

**IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION
COMPANY PETITION NO. 37 OF 2012**

IN THE MATTER OF PETITION UNDER SECTION 391 TO 394 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF :

SCHEME OF ARRANGEMENT AND AMALGAMATION OF ESCORTS CONSTRUCTION EQUIPMENT LIMITED; AND ESCOTRAC FINANCE AND INVESTMENTS PRIVATE LIMITED; AND ESCORTS FINANCE INVESTMENTS AND LEASING PRIVATE LIMITED WITH ESCORTS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF :

ESCORTS CONSTRUCTION EQUIPMENT LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor,
Sector-20, Panchkula-134109, Haryana

... Petitioner Company 1 / Transferor Company 1

AND

ESCOTRAC FINANCE AND INVESTMENTS PRIVATE LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor, Sector-20,
Panchkula-134109, Haryana

... Petitioner Company 2 / Transferor Company 2

AND

ESCORTS FINANCE INVESTMENTS AND LEASING PRIVATE LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor, Sector-20,
Panchkula-134109, Haryana

... Petitioner Company 3 / Transferor Company 3

WITH

ESCORTS LIMITED

A Company incorporated under
The Companies Act, 1913 and having
its Registered Office at SCO-232, 1st Floor,
Sector-20, Panchkula-134109, Haryana

... Petitioner Company 4 / Transferee Company

NOTICE CONVENING MEETING

To,

The Equity Shareholders of the Petitioner Company 4 / Transferee Company - Escorts Limited.

Take notice that by an order made on the 18th day of April, 2012, the Hon'ble High Court of Punjab and Haryana at Chandigarh, has directed that a meeting of the Equity Shareholders of the Petitioner Company 4 / Transferee Company, be held at Hotel K C Cross Road, Site No.1, Sector 10, Opposite Bus Stand, Panchkula - 134113, (Haryana) on Sunday, the 20th day of May, 2012 at 11.00 a.m., for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Arrangement and Amalgamation of Escorts Construction Equipment Limited; and Escotrac Finance and Investments Private Limited; and Escorts Finance Investments and Leasing Private Limited with Escorts Limited and Their Respective Shareholders And Creditors (hereinafter referred to as "the Scheme").

Take Further Notice that in pursuance of the said order, meeting of the Equity Shareholders of the Petitioner Company 4 / Transferee Company will be held at Hotel K C Cross Road, Site No.1, Sector 10, Opposite Bus Stand, Panchkula - 134113, (Haryana) on Sunday, the 20th day of May, 2012 at 11.00 a.m., when you are requested to attend.

Take Further Notice that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Petitioner Company 4 / Transferee Company at SCO-232, 1st Floor, Sector-20, Panchkula-134109, (Haryana) not later than 48 hours before the meeting.

The Court has appointed Mr. Praveen K. Gupta, Advocate as Chairman and Mr. Piyush Bansal, Advocate as Co-Chairman of the said meeting.

A copy each of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956 and Form of Proxy are enclosed.

Sd/-
(Praveen K. Gupta)
Advocate
(House No. 2315, Sector 38C, Chandigarh)
(Chairman appointed for the Meeting)

Place : Chandigarh
Dated : 20th day of April, 2012

**IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION
COMPANY PETITION NO. 37 OF 2012**

IN THE MATTER OF : Scheme of Arrangement and Amalgamation of Escorts Construction Equipment Limited; and Escotrac Finance and Investments Private Limited; and Escorts Finance Investments and Leasing Private Limited with Escorts Limited and Their Respective Shareholders And Creditors under Section 391 to 394 and other applicable provisions of the Companies Act, 1956.

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

Pursuant to an Order dated 18th April, 2012 passed by the Hon'ble High Court of Punjab & Haryana at Chandigarh (hereinafter referred to as "the High Court") in the Petition filed before the High Court on 26.03.2012, the High Court have ordered to hold separate meetings of Equity Shareholders, Unsecured Creditors of Escorts Limited ("the Transferee Company") and Unsecured Creditors of Escorts Construction Equipment Limited ("the Transferor Company 1") (as per details given below) for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement and Amalgamation of Escorts Construction Equipment Limited; and Escotrac Finance and Investments Private Limited; and Escorts Finance Investments and Leasing Private Limited with Escorts Limited and Their Respective Shareholders And Creditors (hereinafter referred to as "the Scheme"). The Scheme is annexed to the Notice of the meeting.

S.NO.	PARTICULARS OF THE MEETING	VENUE	DATE	TIME
1.	ESCORTS LIMITED			
a.	Equity Shareholders	Hotel K C Cross Road, Site No.1, Sector - 10, Opposite Bus Stand, Panchkula - 134113 (Haryana)	20.05.2012	11.00 A.M.
b.	Unsecured Creditors		20.05.2012	1:00 P.M.
2.	ESCORTS CONSTRUCTION EQUIPMENT LIMITED			
a.	Unsecured Creditors	Hotel K C Cross Road, Site No.1, Sector - 10, Opposite Bus Stand, Panchkula - 134113 (Haryana)	20.05.2012	3.00 P.M.

Escorts Limited ("the Petitioner Company 4"/ "the Transferee Company"/ "EL")

- The Transferee Company, Escorts Limited is a public listed company, incorporated on 17th October, 1944 under the Indian Companies Act, 1913. The Transferee Company is the flagship Company of the Escorts Group and is presently engaged inter-alia in the business of manufacture and sale of tractors, shock absorbers, railway equipment and auto components. The Main Objects of the Transferee Company are as set out in its Memorandum of Association.
- The Registered Office of the Transferee Company is situated at SCO-232, 1st Floor, Sector-20, Panchkula, Haryana-134109.
- The details of the Share Capital of the Transferee Company as on September 30, 2011, are as set out under clause 2.1 of the Scheme. There has been no change in the Share Capital of the Transferee Company since September 30, 2011.

Escorts Construction Equipment Limited ("the Petitioner Company 1"/ "the Transferor Company 1"/ "ECEL")

- ECEL, a Wholly Owned Subsidiary of the Transferee Company was incorporated on 17th February, 1994 and is engaged inter-alia in the business of manufacture of construction equipments. The Main Objects of the Transferor Company 1 are as set out in its Memorandum of Association.
- The Registered Office of the Transferor Company 1 is situated at SCO-232, 1st Floor, Sector-20, Panchkula, Haryana-134109.
- The details of the Share Capital of the Transferor Company 1 as on September 30, 2011, are as set out under clause 2.2 of the Scheme. There has been no change in the Share Capital of the Transferor Company 1 since September 30, 2011.

Escotrac Finance And Investments Private Limited ("the Petitioner Company 2"/ "the Transferor Company 2"/ "Escotrac")

- The Transferor Company 2, a Private Limited Company incorporated on 16th July, 1990 is an investment company duly registered as a non-deposit accepting Non-Banking Finance Company under section 45-IA of the Reserve Bank of India Act, 1934. The Main Objects of the Transferor Company 2 are as set out in its Memorandum of Association.
- The Registered Office of the Transferor Company 2 is situated at SCO-232, 1st Floor, Sector-20, Panchkula, Haryana-134109.
- The details of the Share Capital of the Transferor Company 2 as on March 31, 2011, are as set out under clause 2.3 of the Scheme. There has been no change in the Share Capital of the Transferor Company 2 since March 31, 2011.

Escorts Finance Investments and Leasing Private Limited ("the Petitioner Company 3"/ "the Transferor Company 3"/ "EFILL")

- The Transferor Company 3, a Private Limited Company incorporated on 1st December, 1994 is an investment company duly registered as a non-deposit accepting Non-Banking Finance Company under section 45-IA of the Reserve Bank of India Act, 1934. The Main Objects of the Transferor Company 3 are as set out in its Memorandum of Association.
- The Registered Office of the Transferor Company 3 is situated at SCO-232, 1st Floor, Sector-20, Panchkula, Haryana-134109.
- The details of the Share Capital of the Transferor Company 3 as on March 31, 2011, are as set out under clause 2.4 of the Scheme. There has been no change in the Share Capital of the Transferor Company 3 since March 31, 2011.

(the Transferor Company 1, the Transferor Company 2 and the Transferor Company 3 are collectively hereinafter referred to as "the Transferor Companies")

- The salient features of the Scheme formulated under Section 391 to 394 of the Companies Act, 1956 are being reproduced as under:

- "Appointed Date"** means the 1st day of October, 2011 or such other date as may be directed by the High Court of Punjab & Haryana.
- TRANSFER AND VESTING OF UNDERTAKINGS**

- Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertakings of the Transferor Companies shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company, each as a going concern so as to become the Undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.

Further, this clause of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any term(s) or provision(s) of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will, however, not affect the other clauses of the Scheme.

- All assets and properties of the Transferor Companies as on the Appointed Date and all assets and properties which are acquired by the Transferor Companies after the Appointed Date and prior to the Effective Date shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of

- the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Transferor Companies after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.
- 4.3 In respect of such of the assets of the Transferor Companies as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, or transfer by vesting and recordal pursuant to the Scheme, the same shall stand transferred to the Transferee Company on the Effective date and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.
 - 4.4 In respect of such of the assets of the Transferor Companies other than those referred to in Clause 4.3 above, including but not limited to sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall without any further act, instrument or deed, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 394 of the Act.
 - 4.5 Upon coming into effect of this Scheme, all permits, registrations, approvals, consents, statutory licenses, licenses to set up and operate any business or business units, quotas, rights, entitlements, any other licenses (including but not limited to those relating to trademarks, tenancies, patents, copyrights, designs), leases, conveyance deed (specifically including the conveyance deed in respect of the land situated at Plot No. 219, Sector 58, Ballabhgarh (Faridabad) Haryana - 121004 including related rights, titles, approvals etc. pertaining thereto), privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Companies, shall remain in full force and effect in favour of or against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company has been a party or beneficiary or obligee thereto.
 - 4.6 Upon coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Companies of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the Liabilities), shall, pursuant to the sanction of this Scheme by the High Courts and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with, any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.
 - 4.7 All debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date, whether or not provided in the books of the Transferor Companies, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Companies on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.
 - 4.8 Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date have been discharged or satisfied by the Transferor Companies after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
 - 4.9 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Companies in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
 - 4.10 Subject to the provisions of Clause 4.12 & 4.13, all inter party transactions between the Transferor Companies inter-se and between the Transferor Companies and the Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as inter party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Companies inter-se and between the Transferor Companies and the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.
 - 4.11 Investments (equity and/or preference) of EFILL in Escotrac and vice-versa, and Investment (equity and/or preference) of Escorts in EFILL & Escotrac, if any, shall stand cancelled upon the Scheme becoming effective as EFILL and Escotrac shall stand dissolved without being wound up upon the Scheme becoming effective.
 - 4.12 In so far as the equity shares of ECEL held by Escorts, either singly or jointly, are concerned, the said equity shares of ECEL shall not get cancelled but shall, under, pursuant to and by virtue of this Scheme and simultaneous to all other steps/actions pursuant to this Scheme and on the effective date and without any further act or deed or matter or thing, stand transferred to and vested in Escorts Benefit & Welfare Trust, which Trust shall be settled by Escorts upon the approval of the Scheme by its Board of Directors and prior to the filing of the petition for sanction of the Scheme before the Hon'ble High Court. These shares shall be held by the board of trustees of the Escorts Benefit & Welfare Trust, with all additions or accretions thereto in trust for the benefit of Escorts (including its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the Escorts Benefit & Welfare Trust Deed on such terms and conditions as may be set out in the Escorts Benefit & Welfare Trust Deed) and continued to be held by the Escorts Benefit & Welfare Trust on the Record date.
 - 4.13 Notwithstanding anything contained in any other clause of the Scheme, in so far as the equity shares held by EFILL and Escotrac in Escorts and Escorts Finance Limited are concerned, EFILL and Escotrac shall individually, under, pursuant to and by virtue of this Scheme and simultaneous to all other steps/actions pursuant to this Scheme and on the effective date and without any further act or deed or matter or thing, transfer all the shares of Escorts and Escorts Finance Limited held by them on such date to the Board of Trustees of the EFILL Benefit Trust and the Escotrac Benefit Trust respectively to have and to hold EFILL and Escotrac's investment in shares of Escorts and Escorts Finance Limited in trust together with all additions or accretions thereto in trust for the benefit of EFILL and Escotrac respectively and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument ("the Trust Deed") establishing the aforesaid trusts ("the EFILL Benefit Trust" and "the Escotrac Benefit Trust") on such terms and conditions as may be set out in the Trust Deed. The Trusts shall be settled by EFILL and Escotrac respectively upon the approval of the Scheme by its Board of Directors and prior to the filing of the petition for sanction of the Scheme before the Hon'ble High Court. Further, since upon this Scheme becoming effective, the beneficiary under the EFILL Benefit Trust and the Escotrac Benefit Trust would be Escorts and the objective of the EFILL Benefit Trust and the Escotrac Benefit Trust and the Escorts Benefit & Welfare Trust, would be the same, for operational convenience, upon this Scheme becoming effective, the beneficial interest in the EFILL Benefit Trust and the Escotrac Benefit Trust shall without any further act or deed be transferred and vested in the Trustees of the Escorts Benefit & Welfare Trust and consequently, the shares/properties held by Trustees of EFILL Benefit Trust and the Escotrac Benefit Trust shall stand transferred to the Trustees of the Escorts Benefit & Welfare Trust. Consequently, the EFILL Benefit Trust and the Escotrac Benefit Trust shall be deemed to have been dissolved / revoked on the Effective Date.

6. LEGAL PROCEEDINGS

- 6.1 On and from the Appointed Date, all suits, actions, benefits and legal proceedings of whatsoever nature by or against the Transferor Companies pending in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority shall be continued and/or enforced until the Effective Date as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same has been and/or pending and/or arising by or against the Transferee Company.
- 6.2 Further, if any suit, appeal, benefits or other legal or quasi-legal proceedings of whatever nature by or against Transferor Companies be pending, the same shall not abate, be discontinued or be in any way be prejudicially affected by reason of the transfer of the business and/or Undertaking or of anything contained in this Scheme of the Transferor Companies but the proceedings may be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Transferor Companies as if this Scheme had not been made.

7. CONTRACTS, DEEDS, ETC.

- 7.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, agreements, incentives, understandings and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect on the Effective Date, without any further act, instrument or deed, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectively as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto.
- 7.2 Without prejudice to other provisions of this Scheme and notwithstanding the fact that the vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Companies are a party as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all formalities or compliances required for the purposes referred to above on the part of the Transferor Companies.
- 7.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney given by, issued to or in favour of the Transferor Companies in relation to their respective Undertakings shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company.

8. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

With effect from the appointed date up to the Effective Date:

- a) The Transferor Companies shall carry on and be deemed to have carried on the business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the said undertakings, for and on account of and in trust for Transferee Company
- b) All profits or incomes accruing or arising to the Transferor Companies or expenditure or losses arising or incurred by the Transferor Companies shall for all purposes be treated as the profits or incomes or expenditure or losses of Transferee Company, as the case may be
- c) The Transferor Companies shall carry on their business activities with reasonable diligence, business prudence and shall not sell, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets comprising the undertaking or any part thereof or undertake any financial commitments of any nature whatsoever, except in the ordinary course of business or without the prior consent of Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Companies prior to Appointed Date;
- d) Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Government and all other agencies, departments and authorities concerned as may be necessary under any law for such consents, approvals, sanctions and registration which Transferee Company may require to carry on the businesses of the Transferor Companies and to give effect to the Scheme;
- e) The Transferor Companies shall not undertake any new business or substantially expand its existing business except by and with consent of the Board of Directors of the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Undertakings of the Transferor Companies under clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by the Transferee Company.

10. STAFF, WORKMEN & EMPLOYEES

Upon the coming into effect of this Scheme and with effect from the Appointed Date, all staff, workmen and employees of the Transferor Companies in service on the Effective Date shall become the staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favorable than those applicable to them in the Transferor Companies on the Effective Date. It is clarified that the employees of the Transferor Companies who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any Employee Stock Option Schemes applicable to or covering all or any of the employees of the Transferee Company), unless otherwise determined by the Board of Directors of the Transferee Company.

- 10.1 Existing benefits such as provident fund, gratuity fund, pension and/or superannuation fund or any other special fund or retirement funds or benefits, if any, created or existing for the benefit of the employees of the Transferor Companies (collectively referred to as the "Funds") and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Companies or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Companies shall be transferred to such funds of the Transferee Company.
- 10.2 It is clarified that services of the employees of the Transferor Companies will be treated in continuation for the purpose of said fund or funds or trust.

11. BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR TRANSFEE COMPANY

With effect from the Appointed Date and up to and including the Effective Date:

- 11.1 Transferor Companies shall carry on and shall be deemed to have carried on all its businesses and activities relating to the Undertakings as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertakings on account of, and for the benefits of and in trust for, the Transferee Company.

- 11.2 All profits or income accruing or arising to Transferor Companies, and all expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by / or in relation to the Undertakings of Transferor Companies shall, for all purposes, be treated as profits, income, costs, charges, expenses, taxes or losses, as the case may be, of the Transferee Company.
- 11.3 It is expressly clarified that with effect from the Appointed Date, all taxes payable by Transferor Companies including all or any refunds of the claims/TDS Certificates shall be treated as the tax liability or refunds/claims/TDS Certificates as the case may be of Transferee Company.
- 11.4 Transferee Company shall be entitled to revise its all Statutory returns relating to Direct taxes / Indirect Taxes like Income Tax, Wealth Tax, VAT, Service Tax etc. and to claim refunds/advance tax credits and/or set-off the tax liabilities of the Transferor Companies under the relevant laws and its rights to make such revisions in the Statutory returns and to claim refunds, advance tax credits and/or set off the tax liabilities is expressly granted, if and as may be applicable. The rights to make such revisions in the returns and to claim refunds/credits are expressly reserved in favour of Transferee Company.
- 11.5 From the Effective Date and till such time as the name of Transferee Company would get entered as the account holder in respect of all the bank accounts of Transferor Companies in the relevant banks' books of record, Transferee Company shall be entitled to operate the bank accounts of all the Transferor Companies.
- 11.6 Transferor Companies hereby undertake that they will from the Appointed Date up to and including the Effective Date preserve and carry on their businesses with reasonable diligence and utmost business prudence and agrees that they will not, without the prior written consent of the Transferee Company, alienate, charge, mortgage or encumber or otherwise deal with or dispose off any of its properties except in the ordinary course of business.

12 MERGER OF AUTHORISED SHARE CAPITAL OF THE TRANSFEROR COMPANIES INTO THE TRANSFEE COMPANY

Upon the Scheme coming into effect, the authorized share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies, by an amount of INR 4,390,000,000 (Rupees four hundred and thirty-nine crore only), and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Companies on its authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorized share capital so increased.

Accordingly, in terms of this Scheme, the authorized share capital of the Transferee Company shall stand enhanced to an amount of Rs. 12,890,000,000 (Rupees one thousand two hundred and eighty nine crore only) divided into 401,000,000 equity shares of Rs. 10/- each and 888,000,000 unclassified shares of Rs. 10/- each and the capital clause being Clause V of the Memorandum of Association of the Transferee Company shall on the Effective Date stand substituted to read as follows:

V. "The Authorised Share Capital of the Company is Rs.12,890,000,000 (Rupees one thousand two hundred and eighty nine crore only) divided into 401,000,000 (Forty crore and ten lakh only) equity shares of Rs. 10/- each and 888,000,000 (Eighty eight crore and eighty lakh only) unclassified shares of Rs. 10/- each. The Board of Directors/its committee thereof shall have the power to classify the Unclassified shares into such class(s) of shares and/or re-denominate such shares, as may be considered expedient."

13 CONSIDERATION - ISSUE AND ALLOTMENT OF SHARES

- 13.1 Upon the coming into effect of the Scheme and in consideration of the transfer of and vesting of undertakings and the liabilities of the Transferor Companies in terms of the Scheme and subject to Clause 4.11, the Transferee Company shall issue and allot to the equity shareholders of the Transferor Companies whose names are recorded in the Register of Members of the respective Transferor Companies as on the Record Date. -
 - a) 4 (Four) equity shares of Rs. 10/- each, credited as fully paid up, in the Transferee Company for every 27 (Twenty Seven) equity shares of Rs. 10/- each fully paid-up held in the Transferor Company 1.
 - b) 4 (Four) equity shares of Rs. 10/- each, credited as fully paid up, in the Transferee Company for every 27 (Twenty Seven) equity shares of Rs. 10/- each fully paid-up held in the Transferor Company 2.
 - c) 4 (Four) equity shares of Rs. 10/- each, credited as fully paid up, in the Transferee Company for every 39 (Thirty Nine) equity shares of Rs. 10/- each fully paid-up held in the Transferor Company 3.
- 13.2 The new shares to be issued and allotted by the Transferee Company as per Clause 13.1 above (hereinafter referred to as the "New Equity shares") shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu in all respects, including dividend, with the then existing equity shares of the Transferee Company.
- 13.3 Notwithstanding anything contained herein, in the event of any shareholder of the Transferor Companies having a shareholding such that such shareholder becomes entitled to a fraction of the New Equity Shares of the Transferee Company, the Transferee Company shall not issue fractional share certificates to such shareholders. Any fraction arising out of such allotment shall be ignored.
- 13.4 The issue and allotment of the New Equity Shares by Transferee Company to the shareholders of the Transferor Companies as provided in this Scheme is an integral part thereof and shall be deemed to have been carried out without requiring any further act on part of the Transferee Company or its shareholders and as if the procedure laid down under Section 81(1) and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.
- 13.5 The New Equity Shares shall be issued in dematerialized form to those equity shareholders who hold the shares of the Transferor Companies in dematerialized form, provided all details relating to account with depository participant are available with Escorts. All those equity shareholders who hold shares of the Transferor Companies in physical form shall be issued New Equity Shares in Escorts in physical or electronic form, at the option of such shareholders to be exercised by them on or before the Record Date, by giving a notice in writing to the Transferee Company. The current shares of the Transferor Companies held by its shareholders shall be deemed to have been automatically cancelled and be of no effect on and from the Effective Date.
- 13.6 The New Equity Shares of the Transferee Company, issued pursuant to this Scheme shall be listed and/or admitted to trading on all the stock exchanges on which the shares of the Transferee Company are listed as on the Effective Date. The New Equity Shares shall however be listed subject to the Transferee Company complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of New Equity Shares.

14 ACCOUNTING TREATMENT

On the Scheme becoming effective, Escorts shall account for the amalgamation as under:

- (i) Transferee Company shall follow the method of accounting as prescribed for the Pooling Method under Accounting Standard (AS) 14 issued by The Institute of Chartered Accountants of India and as notified by the Companies (Accounting Standards) Rules, 2006 as under:
 - For merger of ECEL, Escotrac and EFILL with Escorts, Escorts shall record the values of tangible and intangible (if any) assets, liabilities and reserves as appearing in the books of the ECEL, Escotrac and EFILL at their respective book values using the pooling of interest method.
- (ii) The carrying value of equity shares as transferred by Escorts, EFILL and Escotrac to Escorts Benefit & Welfare Trust, EFILL Benefit Trust and the Escotrac Benefit Trust respectively pursuant to clause 4.12 and 4.13 will be replaced and recorded as Beneficial Interest in respective trusts by

Escorts, EFILL and Escotrac respectively. The same will be recognized at the carrying value of the equity shares as transferred by each of the companies to the respective Trust(s) as stated above.

- (iii) Escorts shall credit the aggregate face value of the New Equity Shares issued by it to the members of ECEL, Escotrac and EFILL pursuant to this Scheme to the Share Capital Account, in its books of accounts which is to be considered as purchase consideration as discharged by Escorts under the scheme.
- (iv) The Equity and preference share capital (if any) directly held by Escorts and Escotrac in EFILL and Escorts and EFILL in Escotrac shall stand cancelled and there shall be no further obligation/outstanding in that behalf as provided in Clause 4.11 of the Scheme.
- (v) The inter-corporate deposits / loans and advances/loans outstanding between Escorts and the Transferor Companies and amongst the Transferor Companies inter-se will stand cancelled and there shall be no further obligation/outstanding in that behalf.
- (vi) The difference between the value of net assets of the Transferor Companies transferred to Escorts and recorded as per sub-clauses (i) and (ii) above, and the purchase consideration issued by Escorts (pursuant to sub-clause (iii) above) and after giving effect to sub-clause (iv) and (v) above of Escorts shall be adjusted in reserves as prescribed in AS 14.

15 DISSOLUTION OF TRANSFEROR COMPANIES

Upon the Scheme being effective, the Transferor Companies shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

17. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of this Scheme the resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

19. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

The Scheme is conditional upon and subject to:

- 19.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- 19.2 The sanction of the High Court or any other appropriate authority under Section 391 and 394 of the Act under the said provisions and to the necessary order or orders under Section 394 of the Act being obtained and the same being filed with the Registrar of Companies, NCT of Delhi & Haryana; and
- 19.3 Such other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

20. SEVERABILITY

20.1 In the event of withdrawal by any one of the Transferor Companies from the Scheme, the Scheme shall stand automatically modified to the effect that all references pertaining to the party or the Transferor Companies withdrawing from the Scheme appearing wherever in the Scheme shall stand automatically deleted or amended without any further act, instrument or deed and neither the remaining Transferor Company nor the Transferee Company shall be obliged to obtain fresh approval of their respective Board of Directors and Members of Creditors or any of them on their behalf. For the removal of doubts, it is hereby clarified that withdrawal by any one of the Transferor Companies from the Scheme shall not prejudicially affect the implementation of the Scheme between the remaining parties and in such circumstances, the Scheme shall remain in full force and effect and be implemented by and between the remaining Transferor Companies and the Transferee Company as if the Transferor Company withdrawing from the Scheme was never a party to the Scheme in that behalf.

20.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decisions of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts and / or provisions of this Scheme.

The Equity Shareholders and Unsecured Creditors of EL and Unsecured Creditors of ECEL are requested to read entire text of the Scheme to get better acquainted with the provisions thereof. The aforesaid are only the salient features of the Scheme.

14. The Board of Directors of EL, ECEL and EFILL have approved the Scheme at their respective Board meetings held on 14th February, 2012. The Board of Directors of Escotrac has approved the Scheme at its Board meeting held on 4th February, 2012
15. The objectives sought to be achieved by the Scheme are as follows:
 - a. This Scheme of Arrangement has been envisaged to streamline the group structure and to create a single robust entity which would carry on the businesses that are integrated and complimentary in nature.
 - b. Cost savings in terms of economies of scale, more focused operational efforts, sourcing benefits, vendor rationalization, standardization and simplification of business processes, productivity improvements, elimination of duplication, and streamlining of administrative expenses;
 - c. Greater size, scale, integration, greater leverage in operations planning and process optimization, enhanced flexibility in product sale and greater financial strength and flexibility for the Amalgamated Entity;
 - d. Strengthening leadership in the industry, in terms of the asset base, revenues, product range, production volumes and market share; and
 - e. The synergies that exist between the ECEL and EL in terms of processes, resources and inputs which can be put together to the best advantage of all stakeholders;
 - f. The enlarged enterprise with a competitive edge will enable the amalgamated company to go in for diversification of business generating additional values for the business of the company and consequently the shareholders.
 - g. All the companies are part of the same group of companies and the amalgamation of the companies would result in improved organizational capability and leadership, strong financial structure to all creditors including the creditors of the Transferor Companies, lower the cost of borrowing, increase operational efficiency and integrate marketing functions. This would contribute towards enhancement of shareholder value of the Transferee Company. The interest of the various stakeholders will be secured and unaffected by the proposed amalgamation.
16. The Pre and Post arrangement Capital structure of the Transferee Company is as follows:

Pre-arrangement Capital Structure of the Transferee Company as on 30.09.2011

Particulars	Rupees In Lacs
Authorized Capital	
12,00,00,000 Equity Shares of Rs. 10/- each	12000
7,30,00,000 Unclassified shares of Rs. 100/- each	73000
Total	85000
Issued, Subscribed and Paid-up Capital	
10,56,18,036 Equity Shares of Rs. 10 each	10562
Less: Amount recoverable from Escorts Employees Benefit & Welfare Trust (face value of 33,13,612 shares allotted to Trust)	(331)
Total	10231

Expected Post-arrangement Capital Structure of the Transferee Company

Particulars	Rupees in Lacs
Authorized Capital	
40,10,00,000 Equity Shares of Rs. 10/- each	40100
88,80,00,000 Unclassified shares of Rs. 10/- each	88800
Total	128900
Issued, Subscribed and Paid-up Capital	
12,25,76,878 Equity Shares of Rs. 10 each	12258
Less: Amount recoverable from Escorts Employees Benefit & Welfare Trust (face value of 33,13,612 shares allotted to Trust)	(331)
Total	11927

17. Pre-arrangement (as on March 31, 2012) and expected Post-arrangement shareholding pattern of the Transferee Company is as under:

Category code	Category of shareholder	Pre - arrangement			Post - arrangement		
		Number of shareholders	No. of Equity shares held	%	Number of shareholders	No. of Equity shares held	%
(A)	Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals/ Hindu Undivided Family	20	1409377	1.33	20	1409377	1.15
(b)	Central Government/ State Government(s)	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	13	27816934	26.34	10	7475745	6.10
(d)	Financial Institutions/ Banks	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Any Other (specify) MGK Menon, PS Pritam, SA Dave, Trustee of Escorts Benefit and Welfare Trust	0.00	0.00	0.00	1	37300031	30.43
	Sub-Total (A)(1)	33	29226311	27.67	31	46185153	37.68
(2)	Foreign	0.00	0.00	0.00	0.00	0.00	0.00
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Bodies Corporate	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Institutions	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Any Other (specify)	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (A)(2)	0.00	0.00	0.00	0.00	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	33	29226311	27.67	31	46185153	37.68
(B)	Public shareholding						
(1)	Institutions						
(a)	Mutual Funds/UTI	29	12258872	11.61	29	12258872	10.00
(b)	Financial Institutions/ Banks	33	3124292	2.96	33	3124292	2.55
(c)	Central Government/ State Government(s)	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Insurance Companies	5	1531867	1.45	5	1531867	1.25
(f)	Foreign Institutional Investors	70	17380034	16.46	70	17380034	14.18
(g)	Foreign Venture Capital Investors	0.00	0.00	0.00	0.00	0.00	0.00
(h)	Any Other (specify)	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (B)(1)	137	34295065	32.47	137	34295065	27.98
(2)	Non-institutions						
(a)	Bodies Corporate	1657	8321000	7.88	1657	8321000	6.79
(b)	Individuals -						
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	104676	24137791	22.85	104676	24137791	19.69
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	214	9637869	9.13	214	9637869	7.86
(c)	Any Other (specify)	0.00	0.00	0.00	0.00	0.00	0.00
	Sub-Total (B)(2)	106547	42096660	39.86	106547	42096660	34.34
	Total Public Shareholding (B)= (B)(1)+(B)(2)	106684	76391725	72.33	106684	76391725	62.32
	TOTAL (A)+(B)	106717	105618036	100	106715	122576878	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0.00	0.00	0.00	0.00	0.00	0.00
(1)	Promoter and Promoter Group	0.00	0.00	0.00	0.00	0.00	0.00
(2)	Public	0.00	0.00	0.00	0.00	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	106717	105618036	100	106715	122576878	100

18. The financial position of the Merged Entity i.e the Transferee Company shall stand improved subsequent to the sanction of the Scheme and the net worth of the Transferee Company shall not be negatively impacted in any manner whatsoever. Post Arrangement, assets of the Transferee Company shall be more than sufficient to meet its liabilities. Hence, the arrangement embodied in the Scheme is not likely to adversely affect the interest of the Equity Shareholders, Secured and Unsecured Creditors of the Transferee Company and the Transferor Companies.
19. In terms of Clause 24 of the Listing Agreement, the Transferee Company has received No- Objection Letters from the National Stock Exchange of India, Limited, BSE Limited and Delhi Stock Exchange Limited dated 12th March, 2012, 14th March, 2012 and 20th March, 2012 respectively for filing of the Scheme with the High Court.
20. The share allotment ratio of the equity shares of the Transferee Company to be allotted for the equity shares of the Transferor Companies has been fixed on fair and reasonable basis and on the basis of the Valuation Report of M/s SSPA & Co., Chartered Accountants and in terms of the Listing Agreement, the Transferee Company has obtained fairness opinion from M/s Fortress Capital Management Services Pvt. Ltd., a Category I, Registered Merchant Banker on valuation of assets/ shares done by M/s SSPA & Co. for the Transferee Company and the Transferor Companies.

21. No investigation proceedings have been instituted and/ or pending in relation to the Transferee Company and the Transferor Companies under section 235 to 251 of the Companies Act, 1956.
22. The other provisions of the Scheme are self-explanatory.
23. The shareholding of the Director(s)/ Manager(s) of the Transferee Company and the Transferor Companies in the Transferee Company and the Transferor Companies is as follows:

Name of Director(s)/ Manager(s)	No. of Equity Shares held in Transferee Company	No. of Equity Shares held in Transferor Company 1	No. of Equity Shares held in Transferor Company 2	No. of Equity Shares held in Transferor Company 3
Transferee Company/ EL				
Mr. Rajan Nanda*	1039196	100 Jointly with EL as its Nominee	Nil	Nil
Mr. Nikhil Nanda #	212825	100 Jointly with EL as its Nominee	Nil	Nil
Dr. M.G.K. Menon	13000	Nil	Nil	Nil
Dr. S.A. Dave	10000	Nil	Nil	Nil
Mr. S.C. Bhargava \$	500	Nil	Nil	Nil
Dr. P.S. Pritam	500	Nil	Nil	Nil
Mr. Hardeep Singh	1000	Nil	Nil	Nil
Transferor Company 1/ ECEL				
Mrs. Ritu Nanda	73487	100 Jointly with EL as its nominee	Nil	Nil
Mr. G.B. Mathur	Nil	Nil	Nil	Nil
Mr. O.K. Balraj	20000	Nil	Nil	Nil
Mr. Satyendra Chauhan (Manager & Company Secretary)	Nil	Nil	Nil	Nil
Transferor Company 2/ Escotrac				
Nitasha Nanda	13500	Nil	Nil	Nil
Transferor Company 3/ EFILL				
Lalit K. Khanna	Nil	Nil	Nil	Nil

* is also a Director in the Transferor Company1, Transferor Company 2 and Transferor Company 3

is also a Director in the Transferor Company1, Transferor Company 2 and Transferor Company 3

\$ is also a Director in the Transferor Company1

24. The Director(s)/ Manager(s) of the Transferee Company and the Transferor Companies may be deemed to be concerned and/or interested in the Scheme to the extent of their shareholding in the Transferee Company and/or the Transferor Companies, or to the extent the said Director(s)/ Manager(s) are the partners, members of the Companies, firms, associations of persons, bodies corporate and/or beneficiary of trust, that hold shares in the Transferee Company and/or the Transferor Companies. The Scheme shall have no effect on the interest of the Director(s)/ Manager(s) of the Transferee Company and the Transferor Companies different from the effect on the like interest of other persons.
25. After the Scheme is approved by the Equity Shareholders and Unsecured Creditors of the Transferee Company and the Unsecured Creditors of the Transferor Company 1, it will be subject to approval/ sanction by the High Court.

INSPECTION OF DOCUMENTS

26. Copies of the following documents will be open for inspection at the Registered Office of the Transferee Company and the Transferor Companies between 11.00 a.m to 1.00 p.m & 3.00 p.m to 5.00 p.m on all working days prior to the date of the meeting:
- The Memorandum and Articles of Association of the Transferee Company and the Transferor Companies.
 - The audited Balance Sheet and Profit & Loss Account of the Transferee Company and the Transferor Company 1 for the year ended September 30, 2010 and September 30, 2011 each and the audited Balance Sheet and Profit & Loss Account of the Transferor Company 2 and the Transferor Company 3 for the year ended March 31, 2010 and March 31, 2011 each.
 - Certified copies of the Board resolutions passed by the Board of Directors of the Transferee Company and the Transferor Companies approving the Scheme.
 - Copy of valuation report of M/s. SSPA & Co., Chartered Accountants dated 13th February, 2012 in relation to share exchange ratio.
 - Copy of the fairness opinion dated 13th February, 2012 issued by M/s. Fortress Capital Management Services Private Limited, a Category - I Registered Merchant Banker.
 - 'No-Objection' letter from the National Stock Exchange of India Limited, BSE Limited and Delhi Stock Exchange Limited dated 12th March, 2012, 14th March, 2012 and 20th March, 2012 respectively.
 - Copy of order dated 18th April, 2012 passed by the High Court in Company Petition No. 37 of 2012, directing the convening of the meetings of the equity shareholders and unsecured creditors of the Transferee Company and meeting of the unsecured creditors of the Transferor Company 1.
 - Register of Directors shareholding of the Transferee Company and the Transferor Companies.
 - Copy of the Scheme.

This statement may be treated as an Explanatory statement under Section 393 of the Companies Act, 1956. A copy of the said Explanatory Statement may be obtained from the Registered Office of the Transferee Company and the Transferor Companies.

Registered Office of the Transferee Company : ESCORTS LIMITED SCO-232, 1st Floor, Sector-20, Panchkula - 134 109, Haryana, India	Registered Office of the Transferor Company 1 : ESCORTS CONSTRUCTION EQUIPMENT LIMITED SCO-232, 1st Floor, Sector-20, Panchkula - 134 109, Haryana, India
For ESCORTS LIMITED Sd/- (Prabhat Kumar) (Dy. General Manager Corporate Secretariate & Law / Authorised Signatory)	For ESCORTS CONSTRUCTION EQUIPMENT LIMITED Sd/- (Prabhat Kumar) (Authorised Signatory)

Dated : the 20th day of April, 2012

**SCHEME OF ARRANGEMENT AND AMALGAMATION
OF
ESCORTS CONSTRUCTION EQUIPMENT LIMITED
ESCOTRAC FINANCE AND INVESTMENTS PRIVATE LIMITED
ESCORTS FINANCE INVESTMENTS AND LEASING PRIVATE LIMITED
WITH
ESCORTS LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

Under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956

This Scheme of Arrangement is presented under Section 391 to 394 of the Companies Act, 1956 ("the Act"), for the amalgamation of Escorts Construction Equipment Limited, Escotrac Finance And Investments Private Limited, Escorts Finance Investment and Leasing Private Limited with Escorts Limited.

The Scheme is divided into following parts:

- (i) **Part A** - dealing with Definitions and Share Capital;
- (ii) **Part B** - dealing with the amalgamation of Escorts Construction Equipment Limited, Escotrac Finance And Investments Private Limited, Escorts Finance Investment and Leasing Private Limited with Escorts Limited;
- (iii) **Part C** - dealing with General Terms and Conditions

**PART A
DEFINITIONS AND SHARE CAPITAL**

1 DEFINITIONS

In this Scheme unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1 **"Act"** means the Companies Act, 1956 and shall include any statutory modification, or amendment thereof for the time being in force.
- 1.2 **"Appointed Date"** means the 1st day of October 2011 or such other date as may be directed by the High Court of Punjab & Haryana.
- 1.3 **"Board of Directors"** in relation to the Transferee Company and each of the Transferor Companies, as the case may be, shall, unless it is repugnant to the context or otherwise, include the committee of directors or any person authorized by the Board of Directors or such committee of directors.
- 1.4 **"Effective Date" or "coming into effect to this Scheme" or "upon the Scheme becoming effective"** means the last of the dates on which the certified copy of the Order of the High Court of Judicature of Punjab & Haryana at Chandigarh sanctioning the Scheme is filed with the Registrar of Companies, NCT of Delhi & Haryana by all the Transferor companies and the Transferee company.
- 1.5 **"High Court"** means the High Court of Punjab & Haryana at Chandigarh.
- 1.6 **"Law" or "Applicable Law"** includes all applicable statutes, enactments, acts of legislature or Parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any government, statutory authority, tribunal, board, Court of India or any other country or jurisdiction as applicable.
- 1.7 **"Record date"** means the Effective Date, with reference to which the eligibility of the shareholders of the Transferor Companies for allotment of shares in the Transferee Company in terms of this Scheme shall be determined.
- 1.8 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form as approved by the respective Board of Directors of the Transferor Companies and the Transferee Company or with any modification(s) approved or imposed or directed by the High Court.
- 1.9 **"Transferee Company" or "Escorts"** means Escorts Limited having its registered office at SCO-232, 1st Floor, Sector-20, Panchkula, Haryana-134109.
- 1.10 **"Transferor Company 1" or "ECEL"** means Escorts Construction Equipment Limited having its registered office at Plot No 219, Sector 58, Ballabhgarh, Faridabad, Haryana-121004.
- 1.11 **"Transferor Company 2" or "Escotrac"** means Escotrac Finance And Investments Private Limited having its registered office at SCO-232, 1st Floor, Sector-20, Panchkula, Haryana-134109.
- 1.12 **"Transferor Company 3" or "EFILL"** means Escorts Finance Investments and Leasing Private Limited having its registered office at SCO-232, 1st Floor, Sector-20, Panchkula, Haryana-134109.
- 1.13 **"Transferor Companies"** means and includes all three Transferor Companies namely:
 - i). Escorts Construction Equipment Limited ("Transferor Company 1")
 - ii). Escotrac Finance And Investments Private Limited ("Transferor Company 2")
 - iii). Escorts Finance Investments and Leasing Private Limited ("Transferor Company 3").
- 1.14 **"Undertaking"** in relation to each of the Transferor Company, shall mean all the Undertakings and entire businesses of each of the Transferor Company on a going concern basis, including (without limitation):
 - (a) all the businesses, properties, assets and liabilities of whatsoever kind and wheresoever situated as on Appointed Date;
 - (b) without prejudice to the generality of the foregoing clause, the Undertaking of each of the Transferor Company shall include all rights, powers, authorities, privileges, liberties and properties and assets (whether movable or immovable, freehold or leasehold, tangible or intangible, real or personal, corporeal or incorporeal, present or contingent) of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and / or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company such as industrial and other licenses, permits, quotas, approvals, import entitlements, excise license and registrations, lease, tenancy rights in relation to office and residential properties, permissions, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates) and other securities, buildings, plant and machinery, office equipments, vehicles, laptops, office computer systems, and its accessories, inventories / stock-in-hand, sundry debtors, cash and bank balances, loans and advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, go downs, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad.
 - (c) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized
 - (d) All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorizations, concessions, consents, quota rights, fuel linkages, engagements, arrangements, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company's business activities and operations
 - (e) All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Transferor Company's business activities and operations;

- 1.15 "Undertakings" means and includes each of the Undertaking of all the three Transferor Companies.

All terms and words which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning prescribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2 SHARE CAPITAL

Details of the share capital are given below:

2.1 Escorts (As on September 30, 2011)

Particulars	Rupees in Lacs
Authorized Capital:	
12,00,00,000 Equity Shares of Rs. 10/- each	12,000.00
7,30,00,000 Unclassified shares of Rs. 100/- each	73,000.00
Total	85,000.00
Issued, Subscribed and Paid-up Capital:	
10,56,18,036 Equity shares of Rs.10 each	10,562.00
Less: Amount recoverable from Escorts Employees Benefit & Welfare Trust (face value of 33,13,612 shares allotted to Trust)	(331.00)
Total	10,231.00

As on the date of this Scheme being approved by the Board, there is no change in the authorized, issued, subscribed and paid up share capital of Escorts. Shares of Escorts are listed on National Stock Exchange of India, Bombay Stock Exchange Limited and Delhi Stock Exchange Limited.

2.2 ECEL (As on September 30, 2011):

Particulars	Rupees in Lacs
Authorized Capital:	
11,90,00,000 Equity Shares of Rs. 10/- each	11,900.00
3,10,00,000, 5% Redeemable Optionally Convertible Cumulative Preference Shares of Rs.10 each	3,100.00
Total	15,000.00
Issued, Subscribed and Paid-up Capital:	
11,39,64,497 Equity Shares of Rs. 10/- each	11,396.45
5% Redeemable Optionally Convertible Cumulative Preference Shares of Rs.10 each	---
Total	11,396.45

As on the date of this Scheme being approved by the Board, there is no change in the authorized, issued, subscribed and paid up share capital of ECEL. The shares of ECEL are not listed on any of the stock exchanges.

2.3 ESCOTRAC (As on March 31, 2011):

Particulars	Rupees in Lacs
Authorized Capital:	
8,10,00,000 Equity Shares of Rs. 10/- each	8,100.00
2,00,00,000, 10% Redeemable Non-cumulative Preference Shares of Rs.10 each	2,000.00
5,60,00,000, 5% Non-cumulative Redeemable Preference Shares of Rs.10 each	5,600.00
Total	15,700.00
Issued Capital:	
8,08,00,000 Equity Shares of Rs. 10/- each	8,080.00
2,00,00,000, 10% Redeemable Non-cumulative Preference Shares of Rs.10 each	2,000.00
5,56,40,000, 5% Non-cumulative Redeemable Preference Shares of Rs.10 each	5,564.00
Total	15,644.00
Subscribed and Paid-up Capital:	
8,03,00,000 Equity Shares of Rs. 10/- each	8,030.00
1,60,00,000, 10% Redeemable Non-cumulative Preference Shares of Rs.10 each	1,600.00
4,84,40,000, 5% Non-cumulative Redeemable Preference Shares of Rs.10 each	4,844.00
Total	14,474.00

As on the date of this Scheme being approved by the Board, there is no change in the authorized, issued, subscribed and paid up share capital of Escotrac. The shares of Escotrac are not listed on any of the stock exchanges.

2.4 EFILL (As on March 31, 2011):

Particulars	Rupees in Lacs
Authorized Capital:	
8,10,00,000 Equity Shares of Rs. 10/- each	8,100.00
51,00,000, 5% Non-Cumulative Redeemable Preference shares of Rs. 100 each	5,100.00
Total	13,200.00
Issued Capital:	
8,08,00,000 Equity Shares of Rs. 10/- each fully paid-up	8,080.00
50,63,000, 5% Non-Cumulative Redeemable Preference shares of Rs. 100 each fully paid-up redeemable on or before March 2013	5,063.00
Total	13,143.00
Subscribed and Paid-up Capital:	
8,03,00,000 Equity Shares of Rs. 10/- each fully paid-up	8,030.00
43,82,000, 5% Non-Cumulative Redeemable Preference shares of Rs. 100 each fully paid-up redeemable on or before March 2013	4,382.00
Total	12,412.00

As on the date of this Scheme being approved by the Board, there is no change in the authorized, issued, subscribed and paid up share capital of EFILL. The shares of EFILL are not listed on any of the stock exchanges.

3 DATE OF TAKING EFFECT AND OPERATIVE DATE OF THE SCHEME

The Scheme set out herein in its present form or with any modification(s) and amendments made under Clause 18 of the Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART B
AMALGAMATION OF THE TRANSFEROR COMPANIES WITH THE TRANSFeree COMPANY

TRANSFER AND VESTING OF UNDERTAKINGS

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertakings of the Transferor Companies shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company, each as a going concern so as to become the Undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.
- Further, this clause of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any term(s) or provision(s) of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will, however, not affect the other clauses of the Scheme.
- 4.2 All assets and properties of the Transferor Companies as on the Appointed Date and all assets and properties which are acquired by the Transferor Companies after the Appointed Date and prior to the Effective Date shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Transferor Companies after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.
- 4.3 In respect of such of the assets of the Transferor Companies as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, or transfer by vesting and recordal pursuant to the Scheme, the same shall stand transferred to the Transferee Company on the Effective date and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.
- 4.4 In respect of such of the assets of the Transferor Companies other than those referred to in Clause 4.3 above, including but not limited to sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall without any further act, instrument or deed, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 394 of the Act.
- 4.5 Upon coming into effect of this Scheme, all permits, registrations, approvals, consents, statutory licenses, licenses to set up and operate any business or business units, quotas, rights, entitlements, any other licenses (including but not limited to those relating to trademarks, tenancies, patents, copyrights, designs), leases, conveyance deed [specifically including the conveyance deed in respect of the land situated at Plot No. 219, Sector 58, Ballabhgarh (Faridabad) Haryana - 121004 including related rights, titles, approvals etc. pertaining thereto], privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Companies, shall remain in full force and effect in favour of or against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company has been a party or beneficiary or oblige thereto.
- 4.6 Upon coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Companies of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the Liabilities), shall, pursuant to the sanction of this Scheme by the High Courts and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with, any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.
- 4.7 All debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date, whether or not provided in the books of the Transferor Companies, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Companies on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.
- 4.8 Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date have been discharged or satisfied by the Transferor Companies after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- 4.9 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Companies in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 4.10 Subject to the provisions of Clause 4.12 & 4.13, all inter party transactions between the Transferor Companies inter-se and between the Transferor Companies and the Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as inter party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Companies inter-se and between the Transferor Companies and the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.
- 4.11 Investments (equity and/or preference) of EFILL in Escotrac and vice-versa, and Investment (equity and/or preference) of Escorts in EFILL & Escotrac, if any, shall stand cancelled upon the Scheme becoming effective as EFILL and Escotrac shall stand dissolved without being wound up upon the Scheme becoming effective.
- 4.12 In so far as the equity shares of ECEL held by Escorts, either singly or jointly, are concerned, the said equity shares of ECEL shall not get cancelled but shall, under, pursuant to and by virtue of this Scheme and simultaneous to all other steps/actions pursuant to this Scheme and on the effective date and without any further act or deed or matter or thing, stand transferred to and vested in Escorts Benefit & Welfare Trust, which Trust shall be settled by Escorts upon the approval of the Scheme by its Board of Directors and prior to the filing of the petition for sanction of the Scheme before the Hon'ble High Court. These shares shall be held by the board of trustees of the Escorts Benefit & Welfare Trust, with all additions or accretions thereto in trust for the benefit of Escorts (including its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the Escorts Benefit & Welfare Trust Deed on such terms and conditions as may be set out in the Escorts Benefit & Welfare Trust Deed) and continued to be held by the Escorts Benefit & Welfare Trust on the Record date.
- 4.13 Notwithstanding anything contained in any other clause of the Scheme, in so far as the equity shares held by EFILL and Escotrac in Escorts and Escorts Finance Limited are concerned, EFILL and Escotrac shall individually, under, pursuant to and by virtue of this Scheme and simultaneous to all other steps/actions pursuant to this Scheme and on the effective date and without any further act or deed or matter or thing, transfer all the shares of Escorts and Escorts Finance Limited held by them on such date to the Board of Trustees of the EFILL Benefit Trust and the Escotrac Benefit Trust respectively to have and to hold EFILL and Escotrac's investment in shares of Escorts and Escorts Finance Limited in trust together with all additions or accretions thereto in trust for the benefit of EFILL and Escotrac respectively and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument ("the Trust Deed") establishing the aforesaid trusts ("the EFILL Benefit Trust" and "the Escotrac Benefit Trust") on such terms and conditions as may be set out in the Trust Deed. The Trusts shall be settled by EFILL and Escotrac respectively upon the approval of the Scheme by its Board of Directors and prior to the filing of the petition for

sanction of the Scheme before the Hon'ble High Court., Further, since upon this Scheme becoming effective, the beneficiary under the EFILL Benefit Trust and the Escotrac Benefit Trust would be Escorts and the objective of the EFILL Benefit Trust and the Escotrac Benefit Trust and the Escorts Benefit & Welfare Trust, would be the same, for operational convenience, upon this Scheme becoming effective, the beneficial interest in the EFILL Benefit Trust and the Escotrac Benefit Trust shall without any further act or deed be transferred and vested in the Trustees of the Escorts Benefit & Welfare Trust and consequently, without any further act or deed, the shares/properties held by Trustees of EFILL Benefit Trust and the Escotrac Benefit Trust shall stand transferred to the Trustees of the Escorts Benefit & Welfare Trust. Consequently, the EFILL Benefit Trust and the Escotrac Benefit Trust shall be deemed to have been dissolved / revoked on the Effective Date.

5 ENCUMBRANCES

5.1 The transfer and vesting of the assets comprised in the Undertakings to and in the Transferee Company under Clauses 4 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

5.2 All the existing securities, mortgages, charges, encumbrances or liens (the Encumbrances.), if any, as on the Appointed Date and created by the Transferor Companies after the Appointed Date, over the assets comprised in the Undertakings or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Companies over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

5.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.

5.4 Any reference in any security documents or arrangements (to which the Transferor Companies are party) of the Transferor Companies and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Companies and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Companies to give formal effect to the above provisions, if required.

5.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.

6 LEGAL PROCEEDINGS

6.1 On and from the Appointed Date, all suits, actions, benefits and legal proceedings of whatsoever nature by or against the Transferor Companies pending in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority shall be continued and/or enforced until the Effective Date as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same has been and/or pending and/or arising by or against the Transferee Company.

6.2 Further, if any suit, appeal, benefits or other legal or quasi-legal proceedings of whatever nature by or against Transferor Companies be pending, the same shall not abate, be discontinued or be in any way be prejudicially affected by reason of the transfer of the business and/or Undertaking or of anything contained in this Scheme of the Transferor Companies but the proceedings may be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Transferor Companies as if this Scheme had not been made.

7 CONTRACTS, DEEDS, ETC.

7.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, agreements, incentives, understandings and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect on the Effective Date, without any further act, instrument or deed, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectively as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto.

7.2 Without prejudice to other provisions of this Scheme and notwithstanding the fact that the vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Companies are a party as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all formalities or compliances required for the purposes referred to above on the part of the Transferor Companies.

7.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney given by, issued to or in favour of the Transferor Companies in relation to their respective Undertakings shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company.

8 TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

With effect from the appointed date up to the Effective Date:

- a) The Transferor Companies shall carry on and be deemed to have carried on the business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the said undertakings, for and on account of and in trust for Transferee Company
- b) All profits or incomes accruing or arising to the Transferor Companies or expenditure or losses arising or incurred by the Transferor Companies shall for all purposes be treated as the profits or incomes or expenditure or losses of Transferee Company, as the case may be
- c) The Transferor Companies shall carry on their business activities with reasonable diligence, business prudence and shall not sell, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets comprising the undertaking or any part thereof or undertake any financial commitments of any nature whatsoever, except in the ordinary course of business or without the prior consent of Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Companies prior to Appointed Date;
- d) Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Government and all other agencies, departments and authorities concerned as may be necessary under any law for such consents, approvals, sanctions and registration which Transferee Company may require to carry on the businesses of the Transferor Companies and to give effect to the Scheme;
- e) The Transferor Companies shall not undertake any new business or substantially expand its existing business except by and with consent of the Board of Directors of the Transferee Company.

9 SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Undertakings of the Transferor Companies under clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by the Transferee Company.

10 STAFF, WORKMEN & EMPLOYEES

Upon the coming into effect of this Scheme and with effect from the Appointed Date, all staff, workmen and employees of the Transferor Companies in service on the Effective Date shall become the staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favorable than those applicable to them in the Transferor Companies on the Effective Date. It is clarified that the employees of the Transferor Companies who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any Employee Stock Option Schemes

applicable to or covering all or any of the employees of the Transferee Company), unless otherwise determined by the Board of Directors of the Transferee Company.

- 10.1 Existing benefits such as provident fund, gratuity fund, pension and/or superannuation fund or any other special fund or retirement funds or benefits, if any, created or existing for the benefit of the employees of the Transferor Companies (collectively referred to as the "Funds") and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Companies or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Companies shall be transferred to such funds of the Transferee Company.

- 10.2 It is clarified that services of the employees of the Transferor Companies will be treated in continuation for the purpose of said fund or funds or trust.

11 BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR TRANSFEE COMPANY

With effect from the Appointed Date and up to and including the Effective Date:

- 11.1 Transferor Companies shall carry on and shall be deemed to have carried on all its businesses and activities relating to the Undertakings as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertakings on account of, and for the benefits of and in trust for, the Transferee Company.
- 11.2 All profits or income accruing or arising to Transferor Companies, and all expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by / or in relation to the Undertakings of Transferor Companies shall, for all purposes, be treated as profits, income, costs, charges, expenses, taxes or losses, as the case may be, of the Transferee Company.
- 11.3 It is expressly clarified that with effect from the Appointed Date, all taxes payable by Transferor Companies including all or any refunds of the claims/TDS Certificates shall be treated as the tax liability or refunds/claims/TDS Certificates as the case may be of Transferee Company.
- 11.4 Transferee Company shall be entitled to revise its all Statutory returns relating to Direct taxes / Indirect Taxes like Income Tax, Wealth Tax, VAT, Service Tax etc. and to claim refunds/advance tax credits and/or set-off the tax liabilities of the Transferor Companies under the relevant laws and its rights to make such revisions in the Statutory returns and to claim refunds, advance tax credits and/or set off the tax liabilities is expressly granted, if and as may be applicable. The rights to make such revisions in the returns and to claim refunds/credits are expressly reserved in favour of Transferee Company.
- 11.5 From the Effective Date and till such time as the name of Transferee Company would get entered as the account holder in respect of all the bank accounts of Transferor Companies in the relevant banks' books of record, Transferee Company shall be entitled to operate the bank accounts of all the Transferor Companies.
- 11.6 Transferor Companies hereby undertake that they will from the Appointed Date up to and including the Effective Date preserve and carry on their businesses with reasonable diligence and utmost business prudence and agrees that they will not, without the prior written consent of the Transferee Company, alienate, charge, mortgage or encumber or otherwise deal with or dispose off any of its properties except in the ordinary course of business.

12 MERGER OF AUTHORISED SHARE CAPITAL OF THE TRANSFEROR COMPANIES INTO THE TRANSFEE COMPANY

Upon the Scheme coming into effect, the authorized share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies, by an amount of INR 4,390,000,000 (Rupees four hundred and thirty-nine crore only), and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Companies on its authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorized share capital so increased. Accordingly, in terms of this Scheme, the authorized share capital of the Transferee Company shall stand enhanced to an amount of Rs. 12,890,000,000 (Rupees one thousand two hundred and eighty nine crore only) divided into 401,000,000 equity shares of Rs. 10/- each and 888,000,000 unclassified shares of Rs. 10/- each and the capital clause being Clause V of the Memorandum of Association of the Transferee Company shall on the Effective Date stand substituted to read as follows:

V. "The Authorised Share Capital of the Company is Rs. 12,890,000,000 (Rupees one thousand two hundred and eighty nine crore only) divided into 401,000,000 (Forty crore and ten lakh only) equity shares of Rs. 10/- each and 888,000,000 (Eighty eight crore and eighty lakh only) unclassified shares of Rs. 10/- each. The Board of Directors/its committee thereof shall have the power to classify the Unclassified shares into such class(s) of shares and/or re-denominate such shares, as may be considered expedient."

13 CONSIDERATION - ISSUE AND ALLOTMENT OF SHARES

- 13.1 Upon the coming into effect of the Scheme and in consideration of the transfer of and vesting of undertakings and the liabilities of the Transferor Companies in terms of the Scheme and subject to Clause 4.11, the Transferee Company shall issue and allot to the equity shareholders of the Transferor Companies whose names are recorded in the Register of Members of the respective Transferor Companies as on the Record Date. -

- a) 4 (Four) equity shares of Rs. 10/- each, credited as fully paid up, in the Transferee Company for every 27 (Twenty Seven) equity shares of Rs. 10/- each fully paid-up held in the Transferor Company 1.
- b) 4 (Four) equity shares of Rs. 10/- each, credited as fully paid up, in the Transferee Company for every 27 (Twenty Seven) equity shares of Rs. 10/- each fully paid-up held in the Transferor Company 2.
- c) 4 (Four) equity shares of Rs. 10/- each, credited as fully paid up, in the Transferee Company for every 39 (Thirty Nine) equity shares of Rs. 10/- each fully paid-up held in the Transferor Company 3.

- 13.2 The new shares to be issued and allotted by the Transferee Company as per Clause 13.1 above (hereinafter referred to as the "New Equity shares") shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu in all respects, including dividend, with the then existing equity shares of the Transferee Company.

- 13.3 Notwithstanding anything contained herein, in the event of any shareholder of the Transferor Companies having a shareholding such that such shareholder becomes entitled to a fraction of the New Equity Shares of the Transferee Company, the Transferee Company shall not issue fractional share certificates to such shareholders. Any fraction arising out of such allotment shall be ignored.

- 13.4 The issue and allotment of the New Equity Shares by Transferee Company to the shareholders of the Transferor Companies as provided in this Scheme is an integral part thereof and shall be deemed to have been carried out without requiring any further act on part of the Transferee Company or its shareholders and as if the procedure laid down under Section 81(1) and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.

- 13.5 The New Equity Shares shall be issued in dematerialized form to those equity shareholders who hold the shares of the Transferor Companies in dematerialized form, provided all details relating to account with depository participant are available with Escorts. All those equity shareholders who hold shares of the Transferor Companies in physical form shall be issued New Equity Shares in Escorts in physical or electronic form, at the option of such shareholders to be exercised by them on or before the Record Date, by giving a notice in writing to the Transferee Company. The current shares of the Transferor Companies held by its shareholders shall be deemed to have been automatically cancelled and be of no effect on and from the Effective Date.

- 13.6 The New Equity Shares of the Transferee Company, issued pursuant to this Scheme shall be listed and/or admitted to trading on all the stock exchanges on which the shares of the Transferee Company are listed as on the Effective Date. The New Equity Shares shall however be listed subject to the Transferee Company complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of New Equity Shares.

14 **ACCOUNTING TREATMENT**

On the Scheme becoming effective, Escorts shall account for the amalgamation as under:

- (i) Transferee Company shall follow the method of accounting as prescribed for the Pooling Method under Accounting Standard (AS) 14 issued by The Institute of Chartered Accountants of India and as notified by the Companies (Accounting Standards) Rules, 2006 as under:
 - For merger of ECEL, Escotrac and EFILL with Escorts, Escorts shall record the values of tangible and intangible (if any) assets, liabilities and reserves as appearing in the books of the ECEL, Escotrac and EFILL at their respective book values using the pooling of interest method.
- (ii) The carrying value of equity shares as transferred by Escorts, EFILL and Escotrac to Escorts Benefit & Welfare Trust, EFILL Benefit Trust and the Escotrac Benefit Trust respectively pursuant to clause 4.12 and 4.13 will be replaced and recorded as Beneficial Interest in respective trusts by Escorts, EFILL and Escotrac respectively. The same will be recognized at the carrying value of the equity shares as transferred by each of the companies to the respective Trust(s) as stated above.
- (iii) Escorts shall credit the aggregate face value of the New Equity Shares issued by it to the members of ECEL, Escotrac and EFILL pursuant to this Scheme to the Share Capital Account, in its books of accounts which is to be considered as purchase consideration as discharged by Escorts under the scheme.
- (iv) The Equity and preference share capital (if any) directly held by Escorts and Escotrac in EFILL and Escorts and EFILL in Escotrac shall stand cancelled and there shall be no further obligation/outstanding in that behalf as provided in Clause 4.11 of the Scheme.
- (v) The inter-corporate deposits / loans and advances/loans outstanding between Escorts and the Transferor Companies and amongst the Transferor Companies inter-se will stand cancelled and there shall be no further obligation/outstanding in that behalf.
- (vi) The difference between the value of net assets of the Transferor Companies transferred to Escorts and recorded as per sub-clauses (i) and (ii) above, and the purchase consideration issued by Escorts (pursuant to sub-clause (iii) above) and after giving effect to sub-clause (iv) and (v) above of Escorts shall be adjusted in reserves as prescribed in AS 14.

15 **DISSOLUTION OF TRANSFEROR COMPANIES**

Upon the Scheme being effective, the Transferor Companies shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

PART C
GENERAL TERMS & CONDITIONS

16 **APPLICATION TO HIGH COURT**

The Transferor Companies and the Transferee Company shall with all reasonable dispatch, make and file all applications and petitions under Sections 391 to 394 and other applicable provisions of the Act before the High Court, where the registered office of the Transferor Companies and Transferee Company are situated, for sanctioning of this Scheme and for the dissolution without winding up of the Transferor Companies under the provisions of law, and shall apply for such approvals as may be required under law.

17 **VALIDITY OF EXISTING RESOLUTIONS, ETC.**

Upon the coming into effect of this Scheme the resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

18 **MODIFICATIONS OR AMENDMENTS TO THE SCHEME**

18.1 The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

18.2 For the purpose of giving effect to this Scheme or to any modifications or amendments, revocation of the Scheme thereof or additions thereto, the delegate of the Transferee Company may give and is hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

18.3 In the event of any of the conditions/alterations that may be imposed by the High Court or other authorities which the Board may find unacceptable for any reason, then the Boards are at liberty to withdraw the Scheme.

19 **SCHEME CONDITIONAL ON APPROVALS/SANCTIONS**

The Scheme is conditional upon and subject to:

19.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;

19.2 The sanction of the High Court or any other appropriate authority under Section 391 and 394 of the Act under the said provisions and to the necessary order or orders under Section 394 of the Act being obtained and the same being filed with the Registrar of Companies, NCT of Delhi & Haryana; and

19.3 Such other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

20 **SEVERABILITY**

20.1 In the event of withdrawal by any one of the Transferor Companies from the Scheme, the Scheme shall stand automatically modified to the effect that all references pertaining to the party or the Transferor Companies withdrawing from the Scheme appearing wherever in the Scheme shall stand automatically deleted or amended without any further act, instrument or deed and neither the remaining Transferor Company nor the Transferee Company shall be obliged to obtain fresh approval of their respective Board of Directors and Members of Creditors or any of them on their behalf. For the removal of doubts, it is hereby clarified that withdrawal by any one of the Transferor Companies from the Scheme shall not prejudicially affect the implementation of the Scheme between the remaining parties and in such circumstances, the Scheme shall remain in full force and effect and be implemented by and between the remaining Transferor Companies and the Transferee Company as if the Transferor Company withdrawing from the Scheme was never a party to the Scheme in that behalf.

20.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decisions of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts and / or provisions of this Scheme.

21 **REVOCATION OF THE SCHEME**

In the event of any of the said sanctions and approvals referred to in Clause 19 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the High Court, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter-se between the Transferor Companies and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own cost unless otherwise mutually agreed.

22 **COSTS**

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or High Court order including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by the Transferee Company except under circumstances set out in Clause 21 above.

**IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION
COMPANY PETITION NO. 37 OF 2012**

IN THE MATTER OF PETITION UNDER SECTION 391 TO 394 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF :

SCHEME OF ARRANGEMENT AND AMALGAMATION OF ESCORTS CONSTRUCTION EQUIPMENT LIMITED; AND ESCOTRAC FINANCE AND INVESTMENTS PRIVATE LIMITED; AND ESCORTS FINANCE INVESTMENTS AND LEASING PRIVATE LIMITED WITH ESCORTS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF :

ESCORTS CONSTRUCTION EQUIPMENT LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor,
Sector-20, Panchkula-134109, Haryana

... Petitioner Company 1 / Transferor Company 1

AND

IN THE MATTER OF :

ESCOTRAC FINANCE AND INVESTMENTS PRIVATE LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor, Sector-20,
Panchkula-134109, Haryana

... Petitioner Company 2 / Transferor Company 2

AND

IN THE MATTER OF :

ESCORTS FINANCE INVESTMENTS AND LEASING PRIVATE LIMITED

A Company incorporated under
The Companies Act, 1956, and having its
Registered Office at SCO-232, 1st Floor, Sector-20,
Panchkula-134109, Haryana.

... Petitioner Company 3 / Transferor Company 3

WITH

IN THE MATTER OF :

ESCORTS LIMITED

A Company incorporated under
The Companies Act, 1913, and having
its Registered Office at SCO-232, 1st Floor,
Sector-20, Panchkula-134109, Haryana

... Petitioner Company 4 / Transferee Company

FORM OF PROXY

I/We the undersigned, the equity shareholder of the Transferee Company, do hereby appoint _____ of _____ and failing him/her _____ of _____ as my / our proxy, to act for me / us at the court convened meeting of the equity shareholders of the Transferee Company to be held at Hotel K C Cross Road, Site No.1, Sector - 10, Opposite Bus Stand, Panchkula - 134113 (Haryana) on Sunday, the 20th day of May, 2012 at 11.00 a.m., pursuant to an order dated 18th April, 2012 of the Hon'ble High Court of Punjab and Haryana at Chandigarh, for the purpose of considering, and, if thought fit, approving, with or without modification(s), the Scheme of Arrangement and Amalgamation of Escorts Construction Equipment Limited; and Escotracs Finance and Investments Private Limited; and Escorts Finance Investments and Leasing Private Limited with Escorts Limited and Their Respective Shareholders And Creditors (hereinafter referred to as "the Scheme"), and at such meeting, and any adjournment thereof, to vote, for me / us and in my / our name(s) _____ (here if 'for' insert 'for'; if 'against' insert 'against' and in the latter case strike out the words below after 'the Scheme') the Scheme either with or without modification(s) as my/our proxy may approve.

(strike out what is not necessary)

Dated this ____ day of _____, 2012.

Affix
Re 1/-
revenue
stamp

Signature

Name

Address

Regd. Folio No. :

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DP ID :

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Client ID:

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No. of shares held:

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Notes:

1. The Proxy form signed across revenue stamp must be deposited at the Registered Office of the Transferee Company at SCO - 232, 1st Floor, Sector-20, Panchkula - 134109, Haryana - at least 48 hours before the scheduled time of the meeting. All alterations made in the form of Proxy should be initialed by the Equity Shareholder.
2. Please affix appropriate Revenue Stamp before putting signature.
3. In case of multiple proxies, proxy later in time shall be accepted.
4. A proxy need not be an Equity Shareholder of the Transferee Company.
5. The Proxy should bring their identification documents for verification at the meeting.

**IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH
ORIGINAL COMPANY JURISDICTION
COMPANY PETITION NO. 37 OF 2012**

IN THE MATTER OF PETITION UNDER SECTION 391 TO 394 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF :

SCHEME OF ARRANGEMENT AND AMALGAMATION OF ESCORTS CONSTRUCTION EQUIPMENT LIMITED; AND ESCOTRAC FINANCE AND INVESTMENTS PRIVATE LIMITED; AND ESCORTS FINANCE INVESTMENTS AND LEASING PRIVATE LIMITED WITH ESCORTS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

AND

IN THE MATTER OF :

ESCORTS CONSTRUCTION EQUIPMENT LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor,
Sector-20, Panchkula-134109, Haryana

... Petitioner Company 1 / Transferor Company 1

AND

ESCOTRAC FINANCE AND INVESTMENTS PRIVATE LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor, Sector-20,
Panchkula-134109, Haryana

... Petitioner Company 2 / Transferor Company 2

AND

ESCORTS FINANCE INVESTMENTS AND LEASING PRIVATE LIMITED

A Company incorporated under
The Companies Act, 1956 and having its
Registered Office at SCO-232, 1st Floor, Sector-20,
Panchkula-134109, Haryana

... Petitioner Company 3 / Transferor Company 3

WITH

ESCORTS LIMITED

A Company incorporated under
The Companies Act, 1913 and having
its Registered Office at SCO-232, 1st Floor,
Sector-20, Panchkula-134109, Haryana

... Petitioner Company 4 / Transferee Company

NOTICE CONVENING MEETING

To,

The Equity Shareholders of the Petitioner Company 4 / Transferee Company - Escorts Limited.

Take notice that by an order made on the 18th day of April, 2012, the Hon'ble High Court of Punjab and Haryana at Chandigarh, has directed that a meeting of the Equity Shareholders of the Petitioner Company 4 / Transferee Company, be held at Hotel K C Cross Road, Site No.1, Sector 10, Opposite Bus Stand, Panchkula - 134113, (Haryana) on Sunday, the 20th day of May, 2012 at 11.00 a.m., for the purpose of considering, and if thought fit, approving with or without modification(s), the Scheme of Arrangement and Amalgamation of Escorts Construction Equipment Limited; and Escotrac Finance and Investments Private Limited; and Escorts Finance Investments and Leasing Private Limited with Escorts Limited and Their Respective Shareholders And Creditors (hereinafter referred to as "the Scheme").

Take Further Notice that in pursuance of the said order, meeting of the Equity Shareholders of the Petitioner Company 4 / Transferee Company will be held at Hotel K C Cross Road, Site No.1, Sector 10, Opposite Bus Stand, Panchkula - 134113, (Haryana) on Sunday, the 20th day of May, 2012 at 11.00 a.m., when you are requested to attend.

Take Further Notice that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Petitioner Company 4 / Transferee Company at SCO-232, 1st Floor, Sector-20, Panchkula-134109, (Haryana) not later than 48 hours before the meeting.

The Court has appointed Mr. Praveen K. Gupta, Advocate as Chairman and Mr. Piyush Bansal, Advocate as Co-Chairman of the said meeting.

A copy each of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956 and Form of Proxy are enclosed.

Sd/-
(Praveen K. Gupta)
Advocate
(House No. 2315, Sector 38C, Chandigarh)
(Chairman appointed for the Meeting)

Place : Chandigarh
Dated : 20th day of April, 2012