

**PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE PUBLIC SHAREHOLDERS OF ESCORTS FINANCE LIMITED UNDER REGULATIONS 4 AND 5(1) READ WITH REGULATION 13(2)(e) AND REGULATION 15(1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THERETO.**

**Open offer for acquisition of up to 10,465,000 fully paid-up equity shares of face value of ₹ 10 each (“Equity Shares”), representing 26.00% of the Expanded Voting Share Capital (*as defined below*) of Escorts Finance Limited (“Target Company”) from the Public Shareholders (*as defined below*) of the Target Company by Kubota Corporation (“Acquirer”) pursuant to and in compliance with the requirements of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the “SEBI (SAST) Regulations”) (the “Open Offer” or “Offer”). As on the date of this Public Announcement, no other person is acting in concert with the Acquirer for the purpose of this Open Offer.**

This public announcement (“**Public Announcement**”) is being issued by Morgan Stanley India Company Private Limited, the manager to the Open Offer (the “**Manager to the Offer**”), for and on behalf of the Acquirer, to the Public Shareholders (*as defined below*) pursuant to and in compliance with Regulations 4 and 5(1) read with Regulations 13(2)(e) and 15(1) of the SEBI (SAST) Regulations.

For the purposes of this Public Announcement, the following terms shall have the meanings assigned to them below:

- a) “**Existing Share Capital**” means the total issued and fully paid-up equity share capital of the Target Company, i.e. 40,096,800 Equity Shares, and the partly paid-up equity share capital of the Target Company, i.e. 153,200 Equity Shares (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium), as on the date of this Public Announcement;

As per the publicly available shareholding pattern of the Target Company for the quarter ended 30 September 2021, there are 153,100 partly paid-up Equity Shares. However, the Target Company has informed that due to an error, 153,100 Equity Shares are reflected as partly paid-up Equity Shares and pursuant to an ongoing rectification exercise the number will increase to 153,200 partly paid-up Equity Shares;

- b) “**Expanded Voting Share Capital**” means the total equity share capital of the Target Company on a fully diluted basis expected as of the 10<sup>th</sup> Working Day from the closure of the Tendering Period for the Open Offer. This includes 153,200 partly paid Equity Shares held by the Public Shareholders (*as defined below*) of the Target Company (of which ₹ 5 per Equity Share is unpaid towards face value and ₹ 25 per Equity Share is unpaid towards share premium);
- c) “**Holding Company**” means Escorts Limited;
- d) “**Holding Company Existing Share Capital**” means the total issued and paid-up equity share capital of the Holding Company as on the date of this Public Announcement, i.e., 134,834,566 equity shares of the Holding Company;

- e) **“Holding Company Expanded Voting Share Capital”** means the total equity share capital of the Holding Company on a fully diluted basis expected as of the 10<sup>th</sup> Working Day from the closure of the tendering period for the open offer. This consists of: (i) Holding Company Existing Share Capital and (ii) 9,363,726 Equity Shares proposed to be allotted by the Holding Company to the Acquirer pursuant to the Holding Company Share Subscription Agreement (*as defined below*);
- f) **“Public Shareholders”** means all the equity shareholders of the Target Company, but excluding: (i) the Acquirer; (ii) the parties to the Holding Company Share Subscription Agreement (*as defined below*); (iii) the parties to the Holding Company Shareholders Agreement (*as defined below*); (iv) the existing members of the promoter and promoter group of the Target Company; (v) the existing members of the promoter and promoter group of Escorts Limited (**“Holding Company Existing Promoters”**) which is the holding company of the Target Company (**“Holding Company”**); and (vi) the persons deemed to be acting in concert with the persons set out in (i) – (v);
- g) **“Tendering Period”** has the meaning given to it under the SEBI (SAST) Regulations;
- h) **“Transaction”** means collectively the Underlying Transaction (as described in paragraph 2 of this Public Announcement) and the Open Offer; and
- i) **“Working Day”** means any working day of the Securities and Exchange Board of India (**“SEBI”**).

#### 1. Offer Details

- 1.1 **Offer Size:** The Acquirer hereby makes this Open Offer to the Public Shareholders to acquire up to 10,465,000 Equity Shares constituting 26.00% of the Expanded Voting Share Capital, subject to satisfaction of certain conditions precedent and statutory approvals and other terms and conditions mentioned in this Public Announcement, and as will be set out in the detailed public statement (the **“DPS”**) and the letter of offer (the **“LOF”**) that are proposed to be issued in accordance with the SEBI (SAST) Regulations. The Acquirer shall acquire partly paid up shares tendered under the Open Offer, subject to such Public Shareholders holding partly paid-up shares of the Target Company making full payment to the Target Company, including interest liability, outstanding in respect of the amount unpaid. The Public Shareholder who holds partly paid-up shares will have to contact the Target Company for knowing the amount outstanding and payable in respect of such partly paid shares, including the interest for delay.
- 1.2 **Price/Consideration:** The Open Offer is made at a price of ₹ 4.87 per Equity Share (**“Initial Offer Price”**), aggregating to a total consideration for the Open Offer of up to ₹ 50,964,550 assuming full acceptance of the Open Offer. The Equity Shares are not frequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations. The Initial Offer Price has been calculated in accordance with Regulation 8(4) of the SEBI (SAST) Regulations taking into account the valuation report dated 17 November 2021 issued by Ernst & Young Merchant Banking Services LLP, (SEBI Registration number: INM000010700).
- 1.3 The DPS to be issued under the SEBI (SAST) Regulations shall be published not later than 5 (five) working days after the completion of the Underlying Transaction (*as defined below*), (i.e. within 5 (five) working days from the date on which the Acquirer acquires control on and over the Holding Company and becomes a joint promoter along with the Holding Company Existing Promoters of the Holding Company) in accordance with the proviso

to Regulation 13(4) of the SEBI (SAST) Regulations. Accordingly, if the Acquirer proceeds with the Open Offer, the Initial Offer Price will be enhanced in accordance with Regulation 8(12) of the SEBI (SAST) Regulations at the rate of 10% (ten per cent.) per annum for the period between the date on which the Underlying Transaction was contracted, i.e., 18 November 2021 and the date of the DPS of this Open Offer (such combined price, the “**Offer Price**”).

- 1.4 **Mode of Payment (cash/security):** The Offer Price will be paid in cash by the Acquirer, in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations.
- 1.5 **Type of Offer (Triggered offer, voluntary offer/competing offer, etc.):** Triggered offer. The Open Offer made by the Acquirer is a mandatory offer in compliance with Regulations 4 and 5(1) of the SEBI (SAST) Regulations. None of the parameters referred to in Regulation 5(2) of the SEBI (SAST) Regulations are met. This Open Offer is not subject to any minimum level of acceptance.

## **2. Transaction which has triggered the Open Offer obligations**

- 2.1 The Acquirer has entered into a: (i) share subscription agreement dated 18 November 2021 with the Holding Company as well as certain Holding Company Existing Promoters (i.e., (a) Nikhil Nanda; (b) Shweta Nanda; (c) Navya Naveli Nanda; (d) Agastya Nanda; (e) AAA Portfolios Private Limited; (f) Big Apple Clothing Private Limited; (g) Har Parshad and Company Private Limited; and (h) Escorts Benefit and Welfare Trust) (the “**Holding Company Share Subscription Agreement**”), as per the Holding Company Share Subscription Agreement, the Acquirer shall subscribe to 9,363,726 equity shares of the Holding Company at ₹ 2,000 per equity share by way of preferential allotment, subject to the satisfaction of certain conditions precedent (including, but not limited to, receipt of the statutory approvals) prescribed thereunder, the equity shares proposed to be issued to the Acquirer will constitute 6.49% of the Holding Company Expanded Voting Share Capital; and (ii) shareholders agreement dated 18 November 2021 with the Holding Company as well as certain Holding Company Existing Promoters (i.e., (a) Nikhil Nanda; (b) Shweta Nanda; (c) Navya Naveli Nanda; (d) Agastya Nanda; (e) AAA Portfolios Private Limited; (f) Big Apple Clothing Private Limited; (g) Har Parshad and Company Private Limited; and (h) Escorts Benefit and Welfare Trust) (the “**Holding Company Shareholders Agreement**”), wherein it is proposed that the Acquirer will acquire and exercise control on and over the Holding Company and become a joint promoter along with the Holding Company Existing Promoters of the Holding Company, upon the Holding Company Shareholders Agreement becoming effective after the completion of the Open Offer on the condition that the Acquirer holds at least 16.38% of the Holding Company Expanded Voting Share Capital (assuming that the ongoing scheme for reduction of share capital between the Holding Company and its shareholders has become effective) in the Holding Company as per the terms set out in the Holding Company Shareholders Agreement.
- 2.2 As the intent of the Acquirer is to acquire and exercise control on and over the Holding Company pursuant to the Underlying Transaction and to become a joint promoter along with the Holding Company Existing Promoters of the Holding Company, and given that the Acquirer will be acquiring and exercising control on and over the Holding Company and become a joint promoter along with the Holding Company Existing Promoters of the Holding Company in accordance with the Holding Company Shareholders Agreement, a mandatory open offer is being made by the Acquirer in compliance with Regulation 4 of the SEBI (SAST) Regulations with respect to the Holding Company (“**Holding Company Open Offer**”). Pursuant to the

completion of the Transaction (i.e., completion of the Underlying Transaction and upon completion of the Holding Company Open Offer), the Acquirer, subject to holding at least 16.38% of the Holding Company Expanded Voting Share Capital (assuming that the ongoing scheme for reduction of share capital between the Holding Company and its shareholders has become effective) in the Holding Company, will have control on and over the Holding Company and the Acquirer shall become the joint promoter along with the Holding Company Existing Promoters of the Holding Company, including in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the aforesaid in paragraph 2.1 and this paragraph 2.2 to be collectively referred to as the “**Underlying Transaction**”).

- 2.3 The Holding Company (basis the publicly available shareholding pattern of the Target Company for the quarter ended 30 September 2021) belongs to the promoter and promoter group of the Target Company and holds 3,819,700 Equity Shares of the Target Company aggregating to 9.49% of the Existing Share Capital of the Target Company. Additionally, as mentioned in the Annual Report for the financial year ended 2020 – 2021 of the Target Company, the Holding Company is the sole beneficiary of Escorts Benefit and Welfare Trust which holds 23,497,478 Equity Shares of the Target Company, aggregating to 58.38% of the Existing Share Capital of the Target Company. Further, in the Annual Report for the financial year ended 2020 – 2021 of the Target Company, the Target Company is disclosed to be a subsidiary of the Holding Company (i.e., Escorts Limited). Accordingly, upon completion of the Underlying Transaction, the Acquirer will be entitled to, through the Holding Company (i.e., Escorts Limited), to indirectly exercise control over the Target Company (i.e., Escorts Finance Limited). Hence, this Open Offer is being made under Regulations 4 and 5(1) of the SEBI (SAST) Regulations.
- 2.4 The completion of the Underlying Transaction will be subject to satisfaction of certain conditions precedent and the statutory approvals as set out in the Holding Company Share Subscription Agreement.
- 2.5 Upon completion of the Underlying Transaction, other entities (including subsidiaries of the Acquirer) may join as persons acting in concert with the Acquirer for the Open Offer and may acquire Equity Shares tendered in this Open Offer. It is however clarified that, Holding Company Existing Promoters and the Holding Company will not join as persons acting in concert with the Acquirer for the Open Offer.
- 2.6 A tabular summary of the Underlying Transaction is set out below:

Type of transaction (direct/indirect)	Mode of transaction (Agreement/Allotment/market purchase)	Equity Shares/Voting rights acquired/proposed to be acquired		Total consideration for Equity Shares/Voting Rights (VR) acquired (Indian Rupees)	Mode of payment (Cash/securities)	Regulation which has triggered
		Number	% vis-à-vis total equity/ voting capital			
	(i) Agreement – Execution of the Holding Company Share Subscription Agreement for the preferential allotment of the equity shares of the Holding Company to the Acquirer subject to satisfaction of certain conditions precedent and	9,363,726 equity shares of the Holding Company (under the Holding Company	6.49 % of the Holding Company Expanded Voting Share Capital (under the Holding Company Share	Not applicable as this is an indirect acquisition.	Not applicable as this is an	This is an indirect acquisition. Regulation 4 read with

Type of transaction (direct/indirect)	Mode of transaction (Agreement/Allotment/market purchase)	Equity Shares/Voting rights acquired/proposed to be acquired		Total consideration for Equity Shares/Voting Rights (VR) acquired (Indian Rupees)	Mode of payment (Cash/ securities)	Regulation which has triggered
		Number	% vis-à-vis total equity/ voting capital			
Indirect acquisition	the statutory approvals as set out in the Holding Company Share Subscription Agreement.*  (ii) Agreement – Execution of the Holding Company Shareholders Agreement for the acquisition and exercise of control by the Acquirer of and over the Holding Company and to become a joint promoter along with the Holding Company Existing Promoters of the Holding Company.	Share Subscription Agreement)	Subscription Agreement)		indirect acquisition.	Regulation 5(1) of the SEBI (SAST) Regulations.

\* Please refer to paragraphs 2.1 and 2.2 of this Public Announcement above for further details in connection with the Underlying Transaction.

### 3. Details of the Acquirer/PAC\*\*:

Details	Acquirer	Total
<b>Name of Acquirer/PAC(s)</b>	Kubota Corporation	Kubota Corporation
<b>Address</b>	2-47, Shikitsu Higashi 1-chome, Naniwa-Ku, Osaka 556-8601, Japan	2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan
<b>Name(s) of persons in control/promoters of Acquirer/PAC where Acquirer/PAC are companies</b>	The Acquirer does not have a promoter and there is no person or entity which exercises control over the Acquirer.	The Acquirer does not have a promoter and there is no person or entity which exercises control over the Acquirer.
<b>Name of the Group, if any, to which the Acquirer/PAC belongs to</b>	None	None
<b>Pre-transaction shareholding</b> • Number • % of total share capital	Nil.	Nil

Details	Acquirer	Total
<b>Proposed shareholding after the acquisition of control shares which triggered the Open Offer (including Offer Shares assuming entire 26.00% is tendered in the Open Offer)</b>	The Acquirer will directly hold 10,465,000 Equity shares aggregating to 26.00% of the Expanded Voting Share Capital of the Target Company.	The Acquirer will directly hold 10,465,000 Equity shares aggregating to 26.00% of the Expanded Voting Share Capital of the Target Company.
<b>Proposed shareholding after the acquisition of control shares which triggered the Open Offer (including Offer Shares assuming no Equity Shares are tendered in the Open Offer)</b>	The Acquirer will not hold, directly, any Equity Shares in the Target Company.	The Acquirer will not hold, directly, any Equity Shares in the Target Company.
<b>Any other interest in the Target Company</b>	(i) 12,257,688 equity shares of the Holding Company (presently held by the Acquirer as a public shareholder of the Holding Company) constituting 9.09 % of the Holding Company Existing Share Capital (the aforementioned 12,257,688 equity shares of the Holding Company were allotted pursuant to the preferential allotment of the equity shares of the Holding Company to the Acquirer on 16 July 2020); (ii) The following directors of the Holding Company have been nominated by the Acquirer effective from 16 July 2020: (a) Mr. Dai Watanabe; and (b) Mr. Yuji Tomiyama; (iii) joint ventures between the Acquirer and the Holding Company in the name of, (a) Escorts Kubota India Private Limited to undertake the business of production of Acquirer tractors and Holding Company tractors for the Indian and global markets, (b) Kubota Agricultural Machinery India Private Limited to undertake the business of assembly, procurement, sales, and servicing, within India, of tractors, combine harvesters and rice transplanters, and other agricultural machineries, construction equipment, and industrial engines manufactured or assembled by the Acquirer (including those manufactured or assembled by the Acquirers' subsidiaries), as well as implements, accessories and spare parts of the foregoing; (iv) arrangement between the Acquirer and the Holding Company with respect to sales collaboration in the tractor market; (v) certain arrangement with respect to	(i) 12,257,688 equity shares of the Holding Company (presently held by the Acquirer as a public shareholder of the Holding Company) constituting 9.09 % of the Holding Company Existing Share Capital (the aforementioned 12,257,688 equity shares of the Holding Company were allotted pursuant to the preferential allotment of the equity shares of the Holding Company to the Acquirer on 16 July 2020); (ii) The following directors of the Holding Company have been nominated by the Acquirer effective from 16 July 2020: (a) Mr. Dai Watanabe; and (b) Mr. Yuji Tomiyama; (iii) joint ventures between the Acquirer and the Holding Company in the name of, (a) Escorts Kubota India Private Limited to undertake the business of production of Acquirer tractors and Holding Company tractors for the Indian and global markets, (b) Kubota Agricultural Machinery India Private Limited to undertake the business of assembly, procurement, sales, and servicing, within India, of tractors, combine harvesters and rice transplanters, and other agricultural machineries, construction equipment, and industrial engines manufactured or assembled by the Acquirer (including those manufactured or assembled by the Acquirers' subsidiaries), as well as implements, accessories and spare parts of the foregoing; (iv) arrangement between the Acquirer and the Holding Company with respect to sales collaboration in the tractor market; (v) certain

Details	Acquirer	Total
	distribution arrangement for finished products, parts and accessories between the aforementioned joint venture companies and the group companies of the Acquirer; (vi) technical collaboration between the Acquirer and aforementioned joint venture companies; and (vii) other day to day arrangement for co-operation on export of tractors and secondment of personnel between/amongst Acquirer, Holding Company and the aforementioned joint venture companies.	arrangement with respect to distribution arrangement for finished products, parts and accessories between the aforementioned joint venture companies and the group companies of the Acquirer; (vi) technical collaboration between the Acquirer and aforementioned joint venture companies; and (vii) other day to day arrangement for co-operation on export of tractors and secondment of personnel between/amongst Acquirer, Holding Company and the aforementioned joint venture companies.

*\*\* As on the date of this public announcement, no other person is acting in concert with the Acquirer for the purpose of this Open Offer.*

**4. Details of the selling shareholder, if applicable:**

Not applicable, as the Open Offer is being made as a result of an indirect acquisition of control over the Target Company and not as a result of any direct acquisition of Equity Shares or voting rights in, or control over, the Target Company.

**5. Target Company**

**Name:** Escorts Finance Limited.

**Registered Office:** Plot no 19, Industrial Area, Phase 2, Chandigarh-160002.

**Exchanges where listed:** The Equity Shares of the Target Company are listed on BSE Limited (Scrip Code: 511716).

The ISIN of the Equity Shares is INE359A01012.

**6. Other Details**

6.1 As mentioned in the Annual Report for the financial year ended 2020 - 2021 of the Target Company, the Target Company had issued 10% unlisted cumulative redeemable preference shares of ₹ 10 each (not convertible into Equity Shares of the Target Company and do not have voting rights attached to them) (“**10% CRPS**”) maturing on 30 March 2019. Due to liquidity crunch, the discharge of such a liability before or on due date of redemption has not been done by the Target Company. Accordingly, the Target Company has filed a petition before the Hon’ble National Company Law Tribunal,

Chandigarh bench (“NCLT”) on 29 March 2019 seeking issuance of 1% cumulative redeemable preference shares (“1% CRPS”) in place of the 10% CRPS with new terms and conditions. The Target Company has received a no objection from the preference shareholder (i.e., the Holding Company) for reissuance of 1% CRPS for a further period of twenty years in lieu of 10% CRPS. The matter is currently pending for hearing before the Hon’ble NCLT and 7 January 2022 has been fixed as the next date of hearing.

- 6.2 The board of directors of the Holding Company has decided to evaluate and consider in due course of time the feasibility of: (i) the amalgamation of the Target Company, Kubota Agricultural Machinery India Private Limited and Escorts Kubota India Private Limited with the Holding Company; and (ii) the selective capital reduction of the issued, subscribed and paid-up equity share capital of the Holding Company by cancelling and extinguishing equity shares which are currently held by the Escorts Benefit and Welfare Trust, without payment of any consideration to the aforesaid trust.
- 6.3 The board of directors of the Holding Company took note that Mr. Nikhil Nanda (one of the Holding Company Existing Promoters and the acting Chairman and Managing Director of the Holding Company) is in discussions to be engaged in his individual capacity as a non-employee with the proposed designation of Senior Managing Executive Officer and General Manager of Value-Innovative Farm and Industrial Machinery Strategy and Operations of the Acquirer and as a Director of one of the group companies of the Acquirer i.e., Kubota Holdings Europe B.V., Netherlands in accordance with an agreement to be entered into in this regard. Mr. Nikhil Nanda’s non-employee involvement in the foregoing capacity is not intended to interfere with his commitment and role as the Chairman and Managing Director of the Holding Company. It is hereby clarified that no compensation, remuneration or any other kind of consideration is proposed to be payable by the Acquirer to Mr. Nikhil Nanda for the services proposed to be provided under the aforementioned arrangement.
- 6.4 The DPS pursuant to this Public Announcement, including further details of the Open Offer, shall be published in the newspapers, not later than 5 (five) working days from the date of completion of the Underlying Transaction (i.e. from the date on which the Acquirer acquires control on and over the Holding Company and becomes a joint promoter along with the Holding Company Existing Promoters of the Holding Company) in accordance with the proviso to Regulation 13(4) read with Regulation 14(3) of the SEBI (SAST) Regulations. For the avoidance of doubt, the DPS shall be issued and the Open Offer proceeded with only if and when the Underlying Transaction is completed, as provided for in the explanation to the proviso to Regulation 13(4) of the SEBI (SAST) Regulations.
- 6.5 The Open Offer is not conditional upon any minimum level of acceptance pursuant to the terms of Regulation 19(1) of the SEBI (SAST) Regulations.
- 6.6 This Public Announcement is not being issued pursuant to a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
- 6.7 The Acquirer and its directors accept full responsibility for the information contained in this Public Announcement. The Acquirer undertakes that it is aware of and will comply with the obligations under the SEBI (SAST) Regulations. The Acquirer confirms that it has adequate financial resources to meet its obligations under the SEBI (SAST) Regulations for the purposes of the Open Offer.

- 6.8 This Open Offer and the Underlying Transaction are subject to satisfaction of certain conditions precedent and the statutory approvals, to be detailed in the DPS and LoF for this Open Offer. This Open Offer is also subject to the other terms and conditions mentioned in this Public Announcement, and as will be set out in the DPS and the LoF, that are proposed to be issued for the Open Offer in accordance with the SEBI (SAST) Regulations.
- 6.9 All the information pertaining to the Target Company contained in this Public Announcement has been compiled from information published or publicly available sources or has been provided by the Target Company.
- 6.10 In this Public Announcement, all references to “₹” are references to Indian Rupees.
- 6.11 In this Public Announcement, any discrepancy in any amounts as a result of multiplication or totalling is due to rounding off.

**Issued by the Manager to the Open Offer:**

**Morgan Stanley**

**Morgan Stanley India Company Private Limited**  
**SEBI Registration Number:** INM000011203  
**Address:** 18F, Tower 2, One World Center, Plot 841  
| Senapati Bapat Marg, Lower Parel,  
Mumbai, 400013, India  
**Contact Person:** Mr. Prakhar Jaju  
**Tel:** 91 22 6118 1000; **Fax:** 91 22 6118 1040  
**E-mail:**  
escortsfinance\_openoffer@morganstanley.com  
**Website:** <https://www.morganstanley.com/about-us/global-offices/india>

**For and on behalf of the Acquirer**

**Signed for and on behalf of Kubota Corporation (Acquirer)**

Sd/-

**Name:** Seiji Fukuoka

**Title:** General Manager, Tractor Business Planning & Control Department

**Place:** 2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan

**Date:** 18 November 2021