



**Strictly Private & Confidential**

SEBI Registration No.: **INM000010163**

**To,**

**Independent Committee/ Audit Committee/ The Board of Directors,**

**Escorts Kubota Limited**

15/5, Mathura Road,

Faridabad – 121 003, Haryana.

**Sub: Fairness Opinion on the Fair Share Exchange Ratio for the proposed Scheme of Amalgamation of Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited with Escorts Kubota Limited.**

**Dear Sir / Madam:**

With reference to our engagement letter wherein Escorts Kubota Limited has requested Fedex Securities Private Limited (Fedex) to provide fairness opinion on the Fair Share Exchange Ratio for the purpose of the proposed amalgamation of Escorts Kubota India Private Limited and Kubota Agricultural Machinery India Private Limited with Escorts Kubota Limited and their respective Shareholders.

**Engagement Background, Purpose and Use of this Report**

We understand that the managements of Escorts Kubota Limited (“EKL” or “**Amalgamated Company**” or “**the Company**”) and Escorts Kubota India Private Limited (“EKI” or “**Amalgamating Company No. 1**”) and Kubota Agricultural Machinery India Private Limited (“KAI” or “**Amalgamating Company No. 2**”) (EKL, EKI and KAI are hereinafter together referred to as the “Companies”) are proposing amalgamation of the Amalgamating Company No. 1 and Amalgamating Company No. 2 with the Amalgamated Company with pursuant to a Scheme of Amalgamation of EKI and KAI with EKL and their respective Shareholders under Sections 230-232 of the



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Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, as may be applicable (“Scheme”).

Mr. Niranjana Kumar, Registered Valuer, Securities or Financial Assets having Registration No. IBBI/RV/06/2018/10137 (“Registered Valuer” or the “Valuer”) is appointed by the Companies to prepare a report (“Valuation Report” / “Fair Share Swap Report”) and recommend the Fair Share Exchange Ratio. As per the Valuation Report dated 15 September 2022, the Valuer has recommended the Fair Share Exchange Ratio as follows:

<i>To the equity shareholders of EKI with respect to amalgamation with EKL.</i>	<i>5 (Five) equity shares of EKL having a face value INR 10/- (Rupees Ten) each fully paid-up shall be issued for every 129 (One Hundred Twenty-Nine) equity shares held in EKI having a face value of INR 100/- (Rupees Hundred) each fully paid-up as on the Record date. (‘Share Exchange Ratio 1’)</i>
<i>To the equity shareholders of KAI with respect to amalgamation with EKL.</i>	<i>5 (Five) equity shares of EKL having a face value INR 10/- (Rupees Ten) each fully paid-up shall be issued for every 220 (Two Hundred Twenty) equity shares held in KAI having a face value of INR 10/- (Rupees Ten) each fully paid-up as on the Record date. (‘Share Exchange Ratio 2’)</i>

In connection with the aforesaid, you requested our Fairness Opinion (the "Opinion") as of the date hereof, as to the fairness of the Fair Share Exchange Ratio to the Equity Shareholders of the Company. The scope of this Opinion includes commenting on the fairness of the Fair Share Exchange Ratio recommended by the Valuer and not on the fairness or the economic rationale of the Scheme per se or the historical financial statements relied upon for the same by the Valuer.

This Opinion is addressed to the Independent Committee/ Audit Committee/ Board of Directors of the Company. Further, this Opinion is subject to the scope, limitations, assumptions, exclusions and disclaimers detailed herein. This Opinion has been issued as per the requirements of Securities & Exchange Board of India (“SEBI”) master circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 consolidating the SEBI circulars in relation to the Scheme of Arrangement by Listed Entities and amendment via SEBI Circular number SEBI/HO/CFD/DIL2/CIR/P/2022/11 dated February 01, 2022 (together referred to as “SEBI Circulars”) read with applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time. As such the Opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This Opinion has been issued only for the purpose of facilitating the Scheme in terms of the abovementioned SEBI Circulars and should not be used for any other purpose.



## **Company Background**

### **Escorts Kubota Limited**

EKL is a Public Limited Company, incorporated under the provisions of the Companies Act, 1956, under CIN L74899HR1944PLC039088 and having its registered office at 15/5, Mathura Road, Faridabad – 121 003, Haryana. The equity shares of EKL are listed and traded on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

Escorts Kubota Limited is engaged in the business of manufacturing and sale of various agricultural tractors, construction equipment, railway products, implements and spares thereof.

### **Escorts Kubota India Private Limited**

EKI is a Private Limited Company incorporated under the provisions of the Companies Act, 2013, under CIN U34300HR2019FTC078790 and having its registered office at 18/4, Mathura Road, Faridabad – 121 007, Haryana. EKI is engaged in the business of production and sale of tractors for the Indian and global markets.

### **Kubota Agricultural Machinery India Private Limited**

KAI is a Private Limited Company incorporated under the provisions of the Companies Act, 1956, under CIN U29210HR2008FTC093295 and having its registered office at 18/4, Mathura Road, Faridabad – 121 007, Haryana. KAI is engaged in the business of assembly, procurement, whether locally or through import, sales, servicing and consultancy within the territory of India, of tractors, combine harvesters and rice transplanters, and other agricultural machineries.

## **Brief Background of the Proposed Scheme**

The Scheme provides for amalgamation of EKI and KAI with EKL. Upon the effective date of the Scheme, pursuant to the amalgamation of EKI and KAI with EKL as contemplated in the Scheme:

1. EKL will issue 5 (Five) fully paid up equity shares of INR 10/- each to the equity shareholders (as on the Record Date) of EKI for every 129 (One Hundred Twenty-Nine) fully paid up equity shares of INR 100/- each held in EKI (except equity shares held by EKL which shall be cancelled pursuant to the Proposed Amalgamation).
2. EKL will issue 5 (Five) fully paid up equity shares of INR 10/- each to the equity shareholders (as on the Record Date) of KAI for every 220 (Two Hundred Twenty) fully paid up equity shares of INR 10/- each held in KAI (except equity shares held by EKL which shall be cancelled pursuant to the Proposed Amalgamation).



### **Source of Information**

In arriving at the Opinion set forth below, we have relied upon the accuracy and completeness of all information and documents provided to us by the Company and/or their other advisors, including:

1. Valuation Report dated 15 September 2022 issued by the Valuer (a draft was shared with us before issuance of the final Valuation Report);
2. Draft Scheme of Amalgamation of EKI and KAI with EKL and their respective shareholders (“Scheme”);
3. The shareholding pattern of EKL, EKI and KAI as on Report Date;
4. Audited financial statements of EKL, EKI and KAI from financial year ended 31 March 2020 to 31 March 2022;
5. Unaudited limited reviewed financials of EKL for three months period ended June 30, 2022;
6. Financial projections of EKI and KAI from April 1, 2022 to March 31, 2030 provided by each company;
7. Market Data/Trading Data of EKL from BSE and NSE;
8. Necessary explanations, information and representations provided by the management of the respective Company and/or its advisors.

### **Distribution of this Fairness Opinion**

The Fairness Opinion is addressed to the Independent Committee/ Audit Committee/ Board of Directors of the Company (in their capacity as such) solely for the purpose of providing them with an independent opinion on the fairness of the Fair Share Exchange Ratio as determined by the Valuer and for the purpose of submission to the Stock Exchanges, National Company Law Tribunal along with the petition for the Draft Scheme and such other regulatory authorities under Listing Regulations, SEBI Circular and /or Companies Act, 2013. The Fairness Opinion shall not be disclosed or referred to publicly or to any third party, other than as required by Indian law (in which case you would provide us a prior written intimation) without our prior written consent. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof. Neither this Opinion nor its contents may be referred to quoted to/by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. The receipt of this Opinion by any person is not to be taken as constituting the giving of investment opinion by us to any such person, not to constitute such person our client.

In no circumstances however, will Fedex or its directors, officers, employees and controlling persons of Fedex accept any responsibility or liability including any pecuniary or financial liability to any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.



### **Conclusion**

Based on our examination of the Valuation Report, such other information / undertakings / representations provided to us by the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned herein Annexure-1 and to the best of our knowledge and belief, we are of the opinion that the Share Exchange Ratio 1 and Share Exchange Ratio 2 is fair for the shareholders of EKL.

Yours truly,

**For Fedex Securities Private Limited**

*(Formerly known as Fedex Securites Limited)*

The block contains a handwritten signature in blue ink that reads "Yashak". To the right of the signature is a circular purple stamp. The text in the stamp, starting from the top and moving clockwise, is "FEDX SECURITIES PVT. LTD.", "MUMBAI", and "FEDX SECURITIES PVT. LTD.".

**Authorised Signatory**

**Date: September 15, 2022**

**Limitation of Scope and Review**

Our Opinion and analysis are limited to the extent of review of documents as provided to us by the Company including the Valuation Report and the Draft Scheme. The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final opinion.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all financial and other information and data that was publicly available or provided to or otherwise made available to us or discussed with us by the Company, and upon the understanding that the management of EKL and its advisors are not aware of any relevant information relating to EKL that has been omitted or that remains undisclosed to us that would make the information or data examined by, provided to, reviewed by or discussed with us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion.

We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not assumed any obligation to conduct, nor have conducted any physical inspection or title verification of the properties or facilities of the EKL and neither express any opinion with respect thereto nor accept any responsibility therefore. Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Company or its businesses referred to in this Opinion. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. We assume no responsibility whatsoever for any errors in the information furnished by the Company and/or their other advisors and their impact on the present exercise.

We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. We have not conducted or prepared a model for any asset valuation or provided an analysis of due diligence or appraisal of the assets and liabilities of the Company and have wholly relied on information provided by the Company in that regard.

We have not received any internal management information statement or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Company for the purposes of this Fairness Opinion.

We are not experts in evaluation of litigation or other actual or threatened claims or any tax implication connected with the Draft Scheme and accordingly we have not evaluated any litigation or other actual or threatened claims. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, or other contingent liabilities to which the Company is or may be a party or are or may be



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a subject, or of any government investigation of any possible unasserted claims or other contingent liabilities to which the Company are or may be a party or are or may be a subject. No investigation as to the Company claim to title of assets has been made for the purpose of this exercise and the Company claim to such rights has been assumed to be valid. We have not evaluated the solvency or fair value of the Company under either the laws of India or other laws relating to bankruptcy, insolvency or similar matters.

Our Opinion should not be construed as certifying the compliance with the provisions of any law including company or taxation laws or any legal, regulatory including all SEBI regulations, accounting or taxation implications or issues. We understand that the Company would obtain such advice as deemed necessary from qualified professionals.

We express no opinion whatever and make no recommendation at all as to Company's underlying decision to affect the Draft Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Company should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Draft Scheme. We also express no opinion and accordingly accept no responsibility for or as to the price at which the equity shares of the Company will trade following the announcement of the Draft Scheme or as to the financial performance of the Company following the consummation of the Draft Scheme. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or other consents or approvals for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated.

We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Company, other than those disclosed in the information provided or considered in the Draft Scheme.

We understand that the management of the Company and, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.

Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and, on the information, made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorised to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company or any of its assets, nor did we negotiate with any other party in this regard.



Our Opinion also does not address any matters other than expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We were not requested to, and we did not, participate in the negotiation of the terms of the Scheme, its feasibility or otherwise and we did not provide any advice or services in connection with the Scheme other than the delivery of this Opinion. We express no view or opinion as to any such matters. We also express no view as to, and our Opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees to any parties of the Scheme, or any class of such persons, relative to the Fair Share Exchange Ratio. We express herein no view or opinion as to any terms or other aspects of the Scheme (other than the Fair Share Exchange Ratio to the extent expressly stated herein).

Fedex and/or our affiliates in the past may have provided, and may currently or in the future provide, investment banking, commercial banking and other financial services to the Companies and/or their affiliates unrelated to the Proposed Scheme. We may have received or in the future may receive compensation for the rendering of the aforementioned services. In the ordinary course of our businesses, we and our affiliates may invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in debt, equity or other securities or financial instruments (including derivatives or other obligations) of the Amalgamated Company and/or the Transferor Company and/or their respective affiliates, holding companies and group companies.

Fedex will receive a fee in connection with the delivery of this Fairness Opinion. The fee is not contingent upon the nature of the opinion provided to the Company. The fee for our service is not subject to the outcome of the Proposed Scheme. In addition, the Company has agreed to reimburse certain of our expenses and to indemnify us against liabilities arising out of our engagement. This Fairness Opinion is subject to the laws of India.

In no circumstances shall the liability of Fedex, its directors or employees related to the service provided in connection with this opinion, exceed the amount paid to Fedex as fees for this Fairness Opinion.

A circular purple stamp of Fedex Securities Pvt. Ltd. Mumbai is positioned to the left of a handwritten signature in blue ink. The signature appears to be 'Yashsk'.