

# Morgan Stanley

Date: April 27, 2022

To,

**BSE Limited**

Phiroze Jeejeeboy Towers

Dalal Street, Fort,

Mumbai- 400 001

Dear Sir/Madam,

**Subject: Draft Letter of Offer (“DLoF”) in relation to the open offer to the Public Shareholders (as defined in the DLoF) of Escorts Finance Limited (“Target Company”) by Kubota Corporation (“Open Offer/ Offer”)**

With respect to the captioned Open Offer, the Public Announcement was made by the Acquirer on November 18, 2021 and the Detailed Public Statement was published on April 20, 2022.

Pursuant to Regulation 18(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, we, Morgan Stanley India Company Private Limited, as manager to the captioned Open Offer, are hereby enclosing a copy of the DLoF dated April 27, 2022 with respect to the Open Offer.


Capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the DLoF.

We request you to kindly disseminate the DLoF on your website.

Should you require any further information / clarifications on the same, please contact the following persons:

Name	Designation	Contact	Email ID
Satyam Singhal	Vice President	+91 22 6118 1009	escortsfinance_openoffer@morganstanley.com
Prakhar Jaju	Associate	+91 22 6118-1045	escortsfinance_openoffer@morganstanley.com

Thanking you,



For and on behalf of **Morgan Stanley India Company Private Limited**

Name: Sachin Wagle

Designation: Managing Director

Enclosed: Copy of the DLoF

## DRAFT LETTER OF OFFER

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Letter of Offer (*as defined below*) will be sent to you as a Public Shareholder (*as defined below*) of Escorts Finance Limited. If you require any clarification about the action to be taken, you may consult your stockbroker or investment consultant or the Manager (*as defined below*)/Registrar to the Offer (*as defined below*). In case you have recently sold your Equity Shares (*as defined below*), please hand over the Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement (*as defined below*) to the member of stock exchange through whom the said sale was effected.

#### OPEN OFFER ("OPEN OFFER"/"OFFER")

BY

#### KUBOTA CORPORATION

A public listed entity incorporated under the laws of Japan

Regd. office: 2-47, Shikitsuhigashi 1-chome, Naniwa-Ku, Osaka 556-8601, Japan.

Company Registration Number: 1200-01-037978

(Tel: +81-6-6648-2111; Fax: +81-6-6648-3862)

(hereinafter referred to as the "Acquirer")

**MAKES A CASH OFFER TO ACQUIRE UP TO 10,465,000 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("OFFER SHARES") AT A PRICE OF ₹ 5.08 PER EQUITY SHARE ("OFFER PRICE"), REPRESENTING 26.00% OF THE EXPANDED VOTING SHARE CAPITAL (AS DEFINED BELOW) IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THERETO ("SEBI (SAST) REGULATIONS") FROM THE PUBLIC SHAREHOLDERS (AS DEFINED BELOW)**

OF

#### ESCORTS FINANCE LIMITED

Regd. office: Plot no 19, Industrial Area, Phase 2, Chandigarh-160002

Corporate Identification Number: L65910CH1987PLC033652

(Tel: 0129-2564116)

Website: www.escortsfinance.com

("Target Company")

1. This Open Offer is made pursuant to and in compliance with the provisions of Regulations 4, 5(1) and other applicable regulations of the SEBI (SAST) Regulations.
2. This Open Offer is not a conditional offer in terms of Regulation 19 of the SEBI (SAST) Regulations and is not subject to any minimum level of acceptance.
3. This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. The Acquirer shall acquire partly paid-up shares tendered under the Open Offer, subject to such Public Shareholders holding partly paid-up shares of the Target Company making full payment to the Target Company, including interest liability, outstanding in respect of the amount unpaid. The Public Shareholders who hold partly paid-up shares will have to contact the Target Company for knowing the amount outstanding and payable in respect of such partly paid shares, including the interest for delay.
5. To the best of the knowledge of the Acquirer, all the statutory approvals required by the Acquirer to complete this Open Offer have now been received/are now not required. However, in case of any additional statutory approvals being required by the Acquirer at any later date, this Open Offer will be subject to such approvals. In the event that any statutory approvals required are not obtained or are finally refused or are otherwise not received for reasons outside the reasonable control of the Acquirer, the Acquirer may withdraw the Open Offer under Regulation 23 of the SEBI (SAST) Regulations.
6. Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Open Offer. All Public Shareholders (including resident or non-resident shareholders) must obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) held by them, in the Offer and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares held by them, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Offer Shares.
7. The Acquirer shall complete all procedures relating to this Open Offer within 10 (Ten) Working Days (as defined below) from the date of closure of the Tendering Period (*as defined below*), including payment of consideration to those Public Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
8. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Open Offer is more than the number of Offer Shares (*as defined below*), the Acquirer shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that the acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the minimum marketable lot. The marketable lot for the Equity Shares for the purpose of this Offer shall be 1 (one) only.
9. The Acquirer may withdraw the Open Offer in accordance with the terms and conditions specified in Part C (*Statutory and Other Approvals*) of Section VII (*Terms and Conditions of the Open Offer*) of this Draft Letter of Offer. In the event of a withdrawal of the Open Offer, the Acquirer (through the Manager) shall, within 2 Working Days (*as defined below*) of such withdrawal, make a public announcement, in the same Newspapers (*as defined below*) in which the Detailed Public Statement (*as defined below*) was published, in accordance with Regulation 23(2) of the SEBI (SAST) Regulations and such public announcement also will be sent to SEBI (*as defined below*), BSE (*as defined below*) and the Target Company at its registered office.
10. The Offer Price may be subject to upward revision, if any, pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer at any time prior to the commencement of the last one (1) Working Day before the commencement of the Tendering Period, in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall: (i) make corresponding increase to the Escrow Amount (*as defined below*); (ii) make a public announcement in the same Newspapers in which the DPS was published; and (iii) simultaneously with the issue of such public announcement, inform SEBI, the BSE, and the Target Company at its registered office of such revision. However, the Acquirer shall not acquire any Equity Shares after the third (3<sup>rd</sup>) Working Day prior to the commencement of the Tendering Period, and until the expiry of the Tendering Period. Such revised Offer Price shall be payable by the Acquirer for all the Equity Shares validly tendered during the Tendering Period of the Open Offer.
11. **There has been no competing offer as of the date of this Draft Letter of Offer.**
12. **If there is a competing offer, the offers under all subsisting bids will open and close on the same date.**

A copy of the Public Announcement (*as defined below*), the Detailed Public Statement (*as defined below*), this Draft Letter of Offer (including the Form of Acceptance-cum-Acknowledgement) are also available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).

#### MANAGER TO THE OPEN OFFER

## Morgan Stanley

Morgan Stanley India Company Private Limited

SEBI Registration Number: INM000011203

Address: 18F, Tower 2, One World Center, Plot 841 | Senapati Bapat Marg, Lower Parel, Mumbai, 400013, India

Contact Person: Mr. Prakhhar Jaju

Tel: 91 22 6118 1000; Fax: 91 22 6118 1040

E-mail: [escortsfinance\\_openoffer@morganstanley.com](mailto:escortsfinance_openoffer@morganstanley.com)

Website: <https://www.morganstanley.com/about-us/global-offices/india>

#### REGISTRAR TO THE OPEN OFFER



KFin Technologies Limited

SEBI Registration Number: INR000000221

Address: Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, 500 032, Telangana, India

Contact person: M Murali Krishna

Tel: +91 40 6716 2222; Toll free no.: 18003094001; Fax: +91 40 2343 1551

E-mail: [efl.openoffer@kfintech.com](mailto:efl.openoffer@kfintech.com)

Website: [www.kfintech.com](http://www.kfintech.com)

## TENTATIVE SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OPEN OFFER

S. No.	Activity	Schedule of Activities (Date and Day) <sup>#</sup>
1.	Issue of the Public Announcement	Thursday, 18 November 2021
2.	Date of completion of the Underlying Transaction	Monday, 11 April 2022
3.	Publication of the DPS in the newspapers	Wednesday, 20 April 2022
4.	Last date for filing the Draft Letter of Offer with SEBI	Wednesday, 27 April 2022
5	Last date for public announcement for competing offer	Thursday, 12 May 2022
6.	Last date for receipt of comments from SEBI on the Draft Letter of Offer (in the event SEBI has not sought clarification or additional information from the Manager to the Open Offer)	Friday, 20 May 2022
7.	Identified Date*	Tuesday, 24 May 2022
8.	Last date for dispatch of the Letter of Offer to the shareholders of the Target Company whose names appear on the register of members on the Identified Date	Tuesday, 31 May 2022
9.	Last date by which a committee of independent directors of the Target Company is required to give its recommendation to the shareholders of the Target Company for this Open Offer	Friday, 3 June 2022
10.	Last date for upward revision of the Offer Price and/or the Offer Size	Friday, 3 June 2022
11.	Date of publication of Open Offer opening public announcement, in the newspapers in which the DPS has been published	Monday, 6 June 2022
12.	Date of commencement of the Tendering Period	Tuesday, 7 June 2022
13.	Date of closure of the Tendering Period	Monday, 20 June 2022
14.	Last date of communicating the rejection/acceptance and completion of payment of consideration or refund of Equity Shares to the shareholders of the Target Company	Monday, 4 July 2022
15.	Last date for publication of post Open Offer public announcement in the newspapers in which the DPS has been published	Monday, 11 July 2022

\* Date falling on the 10<sup>th</sup> Working Day prior to the commencement of the Tendering Period. The Identified Date is only for the purpose of determining the Equity Shareholders as on such date to whom the Letter of Offer would be sent. All the Public Shareholders (registered or unregistered), are eligible to participate in this Open Offer at any time prior to the closure of the Tendering Period.

# The above timelines are indicative (prepared on the basis of timelines provided under the SEBI (SAST) Regulations) and are subject to change for delay in receipt of approvals or comments from statutory/ regulatory authorities (if any) and may have to be revised accordingly, throughout this document. To clarify, the actions set out above may be completed prior to their corresponding dates subject to compliance with the SEBI (SAST) Regulations.

## RISK FACTORS

The risk factors set forth below are limited to this Open Offer and the Acquirer and are not in relation to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of all the risks involved in the participation by Public Shareholders in this Open Offer, or in association with the Acquirer, but are merely indicative in nature. Public Shareholders are advised to consult their stockbrokers, legal, financial, tax, investment or other consultants and advisors, for understanding and analysing all risks associated with respect to their participation in this Open Offer.

For capitalised terms used herein please refer to the section on Key Definitions set out below.

### 1. Risks relating to the Open Offer:

- The Open Offer is an open offer under the SEBI (SAST) Regulations to acquire up to 10,465,000 Equity Shares representing 26.00% of the Expanded Voting Share Capital, from the Public Shareholders. If the number of Equity Shares validly tendered by the Public Shareholders under this Open Offer is more than the Offer Size, then the Offer Shares validly tendered by the Public Shareholders will be accepted on a proportionate basis, subject to acquisition of a maximum of 10,465,000 Equity Shares, representing 26.00% of the Expanded Voting Share Capital. Accordingly, there is no assurance that all the Equity Shares tendered by the Public Shareholders in the Open Offer will be accepted. The unaccepted Equity Shares will be returned to the Public Shareholders in accordance with the schedule of activities for the Open Offer.
- To the best of the knowledge of the Acquirer, all the statutory approvals required by the Acquirer to complete this Open Offer have now been received/are now not required. However, in case of any additional statutory approvals being required by the Acquirer at any later date, this Open Offer will be subject to such approvals and the Acquirer shall make necessary applications for such other approvals. In the event that either: (a) there is any litigation leading to a stay/injunction on the Open Offer or that restricts/restrains the Acquirer from performing its obligations hereunder; or (b) SEBI instructs the Acquirer not to proceed with the Open Offer, then the Open Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer or may be withdrawn in terms of Regulation 23 of the SEBI (SAST) Regulations. In case any statutory approval or governmental approval that may be required by the Acquirer, is not received in time, in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, grant an extension of time to the Acquirer for making payment of the consideration to the Public Shareholders whose Offer Shares have been accepted in the Open Offer, subject to such terms and conditions as may be specified by SEBI, including payment of interest, if any, in accordance with the SEBI (SAST) Regulations. In addition, where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Open Offer.
- The Acquirer shall acquire partly paid-up shares tendered by the Public Shareholders under the Open Offer, subject to such Public Shareholders holding partly paid-up shares of the Target Company making full payment to the Target Company, including interest liability, outstanding in respect of the amount unpaid. The Public Shareholder who holds party paid-up shares will have to contact the Target Company for knowing the amount outstanding and payable in respect of such partly paid-up shares, including the interest for delay.

- The acquisition of Equity Shares under the Open Offer from all Public Shareholders (resident and non-resident) is subject to all approvals required to be obtained by such Public Shareholders in relation to the Open Offer and the transfer of Equity Shares held by them to the Acquirer. Further, if the Public Shareholders who are not persons resident in India require or had required any approvals in respect of the transfer of Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them pursuant to this Open Offer, along with the other documents required to be tendered to accept this Open Offer. In the event such prior approvals are not submitted, the Acquirer reserves its right to reject such Equity Shares tendered in this Open Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Public Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or non-repatriable basis.
- Public Shareholders who have lodged their acceptance to this Open Offer are not entitled to withdraw such acceptance during the Tendering Period, even if the acceptance of their Equity Shares in this Open Offer and payment of consideration are delayed. The Public Shareholders will not be able to trade in such Equity Shares which have been tendered in the Open Offer. During such period, there may be fluctuations in the market price of the Equity Shares. Neither the Acquirer nor the Manager to the Offer make any assurance with respect to the market price of the Equity Shares, both during the period that the Open Offer is open and upon completion of the Open Offer, and disclaim any responsibility with respect to any decision taken by the Public Shareholders with respect to whether or not to participate in the Open Offer. The Public Shareholders will be solely responsible for their decisions regarding their participation in this Open Offer.
- This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of the Draft Letter of Offer resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Open Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer or the Manager to the Open Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy in, any foreign jurisdictions covered under the “General Disclaimer” clause in Section II (*Disclaimer Clause*) of this Draft Letter of Offer and cannot be accepted by any means or instrumentality from within any such foreign jurisdictions.
- The information contained in this Draft Letter of Offer is as of the date of this Draft Letter of Offer unless expressly stated otherwise. The Acquirer and the Manager are under no obligation to update the information contained herein at any time after the date of this Draft Letter of Offer.
- The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement, the Detailed Public Statement, this Draft Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer, excluding such information pertaining to the Target Company, which has been obtained from publicly available sources or provided or confirmed by the Target Company. Any person placing reliance on any other source of information will be doing so at his/her/its own risk.

## 2. Risks involved in associating with the Acquirer

- Neither the Acquirer nor the Manager to the Offer make any assurance with respect to the financial performance of the Target Company or the continuance of past trends in the financial performance or future performance of the Target Company nor do they make any assurance with respect to the market price of the Equity Shares before, during or after the Open Offer. Each of the Acquirer and the Manager to the Offer expressly disclaim any responsibility or obligation of any kind (except as required under applicable law) with respect to any decision by any Public Shareholder on whether to participate or not in this Open Offer.
- Neither the Acquirer nor the Manager or the Registrar to the Offer accepts any responsibility for any loss of documents during transit (including but not limited to Open Offer acceptance forms, copies of delivery instruction slips, etc.), and Public Shareholders are advised to adequately safeguard their interest in this regard.
- The Acquirer makes no assurance with respect to their investment/divestment decisions relating to its proposed shareholding in the Target Company.
- The information pertaining to the Target Company contained in the PA or the DPS or this Draft Letter of Offer or any other advertisement/publications made in connection with the Open Offer has been compiled from information published or provided by the Target Company, or publicly available sources which has not been independently verified by the Acquirer or the Manager. The Acquirer and the Manager do not accept any responsibility with respect to the information/misstatement provided by the Target Company.
- The Acquirer and Manager to the Offer do not provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or upon the completion of this Open Offer.

### CURRENCY OF PRESENTATION

In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amounts listed are due to rounding off and/or regrouping.

In this Draft Letter of Offer, all references to: (i) “₹”, “Rupees”, “Rs.” or INR are references to Indian National Rupees(s) (INR); and (ii) “JPY” or “¥” are references to Japanese Yen, the official currency of Japan. Unless otherwise stated, the conversion has been done at the rate 100 JPY = INR 62.23 as on 31 March 2022 (*Source: website of Financial Benchmarks India Private Limited ([www.fbil.org.in](http://www.fbil.org.in))*).

In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping.

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## I. KEY DEFINITIONS

Particulars	Details/Definition
Acquirer	Kubota Corporation, a public listed entity listed on Tokyo Stock Exchange, incorporated under the laws of Japan (Company Registration Number: 1200-01-037978) on 22 December 1930
Acquirer Nominee Director	As has been defined in paragraph 7(d) of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
Acquisition Window	As has been defined in paragraph 3 of Section VIII ( <i>Procedure for Acceptance and Settlement of the Open Offer</i> ) of this Draft Letter of Offer
AOP	Association of Persons
Buying Broker	As has been defined in paragraph 8 of Section VIII ( <i>Procedure for Acceptance and Settlement of the Open Offer</i> ) of this Draft Letter of Offer
BOI	Body of Individuals
BSE	BSE Limited
Clearing Corporation	As has been defined in paragraph 3 of Section VIII ( <i>Procedure for Acceptance and Settlement of the Open Offer</i> ) of this Draft Letter of Offer
Companies Act	Companies Act, 2013, as amended
Controlled Affiliates	As has been defined in paragraph 7(j)(i) of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
CDSL	Central Depository Services Limited
Depositories	CDSL and NSDL
Detailed Public Statement/DPS	The detailed public statement dated 19 April 2022, published on behalf of the Acquirer on 20 April 2022
Draft Letter of Offer/DLoF	This Draft Letter of Offer dated 27 April 2022 filed with SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations
DTAA	Double Taxation Avoidance Agreement
EEWT	Escorts Employees Benefit and Welfare Trust
Equity Share(s)	Fully paid-up equity shares of the Target Company with face value of ₹ 10 each
Escrow Account	The account named “KUBOTA Corporation – Open Offer Escrow Account” opened with the Escrow Agent in accordance with Regulation 17(4) of the SEBI (SAST) Regulations
Escrow Agent	ICICI Bank Limited, a banking corporation incorporated under the laws of India and having its branch office at Capital Market Division, 122, 1st Floor, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai - 400 020



<b>Particulars</b>	<b>Details/Definition</b>
Escrow Agreement	Escrow agreement entered into by the Acquirer with the Escrow Agent and the Manager
Escrow Amount	The amount aggregating to ₹ 53,162,200 maintained by the Acquirer with the Escrow Agent in accordance with the Escrow Agreement
Existing Share Capital	<p>The total issued and fully paid-up equity share capital of the Target Company, i.e., 40,096,800 Equity Shares, and the partly paid-up equity share capital of the Target Company, i.e., 153,200 Equity Shares (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium), as on the date of this Draft Letter of Offer</p> <p>As per the publicly available shareholding pattern of the Target Company for the quarter ended 31 March 2022, there are 153,100 partly paid-up Equity Shares. However, the Target Company has informed that due to an error, 153,100 Equity Shares are reflected as partly paid-up Equity Shares and pursuant to an ongoing rectification exercise the number will increase to 153,200 partly paid-up Equity Shares subject to rectification exercise being successfully completed</p>
Expanded Voting Share Capital	The total equity share capital of the Target Company on a fully diluted basis expected as of the 10 <sup>th</sup> Working Day from the closure of the Tendering Period for the Open Offer. This includes 153,200 partly paid-up Equity Shares held by the Public Shareholders of the Target Company (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium)
Finance Act	The Finance Act, 2021, as amended
Form of Acceptance-cum-Acknowledgement	Form of acceptance-cum-acknowledgement, which will be a part of the Letter of Offer
FIIIs	Erstwhile Foreign Institutional Investor(s), as defined under Section 2(1)(f) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIPB	Erstwhile Foreign Investment Promotion Board or the Foreign Investment Facilitation Portal, and which shall include the erstwhile Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and which shall include the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
FPIs	Foreign Portfolio Investor(s), as defined under Regulation 2(1)(j) of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
Holding Company Expanded Voting Share Capital	The total equity share capital of the Holding Company on a fully diluted basis expected as of the 10 <sup>th</sup> Working Day from the closure of the tendering period for the Holding Company Open Offer
Hon'ble NCLT	Hon'ble National Company Law Tribunal
Holding Company Open Offer	As has been defined in paragraph 3 of Section III (A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer

<b>Particulars</b>	<b>Details/Definition</b>
Holding Company Share Subscription Agreement	As has been defined in paragraph 2 of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
Holding Company Shareholders Agreement	As has been defined in paragraph 2 of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
HUF	Hindu Undivided Family
Identified Date	The date falling on the 10 <sup>th</sup> Working Day prior to the commencement of the Tendering Period
Income Tax Act/IT Act	The Income Tax Act, 1961, as amended and modified from time to time
Initial Offer Price	As defined in paragraph 10 of Section III(B)( <i>Details of the proposed Open Offer</i> )
Interest	As defined in paragraph 10 of Section III(B)( <i>Details of the proposed Open Offer</i> )
Letter of Offer/LoF	The Letter of Offer dated [●], which shall be dispatched to the Public Shareholders of the Target Company
Manager/Manager to the Open Offer/Manager to the Offer	Morgan Stanley India Company Private Limited
Maximum Consideration	₹ 53,162,200, being the maximum consideration payable under this Open Offer assuming full acceptance
Mutual Consent	As has been defined in paragraph 7(i) of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
Newspapers	Financial Express (English), Jansatta (Hindi), Navshakti (Marathi), Punjabi Tribune (Punjabi), being the newspapers wherein the Detailed Public Statement was published on behalf of the Acquirer on 20 April, 2022
Specified Promoters Nominee Director	As has been defined in paragraph 7(e) of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
NEFT	National Electronic Fund Transfer
NOC	No-objection certificate
NRIs	Non-resident Indians
NSDL	National Securities Depository Limited
Offer/Open Offer	Open offer being made by the Acquirer to the Public Shareholders of the Target Company to acquire up to 10,465,000 Equity Shares, representing 26.00% of the Expanded Voting Share Capital, at a price of ₹ 5.08 per Offer Share
Offer Period	shall have the same meaning ascribed to it in the SEBI (SAST) Regulations

Particulars	Details/Definition
Offer Price	₹ 5.08 per Offer Share that consists of the Initial Offer Price being ₹ 4.87 per Offer Share plus Interest, being ₹ 0.21 per Offer Share
Offer Shares	Up to 10,465,000 Equity Shares, representing 26.00% of the Expanded Voting Share Capital
Offer Size	Offer Shares constituting up to 26.00% of the Expanded Voting Share Capital
OCBs	Overseas Corporate Bodies
Public Announcement/PA	The public announcement dated 18 November 2021 issued by the Manager on behalf of the Acquirer in connection with the Open Offer
Public Shareholders	All the equity shareholders of the Target Company, but excluding: (i) the Acquirer; (ii) the parties to the Holding Company Share Subscription Agreement; (iii) the parties to the Holding Company Shareholders Agreement; (iv) the existing members of the promoter and promoter group of the Target Company, other than the Acquirer; (v) the existing members of the promoter and promoter group of the Holding Company (i.e., Escorts Limited) as on the date of this Draft Letter of Offer other than the Acquirer (collectively referred to as the “ <b>Holding Company Other Promoters</b> ”); and (vi) the persons deemed to be acting in concert with the persons set out in (i) – (v)
PAN	Permanent Account Number
RBI	Reserve Bank of India
Registrar/Registrar to the Open Offer/Registrar to the Offer	KFin Technologies Limited
Relevant Period	As has been defined in paragraph 3 of Part A ( <i>Justification of Offer Price</i> ) of Section VI ( <i>Offer Price and Financial Arrangements</i> ) of this Draft Letter of Offer
Reserved Matters Committee	As has been defined in paragraph 7(i) of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
Reserved Matters	As has been defined in paragraph 7(j) of Section III(A) ( <i>Background to the Open Offer</i> ) of this Draft Letter of Offer
Selling Broker	As has been defined in paragraph 7 of Section VIII ( <i>Procedure for Acceptance and Settlement of the Open Offer</i> ) of this Draft Letter of Offer
RTGS	Real Time Gross Settlement
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

<b>Particulars</b>	<b>Details/Definition</b>
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
STT	Securities Transaction Tax
Target/Target Company	Escorts Finance Limited
Tendering Period	The 10 Working Days period from 7 June 2022 (Tuesday) to 20 June 2022 (Monday) (both days inclusive) within which the Public Shareholders may tender their Equity Shares in acceptance of the Open Offer
Transaction	Collectively, the Underlying Transaction and the Holding Company Open Offer
TRC	Tax Residency Certificate
Underlying Transaction	As has been defined in paragraph 3 of Part A ( <i>Background to the Open Offer</i> ) of Section III ( <i>Details of the Open Offer</i> ) of this Draft Letter of Offer
Working Day(s)	shall have the same meaning ascribed to it in the SEBI (SAST) Regulations

\* All capitalized terms used in this Draft Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the SEBI (SAST) Regulations.

## **II. DISCLAIMER CLAUSE**

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THE TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OPEN OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 27 APRIL 2022 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OPEN OFFER.”**

### **GENERAL DISCLAIMER**

**THIS DRAFT LETTER OF OFFER TOGETHER WITH THE DETAILED PUBLIC STATEMENT THAT WAS PUBLISHED ON 20 APRIL 2022 AND THE PUBLIC ANNOUNCEMENT DATED 18 NOVEMBER 2021 IN CONNECTION WITH THE OPEN OFFER, HAVE BEEN PREPARED FOR THE PURPOSES OF COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS OF INDIA, INCLUDING THE SEBI ACT AND THE SEBI (SAST) REGULATIONS, AND HAS NOT BEEN REGISTERED OR APPROVED UNDER ANY LAWS OR REGULATIONS OF ANY COUNTRY OUTSIDE OF INDIA. THE DISCLOSURES IN THIS DRAFT LETTER OF OFFER AND THE OPEN OFFER PARTICULARS INCLUDING BUT NOT LIMITED TO THE OFFER PRICE, OFFER SIZE AND PROCEDURES FOR ACCEPTANCE AND SETTLEMENT OF THE OPEN OFFER ARE GOVERNED BY SEBI (SAST) REGULATIONS, AND OTHER APPLICABLE LAWS, RULES AND REGULATIONS OF INDIA, THE PROVISIONS OF WHICH MAY BE DIFFERENT FROM THOSE OF ANY JURISDICTION OTHER THAN INDIA. ACCORDINGLY, THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD HAVE BEEN DISCLOSED IF THIS DOCUMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS AND REGULATIONS OF ANY JURISDICTION OUTSIDE OF INDIA. THE INFORMATION CONTAINED IN THIS DRAFT LETTER OF OFFER IS AS OF THE DATE OF THIS DRAFT LETTER OF OFFER. THE ACQUIRER, THE MANAGER TO THE OPEN OFFER AND ANY DEEMED PERSONS ACTING IN CONCERT WITH THE ACQUIRER ARE UNDER NO OBLIGATION TO UPDATE THE INFORMATION CONTAINED HEREIN AT ANY TIME AFTER THE DATE OF THIS DRAFT LETTER OF OFFER.**

**NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT THIS OPEN OFFER IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE. THE LETTER OF OFFER SHALL BE DISPATCHED TO ALL PUBLIC SHAREHOLDERS HOLDING THE EQUITY SHARES WHOSE NAMES APPEAR IN THE RECORDS OF DEPOSITORIES, AT THEIR STATED ADDRESS, AS OF THE IDENTIFIED DATE. HOWEVER, RECEIPT OF THE LETTER OF OFFER BY ANY PUBLIC SHAREHOLDER IN A JURISDICTION IN WHICH IT WOULD BE ILLEGAL TO MAKE THIS OPEN OFFER, OR WHERE MAKING THIS OPEN OFFER WOULD REQUIRE ANY ACTION TO BE TAKEN (INCLUDING, BUT NOT RESTRICTED TO, REGISTRATION OF THE LETTER OF OFFER UNDER ANY LOCAL SECURITIES LAWS OF SUCH JURISDICTION), SHALL NOT BE TREATED BY SUCH PUBLIC SHAREHOLDER AS AN OFFER BEING MADE TO THEM AND SHALL BE CONSTRUED BY THEM AS BEING SENT FOR INFORMATION PURPOSES ONLY.**

**PERSONS IN POSSESSION OF THE LETTER OF OFFER ARE REQUIRED TO INFORM THEMSELVES OF ANY RELEVANT RESTRICTIONS IN THEIR RESPECTIVE JURISDICTIONS. ANY PUBLIC SHAREHOLDER WHO TENDERS HIS, HER OR ITS EQUITY SHARES IN THIS OPEN OFFER SHALL BE DEEMED TO HAVE DECLARED, REPRESENTED, WARRANTED AND AGREED THAT HE, SHE OR IT IS AUTHORISED UNDER THE PROVISIONS OF ANY APPLICABLE LOCAL LAWS, RULES, REGULATIONS AND STATUTES TO PARTICIPATE IN THIS OPEN OFFER.**

### **III. DETAILS OF THE OPEN OFFER**

#### **A. Background to the Open Offer**

1. The Open Offer is a mandatory open offer in compliance with Regulations 4 and 5(1) of the SEBI (SAST) Regulations, pursuant to an indirect acquisition of control over the Target Company by the Acquirer.
2. The Acquirer has entered into a: **(a)** share subscription agreement dated 18 November 2021 with the Holding Company as well as certain Holding Company Other Promoters (i.e., (i) Nikhil Nanda; (ii) Shweta Nanda; (iii) Navya Naveli Nanda; (iv) Agastya Nanda; (v) AAA Portfolios Private Limited; (vi) Big Apple Clothing Private Limited; (vii) Har Parshad and Company Private Limited; and (viii) Escorts Benefit and Welfare Trust) (the “**Holding Company Share Subscription Agreement**”), as per the Holding Company Share Subscription Agreement, the Acquirer shall subscribe to 9,363,726 equity shares of the Holding Company at ₹ 2,000 per equity share by way of preferential allotment, subject to the satisfaction of certain conditions precedent (including, but not limited to, receipt of the statutory approvals) prescribed thereunder, the equity shares proposed to be issued to the Acquirer will constitute 7.10% of the Holding Company Expanded Voting Share Capital; and **(b)** shareholders agreement dated 18 November 2021 with the Holding Company as well as certain Holding Company Other Promoters (i.e., (i) Nikhil Nanda; (ii) Shweta Nanda; (iii) Navya Naveli Nanda; (iv) Agastya Nanda; (v) AAA Portfolios Private Limited; (vi) Big Apple Clothing Private Limited; (vii) Har Parshad and Company Private Limited; and (viii) Escorts Benefit and Welfare Trust) (the “**Holding Company Shareholders Agreement**”), wherein it is proposed that the Acquirer will acquire and exercise control on and over the Holding Company and become a joint promoter along with the Holding Company Other Promoters of the Holding Company, upon the Holding Company Shareholders Agreement becoming effective after the completion of the Holding Company Open Offer on the condition that the Acquirer holds at least 16.38% of the Holding Company Expanded Voting Share Capital in the Holding Company as per the terms set out in the Holding Company Shareholders Agreement. Accordingly, upon the Holding Company Shareholders Agreement becoming effective after the completion of the Holding Company

Open Offer and given that Acquirer holds at least 16.38% of the Holding Company Expanded Voting Share Capital in the Holding Company as per the terms set out in the Holding Company Shareholders Agreement, the Acquirer has acquired and exercises control on and over the Holding Company and has become a joint promoter along with the Holding Company Other Promoters of the Holding Company.

3. As the Acquirer intended to acquire and exercise control on and over the Holding Company pursuant to the Underlying Transaction and to become a joint promoter along with the Holding Company Other Promoters of the Holding Company, and given that the Acquirer would acquire and exercise control on and over the Holding Company and become a joint promoter along with the Holding Company Other Promoters of the Holding Company in accordance with the Holding Company Shareholders Agreement, a mandatory open offer is being made by the Acquirer in compliance with Regulation 4 of the SEBI (SAST) Regulations with respect to the Holding Company (“**Holding Company Open Offer**”). Pursuant to the completion of the Transaction (i.e., completion of the Underlying Transaction and upon completion of the Holding Company Open Offer), the Acquirer, subject to holding at least 16.38% of the Holding Company Expanded Voting Share Capital in the Holding Company, will have control on and over the Holding Company and the Acquirer shall become the joint promoter along with the Holding Company Other Promoters of the Holding Company, including in accordance with the provisions of the SEBI (LODR) Regulations (the aforesaid in paragraph 2 and this paragraph 3 to be collectively referred to as the “**Underlying Transaction**”). Accordingly, pursuant to the completion of the Transaction, given that the Acquirer holds at least 16.38% of the Holding Company Expanded Voting Share Capital in the Holding Company, the Acquirer has control on and over the Holding Company and the Acquirer has become the joint promoter along with the Holding Company Other Promoters of the Holding Company.
4. The Holding Company (basis the publicly available shareholding pattern of the Target Company for the quarter ended 31 March 2022) belongs to the promoter and promoter group of the Target Company and holds 3,819,700 Equity Shares of the Target Company aggregating to 9.49% of the Existing Share Capital of the Target Company. Additionally, as mentioned in the Annual Report for the financial year ended 2020 – 2021 of the Target Company, the Holding Company is the sole beneficiary of Escorts Benefit and Welfare Trust which holds 23,497,478 Equity Shares of the Target Company, aggregating to 58.38% of the Existing Share Capital of the Target Company. Further, in the Annual Report for the financial year ended 2020 – 2021 of the Target Company, the Target Company is disclosed to be a subsidiary of the Holding Company (i.e., Escorts Limited). Accordingly, pursuant to completion of the Underlying Transaction, the Acquirer is entitled to, through the Holding Company (i.e., Escorts Limited), to indirectly exercise control over the Target Company (i.e., Escorts Finance Limited). Hence, this Open Offer is being made under Regulations 4 and 5(1) of the SEBI (SAST) Regulations.
5. A tabular summary of the Underlying Transaction is set out below:

Type of transaction (direct / indirect)	Mode of transaction (Agreement/Allotment/market purchase)	Equity Shares/Voting rights acquired/proposed to be acquired		Total consideration for Equity Shares/Voting Rights (VR) acquired (Indian Rupees)	Mode of payment (Cash/securities)	Regulation which has triggered
		Number	% vis-à-vis total equity/voting capital			
Indirect acquisition	(i) Agreement – Execution of the Holding Company Share Subscription Agreement for the	9,363,726 equity shares of the Holding Company	7.10 % of the Holding Company Expanded	Not applicable as this is an indirect acquisition.	Not applicable as this is	This is an indirect acquisition

Type of transaction (direct / indirect)	Mode of transaction (Agreement/Allotment/market purchase)	Equity Shares/Voting rights acquired/proposed to be acquired		Total consideration for Equity Shares/Voting Rights (VR) acquired (Indian Rupees)	Mode of payment (Cash/securities)	Regulation which has triggered
		Number	% vis-à-vis total equity/voting capital			
	preferential allotment of the equity shares of the Holding Company to the Acquirer subject to satisfaction of certain conditions precedent and the statutory approvals as set out in the Holding Company Share Subscription Agreement. * (ii) Agreement – Execution of the Holding Company Shareholders Agreement for the acquisition and exercise of control by the Acquirer of and over the Holding Company and to become a joint promoter along with the Holding Company Other Promoters of the Holding Company.	(under the Holding Company Share Subscription Agreement).	Voting Share Capital (under the Holding Company Share Subscription Agreement).		an indirect acquisition.	on. Regulation 4 read with Regulation 5(1) of the SEBI (SAST) Regulations.

\* Please refer to paragraphs 2 and 3 of Section III(A) (Background to the Open Offer) of this Draft Letter of Offer for further details in connection with the Underlying Transaction.

6. The salient features of the Holding Company Share Subscription Agreement are set out below:
- (a) the Holding Company Share Subscription Agreement sets forth the terms and conditions agreed amongst the Acquirer, the Holding Company and certain Holding Company Other Promoters and their respective rights and obligations.
  - (b) the consummation of the Underlying Transaction is subject to the fulfilment of the conditions precedent as specified under the Holding Company Share Subscription Agreement, including the following key conditions precedent:
    - (i) the required statutory approvals (as identified in the Holding Company Share Subscription Agreement) having been obtained or deemed by applicable laws to have been obtained (e.g., as a result of the lapse, expiration or termination of the applicable waiting periods) by the Acquirer and/or the Holding Company, as applicable;
    - (ii) the Holding Company having obtained the consent of IDBI Bank Limited and the other members of the consortium for the consummation of the transactions contemplated under the Holding Company Share Subscription Agreement, and the change of control of the Holding Company upon the effectiveness of the Holding Company Shareholders Agreement;
    - (iii) the Holding Company having obtained the consent of ICICI Bank Limited for the consummation of the transactions contemplated under the Holding Company Share Subscription Agreement, and the change of control of the



- Holding Company upon the effectiveness of the Holding Company Shareholders Agreement;
- (iv) the Holding Company not being in breach of the Company Warranties (as defined in the Holding Company Share Subscription Agreement), obligations or covenants and no material adverse effect (as defined in the Holding Company Share Subscription Agreement) having occurred;
  - (v) no restriction under applicable law being in effect that restricts or otherwise prevents the parties to the Holding Company Share Subscription Agreement from consummating the transactions contemplated under the Holding Company Share Subscription Agreement;
  - (vi) certain identified agreements to be executed between certain identified individuals (including key managerial personnel) to be in form as may be agreed between the Acquirer and the Holding Company;
  - (vii) approval of the shareholders of the Holding Company approving, *inter-alia*, the restated articles of association of the Holding Company, increasing the maximum number of directors on the board of directors of the Holding Company to eighteen (18);
  - (viii) the Holding Company to notify (in advance) to IDBI Bank Limited and the other members of the consortium about the proposed adoption of the Restated Articles of Association by the shareholders of the Holding Company;
  - (ix) approval of the shareholders of the Holding Company approving the preferential issue contemplated under the Holding Company Share Subscription Agreement;
  - (x) Holding Company to procure from the stock exchanges listing and trading approvals in relation to the equity shares that will be issued and allotted to the Acquirer by way of the preferential issue contemplated under the Holding Company Share Subscription Agreement;
- (c) The Holding Company Share Subscription Agreement, *inter-alia*, provides for the following clauses:
- (i) customary warranties (backed by indemnity, and subject to customary exclusions) provided by the Holding Company to the Acquirer and by the Acquirer to the Holding Company;
  - (ii) the Holding Company to conduct its business in the Ordinary Course (as identified in the Holding Company Share Subscription Agreement);
  - (iii) confidentiality clause that provides for standard obligations on the Acquirer and the Holding Company to maintain confidentiality;
  - (iv) notice clause that sets out the various prescriptions with respect to the mode of communication between the Acquirer and the Holding Company and provides the respective addresses for the purpose of such correspondence; and
  - (v) governing law and jurisdiction clause that sets out the governing law for the Holding Company Share Subscription Agreement to be the laws of India as well as sets out the dispute resolution mechanism in the event of any dispute

with respect to the Holding Company Share Subscription Agreement that may arise between the parties to the Holding Company Share Subscription Agreement.

7. The salient features of the Holding Company Shareholders Agreement are set out below:
- (a) the Holding Company Shareholders Agreement sets forth the terms and conditions agreed amongst the Acquirer, Holding Company and certain Holding Company Other Promoters with respect to their rights and obligations, *inter-alia*, in relation to acquisition and exercise of control of and over the Holding Company by the Acquirer along with certain Holding Company Other Promoters;
  - (b) the Holding Company Shareholders Agreement shall become effective after the completion of the Holding Company Open Offer on the condition that the Acquirer holds at least 16.38% of the Holding Company Expanded Voting Share Capital in the Holding Company as per the terms set out in the Holding Company Shareholders Agreement;
  - (c) upon the Holding Company Shareholders Agreement becoming effective, (i) if the Acquirer holds such number of equity shares in the Holding Company that constitute less than 40% of the Holding Company Expanded Voting Share Capital, the size of the board of directors of the Holding Company (subject to applicable law) shall comprise of sixteen (16) directors, out of which eight (8) shall be independent directors and eight (8) shall be non-independent directors; and (ii) if the Acquirer holds such number of equity shares in the Holding Company that constitutes equal to or more than 40% of the Holding Company Expanded Voting Share Capital, the size of the board of directors of the Holding Company (subject to applicable law) shall comprise of eighteen (18) directors, out of which nine (9) shall be independent directors and nine (9) shall be non-independent directors;
  - (d) the Acquirer will have the right to nominate the following number of non-independent directors on the board of directors of the Holding Company (individually referred to as “**Acquirer Nominee Director**”): (i) if the Acquirer holds such number of equity shares in the Holding Company that constitute less than 40% of the Holding Company Expanded Voting Share Capital, it will have the right to nominate four (4) out of the eight (8) non-independent directors on the board of directors of the Holding Company; and (ii) if the Acquirer holds such number of Equity Shares in the Holding Company that constitutes equal to or more than 40% of the Holding Company Expanded Voting Share Capital, it will have the right to nominate five (5) out of the nine (9) non-independent directors on the board of directors of the Holding Company;
  - (e) certain Holding Company Other Promoters (i.e., (i) Nikhil Nanda; (ii) Shweta Nanda; (iii) Navya Naveli Nanda; (iv) Agastya Nanda; (v) AAA Portfolios Private Limited; (vi) Big Apple Clothing Private Limited; and (vii) Har Parshad and Company Private Limited) will have the right to nominate four (4) non-independent directors on the board of directors of the Holding Company (individually referred to as “**Specified Promoters Nominee Director**”);
  - (f) each of the Acquirer and the certain Holding Company Other Promoters will have the right to request the removal of its respective nominee director and will be entitled to nominate another director in place of the nominee director so removed. In case of resignation, retirement, removal, or vacation from office of a nominee director for any reason, the party which nominated such nominee director shall have the right to nominate another director in place of such nominee director;

- (g) subject to the terms set out in the Holding Company Shareholders Agreement, the quorum for the meeting of the board of directors of the Holding Company, *inter-alia*, will require presence of at least one (1) Acquirer Nominee Director and one (1) Specified Promoter Nominee Director. In the event a valid quorum is not present within 1 (one) hour of the scheduled time for any meeting of the board of directors of the Holding Company, then such meeting of the board of directors of the Holding Company will stand automatically adjourned to the same day in the next week, at the same time and place, or if that day is not a business day, on the next business day, at the same time and place. At such adjourned meeting of the board of directors of the Holding Company, if any of the Acquirer's Nominee Director or Specified Promoters' Nominee Director is not present, but there is adequate quorum under applicable law, then all matters, other than the Reserved Matters (*as defined below*), set out in the agenda for the meeting of the board of directors of the Holding Company will be considered and voted upon in the adjourned meeting, provided no agenda items which were not specifically set out on the agenda for the meeting of the board of directors of the Holding Company, which was adjourned, may be considered. Notwithstanding this, in the event that there is any Reserved Matter included in an agenda of a meeting of the board of directors of the Holding Company, such meeting must be convened and its quorum will be considered adequate under applicable law, if and only there is at least one (1) Acquirer's Nominee Director and one (1) Specified Promoters' Nominee Director present at the said meeting and a Mutual Consent (*as defined below*) has been obtained in accordance with the Holding Company Shareholders Agreement;
- (h) Acquirer and certain Holding Company Other Promoters ((i.e., (i) Nikhil Nanda; (ii) Shweta Nanda; (iii) Navya Naveli Nanda; (iv) Agastya Nanda; (v) AAA Portfolios Private Limited; (vi) Big Apple Clothing Private Limited; and (vii) Har Parshad and Company Private Limited)) to jointly appoint the chairman and managing director of the Holding Company subject to the terms of the Holding Company Shareholders Agreement;
- (i) upon the Holding Company Shareholders Agreement becoming effective, a reserved matter committee comprising of: (i) two (2) of Acquirer Nominee Directors; and (ii) two (2) Specified Promoters Nominee Directors ("**Reserved Matters Committee**") shall be constituted. The quorum for the Reserved Matters Committee will be at least one (1) Acquirer Nominee Director and one (1) Specified Promoters Nominee Director and a decision of the Reserved Matters Committee in relation to a Reserved Matter (*as defined below*) shall be approved by at least one (1) Acquirer Nominee Director and one (1) Specified Promoter Director ("**Mutual Consent**"). The Mutual Consent will be then communicated to the board of directors of the Holding Company. In the event of a rejection or disapproval or non-communication by the Reserved Matters Committee of its Mutual Consent in relation to a Reserved Matter, such Reserved Matter will not be included in the meeting agenda item to be placed for approval of the relevant meeting of the board of directors of the Holding Company (or any of the committee of the board of directors of the Holding Company) or shareholders of the Holding Company (as applicable);
- (j) A brief overview of the reserved matters ("**Reserved Matters**") prescribed by the Holding Company Shareholders Agreement is set out below:
- (i) any amendments or modifications to the articles of association or memorandum of association of the Holding Company or any of its subsidiaries or its affiliates which are under the control of the Holding Company ("**Controlled Affiliates**");

- (ii) any acquisition, change, disposal or transfer of any assets of the Holding Company or its Controlled Affiliates having fair value in excess of the threshold provided under the Holding Company Shareholders Agreement, other than as in the ordinary course of business or as provided in the business plan;
  - (iii) any merger, de-merger, re-organization, dissolution, winding up or liquidation of the Holding Company or its Controlled Affiliates (subject to meeting of certain thresholds) or any initiation of or engaging in any new line of business and any material re-organisation of the business of the Holding Company;
  - (iv) any action that impacts the capital or voting structure or control of the Holding Company or its Controlled Affiliates, including, issuance of or alteration of the terms of any securities or instruments representing ownership or voting interest in the Holding Company or buyback, delisting (as applicable) or redemption of any securities of the Holding Company or its Controlled Affiliates;
  - (v) change to the size or composition of the board of directors of the Holding Company or its committees or that of the board of directors/committees of its Controlled Affiliates;
  - (vi) amendment to any business plan (which will include, among other things, items of capital expenditures, items of operating expenditures, sources of financing or funds (including, incurring liabilities)) and business strategy, of the Holding Company or its Controlled Affiliates;
  - (vii) undertaking any material related party transaction (as per applicable law) with respect to the Holding Company or its Controlled Affiliates;
  - (viii) approval (including, any amendment) of brand strategy plan of the Holding Company or its Controlled Affiliates;
  - (ix) appointment or removal of key management personnel (as defined in the Holding Company Shareholders Agreement) of the Holding Company (other than for managing director) or any change in the delegation of Authority Matrix (as defined in the Holding Company Shareholders Agreement) related to key management personnel;
  - (x) any matters which require a special resolution to be passed by the shareholders of the Holding Company or by the shareholders of the Controlled Affiliates;
  - (xi) entering into any agreement or arrangement in relation to any of the items mentioned in (i) – (x) above.
- (k) The Holding Company Shareholders Agreement, *inter-alia*, provides for the following clauses:
- (i) customary warranties provided by each party under the Holding Company Shareholders Agreement to each other;
  - (ii) confidentiality clause that provides for standard obligations on each party to the Holding Company Shareholders Agreement to maintain confidentiality;

- (iii) notice clause that sets out the various prescriptions with respect to the mode of communication amongst the parties to the Holding Company Shareholders Agreement and provides the respective addresses for such correspondence; and
  - (iv) governing law and jurisdiction clause that sets out the governing law for the Holding Company Shareholders Agreement to be the laws of India as well as sets out the dispute resolution mechanism in the event of any dispute with respect to the Holding Company Shareholders Agreement that may arise between the parties to the Holding Company Shareholders Agreement.
8. The Offer Price shall be payable in cash in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations, and subject to the terms and conditions set out in the DPS and the Letter of Offer that will be dispatched to the Public Shareholders in accordance with the provisions of the SEBI (SAST) Regulations.
  9. In accordance with Regulation 26(7) of the SEBI (SAST) Regulations, the committee of independent directors of the Target Company is required to provide their written reasoned recommendations on the Open Offer to the Public Shareholders and such recommendations are required to be published in the specified form at least two (2) Working Days before the commencement of the Tendering Period.
  10. The Acquirer has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the SEBI Act or under any regulations made under the SEBI Act. There are no directions subsisting or proceedings pending against the Acquirer under SEBI Act and regulations made thereunder or by any other regulator.

**B. Details of the proposed Open Offer**

1. The Open Offer is a mandatory open offer in compliance with Regulations 4 and 5(1) of the SEBI (SAST) Regulations, pursuant to an indirect acquisition of control over the Target Company by the Acquirer. Please refer to Section III(A) (*Background to the Open Offer*) of this Draft Letter of Offer for further details.
2. The Public Announcement in connection with the Open Offer was filed on 18 November 2021 with the BSE. The Public Announcement was sent to the Target Company and SEBI with a letter dated 18 November 2021.
3. In accordance with Regulation 14(3) of the SEBI (SAST) Regulations, the Detailed Public Statement was published in the following Newspapers on 20 April, 2022:

Newspaper	Language	Editions
Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Navshakti	Marathi	Mumbai
Punjabi Tribune	Punjabi	Chandigarh

Simultaneously, a copy of the Detailed Public Statement was sent through the Manager to the Offer to: (a) SEBI; (b) BSE; and (c) the Target Company.

4. A copy of the Public Announcement and the Detailed Public Statement is also available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).
5. This Open Offer is being made by the Acquirer to the Public Shareholders to acquire up to 10,465,000 Equity Shares constituting 26.00% of the Expanded Voting Share Capital held by the Public Shareholders subject to the terms and conditions mentioned in the Public

Announcement, the DPS and to be set out in the Letter of Offer that is proposed to be issued in accordance with the applicable provisions of the SEBI (SAST) Regulations, after incorporating the comments of SEBI, if any, on the draft Letter of Offer.

6. As on the date of this DLoF, the Expanded Voting Share Capital is the total equity share capital of the Target Company on a fully diluted basis expected as of the 10<sup>th</sup> Working Day from the closure of the Tendering Period for the Open Offer. This includes 153,200 partly paid Equity Shares held by the Public Shareholders of the Target Company (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium). As per the publicly available shareholding pattern of the Target Company for the quarter ended 31 March 2022, there are 153,100 partly paid-up Equity Shares. However, the Target Company has informed that due to an error, 153,100 Equity Shares are reflected as partly paid-up Equity Shares and pursuant to an ongoing rectification exercise the number will increase to 153,200 partly paid-up Equity Shares subject to rectification exercise being successfully completed.
7. As on the date of this DLoF, there are no: (i) partly paid up Equity Shares other than 153,200 Equity Shares (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium), as on the date of this Draft Letter of Offer; or (ii) outstanding instruments in the nature of warrants or fully or partly convertible debentures/preference shares/employee stock options etc., which are convertible into Equity Shares at any later date; or (iii) Equity Shares of the Target Company which are forfeited or kept in abeyance; or (iv) Equity Shares which are locked-in.
8. The Equity Shares are listed on the BSE.
9. There is no differential pricing for this Open Offer.
10. The Open Offer is made at a price of ₹ 5.08 per Offer Share (“**Offer Price**”) comprising of: (i) the initial offer price of ₹ 4.87 (“**Initial Offer Price**”), in accordance with Regulation 8(4) of the SEBI (SAST) Regulations based on the certificate dated 18 November 2021 issued by M/s. R.D. Sarfare & Co., Chartered Accountants, (Rajesh Sarfare, Proprietor, Membership No. 140399) prepared taking into account the valuation report dated 17 November 2021 issued by Ernst & Young Merchant Banking Services LLP, (SEBI Registration number: INM000010700); and (ii) an enhancement of ₹ 0.21 per Offer Share (“**Interest**”) i.e., 10% (ten per cent.) per annum for the period between the date on which the Underlying Transaction was contracted, i.e., 18 November 2021 and 20 April 2022, the date of publication of the DPS of the Open Offer, in accordance with Regulation 8(12) of the SEBI (SAST) Regulations based on the certificate dated 13 April 2022 issued by M/s. R.D. Sarfare & Co., Chartered Accountants, (Rajesh Sarfare, Proprietor, Membership No. 140399) prepared taking into account the report on interest computation dated 12 April 2022 issued by Ernst & Young Merchant Banking Services LLP, (SEBI Registration number: INM000010700), to be paid in cash.
11. The Offer Price will be payable in cash in accordance with the provisions of Regulation 9(1)(a) of the SEBI (SAST) Regulations and subject to the terms and conditions set out in the DPS and the Letter of Offer that will be dispatched to the Public Shareholders in accordance with the provisions of the SEBI (SAST) Regulations.
12. There are 153,200 partly paid-up Equity Shares (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium), as on the date of this Draft Letter of Offer. The Acquirer shall acquire partly paid up shares tendered under the Open Offer, subject to such Public Shareholders holding partly paid-up shares of the Target Company making full payment to the Target Company, including interest liability, outstanding in respect of the amount unpaid. The Public Shareholder who holds partly paid-up shares will

have to contact the Target Company for knowing the amount outstanding and payable in respect of such partly paid shares, including the interest for delay.

13. If the aggregate number of Equity Shares validly tendered in this Open Offer by the Public Shareholders, is more than the Offer Size, then the Equity Shares validly tendered by the Public Shareholders will be accepted on a proportionate basis, subject to acquisition of a maximum of 10,465,000 Equity Shares, representing 26.00% of the Expanded Voting Share Capital, in consultation with the Manager to the Open Offer.
14. The Public Shareholders who tender their Equity Shares in this Open Offer shall ensure that the Equity Shares are clear from all liens, charges and encumbrances. The Offer Shares will be acquired, subject to such Offer Shares being validly tendered in this Open Offer, together with all the rights attached thereto, including all the rights to dividends, bonuses and right offers declared thereof and in accordance with the terms and conditions set forth in the Public Announcement, the Detailed Public Statement and as will be set out in the Letter of Offer, and the tendering Public Shareholders shall have obtained all necessary consents required by them to tender the Offer Shares.
15. The criteria set out under Regulation 5(2) of the SEBI (SAST) Regulations have been analysed and it is concluded by M/s. R.D. Sarfare & Co., Chartered Accountants, (Rajesh Sarfare, Proprietor, Membership No. 140399) by way of the certificate dated 18 November 2021, that this indirect acquisition cannot be deemed to be a direct acquisition as it does not fall within any of the parameters prescribed under Regulation 5(2) of the SEBI (SAST) Regulations.
16. To the best of the knowledge of the Acquirer, no further statutory approvals are now required by the Acquirer to complete this Open Offer. However, in case any additional statutory approvals are required or becomes applicable at a later date, this Open Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such approvals. The Acquirer will have the right to withdraw this Open Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, if any statutory approval, as may be required, is refused. In the event of withdrawal of the Open Offer, the same would be informed by way of a public announcement will be made 2 Working Days of such withdrawal, in the same Newspapers in which the Detailed Public Statement in relation to the Open Offer was published and such public announcement will also be sent to SEBI, the BSE and to the Target Company.
17. All Public Shareholders (including resident or non-resident shareholders) must obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) held by them, in the Offer and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares held by them, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Offer Shares.
18. This Open Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.
19. This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
20. The Acquirer has not directly acquired any Equity Shares of the Target Company between the date of the Public Announcement, i.e., 18 November 2021 and the date of this Draft Letter of

Offer. Also, as mentioned above, the Acquirer is a promoter shareholder of the Holding Company and holds 59,112,970 equity shares of the Holding Company constituting 44.80 % of the Holding Company Expanded Voting Share Capital.

21. Where any statutory or other approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory or other approvals are required in order to complete this Open Offer.
22. As per Regulation 38 of the SEBI (LODR) Regulations read with Rules 19(2) and 19A of the SCRR, the Target Company is required to maintain at least 25.00% public shareholding as determined in accordance with SCRR, on a continuous basis for listing. Unless an exemption or extension is granted from maintaining minimum public shareholding under applicable law, pursuant to completion of this Open Offer, in the event that the public shareholding in the Target Company falls below the minimum level required as per Rule 19A of the SCRR, the Acquirer will endeavour, and Escorts Limited as well as Escorts Benefit and Welfare Trust will provide such reasonable assistance (including by way of sale of Equity Shares of the Target Company) to the Acquirer, such that the Target Company satisfies the minimum public shareholding set out in Rule 19A of the SCRR in compliance with applicable laws, within the prescribed time, and in a manner acceptable to the Acquirer.
23. The Manager to the Open Offer does not hold any Equity Shares of the Target Company. The Manager to the Open Offer shall not deal, on its own account, in the Equity Shares of the Target Company during the Offer Period.

#### **C. Object of the Open Offer**

1. The Open Offer is a mandatory open offer in compliance with Regulations 4 and 5(1) of the SEBI (SAST) Regulations and is being made as a result of an indirect acquisition of control over the Target Company by the Acquirer pursuant to the Underlying Transactions that was completed on 11 April 2022.
2. The Acquirer does not have any intention to alienate (whether by way of sale or lease) or otherwise encumber any material assets of the Target Company or of any of its subsidiaries in the 2 (two) years from completion of the Open Offer, except: **(i)** in the ordinary course of business (including for the disposal of assets and creation of encumbrances in accordance with business requirements); or **(ii)** with the prior approval of the shareholders as required under applicable law, including in accordance with the proviso to Regulation 25(2) of the SEBI (SAST) Regulations; or **(iii)** in accordance with the prior decision of the board of directors of the Target Company; or **(iv)** on account of regulatory approvals or conditions or compliance with any law that is binding on or applicable to the operations of the Target Company or its subsidiaries.
3. On 18 November 2021, the board of directors of the Holding Company decided to evaluate and consider in due course of time the feasibility of: **(a)** the amalgamation of the Target Company, Kubota Agricultural Machinery India Private Limited and Escorts Kubota India Private Limited with the Holding Company; and **(b)** the selective capital reduction of the issued, subscribed and paid-up equity share capital of the Holding Company by cancelling and extinguishing Equity Shares which are currently held by the Escorts Benefit and Welfare Trust, without payment of any consideration to the aforesaid trust. In this context, on 18 February 2022, the board of directors of the Holding Company have approved the selective capital reduction of the issued, subscribed and paid-up equity share capital of the Holding Company by cancelling and extinguishing 21,442,343 Equity Shares which are currently held by the Escorts Benefit and Welfare Trust, without payment of any consideration to the aforesaid trust.



4. The Acquirer has not formulated any proposal as on the date of this Draft Letter of Offer which may have an adverse material impact on the employees of the Target Company and the locations of its places of business.

**D. Shareholding and Acquisition Details**

1. The current and proposed shareholding of the Acquirer in the Target Company and the details of acquisition are as follows:

Details	Acquirer	
	No.	%
Shareholding as on the PA date.	Nil	0.00%
Shares acquired between the PA date and the date of this Draft Letter of Offer.	Nil	0.00%
Post Offer shareholding as of 10 <sup>th</sup> Working Day after the closure (assuming no Equity Shares tendered in the Open Offer) .	Nil	0.00%
Post Offer shareholding as of 10 <sup>th</sup> Working Day after the closure of the open Offer (assuming the entire 26.00% is tendered in the Open Offer).	10,465,000	26.00% of the Expanded Voting Share Capital of the Target Company

2. Other than the Acquirer holding as a promoter shareholder, 59,112,970 equity shares of the Holding Company constituting 44.80% of the Holding Company Expanded Voting Share Capital of the Holding Company, the Acquirer and its directors do not have any shareholding in the Target Company as on the date of this Draft Letter of Offer.

**IV. BACKGROUND OF THE ACQUIRER**

1. The Acquirer is a public listed entity listed on the Tokyo Stock Exchange, incorporated under the laws of Japan (Company Registration Number: 1200-01-037978) on 22 December 1930. The name of the Acquirer changed from Kubota Tekko Kabushiki Kaisha to its present name in 1990 (i.e., Kubota Corporation). There has been no change in the name of the Acquirer since then. The contact details of the Acquirer are as follows: telephone number: +81-6-6648-2111 and fax number: +81-6-6648-3862.
2. The Acquirer has its registered office at 2-47, Shikitsuhashi 1-chome, Naniwa-Ku, Osaka 556-8601, Japan.
3. The Acquirer does not belong to any group.
4. No other person is acting in concert with the Acquirer for the purpose of this Open Offer.
5. The Acquirer is primarily engaged in the business of, *inter-alia*, manufacturing farm equipment, agricultural related products, engines, construction machinery, pipe and infrastructure related products (such as ductile iron pipes, plastic pipes, valves, industrial castings, spiral-welded steel pipes, air-conditioning equipment, and other products) and environmental related products (such as environmental control plants, pumps, valves for private sector, and other products).
6. The securities of the Acquirer are not listed on any stock exchange in India. The common shares of the Acquirer are listed on a stock exchange outside India i.e., Tokyo Stock Exchange.
7. The issued and paid up share capital of the Acquirer is JPY 84,130 million (equivalent to INR 54,353 million, JPY to INR conversion has been assumed at a rate of JPY 100 = INR 62.23 as

on 31 March 2022) divided into 1,200,246,846 fully paid-up equity shares as on 31 December 2021.

8. The Acquirer does not have a promoter and there is no person or entity which exercises control over the Acquirer. The details of substantial shareholders of the Acquirer, as on 31 December 2021, is as follows:

Key shareholders	Number of shares (in thousand)	Percentage of shareholding
The Master Trust Bank of Japan, Ltd. (Trust account)	190,314	15.86%
Nippon Life Insurance Company	62,542	5.21%

Source: Kubota Corporation Website (<https://www.kubota.com/ir/sh-info/condition/index.html>)

Notes:

1. There are no other shareholders holding more than 5% in the Acquirer as on 31 December 2021.
  2. Shareholding percentage is computed based on the total number of issued shares (excluding treasury shares).
9. The Acquirer, its directors and key employees do not have any relationship with or interest in the Target Company other than the: **(i)** Acquirer as a promoter shareholder of the Holding Company that holds 59,112,970 equity shares of the Holding Company constituting 44.80 % of the Holding Company Expanded Voting Share Capital; **(ii)** Acquirer has become one of the promoters of the Target Company effective from 11 April 2022; **(iii)** following directors of the Holding Company having been nominated by the Acquirer effective from 16 July 2020: (a) Mr. Dai Watanabe; and (b) Mr. Yuji Tomiyama; **(iv)** joint ventures between the Acquirer and the Holding Company in the name of, (a) Escorts Kubota India Private Limited to undertake the business of production of Acquirer tractors and Holding Company tractors for the Indian and global markets, (b) Kubota Agricultural Machinery India Private Limited to undertake the business of assembly, procurement, sales, and servicing, within India, of tractors, combine harvesters and rice transplanters, and other agricultural machineries, construction equipment, and industrial engines manufactured or assembled by the Acquirer (including those manufactured or assembled by the Acquirers' subsidiaries), as well as implements, accessories and spare parts of the foregoing; **(v)** arrangement between the Acquirer and the Holding Company with respect to sales collaboration in the tractor market; **(vi)** certain arrangement with respect to distribution arrangement for finished products, parts and accessories between the aforementioned joint venture companies and the group companies of the Acquirer; **(vii)** technical collaboration between the Acquirer and aforementioned joint venture companies; and **(viii)** other day to day arrangement for co-operation on export of tractors and secondment of personnel between/amongst Acquirer, Holding Company and the aforementioned joint venture companies; and **(ix)** Underlying Transaction, as detailed in Section III(A) (*Background to the Open Offer*) of this Draft Letter of Offer, that has triggered this Open Offer.
10. The Acquirer has not directly acquired any Equity Shares of the Target Company between the date of the Public Announcement, i.e., 18 November 2021 and the date of this Draft Letter of Offer. Also, as mentioned above, the Acquirer is a promoter shareholder of the Holding Company and holds 59,112,970 equity shares of the Holding Company constituting 44.80 % of the Holding Company Expanded Voting Share Capital.
11. The Acquirer has not been prohibited by the SEBI, from dealing in securities, in terms of directions issued by SEBI under Section 11B of the SEBI Act or any other regulations made under the SEBI Act.
12. Neither the Acquirer nor its directors or key managerial employees (if any) are categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with

the guidelines on wilful defaulters issued by the RBI, in terms of Regulation 2(1) (ze) of the SEBI (SAST) Regulations.

13. Neither the Acquirer nor its directors or key managerial employees (if any) are categorized/declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018), in terms of Regulation 2(1) (ja) of the SEBI (SAST) Regulations.
14. The details of the board of directors of the Acquirer, as on the date of this Draft Letter of Offer, are as follows:

<b>Name and Designation</b>	<b>Date of Appointment</b>	<b>DIN</b>	<b>Qualifications and Experience</b>
Masatoshi Kimata (Chairman and Representative Director)	22 June 2012	Not applicable	Mr. Masatoshi Kimata did his bachelor of department of engineering from Hokkaido University. Mr. Masatoshi Kimata joined Kubota Corporation in April 1977. Since becoming a Director in June 2005, he has been promoted to several posts and was appointed as Chairman and Representative Director in January 2020.
Yuichi Kitao (President and Representative Director)	20 June 2014	<b>DIN:</b> 08372780	Mr. Yuichi Kitao did his bachelor of department of engineering from the University of Tokyo. Mr. Yuichi Kitao joined Kubota Corporation in April 1979. Since becoming an Executive Officer in April 2009, he has been promoted to several posts and was appointed as President and Representative Director in January 2020.
Masato Yoshikawa (Executive Vice President and Representative Director)	24 March 2017	Not applicable	Mr. Masato Yoshikawa did his bachelor of department of commercial science from Keio University. Mr. Masato Yoshikawa joined Kubota Corporation in April 1981. Since becoming an Executive Officer in April 2012, he has been promoted to several posts and (i) was appointed as Director in March 2017, and (ii) was appointed as Executive Vice President and Representative Director in January 2022.
Toshihiko Kurosawa (Director)	22 March 2019	Not applicable	Mr. Toshihiko Kurosawa did his bachelor of department of literature from Keio University. Mr. Toshihiko Kurosawa joined Kubota Corporation in April 1979. Since becoming an Executive Officer in April 2010, he has been promoted to several posts and was appointed as Director in March 2019.
Dai Watanabe (Director and Senior Managing Executive Officer)	22 March 2019	<b>DIN:</b> 08736520	Mr. Dai Watanabe did his bachelor of department of economics from Kyoto University and master of business administration from Kobe University. Mr. Dai Watanabe joined Kubota Corporation in April 1984.

Name and Designation	Date of Appointment	DIN	Qualifications and Experience
			<p>Since becoming an Executive Officer in April 2013, he has been promoted to several posts and was appointed as Director and Senior Managing Executive Officer in March 2019. He is also currently a director in Escorts Limited.</p>
<p>Hiroto Kimura (Director and Managing Executive Officer)</p>	<p>18 March 2022</p>	<p>Not applicable</p>	<p>Mr. Hiroto Kimura did his bachelor of department of engineering from Osaka Prefecture University and master of engineering from Massachusetts Institute of Technology.</p> <p>Mr. Hiroto Kimura joined Kubota Corporation in April 1984.</p> <p>Since becoming an Executive Officer in January 2017, he has been promoted to several posts and was appointed as Director and Managing Executive Officer in March 2022.</p>
<p>Yuzuru Matsuda (Outside Director (Independent Executive))</p>	<p>20 June 2014</p>	<p>Not applicable</p>	<p>Mr. Yuzuru Matsuda did his Doctor of Agriculture from the University of Tokyo.</p> <p>Mr. Yuzuru Matsuda joined Kyowa Kirin Co. in April 1977. He served as President of Kyowa Kirin Co.. He is also a Director of JSR Corporation and a Director Emeritus of Kato Memorial Bioscience Foundation.</p>
<p>Koichi Ina (Outside Director (Independent Executive))</p>	<p>19 June 2015</p>	<p>Not applicable</p>	<p>Mr. Koichi Ina did his Master of Metal Engineering from Nagoya Institute of Technology.</p> <p>Mr. Koichi Ina joined Toyota Motor Corporation in April 1973. He was appointed as Chief Officer for Manufacturing Group and Production Planning Group of Toyota Motor Corporation in June 2007 and as Chairman of Daihatsu Motor Co., Ltd in June 2013. He is also a Director of Sansha Electric Manufacturing Co., Ltd.</p>
<p>Yutaro Shintaku (Outside Director (Independent Executive))</p>	<p>23 March 2018</p>	<p>Not applicable</p>	<p>Mr. Yutaro Shintaku did his Bachelor of College of Arts and Sciences from the University of Tokyo and Master of Haas School of Business from the University of California Berkeley (MBA).</p> <p>Mr. Yutaro Shintaku worked at Terumo Corporation for 18 years since January 1999 and was appointed as President in June 2010. He is also currently a Director of J-Oil Mills, Inc, Santen Pharmaceutical Co., Ltd, and Kozo Keikaku Engineering Inc, an Executive Trustee of Tonen International Scholarship Foundation and a Special Professor of Hitotsubashi University Business School.</p>
<p>Kumi Arakane (Outside Director (Independent Executive))</p>	<p>19 March 2021</p>	<p>Not applicable</p>	<p>Ms. Kumi Arakane did her Master of Pharmaceutical Sciences from the University of Tokyo and her Doctor of Pharmacy from the University of Tokyo.</p> <p>Ms. Kumi Arakane joined KOSÉ Corporation in April 1981. She served as a Director of KOSÉ</p>

Name and Designation	Date of Appointment	DIN	Qualifications and Experience
			Corporation. She is also a Director of TODA Corporation and KAGOME Co., Ltd

15. None of the directors of the Acquirer are on the board of directors of the Target Company. However, the following directors of the Holding Company having been nominated by the Acquirer effective from 16 July 2020: (a) Mr. Dai Watanabe; and (b) Mr. Yuji Tomiyama.
16. The financial information of the Acquirer based on its annual audited consolidated financial statements as on and for the financial years ended on 31 December 2019, 31 December 2020 and 31 December 2021, is as follows:

*(In Million, except per share data)*

Profit & Loss Statement for the period ended						
Particulars	31 December 2019		31 December 2020		31 December 2021	
	JPY	INR <sup>(1)</sup>	JPY	INR <sup>(1)</sup>	JPY	INR <sup>(1)</sup>
Revenue	1,920,042	1,194,842	1,853,234	1,153,268	2,196,766	1,367,047
Other income	3,648	2,270	6,950	4,325	10,638	6,620
Total income <sup>(2)</sup>	1,923,690	1,197,112	1,860,184	1,157,593	2,207,404	1,373,668
Total expenditure <sup>(3)</sup>	1,722,036	1,071,623	1,684,900	1,048,513	1,961,197	1,220,453
Finance income	8,866	5,517	12,294	7,651	9,341	5,813
Finance cost	1,498	932	1,679	1,045	2,989	1,860
Profit before income tax	209,022	130,074	185,899	115,685	252,559	157,167
Income tax expenses	53,002	32,983	47,027	29,265	64,869	40,368
Profit after tax before share of profit / (loss) in associates and non-controlling interest	156,020	97,091	138,872	86,420	187,690	116,799
Share of profits of investments accounted for using the equity method	3,071	1,911	2,528	1,573	3,042	1,893
Profit for the year	159,091	99,002	141,400	87,993	190,732	118,693
Profit attributable to owners of the parents	149,061	92,761	128,524	79,980	175,637	109,299

Balance Sheet as on						
Particulars	31 December 2019		31 December 2020		31 December 2021	
	JPY	INR <sup>(1)</sup>	JPY	INR <sup>(1)</sup>	JPY	INR <sup>(1)</sup>
Sources of Funds						
Share capital <sup>(4)</sup>	84,130	52,354	84,130	52,354	84,130	52,354
Reserves and Surplus <sup>(5)</sup>	1,358,707	845,523	1,391,909	866,185	1,593,827	991,839
Net worth <sup>(6)</sup> (excluding non-controlling interest)	1,442,837	897,877	1,476,039	918,539	1,677,957	1,044,193
Non-controlling interests	94,377	58,731	98,146	61,076	107,016	66,596
Current Bonds and Borrowings	386,538	240,543	366,038	227,785	504,335	313,848
Non Current Bonds and Borrowings	516,443	321,382	508,398	316,376	590,174	367,265
Other liabilities <sup>(7)</sup>	699,123	435,064	740,696	460,935	894,028	556,354
<b>Total</b>	<b>3,139,318</b>	<b>1,953,598</b>	<b>3,189,317</b>	<b>1,984,712</b>	<b>3,773,510</b>	<b>2,348,255</b>
Uses of funds						
Property, plant and equipment	405,349	252,249	424,672	264,273	496,312	308,855
Goodwill and intangible assets	60,986	37,952	72,539	45,141	95,884	59,669
Investments <sup>(8)</sup>	33,729	20,990	36,124	22,480	43,768	27,237
Other assets <sup>(9)</sup>	2,639,254	1,642,408	2,655,982	1,652,818	3,137,546	1,952,495
<b>Total</b>	<b>3,139,318</b>	<b>1,953,598</b>	<b>3,189,317</b>	<b>1,984,712</b>	<b>3,773,510</b>	<b>2,348,255</b>

Other Financials Data						
Particulars	31 December 2019		31 December 2020		31 December 2021	
	JPY	INR <sup>(1)</sup>	JPY	INR <sup>(1)</sup>	JPY	INR <sup>(1)</sup>
Dividends paid	43,065	26,799	43,853	27,290	48,333	30,078
Basic Earnings per share <sup>(10)</sup>	121.59	75.67	105.85	65.87	145.52	90.56
Diluted Earnings per share <sup>(10,11)</sup>	-	-	-	-	-	-

**Source:** Certificate dated 25 April 2022 issued by R.D. Sarfare & Co., Chartered Accountants, (Rajesh Dilip Sarfare, Proprietor, Membership No. 140399). Since the financial numbers of the Acquirer are presented in Japanese Yen (JPY), the financial information has been converted to Indian National Rupees (INR) for the purpose of convenience. JPY to INR conversion has been assumed at a rate of JPY 100 = INR 62.23 as on 31 March 2022. (**Source:** website of Financial Benchmarks India Private Limited ([www.fbil.org.in](http://www.fbil.org.in)))

**Notes:**

- (1) All INR numbers have been rounded off to the nearest million except per share data.
- (2) Total income is summation of revenue and other income.
- (3) Total expenditure consists of: (i) Cost of sales; (ii) Selling, general, and administrative expenses; and (iii) Other expenses.
- (4) Refers to share capital attributable to owners of the parent.
- (5) Reserves and surplus consists of following components of equity attributable to owners of the parents: (i) Share premium; (ii) Retained earnings; (iii) Other components of equity; and (iv) Treasury shares.

- (6) *Net worth (excluding non-controlling interest) refers to total equity attributable to owners of the parent and is calculated as share capital plus reserves and surplus.*
- (7) *Other liabilities include: (i) Trade payables; (ii) Current other financial liabilities; (iii) Income taxes payable; (iv) Provisions; (v) Other current liabilities; (vi) Noncurrent other financial liabilities; (vii) Retirement benefit liabilities (viii) Deferred tax liabilities; and (ix) Other noncurrent liabilities.*
- (8) *Investments refers to investments accounted for using the equity method.*
- (9) *Other assets consists of: (i) Cash and cash equivalents; (ii) Trade receivables; (iii) Current finance receivables; (iv) Current other financial assets; (v) Inventories; (vi) Income tax receivables; (vii) Other current assets; (ix) Noncurrent finance receivables; (x) Noncurrent other financial assets; (xi) Deferred tax assets; and (x) Other noncurrent assets.*
- (10) *Attributable to owners of the parent.*
- (11) *Not stated for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 as the Acquirer did not have potentially dilutive common shares that were outstanding during that period.*

17. Contingent liabilities of Acquirer as on 31 December 2021:

- (a) The Acquirer is contingently liable as guarantor of the indebtedness of distributors, including associates and customers, for their borrowings from financial institutions. These guarantees obligate the Acquirer to make payments in the event of default by the distributor, including associates and customers. The term of these guarantees are from one to four years. The maximum potential amounts of undiscounted future payments of these financial guarantees were JPY 3,539 million (INR 2,202 million) and JPY 3,442 million (INR 2,142 million) at December 31, 2021 and 2020, respectively. The fair values of these financial guarantees were not material, and the probability of incurrence of a loss is remote.
- (b) Since May 2007, the Acquirer has been subject to 51 asbestos-related lawsuits in Japan, which were filed against the Acquirer or defendant parties consisting of the Japanese government and asbestos-related companies, including the Acquirer. By May 2021, with regard to the four lawsuits consolidating 14 cases, the Supreme Court of Japan has concluded proceedings and ruled that the government and a part of asbestos using companies were liable for compensation. On the other hand, all claims against the Acquirer were rejected.

Other 37 cases are still ongoing, and the total claims for compensation of all lawsuits aggregate to JPY 21,421 million (INR 13,330 million), which relate to 578 construction workers who suffered from asbestos-related diseases. 10 among 37 lawsuits were compiled into four cases and the first instance ordered the Acquirer to pay compensation damages of JPY 2 million (INR 1 million) under judgement for one case, and other cases were decided in favor of the Acquirer. All four cases were appealed to the appellate court. Two appellate courts ruled in favor of the Acquirer, but the plaintiffs of these two cases appealed to the supreme courts.

However, the Acquirer believes that it is currently unable to predict the ultimate outcome of lawsuits. The Acquirer does not have any cost-sharing arrangements with other potentially responsible parties, including the government, for these 51 lawsuits.

- (c) The Law for the Relief of Patients Suffering from Asbestos-Related Diseases (the “**New Asbestos Law**”) was established by the Japanese government in March 2006. The purpose of this law is to provide prompt relief to persons who sustain asbestos-related diseases but are not relieved by compensation for accidents under workmen's compensation insurance. Contributions under this law are made by the Japanese government, local authorities and business entities. Contributions by business entities commenced from the year ended 31 March 2008, and these include special contributions by business entities which operated a business closely to asbestos.

The Acquirer accrues asbestos-related expenses when the Acquirer receives claims on voluntary consolation payment, relief payment, compensation for current and former employees, and the special contribution in accordance with the New Asbestos Law. The accrued balances for asbestos-related expenses are JPY 125 million (INR 78 million) and JPY 222 million (INR 138 million) at 31 December 2021, and 2020, respectively. The asbestos-related expenses recognized for the twelve months ended 31 December 2021 and 2020, were JPY 626 million (INR 390 million) and JPY 817 million (INR 508 million), respectively.

*Note: JPY to INR conversion has been assumed at a rate of JPY 100 = INR 62.23 as on 31 March 2022. (Source: website of Financial Benchmarks India Private Limited ([www.fbil.org.in](http://www.fbil.org.in)))*

18. The market price per share of the common shares of the Acquirer on the Tokyo Stock Exchange is as follows:

Date	Market price per ordinary share of the Acquirer*	
	JPY	INR
Date of PA (18 November 2021)	2,339.5	1,455.9
Date of publication of DPS (20 April 2022)	2,273.0	1,414.5
One working day prior to the date of DLoF (26 April 2022)	2,170.5	1,350.7

*Note: JPY to INR conversion has been assumed at a rate of JPY 100 = INR 62.23 as on 31 March 2022. (Source: website of Financial Benchmarks India Private Limited ([www.fbil.org.in](http://www.fbil.org.in)))*

\*Closing price

19. The Acquirer is in compliance with all corporate governance rules and regulations to which it is subject to under the laws of Japan. The compliance officer of the Acquirer is Kazuhiro Kimura, Senior Managing Executive Officer, GM of Corporate Compliance and Risk Management Headquarters, Tel:+81-6-6648-2111, E-mail: kbt\_s.a035@kubota.com.

## **V. BACKGROUND OF THE TARGET COMPANY**

- Escorts Finance Limited is a public listed company, incorporated under the (Indian) Companies Act, 1956, having corporate identification number L65910CH1987PLC033652. The Target Company was incorporated on 9 February 1987 as Escorts Leasing and Finance Limited, and its name was subsequently changed to Escorts Financial Services Limited on 19 July 1991, and was changed to its present name i.e. Escorts Finance Limited on 21 September 1995. There has been no change in the name of the Target Company in the last 3 years.
- The Target Company has its registered office at Plot no 19, Industrial Area, Phase 2, Chandigarh-160002 with effect from 2 November 2021. Prior to 2 November 2021, the registered address of the Target Company was SCO-64-65, Third Floor, Sector- 17-A, Chandigarh – 160017.
- The Equity Shares of the Target Company are listed on BSE (Scrip Code: 511716). The ISIN of the Target Company is INE359A01012.
- There has been no instance of non-listing of any Equity Shares of the Target Company in any stock exchange in the financial year in which the Public Announcement has been made and for a period of 8 financial years preceding the financial year in which the Public Announcement has been made.



5. The RBI had granted a certificate of registration bearing Registration No. A-14.01690 (“**COR**”) to the Target Company to carry on the business of a deposit-taking Non-Banking Finance Institution (“**NBFC**”) on 23 May 2000. The Target Company had surrendered its COR and the RBI by way of its order dated 16 April 2016 (“**Order**”) had cancelled the Target Company’s registration as NBFC. In this regard, the Target Company received a letter bearing no. DNBS(NDI)S.3242/MSA/06.05.001/2015-16 dated 6 May 2016 in relation to cancellation of its registration as NBFC. The Target Company is presently engaged in the business of recovery of delinquent loan assets.
6. The Equity Shares of the Target Company are not frequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations.
7. As on the date of this Draft Letter of Offer, the total authorised share capital of the Target Company is INR 500,000,000 divided into 40,500,000 Equity Shares and 9,500,000 10% redeemable cumulative preferences shares of INR 10 each. The issued and subscribed share capital of the Target Company is INR 497,500,000 divided into 40,250,000 Equity Shares and 9,500,000 10% redeemable cumulative preferences shares of INR 10 each. The total paid-up share capital of the Target Company is INR 496,724,500 divided into 40,250,000 Equity Shares of which 40,096,800 are fully paid-up equity shares of INR 10 each and 153,200 are partly paid-up equity shares of INR 5 each, and 9,500,000 10% redeemable cumulative preferences shares of INR 10 each.
8. As mentioned in the Annual Report for the financial year ended 2020 - 2021 of the Target Company, the Target Company had issued 10% unlisted cumulative redeemable preference shares to the Holding Company of ₹ 10 each (not convertible into Equity Shares of the Target Company and do not have voting rights attached to them) (“**10% CRPS**”) maturing on 30 March 2019. Due to liquidity crunch, the discharge of such a liability before or on due date of redemption has not been done by the Target Company. Accordingly, the Target Company has filed a petition before the Hon’ble National Company Law Tribunal, Chandigarh bench (“**NCLT**”) on 29 March 2019 seeking issuance of 1% cumulative redeemable preference shares (“**1% CRPS**”) in place of the 10% CRPS with new terms and conditions. The Target Company has received a no objection from the preference shareholder (i.e., the Holding Company) for reissuance of 1% CRPS for a further period of twenty years in lieu of 10% CRPS. The matter is currently pending for hearing before the Hon’ble NCLT and the last hearing took place on 1 April 2022.
9. The Existing Share Capital of the Target Company, as on the date of this Draft Letter of Offer is:

<b>Equity Shares of Target Company</b>	<b>No. of Equity Shares/voting rights</b>	<b>% of Equity Shares/voting rights</b>
Fully paid up Equity Shares	40,096,800	99.62%
Partly paid up Equity Shares (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium) <sup>(1)</sup>	153,200	0.38%
Total paid up Equity Shares	4,02,50,000	100%
<b>Total voting rights in Target Company</b>	<b>4,02,50,000</b>	<b>100%</b>

*Note:*

- (1) As per the publicly available shareholding pattern of the Target Company for the quarter ended 31 March 2022, there are 153,100 partly paid-up Equity Shares. However, the Target Company has informed that due to an error, 153,100 Equity Shares are reflected as partly paid-up Equity Shares and pursuant to an ongoing

*rectification exercise the number will increase to 153,200 partly paid-up Equity Shares subject to rectification exercise being successfully completed.*

10. On 18 November 2021, the board of directors of the Holding Company decided to evaluate and consider in due course of time the feasibility of: (a) the amalgamation of the Target Company, Kubota Agricultural Machinery India Private Limited and Escorts Kubota India Private Limited with the Holding Company; and (b) the selective capital reduction of the issued, subscribed and paid-up equity share capital of the Holding Company by cancelling and extinguishing Equity Shares which are currently held by the Escorts Benefit and Welfare Trust, without payment of any consideration to the aforesaid trust. In this context, on 18 February 2022, the board of directors of the Holding Company have approved the selective capital reduction of the issued, subscribed and paid-up equity share capital of the Holding Company by cancelling and extinguishing 21,442,343 Equity Shares which are currently held by the Escorts Benefit and Welfare Trust, without payment of any consideration to the aforesaid trust.
11. On 18 November 2021, the board of directors of the Holding Company took note that Mr. Nikhil Nanda (one of the Holding Company Other Promoters and the acting Chairman and Managing Director of the Holding Company) is in discussions to be engaged in his individual capacity as a non-employee with the proposed designation of Senior Managing Executive Officer and General Manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations of the Acquirer and as a Director of one of the group companies of the Acquirer i.e., Kubota Holdings Europe B.V., Netherlands in accordance with an agreement to be entered into in this regard. Mr. Nikhil Nanda's non-employee involvement in the foregoing capacity is not intended to interfere with his commitment and role as the Chairman and Managing Director of the Holding Company. It is hereby clarified that no compensation, remuneration or any other kind of consideration is proposed to be payable by the Acquirer to Mr. Nikhil Nanda for the services proposed to be provided under the aforementioned arrangement. In this context, on 18 February 2022, the board of directors of the Holding Company took note that Mr. Nikhil Nanda has entered into an Executive Service Agreement with the Acquirer in his individual capacity as a non-employee with the designation of: (a) senior managing executive officer of the Acquirer; (b) General Manager of Value Innovative Farm and Industrial Machinery Strategy and Operations of the Acquirer, and (c) Director of one of the group companies of the Acquirer i.e., Kubota Holdings Europe B.V., Netherlands, in accordance with the terms and conditions as set out under the said agreement. Mr. Nikhil Nanda's non-employee involvement in the foregoing capacity will not interfere with his commitment and role as the Chairman and Managing Director of the Holding Company. It is hereby clarified that no compensation, remuneration or any other kind of consideration is payable to him by the Acquirer for the services to be provided under the aforementioned agreement.
12. As on the date of this Draft Letter of Offer, the Expanded Voting Share Capital is the total equity share capital of the Target Company on a fully diluted basis expected as of the 10<sup>th</sup> Working Day from the closure of the Tendering Period for the Open Offer. This includes 153,200 partly paid Equity Shares held by the Public Shareholders of the Target Company (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium).
13. There are no: (i) partly paid up Equity Shares other than 153,200 Equity Shares (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium), as on the date of this Draft Letter of Offer; or (ii) outstanding instruments in the nature of warrants or fully or partly convertible debentures/preference shares/employee stock options etc., which are convertible into Equity Shares at any later date; or (iii) Equity Shares of the Target Company which are forfeited or kept in abeyance; or (iv) Equity Shares which are locked-in.

14. As on the date of this Draft Letter of Offer, the composition of the board of directors of the Target Company is as follows:

Name of Director	Director Identification Number (DIN)	Designation	Date of appointment in current term
Rajeev Khanna	08471497	Executive Director – Chairperson	4 June 2019
Vinod Dixit	01147430	Non-Executive - Non Independent Director	26 July 2019
Preeti Chauhan	06567695	Non-Executive - Independent Director	3 May 2013
Sumit Raj	07171298	Non-Executive - Independent Director	16 May 2018

15. None of the directors of the Acquirer are on the board of directors of the Target Company. However, the following directors of the Holding Company having been nominated by the Acquirer effective from 16 July 2020: (a) Mr. Dai Watanabe; and (b) Mr. Yuji Tomiyama.
16. During the last 3 (three) years, the Target Company has not undertaken any activities with respect to a scheme of amalgamation, restructuring, merger/demerger and spin off.
17. The Target Company is in compliance with the applicable provisions of the listing agreement as well as the SEBI (LODR) Regulations. No punitive measures have been taken by BSE against it in the financial year in which the Public Announcement has been made for this Open Offer and for a period of 8 financial years preceding the financial year in which the Public Announcement has been made for this Open Offer.
18. The Target Company is not categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. Further, there are no directions subsisting or proceedings pending against the Target Company under the SEBI Act and regulations made thereunder or by any other regulator. Also, the existing promoter and promoter group of the Target Company is neither categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI nor a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).
19. The key financial information of the Target Company based on its annual audited consolidated financial statements as on and for the financial years ended on 31 March 2019, 31 March 2020, 31 March 2021 and limited review standalone financials for the six months period ended 30 September 2021 and nine months period ended 31 December 2021, is as follows:

*(In Million, except per share data)*

Profit and loss statement for the period ended					
Particulars	31 December 2019 <sup>(1)</sup>	31 December 2020 <sup>(2)</sup>	31 December 2021 <sup>(2)</sup>	30 September 2021 <sup>(3)</sup>	31 December 2021 <sup>(4)</sup>
Income from operations	0.47	0.94	0.00	-	0.01
Other Income	3.97	4.09	2.73	1.51	1.52
Total Income	4.44	5.03	2.73	1.51	1.53
Total Expenditure <sup>(5)</sup>	3.76	3.63	2.84	1.30	2.13

Profit and loss statement for the period ended					
Particulars	31 December 2019 <sup>(1)</sup>	31 December 2020 <sup>(2)</sup>	31 December 2021 <sup>(2)</sup>	30 September 2021 <sup>(3)</sup>	31 December 2021 <sup>(4)</sup>
Profit Before Depreciation, Interest and Tax	0.68	1.40	(0.11)	0.21	(0.60)
Depreciation and amortisation	-	-	-	-	-
Finance costs	0.00	0.00	-	-	-
Profit Before Tax <sup>(6)</sup>	0.68	1.40	(0.11)	0.21	(0.60)
Tax expense	-	-	-	-	-
Profit After Tax <sup>(7)</sup>	0.68	1.40	(0.11)	0.21	(0.60)

Balance Sheet Statement as on					
Particulars	31 December 2019 <sup>(1)</sup>	31 December 2020 <sup>(2)</sup>	31 December 2021 <sup>(2)</sup>	30 September 2021 <sup>(3)</sup>	
Sources of funds					
Paid up share capital	401.73	401.73	401.73	401.73	401.73
Reserves and Surplus <sup>(8)</sup>	(2,186.73)	(2,186.71)	(2,186.44)	(2,186.44)	(2,186.23)
Net worth	(1,785.01)	(1,784.99)	(1,784.71)	(1,784.71)	(1,784.50)
Secured loans – Preference Shares <sup>(9)</sup>	95.00	95.00	95.00	95.00	95.00
Unsecured loans	-	-	-	-	-
Current liabilities <sup>(10)</sup>	260.58	259.66	257.81	257.81	257.02
Non-current liabilities <sup>(11)</sup>	1,478.14	1,479.46	1,480.44	1,480.44	1,480.77
<b>Total</b>	48.71	49.13	48.54	48.54	48.29
Uses of funds					
Net fixed assets <sup>(12)</sup>	0.02	0.02	0.02	0.02	0.02
Investments	28.43	28.51	16.71	16.71	19.31
Current assets <sup>(13)</sup>	2.41	4.06	3.15	3.15	3.08
Non-current assets <sup>(14)</sup>	17.86	16.53	28.67	28.67	25.88
<b>Total</b>	48.71	49.13	48.54	48.54	48.29

Financial data for the period ended					
Other financial data	31 December 2019 <sup>(1)</sup>	31 December 2020 <sup>(2)</sup>	31 December 2021 <sup>(2)</sup>	30 September 2021 <sup>(3)</sup>	31 December 2021 <sup>(4)</sup>
Earnings per share - Basic (in INR)	0.020	0.035	(0.003)	0.005	0.020
Earnings per share – Diluted (in INR)	0.020	0.035	(0.003)	0.005	0.020

**Notes:**

- (1) **Source:** Audited financial statements published in the Annual Report of the Target Company for the financial year ended 31 March 2020 ([https://www.escortsfinance.com/escorts\\_fin\\_ltd\\_ar\\_2020.pdf](https://www.escortsfinance.com/escorts_fin_ltd_ar_2020.pdf)).
- (2) **Source:** Audited financial statements published in the Annual Report of the Target Company for the financial year ended 31 March 2021 ([https://www.escortsfinance.com/escorts\\_finance\\_ar\\_2021.pdf](https://www.escortsfinance.com/escorts_finance_ar_2021.pdf)).
- (3) **Source:** Unaudited financial statements published of the Target Company for the six months ended 30 September 2021 ([http://www.escortsfinance.com/financial\\_results\\_pdf/30.09.2021.pdf](http://www.escortsfinance.com/financial_results_pdf/30.09.2021.pdf)).
- (4) **Source:** Unaudited financial statements published of the Target Company for the nine months ended 31 December 2021 (<https://www.bseindia.com/xml-data/corpfiling/AttachHis/e8b63ccc-b10e-4526-bdfb-7f22411983f1.pdf>). The aforementioned financial statements only disclose the income statement and does not set out the balance sheet information.
- (5) Total expenditure includes: (i) Employee benefits expense; and (ii) Other expenses.

- (6) Profit before tax includes: (i) Profit Before Depreciation, Interest and Tax; (ii) Finance cost; and (iii) Depreciation and amortisation expense.
- (7) Excludes other comprehensive income.
- (8) Reserves and Surplus includes other equity which consists of retained earnings.
- (9) Secured loans include: (i) Long term borrowings; (ii) Current maturities of long-term borrowings; and (iii) Current borrowings. Current borrowings include 95,00,000 10% Redeemable Cumulative Preference Shares of INR 10 each.
- (10) Current liabilities include: (i) Other financial liabilities; (ii) Provisions; (iii) Current tax liabilities; and (iv) Other current liabilities.
- (11) Non-current liabilities include: (i) Other financial liabilities; and (ii) Provisions.
- (12) Net fixed assets include: (i) Property, plant and equipment; and (ii) Intangible assets.
- (13) Current assets include: (i) Trade Receivables; (ii) Cash and cash equivalents; (iii) Other financial assets; and (iv) Other current assets.
- (14) Non-current assets include: (i) Other non-current assets; (ii) Income tax assets; and (iii) Assets held for sale.

20. The shareholding pattern of the Target Company before (as on 31 March 2022, unless stated otherwise) and after the Open Offer is as follows:

Shareholders' category	Shareholding & voting rights prior to the agreement/acquisition and offer		Shares/voting rights agreed to be acquired which triggered the SEBI (SAST) Regulations		Shares/voting rights to be acquired in the Open Offer (assuming full acceptances)		Shareholding/voting rights after the acquisition and the Open Offer (assuming full acceptances)	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No	% <sup>(1)</sup>	No	% <sup>(1)</sup>	No	% <sup>(1)</sup>	No	% <sup>(1)</sup>
<b>(1) Promoter Group</b>								
(a) Parties to the agreement, if any Parties <sup>(2)</sup>	27,332,228	67.91%	-	-	-	-	27,332,228	67.91%
(b) Promoters other than (a) above	690,950	1.72%	-	-	-	-	690,950	1.72%
<b>Total 1(a+b)</b>	<b>28,023,178</b>	<b>69.62%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,023,178</b>	<b>69.62%</b>
<b>(2) Acquirer</b>								
(a) Kubota Corporation	-	0.00%	-	0.00%	10,465,000	26.00%	10,465,000	26.00%
(b) PAC								
<b>(3) Parties to agreement other than (1)(a) &amp; (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(4) Public (other than parties to the agreement, Acquirer &amp; PAC)</b>								
(a) FIs/MFs/FPIs/FIIs/Banks, SFIs, Insurance Companies/AIFs	-	0.00%	-	-	(10,465,000)	26.00%	1,761,822	4.38%
(b) Others <sup>(3)</sup>	12,226,822	30.38%	-	-				
<b>Total (4) (a+b)</b>	<b>12,226,822</b>	<b>30.38%</b>	<b>-</b>	<b>-</b>	<b>(10,465,000)</b>	<b>26.00%</b>	<b>1,761,822</b>	<b>4.38%</b>
<b>(5) Non Promoter Non Public</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total (1+2+3+4+5)</b>	<b>40,250,000</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,250,000</b>	<b>100.00%</b>

**Notes:**

- (1) Computed as a % of Expanded Voting Share Capital
- (2) Includes: (a) Nikhil Nanda; (b) Escorts Limited; and (c) Escorts Benefit and Welfare Trust.
- (3) Includes 153,200 Equity shares that are partly paid-up. As per the publicly available shareholding pattern of the Target Company for the quarter ended 31 March 2022, there are 153,100 partly paid-up Equity Shares. However, the Target Company has informed that due to an error, 153,100 Equity Shares are reflected as partly paid-up Equity Shares and pursuant to an ongoing rectification exercise the number will increase to 153,200 partly paid-up Equity Shares subject to rectification exercise being successfully completed.

## VI. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### A. Justification of Offer Price

1. The Equity Shares of the Target Company are listed on BSE.
2. The Equity Shares were infrequently traded on BSE within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations for the period mentioned below in this Section VI (3).
3. The annualized trading turnover in the Equity Shares on the BSE based on trading volume during the 12 (twelve) calendar months prior to the calendar month in which the PA was made i.e., (1 November 2020 to 31 October 2021) (“**Relevant Period**”) is as given below:

Stock exchange	Total Traded Volumes	Total No. of Equity Shares	Traded turnover (as a % of total equity shares)
BSE	33,75,617	4,02,50,000	8.38%

Source: Certificate dated 18 November 2021, issued by M/s. R.D. Sarfare & Co., Chartered Accountants, (Rajesh Sarfare, Proprietor, Membership No. 140399)

4. Based on the above, since the traded turnover on BSE during the 12 (twelve) calendar months ending 31 October 2021 is less than 10% (ten per cent.) of the total number of shares of such class of the Target Company as of the date of the PA, the shares of the Target Company are not frequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations.
5. The Offer Price of ₹ 5.08 per Offer Share, which comprises of the Initial Offer Price of ₹ 4.87 per Offer Share and the Interest, i.e., interest of ₹ 0.21 per Offer Share in accordance with Regulation 8(12) of the SEBI (SAST) Regulations, is justified in terms of Regulation 8(3) and Regulation 8(4) of the SEBI (SAST) Regulations, in view of the following:

S. No	Particulars	₹/Equity Share
(a)	Highest negotiated price per Equity Share of the Target Company for acquisition under the agreement attracting the obligation to make the public announcement of an open offer.	Not applicable <sup>1</sup>
(b)	Volume weighted average price paid or payable for acquisitions, whether by the Acquirer or by person acting in concert (“ <b>PAC</b> ”), during the fifty-two weeks immediately preceding 18 November 2021 i.e., the earlier of, the date on which the primary acquisition (i.e. the Underlying Transaction) is contracted and the date on which the intention or the decision to make the primary acquisition is announced in the public domain.	Not applicable <sup>2</sup>
(c)	Highest price paid or payable for any acquisition, whether by the Acquirer or by the PAC, during the twenty-six weeks immediately preceding 18 November 2021, i.e., the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain.	Not applicable <sup>3</sup>
(d)	Highest price paid or payable for any acquisition, whether by the Acquirer or by the PAC, between 18 November 2021 (i.e., the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain), and 18 November 2021 (i.e., the date of the public announcement of the	Not applicable

S. No	Particulars	₹/Equity Share
	open offer for shares of the Target Company made under SEBI (SAST) Regulations.	
(e)	Volume-weighted average market price of such Equity Shares for a period of sixty trading days immediately preceding the earlier of the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, as traded on the stock exchange where the maximum volume of trading in the Equity Shares of the Target Company are recorded during such period, provided such Equity Shares are frequently traded.	Not applicable <sup>4</sup>
(f)	Per Equity Share value computed under Regulation 8(5) of the SEBI (SAST) Regulations, if applicable	Not applicable <sup>5</sup>
(g)	Price of shares of Target Company determined by taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies	INR 4.87 per Equity Share <sup>6</sup>
(h)	Price at (g) above including Interest in terms of Regulation 8(12) of the SEBI (SAST) Regulations	₹ 5.08 <sup>7</sup>

*Source: Certificate dated 13 April 2022 issued by R D Sarfare & Co, Chartered Accountants (Rajesh Sarfare, Proprietor, Membership No. 140399)*

**Notes:**

- The acquisition is an indirect acquisition under Regulation 5(1) of the SEBI (SAST) Regulations and the Acquirer has not directly acquired shares of the Target Company;*
- The Acquirer has not acquired any shares in the Target Company in the past fifty-two weeks immediately preceding November 18, 2021. There are no persons acting in concert with the Acquirer;*
- The Acquirer has not acquired any shares in the Target Company in the past twenty-six weeks immediately preceding 18 November 2021;*
- The Equity Shares of the Target Company are not frequently traded on the BSE in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations;*
- The acquisition does not meet the parameters specified under Regulation 5(2) and Regulation 8(5) of the SEBI (SAST) Regulations;*
- For deriving the Offer Price, taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies the valuation report dated 17 November 2021 issued by Ernst & Young Merchant Banking Services LLP, (SEBI Registration number: INM000010700) was taken into account;*
- In accordance with regulation 8(12) of the Takeover Regulations, in case of an indirect acquisition other than indirect acquisition referred to in sub-regulation (2) of Regulation 5 of the Takeover Regulations, the offer price is required to be enhanced by an amount determined at the rate of 10% per annum for the period between, the earlier of the date on which the primary acquisition is contracted or the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the detailed public statement, provided such period is more than 5 working days.*

*The first announcement with respect to the Underlying Transaction (i.e., the primary acquisition) was made on 18 November 2021. The Underlying Transaction was completed on 11 April 2022. Accordingly, the offer price per Equity Share ascribed under (g) above, has been enhanced by interest of INR 0.21 per Equity Share, at the rate of 10% per annum for the period between 18 November 2021 and the date of publication of the DPS i.e., 20 April 2022 taking into account the report on interest computation under Regulation 8(12) of the Takeover Regulations dated 12 April 2022 by Ernst & Young Merchant Banking Services LLP, (SEBI Registration number: INM000010700).*

- The Initial Offer Price has been enhanced by an amount equal to the sum determined at the rate of 10% (ten per cent.) per annum for the period between the date on which the Underlying Transaction was contracted (i.e., 18 November 2021) and the date of publication of the DPS,

in compliance with Regulation 8(12) of the SEBI (SAST) Regulations, which works out to ₹ 0.21 per Offer Share based on the certificate dated 13 April 2022 issued by M/s. R.D. Sarfare & Co., Chartered Accountants, (Rajesh Sarfare, Proprietor, Membership No. 140399) prepared taking into account the report on interest computation dated 12 April 2022 issued by Ernst & Young Merchant Banking Services LLP, (SEBI Registration number: INM000010700). The Offer Price determined in accordance with Regulations 8(3), 8(4) and 8(12) of the SEBI (SAST) Regulations is ₹ 5.08 per Offer Share.

7. In view of the parameters considered and presented in the table above, the Offer Price of ₹ 5.08 per Offer Share, consisting of Initial Offer Price (i.e., ₹ 4.87 per Offer Share) plus Interest (i.e., ₹ 0.21 per Offer Share), being the highest of the prices mentioned above is justified in terms of Regulation 8 of the SEBI (SAST) Regulations.
8. There have been no corporate actions by the Target Company warranting adjustment of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations.
9. As on the date of this Draft Letter of Offer, except for the inclusion of the Interest, there is no revision in the Offer Price or Offer Size. In case of any revision in the Offer Price or Offer Size, the Acquirer shall comply with Regulation 18 of the SEBI (SAST) Regulations and all the provisions of the SEBI (SAST) Regulations which are required to be fulfilled for the said revision in the Offer Price or Offer Size.
10. In terms of Regulations 18(4) and 18(5) of the SEBI (SAST) Regulations, the Acquirer is permitted to revise (upward) the Offer Price at any time prior to the commencement of the last 1 (one) Working Day before the commencement of the Tendering Period. In the event of such revision, the Acquirer shall: **(a)** make a corresponding increase to the Escrow Amount, in accordance with Regulation 17 of the SEBI (SAST) Regulations; **(b)** make a public announcement in the same newspapers in which the DPS has been published; and **(c)** simultaneously with the issue of such public announcement, inform BSE, SEBI and the Target Company at its registered office of such revision. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations.
11. In the event of acquisition of the Equity Shares by the Acquirer, during the Offer Period, whether by subscription or purchase, at a price higher than the Offer Price per Equity Share, the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall: **(a)** make corresponding increases to the Escrow Amount; **(b)** make a public announcement in the same newspapers in which the DPS has been published; and **(c)** simultaneously with the issue of such public announcement, inform SEBI, BSE, and the Target Company at its registered office of such revision. However, the Acquirer shall not acquire any Equity Shares after the 3<sup>rd</sup> Working Day prior to the commencement of the Tendering Period of this Open Offer and until the expiry of the Tendering Period of this Open Offer.
12. If the Acquirer acquires Equity Shares of the Target Company during the period of 26 weeks after the closure of the Tendering Period for the Open Offer at a price higher than the Offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all the Public Shareholders whose Equity Shares have been accepted in this Open Offer, within 60 (sixty) days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another offer under the SEBI (SAST) Regulations, as amended from time to time or SEBI (Delisting of Equity Shares) Regulations, 2021, as amended from time to time or open market purchases made in the ordinary course on the BSE, not being a negotiated acquisition of the Equity Shares in any form.



## **B. Financial Arrangements**

1. The total consideration for the Offer Size at the Offer Price, assuming full acceptance of the Offer is ₹ 53,162,200 (“**Maximum Consideration**”).
2. In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirer has opened an escrow account under the name and title of “KUBOTA Corporation – Open Offer Escrow Account” (the “**Escrow Account**”) with ICICI Bank Limited, a banking corporation incorporated under the laws of India and having its branch office at Capital Market Division, 122, 1<sup>st</sup> Floor, Mistry Bhavan, Dinshaw Vachha Marg, Backbay Reclamation, Churchgate, Mumbai - 400020, India (the “**Escrow Agent**”) pursuant to an escrow agreement entered into by the Acquirer with the Escrow Agent and the Manager (the “**Escrow Agreement**”) and have made a cash deposit in such Escrow Account of an amount of ₹ 53,162,200 (“**Escrow Amount**”), being the amount as specified under second proviso clause to Regulation 17(1) of the SEBI (SAST) Regulations (i.e., 100% of the Maximum Consideration) in favour of the Manager to the Open Offer. In terms of the Escrow Agreement, the Manager has been authorized by the Acquirer to operate the Escrow Account in accordance with the SEBI (SAST) Regulations. The cash deposit has been confirmed by the Escrow Agent by way of a confirmation letter dated 13 April 2022.
3. After considering the aforementioned, M/s. R.D. Sarfare & Co., Chartered Accountants, (Rajesh Sarfare, Proprietor, Membership No. 140399), by way of certificate dated 13 April 2022, has certified that the Acquirer has adequate financial resources for fulfilling its obligations under the Open Offer.
4. Based on the above, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to fulfil the obligations in relation to this Offer through verifiable means in accordance with the SEBI (SAST) Regulations.
5. In case of any upward revision in the Offer Price or the Offer Size, corresponding increase to the Escrow Amount as mentioned above in this Part shall be made by the Acquirer in terms of Regulation 17(2) of the SEBI (SAST) Regulations, prior to effecting such revision.

## **VII. TERMS AND CONDITIONS OF THE OPEN OFFER**

### **A. Operational Terms and Conditions**

1. The Open Offer is being made by the Acquirer to all the Public Shareholders, to acquire up to 10,465,000 Equity Shares, representing 26% of the Expanded Voting Share Capital of the Target Company, subject to the terms and conditions mentioned in the PA, DPS and this Draft Letter of Offer.
2. The Identified Date for this Open Offer as per the indicative schedule of key activities is 24 May 2022 (Tuesday). In terms of the indicative schedule of key activities, the Tendering Period for the Open Offer is expected to commence on 7 June 2022 (Tuesday) and close on 20 June 2022 (Monday) (both days inclusive).
3. The Open Offer is not conditional and is not subject to any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.
4. This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

5. The Public Shareholders may tender their Equity Shares in the Offer at any time from the commencement of the Tendering Period but prior to the closure of the Tendering Period. The Acquirer has up to 10 Working Days from the closure of the Tendering Period to pay the consideration to the Public Shareholders whose Equity Shares are accepted in the Open Offer.
6. The Public Shareholders who tender their Equity Shares in this Open Offer shall ensure that they have good and valid title on the Offer Shares. The Public Shareholders who tender their Equity Shares in this Open Offer shall ensure that the Offer Shares are clear from all liens, charges and encumbrances. The Offer Shares will be acquired, subject to such Offer Shares being validly tendered in this Offer, together with all the economic, voting and beneficial rights attached thereto, including all the rights to dividends, bonuses and right offers declared thereof, and the tendering Public Shareholders shall have obtained all necessary consents required by them to tender the Offer Shares.
7. The acquisition of Equity Shares under the Open Offer from all Public Shareholders (resident and non-resident) is subject to all approvals required to be obtained by such Public Shareholders in relation to the Open Offer and the transfer of Equity Shares held by them to the Acquirer. Further, if the Public Shareholders who are not persons resident in India require or had required any approvals in respect of the transfer of Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Open Offer. In the event such prior approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Public Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or non-repatriable basis.
8. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.
9. The Target Company does not have any Equity Shares which are currently locked-in.
10. The instructions, authorisations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute an integral part of the terms and conditions of this Open Offer. The Public Shareholders can write to the Registrar to the Offer/Manager to the Offer requesting for the Letter of Offer along with the Form of Acceptance-cum-Acknowledgement. Alternatively, the Letter of Offer along with the Form of Acceptance-cum-Acknowledgement is also expected to be available at SEBI's website, [www.sebi.gov.in](http://www.sebi.gov.in), and the Public Shareholders can also apply by downloading such forms from the website.
11. Public Shareholders to whom the Open Offer is being made are free to tender their shareholding in the Target Company in whole or in part while accepting the Offer. The acceptance must be unconditional and should be absolute and unqualified.
12. The marketable lot for the Equity Shares of the Target Company for the purpose of this Open Offer shall be 1.
13. Except for the Interest component, there has been no revision in the Offer Price or Offer Size as on the date of this Draft Letter of Offer. The Acquirer reserves the right to revise the Offer Price and/or the number of Offer Shares upwards at any time prior to the commencement of 1 (one) Working Day prior to the commencement of the Tendering Period, in accordance with the SEBI (SAST) Regulations. In the event of such revision, in terms of Regulation 18(5) of the SEBI (SAST) Regulations, the Acquirer shall: (a) make a corresponding increase to the Escrow Amount and/or Bank Guarantee; (b) make a public announcement in the same

Newspapers in which the Detailed Public Statement was published; and (c) simultaneously notify the BSE, SEBI and the Target Company at its registered office. In case of any revision of the Offer Price, the Acquirer would pay such revised price for all the Equity Shares validly tendered at any time during the Open Offer and accepted under the Open Offer in accordance with the terms of the Letter of Offer.

14. Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/restriction from other statutory authorities wherein the Public Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation, are liable to be rejected.
15. All the Equity Shares validly tendered under this Open Offer to the extent of the Offer Size will be acquired by the Acquirer in accordance with the terms and conditions set forth in the PA, DPS and the Letter of Offer.
16. The Acquirer or the Manager to the Offer or the Registrar to the Offer shall not be responsible in any manner for any loss of documents during transit (including but not limited to Open Offer acceptance forms, copies of delivery instruction slips, etc.) and the Public Shareholders are advised to adequately safeguard their interests in this regard.

#### **B. Eligibility for accepting the Open Offer**

1. The Letter of Offer (along with the Form of Acceptance-cum-Acknowledgement) shall be sent to all Public Shareholders holding the Equity Shares, whether in dematerialized form or physical form, whose names appear in the records of Depositories at the close of business hours on the Identified Date. Accidental omission to dispatch the Letter of Offer to any person to whom the Offer is made or the non-receipt or delayed receipt of the Letter of Offer by any such person will not invalidate the Open Offer in any way.
2. As per the provisions of Regulation 40(1) of the SEBI (LODR) Regulations and SEBI's press release dated 3 December 2018, bearing reference no. PR 49/2018, requests for transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository with effect from 1 April 2019. However, in accordance with the circular issued by SEBI bearing reference number SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated 31 July 2020, shareholders holding securities in physical form are allowed to tender shares in an open offer. Such tendering shall be as per the provisions of the SEBI (SAST) Regulations. Accordingly, Public Shareholders holding Equity Shares in physical form as well are eligible to tender their Equity Shares in this Open Offer as per the provisions of the SEBI (SAST) Regulations.
3. All Public Shareholders, registered or unregistered, who own Equity Shares and are able to tender such Equity Shares in this Offer at any time before the closure of the Tendering Period, are eligible to participate in this Open Offer.
4. Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date i.e., the date falling on the 10<sup>th</sup> Working Day prior to the commencement of Tendering Period, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Open Offer. Accidental omission to send the Letter of Offer to any person to whom the Offer is made or the non-receipt or delayed receipt of the Letter of Offer by any such person will not invalidate the Offer in any way.
5. The acceptance of this Offer by the Public Shareholders must be absolute and unqualified and is entirely at the discretion of the Public Shareholder(s). Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever. Further, in case the documents/forms submitted are incomplete and/or if they have

any defect or modifications, the acceptance is liable to be rejected. The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of any documents during transit and the Public Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

6. All Public Shareholders, (including resident or non-resident shareholders) must obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) held by them, in the Offer and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Open Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares held by them, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Offer Shares.
7. The Acquirer shall acquire partly paid up shares tendered by the Public Shareholders under the Open Offer, subject to such Public Shareholders holding partly paid-up shares of the Target Company making full payment to the Target Company, including interest liability, outstanding in respect of the amount unpaid. The Public Shareholder who holds party paid-up shares will have to contact the Target Company for knowing the amount outstanding and payable in respect of such partly paid shares, including the interest for delay.
8. For any assistance please contact the Manager to the Offer or the Registrar to the Offer.

**C. Statutory and Other Approvals**

1. To the best of the knowledge of the Acquirer, there are no statutory or other approvals required to complete the Open Offer except the following required statutory approvals, which have now been received/are now not required: (i) an approval in writing granted by the Competition Commission of India under the Competition Act, 2002 to the Acquirer for consummation of the Transaction; (ii) in relation to the prior approval in writing required from the RBI for the change of control of the Target Company, the RBI on 27 January 2022 directed: (a) to deposit the entire liability towards depositors of the Target Company to the Investor Education and Protection Fund; and (b) submission of a certificate from the statutory auditors of the Target Company to the effect of extinguishing the entire depositors liability, and upon compliance with such direction, the RBI had on 4 February 2022 communicated to the Target Company that it is no longer registered with the RBI and advised that such an approval is not required for such change of control; and (iii) in relation to the prior approval in writing required from SEBI and the relevant stock exchanges for the indirect change in control of Escorts Securities Limited (an unlisted company), pursuant to Escorts Securities Limited ceasing to be a subsidiary of the Holding Company on 14 February 2022, such an approval is now not required.
2. Further, to the best of the knowledge of the Acquirer, no further statutory approvals are now required by the Acquirer to complete this Open Offer. However, in case any additional statutory approvals are required by the Acquirer at a later date, this Open Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such approvals. The Acquirer will have the right to withdraw this Open Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, if any statutory approval, as may be required, is refused. In the event of withdrawal of the Open Offer, the same would be informed by way of a public announcement in the same newspapers in which the DPS in relation to the Open Offer was published and such public announcement will also be sent to SEBI, the BSE and to the Target Company.

3. All Public Shareholders (including resident or non-resident shareholders) must obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) held by them, in the Offer and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer reserve the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares held by them, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Offer Shares.
4. In case of delay/non-receipt of any approval, including any statutory approvals which may be required by the Acquirer at a later date, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer to diligently pursue such approvals, grant an extension of time for the purpose of completion of the Open Offer subject to the Acquirer agreeing to pay interest to the Public Shareholders for the delay, provided where the statutory approvals extend to some but not all holders of the Equity Shares, the Acquirer has the option to make payment to such holders of the Equity Shares in respect of whom no statutory approvals are required in order to complete the Open Offer.
5. The Acquirer will have the right not to proceed with the Open Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, in the event the statutory approvals are refused for reasons outside the reasonable control of the Acquirer. In the event of withdrawal of the Open Offer, a public announcement will be made, through the Manager, stating the grounds and reasons for the withdrawal of the Open Offer in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, within 2 (two) Working Days of such withdrawal in the same newspapers in which the DPS has been published and such public announcement will also be sent to the BSE, SEBI and the Target Company at its registered office.
6. The Acquirer shall complete all procedures relating to payment of consideration under this Open Offer within 10 (ten) Working Days from the date of closure of the Tendering Period of the Open Offer to those Public Shareholders whose Equity Shares are accepted in the Open Offer.

#### **VIII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OPEN OFFER**

1. A tender of Equity Shares pursuant to any of the procedures described in the Letter of Offer will constitute a binding agreement between the Acquirer and the tendering holder, including the tendering holder's acceptance of the terms and conditions of the Letter of Offer.
2. The Open Offer is made to the Public Shareholders as defined in this Draft Letter of Offer. While the Letter of Offer shall be dispatched to the Public Shareholders of the Target Company whose name appears in the records of the Depositories as of the Identified Date, all Public Shareholders holding Equity Shares whether in dematerialized form or physical form are eligible to participate in the Offer at any time during the Tendering Period.
3. The Open Offer will be implemented by the Acquirer, subject to applicable laws, through the stock exchange mechanism made available by the stock exchanges in the form of a separate window ("**Acquisition Window**") as provided under the SEBI (SAST) Regulations and SEBI circular bearing number CIR/CFD/POLICY/CELL/1/2015 dated 13 April 2015, as amended from time to time, read with the SEBI circular bearing number CFD/DCR2/CIR/P/2016/131 dated 9 December 2016, as amended from time to time, and notices/guidelines issued by the BSE and the Indian Clearing Corporation Limited ("**Clearing Corporation**") in relation to the

mechanism/process for the acquisition of shares through the stock exchange pursuant to the tender offers under takeover/buy back and delisting, as amended and updated from time to time.

4. BSE Limited will be the designated stock exchange for the purposes of tendering the Offer Shares in the Open Offer.
5. The facility for acquisition of shares through stock exchange mechanism pursuant to Offer shall be available on the BSE in the form of a separate Acquisition Window.
6. The Public Announcement, DPS and the Letter of Offer will also be available on the SEBI website: ([www.sebi.gov.in](http://www.sebi.gov.in)). In case of non-receipt of the Letter of Offer, all Public Shareholders including those who have acquired Equity Shares of the Target Company after the Identified Date, if they so desire, may download the Letter of Offer from SEBI's website or the aforementioned websites for applying in the Open Offer.
7. All Public Shareholders who desire to tender their Equity Shares under the Open Offer will have to intimate their respective stock brokers ("**Selling Broker**") within the normal trading hours of the secondary market, during the tendering period.
8. The Acquirer has appointed ICICI Securities Limited as the registered broker ("**Buying Broker**") through whom the purchases and settlements on account of the Offer Shares tendered under the Open Offer shall be made. The contact details of the Buying Broker are mentioned below:

<b>Name</b>	:	ICICI Securities Limited
<b>Address</b>	:	ICICI Venture House, 2 <sup>nd</sup> , floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025
<b>Telephone No.</b>	:	91 22 6807 7345/7506
<b>Fax No.</b>	:	91 22 6807 7803
<b>Website</b>	:	<a href="https://www.icicisecurities.com">https://www.icicisecurities.com</a>
<b>CIN</b>	:	L67120MH1995PLC086241
<b>SEBI registration</b>	:	INZ000183631
<b>Contact person</b>	:	Allwyn Cardoza/ Shirish Vyas
<b>Email</b>	:	<a href="mailto:allwyn.cardoza@icicisecurities.com">allwyn.cardoza@icicisecurities.com</a> , <a href="mailto:shirish.vyas@icicisecurities.com">shirish.vyas@icicisecurities.com</a>

9. The cumulative quantity tendered shall be displayed on the BSE website throughout the trading session at specific intervals by BSE during the Tendering Period.
10. Modification/cancellation of orders will not be allowed during the Tendering Period.
11. The reporting requirements for non-resident shareholders under Foreign Exchange Management Act, 1999, as amended and any other rules, regulations, guidelines, for remittance of funds, shall be made by the Public Shareholder and/ or their Selling Broker.
12. Public Shareholders can tender their shares only through a broker with whom the Public Shareholder is registered as client (KYC Compliant). In the event Seller Broker(s) are not registered with BSE or if the Shareholder does not have any stock broker then that Shareholder can approach any BSE registered stock broker and can make a bid by using quick unique client code ("**UCC**") facility through that BSE registered stock broker after submitting the details as may be required by the stock broker to be in compliance with applicable law and regulations. In case Public Shareholder is not able to bid using quick UCC facility through any other BSE registered stock broker then the Public Shareholder may approach Buying Broker, to bid by using quick UCC facility. The Public Shareholder approaching BSE registered stock broker (with whom he does not have an account) may have to submit following details:

(a) **In case of Public Shareholder being an individual:**

(i) **If Public Shareholder is registered with KRA: Forms required:**

- (A) Central Know Your Client (CKYC) form including Foreign Account Tax Compliance Act (FATCA), In Person Verification (IPV), Original Seen and Verified (OSV) if applicable
- (B) Know Your Client (KYC) form Documents required (all documents self-attested): Bank details (cancelled cheque)
- (C) Demat details (Demat Master/Latest Demat statement)

(ii) **If Public Shareholder is not registered with KRA: Forms required:**

- (A) CKYC form including FATCA, IPV, OSV if applicable
- (B) KRA form
- (C) KYC form Documents required (all documents self-attested): PAN card copy, Address proof, and Bank details (cancelled cheque)
- (D) Demat details (Demat master/Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required

(b) **In case Public Shareholder is HUF:**

(i) **If Public Shareholder is registered with KRA: Forms required:**

- (A) CKYC form of KARTA including FATCA, IPV, OSV if applicable
- (B) KYC form documents required (all documents self-attested): Bank details (cancelled cheque)
- (C) Demat details (Demat Master/Latest Demat statement)

(ii) **If Public Shareholder is not registered with KRA: Forms required:**

- (A) CKYC form of KARTA including FATCA, IPV, OSV if applicable
- (B) KRA form
- (C) Know Your Client (KYC) form Documents required (all documents self-attested): PAN card copy of HUF & KARTA, Address proof of HUF & KARTA, HUF declaration, and Bank details (cancelled cheque)
- (D) Demat details (Demat master/Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required.

(d) **In case of Public Shareholder being other than Individual and HUF:**

(i) **If Public Shareholder is KRA registered: Form required**

- (A) Know Your Client (KYC) form Documents required (all documents certified true copy): Bank details (cancelled cheque)
- (B) Demat details (Demat master/Latest Demat statement)
- (C) FATCA, IPV, OSV if applicable
- (D) Latest list of directors/authorised signatories/partners/trustees
- (E) Latest shareholding pattern
- (F) Board resolution
- (G) Details of ultimate beneficial owner along with PAN card and address proof
- (H) Last 2 years financial statements.

(ii) **If Public Shareholder is not KRA registered: Forms required:**

- (A) KRA form
- (B) Know Your Client (KYC) form Documents required (all documents certified true copy): PAN card copy of company/firm/trust, Address proof of company/firm/trust, and Bank details (cancelled cheque)
- (C) Demat details (Demat Master/Latest Demat statement)
- (D) FATCA, IPV, OSV if applicable
- (E) Latest list of directors/authorised signatories/partners/trustees
- (F) PAN card copies & address proof of directors/authorised signatories/partners/trustees
- (G) Latest shareholding pattern
- (H) Board resolution/partnership declaration
- (I) Details of ultimate beneficial owner along with PAN card and address proof
- (J) Last 2 years financial statements
- (K) MOA/Partnership deed/trust deed

It may be noted that, other than submission of above forms and documents, in person verification may be required.

It may be noted that above mentioned list of documents is an indicative list. The requirement of documents and procedures may vary from broker to broker.



13. **Procedure for tendering Equity Shares held in dematerialised form:**

- (a) The Public Shareholders who are holding Equity Shares in electronic/dematerialised form and who desire to tender their Equity Shares in this Offer shall approach their respective Selling Broker indicating to their Selling Broker the details of Equity Shares that such Public Shareholder intends to tender in this Offer. Public Shareholders should tender their Equity Shares before market hours close on the last day of the Tendering Period.
- (b) The Selling Broker would be required to place an order/bid on behalf of the Public Shareholders who wish to tender Equity Shares in the Open Offer using the Acquisition Window of BSE. Before placing the order/bid, the Public Shareholder would be required to transfer the tendered Equity Shares to the Clearing Corporation, by using the early pay in mechanism as prescribed by the BSE or the Clearing Corporation, prior to placing the order/bid by the Selling Broker.
- (c) Upon placing the order, the Selling Broker shall provide TRS generated by the stock exchange bidding system to the Public Shareholder. TRS will contain details of order submitted like bid ID No., DP ID, Client ID, no. of Equity Shares tendered, etc.
- (d) On receipt of TRS from the respective Seller Broker, the Public Shareholder has successfully placed the bid in the Offer.
- (e) Modification/cancellation of orders will not be allowed during the tendering period of the Offer.
- (f) For custodian participant, orders for demat Equity Shares early pay-in is mandatory prior to confirmation of order by the custodian. The custodians shall either confirm or reject orders not later than 4:00 PM on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
- (g) The details of settlement number for early pay-in of equity shares shall be informed in the issue opening circular that will be issued by BSE /Clearing Corporation, before the opening of the Offer.
- (h) The Public Shareholders will have to ensure that they keep their DP account active and unblocked to successfully facilitate the tendering of the Equity Shares and to receive credit in case of return of Equity Shares due to rejection or due to prorated Offer.
- (i) The cumulative quantity tendered shall be made available on the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) throughout the trading sessions and will be updated at specific intervals during the Tendering Period.
- (j) For resident Public Shareholders holding Equity Shares in dematerialized form, submission of Form of Acceptance-cum-Acknowledgement and TRS is not mandatory, but are advised to retain the acknowledged copy of the TRS with them until the expiry of the Offer Period. After the receipt of the Equity Shares in dematerialized form by the Clearing Corporation and a valid bid in the exchange bidding system, the Equity Shares bid shall be deemed to have been accepted for Public Shareholders holding Equity Shares in dematerialized form.

**The Public Shareholders holding shares in demat mode are not required to fill any Form of Acceptance-cum-Acknowledgement, unless required by their respective Selling Broker.**

#### 14. Procedure for tendering Equity Shares held in Physical Form

- (a) As per the provisions of Regulation 40(1) of the SEBI (LODR) Regulations and SEBI PR 49/2018 dated 3 December 2018, requests for transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository with effect from 1 April 2019. However, in accordance with the circular issued by SEBI bearing reference number SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated 31 July 2020, shareholders holding securities in physical form are allowed to tender shares in an open offer. Such tendering shall be as per the provisions of the SEBI (SAST) Regulations.
- (b) The procedure for tendering to be followed by the Public Shareholders holding Equity Shares in the physical form is as detailed below:
  - (i) Public Shareholders who are holding physical Equity Shares and intend to participate in the Open Offer will be required to approach their respective Selling Broker along with the complete set of documents for verification procedures to be carried out, including the: (i) original share certificate(s), (ii) valid share transfer form(s), i.e., Form SH-4, duly filled and signed by the transferors (i.e., by all registered shareholders in same order and as per the specimen signatures registered with the Target Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Target Company, (iii) self-attested copy of the shareholder's PAN Card, and Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Public Shareholders whose name(s) appears on the share certificate(s) in the same order in which they hold Equity Shares, and (iv) any other relevant documents such as power of attorney, corporate authorization (including board resolution/ specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable.

In addition, if the address of the Public Shareholder has undergone a change from the address registered in the 'Register of Members' of the Target Company, the Public Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: (i) valid Aadhaar card, (ii) voter identity card, or (iii) passport.

- (ii) Based on these documents, the Selling Broker shall place the bid on behalf of the Public Shareholder holding Equity Shares in physical form who wishes to tender Equity Shares in the Open Offer, using the acquisition window of the BSE. Upon placing the bid, the Selling Broker shall provide a TRS generated by the BSE bidding system to the Public Shareholder. The TRS will contain the details of the order submitted like folio number, certificate number, distinctive number of Equity Shares tendered, etc.
- (iii) The Selling Broker/Public Shareholder has to deliver the original share certificate(s) and documents (as mentioned above) along with the TRS either by registered post or courier or hand delivery to the Registrar to the Offer i.e., Kfin Technologies Limited, Selenium Building, Tower B, Plot No-31 & 32, Nanakramguda, Serilingampally, Hyderabad, Telenagana, India 500032, within 2 (two) days of bidding by the Selling Broker i.e. last date for receipt of documents by Registrar is 22 June 2022 (Wednesday) (by 5.00 p.m.(IST)). The envelope should be super scribed as "ESCORTS FINANCE LIMITED-OPEN OFFER". One copy of the TRS will be retained by the Registrar and it will

provide acknowledgement of the same to the Selling Broker/Public Shareholder.

- (iv) The Public Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. All documents as mentioned above, shall be enclosed with the Form of Acceptance-cum-Acknowledgement. The Equity Shares shall be liable for rejection on the following grounds amongst others: (i) If there is any other company's equity share certificate(s) enclosed with the Form of Acceptance-cum-Acknowledgement instead of the Equity Share certificate(s) of the Target Company; (ii) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Public Shareholders; (iii) If the Public Shareholders tender Equity Shares but the Registrar to the Offer does not receive the Equity Share certificate(s); (iv) In case the signature on the Form of Acceptance-cum-Acknowledgement and Form SH-4 does not match as per the specimen signature recorded with Target Company/registrar of the Target Company.
- (v) Acceptance of the physical Equity Shares for the Open Offer shall be subject to verification as per the SEBI (SAST) Regulations and any further directions issued in this regard. The Registrar will verify such bids based on the documents submitted on a daily basis and till such time the BSE shall display such bids as 'unconfirmed physical bids'. Once the Registrar confirms the bids, they will be treated as 'confirmed bids'.
- (vi) In case any Public Shareholder has submitted Equity Shares in physical form for dematerialization, such Public Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Open Offer before the closure of the Tendering Period.

**The Public Shareholders holding Equity Shares in physical mode will be required to fill the respective Form of Acceptance-cum-Acknowledgement. Detailed procedure for tendering Equity Shares has been included in the Form of Acceptance-cum-Acknowledgement.**

#### 15. Acceptance of Equity Shares

- (a) Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines.
- (b) In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer and/or the PACs shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot.
- (c) In case of any practical issues, resulting out of rounding-off of Equity Shares or otherwise, the Acquirer will have the authority to decide such final allocation with respect to such rounding-off or any excess of Equity Shares or any shortage of Equity Shares.

**16. Procedure for tendering the shares in case of non-receipt of Letter of Offer**

- (a) Public Shareholders who have acquired Equity Shares but whose names do not appear in the records of Depositories on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer.
- (b) A Public Shareholder may participate in the Offer by approaching their Selling Broker and tender Shares in the Offer as per the procedure mentioned in the Letter of Offer or in the relevant Form of Acceptance-cum Acknowledgment.
- (c) The Letter of Offer along with the Form of Acceptance-cum-Acknowledgement, will be emailed to all the Public Shareholders of the Target Company, whose names appear on the register of members of the Target Company, at the close of business hours on the Identified Date and in each case, who have registered their email ids with the Depositories and/or the Target Company.
- (d) In case of non-receipt of the Letter of Offer, such Public Shareholders of the Target Company may download the same from the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company.
- (e) The Letter of Offer along with the Form of Acceptance-cum-Acknowledgment would also be available at SEBI's website, [www.sebi.gov.in](http://www.sebi.gov.in).
- (f) Alternatively, in case of non-receipt of the Letter of Offer, shareholders holding the Equity Shares may participate in the Offer by providing their application in plain paper in writing signed by all shareholder(s), stating name, address, number of shares held, client ID number, DP name, DP ID number, number of shares tendered and other relevant documents. Such Public Shareholders have to ensure that their order is entered in the electronic platform to be made available by the BSE before the closure of the Offer.

**17. Settlement Process**

- (a) On closure of the Offer, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list of accepted Equity Shares tendered in this Offer shall be provided to the BSE to facilitate settlement on the basis of Equity Shares transferred to the Clearing Corporation.
- (b) The settlement of trades shall be carried out in the manner similar to settlement of trades in the Acquisition Window Circulars.
- (c) For Equity Shares accepted under the Offer, the Clearing Corporation will make direct funds payout to respective eligible Public Shareholders bank account linked to its demat account. If shareholders' bank account details are not available or if the funds transfer instruction is rejected by RBI/bank, due to any reason, then such funds will be transferred to the concerned Selling Broker settlement bank account for onward transfer to their respective shareholders.
- (d) In case of certain client types viz. NRI, foreign clients, etc. (where there are specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out would be given to their respective Selling Broker's settlement accounts for releasing the same to their respective Shareholder's account onwards.

- (e) The Public Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance of the shares under the Offer.
- (f) Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Public Shareholders would be returned to them by the Clearing Corporation. The Target Company is authorized to split the share certificate and issue a new consolidated share certificate for the unaccepted Equity Shares, in case the Equity Shares accepted are less than the Equity Shares tendered in the Open Offer by the Public Shareholders holding Equity Shares in the physical form.
- (g) The direct credit of Equity Shares shall be given to the demat account of Acquirer as indicated by the Buying Broker.
- (h) Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Equity Shares to the demat account of Acquirer.
- (i) Buying Brokers would also issue a contract note to the Acquirer for the Equity Shares accepted under the Open Offer.
- (j) In case of partial or non-acceptance of orders, the balance demat Equity Shares shall be returned directly to the demat accounts of the Public Shareholders. However, in the event of any rejection of transfer to the demat account of the Public Shareholder for any reason, the demat Equity Shares shall be released to the securities pool account of their respective Selling Broker and the Selling Broker will thereafter transfer the balance Equity Shares to the respective Public Shareholders.
- (k) Any excess physical Equity Shares, including to the extent tendered but not accepted, will be returned by registered post back to the Public Shareholder(s) directly by Registrar to the Offer. Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post at the registered Public Shareholders'/unregistered owners' sole risk to the sole/ first Public Shareholder/unregistered owner.
- (l) Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/restriction from other statutory authorities wherein the Public Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation are liable to be rejected if directions/orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer.
- (m) If Public Shareholders bank account details are not available or if the fund transfer instruction is rejected by RBI or bank, due to any reasons, then the amount payable to Public Shareholders will be transferred to the Selling Broker for onward transfer to the Public Shareholder.
- (n) Public Shareholders who intend to participate in the Offer should consult their respective Selling Broker for any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling shareholders for tendering Equity Shares in the Offer (secondary market transaction). The Offer consideration received by the Public Shareholders, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, charges and expenses (including brokerage) and the Acquirer accepts no responsibility to bear or pay such

additional cost, charges and expenses (including brokerage) incurred solely by the Public Shareholders.

- (o) In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirer for payment of consideration to the shareholders of the Target Company who have accepted the Open Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

## **IX. COMPLIANCE WITH TAX REQUIREMENTS**

**THE INFORMATION PROVIDED BELOW SETS OUT THE INCOME-TAX IMPLICATIONS ON TENDERING OF LISTED EQUITY SHARES ON BSE UNDER AN OPEN OFFER IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES UNDER THE TAX LAWS PRESENTLY IN FORCE IN INDIA.**

**THE SUMMARY IS BASED ON THE CURRENT PROVISIONS OF THE INDIAN INCOME TAX LAWS AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT TAX IMPLICATIONS. THE FOLLOWING OVERVIEW IS NOT EXHAUSTIVE OR COMPREHENSIVE AND IS NOT INTENDED TO BE A SUBSTITUTE FOR PROFESSIONAL ADVICE.**

**IN VIEW OF THE PARTICULARISED NATURE OF TAX CONSEQUENCES, ELIGIBLE PUBLIC SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES ON TENDERING OF LISTED EQUITY SHARES OF THE TARGET COMPANY, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION.**

**THE LAW STATED BELOW IS AS PER THE IT ACT AS AMENDED UPTO FINANCE ACT, 2022. THE ACQUIRER DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, PUBLIC SHAREHOLDERS CANNOT RELY ON THIS NOTE AND THE SUMMARY TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME TAX IN THE CASE OF TENDERING OF LISTED EQUITY SHARES ON BSE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.**

### **1. General:**

- a) The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31 of the following year.
- b) A person who is an Indian tax resident is liable to income-tax in India on his worldwide income, in a manner as provided under the Income Tax Act, 1961, as amended (“IT Act”).

- c) A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India-sourced income (i.e., income which accrues or arises or is deemed to accrue or arise in India) and income received by such persons in India (including income deemed to be received in India).
- d) Since the Target Company is incorporated in India, the Equity Shares are “situated” in India and any gains arising to a non-resident on transfer of such shares is taxable in India under the IT Act.
- e) Further, the non-resident Public Shareholder can avail benefits of the Double Taxation Avoidance Agreement (“**DTAA**”) between India and the respective country of which the said shareholder is a tax resident subject to satisfying the relevant conditions including but not limited to (a) conditions present in the said DTAA (if any) read with the relevant provisions of the Multilateral Convention to Implement Tax Treaty related Measures to Prevent Base Erosion and Profit Shifting (“**Multilateral Instrument/MLI**”) as ratified by India with the respective country of which the said shareholder is tax resident; (b) meeting the anti-abuses tests under General Anti-Avoidance Rule (“**GAAR**”) and (c) providing and maintaining necessary information and documents as prescribed under the IT Act.
- f) The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of shares under the Open Offer, and corresponding withholding tax obligation based on the period of holding, residential status, classification of the Public Shareholder, nature of the income earned, etc.
- g) The Public Shareholders may be required to undertake compliances such as filing of an annual income tax return, as may be applicable to different categories of persons, with the income tax authorities, reporting their income for the relevant year.
- h) In addition to income tax, as the tendering of Equity Shares is being undertaken on a recognised stock exchange (i.e. BSE), such transaction will be chargeable to Securities Transaction Tax (“**STT**”). STT is payable in India on the value of securities on every purchase or sale of securities that are listed on recognised stock exchanges. Currently, the STT rate applicable on the purchase and sale of shares on recognised stock exchanges (including BSE) is 0.1% of the value of security transacted.
- i) All references to equity shares herein refer to listed equity shares unless stated otherwise.

2. **Classification of Public Shareholders:** Public Shareholders can be classified under the following categories:

- a) Resident Public Shareholders being:
  - (i) Individuals, Hindu Undivided Family (“**HUF**”), Association of Persons (“**AOP**”) and Body of Individuals (“**BOI**”)
  - (ii) Others
    - Company
    - Other than company

- b) Non-Resident Public Shareholders being:
  - (i) Non-Resident Indians (“**NRI**s”)
  - (ii) Foreign Institution Investors (FIIs)/ Foreign Portfolio Investors (FPIs)
  - (iii) Others:
    - Company
    - Other than company

### 3. **Classification of Shares**

The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the Public Shareholder and various other factors. Public Shareholders are also required to refer to Circular No.6/2016 dated February 29, 2016 issued by the Central Board of Direct Taxes (“**CBDT**”). The nature of gains/loss in the foregoing cases will be as under:

- a) Shares held as investment: Income arising from transfer of shares is taxable under the head “Capital Gains”.
- b) Shares held as stock-in-trade: Income arising from transfer is taxable under the head “Profits and Gains from Business or Profession”.

### 4. **Taxability of Capital Gains in the hands of the Public Shareholders:**

- a) Capital gains in the hands of Public Shareholders would be computed as per the provisions of Section 48 of the IT Act and the rate of income-tax would depend on the period of holding.
- b) **Period of Holding:** Depending on the period for which the shares are held, the gains would be taxable as ‘short term capital gain’ or ‘long-term capital gain’. Such classification would be determined as under:
  - (i) Short-term Capital Asset (“**STCA**”): Equity shares held for less than or equal to 12 (Twelve) months.
  - (ii) Long-term Capital Asset (“**LTCA**”): Equity share held for more than 12 (Twelve) months.
- c) Accordingly, gains arising from transfer of a STCA are taxable as ‘Short-term Capital Gains’ (“**STCG**”). Gains arising from transfer of a LTCA are taxable as ‘Long-term Capital Gains’ (“**LTCG**”).
- d) As per Section 112A of the IT Act, LTCG arising on sale of listed equity shares will be subject to tax at the rate of 10% (plus applicable surcharge and cess) if Securities Transaction Tax (“**STT**”) has been paid at the time of both purchase and sale of shares (except in certain cases notified by CBDT *vide* Notification No. 60/2018 dated October 1, 2018) and if the aggregate LTCG during the financial year exceeds Rs. 1 lakh. Further, no deduction under Chapter VI-A would be allowed in computing LTCG under Section 112A of the IT Act.



Further, LTCG under section 112A of the IT Act will be computed without considering the indexation benefit as per provision of Section 48 of the IT Act. The cost of acquisition will be computed in accordance with the provisions of Section 55 read with Section 112A of the IT Act. In terms of Section 55 read with Section 112A of the IT Act, if investments were made before February 1, 2018, a method of determining the cost of acquisition of such investments has been specifically laid down such that gains up to January 31, 2018 are grandfathered. To clarify, if the equity shares on which STT is paid were acquired prior to February 1, 2018, the cost of acquisition of such shares should be higher of (a) actual cost of acquisition and (b) lower of (i) fair market value as on January 31, 2018 (highest quoted price on January 31, 2018 or immediately prior trading day if shares were not traded on January 31, 2018) and (ii) actual sale consideration.

- e) If STT is not paid at the time of acquisition of the shares being acquired under the Open Offer and they do not fall within the exceptions identified under Notification No. 60/2018 dated October 1, 2018, then, in case of a resident Public Shareholder the entire LTCG arising to the Public Shareholder shall be subject to tax @ 10% (plus applicable surcharge and cess) without indexation benefit or at 20% (plus applicable surcharge and cess) with indexation benefits, at the option of the taxpayer. In case of non-resident, such gains may be taxed at 20% (plus applicable surcharge and cess) after allowing benefit of indexation or neutralization of foreign exchange gains, as may be applicable. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under Section 112 of the IT Act
- f) STCG realized on sale of listed equity shares (STT paid) will be subject to tax at the rate of 15% under Section 111A of the IT Act. The said rate will be increased by applicable surcharge and cess. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under Section 111A of the IT Act.
- g) As per the seventh proviso to Section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.
- h) Further the provisions of Minimum Alternate Tax on the book profits as contained in Section 115JB of the IT Act or Alternate Minimum Tax contained in Section 115JC of the IT Act, as the case may be, also need to be considered by the Public Shareholders.

The provisions of Section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under Section 90/90A of the IT Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

- i) As per Section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of Section 74 of the IT Act.
- j) Long Term Capital Loss computed for a given year is allowed to be set off only against LTCG computed for the said year, in terms of Section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off only against subsequent years' LTCG, in terms of Section 74 of the IT Act.

- k) Additional information in case of Foreign Institutional Investors (“**FII**s”):
- (i) As per Section 2(14) of the IT Act, any securities held by a FII which has invested in the equity shares in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, will be treated as capital assets. Accordingly, any gains arising from transfer of such securities will be chargeable to tax in the hands of FIIs as capital gains.
  - (ii) Under Section 115AD(1)(ii) of the IT Act, STCG arising to a FII on transfer of shares (STT paid) will be chargeable at the rate of 15%.
  - (iii) Under Section 115AD(1)(iii) of the IT Act, income by way of LTCG arising from transfer of shares will be chargeable to tax at the rate of 10%. Provided that in case of income arising from the transfer of a LTCA referred to in Section 112A, income-tax at the rate of 10% will be calculated on such income exceeding Rs. 1 lakh.
  - (iv) Such capital gains would be computed without giving effect to the first and second proviso to Section 48. In other words, adjustment in respect of foreign exchange fluctuation and benefit of indexation would not be allowed while computing the Capital Gains. The above rates are to be increased by applicable surcharge and cess.
  - (v) Further, no deduction under Chapter VI-A would be allowed in computing STCG and as well as LTCG.
  - (vi) The CBDT has *vide* Notification No. 9/2014 dated January 22, 2014 notified Foreign Portfolio Investors (“**FPI**s”) registered under the Securities and Exchange Board of India (FPI) Regulations, 2014 as FII for the purpose of Section 115AD of the IT Act.
- l) Additional Information in case of Non-resident Indians (“**NRI**s”):

Where the shares of the Target Company were acquired or purchased in convertible foreign exchange, NRIs, i.e. individuals being citizen of India or person of Indian origin who are not resident, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:

- (i) Under Section 115E of the IT Act, the LTCG arising to an NRI will be taxable at the rate of 10 % (plus applicable surcharge and cess). While computing the LTCG, the benefit of indexation of cost would not be available.
- (ii) Under Section 115F of the IT Act, LTCG arising to an NRI from the transfer of the shares acquired or purchased in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets, within 6 (Six) months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within 3 (three) years from the date of their acquisition.
- (iii) Under Section 115G of the IT Act, it will not be necessary for an NRI to furnish his return of income under Section 139(1) of the IT Act if his income chargeable under the IT Act consists of only investment income or LTCG or both; arising out of assets acquired, purchased or subscribed to in convertible

foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

- (iv) Further, no deduction under Chapter VI-A would be allowed in computing LTCG.
  - (v) As per provisions of Section 115-I of the IT Act, an NRI may elect not to be governed by provisions of Chapter XII-A and compute his total income as per other provisions of the IT Act.
- m) Section 90(2) of the IT Act, provides relief to a non-resident, where there is a DTAA between India and the country of residence of the non-resident Public Shareholder and the provisions of the DTAA are more favourable to the taxpayer, subject to satisfying relevant conditions including not limited to (a) conditions present in the said DTAA (if any) read with the relevant provisions of the MLI as ratified by India with the respective country of which the said shareholder is tax resident; (b) meeting anti-abuse tests under GAAR; and (c) providing and maintaining necessary information and documents as prescribed under the IT Act.

n) Investment Funds:

Under Section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head “Profits and gains of business or profession” would be exempt from income-tax. For this purpose, an “Investment Fund” means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.

o) Mutual Fund

Under Section 10(23D) of the IT Act, any income of mutual funds registered under SEBI or Regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorised by the RBI and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

**5. Taxability of Business Income in the hands of the Public Shareholders:**

- a) Where gains realized from sale of listed equity shares are taxable as business income, they will be taxable at applicable tax rates to such shareholders. The loss if any can be carried forward in accordance with the provisions of the IT Act.
- b) In terms of Section 36(1)(xv) of the IT Act, STT paid by the Public Shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head “Profit and gains of business or profession”, if the income arising from taxable securities transaction is included in such income.
- c) Section 90(2) of the IT Act, provides relief to a non-resident, where there is a DTAA between India and the country of residence of the non-resident Public Shareholder and the provisions of the DTAA are more favourable to the taxpayer, subject to satisfying relevant conditions including but not limited to (a) conditions present in the said DTAA (if any) read with the relevant provisions of the MLI as ratified by India with the respective country of which the said shareholder is tax resident; (b) meeting anti-abuse

tests under GAAR; and (c) maintaining necessary information and documents as prescribed under the IT Act.

6. **Withholding Tax implications:**

a) Remittance/Payment of Consideration

(i) Resident Public Shareholders:

- With effect from 1 July 2021, Finance Act 2021 creates an obligation on the buyer of goods to withhold tax under Section 194Q at the rate of 0.1% when buying goods from an Indian resident. The withholding obligation only exists where the consideration for goods exceeds Rs. 50,00,000 and the buyer had a business turnover of more than Rs. 10,00,00,000 in the immediately preceding year. The term “goods” has not been defined and may cover shares.
- As per Circular No 13 of 2021 dated June 30, 2021 issued by the CBDT, the provisions of Section 194Q is not applicable where the transactions in securities and commodities are traded through recognised stock exchanges (including BSE). Therefore, the Acquirer is not required to withhold tax under Section 194Q on consideration payable to resident Public Shareholders.
- The resident Public Shareholders must file their tax return in India *inter alia* considering gains arising pursuant to this Open Offer. The resident Public Shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc. The resident Public Shareholders shall also keep the Acquirer indemnified for any taxes of the resident Public Shareholder that may be recovered from the Acquirer under withholding tax provisions or otherwise under the IT Act.

(ii) Non-Resident Public Shareholders – FIIs/FPIs

- Section 196D of IT Act, provides for a specific exemption from withholding tax at source from any income, by way of Capital Gains arising to an FII/FPIs from the transfer of securities referred to in Section 115AD of the IT Act. Thus, no withholding of tax is required in case of consideration payable to FIIs/FPIs subject to FIIs/FPIs providing the required documentation and information..

(iii) Non-Resident Public Shareholders (other than FIIs/FPIs):

- Each non-resident Public Shareholder will confirm its status by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement.
- Section 195(1) of the IT Act provides that any person responsible for paying to a non-resident, any sum chargeable to tax under the

provisions of the IT Act is required to deduct tax at source at applicable rates in force.

- However, the Acquirer will not be able to deduct income-tax at source on the consideration payable to such shareholders as there is no ability for the Acquirer to deduct taxes since the remittance/payment will be routed through BSE, and there will be no direct payment by the Acquirer to the non-resident Public Shareholders.
- Since the tendering of shares under the Open Offer is through BSE, the responsibility to discharge tax due on the gains (if any) is on the non-resident Public Shareholder given that practically it is not possible to withhold taxes and the Acquirer believes that the responsibility of withholding/ discharge of the taxes due on such gains (if any) on sale of Equity Shares is solely on the custodians/ authorized dealers/ non-resident Public Shareholders – with no recourse to the Acquirer. It is therefore recommended that the non-resident Public Shareholders consult their custodians/ authorized dealers/ tax advisors appropriately. In the event the Acquirer is held liable for the tax liability of the Public Shareholder, the same shall be to the account of the Public Shareholder and to that extent the Acquirer should be indemnified.
- The non-resident Public Shareholders must file their tax return in India *inter alia* considering gains arising pursuant to this Open Offer. The non-resident Public Shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc.

b) Remittance/Payment of Interest

- (i) In case of interest, if any, paid by the Acquirer to resident and non-resident Public Shareholder for delay in receipt of statutory approvals as per Regulation 18(11) of the SEBI (SAST) Regulations or in accordance with Regulation 18(11A) of the SEBI (SAST) Regulations, the final decision to deduct tax or the quantum of taxes to be deducted rests solely with the Acquirer depending on the settlement mechanism for such interest payments. In the event, the Acquirer decides to withhold tax, the same shall be basis the documents submitted along with the Form of Acceptance-cum-Acknowledgement or such additional documents as may be called for by the Acquirer. It is recommended that the Public Shareholders consult their custodians/ authorized dealers/ tax advisors appropriately with respect to the taxability of such interest amount (including on the categorisation of the interest, whether as capital gains or as other income). In the event the Acquirer is held liable for the tax liability of the Public Shareholder, the same shall be to the account of the Public Shareholder and to that extent the Acquirer should be indemnified.
- (ii) The Public Shareholders must file their tax return in India *inter alia* considering the interest (in addition to the gains on the sale of shares), if any, arising pursuant to this Open Offer. The Public Shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc.

## 7. **Rate of Surcharge and Cess**

In addition to the basic tax rate, applicable Surcharge, Health and Education Cess are currently leviable as under:

### a) Surcharge

- (i) In case of domestic companies: Surcharge @ 12% is leviable where the total income exceeds Rs. 10 crore and @ 7% where the total income exceeds Rs. 1 crore but less than Rs. 10 crore.
- (ii) In case of domestic companies liable to pay tax under section 115BAA or section 115BAB: Surcharge @ 10% is leviable.
- (iii) In case of companies other than domestic companies: Surcharge @ 5% is leviable where the total income exceeds Rs. 10 crore and @ 2% where the total income exceeds Rs. 1 crore but less than Rs. 10 crore.
- (iv) In case of individuals, HUF, AOP, BOI:
  - Surcharge at the rate of 10% is leviable where the total income exceeds Rs. 50 lakh but does not exceed Rs. 1 crore.
  - Surcharge at the rate of 15% is leviable where the total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore.
  - Surcharge at the rate of 25% is leviable where the total income exceeds Rs. 2 crore but does not exceed Rs. 5 crore.
  - Surcharge at the rate of 37% is leviable where the total income exceeds Rs. 5 crore.
  - However, for the purpose of income chargeable under section 111A, 112, 112A, and 115AD(1)(b) (for income chargeable to tax under the head capital gains), the surcharge rate shall not exceed 15%.
  - Further, in case of an AOP (which only has companies as its members), surcharge at the rate of 15% is leviable where the total income exceeds Rs. 1 crore.
- (v) In case of Firm and Local Authority: Surcharge @12% is leviable where the total income exceeds Rs. 1 crore.

### b) Cess

Health and Education Cess @ 4% is currently leviable in all cases.

## 8. **Others**

- a) Notwithstanding the details provided above, all payments will be made to the Public Shareholders subject to compliance with prevailing tax laws.

- b) The tax deducted by the Acquirer (if required) or custodians/ authorized dealers, while making payment to a Public Shareholder may not be the final tax liability of such shareholder and shall in no way discharge the obligation of the Public Shareholder to appropriately disclose the amounts received by it, pursuant to this Open Offer, before the income-tax authorities.
- c) The Acquirer will deduct tax (if required) as per the information provided and representation made by the Public Shareholders. In the event of any income-tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Public Shareholder, such shareholder will be responsible to pay such income-tax demand under the IT Act and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before income tax/ appellate authority in India.
- d) The Acquirer and the Manager to the Open Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.

**THE ABOVE DISCLOSURE ON TAXATION ARE BASED ON THE CURRENT PROVISIONS OF THE INCOME-TAX ACT, 1961. THE LEGISLATIONS, THEIR JUDICIAL INTERPRETATION AND THE POLICIES OF THE REGULATORY AUTHORITIES ARE SUBJECT TO CHANGE FROM TIME TO TIME, AND THESE MAY HAVE A BEARING ON THE IMPLICATIONS LISTED ABOVE. ACCORDINGLY, ANY CHANGE OR AMENDMENTS IN THE LAW OR RELEVANT REGULATIONS WOULD NECESSITATE A REVIEW OF THE ABOVE DISCLOSURES.**

**THE JUDICIAL AND ADMINISTRATIVE INTERPRETATIONS THEREOF, ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT INCOME-TAX IMPLICATIONS. THIS NOTE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN.**

**THE IMPLICATIONS ARE ALSO DEPENDENT ON THE PUBLIC SHAREHOLDERS FULFILLING THE CONDITIONS PRESCRIBED UNDER THE PROVISIONS OF THE RELEVANT SECTIONS UNDER THE RELEVANT INCOME TAX LAWS. IN VIEW OF THE PARTICULARISED NATURE OF INCOME-TAX CONSEQUENCES, PUBLIC SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.**

**THE INFORMATION ON TAXATION MENTIONED HEREIN IS ON THE BASIS THAT THE OPEN OFFER SHALL BE COMPLETED THROUGH THE STOCK EXCHANGE SETTLEMENT MECHANISM MADE AVAILABLE BY THE STOCK EXCHANGE (BSE), AS PROVIDED UNDER THE SEBI (SAST) REGULATIONS AND SEBI CIRCULARS CIR/CFD/POLICYCELL/1/2015 DATED APRIL 13, 2015 AND CFD/DCR2/CIR/P/2016/131 DATED DECEMBER 9, 2016. THIS NOTE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES. THE INCOME-TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME-TAX IN THE CASE OF TENDERING OF LISTED EQUITY SHARES IN OPEN OFFER ON BSE IN INDIA SET OUT ABOVE SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.**

**THE ACQUIRER DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, ELIGIBLE PUBLIC SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY IS INTENDED ONLY TO PROVIDE GENERAL INFORMATION TO THE PUBLIC SHAREHOLDERS AND IS NEITHER DESIGNED NOR INTENDED TO BE SUBSTITUTED FOR PROFESSIONAL TAX ADVICE. IN VIEW OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, EACH PUBLIC SHAREHOLDER IS ADVISED TO CONSULT HIS/HER OWN TAX ADVISOR WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES ON TENDERING OF LISTED EQUITY SHARES OF THE TARGET COMPANY.**

**X. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection to the Public Shareholders at the registered office of the Manager to the Offer at Morgan Stanley India Company Private Limited, 18F, Tower 2, One World Center, Plot 841 | Senapati Bapat Marg, Lower Parel, Mumbai, 400013, India, between 10:30 AM and 5:00 PM on any Working Day (except Saturdays, Sundays and public holidays) during the period from the date of commencement of the Tendering Period until the date of closure of the Tendering Period:

1. Copies of the Articles of Incorporation and Certified Registration Record of the Acquirer and Memorandum and Articles of Association and certificate of incorporation of the Target Company;
2. Copy of the Holding Company Share Subscription Agreement executed amongst the Acquirer, Holding Company and certain of the Holding Company Other Promoters (i.e., (a) Nikhil Nanda; (b) Shweta Nanda; (c) Navya Naveli Nanda; (d) Agastya Nanda; (e) AAA Portfolios Private Limited; (f) Big Apple Clothing Private Limited; (g) Har Parshad and Company Private Limited; and (h) Escorts Benefit and Welfare Trust);
3. Copy of the Holding Company Shareholders Agreement executed amongst the Acquirer, Target Company and certain of the Holding Company Other Promoters (i.e., (a) Nikhil Nanda; (b) Shweta Nanda; (c) Navya Naveli Nanda; (d) Agastya Nanda; (e) AAA Portfolios Private Limited; (f) Big Apple Clothing Private Limited; (g) Har Parshad and Company Private Limited; and (h) Escorts Benefit and Welfare Trust);
4. Copy of the annual audited consolidated financial statements pertaining to the Acquirer as on and for the financial years ended on 31 December 2019, 31 December 2020 and 31 December 2021;
5. Copy of the annual reports of the Target Company for the financial years ending 31 March 2019, 31 March 2020 and 31 March 2021 and limited review standalone financials for the six months period ended 30 September 2021 and nine months period ended 31 December 2021;
6. Certificate dated 13 April 2022 from R.D. Sarfare & Co., Chartered Accountants (Rajesh Dilip Sarfare, Proprietor, Membership No. 140399) certifying the adequacy of financial resources of the Acquirer to fulfil its Open Offer obligations;
7. Certificate dated 18 November, 2021 from R.D. Sarfare & Co., Chartered Accountants (Rajesh Dilip Sarfare, Proprietor, Membership No. 140399) certifying the Initial Offer Price computation;
8. Certificate dated 13 April, 2022 from R.D. Sarfare & Co., Chartered Accountants (Rajesh Dilip Sarfare, Proprietor, Membership No. 140399) certifying the for the computation of the Interest per Offer Share for the purpose of this Open Offer;
9. Copy of the valuation report dated 17 November 2021 issued by Ernst & Young Merchant Banking Services LLP (SEBI Registration number: INM000010700);



10. Copy of the report on interest computation under Regulation 8(12) of the Takeover Regulations dated 12 April 2022 by Ernst & Young Merchant Banking Services LLP, (SEBI Registration number: INM000010700);
11. Escrow Agreement between the Acquirer, ICICI Bank Limited and the Manager to the Open Offer;
12. Copy of the letter received from the Escrow Agent, confirming receipt of a cash amount of ₹ 53,162,200 in the escrow account on 13 April 2022;
13. Copy of the Public Announcement dated 18 November 2021 submitted to the BSE on 18 November 2021;
14. Copy of the DPS dated 19 April 2022 published by the Manager to the Offer in the Newspapers on behalf of the Acquirer on 20 April 2022;
15. Copy of the recommendation made by the committee of the independent directors of the Target Company; and
16. Copy of the letter number [●] from SEBI dated [●] containing its observations on the DLoF.

#### **XI. DECLARATION BY THE ACQUIRER**

1. The Acquirer and its directors accept full responsibility for the information contained in this Draft Letter of Offer (other than such information as has been obtained from public sources or provided by or relating to and confirmed by the Target Company), and undertake that they are aware of and will comply with their obligations under the SEBI (SAST) Regulations in respect of this Open Offer.
2. The information pertaining to the Target Company contained in the Public Announcement or the Detailed Public Statement or this Draft Letter of Offer or any other advertisement/publications made in connection with the Open Offer has been compiled from information published or provided by the Target Company, as the case may be, or publicly available sources which has not been independently verified by the Acquirer or the Manager. The Acquirer and the Manager do not accept any responsibility with respect to such information relating to the Target Company.
3. The information contained in this Draft Letter of Offer is as on the date of this Draft Letter of Offer, unless expressly stated otherwise
4. The persons signing this Draft Letter of Offer, are duly and legally authorized by the Acquirer to sign this Draft Letter of Offer.

**Issued by the Manager to the Open Offer**

**For and on behalf of the Acquirer**

**Signed for and on behalf of Kubota Corporation (Acquirer)**

Sd/-

**Name:** Hideo Takigawa

**Title:** Executive Officer, GM of Corporate Planning and Control Dept.

**Place:** 2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan

**Date:** 27 April 2022

## FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*(Eligible Shareholders holding shares in dematerialised form are not required to fill the Form of Acceptance, unless required by their respective Selling Broker. Eligible Shareholders holding shares in physical form (resident and non-resident) are mandatorily required to submit this Form of Acceptance along with TRS and other enclosures, directly or through their respective broker/Selling Broker to the Registrar to the Offer, at its registered office address provided in the Letter of Offer)*

*(Capitalized terms and expressions used herein but not defined, shall have the same meaning as ascribed to them in the Letter of Offer)*

TENDERING PERIOD FOR THE OFFER	
OPENS ON	[•]
CLOSES ON	[•]

To,

The Acquirer

C/o Kfin Technologies Private Limited  
Selenium Building, Tower- B, Plot No 31 & 32,  
Gachibowli, Financial District, Nanakramguda, Serilingampally,  
Hyderabad, Telangana – 500032  
Tel. No.: +91 40 6716 2222/1-800-309-4001  
Fax No.: +91 40 2343 1551  
Email: [efl.openoffer@kfintech.com](mailto:efl.openoffer@kfintech.com)

Dear Sir/Madam,

**SUB: OPEN OFFER FOR ACQUISITION OF UP TO 10,465,000 EQUITY SHARES OF ESCORTS FINANCE LIMITED TO THE PUBLIC SHAREHOLDERS OF THE TARGET COMPANY BY KUBOTA CORPORATION (“ACQUIRER”)**

I/We refer to the Letter of Offer for acquiring the Equity Shares held by me/us in the Target Company.

I/We, the undersigned, have read the Public Announcement, the Detailed Public Statement, Letter of Offer and the Open offer opening public announcement, and understood its contents, terms and conditions, and unconditionally accept these terms and conditions.

I/We acknowledge and confirm that all the particulars/statements given by me/us, herein are true and correct.

#### Details of Public Shareholder:

Name (in BLOCK LETTERS)	Holder	Name of the Shareholder	Permanent Account Number (PAN)
(Please write names of the joint holders in the same order as appearing in the Equity Share certificate(s)/demat account)	Sole/First		
	Second		
	Third		

Name (in BLOCK LETTERS)	Holder	Name of the Shareholder	Permanent Account Number (PAN)
Contact Number(s) of the First Holder	Tel No. (with ISD/STD Code):		Mobile No.:
Full Address of the First Holder (with pin code)			
Email address of the First Holder			
Date & Place of incorporation (if applicable)			

**FOR EQUITY SHARES HELD IN PHYSICAL MODE:**

I/We, confirm that our residential status under the IT Act is as below (tick whichever is applicable).

- Resident
- Non-Resident

I/We, holding physical shares, accept this Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Equity Shares as detailed below along with enclosures as mentioned herein:

Sr. No.	Regd. Folio Number	Share Certificate Number	Distinctive Numbers		No. of Equity Shares
			From	To	
1					
2					
3					
(In case the space provided is inadequate, please attach a separate sheet with the above details and authenticate the same)				TOTAL	

Enclosures (whichever is applicable)

- Duly attested power of attorney, if any person apart from the Public Shareholder, has signed the Form of Acceptance-cum-Acknowledgement or Equity Share transfer deed(s)
- Original Equity Share certificate(s)
- Valid Equity Share transfer deed(s)
- Corporate authorization, in case of companies along with certified board resolution and specimen signatures of authorized signatories
- Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder), in case the original Shareholder has expired
- Self-attested copy of PAN card of all the transferor(s)
- Other relevant documents (please specify)

**FOR ALL PUBLIC SHAREHOLDERS:**

I/We confirm that the Equity Shares which are being tendered herewith by me/us under this Open Offer, are free from any pledges, liens, charges, equitable interests, non-disposal undertakings or any other form of encumbrances and are

being tendered together with all rights attached thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter.

I/We confirm that the sale and transfer of the Equity Shares held by me/us will not contravene any applicable law and will not breach the terms of any agreement (written or otherwise) that I/we are a party to.

My/Our execution of this Form of Acceptance-cum-Acknowledgement shall constitute my/our warranty that the Equity Shares comprised in this application are owned by me/us and are sold and transferred by me/us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said Equity Shares, I/we will hold the Acquirer, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirer acquiring these Equity Shares.

I/We have obtained any and all necessary consents to tender the Offer Shares on the foregoing basis.

I/We declare that there are no restraints/injunctions or other order(s) of any nature which limits/restricts in any manner my/our right to tender Offer Shares in this Open Offer and that I/we am/are legally entitled to tender the Offer Shares in this Open Offer.

I/We agree that the Acquirer and PACs will pay the consideration as per secondary market mechanism, only after verification of the certifications, documents and signatures, as applicable submitted along with this Form of Acceptance-cum-Acknowledgment by the Public Shareholders, and subject to the adherence of the aforementioned Instructions. I/We undertake to return to the Acquirer any Open Offer consideration that may be wrongfully received by me/us.

I/We declare that regulatory approvals, if applicable, for holding the Offer Shares and/or for tendering the Offer Shares in this Open Offer are enclosed herewith.

I/We confirm that I/We am/are not persons acting in concert with the Acquirer.

I/We give my/our consent to the Acquirer and/or the PACs, to file any statutory documents, if any, on my/our behalf in relation to accepting the Offer Shares in this Open Offer.

I/We confirm that I/we am/are in compliance with the terms of the Open Offer set out in the Public Announcement, the Detailed Public Statement, and the Letter of Offer.

I/We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my/our tender/offer and agree to abide by any decision that may be taken by the Acquirer and/or the PACs, to effectuate this Open Offer in accordance with the SEBI (SAST) Regulations.

I/We am/are not debarred from dealing in shares or securities.

I/We confirm that there are no taxes or other claims pending against me/us which may affect the legality of the transfer of Equity Shares under the IT Act, including but not limited to Section 281 of the IT Act. I/We confirm that no notice has been issued by the income tax authorities impacting the rights to transfer the shares.

I/We note and understand that the Offer Shares will be held by the Registrar to the Offer/Clearing Corporation in trust for me/us till the date the Acquirer make payment of consideration as mentioned in the Letter of Offer, or the date by which other documents are dispatched to the Public Shareholders, as the case may be. I/We also note and understand that the consideration will be paid only to those Public Shareholders who have validly tendered their Equity Shares in this Offer, in accordance with the terms of the Letter of Offer.

I/We confirm that in the event of any income tax demand (including surcharge, cess, interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by me/us, or as a result of income tax (including any consequent surcharge, cess, interest and penalty) on the income arising from tendering of the Offer Shares, I/We will indemnify the Acquirer for such income tax demand (including surcharge, cess, interest, penalty, etc.) and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before any income tax/appellate authority.

I/We authorize the Acquirer and/or the PACs to acquire all the Equity Shares so tendered by me/us or such lessernumber of Equity Shares, which it/they may decide to accept, in consultation with the Manager to the Offer, and in terms of the Letter of Offer.

I/We authorize the Acquirer and/or the PACs, and the Registrar to the Offer to return to me/us by registered post or ordinary post, unaccepted documents, if any, at my/our sole risk, without specifying the reasons thereof.

I/We, confirm that our residential status for the purposes of tax is:

Resident       Non-resident, if yes please state country of tax residency: \_\_\_\_\_

(If none of the above box is ticked, the residential status of the Public Shareholder will be considered as non-resident, for withholding tax purposes).

I/We, confirm that my/our status as a shareholder is: *(Please tick whichever is applicable)*

<input type="checkbox"/> Individual	<input type="checkbox"/> Domestic Company	<input type="checkbox"/> Foreign Company	<input type="checkbox"/> FII/FPI - Corporate	<input type="checkbox"/> FII/FPI - Others
<input type="checkbox"/> QFI	<input type="checkbox"/> FVCI	<input type="checkbox"/> Partnership /Proprietorship firm/LLP	<input type="checkbox"/> Private Equity Fund/AIF	<input type="checkbox"/> Pension/Provident Fund
<input type="checkbox"/> Sovereign Wealth Fund	<input type="checkbox"/> Foreign Trust	<input type="checkbox"/> Financial Institution	<input type="checkbox"/> NRIs/PIOs - repatriable	<input type="checkbox"/> NRIs/PIOs - non-repatriable
<input type="checkbox"/> Insurance Company	<input type="checkbox"/> OCB	<input type="checkbox"/> Domestic Trust	<input type="checkbox"/> Banks	<input type="checkbox"/> Association of person/Body of Individual
<input type="checkbox"/> Any others, please specify:				

**FOR NRIs/OCBs/FIIs, FPIs AND SUB-ACCOUNTS/OTHER NON-RESIDENT SHAREHOLDERS:**

I/We, confirm that my/our investment status is: *(Please provide supporting documents and tick whichever is applicable)*

- FDI Route
- PIS Route
- Any other - please specify \_\_\_\_\_

I/We, confirm that the Offer Shares tendered by me/us are held on: *(Please tick whichever is applicable)*

- Repatriable basis
- Non-Repatriable basis

I/We, confirm that: *(Please tick whichever is applicable)*

- No RBI or other regulatory approval was required by me for holding Offer Shares that have been tendered in this Open Offer and the Offer Shares are held under the general permission of the RBI
- Copies of all approvals required by me for holding Offer Shares that have been tendered in this Open Offer

are enclosed herewith

- Copy of RBI Registration letter taking on record the allotment of shares to me/us is enclosed herewith I/We, confirm that: *(Please tick whichever is applicable)*
- No RBI or other regulatory approval is required by me for tendering the Offer Shares in this Open Offer
- Copies of all approvals required by me for tendering Offer Shares in this Open Offer are enclosed herewith

-----Tear along this line -----

**All future correspondence, if any, should be addressed to the respective Selling Broker, or the Registrar to the Offer at:**

Unit: Escorts Finance Limited – Open Offer  
Contact Person: M Murali Krishna  
Tel: +91 40 6716 2222; Toll free number: 18003094001; Fax: +91 40 2343 1551  
Website: [www.kfintech.com](http://www.kfintech.com)  
Email: [efl.openoffer@kfintech.com](mailto:efl.openoffer@kfintech.com)

**Additional confirmations and enclosures for all Public Shareholders, as applicable:**

I/We, have enclosed the following documents: *(Please tick whichever is applicable)*

- Self-attested copy of PAN card
- For non-resident Public Shareholders not possessing a PAN Card, the following information/documents (that has not already been furnished): a) name, e-mail id, contact number; (b) address in the country or specified territory outside India of which the non-resident Public Shareholder is a resident; (c) a certificate of residence of the non-resident Public Shareholder in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate; (d) tax identification number of the non-resident Public Shareholder in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident Public Shareholder is identified by the Government of that country or the specified territory of which he claims to be a resident
- Self-declaration form in Form 15G/Form 15H, if applicable to be obtained in duplicate copy (applicable only for interest payment, if any)
- Duly attested power of attorney if any person apart from the Public Shareholder has signed the Form-of-Acceptance-cum- Acknowledgement
- Corporate authorization, in case of Companies along with certified copy of the Board Resolution and Specimen Signatures of Authorised Signatories
- For Mutual funds/Banks/Notified Institutions under Section 194A(3)(iii) of the IT Act, attested copy of relevant registration or notification
- Declaration that the investment in the Equity Shares is in accordance with the applicable SEBI regulations (mandatory to be submitted by FIIs/FPIs)
- SEBI Registration Certificate for FIIs/FPIs (mandatory to be submitted by FIIs/FPIs)
- 'Valid Tax Residency Certificate' issued by the income tax authority of a foreign country of which he/it claims to be a tax resident, in case the non-resident Public Shareholder intends to claim benefit under the DTAA between India and that jurisdiction in which such non-resident Public Shareholder claims to be resident and a duly filled in 'Form 10F' as prescribed under the IT Act. Such other information and documentation as maybe required depending upon specific terms of the relevant DTAA, including but not limited to a declaration of not having a permanent establishment in India
- Certificate under Section 195(3) or Section 197 of the IT Act, wherever applicable (certificate for deduction of tax at lower rate) from the income tax authorities under the IT Act, indicating the amount of tax to be deducted by the Acquirer
- SEBI registration certificate issued to Category I or Category II Alternative Investment Funds if such fund intends to claim exemption from TDS under Section 197A(1F) of the IT Act
- Self-attested declaration in respect of residential status and tax status of Public Shareholders (e.g. individual, Hindu Undivided Family (HUF), firm, company, Association of Persons (AOP), Body of Individuals (BOI), trust or any other – please specify)
- Self-declaration that (a) income tax returns have been duly filed in India for the two preceding financial years along with copies of acknowledgements issued by the Indian tax authorities (as may be suitably redacted) evidencing the filing of such tax returns or; (b) that the aggregate tax deducted at source and tax collected at source is less than INR 50,000 in each of the two preceding financial years, as evidenced by a copy of Form 26AS annexed, ((a) and (b) applicable to non-residents only if they have a permanent establishment in India)

Other relevant documents (Please specify) \_\_\_\_\_

**BANK DETAILS**

In case of Public Shareholders holding Equity Shares in dematerialised form, the bank account details for the purpose of interest payment, if any, will be taken from the record of the depositories.

In case of interest payments, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, the final decision to deduct tax or not on the interest payments for delay in payment of consideration, or the quantum of taxes to be deducted rests solely with the Acquirer depending on the settlement mechanism for such interest payments.

Yours faithfully, Signed and Delivered,

	<b>Full name(s) of the holder</b>	<b>PAN</b>	<b>Signature(s)</b>
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. In case of body corporate, the company seal should be affixed, and certified copies of the necessary Board resolutions/Corporate authorizations should be attached.

Place: \_\_\_\_\_ Date: \_\_\_\_\_



-----**Tear along this line**-----

Acknowledgement Slip – [•] - Open Offer

Received from Mr./Ms./M/s. \_\_\_\_\_  
\_\_\_\_\_

Address: \_\_\_\_\_

Form of Acceptance-cum-Acknowledgement for [•] – Open Offer as per details below:

Copy of delivery instruction to depository participant of DP ID/Client ID/Folio No. \_\_\_\_\_ for  
\_\_\_\_\_ Equity Shares

Date of Receipt: \_\_\_\_\_ Place of Receipt: \_\_\_\_\_

Stamp of Selling Broker: \_\_\_\_\_ Signature of Official: \_\_\_\_\_

## INSTRUCTIONS

Capitalized terms used and not defined in these instructions will have the same meaning as provided in the Letter of Offer dated [•].

1. **PLEASE NOTE THAT THE FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT OR ANY OTHER DOCUMENTS SHOULD NOT BE SENT TO THE ACQUIRER, THE PACs, THE TARGET COMPANY OR TO THE MANAGER TO THE OFFER.**
2. The Form of Acceptance-cum-Acknowledgement should be legible and should be filled-up in English only.
3. All queries pertaining to this Open Offer may be directed to the Registrar to the Offer.
4. **AS PER THE PROVISIONS OF REGULATION 40(1) OF THE SEBI LODR REGULATIONS AND SEBI PR 49/2018 DATED 3 DECEMBER 2018, REQUESTS FOR TRANSFER OF SECURITIES SHALL NOT BE PROCESSED UNLESS THE SECURITIES ARE HELD IN DEMATERIALIZED FORM WITH A DEPOSITORY W.E.F. 1 APRIL 2019. HOWEVER, IN ACCORDANCE WITH THE CIRCULAR ISSUED BY SEBI BEARING REFERENCE NUMBER SEBI/HO/CFD/CMD1/CIR/P/2020/144 DATED 31 JULY 2020, SHAREHOLDERS HOLDING SECURITIES IN PHYSICAL FORM ARE ALLOWED TO TENDER SHARES IN AN OPEN OFFER. SUCH TENDERING SHALL BE AS PER THE PROVISIONS OF THE SEBI (SAST) REGULATIONS.**
5. The Public Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer shall approach their respective stock brokers and submit the following set of documents for verification procedure as mentioned below:
  - a) Original share certificate(s).
  - b) Valid share transfer deed(s) duly filled, stamped and signed by the transferor(s) (i.e. by all registered shareholder(s) in the same order and as per specimen signatures registered with the Target Company), and duly witnessed at the appropriate place.
  - c) Self-attested copy of the Public Shareholder's PAN Card (in case of joint holders, the PAN card copy of all transferors).
  - d) This Form - for Public Shareholders holding Equity Shares in physical mode, duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company.
  - e) A self-attested copy of the address proof consisting of any one of the following documents: valid Aadhar card, voter identity card, passport or driving license.
  - f) Any other relevant document including (but not limited to) such as power of attorney, corporate authorization (including board resolution(s)/specimen signature(s)), notarised copy/(ies) of death certificate(s) and succession certificate(s) or probated will(s), if the original shareholder is deceased, etc., as applicable.

**Public Shareholders holding physical shares should note that such Equity Shares will not be accepted unless the complete set of documents is submitted.**

6. In case of unregistered owners of Equity Shares in physical mode, the Public Shareholder should provide an additional valid share transfer deed(s) duly signed by the unregistered owner as transferor(s) by the sole/joint Public Shareholder(s) in the same order and duly witnessed at the appropriate place. The transfer deed should be left blank, except for the signatures and witness details. **PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**
7. Attestation, where required (as indicated in the share transfer deed) (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a

public office and authorized to issue the seal of his office or a member of the BSE under their seal of office and membership number or manager of the transferor's bank.

8. In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgement of lodgement with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and the transfer deed(s).
9. The Public Shareholder should ensure that the certificate(s) and above documents should be sent only to the Registrar to the Offer either by registered post or courier or hand delivery so as to reach the Registrar to the Offer: i.e., [•] within 2 (two) days of bidding by the Selling Broker.
10. The Selling Broker should place bids on the Exchange Platform with relevant details as mentioned on physical share certificate(s). The Selling Broker(s) shall print the Transaction Registration Slip (TRS) generated by the Exchange Bidding System. The TRS will contain the details of order submitted including Folio No., Certificate No. Dist. Nos., number of Equity Shares, etc.
11. Public Shareholders who desire to tender their Equity Shares in the dematerialized form under the offer would have to do so through their respective selling member by indicating the details of Equity Shares they intend to tender under the offer.
12. In case of Equity Shares held in joint names, names should be filled up in the same order in the Form of Acceptance-cum-Acknowledgement as the order in which they hold the Equity Shares, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
13. If the Offer Shares tendered are rejected for any reason, the Offer Shares will be returned to the sole/first named Public Shareholder(s) along with all the documents received at the time of submission.
14. The Procedure for Acceptance and Settlement of this Offer has been mentioned in the Letter of Offer in Section IX (*Procedure for Acceptance and Settlement of the Open Offer*).
15. The Letter of Offer along with Form of Acceptance-cum-Acknowledgement is being dispatched to all the Public Shareholders as on the Identified Date. In case of non-receipt of the Letter of Offer, such shareholders may download the same from the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)) or obtain a copy of the same from the Registrar to the Offer.
16. All the Public Shareholders should provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the acceptance is being sent.
17. All the Public Shareholders are advised to refer to Section X (*Compliance with Tax Requirements*) in the Letter of Offer. However, it may be noted that Public Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances, as the details provided in Section X (*Compliance with Tax Requirements*), as referred to above, are indicative and for guidance purposes only.
18. All documents/remittances sent by or to Public Shareholders will be at their own risk. Public Shareholders are advised to adequately safeguard their interests in this regard.
19. The Selling Broker(s) shall print the Transaction Registration Slip (TRS) generated by the Exchange Bidding System.
20. In case any person has submitted Equity Shares in physical mode for dematerialisation, such Public Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Open Offer before close of Tendering Period.
21. The Procedure for Acceptance and Settlement of this Offer has been mentioned in the Letter of Offer at Section IX (*Procedure for Acceptance and Settlement of the Offer*).
22. The Letter of Offer along with the Form of Acceptance-cum-Acknowledgement is being dispatched to all the Public Shareholders as on the Identified Date. In case of non-receipt of the Letter of Offer, such Public Shareholders may download the same from the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)), or obtain a copy of the same from the Registrar to the

Offer on providing suitable documentary evidence of holding of the Offer Shares. The Letter of Offer will also be available on the website of the Target Company ([•]), the Registrar to the Offer ([•]), the Manager to the Offer ([•]), and BSE ([www.bseindia.com](http://www.bseindia.com)).

23. The Tender Form and TRS in case of shares held in dematerialized form are not required to be submitted to the Acquirer, the PACs, the Manager to the Offer or the Registrar to the Offer. Shareholders holding shares indemat mode are not required to fill the Form of Acceptance-cum-Acknowledgment unless required by their respective selling broker. Holders of Equity Shares under lock-in will be required to fill the Form of Acceptance-cum-Acknowledgment.
24. If non-resident Public Shareholders had required any approval from the RBI or any other regulatory body in respect of the Offer Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Offer Shares, to tender the Offer Shares held by them pursuant to this Open Offer. Further, non-resident Public Shareholders must obtain all approvals required, if any, to tender the Offer Shares in this Open Offer (including without limitation, the approval from the RBI) and submit such approvals, along with the other documents required in terms of the Letter of Offer, and provide such other consents, documents and confirmations as may be required to enable the Acquirer and/or PACs to purchase the Offer Shares so tendered. In the event any such approvals are not submitted, the Acquirer reserve the right to reject such Offer Shares tendered in this Open Offer. If the Offer Shares are held under general permission of RBI, the non-resident Public Shareholder should state that the Offer Shares are held under general permission and whether they are held on repatriable basis or non-repatriable basis.
25. Interest payment, if any: In case of interest payments by the Acquirer for delay in payment of Offer consideration or a part thereof, the final decision to deduct tax or not on the interest payments for delay in payment of consideration, or the quantum of taxes to be deducted rests solely with the Acquirer depending on the settlement mechanism for such interest payments.
26. Public Shareholders who wish to tender their Equity Shares must submit the following documents to the Registrar to the Offer.
27. For resident Public Shareholders:
  - Self-attested copy of PAN card
  - Certificate from the income tax authorities under Section 197 of the IT Act, wherever applicable, in relation to payment of interest, if any, for delay in payment of consideration (certificate for deduction of tax at lower rate)
  - Self-declaration in Form 15G/Form 15H (in duplicate), if applicable
  - Duly attested power of attorney if any person apart from the Public Shareholder has signed the Form-of-Acceptance-cum- Acknowledgement
  - Corporate authorization, in case of Companies along with certified copy of the Board Resolution and Specimen Signatures of Authorised Signatories
  - For specified entities under Section 194A(3)(iii) of the IT Act, self-attested copy of relevant registration or notification (applicable only for interest payment, if any)
  - Self-attested declaration in respect of residential status and tax status of Public Shareholders (e.g. individual, Hindu Undivided Family (HUF), firm, company, Association of Persons (AOP), Body of Individuals (BOI), trust or any other – please specify);
  - Self-declaration that (a) income tax returns have been duly filed in India for the two preceding financial years along with copies of acknowledgements issued by the Indian tax authorities (as may be suitably redacted) evidencing the filing of such tax returns or; (b) that the aggregate tax deducted at source and tax collected at source is less than INR 50,000 in each of the two preceding financial years, as evidenced by a copy of Form 26AS annexed.

28. For non-resident Public Shareholders:

- Self-attested copy of PAN card and in the case of non-resident Public Shareholders not possessing a PAN Card, the following information/documents (that has not already been furnished): a) name, e-mail id, contact number; (b) address in the country or specified territory outside India of which the non-resident Public Shareholder is a resident; (c) a certificate of residence of the non-resident Public Shareholder in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate; (d) tax identification number of the non-resident Public Shareholder in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident Public Shareholder is identified by the Government of that country or the specified territory of which he claims to be a resident
- Certificate under Section 195(3) or Section 197 of the IT Act, wherever applicable (certificate for deduction of tax at lower rate) from the income tax authorities under the IT Act, indicating the amount of tax to be deducted by the Acquirer
- Duly attested power of attorney if any person apart from the Public Shareholder has signed the Form-of-Acceptance-cum- Acknowledgement
- Corporate authorization, in case of Companies along with certified copy of the Board Resolution and Specimen Signatures of Authorised Signatories
- Declaration that the investment in the Equity Shares is in accordance with the applicable SEBI regulations (mandatory to be submitted by FIIs/FPIs).
- SEBI Registration Certificate for FIIs/FPIs (mandatory to be submitted by FIIs/FPIs, and Category 1 or Category 2 AIFs).
- Tax Residency Certificate and Form 10F and other information or documents as may be required to claim relief under the provisions of applicable double taxation avoidance agreement
- Self-attested declaration that it does not have a Permanent Establishment in India either under the IT Act or DTAA or agreement applicable between India and any other foreign country or specified Territory (as notified under Section 90 or Section 90A of the IT Act) of which the Public Shareholder claims to be a tax resident
- Self-attested declaration in respect of residential status and tax status of Public Shareholders (e.g. individual, Hindu Undivided Family (HUF), firm, company, Association of Persons (AOP), Body of Individuals (BOI), trust or any other – please specify)
- In case of non-resident Public Shareholders having a permanent establishment in India, a self-declaration that (a) income tax returns have been duly filed in India for the two preceding financial years along with copies of acknowledgements issued by the Indian tax authorities (as may be suitably redacted) evidencing the filing of such tax returns or; (b) that the aggregate tax deducted at source and tax collected at source is less than INR 50,000 in each of the two preceding financial years, as evidenced by a copy of Form 26AS annexed

In an event of non-submission of NOC or certificate for deduction of tax at nil/lower rate, tax will be deducted upto the maximum marginal rate as may be applicable to the relevant category, to which the Public Shareholder belongs, by the Acquirer.

**FOR DETAILED PROCEDURE IN RESPECT OF TENDERING OFFER SHARES IN THIS OPEN OFFER, PLEASE REFER TO THE LETTER OF OFFER.**

**All future correspondence, if any, should be addressed to the respective Selling Broker, or to the Registrar to the Offer at the following address:**

Unit: Escorts Finance Limited – Open Offer  
Contact Person: M Murali Krishna

Tel: +91 40 6716 2222; Toll free number: 18003094001; Fax: +91 40 2343 1551

Website: [www.kfintech.com](http://www.kfintech.com)

Email: [efl.openoffer@kfintech.com](mailto:efl.openoffer@kfintech.com)