

Independent auditor's certificate on the proposed accounting treatment included in the draft scheme of arrangement pursuant to SEBI circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017, as amended from time to time ('the SEBI circular'), and sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

To,
The Board of Directors,
Escorts Kubota Limited (formerly Escorts Limited)
15/5, Mathura Road
Faridabad – 121003

1. This certificate is issued in accordance with the terms of our engagement letter dated 23 August 2022 with Escorts Kubota Limited ('the Company' or 'the Amalgamated Company').
2. We, the statutory auditors of the Company, have examined the proposed accounting treatment specified in Clause 14 of the draft scheme of arrangement between the Company, Escorts Kubota India Private Limited ('the Amalgamating Company No. 1') and Kubota Agricultural Machinery India Private Limited ('the Amalgamating Company No. 2') and their respective shareholders and creditors (hereinafter referred to as the 'Draft Scheme') as approved by the Board of Directors in their meeting held on 15 September 2022, in terms of the provisions of the SEBI circular, Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act') and sub rule (3) of rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the rules') with reference to its compliance with the accounting standards prescribed under section 133 of the Act, read with relevant rules issued thereunder (the 'applicable accounting standards') and other generally accepted accounting principles in India. A certified true copy of the Draft Scheme, with the proposed accounting treatment specified in Clause 14 of the Draft Scheme, as attached herewith in Appendix I, has been initialed and stamped by us for identification purpose only.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme, and its compliance with the relevant laws and regulations, including the applicable accounting standards and other generally accepted accounting principles in India, is that of the Board of directors of the companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Board of directors is also responsible for ensuring that the Company complies with the requirements of the Act and the rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the SEBI circular, and the applicable accounting standards, in relation to the Draft Scheme, and for providing all relevant information to the relevant National Company Law Tribunal(s), the SEBI, and the BSE Limited, and the National Stock Exchange of India Limited (hereinafter referred to as 'the stock exchanges').



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker ChandioK & Co LLP

Auditor's Responsibility

5. Pursuant to the requirements of the relevant laws and regulations, it is our responsibility to provide a reasonable assurance as to whether the proposed accounting treatment specified in Clause 14 of the Draft Scheme complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, and the applicable accounting standards and other generally accepted accounting principles read with the General Circular No. 09/2019 dated 21 August 2019 issued by the Ministry of Corporate Affairs ('MCA General Circular').
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.

Opinion

8. Based on our examination as above and according to the information and explanations given to us, along with the representations provided by the management, in our opinion, the proposed accounting treatment specified in clause 14 of the Draft Scheme, attached herewith and stamped by us for identification only, is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, and the applicable accounting standards and other generally accepted accounting principles in India read with the MCA General Circular.

Restriction on distribution or use

9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the SEBI circular, Sections 230 to 232 and other applicable provisions of the Act read with the rules, for onward submission along with the Draft Scheme to the SEBI, the stock exchanges, and the relevant National Company Law Tribunal(s). Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
10. This certificate is issued at the request of the Company's management for onward submission along with the Draft Scheme to the SEBI, the stock exchanges, and the relevant National Company Law Tribunal(s). Accordingly, this certificate may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Walker ChandioK & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013


Ashish Gupta
Partner
Membership No. 504662



UDIN: 22504662ASJOSH5049

Place: New Delhi
Date: 15 September 2022

Chartered Accountants



Escorts Kubota Limited

Appendix I to Independent auditor's certificate on the proposed accounting treatment included in the draft scheme of arrangement pursuant to SEBI circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017, as amended from time to time ('the SEBI circular'), and sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

Extract of scheme of amalgamation amongst Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited with Escorts Kubota Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable sections of the Companies Act, 2013.

14. ACCOUNTING TREATMENT

- 14.1 Upon the Scheme becoming effective, the Amalgamated Company shall account for the amalgamation in its books of accounts, as per 'Pooling of Interest Method' and restate the financial statements from the date of common control, or from the beginning of preceding period presented in the financial statements, whichever is later, in accordance with accounting principles as laid down in Appendix-C to Ind AS-103 notified under Section 133 of the Act and under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, such that:
- (i) The Amalgamated Company, subject to the provisions of this Scheme, shall follow the method of accounting as prescribed for the 'Pooling of Interest Method' under the Indian Accounting Standards 103 – 'Business Combination' notified under Section 133 of the Act read with relevant rules issued thereunder and other applicable accounting standards prescribed under the Act.
 - (ii) The Amalgamated Company shall, upon the Scheme becoming effective, record the assets, liabilities and reserves of the Amalgamating Companies at their respective carrying values and in the same form as appearing in its books of Amalgamating Companies.
 - (iii) The balance of the earnings in the books of Amalgamating Companies as on the Appointed Date shall be aggregated with the corresponding balance of earnings of the Amalgamated Company. The identity of the reserves shall be preserved and shall appear in the financial statements of the Amalgamated Company in the same form in which they appeared in the financial statements of the Amalgamating Companies. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.
 - (iv) Face value of the New Equity Shares issued and allotted by Amalgamated Company to the shareholders of the Amalgamating Companies in accordance with this Scheme shall be recorded as equity share capital of the Amalgamated Company.
 - (v) All inter-company balances between the Amalgamating Companies and Amalgamated Company, if any, shall stand cancelled.

For **ESCORTS KUBOTA LIMITED**


BHARAT MADAN
President Finance
Group Chief Financial Officer &
Corporate Head



SIGNED FOR
IDENTIFICATION
PURPOSES

Escorts Kubota Limited

(Formerly Escorts Limited)

Corporate Centre

Registered Office - 15/5, Mathura Road, Faridabad-121003, Haryana, India


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Corporate Identification Number L74899HR1944PLC039088

- (vi) Upon this Scheme becoming effective, all the inter-company investments between the Amalgamating Companies and Amalgamated Company will stand cancelled without any further application, act, instrument or deed.
- (vii) The difference between the consideration discharged by the Amalgamated Company pursuant to 11.1 above and the carrying amount of net assets and reserves of Amalgamating Companies transferred and recorded by Amalgamated Company as aforesaid after taking into consideration the cancellation of inter-company balances and inter-company investments as per clause (v) and (vi) above shall be transferred to capital reserve and should be presented separately from other reserves of the Amalgamated Company.

In case of any difference in accounting policy between the Amalgamating Companies and the Amalgamated Company, the accounting policies followed by the Amalgamated Company will prevail and the difference till the Appointed Date shall be quantified and adjusted in the books of the Amalgamating Companies.

For ESCORTS KUBOTA LIMITED


BHARAT MADAN
President Finance
Group Chief Financial Officer &
Corporate Head



**SIGNED FOR
IDENTIFICATION
PURPOSES**