

Kubota Corporation, Japan ("Kubota") to acquire additional 6.49% stake in Escorts Limited ("Escorts") through a preferential allotment

On November 18, 2021, the Board of Directors of Escorts ("Company") has, inter alia, considered and approved Preferential issue of 93,63,726 equity shares to Kubota at an issue price of ₹ 2,000 per share amounting to ₹ 1,872.74 Crores. This price of ₹ 2,000 per share is at a premium of 29.5% over the floor price (as per SEBI regulations) of ₹ 1,544.16 per share.

As a consequence of the transaction Kubota will become the joint promoter of Escorts and also make a Mandatory Open Offer (MTO) to the public shareholders of Escorts to acquire upto 26% of the share capital at the same price of ₹ 2,000 per share.

This partnership will put Escorts on a global platform and has strong strategic advantages:

- Creating one of the largest Indo-Japan agriculture collaboration to attain global leadership in Farm Equipment Sector
- Escorts to be the exclusive vehicle for manufacture and sale of certain products in India and for sourcing from India (existing and products to be jointly developed in future)
- Escorts will also house a major R&D and Innovation Centre to offer cutting-edge products and new alternative technologies
- Seamlessly integrating Kubota's global reach and world class business processes and Escorts' proven capabilities in frugal engineering and manufacturing

The Nanda family & Current Promoter group are not selling any shares of the Company and Mr. Nikhil Nanda shall continue be the Chairman and Managing Director and lead the next phase of growth of Escorts, with the current set of Key Managerial Persons (KMPs).

The overall transaction will involve a series of corporate actions including preferential allotment, Open Offer, merger of certain subsidiaries and capital reduction. This is one of the largest deals in the farm machinery space in India.

JM Financial acted as the financial advisor to Escorts for the transaction.