

# Kubota to invest ₹9,400 cr in Escorts to get majority stake

**ENSECONOMIC BUREAU**  
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JAPANESE TRACTOR company Kubota Corporation has proposed to invest around Rs 9,400 crore to become the majority stakeholder in India's fourth-largest tractor maker Escorts Ltd.

After executing the three-tier deal, Kubota Corporation's stake will increase to 53.5 per cent from the current holding of around 9 per cent. Kubota stake would be increased through the two tranches. In the first tranche, Escorts will give preferential allotment of 9.36 crore shares to Kubota at Rs 2,000 per share, infusing Rs 1,870 crore. In addition, Kubota will make an open offer at a preferential allotment price of Rs 7,500 crore.

Post the preferential allot-

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ment, Kubota's stake in the company will become 14.99 per cent. Kubota will also make an open offer to the public shareholders of Escorts to acquire up to 26 per cent of the share capital. The existing promoter group — Nanda family — are not selling any shares of the company, Escorts said.

Post completion of the open offer and issue becoming effective, Kubota will become a joint promoter of the company along with the existing promoters.

The holdings of Nanda family, the current promoter, will continue to remain unchanged after

the transaction at 11.6 per cent. The entire is expected to be completed by March 2022. At the end of the preferential allotment and the merger, the company's board will expand to 16 members and there will not be any change in the existing management.

When the transaction is over, Escorts-Kubota will draw a plan for the next six to seven years and this will include diversifying the product range. "Nikhil Nanda's non-employee involvement in the foregoing capacity will not interfere with his commitment and role as the Chairman and MD of the company," Escorts said. "No compensation, remuneration or any other kind of consideration is proposed to be payable by Kubota Corporation, Japan to Nikhil Nanda for the services proposed to be provided under the aforementioned arrangement," it said.