



ESORTS LIMITED

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ESCORTS LIMITED**REGISTERED OFFICE**

A-36, MOHAN CO-OPERATIVE INDUSTRIAL ESTATE, MATHURA ROAD, NEW DELHI - 110 044.

NOTICE

Notice is hereby given that the 52nd Annual General Meeting of ESCORTS LIMITED will be held at the Air Force Auditorium, Subroto Park, Near Dhaura Kuan, New Delhi-110 010, at 9.30 AM on Wednesday, July 30, 1997 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 1997, the Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Mantosh Sondhi, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Y H Malegam, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Manu R Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration by passing the following resolution as Special Resolution with or without modification(s):-

"RESOLVED that pursuant to Section 224A of the Companies Act, 1956, Messrs. S. N. Dhawan & Company, Chartered Accountants, C-37, Connaught Place, New Delhi-110 001 be and are hereby appointed as Auditors of the Company for the year ending 31st March, 1998, and to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rupees Fourteen Lacs only plus reimbursement of out-of-pocket expenses, incurred in connection with the Audit work of the Company."

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions:-

7. (AS ORDINARY RESOLUTION)

"RESOLVED that Mr. Nimesh Kampani be and is hereby appointed a Director of the Company".

8. (AS ORDINARY RESOLUTION)

"RESOLVED that Mr. Nikhil Nanda be and is hereby appointed a Director of the Company".

9. (AS ORDINARY RESOLUTION)

"RESOLVED that Dr. Fredie A Mehta be and is hereby appointed a Director of the Company".

10. (AS ORDINARY RESOLUTION)

"RESOLVED that Dr. S A Dave be and is hereby appointed a Director of the Company".

11. (AS SPECIAL RESOLUTION)

"Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner:

i) Article 104 be substituted by the following :

"104. Unless otherwise determined by a General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than three and not more than eighteen."

ii) The following Article 148A be inserted after Article 148:

"148 A. The Board may have Official Seal(s) for use outside India. Every such Seal shall be facsimile of the Common Seal of Company with an addition on its face of the name of the territory, district or place where it is to be used.

The Company may, by writing under its Common Seal, authorize any person appointed for the purpose in that territory, district, or place, to affix the Official Seal to any deed or other document to which the company is a party in that territory, district or place.

The person affixing such official seal, shall, by writing under his hand, certify on the deed or other document to which the seal is affixed, the date on which and the place at which it is affixed.

The deed or other document to which the Official Seal is duly affixed, shall bind the Company as if it had been sealed with the Common Seal of the Company."

ESCORTS LIMITED**12. (AS SPECIAL RESOLUTION)**

"RESOLVED that in supersession of the Resolution passed by the Members in their Annual General Meeting held on July 31, 1996 and pursuant to the provisions of Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company (Board) and/or such Officer(s)/Committee to whom the Board may empower with such conditions as the Board may consider necessary, be and are hereby authorized to make loans/deposits to, or give guarantee(s) or provide securities in connection with loans/deposits made by any other person to, or to any other person by, other companies, including companies under the same management (excluding the subsidiary companies), in excess of all or any of the percentages prescribed under Section 370 of the Companies Act, 1956, provided that at any time the aggregate of such loans, deposits, guarantees given and securities provided in connection therewith, (other than to subsidiary Companies) shall not exceed Rupees one thousand crores."

13. (AS ORDINARY RESOLUTION)

"RESOLVED that in supersession of the Resolution passed by the Members in their Annual General Meeting held on July 31, 1996 and pursuant to the provisions of Section 293 (1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby accorded to the Board of Directors of the Company (Board) and/or such Officer(s)/Committee to whom the Board may empower, subject to such conditions as the Board may consider necessary, for borrowing, from time to time, any sum or sums of money which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up Capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the maximum amount of moneys borrowed shall not at any time exceed Rupees one thousand five hundred crores."

14. (AS SPECIAL RESOLUTION)

"RESOLVED that pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be required and subject to such terms and conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter called "the Board" which term shall include a committee thereof) consent of the

Company be and is hereby accorded to the Board to offer, issue and allot upto 30,00,000 Equity Warrants of nil face value (convertible into one Equity Share per Warrant) in favour of a Trust, or such other person, Body or Committee, as the Board may at its absolute discretion decide, which would hold the said Equity Warrants in trust for transfer to such employees of the Company as the Chairman of the Company or the Board may from time to time decide on such terms and conditions as may be stated in Escorts Employees Stock Option Scheme, 1997, as amended from time to time by the Board."

15. (AS SPECIAL RESOLUTION)

"RESOLVED that pursuant to the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby accorded to the Board of Directors of the Company (Board) to determine & distribute at its discretion, as commission amongst the Directors of the Company or to some or any of them (other than the Managing Directors and the Wholetime Directors) a sum, which shall not exceed in the aggregate one per cent per annum of the net profits of the Company, computed in the manner prescribed under Section 309 (5) of the said Act in respect of the profits for each of the 5 financial years commencing from 1st April, 1997, in such amounts or proportions as may be determined by the Board from time to time."

16. (AS ORDINARY RESOLUTION)

"RESOLVED that subject to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals/sanctions as may be required under any laws, rules or regulations and after such alterations and modifications as may be specified by such authorities while according their approvals/sanctions, consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include a Committee thereof) to secure, if required, the debt to be raised by way of External Commercial Borrowings (ECBs) upto US\$ 200 million (US Dollars two hundred million only) by creation of mortgage/charge on all or any specific asset(s) in such form and manner and on such terms and conditions as the Board may determine in favour of Bank(s) and / or Financial Institution(s)/Non-Banking Financial Companies (NBFCs) who may sanction/ arrange / syndicate / guarantee the said ECBs so as to secure the re-payment of principal and interest, additional interest in the event of default, premium on prepayment or redemption and all fees, costs, charges, expenses and moneys due or payable by the Company to Bank(s)/



Financial Institution(s)/NBFCs in respect of the said ECBs.

RESOLVED FURTHER that the Board be and is hereby authorised to do such acts, deeds, matters and things and to execute all such documents, or writings as may be considered necessary, usual, requisite or proper or may authorise such Officer(s) / Committee for giving effect to this resolution."

17. (AS ORDINARY RESOLUTION)

"RESOLVED that subject to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals/ sanctions as may be required under any laws, rules or regulations and after such alterations and modifications as may be specified by such authorities while according their approvals/ sanctions, consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include a Committee thereof), for selling/ leasing or otherwise transferring/ disposing of the whole or substantially the whole of the undertaking of the Company comprising the Automotive Shock Absorber activity including its assets, liabilities, manufacturing infrastructure and other operations to a Company to be formed in joint venture with Companhia Fabricadora de Pecas of Brazil, or any other Company on such terms and conditions and at such value as the Board may consider fair and reasonable and in the best interest of the Company."

"RESOLVED FURTHER that the Board and/or such other Officer(s)/Committee as may be authorised by the Board be and are hereby empowered to negotiate, finalise and settle the terms and conditions of sale and sign, execute and deliver such agreements, conveyance, contracts, deeds, writings and to do all such things as the Board may consider necessary, expedient, usual or proper for selling or effectuating the transfer of the above said undertaking including its assets, liabilities and activities."

18. (AS ORDINARY RESOLUTION)

"RESOLVED that subject to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals/ sanctions as may be required under any laws, rules or regulations and after such alterations and modifications as may be specified by such authorities while according their approvals/ sanctions, consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include a Committee thereof), for selling/ leasing or otherwise transferring/ disposing of the whole

or substantially the whole of the undertaking of the Company comprising the Escorts Hospital and Research Centre including its assets, liabilities and other operations to Escorts Automotives Limited or to any other Company on such terms and conditions and at such value as the Board of Directors may consider fair and reasonable and in the best interest of the Company."

"RESOLVED FURTHER that the Board and/or such other officer(s)/Committee as may be authorised by the Board be and are hereby empowered to negotiate, finalise and settle the terms and conditions of sale and sign, execute and deliver such agreements, conveyance, contracts, deeds, writings and to do all such things as the Board may consider necessary, expedient, usual or proper for selling or effectuating the transfer of the above said undertaking including its assets, liabilities and activities."

19. (AS ORDINARY RESOLUTION)

"RESOLVED that subject to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals/ sanctions as may be required, consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") for investing a sum upto Rs.19,60,00,000 (Rupees nineteen crores and sixty lacs only) in the share capital of Carraro India Private Limited, notwithstanding that such investment or such investments together with the Company's existing investments in all other bodies corporate shall be in excess of any or all of the percentages prescribed under Section 372(2) of the Companies Act, 1956.

RESERVED FURTHER that the Board be and is hereby authorised to agree to any modifications or conditions that may be prescribed by the concerned authorities while granting their approval/sanction to the proposed investment and to settle all matters arising out of and incidental thereto, and generally to take all such steps as may be necessary to give effect to this resolution, including determining the actual time and manner of such investment from time to time."

20. (AS ORDINARY RESOLUTION)

"RESOLVED that subject to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals/ sanctions, as may be required, consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") for investing a sum upto Rs. 20,00,00,000 (Rupees twenty crores only) in the share capital of a Company proposed to be formed in Joint Venture with Companhia Fabricadora de Pecas, of Brazil under the name of Escorts COFAP Limited, or any other Company

ESCORTS LIMITED

notwithstanding that such investment or such investments together with the Company's existing investments in all other bodies corporate shall be in excess of any or all of the percentages prescribed under Section 372(2) of the Companies Act, 1956.

RESOLVED FURTHER that the Board be and is hereby authorised to agree to any modifications or conditions that may be prescribed by the concerned authorities while granting their approval to the proposed investment and to settle all matters arising out of and incidental thereto, and generally to take all such steps as may be necessary to give effect to this resolution, including determining the actual time and manner of such investment from time to time."

NOTES

1. Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of resolutions set out under item nos. 6 to 20 above, is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. A copy of the Balance Sheet as at March 31, 1997 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Reports are enclosed.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from July 15 to July 30, 1997 (both days inclusive) for the purpose of determining entitlement of dividend as may be declared by the Company for the year ended March 31, 1997.
5. Dividend, if declared at the Annual General Meeting on July 30, 1997 will be payable to those members whose names appear on the Register of Members of the Company as on that date.
6. Members are requested to notify change in their address, if any, quoting their Folio Number.
7. The Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Corporate Secretariat of the Company at 15/5, Mathura Road, Faridabad - 121 003, enclosing their

share certificates to enable the Company to consolidate their holdings in one folio.

8. The Shareholders are requested to send their correspondence including transfers/transmissions of shares to the Company's Corporate Secretariat, 15/5, Mathura Road, Faridabad - 121 003.
9. The amount of unclaimed dividend for and upto the financial year ended 31st March, 1993 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those members (including shareholders of erstwhile Escorts Tractors Limited), who have not so far claimed their dividends for the said periods may claim the same by submitting an application in the prescribed Form II to the Registrar of Companies NCT of Delhi and Haryana, Paryavaran Bhawan, Block B, CGO Complex, Lodhi Road, New Delhi - 110 003.

Members (including shareholders of erstwhile Escorts Tractors Limited), who have not encashed the dividend warrant(s) pertaining to the period after 31st March, 1993 are requested to communicate with the Company's Corporate Secretariat at 15/5, Mathura Road, Faridabad - 121 003.

10. With a view to providing protection against fraudulent encashment of dividend warrants, the members were requested in the past to provide their bank account numbers, names of the banks and addresses of the branches to enable the Company to incorporate the said details in the dividend warrants. Those members who have not yet provided the said information are again requested to do so quoting their folio numbers, to reach the Company latest by 15th July, 1997 to enable the Company to incorporate this information in the dividend warrants.
11. Members are requested to bring their copies of Annual Report to the meeting.

By Order of the Board
for **ESCORTS LIMITED**



(G B MATHUR)
ASSOCIATE VICE PRESIDENT &
COMPANY SECRETARY

June 16, 1997



EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 6

Public Financial Institutions hold in aggregate, more than 25% of the subscribed capital of your Company. Thus, in terms of the provisions of Section 224 A of the Companies Act, 1956, the appointment of Statutory Auditors can be made only by passing a Special Resolution.

Messrs. S. N. Dhawan & Co., Chartered Accountants have intimated that their re-appointment, if made, will be within the limits specified in Section 224 (1B) of the Companies Act, 1956.

The Board commends the resolution for approval.

Item No. 7

Mr. Nimesh Kampani was appointed Director on 15th November, 1996 in the casual vacancy caused by the resignation of Dr. Parvinder Singh. In terms of Article 106 of the Articles of Association of the Company, he holds office upto the date of the ensuing Annual General Meeting. A Chartered Accountant by discipline, Mr. Kampani is an acknowledged authority in the area of Merchant Banking and Finance. Besides being the Chairman of J M Financial and Investment Consultancy Services Ltd., he is Director of various Companies of repute.

Your Directors feel that Mr. Kampani's presence on the Board will be in the interests of the Company.

Notice in writing has been received from a member signifying his intention to propose Mr. Kampani as a Director of the Company at the forthcoming Annual General Meeting.

The Board commends the resolution for approval.

No Director other than Mr. Nimesh Kampani is interested in the passing of this resolution.

Item No. 8

Mr. Nikhil Nanda was appointed Director on 2nd June, 1997 in the casual vacancy caused by the resignation of Dr. Gurpreet Singh. In terms of Article 106 of the Articles of Association of the Company, he holds office upto the date of the ensuing Annual General Meeting. Mr. Nikhil Nanda is a Graduate of the Wharton School of Management (USA) and at present Director, Business Development at Escorts Yamaha Motor Limited. He is also a Director on many other companies of Escorts group.

During last few years, he has been actively involved in the management of several group companies.

Your Directors feel that Mr. Nikhil Nanda's presence on the Board will be in the interests of the Company.

Notice in writing has been received from a member signifying his intention to propose Mr. Nanda as a Director of the Company at the forthcoming Annual General Meeting.

The Board commends the resolution for approval.

Besides Mr. Nikhil Nanda's interest in the resolution for his appointment as Director of the Company, Mr. Rajan Nanda, being relative, may also be deemed to be interested in the resolution.

Item No. 9

Dr. Fredie A Mehta was appointed Director on 2nd June, 1997 in the casual vacancy caused by the resignation of Mr. P.R.S. Oberoi. In terms of Article 106 of the Articles of Association of the Company, he holds office upto the date of the ensuing Annual General Meeting. Dr. Mehta is Chairman, Tata Finance Limited, Forbes Group of Companies and several other companies, and a Director of Tata Sons Limited.

Your Directors feel that Dr. Mehta's presence on the Board will be in the interests of the Company.

Notice in writing has been received from a member signifying his intention to propose Dr. Mehta as a Director of the Company at the forthcoming Annual General Meeting.

The Board commends the resolution for approval.

No Director other than Dr. Fredie A Mehta is interested in the passing of this resolution.

Item No. 10

Dr. S A Dave was appointed Director on 2nd June, 1997 in the casual vacancy caused by the resignation of Mr. S. Rajgopal. In terms of Article 106 of the Articles of Association of the Company, he holds office upto the date of the ensuing Annual General Meeting. Dr. Dave was till recently, Chairman, Unit Trust Of India.

Your Directors feel that Dr. Dave's presence on the Board will be in the interests of the Company.

Notice in writing has been received from a member signifying his intention to propose Dr. Dave as a Director of the Company at the forthcoming Annual General Meeting.

The Board commends the resolution for approval.

No Director other than Dr. S A Dave is interested in the passing of this resolution.

ITEM NO. 11

(i) In terms of Article 104 of the Articles of Association of the Company, the Board of Directors of the Company

ESCORTS LIMITED

cannot comprise of more than 15 members. The Company presently has 15 Directors. To steer the affairs of the Company effectively in the coming years with increasing emphasis on globalisation, competitive environment etc., it may become necessary to induct Directors with expertise in diverse areas on the Board from time to time. Therefore, members' consent is sought to increase the maximum number of Directors to 18.

- (ii) Your Company has pursuant to the consent accorded by the members at the Annual General Meeting held on 31st July, 1996, availed External Commercial Borrowings of US\$ 15 million while another tranche of US\$ 12 million is in process. The company is further planning to borrow moneys abroad to meet its funds requirement.

Sometimes documents are required to be executed outside India, for which an official seal may be required to be affixed.

As per Section 50 of the Companies Act, 1956, the Company can have an official seal for use outside India, if the Articles authorise the same.

Since the present Articles do not provide for an official seal, it is proposed to amend them to provide for official seal for use outside India.

The Board commends the resolution for approval.

Item No. 12

Members of the Company, in their Annual General Meeting held on July 31, 1996, had authorised the Board of Directors to give loans, deposits, guarantees and provide securities to other companies including companies under the same management, (excluding the Subsidiary Companies) upto an aggregate limit of Rupees five hundred crores.

In view of the business restructuring for focused business growth, increase in business volumes coupled with expansion and diversification plans of associate/group companies, the present limit of Rupees five hundred crores is considered inadequate and is proposed to be increased to Rupees one thousand crores.

Members' authorisation to the Board is accordingly sought for increase in the limit.

The Board commends the resolution for approval.

Item No. 13

The present borrowing limit of Rupees one thousand crores was sanctioned by the members at their Annual General Meeting held on July 31, 1996. In the post restructuring phase, the Company has ambitious plans for growth in its

core area. The business volumes are expected to increase at an accelerated pace. The requirements of funds to sustain the expanded level of operations would accordingly go up substantially, and therefore, need for borrowings will significantly increase.

In view of the above, the present borrowing limit of Rupees one thousand crores is proposed to be increased to Rupees one thousand five hundred crores.

The Board commends the resolution for approval.

Item No. 14

With the globalisation of economy, ability to attract and retain the best talent would play a crucial role in the success of a Company. In several large companies abroad, and in India, Stock Options are becoming a part of the remuneration package of an employee. With a view to attract good talent and ensure greater involvement of the existing employees, it is proposed to institute an Employees Stock Option Scheme called **Escorts Employees Stock Option Scheme, 1997**, which has been drawn up in accordance with the present SEBI guidelines under which Equity Warrants of nil face value upto 5% of the Equity Capital of the Company will be earmarked and placed with a Trust, or such other person, Body or Committee, as the Board may at its absolute discretion decide, which would hold the said Equity Warrants in trust for transfer to employees of the Company from time to time at a price to be determined in accordance with the SEBI guidelines. The aforesaid Equity Warrants will be transferred to the permanent employees of the Company from time to time which at the option of the employee will be converted in one Equity Share per Warrant upon the terms & conditions of the Escorts Employees Stock Option Scheme, 1997, as amended from time to time.

The Board commends the resolution for approval.

Item No. 15

As per Section 309(4) of the Companies Act, 1956, non-wholetime directors can be paid commission, subject to approval of members, provided that the aggregate remuneration (including commission) to all such directors does not exceed 1% of the net profits of the Company computed in the manner prescribed under the Companies Act, 1956.

Your Company has grown into a large organisation. With the valuable counsel of the Directors, the Company has been able to achieve steady growth.

The proposed resolution seeks to ensure that the Company is able to attract and appropriately reward the non-wholetime directors commensurate with their skills and knowledge on the one hand and their contribution to the Company's business on the other.



The Board commends the resolution for approval.

Except for Mr. Rajan Nanda and Mr. Anil Nanda, Managing Directors, all other Directors are interested in the Resolution.

However, Mr. Rajan Nanda may be deemed to be interested as relative of Mr. Nikhil Nanda.

Item No. 16

The Changing environment of capital markets-domestic and overseas, is throwing opportunities for raising funds at optimum rates of interest and other terms and conditions. The Company is monitoring all such opportunities, both for Company's requirements as well as for substituting high cost funds with low interest funds within the parameters laid down by the Government.

The Company is exploring the possibility of availing External Commercial Borrowings (ECBs) upto US\$ 200 million from a syndicate of international Bank(s) and/or Financial Institution(s), Non Banking Financial Companies etc. for part financing the capital expenditure on modernisation, advancement of technology, capacity expansion and diversification, long term requirements of working capital, and for retiring costly debt. The Company may be required to create security in favour of the Bank(s) and / or Financial Institution(s)/Non-Banking Financial Companies who arrange / syndicate / guarantee the said ECBs. This will be subject to the guidelines issued from time to time in this regard by Department of Economic Affairs, Ministry of Finance and other appropriate approvals including Reserve Bank of India, as may be necessary.

Consent of the Members is being sought for enabling the Company to create security, when required.

The Board commends the resolution for approval.

Item No. 17

The Company had initially started manufacture of Automotive Shock Absorbers in collaboration with Fichtel and Sachs AG, Germany, which has since lapsed.

The Company has been manufacturing these shock absorbers backed by in-house research and development.

With the globalisation of Indian economy, and increasing competition, it is necessary to have state of the art technology in the manufacturing processes. In order to attract the foreign technology with or without Equity participation upgrading the Automotive Suspension activities to world standards and expand the product range, it is proposed to transfer the Automotive Shock Absorber Activities to an independent Company which may be formed in joint venture with Companhia Fabricadora de Pecas, of Brazil, a leading manufacturer of Mechanical, Electronic and Elastomer components for automotive vehicles, or to some other Company as the Board of Directors may decide.

The funds generated from the sale of these activities would be utilized for business operations and investment in the share capital of the proposed Joint Venture Company. The sale transaction is proposed to be effective from such date, as the Board may determine, subject to all other requisite approvals, if any.

The Board commends the resolution for approval.

Item No. 18

Your Company had set up Hospital - cum - Research Centre at Faridabad called Escorts Medical Centre (name later changed to Escorts Hospital and Research Centre) for looking after the health needs of the employees of the Company. In due course, its services were offered to other members of Society. Over the years it has developed into a 150 bed highly reputed institution.

With a view to upgrade it to international standards and to attract foreign technology with or without equity participation, it is proposed to transfer the activities of the Escorts Hospital and Research Centre to Escorts Automotives Limited, a subsidiary of Escorts Limited or to a new Company on such terms and conditions as the Board of Directors may decide.

The funds generated from the sale of this Hospital, after investment in the share capital of the new Company, would be utilized for business operations. The sale transaction is proposed to be effective from such date, as the Board may determine, subject to all other requisite approvals, if any.

Mr. Rajan Nanda, Mr. Anil Nanda and Mr. Nikhil Nanda, being Directors of Escorts Automotives Limited, may be deemed to be interested in the resolution.

The Board commends the resolution for approval.

Item No. 19

The company has entered into a Joint Venture Agreement with Carraro SpA of Italy for manufacturing axles and transmissions for agricultural tractors and construction equipment. A Joint Venture Company under the name Carraro India Private Limited has been floated. The estimated Project cost for this venture would be Rs.80 crores of which the Share Capital will be Rs.40 crores. Carraro SpA of Italy would hold 51% of the Share Capital and Escorts Limited would hold the balance.

This investment in the Share Capital being beyond 30% of the investee company's share capital will require approval of members as well as Central Government under Section 372 of the Companies Act, 1956. Members' authorisation is being, therefore, sought for making this investment.

The Board commends the resolution for approval.

ESCORTS LIMITED

Mr. Rajan Nanda and Mr. Nikhil Nanda being Directors of Carraro India Private Limited, may be deemed to be interested in the resolution.

Item No. 20

The company is proposing to enter into a Joint Venture Agreement with Companhia Fabricadora de Pecas, of Brazil (COFAP) or any other Company for manufacturing Automotive Shock Absorbers in India. A Joint Venture Company under the name and style of Escorts COFAP Limited or any other suitable name will be formed. The estimated Project cost for this venture would be Rs.80 crores, which will be funded by Share Capital and Debt. It is proposed to invest a sum not exceeding Rs.20 crores in the Share Capital of this Company.

This investment in the Share Capital being beyond 30% of the investee Company's share capital will require approval of members as well as Central Government as per provisions

of Section 372 of the Companies Act, 1956. Members' authorisation to the Board, is, therefore, sought for making this investment.

The Board commends the resolution for approval.

MEMORANDUM OF INTEREST

Except as indicated above and except as a member to the extent of his shareholding in the Company, none of the Directors of the Company is interested in the proposed resolutions.

INSPECTION

Copies of the Memorandum and Articles of Association of the Company and all other material documents referred to hereinabove will be available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days and will also be available at the meeting.

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