

# Walker Chandiok & Co LLP

Walker Chandiok & Co LLP  
L 41, Connaught Circus,  
Outer Circle,  
New Delhi – 110 001  
India

T +91 11 45002219  
F +91 11 42787071

**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 March 10, 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 14 February 2022 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.

Chartered Accountants

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

Walker Chandiok & 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

Chartered Accountants



# Walker Chandiook & Co LLP

## 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.





## Walker Chandiok & Co LLP

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



**Ashish Gupta**

Partner

Membership No.: 504662

UDIN: 22504662ADABEU4239



Place: Delhi

Date: 18 February 2022



**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 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**

**Bharat Madan**  
**President Finance, Group CFO**  
**and Corporate Head**

**Date: February 18, 2022**

**Place: Faridabad**



**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 : corpsl@escorts.co.in, Website : www.escortsgroup.com

Corporate Identification Number - L74899HR1944PLC039088