

ROAD TO MAJORITY

Japan's Kubota plans to raise its Escorts stake to over 53%

Could invest up to ₹10,000 crore to become majority shareholder

PRESS TRUST OF INDIA
New Delhi, November 18

FARM MACHINERY MAJOR Escorts and Kubota Corporation on Thursday announced a deal under which the Japanese partner will acquire an additional 5.9% stake in the Indian firm for ₹1,872.74 crore, paving the way for the latter to become a majority stake holder for which it could invest around ₹10,000 crore.

In a multi-structured deal, Kubota will increase its stake in Escorts to 14.99% after a preferential issue of 93.64 lakh equity shares at an issue price of ₹2,000 per share, aggregating to ₹1,872.74 crore. It will become a joint promoter in Escorts.

Kubota, which currently has a 9.09% stake in Escorts, will then make an open offer to the public shareholders to acquire up to 26% of the share capital in accordance with Sebi regulations at the same price as the preferential issue,



Kubota currently holds **9.09%**; in first leg, to up stake **14.99%** via pref issue



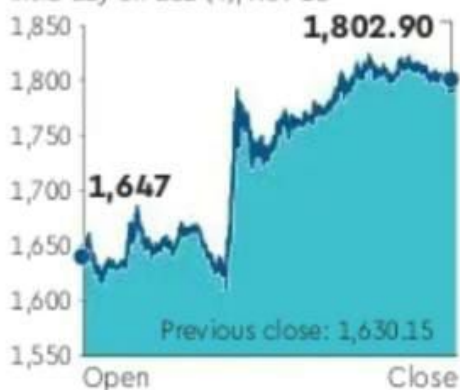
It'll then make open offer for **up to 26%**; if fully subscribed, stake to rise to **44.8%**

■ After closure of first leg of deal and cancellation of shares held by the trust is completed, **stake could reach up to 53%**

■ Escorts' CMD **Nikhil Nanda** could get a potential board seat at Kubota's European holding firm

Escorts

Intra-day on BSE (₹), Nov 18



Escorts said in a statement.

In the event of the open offer being fully subscribed, Kubota's investment for the purpose could be over ₹8,250 crore and its stake in Escorts would increase to 44.80% after the first capital reduction.

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