

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
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Statutory Auditor's Certificate on the Proposed Accounting treatment specified in the Draft Scheme of Reduction of Share Capital, in compliance with Rule 2 of the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules 2016 and Para (I)(A)(5) of Annexure I of Securities and Exchange Board of India ('SEBI') Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017 issued by SEBI, as amended from time to time (the SEBI Circular')

To
The Board of Directors
Escorts Limited
15/5, Mathura Road
Faridabad-121 003
Haryana

1. This certificate is issued in accordance with the terms of our engagement letter dated 25 September 2019 with Escorts Limited ('the Company').
2. The management of the Company has prepared the Draft Scheme of Reduction of Share Capital between the Company and its Shareholders ('the Draft Scheme'), in terms of the provisions of Section 66, Section 52 and other applicable provisions of the Companies Act, 2013 ('the Act') and the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 ('the Rules') and Para (I)(A)(5) of Annexure I of the SEBI Circular, of which, Clause 8 specifies the proposed accounting treatment. We, the statutory auditors of the Company, have examined the proposed accounting treatment with reference to its compliance with applicable accounting standards, as specified in Section 133 of the Act, read with relevant rules issued thereunder and other generally accepted accounting principles in India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations').

For ease of reference, clause 8 of the Draft Scheme, duly authenticated by the Chief Financial Officer on behalf of the Company, is attached as an Annexure to this certificate, and is initialled by us only for the purposes of identification.



Digitally signed
by Siddharth
Talwar
Date:
2020.07.15
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Board of Directors' 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 Company's Board of Directors. 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. The Company's Board of Directors is also responsible for ensuring that the Company complies with the requirement of the Act and the Rules framed thereunder with respect to the proposed reduction of share capital of the Company, the SEBI Circular and furnishing the requisite information to the National Company Law Tribunal ('NCLT') and BSE Limited and National Stock Exchange of India Limited ('**Stock Exchanges**').

Auditor's Responsibility

4. Pursuant to the requirement of Rule 2 of the Rules and Paragraph (I)(A)(2)(g) read with Paragraph (I)(A)(5) of Annexure I of the SEBI Circular, it is our responsibility to examine and report/provide reasonable assurance in the form of an opinion as to whether the proposed accounting treatment specified in the Draft Scheme is in compliance with the applicable accounting standards and other generally accepted accounting principles in India and the SEBI Listing Regulations and the SEBI Circular.
5. We conducted our examination in accordance with the Guidance Note on Reports and Certificates for Special Purposes (Revised 2016) ('the Guidance Note'), issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard of 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

7. Based on our examination as above, evidences obtained, and the information and explanations along with the representations provided by the management of the Company, in our opinion, the proposed accounting treatment in the books of the Company relating to reduction of share capital of the Company as set out in Clause 8 of the Draft Scheme is outside the purview of the applicable accounting standards specified under Section 133 of the Act read with relevant rules issued thereunder. In the absence of specific guidance for accounting of transactions relating to reduction of share capital, the accounting treatment under Clause 8 of the Draft Scheme is construed to be in conformity with other generally accepted accounting principles in India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circular issued thereunder.

Restriction on distribution or use

8. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Rule 2 of the Rules and SEBI Circular. 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 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 auditors of the Company.



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9. The certificate is addressed to and provided to the Company's Board of Directors solely for the purpose of compliance with Rule 2 of the Rules and Paragraph (I)(A)(2)(g) read with Paragraph (I)(A)(5) of Annexure I of the SEBI Circular, which requires it to submit the certificate with the Draft Scheme to the NCLT, and compliance with requirements of SEBI Circular, for onward submission to the Stock Exchanges 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 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.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Digitally signed
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Talwar
Date:
2020.07.15
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Siddharth Talwar

Partner

Membership No.: 512752

UDIN: 20512752AAAACY6522

Place: Faridabad

Date: 15 July 2020



**EXTRACTS FROM THE DRAFT SCHEME FOR REDUCTION OF SHARE CAPITAL BETWEEN
ESCORTS LIMITED AND ITS SHAREHOLDERS**

"8. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

Upon the Scheme becoming effective, investment, aggregating to the value of investment representing 1,22,57,688 (one crore twenty two lakhs fifty seven thousand six hundred and eighty eight) equity shares of the Company recorded as non-current investment in the books of the Company as 'Sole beneficiary interest in Escorts Benefit and Welfare Trust' i.e. INR 113,21,25,002 (Indian Rupees One Hundred and Thirteen Crore Twenty One Lakh Twenty Five Thousand and Two) shall be cancelled, with corresponding adjustment by way of debit to: (i) the outstanding paid-up equity share capital for INR 12,25,76,880 (Indian Rupees Twelve Crores Twenty Five Lakhs Seventy Six Thousand Eight Hundred and Eighty); and (ii) the securities premium account of the Company for INR 100,95,48,122 (Indian Rupees One Hundred Crore Ninety Five Lakhs Forty Eight Thousand One Hundred and Twenty Two) in compliance with the generally accepted accounting principles in India."

For Escorts Limited

Bharat Madan

Group Chief Financial Officer

and Corporate Head

ESCORTS LIMITED

Phone: +91-129-2250222, Fax: +91-129-2250060, 2250058

Email: corpsl@escorts.co.in; Website: www.escortsgroup.com

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

CIN: L74899HR1944PLC039088