December 11, 2021

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 **BSE – 500495**	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051 **NSE – ESCORTS**	**Delhi Stock Exchange Limited** DSE House, 3/1, Asaf Ali Road, New Delhi – 110002 **DSE – 00012**

Subject: Intimation of Company Response on Proxy Advisory Report of Stakeholders Empowerment Services

Dear Sir/ Madam,

This is with reference to the today's newspapers article on Stakeholders Empowerment Services' ("SES"), a proxy advisor firm's, report dated December 8, 2021 in relation to various shareholders' resolutions under postal ballot notice dated November 18, 2021 proposed to be considered by the members of the Company by way of postal ballot.

We had sent our responses to SES recommendations clarifying our position on December 10, 2021, copy of the same is attached herewith and the same is also made available at our website at link herein below specified:

https://www.escortsgroup.com/templates/escortsgroup_home/images/pdf/Response-to-SES-Proxy-Advisory-Report-signed.pdf

The above is for your kind information and records.

Thanking You,

Yours faithfully,
For **Escorts Limited**



Satyendra Chauhan
Company Secretary
& Compliance Officer

ESCORTS LIMITED
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Email: corpsl@escorts.co.in; Website: www.escortsgroup.com
Registered Office: 15/5, Mathura Road, Faridabad – 121 003, Haryana
CIN: L74899HR1944PLC039088

December 10, 2021

To,

Mr J N. Gupta
Stakeholders Empowerment Services
109, Shyam Baba House,
Upper Govind Nagar,
Malad East,
Mumbai – 400097
research@sesgovernance.com

Re: Proxy Advisory Report in relation to postal ballot notice dated November 18, 2021 for certain shareholder resolutions of Escorts Limited proposed to be considered by way of postal ballot

Dear Sir,

We write with reference to your proxy advisory report (***Report***) in relation to the shareholder resolutions of Escorts Limited (***EL***) proposed to be considered by way of postal ballot pursuant to the postal ballot notice dated November 18, 2021. The proposed shareholder resolution consists of following agenda items:

Item No 1*: To issue 93,63,726 equity shares of the Company on a preferential allotment basis to Kubota Corporation, Japan and issuance of offer letter*

Item No 2: *To approve the change in the name of the Company*

Item No 3: *To approve the alteration to the articles of association of the Company*

Item No 4*: To increase the limit of the maximum number of directors which may be appointed on the board of directors of the Company to 18 (Eighteen)*

Item No 5*: To approve related party transaction with Kubota Corporation, Japan and its subsidiaries and group companies*

We note from your Report that in relation to Item 1 to Item 4, you have recommended the shareholders to vote against the said resolutions.

We appreciate the efforts taken by you in apprising shareholders of the background to each resolution. We would, however, like to bring the following to your attention and due consideration:

Item No 1 & Item No 2 (linked with Item No. 1):

Response*:*

*The market participants are well aware that the Escorts Benefit and Welfare Trust (**EBWT**) holds 33.7 million equity shares on fully diluted basis as treasury shares and EL is the sole beneficiary of the EBWT. Please note that EL's stock is widely covered by the research analyst who do not consider any*

of the shares held by EBWT for EPS and Market capitalisation related calculations. Further, reputed financial databases such as Capital IQ and Bloomberg also do not consider any of the shares held by EBWT for EPS and Market capitalisation related calculations.

Additionally, in the consolidated accounts published by EL, the equity shares held by the EBWT are reduced from the total outstanding shares for the purpose of calculation of consolidated EPS.

Based on the foregoing, it is evident that equity shares held by EBWT have already been factored in traded market price of EL shares and, accordingly, the price to be paid by Kubota for the proposed preferential allotment has been determined based on the traded market price of EL Shares and, hence, reflects the stated premium above the traded market price of EL.

*Further, please note that the valuation of EL was determined by the Board after taking into account analysis of multiple valuation experts, periodical updates of target price published in various research reports and other relevant information, including, a going concern valuation conducted by Niranjan Kumar, Registered Valuer ('**Registered Valuer'**) to arrive at the fair value of EL share using multiple valuation approach / methods for the purpose of fund raise through a preferential allotment. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the valuation date.*

We hope the above information clarifies any doubts you may have had regarding the aforementioned proposal.

Item 3:

Response:

As per the SEBI ICDR Regulations, a promoter by virtue of its definition is a person or an entity, who amongst other things, has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise. Further, the SEBI Takeover Regulations define 'control' to include the right to appoint majority of directors on the board of the listed entity.

As noted above, the aforesaid SEBI Regulations clearly contemplate the right of the promoter to be in a position to nominate directors on the board of the listed company in order to have the ability to exercise control over the listed company. Further, it is incorrect to say that there is no minimum shareholding threshold with respect to the existing Promoters' right to appoint director on the board wherein the amendment to the articles clearly provide for the same .

The restated AoA does not in any way undermine the authority that has been given to the NRC under applicable laws. Rather it acknowledges such authority and therefore states that the nomination rights are subject to applicable laws. The Promoters will work in close co-ordination with the NRC in nominating their relevant nominee directors.

We hope the above information clarifies any doubts you may have had regarding the aforementioned proposal.

Item no. 4

Response*:*

The reason for increase of the board size is not merely due to proposed increase in shareholding of Kubota but is also attributable to the fact that with increase in Kubota's stake, EL's expansion efforts will be scaled up significantly, thereby justifying the requirement to increase the board size.

In any case this should not raise any governance issues as the independent directors would continue to comprise half of the total board size of EL in accordance with requirements of applicable law.

We will be happy to speak to you to allay any concerns you may have or to provide you any further information or clarifications that you may need.

Thanking you,

Yours Sincerely,

For Escorts Limited



Satyendra Chauhan
Company Secretary & Compliance Officer
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