



**INDEPENDENT CHARTERED ACCOUNTANT'S REPORT ON THE STATEMENT OF
COMPUTATION OF NET WORTH AS AT 31 MARCH 2021**

To,
The Board of Directors,
Escorts Limited,
15/5, Mathura Road,
Faridabad, Haryana-121003

Dear Sir(s)/Madam(s),

Sub: Report on the Statement of pre-scheme net-worth of Escorts Limited ('EL') and provisional post-scheme net-worth of EL pursuant to Scheme for Reduction of Share Capital between EL and its shareholders.

1. This Report is issued in accordance with the terms of our service scope letter dated 12 February 2022 with Escorts Limited ('EL').
2. The accompanying Statement of pre-scheme and post-scheme net-worth of Escorts Limited ('EL') ('Statement') given in the attached **Annexure-1** which we have initialled for identification purpose only, is prepared by the Management of EL to comply with the requirements of stock exchanges for filing along with the Draft Scheme for Reduction of Share Capital ('Scheme') between EL and its shareholders.

Management's Responsibility

3. The preparation of the Statements is the responsibility of the Management of EL including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Responsibility

4. Pursuant to the requirements of the stock exchange, it is our responsibility to provide a limited assurance as to whether the amounts in the Statements that form part of the pre-reduction net worth computations have been accurately extracted from the audited financial statements of EL as on 31 March 2021 prepared in accordance with the Indian Accounting Standards and the

the adjustments for preferential allotment of equity shares and already effective capital reduction post 31 March 2021 but before proposed reduction of share capital in this scheme, and whether the computation of provisional post-scheme net worth is in accordance with the Scheme as stated above.

5. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance and consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
6. With regard to the amounts mentioned in the Statement, we have performed the following procedures:
 - (a) in respect of the pre-scheme net worth of EL, we have traced the amounts mentioned in **Annexure-1** as per the audited standalone financial statements as on 31 March 2021 obtained from EL's Management. Verified the computation of net worth as defined in the notes to the Statements;
 - (b) further adjustments made to point (a) above with respect to:
 - preferential issue of equity shares by EL to Kubota Corporation, we have confirmed the number of equity shares issued by EL to Kubota Corporation and the price at which they were issued from the copy of the intimation of the outcome of the Board Meeting dated 18 February 2022;
 - reduction of share capital upon effectiveness of previous scheme for capital reduction as on 23 December 2021, we have confirmed the number of equity shares reduced by EL basis the scheme and the copy of the Intimation of the outcome of the Board meeting dated 15 July 2020 granting final approval for capital reduction.
 - (c) confirmed the number of equity shares held by Escorts Benefit and Welfare Trust ('EBWT') to be cancelled by EL without payment of consideration, from the Draft Scheme and the board resolution approving the draft scheme, the relevant extract of the Draft Scheme is attached as **Annexure-2** to this certificate and initialled by us only for the purpose of identification.
 - (d) read the draft Scheme and the proposed accounting treatment as specified in Clause 8 of the Draft Scheme, relevant extract of draft scheme is attached as Annexure 2 to this certificate and initialled by us only for the purpose of identification.
 - (e) verified the computation of the provisional post-scheme net worth in Annexure 1 based on the audited standalone financial statements as on 31 March 2021 as referred in (a), number of equity shares issued by EL to Kubota Corporation



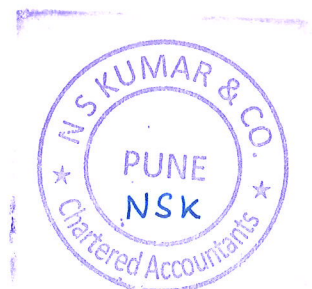
on a preferential basis and number of equity shares cancelled without payment of consideration as referred in (b), number of shares of EL held by EBWT to be cancelled without payment of consideration as mentioned in (c) above and the accounting treatment mentioned in the Scheme with respect to cancellation of equity shares held by EBWT pursuant to the reduction of share capital.

(f) verified the arithmetical accuracy of the statement of net worth as mentioned in Annexure 1.

7. The standalone financial statements of EL referred to in paragraph 6 above are not audited by us but by another firm of chartered accountants.
8. We performed the abovementioned procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. 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.

Opinion

10. Based on the procedures performed by us as referred in paragraph 6 above, and according to the information and explanations given to us and based on the management representations, nothing has come to our attention that causes us to believe that the amounts in the Statements forming part of the pre-reduction and provisional post-scheme net worth computations as at 31 March 2021 have not been accurately extracted from the audited standalone financial statements of EL as on 31 March, 2021 and adjustments made by Management with respect to preferential issue of equity shares by EL to Kubota Corporation and reduction of share capital is incorrect; and the computation of net worth is not arithmetically correct and the provisional post-scheme net worth has not been computed by the Management in accordance with the Scheme, read with the Notes as mentioned in the Statements.



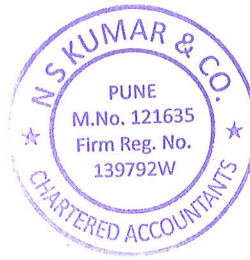
Restriction on Use

11. The certificate is addressed to and provided to the Board of Directors of EL, solely for the purpose set forth in the paragraph 2 of this certificate. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this certificate.

For
N S KUMAR & CO.
Chartered Accountants
ICAI Firm Registration Number: 139792W



Niranjana Kumar
Proprietor
Membership No. 121635
UDIN: 22121635AEPAYH3976



Date: 10 March 2022
Place: Pune



ESCORTS

Pre and post Scheme net-worth of Escorts Limited pursuant to the Scheme of reduction of capital of Escorts Limited

(Amount in Crores)

Particulars	Reference	Pre Scheme	Adjustments	Post Scheme
Equity Share Capital	(A)	131.94	(21.44)	110.50
Reserves and Surplus :				
General reserve		731.49		731.49
Retained earnings		2,925.71		2,925.71
Securities premium		3,265.14	(176.60)	3,088.54
Capital Reserve		97.40		97.40
Capital Redemption Reserve		4.00		4.00
Employees' stock option outstanding account		19.18		19.18
Fair value changes of equity instruments measured at fair value through other comprehensive income		0.73		0.73
Treasury shares		(24.46)		(24.46)
Total Reserves and Surplus		7,019.19	(176.60)	6,842.59
Reserves & Surplus (i.e. General Reserve, Retained Earnings and Security Premium minus treasury shares)	(B)	6,897.88	(176.60)	6,721.28
Networth	(A + B)	7,029.82		6,831.78

Notes:

- Net worth = Equity Share Capital + Reserves – Miscellaneous expenditure written off.
- Reserves means all reserves created out of profits and available for distribution of dividend and securities premium account but does not include reserves created out of revaluations of assets, capital reserves or capital redemption reserves
- The pre-scheme figures stated above have been arrived at on the basis of figures extracted from the audited standalone financial statements of Escorts Limited as at 31-March-2021, duly audited by Statutory Auditors. Adjustment in equity capital and security premium has been made in pre scheme scenario considering:
 - preferential allotment of 93,63,726 (Ninety-Three Lakhs Sixty-Three Thousand Seven Hundred and Twenty-Six) fully paid-up equity shares of INR 10 (Indian Rupees Ten) to Kubota Corporation on 18 February 2022.
 - capital reduction i.e. cancellation and extinguishment of 1,22,57,688 (One Crore Twenty-Two Lakhs Fifty-Seven Thousand Six Hundred and Eighty Eight) fully paid-up equity shares of INR 10 (Indian Rupees Ten) made effective on 27 December 2021.
- The Post scheme figures stated above have been arrived after factoring in the proposed reduction of capital.
- The aforesaid computation has been made solely as per the requirements of stock exchanges (National Stock Exchange of India Limited and BSE Limited) for filing with such stock exchanges, National Company Law Tribunal or any other regulatory authority, if required, along with the proposed Scheme of reduction of capital of Escorts Limited (as approved by the Board of Directors on February 18, 2022) and is not to be considered for any other purpose.

ESCORTS LIMITED

Corporate Secretarial & Law

Registered Office : 15/5, Mathura Road, Faridabad - 121 003, Haryana, India

Phone : +91- 129-2250222, Fax : +91-129-2250060

E-mail : corpsi@escorts.co.in, Website : www.escortsgroup.com

Corporate Identification Number - L74899HR1944PLC039088





ESCORTS

RELEVANT EXTRACT OF THE SCHEME OF CAPITAL REDUCTION APPROVED BY BOARD OF ESCORTS
LIMITED ON FEBRUARY 18, 2022

5. BACKGROUND AND REDUCTION OF SHARE CAPITAL OF THE COMPANY

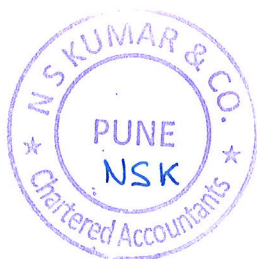
The objective of the Scheme is to undertake the Capital Reduction or otherwise alter the issued, subscribed and paid-up share capital of the Company. As an integral part of the Scheme, upon the Scheme becoming effective after securing necessary approvals and permissions, without any further act, instrument or deed, the issued, subscribed and paid-up equity share capital of the Company shall be reduced by INR 21,44,23,430 (Indian Rupees Twenty-One Crores Forty-Four Lakhs Twenty-Three Thousand Four Hundred Thirty) comprising of 2,14,42,343 (Two Crores Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty-Three) equity shares of INR 10 (Indian Rupees Ten) each).

6. RE-ORGANISATION OF PAID-UP SHARE CAPITAL AND ITS IMPACT ON THE COMPANY

6.1 Upon the Scheme becoming effective, 2,14,42,343 (Two Crores Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty Three) fully paid-up equity shares of the Company of INR 10 (Indian Rupees Ten) each of the Company held by EBWT shall be cancelled and extinguished and consequently, the paid-up equity share capital of the Company as on the Effective Date shall become INR 110,49,82,610 (Indian Rupees One Hundred and Ten Crores Forty -Nine Lakhs Eighty Two Thousand Six Hundred and Ten) divided into 11,04,98,261 (Eleven Crores Four Lakhs Ninety-Eight Thousand Two Hundred and Sixty-One) equity shares of INR 10 (Indian Rupees Ten) each. Further, upon the Scheme becoming effective, the Company shall ensure compliance with applicable provisions of the Listing Regulations, including Regulation 31A of the Listing Regulations in relation to the de-classification of EBWT as a part of the Promoter Group of the Company.

6.2 The share capital of the Company before and after the Capital Reduction in terms of this Scheme shall be as under:

Particulars	As on date of approval of the Scheme		Post Capital reduction in terms of this Scheme	
	Number of Equity shares	Amount (INR)	Number of Equity shares	Amount (INR)
Authorized equity share capital	40,10,00,000	401,00,00,000	40,10,00,000	4,01,00,00,000
Authorized Unclassified Share Capital	88,80,00,000	888,00,00,000	88,80,00,000	8,88,00,00,000
Paid-up equity share capital	13,19,40,604	131,94,06,040	11,04,98,261	110,49,82,610



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- 6.3 The Capital Reduction and the consequent cancellation of the equity share capital as hereinabove and the securities premium of the Company, shall be effected as per the provisions of Section 66 read with Section 52 of the Act and other applicable provisions of the Act, rules (including the Rules) and regulations made thereunder upon the Scheme becoming effective.
- 6.4 The Capital Reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

8. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

Upon the Scheme becoming effective, investment, aggregating to the value of investment representing 2,14,42,343 (Two Crores Fourteen Lakhs Forty-Two Thousand Three Hundred and Forty Three) equity shares of the Company recorded as a non-current investment in the books of the Company as 'Sole beneficiary interest in Escorts Benefit and Welfare Trust' i.e., INR 198,04,23,438 (Indian Rupees One Hundred and Ninety Eight Crore Four Lakh Twenty Three Thousand Four Hundred and Thirty Eight) shall be cancelled, with corresponding adjustments by way of debit to: (i) the outstanding paid-up equity share capital for INR 21,44,23,430 (Indian Rupees Twenty One Crore Forty Four Lakh Twenty Three Thousand Four Hundred and Thirty); and (ii) the securities premium account of the Company for INR 176,60,00,008 (Indian Rupees One Hundred and Seventy Six Crore Sixty Lakh and Eight), in compliance with the generally accepted accounting principles in India.



For Escorts Limited



Satyendra Chauhan

Company Secretary and Compliance Officer