0-25%

Derivative Scheme	Not allowed
Real Estate Funds	Not allowed

Day to day surplus/cash management investments will be outside the above allocation.

Funds may be parked in liquid funds until the Investment Committee finalizes the investment allocation.

Portfolio allocation may vary by 10-15% due to below mentioned conditions:

- Performance of Asset class
- Macro-economic changes

Any deviation in the Assets Class allocation will be approved by Investment Committee.

7. Investment Committee

The Investment Committee consisting of the following members shall decide the contours of Investment Policy from time to time:

- Chairman/MD
- Chief Financial Officer
- Head - Treasury
- Head – Legal/Secretarial

The quorum shall be minimum of 3 members. The Committee, which will meet preferably once in a quarter, will oversee the investment operations by taking note of the quarterly report of investment operations of the Company.

The Committee shall have the powers to decide/approve/note the following:

- Delegation of executive financial powers to take investment decisions
- Content and composition of the investment portfolio
- Exposure limits wherever required
- Periodic review of the investment operations
- Empanelment of brokers/advisor
- Any other matters incidental to investment decisions and operations.

8. Approval of Investments

- All the documents for investments i.e. requests for investment and/or redemption would be signed as per the signing authority given as per the Board Resolution.
- Any deviation in the Assets Class allocation will be approved by Investment Committee.

9. Review of Investments

All the investments would be reviewed periodically, preferably monthly on following parameters:

- Performance tracking against expectations made at the time of investment
- Opportunities to redeem/ re-deploy the funds into investments with incremental return, fundamentals & investment philosophy
- Matching the cash flow requirements
- Discussion with the Advisors/Intermediaries/Fund Manager

10. Policy Validity

This is a standing policy and subject to change from time to time with prior approval from the Approving Authority. The Board will review the policy once in two years; earlier review will be undertaken if there are major changes in the market conditions.

Permissible Portfolio	Permissible Instruments	Specific Limits	General Limits*
Bank Fixed deposits/Term Deposits	Current/ fixed /CDs of scheduled commercial banks/Deposits in NBFCs/Housing Finance Cos.	Net worth of the Investee Bank not less than Rs. 1000 crore. Or not less than AA credit rating. Deposit in NBFC/ Housing Finance Cos. with a credit rating of not less than AA given by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.	Investment in one entity shall not be in excess of 25% (15% in case of equity mutual fund) or Rs. 100 crore whichever is lower. Investment in a scheme shall not exceed 15% (10% in case of equity mutual fund) or Rs. 50 Crs. whichever is lower.
Bonds/NCDs	Tax Free Bonds/NCDs	Only instruments with a credit rating of net less than AA given by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.	
Money Market Instrument	CPs/CDs etc.	Only instrument with a P1+ grade credit rating or equivalent given by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.	
SEBI Registered Mutual Funds	Debt/Equity oriented schemes of MFs, liquid funds, arbitrage funds short term funds etc.	Assets under management of MF to exceed Rs. 10000Crs. Individual scheme corpus to be at least Rs.750 crores. The corpus check of Rs. 750 Cr. is only applicable for Mutual Funds and does not apply on Fixed Maturity Plans (FMPs).	
Preference Shares	Preference Shares	Preference Shares of any company having market capitalization of	

		not less than Rs. 20000 crs. and with a credit rating of not less than AA by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee
Alternative Investment Fund	Category III	corpus of the fund will not be less than Rs. 500 crores.
Structured Products	Structured Products	Listed in any of the Stock Exchange (BSE/NSE). Minimum credit rating of not less than AA by CRISIL, ICRA, CARE, FITCH or any other agency approved by Investment Committee.

*Day to day surplus/cash management investments will be outside the above allocation.

*Funds may be parked in liquid funds until the Investment Committee finalizes the investment allocation.

ESCORTS LIMITED

Corporate Secretariat

Phone : +91-129-2250222, Fax : +91-129-2250060, 2250058

E-mail : corpsl@escorts.co.in Website : www.escortsgroup.com

Registered Office: 15/5, Mathura Road, Faridabad - 121 003, Haryana, India

Corporate Identification Number - L74899HR1944PLC039088