

**SCHEME FOR REDUCTION OF SHARE CAPITAL**

**BETWEEN**

**ESCORTS LIMITED**

**AND**

**ITS SHAREHOLDERS**

**UNDER SECTION 66 READ WITH SECTION 52 AND OTHER APPLICABLE SECTIONS OF  
THE COMPANIES ACT, 2013 AND NATIONAL COMPANY LAW TRIBUNAL  
(PROCEDURE FOR REDUCTION OF SHARE CAPITAL OF COMPANY) RULES, 2016**

## INTRODUCTION

### A. PREAMBLE

This scheme of selective reduction of share capital (“**Scheme**”) is presented under the provisions of Section 66 read with Section 52 and other relevant provisions of the Companies Act, 2013 (“**Act**”) read with National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 (“**Rules**”) for the reduction of equity share capital of Escorts Limited (“**Company**”) as specified in this Scheme.

### B. RATIONALE OF SCHEME

The background and reasons/ rationale, commercial justification of the proposed Scheme are as follows:

- (a) The proposed reduction of the equity share capital of Company is being undertaken in accordance with the provisions of Section 66 read with Section 52 of the Act and the rules made thereunder and specifically the Rules, which permit a company to undertake a reduction of its share capital in any manner, read with the Listing Regulations (*as defined hereinafter*) and the SEBI Circular (*as defined hereinafter*).
- (b) Pursuant to the orders dated August 9, 2012 and September 5, 2012 issued by the High Court of Punjab and Haryana (“**High Court**”), the High Court had approved the scheme of arrangement and amalgamation of Escorts Construction Equipment Limited, Escotrac Finance and Investment Private Limited, Escorts Finance Investments and Leasing Private Limited with the Company (“**2012 Scheme**”).
- (c) Upon effectiveness of the 2012 Scheme, *inter alia*, 3,73,00,031 (three crore seventy three lakh and thirty one) equity shares of the Company were issued / vested with EBWT (*as defined hereinafter*) for the sole benefit of the Company and its successors in interest. As on the date of the approval of this Scheme by the Board of Directors of the Company, EBWT holds 3,37,00,031 (three crore thirty seven lakh and thirty one) equity shares of the Company amounting to 27.49% (Twenty Seven Point Forty Nine percent) of the total issued and paid up share capital of the Company (“**Trust Shares**”).
- (d) The Company has entered into a Share Subscription Agreement dated March 20, 2020 with Kubota Corporation, a company duly organised and existing under the laws of Japan and having its principal office at 2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka 556-8601, Japan (“**Investor**”) and certain specified promoters of the Company (as confirming parties), whereby the Investor has agreed to subscribe to 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of face value INR 10 (Indian Rupees Ten) (“**Subscription Shares**”) at INR 850 (Indian Rupees Eight Hundred and Fifty)- per share amounting to 9.09% of the post-issue share capital of the Company, subject to compliance with the provisions of the Act.
- (e) The proposed preferential issue and allotment was approved by the Board of Directors of the Company keeping in view the future outlook of the Company, its growth targets and prospects, additional funding requirement for the purpose of further expansion of its agri machinery business.

- (f) With the aim of attracting a globally reputed player such as the Investor in the Company to meet its business objectives and at the same time to ensure that there is no dilution in shareholding of the existing shareholders (including public shareholders) of the Company in the long run, the Company has agreed, subject to compliance with applicable laws, receipt of necessary regulatory approvals and allotment of the Subscription Shares to the Investor, to selectively reduce 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of face value INR 10 (Indian Rupees Ten) per equity share held by EBWT, without payment of any consideration to the EBWT (“**Capital Reduction**”).
- (g) The Board of Directors of the Company in its meeting held on March 20, 2020, *inter alia*, provided an in-principle approval to consider reducing the share capital of the Company by such number of equity shares which is equal to the number of Subscription Shares, by cancelling and extinguishing 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares held by EBWT, without payment of any consideration to the EBWT.
- (h) The preferential allotment of equity shares to the Investor has already been approved by the equity shareholders of the Company on April 22, 2020 with requisite majority and the approval of Competition Commission of India has been received by Investor on July 10, 2020. In terms of the understanding agreed to between the Investor and the Company, the Board of Directors of the Company in its meeting held on July 15, 2020 has now approved the cancellation of 1,22,57,688 (one crore twenty two lakh fifty seven thousand six hundred and eighty eight) equity shares of INR 10 (Indian Rupees Ten) each of the Company held by EBWT without payment of any consideration to EBWT, subject to the allotment of the equity shares to the Investor.
- (i) The proposed reduction of equity share capital of the Company would not have any adverse effect on the creditors of the Company or the Company’s ability to fulfil its commitments or meet its obligations in the ordinary course of business as there is no payout resulting from the proposed capital reduction.
- (j) The reduction of capital in the manner proposed would be beneficial to all the shareholders of the Company as the same shall ensure that the total equity share capital of the Company remains unchanged even after the preferential allotment to the Investor.

### **C. PARTS OF THE SCHEME**

This Scheme is divided into the following Parts:

**Part A** deals with the definitions and details of the Company;

**Part B** deals with the selective reduction of share capital of the Company; and

**Part C** deals with the general terms and conditions applicable to the Scheme.

## PART A

### 1. DEFINITIONS

For the purposes of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- (a) “**Act**” means the Companies Act, 2013 and the rules, regulations, circulars and notifications issued thereunder, including without limitation the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, each as amended from time to time;
- (b) “**Board**” or “**Board of Directors**” means the board of directors of the Company including any duly constituted committee(s) thereof;
- (c) “**Capital Reduction**” means the selective reduction of 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of face value INR 10 (Indian Rupees Ten) each of the Company held by EBWT, without payment of any consideration to the EBWT;
- (d) “**Company**” means Escorts Limited, a company incorporated under the Companies Act, 1913 having its registered office at 15/5, Mathura Road, Faridabad, Haryana, 121003;
- (e) “**EBWT**” means Escorts Benefit and Welfare Trust settled on February 14, 2012 by the Company;
- (f) “**Effective Date**” means the date on which the certified copy of the order passed by the NCLT sanctioning the Scheme and minute of reduction is filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana;
- (g) “**Ind AS**” means the Indian Accounting Standards prescribed under Section 133 of the Act;
- (h) “**Investor**” means Kubota Corporation, a company duly organised and existing under the laws of Japan and having its principal office at 2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601, Japan;
- (i) “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (j) “**RoC**” means the Registrar of Companies, National Capital Territory of Delhi and Haryana;
- (k) “**Rules**” means National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, as amended from time to time;
- (l) “**SEBI Circular**” means the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time;
- (m) “**Scheme**” means this scheme of arrangement between the Company and its shareholders, pursuant to the provisions of Section 66 read with Section 52 and other applicable provisions of the Act, and rules made thereunder;
- (n) “**SEBI**” mean the Securities and Exchange Board of India;
- (o) “**Stock Exchanges**” means the stock exchanges where the equity shares of the Company are listed and are admitted to trading, viz, BSE Limited, the National Stock Exchange of India Limited and the Delhi Stock Exchange Limited; and

- (p) “**Tribunal**” or “**NCLT**” means the National Company Law Tribunal, Chandigarh bench.

All terms and words not defined in the Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, Securities Exchange Board of India Act, 1992, Listing Regulations and other applicable laws, rules, regulations, bye laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

## 2. DETAILS OF THE COMPANY

### 2.1 Incorporation of the Company

- (a) The Company was incorporated on October 17, 1944 in Delhi under the provisions of the Companies Act, 1913, under the name ‘*Escorts (Agents) Limited*’. Pursuant to effectiveness of Section 24 of the Companies Act, 1956, the word ‘Private’ was added before the word ‘Limited’ in the name of the Company and the name of the Company was changed to ‘*Escorts (Agents) Private Limited*’. Further, consequent to the fresh Certificate of Incorporation dated January 18, 1960, issued upon change of name by the Registrar of Companies, Delhi and Haryana, the name of the Company was changed from ‘*Escorts (Agents) Private Limited*’ to ‘*Escorts Limited*’.
- (b) The registered office of the Company was changed from the state of Delhi to the state of Haryana, pursuant to the order of the Company Law Board, New Delhi dated April 04, 2009, and upon issuance of Certificate of Registration of Company Law Board Order for Change of State dated May 15, 2009. The registered office of the Company is currently situated at 15/5, Mathura Road, Faridabad - 121003, Haryana, India, within the jurisdiction of this Hon’ble Tribunal.
- (c) The corporate identity number of the Company is L74899HR1944PLC039088.
- (d) The shares of the Company are listed on 3 (three) stock exchanges - the BSE Limited, the National Stock Exchange of India Limited and the Delhi Stock Exchange Limited.
- (e) The Company is *inter alia* engaged in the business of manufacturing and sale of various agricultural tractors, construction equipment, railway products, implements and spares thereof.

### 2.2 Objects of the Company

The Memorandum of Association of the Company sets out *inter alia* the following objects:

- (a) *To carry on the business manufacturing, developing, designing, improving, hiring, repairing, buying, selling, dealing in importing and exporting ferrous and non-ferrous castings of all kinds and in particular chilled and malleable castings, special alloy castings, steel castings, gun metal, copper, brass, aluminium castings and foundry work of all kinds and forgings of all types of ferrous and non-ferrous metals and in any weight for any industry whatsoever.*
- (b) *To carry on or promote any business, commercial, financial or otherwise under sound principles or to act as distributors, agents or managing agents on commission and on /or allowances as may be deemed fit.*
- (c) *To export, import, produce, manufacture, buy, sell, barter, exchange, pledge, make advances upon or otherwise deal in goods, produce articles and merchandise of all kinds*

and power such as electrical, steam gas or otherwise and, land, farms, buildings, mines, quarries and other properties tangible, intangible whatsoever.

- (d) To establish, acquire and carry on factories, mills, works, workshops or stores in India or outside and to purchase, lease or otherwise acquire, carry on, develop and improve any business.
- (e) To manufacture, export, buy, sell, repair, and/or service or otherwise deal in pistons, piston rings, piston pins, cylinder sleeves, circlips, connecting rods, gaskets and other automotive parts, shock absorbers both railway and automotive types, railway brakes, railway couplers, railway track equipment of various types, railway buffers and buffer springs, brake blocks of all types, diesel, petrol, multifuel internal combustion engines, all types of motorcycles, scooters, scooterettes and autocycles, trucks, motor vehicles, tractors, trailers of all types, internal transport equipment of all types, agricultural implements and farm equipment of all kinds, earth moving and construction equipment, steel structurals, cranes, pumps of all types, x-ray apparatus, and electro-medical equipment including x-ray tubes, fluorescent and intensifying screens, tubular heating elements, electrical appliances and other allied equipment, equipment of power generation, diesel, steam, gas and hydel, engineering equipment electrical or mechanical of all kinds, gear and transmission equipment for transport or other vehicles and razor blades and all things used in or in connection with the above mentioned things and all machinery, implements, spare parts, appliances, apparatuses, lubricants and all other things capable of being used therewith or in manufacture, maintenance and working thereof.

### 2.3 Capital Reduction and the Articles of Association of the Company

Article 8 of the Articles of Association of the Company authorizes the Company by special resolution to reduce its share capital in any manner. Article 8 of the Articles of Association of the Company for the sake of ready reference, is set out hereunder:

*“The Company may (subject to the provisions of Section 52, 55, 66 and any other provisions of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Fund or other premium account in any manner for the time being authorised by law.”*

### 2.4 Share Capital

The share capital structure of the Company, as on March 31, 2020 is as under:

<b>Share Capital</b>	<b>Amount (INR)</b>
<i>Authorized Share Capital</i>	
401,000,000 equity shares of INR 10 each	4,010,000,000
888,000,000 unclassified shares of INR 10 each	8,880,000,000
<b>Total</b>	<b>12,890,000,000</b>
<i>Issued, Subscribed and Paid-up Share Capital</i>	
122,576,878 equity shares of INR 10 each	1,225,768,780
<b>Total</b>	<b>1,225,768,780</b>

Subsequent to March 31, 2020, the Company proposes to issue 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of INR 10 (Indian

Rupees Ten) each by way of preferential allotment to the Investor. Post issuance of 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of INR 10 (Indian Rupees Ten)- each, issued, subscribed and paid-up share capital of the Company shall be INR 1,34,83,45,660 (Indian Rupees One Hundred and Thirty Four Crores, Eighty Three Lakhs, Forty Five Thousand Six Hundred and Sixty Six ) comprising of 13,48,34,566 (thirteen crores forty eight lakhs thirty four thousand five hundred and sixty six) equity shares of INR 10 (Indian Rupees Ten) each.

## 2.5 Financials

The key aspects with respect to the financial performance of the Company for the financial year ended March 31, 2020 are as summarized below:

<b>Particulars</b>	<b>Financial Year ended March 31, 2020 (Amount in INR Crores)</b>
Total Current Assets	2838.90
Total Current Liability	1718.26
Profit/ (Loss)	485.54

## 3. **PROMOTERS AND DIRECTORS**

- 3.1. The names of the promoters of the Company as on July 15, 2020 along with their addresses are set forth below:

<b>S. No.</b>	<b>Name</b>	<b>Promoter/Director</b>	<b>Address</b>
1.	Nikhil Nanda	Promoter	Nanda House, 12 Jor Bagh NDMC, South Delhi New Delhi 110003
2.	Nitasha Nanda	Promoter Group	2, Friends Colony (West) South Delhi New Delhi 110065
3.	Shweta Nanda	Promoter Group	Nanda House, 12 Jor Bagh NDMC, South Delhi New Delhi 110003
4.	Navya Naveli Nanda	Promoter Group	Nanda House, 12 Jor Bagh NDMC, South Delhi New Delhi 110003
5.	Agastya Nanda	Promoter Group	Nanda House, 12 Jor Bagh NDMC, South Delhi New Delhi 110003
6.	Hardeep Singh	Promoter Group	608A, The Aralias, DLF Golf Links DLF Golf Course, DLF City, Phase 5 Gurgaon 122009
7.	AAA Portfolios Private Limited	Promoter Group	15/5, Mathura Road Faridabad Haryana, 121003 India
8.	Big Apple Clothing Private Limited	Promoter Group	15/5, Mathura Road Faridabad Haryana, 121003
9.	Escorts Finance Limited	Promoter Group	SCO- 64-65, Third floor, Sector-17-A, Chandigarh 60017
10.	Har Parshad And Co Pvt Ltd	Promoter Group	202 I Floor Okhla Industrial Estate Phase-III New Delhi 110020

S. No.	Name	Promoter/Director	Address
11.	Sietz Technologies India Private Limited	Promoter Group	202 I Floor Okhla Industrial Estate Phase-III New Delhi 110020
12.	Niky Tasha Communications Pvt. Ltd.	Promoter Group	202 Okhla Industrial Estate Phase-III New Delhi 110020
13.	Niky Tasha Energies (P) Ltd.	Promoter Group	202 I Floor Okhla Industrial Estate Phase-III New Delhi 110020
14.	Charak Ayurvedic Treatments Pvt. Ltd	Promoter Group	202 I Floor Okhla Industrial Estate Phase-III New Delhi 110020
15.	Escorts Benefit and Welfare Trust (Dr. Sutanu Behuria, Trustee)	Promoter Group	15/5, Mathura Road, Faridabad – 121003, Haryana
16.	Girish Behari Mathur	Promoter Group	D-23, First Floor, Sarita Vihar, New Delhi - 110044
17.	Rachna Mathur	Promoter Group	D-23, First Floor, Sarita Vihar, New Delhi – 110044

- 3.2. The names of the directors of the Company as on the date of approval of the Scheme along with their addresses are set forth below:

S. No.	Name	Promoter/Director	Address
1.	Nikhil Nanda	Chairman and Managing Director	Nanda House, 12 Jor Bagh NDMC, South Delhi New Delhi 110003
2.	Nitasha Nanda	Whole Time Director	2, Friends Colony (West) South Delhi New Delhi 110065
3.	Hardeep Singh	Director	608A, The Aralias, DLF Golf Links DLF Golf Course, DLF City, Phase 5 Gurgaon 122009
4.	P. H. Ravikumar	Director	501, 5th Floor, Yashowan Towers, TH Kataria Marg, Mahim-West. Mumbai 400016
5.	Vibha Paul Rishi	Director	812, The Aralias Golf Course Road, Chakarpur Gurgaon 122002, Haryana
6.	Dr. Sutanu Behuria	Director	602A, Beverly Park I Mehrauli Road, DLF, Phase 2 Gurgaon 122009
7.	Shailendra Agrawal	Executive Director	Flat No.-A1/702, Mathura Road, Mahindra Chloris Sector-19, Old Faridabad – 121002
8.	Sunil Kant Munjal	Director	1-A, Friends Colony West, New Delhi 110065
9.	Tanya Dubash	Director	Hasman Bungalow, 89B Bhulabhai Desai Road, Mumbai 400026

#### 4. OTHER DISCLOSURES

- 4.1. No investigations or proceedings have been instituted and are pending against the Company under the Act.
- 4.2. The Company has not accepted any deposits under the provisions of Sections 73 to 76 or any

other relevant provisions of the Act and the rules framed thereunder. Hence, the Company is not in arrears with respect to repayment of any deposits or interest thereon, as on the date of filing of this Scheme.

- 4.3. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees and depositors of the Company. The Company does not have any debenture holders. The Scheme will be in the best interest of all the stakeholders of the Company.
- 4.4. The benefits of the Scheme to the Company and its respective members, creditors and employees, as perceived by the Board of the Company are mentioned in Part B of the introduction of this Scheme (*Rationale of Scheme*).

## PART B

### 5. BACKGROUND AND REDUCTION OF SHARE CAPITAL OF THE COMPANY

The objective of the Scheme is to undertake the Capital Reduction or otherwise alter the issued, subscribed and paid up share capital of the Company. As an integral part of the Scheme, upon the Scheme becoming effective after securing necessary approvals and permissions, without any further act, instrument or deed, (i) the issued, subscribed and paid-up equity share capital of the Company shall be reduced by INR 12,25,76,880 (Indian Rupees Twelve Crores Twenty Five Lakhs Seventy Six Thousand Eight Hundred and Eighty) (i.e. 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of INR 10 (Indian Rupees Ten) each).

### 6. RE-ORGANISATION OF PAID UP SHARE CAPITAL AND ITS IMPACT ON THE COMPANY

6.1 Upon the Scheme becoming effective, 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) fully paid-up equity shares of INR 10 (Indian Rupees Ten) each of the Company held by EBWT shall stand cancelled and extinguished and, consequently, the paid-up equity share capital of the Company as on the Effective Date shall become INR 122,57,68,780 (Indian Rupees One Hundred and Twenty Two Crore Fifty Seven Lakhs Sixty Eight Thousand Seven Hundred and Eighty) divided into 12,25,76,878 (twelve crore twenty five lakhs seventy six thousand eight hundred and seventy eight) equity shares of INR 10 (Indian Rupees Ten) each.

6.2 The share capital of the Company before and after the Capital Reduction in terms of this Scheme shall be as under:

Particulars	As on date of approval of the Scheme		After the approval of the Scheme and post proposed preferential allotment of shares to the Investor but before approval of the Capital Reduction in terms of this Scheme		Post Capital reduction in terms of this Scheme	
	Number of Equity shares	Amount (INR)	Number of Equity shares	Amount (INR)	Number of Equity shares	Amount (INR)
Authorized equity share capital	40,10,00,000	4,01,00,00,000	40,10,00,000	4,01,00,00,000	40,10,00,000	4,01,00,00,000
Paid-up equity share capital	12,25,76,878	1,22,57,68,780	13,48,34,566	1,34,83,45,660	12,25,76,878	1,22,57,68,780

6.3 The Capital Reduction and the consequent cancellation of the equity share capital and the securities premium of the Company as herein above, shall be effected as per the provisions of Section 66 read with Section 52 of the Act and other applicable provisions of the Act, rules (including the Rules) and regulations made there under upon the Scheme becoming effective.

6.4 The Capital Reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

6.5 The Capital Reduction will not cause any prejudice to the creditors of the Company as there will not be any reduction in the amount payable to the respective creditors. Further, in the absence of any payments to EBWT pursuant to the Capital Reduction, it does not alter, vary or

affect the rights of the creditors in any manner whatsoever. The liabilities with respect to payments due to the creditors will be discharged by the Company in accordance with the terms of their agreements with the Company, if any, or in the ordinary course of business, as the case may be. The Company has positive net worth and therefore the proposed Capital Reduction will not adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

- 6.6 The extinguishment and cancellation of the paid-up equity share capital of the Company under this Scheme will facilitate the Company to keep its total equity share capital unchanged even after the preferential allotment to the Investor. Such action does not result in any payout to the EBWT pursuant to the proposed Capital Reduction.
- 6.7 The Capital Reduction will not have any adverse impact on the employees and workers of the Company in any manner and their service shall be continuous and they will continue to enjoy the same benefits as they used to before the Capital Reduction.
- 6.8 The Scheme does not in any manner alter, vary or affect the payment of any dues or outstanding amounts including all or any of the statutory dues payable or outstanding.
- 6.9 The Scheme does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity.
- 6.10 The Scheme is merely a Capital Reduction and does not involve any conveyance or transfer of any property of the Company and does not involve any issue of shares. Consequently, the order of NCLT approving the Scheme will not attract any stamp duty.
- 6.11 Notwithstanding the Capital Reduction in pursuance to this Scheme and subject to the orders of the NCLT, the Company shall not be required to add the words “And Reduced” as a suffix.
- 6.12 During the pendency of this Scheme, EBWT will be eligible for all the rights in the capacity of shareholders of the Company including but not limited to receiving the dividend and bonus shares, participate in right issue and buy-back, voting in the shareholders' meeting and participate in any other corporate action taken by the Company.

## **7. COMPLIANCE**

- 7.1 The consent of the members of the Company for the Capital Reduction and this Scheme shall be obtained through a special resolution under the provisions of Section 66 of the Act and any other applicable provision.
- 7.2 The Scheme, if sanctioned, shall be fully in compliance of the Securities and Exchange Board of India Act, 1992, Listing Regulations and SEBI Circular.

## **8. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY**

Upon the Scheme becoming effective, investment, aggregating to the value of investment representing 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of the Company recorded as non-current investment in the books of the Company as ‘Sole beneficiary interest in Escorts Benefit and Welfare Trust’ i.e. INR 113,21,25,002 (Indian Rupees One Hundred and Thirteen Crore Twenty One Lakh Twenty Five Thousand and Two) shall be cancelled, with corresponding adjustment by way of debit to: (i) the outstanding paid-up equity share capital for INR 12,25,76,880 (Indian Rupees Twelve Crores Twenty Five Lakhs Seventy Six Thousand Eight Hundred and Eighty); and (ii) the securities premium account of the Company for INR 100,95,48,122 (Indian Rupees One

Hundred Crore Ninety Five Lakhs Forty Eight Thousand One Hundred and Twenty Two) ) in compliance with the generally accepted accounting principles in India.

**9. MISCELLANEOUS**

Notwithstanding the reduction of the capital of the Company in pursuance of this Scheme, the Company shall not be required to add the words “And Reduced” to its name as the last words thereof.

**10. MINUTE**

The Form of Minute proposed to be registered under Section 66(5) of the Act and Rule 6(2) of the Rules is as follows:

*“The issued, subscribed and paid-up capital of Escorts Limited is henceforth INR 1,22,57,68,780 (Indian Rupees One Hundred and Twenty Two Crore Fifty Seven Lakh Sixty Eight Thousand Seven Hundred and Eighty) divided into 12,25,76,878 (twelve crore twenty five lakhs seventy six thousand eight hundred and seventy eight) equity shares of INR 10 (Indian Rupees Ten) each reduced from INR 1,34,83,45,660 (Indian Rupees One Hundred Thirty Four Crore Eighty Three Lakh Forty Five Thousand Six Hundred and Sixty) divided into 13,48,34,566 (Thirteen crore forty eight lakh thirty four thousand five hundred and sixty six) equity shares of INR 10 (Indian Rupees Ten) each .”*

**11. LEGAL PROCEEDINGS**

The Scheme will not affect any legal or other proceedings by or against the Company, pending or arising, but the proceedings may be continued, prosecuted and enforced by or against the Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Company prior to the Scheme.

**12. CONDUCT OF BUSINESS BY COMPANY**

The Scheme does not involve any financial outlay / outgo and therefore, will not affect the ability or liquidity of the Company to meet its obligations / commitments in the normal course of business. Further, this Scheme will also not in any way adversely affect the ordinary operations of the Company during the course, or after the approval, of the Scheme.

## **PART C**

### **GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME**

#### **13. APPLICATION TO THE TRIBUNAL**

The Company shall make applications/petitions under Section 66 and other applicable provisions of the Act to the NCLT for the sanction of this Scheme, minute of reduction and all matters ancillary or incidental thereto.

#### **14. MODIFICATIONS/ AMENDMENTS TO THE SCHEME**

14.1 The Company will be at liberty to apply to the NCLT from time to time for necessary directions in matters relating to this Scheme or any terms thereof, in terms of the Act.

14.2 Subject to the provisions of the SEBI Circular, the Company through its Board, may assent to any modifications/ amendments to the respective section of this Scheme and/ or to any conditions or limitations, including such modifications/ amendments and/ or conditions or limitations that the Tribunal, the SEBI, the Stock Exchanges and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Company, through its authorized representatives, be and is hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, that may arise in relation to the meaning or interpretation of the respective sections of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or order of the Tribunal or any other authority or otherwise, howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerned or connected therewith and to do and execute all acts, deeds, matters and things necessary for giving effect to this Scheme.

#### **15. CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

- (a) the Scheme being approved by the members of the Company through special resolution and provided that the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it through e-voting in terms of Para 1(A)(9) of Annexure I of SEBI Circular
- (b) the Scheme being approved by the creditors of the Company as prescribed under the Act and/or as may be directed by NCLT and/or any other appropriate authority as may be applicable;
- (c) the Company obtaining the observation letter / no-objection letter from the relevant Stock Exchanges for the implementation of the Scheme;
- (d) the Scheme being sanctioned by the Tribunal under Section 66 and any other applicable provision of the Act;
- (e) certified copy of the order of the Tribunal sanctioning this Scheme and the minute of reduction being filed with the RoC by the Company; and
- (f) the requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.

## **16. EFFECT OF NON-RECEIPT OF APPROVALS**

- 16.1 In the event of any of the sanctions and approvals referred to in Para 14 above not being obtained and / or the Capital Reduction not being sanctioned by the Hon'ble Tribunal or such other appropriate authority, if any, this Capital Reduction shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Capital Reduction or as may otherwise arise in law and agreed between the relevant parties.
- 16.2 The Board of the Company shall be entitled to revoke, cancel and declare the Scheme or any part thereof to be of no effect and/ or to withdraw the Scheme or any part thereof and respective applications/ petitions filed with the Tribunal for any reason including if the Board is of view that the coming into effect of the Scheme or of any part thereof, in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on the Company or in case any condition or alteration imposed by the Tribunal or any other authority or entity is not on terms acceptable to them.

## **17. COSTS, CHARGES AND EXPENSES**

The Company shall bear all the costs, charges, taxes including duties, levies and all other expenses, if any arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto.

## **18. MISCELLENEOUS**

- 18.1 Notwithstanding the Capital Reduction, the listing benefits of the Company on all the Stock Exchange(s) shall continue and the Company will comply with the applicable provisions of the listing agreement with the Stock Exchange(s) for listing and trading of shares of the Company.
- 18.2 The designated stock exchange for interaction with the Securities and Exchange Board of India in terms of Paragraph I(A)(1)(a) of Annexure I of the SEBI Circular shall be BSE Limited.

**XXXX**