

**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 (*as defined hereinafter*) is presented under the provisions of Section 66 read with Section 52 and other relevant provisions of the Act (*as defined hereinafter*) read with Rules (*as defined hereinafter*) for the selective reduction of equity share capital of the Company as specified in this Scheme.

### B. BACKGROUND AND RATIONALE TO THE 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 the 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 Lakhs 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.
- (d) Subsequently, by way of an order dated December 23, 2021, the NCLT (*as defined hereinafter*), approved the cancellation of 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 ("**First Capital Reduction**"). The First Capital Reduction was made effective by the Company on December 27, 2021.
- (e) As on the date of the approval of this Scheme by the Board of Directors (*as defined hereinafter*) EBWT holds 2,14,42,343 (Two Crore Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty-Three) equity shares of the Company through its trustee, namely, Dr. Sutanu Behuria, amounting to 16.25% (Sixteen Point Twenty Five percent) of the total issued and paid-up share capital of the Company ("**Trust Shares**").
- (f) The Board of Directors, in its meeting held on November 18, 2021, *inter alia*, provided an approval to consider and evaluate the feasibility of reduction of the share capital of the Company by cancelling and extinguishing 2,14,42,343 (Two Crore Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty-Three) equity shares of the Company held by EBWT, without payment of any consideration to EBWT.
- (g) The Company has issued and allotted 93,63,726 (Ninety -Three Lakhs Sixty -Three Thousand Seven Hundred Twenty-Six) equity shares of INR 10 (Indian Rupees Ten) each to Kubota, by way of preferential issuance, on February 18, 2022.

- (h) The abovementioned preferential issue and allotment was approved by the Board of Directors keeping in view the future outlook of the Company, its growth targets and prospects, and additional funding requirements. Following this, the Company is adequately capitalized as of now for workings towards achieving its business objectives.
- (i) Amongst others, the objectives of EBWT, which holds equity shares of the Company, were: (i) to hold the trust funds exclusively for the benefit of the beneficiary (i.e., the Company) and sell the shares in accordance with the provisions of the trust deed dated February 14, 2012 read with amended trust deed dated March 20, 2020 and amended trust deed dated May 13, 2020 (“**EBWT Trust Deed**”) and the applicable provisions of the Act; (ii) forthwith remit the proceeds to the Company; and (iii) undertake such other incidental and ancillary activities in a manner as provided for under the EBWT Trust Deed. Over a period of time, EBWT, acting through its trustees and in accordance with the EBWT Trust deed, has sold certain shares and later consented to the First Capital Reduction, which was implemented by the Company.
- (j) Taking cognizance of the above and in furtherance to infusion of additional funds by Kubota in the Company, the Board of Directors in its considered opinion believes that the purpose for which the equity shares of the Company were held by EBWT has been duly served. In light of this, the Board of Directors in its meeting held on February 18, 2022 has now approved the cancellation of 2,14,42,343 (Two Crore Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty-Three) equity shares of INR 10 (Indian Rupees Ten) each of the Company held by EBWT, without payment of any consideration to EBWT.
- (k) The proposed reduction of the 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. Further, the proposed capital reduction shall result in an increase in proportionate shareholding of other shareholders of the Company, including public shareholders.

## 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

### DEFINITIONS AND DETAILS OF THE COMPANY

#### 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 2,14,42,343 (Two Crore Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty-Three) fully paid-up equity shares of face value INR 10 (Indian Rupees Ten) each of the Company held by EBWT, without payment of any consideration to 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 pursuant to the EBWT Trust Deed;
- (f) “**EBWT Trust Deed**” shall have the meaning ascribed to such term in Paragraph B (i);
- (g) “**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;
- (h) “**Ind AS**” means the Indian Accounting Standards prescribed under Section 133 of the Act;
- (i) “**Kubota**” 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;
- (j) “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- (k) “**RoC**” means the Registrar of Companies, National Capital Territory of Delhi and Haryana;
- (l) “**Rules**” means National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, as amended from time to time;
- (m) “**SEBI Circular**” means the SEBI Circular CFD/DIL3/CIR/201721 dated March 10, 2017, as amended from time to time, read with the SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-Rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time;

- (n) “**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;
- (o) “**SEBI**” means the Securities and Exchange Board of India;
- (p) “**Stock Exchanges**” means the stock exchanges where the equity shares of the Company are listed and are admitted to trading, viz, BSE Limited and the National Stock Exchange of India Limited; and
- (q) “**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 and 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 the 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 by the 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 Tribunal.
- (c) The corporate identity number of the Company is L74899HR1944PLC039088.
- (d) The shares of the Company are currently listed on 2 (two) stock exchanges - the BSE Limited and the National Stock Exchange of India Limited. The shares of the Company were listed on the Delhi Stock Exchange Limited (“**DSE**”). However, DSE has been de-recognized and allowed to exit as a stock exchange by SEBI by way of SEBI’s Order No. WTM/SR/SEBI/MRD-DSA/04/01/2017 dated January 23, 2017. For the avoidance of doubt, the securities of the Company are currently not listed on DSE owing to DSE having been de-recognized by SEBI.
- (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 Sections 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, 2021, 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	401,00,00,000
888,000,000 unclassified shares of INR 10 each	888,00,00,000
<b>Total</b>	<b>1289,00,00,000</b>
<i>Issued, Subscribed and Paid-up Share Capital</i>	
134,834,566 equity shares of INR 10 each	134,83,45,660
<b>Total</b>	<b>134,83,45,660</b>

Subsequent to March 31, 2021, the NCLT, by way of an order dated December 23, 2021, approved the cancellation of 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. This First Capital Reduction was made effective by the Company on December 27, 2021. Further, the Company has also issued and allotted 93,63,726 (Ninety Three Lakhs Sixty Three Thousand Seven Hundred Twenty Six) equity shares of INR 10 (Indian Rupees Ten) each by way of preferential issuance to Kubota on February 18, 2022. Therefore, the issued, subscribed and paid-up share capital of the Company as on the date of filing of this Scheme is INR 131,94,06,040 (Indian Rupees One Hundred Thirty One Crores Ninety Four Lakhs Six Thousand and Forty) comprising of 13,19,40,604 (Thirteen Crores Nineteen Lakhs Forty Thousand Six Hundred Four) equity shares of INR 10 (Indian Rupees Ten) each.

The revised share capital structure of the Company, post the First Capital Reduction and preferential allotment 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	401,00,00,000
888,000,000 unclassified shares of INR 10 each	888,00,00,000
<b>Total</b>	<b>1289,00,00,000</b>
<i>Issued, Subscribed and Paid-up Share Capital</i>	
131,940,604 equity shares of INR 10 each	131,94,06,040
<b>Total</b>	<b>131,94,06,040</b>

## 2.5 Financials

The key aspects with respect to the financial performance of the Company for the financial year ended March 31, 2021, and period ended September 30, 2021, are as summarized below:

<b>Particulars</b>	<b>Financial Year ended March 31, 2021 (Amount in INR Crores)</b>	<b>Period ended September 30, 2021 (Amount in INR Crores)</b>
Total Current Assets	4,563.14	4,839.32
Total Current Liability	1,656.00	1,656.86
Profit/ (Loss)	874.06	361.92

## 3. **PROMOTERS AND DIRECTORS**

3.1. The names of the promoters of the Company as on December 31, 2021, along with their addresses are set forth below:

<b>S. No.</b>	<b>Name</b>	<b>Promoter</b>	<b>Address</b>
1.	Nikhil Nanda	Promoter	Nirvana, C-26, Asola Village, Fatehpur Beri, New Delhi - 110074
2.	Nitasha Nanda	Promoter Group	2, Friends Colony (West) South Delhi New Delhi 110065
3.	Shweta Nanda	Promoter Group	Nirvana, C-26, Asola Village, Fatehpur Beri, New Delhi - 110074
4.	Navya Naveli Nanda	Promoter Group	Nirvana, C-26, Asola Village, Fatehpur Beri, New Delhi - 110074
5.	Agastya Nanda	Promoter Group	Nirvana, C-26, Asola Village, Fatehpur Beri, New Delhi - 110074
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	Plot No. 19, Industrial Area, Phase 2, Chandigarh - 160002
10.	Har Parshad and Company Private Limited	Promoter Group	202 I Floor Okhla Industrial Estate Phase-III New Delhi 110020
11.	Sietz Technologies India Private Limited	Promoter Group	202 I Floor Okhla Industrial Estate Phase-III New Delhi 110020
12.	Niky Tasha Communications	Promoter Group	202 Okhla Industrial Estate Phase-III New Delhi 110020



S. No.	Name	Promoter	Address
	Private Limited		
13.	Niky Tasha Energies (P) Limited	Promoter Group	202 I Floor Okhla Industrial Estate Phase-III New Delhi 110020
14.	Charak Ayurvedic Treatments Private Limited	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

Upon the effectiveness of the Shareholders Agreement dated November 18, 2021, entered into between the Company, Kubota, EBWT and certain specified promoters of the Company (“SHA”), Kubota will acquire control over the Company to become a joint promoter along with the existing promoters of the Company in accordance with the terms contained therein.

- 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	Director	Address
1.	Nikhil Nanda	Chairman and Managing Director	Nirvana, C-26, Asola Village, Fatehpur Beri, New Delhi - 110074
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, Yashwan Towers, TH Kataria Marg, Mahim-West. Mumbai 400016
5.	Vibha Paul Rishi	Director	CM519B, The Camellias, DLF Golf Links, Gurgaon, 122009
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	29-A, Friends Colony West, New Delhi 110065
9.	Tanya Dubash	Director	Hasman Bungalow, 89B Bhulabhai Desai Road, Mumbai 400026
10.	Harish Narender Salve	Director	Flat 19, Park Towers, 2 Brick Street, London W1J 7DD, UK
11.	Dai Watanabe	Director	2-15-15, Midorigaoko, Osaka Prefecture, Toyonaka – 5600002, Japan
12.	Yuji Tomiyama	Director	1040-1-706, Nakaku Fukuda, Sakai City, Osaka 599-8241, Japan

#### **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, are mentioned in Part B of the introduction of this Scheme (*Selective Reduction of Share Capital of the Company*).

## PART B

### SELECTIVE REDUCTION OF SHARE CAPITAL OF THE COMPANY

#### 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, the issued, subscribed and paid-up equity share capital of the Company shall be reduced by INR 21,44,23,430 (Indian Rupees Twenty-One Crores Forty-Four Lakhs Twenty-Three Thousand Four Hundred Thirty) comprising of 2,14,42,343 (Two Crores Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty-Three) 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, 2,14,42,343 (Two Crores Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty Three) fully paid-up equity shares of the Company of INR 10 (Indian Rupees Ten) each of the Company held by EBWT shall be cancelled and extinguished and consequently, the paid-up equity share capital of the Company as on the Effective Date shall become INR 110,49,82,610 (Indian Rupees One Hundred and Ten Crores Forty -Nine Lakhs Eighty Two Thousand Six Hundred and Ten) divided into 11,04,98,261 (Eleven Crores Four Lakhs Ninety-Eight Thousand Two Hundred and Sixty-One) equity shares of INR 10 (Indian Rupees Ten) each. Further, upon the Scheme becoming effective, the Company shall ensure compliance with applicable provisions of the Listing Regulations, including Regulation 31A of the Listing Regulations in relation to the de-classification of EBWT as a part of the Promoter Group of the Company.

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		Post Capital reduction in terms of this Scheme	
	Number of Equity shares	Amount (INR)	Number of Equity shares	Amount (INR)
<b>Authorized equity share capital</b>	40,10,00,000	401,00,00,000	40,10,00,000	401,00,00,000
<b>Authorized Unclassified Share Capital</b>	88,80,00,000	888,00,00,000	88,80,00,000	888,00,00,000
<b>Paid-up equity share capital</b>	13,19,40,604	131,94,06,040	11,04,98,261	110,49,82,610

6.3 The Capital Reduction and the consequent cancellation of the equity share capital as hereinabove and the securities premium of the Company, 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 thereunder 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 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.
- 6.7 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.
- 6.8 The Scheme does not envisage transfer or vesting of any of the properties and / or liabilities of the Company to any person or entity.
- 6.9 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 issuance of shares. Consequently, the order of NCLT approving the Scheme will not attract any stamp duty.
- 6.10 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, participating in any rights 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 with the Securities and Exchange Board of India Act, 1992, Listing Regulations and SEBI Circular. Upon the Scheme becoming effective, the Company shall ensure compliance with applicable provisions of the Listing Regulations, including Regulation 31A of the Listing Regulations in relation to the de-classification of EBWT as a part of the Promoter Group of the Company.

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

Upon the Scheme becoming effective, investment, aggregating to the value of investment representing 2,14,42,343 (Two Crores Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty Three) equity shares of the Company recorded as a non-current investment in the books of the Company as 'Sole beneficiary interest in Escorts Benefit and Welfare Trust' i.e., INR 198,04,23,438 (Indian Rupees One Hundred and Ninety Eight Crore Four Lakh Twenty Three Thousand Four Hundred and Thirty Eight) shall be cancelled, with corresponding adjustments by way of debit to: (i) the outstanding paid-up equity share capital for INR 21,44,23,430 (Indian Rupees Twenty One Crore Forty Four Lakh Twenty Three Thousand Four Hundred and Thirty); and (ii) the securities premium account of the Company for INR 176,60,00,008 (Indian Rupees One Hundred and Seventy Six Crore Sixty Lakh and Eight), 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 110,49,82,610 (Indian Rupees One Hundred and Ten Crores Forty Nine Lakhs Eighty Two Thousand Six Hundred and Ten) divided into 11,04,98,261 (Eleven Crores Four Lakhs Ninety Eight Thousand Two Hundred and Sixty One) each reduced from INR 131,94,06,040 (Indian Rupees One Hundred Thirty One Crores Ninety Four Lakhs Six Thousand and Forty) comprising of 13,19,40,604 (Thirteen Crores Nineteen Lakhs Forty Thousand Six Hundred Four) 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 the 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 15 above not being obtained and / or the Capital Reduction not being sanctioned by the 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 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 an 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. MISCELLANEOUS**

- 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 SEBI in terms of the SEBI Circular shall be BSE Limited.

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