

Kubota to become joint promoter in Escorts after ₹1,873 cr funding

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Escorts Ltd said Japan's Kubota would invest ₹1,873 crore in the farm equipment maker and become a joint promoter, alongside the founding Nanda family.

The investment will raise Kubota's stake in the Indian company to 14.99% from 9.09%, Escorts said on Thursday.

The shares will be sold to Kubota after shareholder and regulatory approvals at ₹2,000 per share, a 29.5% premium to the floor price determined based on the Securities and Exchange Board of India's (Sebi's) rules, Escorts said.

Shares of Escorts jumped 10.6% on Thursday to close at ₹1,802.9 on BSE.

In line with Sebi's takeover regulations, Kubota will also offer to buy an additional 26% stake in the company from



Nikhil Nanda will stay on as chairman and managing director of Escorts Kubota. MINT

public shareholders at ₹2,000 per share. In case of a complete subscription to the open offer, Kubota will end up with a 44.8% stake in the company (including cancellation of certain shares held by Escorts Benefits and Welfare Trust).

The company said it would change its name from Escorts Ltd to Escorts Kubota Ltd.

Nikhil Nanda will continue

to be the chairman and managing director of the company. Existing promoters are not selling any shares in this transaction. The Nanda family owns 11.6% of the company and a 25% stake held through Escorts Benefits and Welfare Trust.

The statement added that the change in control of Escorts would lead to an indirect change in control of Escorts Finance Ltd. Thus, Kubota will make an open offer to the public shareholders of Escorts Finance to acquire up to 26% of the share capital. In addition, Escorts' board will also evaluate the feasibility of a merger of Escorts Finance with the parent.

"This will enable both companies to enhance the value they have created by leveraging each other's strengths—be it in technology, market