

Morgan Stanley

tel (91) 22 6118 1000  
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November 18, 2021

To,

**BSE Limited**  
Phiroze Jeejeeboy Towers  
Dalal Street, Fort,  
Mumbai- 400 001

Dear Sir / Madam,

**Subject: Public Announcement dated November 18, 2021 (the “Public Announcement”) in relation to the open offer to the Public Shareholders (as defined in the Public Announcement) of Escorts Limited (“Target Company”) by Kubota Corporation (“Open Offer/ Offer”)**

Kubota Corporation (the “Acquirer”) is making an open offer to the Public Shareholders (as defined in the Public Announcement) of the Target Company to acquire up to 37,491,556 (thirty seven million four hundred and ninety one thousand five hundred and fifty six only) fully paid-up equity shares with a face value of INR 10 (Indian Rupees Ten) each, representing 26.00% of the total equity share capital of the Target Company on a fully diluted basis as on the 10<sup>th</sup> working day from the closure of tendering period, at a price of INR 2,000 (INR two thousand) per equity share, payable in cash.

The Open Offer is being made in accordance with Regulation 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the “SEBI (SAST) Regulations”), pursuant to the execution of (i) a share subscription agreement dated November 18, 2021 (“Share Subscription Agreement”) amongst the Acquirer, the Target Company and certain existing promoters of the Target Company (“Existing Promoters”); and (ii) a shareholders agreement dated November 18, 2021 amongst the Acquirer, the Target Company and the Existing Promoters (“Shareholders Agreement”). The details of the Share Subscription Agreement and the Shareholders Agreement are provided in the Public Announcement.

We have been appointed as manager to the Open Offer. In accordance with Regulation 14(1) of the SEBI (SAST) Regulations, we hereby enclose a copy of the Public Announcement in relation to the Open Offer.

We request you to kindly disseminate the Public Announcement on your website.

All capitalized terms used but not defined here shall have the meanings ascribed to the same in the Public Announcement.

Should you require any further information / clarifications on the same, please contact the following persons:

Name	Designation	Contact	Email ID
Satyam Singhal	Vice President	+91 22 6118 1009	escorts_openoffer@morganstanley.com
Prakhar Jaju	Associate	+91 22 6118-1045	escorts_openoffer@morganstanley.com

Morgan Stanley India Company  
Private Limited

Registered Office:  
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One World Center,  
Plot – 841, Jupiter Textile Mill Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013, India

Morgan Stanley

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Thanking you,



For and on behalf of **Morgan Stanley India Company Private Limited**

Name: Sachin Wagle

Designation: Managing Director

Encl.: Copy of the Public Announcement

**PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE PUBLIC SHAREHOLDERS OF ESCORTS LIMITED UNDER REGULATION 4 READ WITH REGULATION 13(2)(g) 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 37,491,556 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 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”). 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 Regulation 4 of the SEBI (SAST) Regulations, read with other applicable regulations 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 paid-up equity share capital of the Target Company as on the date of this Public Announcement, i.e., 134,834,566 Equity Shares (which includes 2,766,490 equity shares held by Escorts Employees Benefit and Welfare Trust (as a non-promoter non-public shareholder) that are reserved for providing Equity Shares to employees under the Target Company’s stock option plan).
- 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 consists of: (i) Existing Share Capital; and (ii) 9,363,726 Equity Shares proposed to be allotted by the Target Company to the Acquirer pursuant to the Share Subscription Agreement (*as defined below*).
- c) “Public Shareholders” means all the equity shareholders of the Target Company, including the non-promoter non-public shareholder of the Target Company, but excluding: (i) the Acquirer; (ii) the existing members of the promoter and promoter group of the Target Company (“Existing Promoters”); (iii) the parties to the Share Subscription Agreement (as set out in paragraph 2.1 of this Public Announcement); (iv) the parties to the Shareholders Agreement (as set out in paragraph 2.1 of this Public Announcement); and (v) the persons deemed to be acting in concert with the persons set out in (i) - (iv).
- d) “Required Statutory Approvals” means: (i) an approval in writing granted by the Competition Commission of India under the Competition Act, 2002 to the Acquirer for consummation of the Transaction (*as defined below*); (ii) an approval in writing granted by the Reserve Bank of India (“RBI”) in relation to the change of control of Escorts Finance Limited; and (iii) an approval in writing granted by the Securities and Exchange Board of India and the relevant stock exchanges for the indirect change in control of Escorts Securities Limited (an unlisted company) (if applicable).

- e) **“Tendering Period”** has the meaning given to it under the SEBI (SAST) Regulations.
- f) **“Transaction”** means collectively the Underlying Transaction (as described in paragraph 2 of this Public Announcement) and the Open Offer.
- g) **“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 of the Target Company to acquire up to 37,491,556 Equity Shares (**“Offer Shares”**) held by the Public Shareholders, representing 26.00% of the Expanded Voting Share Capital, at a price of ₹ 2,000 per Offer Share aggregating to a total consideration of ₹ 74,983,112,000 (assuming full acceptance) (**“Offer Size”**) subject to satisfaction of certain conditions precedent and the statutory approvals (including Required Statutory Approvals) and other terms and conditions mentioned in this Public Announcement, and as will be set out in the detailed public statement (**“DPS”**), and the letter of offer (**“LoF”**) that are proposed to be issued for the Open Offer in accordance with the SEBI (SAST) Regulations. The percentage of the Offer Size will increase (while the number of Offer Shares, i.e. Equity Shares constituting the Offer Size, will remain the same) if the Ongoing Scheme of Capital Reduction (as defined in paragraph 6.1 below) becomes effective.
- 1.2 **Price/Consideration:** The Equity Shares of the Target Company are frequently traded in terms of the SEBI (SAST) Regulations. The Open Offer is being made at a price of ₹ 2,000 per Offer Share (the **“Offer Price”**), which has been determined in accordance with Regulation 8(2) of the SEBI (SAST) Regulations. Assuming full acceptance in the Open Offer, the total consideration payable by the Acquirer under the Open Offer will be ₹ 74,983,112,000.
- 1.3 **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.
- 1.4 **Type of Offer (Triggered offer, voluntary offer/competing offer, etc.):** Triggered offer. This Open Offer is a mandatory open offer under Regulation 4 of the SEBI (SAST) Regulations pursuant to the execution of the Share Subscription Agreement (*as defined below*) and Shareholders Agreement (*as defined below*). 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 Target Company as well as certain 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 **“Share Subscription Agreement”**), as per the Share Subscription Agreement, the Acquirer shall subscribe to 9,363,726 Equity Shares 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 Required Statutory Approvals) prescribed thereunder, the Equity Shares proposed to be issued to the Acquirer will constitute 6.49% of the Expanded Voting Share Capital;

and (ii) shareholders agreement dated 18 November 2021 with the Target Company as well as certain 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 “**Shareholders Agreement**”), wherein it is proposed that the Acquirer will acquire and exercise control of and over the Target Company and become a joint promoter along with the Existing Promoters of the Target Company, upon the Shareholders Agreement becoming effective after the completion of the Open Offer on the condition that the Acquirer holds at least 16.38% of the Expanded Voting Share Capital (assuming that the Ongoing Scheme for Capital Reduction has become effective) in the Target Company as per the terms set out in the Shareholders Agreement.

- 2.2 As the intent of the Acquirer is to acquire and exercise control of and over the Target Company pursuant to the Underlying Transaction and to become a joint promoter along with the Existing Promoters of the Target Company, and given that the Acquirer will be acquiring and exercising control of and over the Target Company and become a joint promoter along with the Existing Promoters of the Target Company in accordance with the Shareholders Agreement, this mandatory Open Offer is being made by the Acquirer in compliance with Regulation 4 of the SEBI (SAST) Regulations. Pursuant to the completion of the Transaction (i.e., completion of the Underlying Transaction and upon completion of the Open Offer), the Acquirer, subject to holding at least 16.38% of the Expanded Voting Share Capital (assuming that the Ongoing Scheme for Capital Reduction has become effective) in the Target Company, will have control of and over the Target Company and the Acquirer shall become the joint promoter along with the Existing Promoters of the Target Company, including in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2.3 The proposed preferential allotment pursuant to the Share Subscription Agreement, the acquisition and exercise of control of and over the Target Company by the Acquirer and the Acquirer becoming a joint promoter along with the Existing Promoters of the Target Company pursuant to the Shareholders Agreement (as explained in paragraphs 2.1 and 2.2 of this Public Announcement above) is collectively referred to as the “**Underlying Transaction**”. 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			
Direct	<p>(i) Agreement – Execution of the Share Subscription Agreement for the preferential allotment of the Equity Shares of the Target Company to the Acquirer subject to receipt of the Required Statutory Approvals and satisfaction of certain other conditions precedent specified in the Share Subscription Agreement.</p> <p>(ii) Agreement – Execution of the Shareholders Agreement for the acquisition and exercise of control by the Acquirer of and over the Target Company and to become a joint promoter along with the Existing Promoters of the Target Company.</p>	9,363,726 Equity Shares (under the Share Subscription Agreement)	6.49% of the Expanded Voting Share Capital (under the Share Subscription Agreement).	₹ 18,727,452,000 (under the Share Subscription Agreement)	Cash (under the Share Subscription Agreement)	Regulation 4 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
Name of Acquirer/PAC(s)	Kubota Corporation	Kubota Corporation
Address	2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan	2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan

Details	Acquirer	Total
<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 <sup>@</sup>	12,257,688 Equity Shares (presently held by the Acquirer as a public shareholder of the Target Company) constituting 9.09 % of the Existing Share Capital and constituting 8.50% of the Expanded Voting Share Capital of the Target Company <sup>@</sup> . The aforementioned 12,257,688 Equity Shares were allotted pursuant to the preferential allotment of the Equity Shares of the Target Company to the Acquirer on 16 July 2020.	12,257,688 Equity Shares (presently held by the Acquirer as a public shareholder of the Target Company) constituting 9.09% of the Existing Share Capital and constituting 8.50% of the Expanded Voting Share Capital of the Target Company <sup>@</sup> . The aforementioned 12,257,688 Equity Shares were allotted pursuant to the preferential allotment of the Equity Shares of the Target Company to the Acquirer on 16 July 2020.
<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>	59,112,970 Equity Shares constituting 40.99% of the Expanded Voting Share Capital of the Target Company.	59,112,970 Equity Shares constituting 40.99% 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>	21,621,414 Equity Shares constituting 14.99% of the Expanded Voting Share Capital of the Target Company.	21,621,414 Equity Shares constituting 14.99% of the Expanded Voting Share Capital of the Target Company.
<b>Any other interest in the Target Company</b>	(i) The following directors of the Target Company have been nominated by the Acquirer effective from 16 July 2020: (a) Mr. Dai Watanabe; and (b) Mr. Yuji Tomiyama; (ii) joint ventures between the Acquirer and the Target Company in the name of, (a) Escorts Kubota India Private Limited to undertake the business of production of Acquirer tractors and Target 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	(i) The following directors of the Target Company have been nominated by the Acquirer effective from 16 July 2020: (a) Mr. Dai Watanabe; and (b) Mr. Yuji Tomiyama; (ii) joint ventures between the Acquirer and the Target Company in the name of, (a) Escorts Kubota India Private Limited to undertake the business of production of Acquirer tractors and Target 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

Details	Acquirer	Total
	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; <b>(iii)</b> arrangement between the Acquirer and the Target Company with respect to sales collaboration in the tractor market; <b>(iv)</b> certain 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; <b>(v)</b> technical collaboration between the Acquirer and aforementioned joint venture companies; and <b>(vi)</b> other day to day arrangement for co-operation on export of tractors and secondment of personnel between/amongst Acquirer, Target Company and the aforementioned joint venture companies.	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; <b>(iii)</b> arrangement between the Acquirer and the Target Company with respect to sales collaboration in the tractor market; <b>(iv)</b> certain 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; <b>(v)</b> technical collaboration between the Acquirer and aforementioned joint venture companies; and <b>(vi)</b> other day to day arrangement for co-operation on export of tractors and secondment of personnel between/amongst Acquirer, Target Company and the aforementioned joint venture companies.

*\*\* No other person is acting in concert with the Acquirer for the purpose of this Open Offer.*

*® The percentage of the Existing Share Capital held by the Acquirer in the Target Company and the percentage of the Expanded Voting Share Capital held by the Acquirer will increase (while the number of Equity Shares held by the Acquirer in the Target Company will remain the same) if the Ongoing Scheme of Capital Reduction becomes effective.*

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

Not applicable. The Underlying Transaction does not involve any sale or purchase of Equity Shares from any existing shareholders of the Target Company.

**5. Target Company:**

**Name:** Escorts Limited.

**Registered Office:** 15/5, Mathura Road, Faridabad, Haryana, 121003.

**Exchanges where listed:** The Equity Shares of the Target Company are listed on the following recognized stock exchanges:



(i) BSE Limited (Scrip Code: 500495);

(ii) National Stock Exchange of India Limited (Symbol: ESCORTS)

The ISIN of the Equity Shares is INE042A01014.

The Equity Shares of the Target Company were listed on the Delhi Stock Exchange Limited (“DSE”). However, DSE has been de-recognized and allowed to exit as a stock exchange by SEBI by way of SEBI Order No. WTM/SR/SEBI /MRD-DSA/04/01/2017 dated 23 January 2017.

## 6. **Other Details**

- 6.1 At present, there is an ongoing scheme for reduction of share capital between the Target Company and its shareholders under Section 66 of the Companies Act, 2013 (“**Companies Act**”) read with Section 52 of the Companies Act and other applicable provisions of the Companies Act read with National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 for the reduction of share capital of the Target Company i.e., cancellation and extinguishment of 12,257,688 Equity Shares (constituting 9.09 % of the Existing Share Capital and constituting 8.50% of the Expanded Voting Share Capital of the Target Company) which is pending for approval before the Hon’ble National Company Law Tribunal (“**Hon’ble NCLT**”), Chandigarh bench (“**Ongoing Scheme of Capital Reduction**”). The order with respect to the Ongoing Scheme of Capital Reduction has been reserved by the Hon’ble NCLT on 29 October 2021.
- 6.2 The board of directors of the Target Company has decided to evaluate and consider in due course of time the feasibility of: (i) the amalgamation of Escorts Finance Limited, Kubota Agricultural Machinery India Private Limited and Escorts Kubota India Private Limited with the Target Company; and (ii) the selective capital reduction of the issued, subscribed and paid-up equity share capital of the Target 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 Target Company took note that Mr. Nikhil Nanda (one of the Existing Promoters and the acting Chairman and Managing Director of the Target 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 Target 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 to be issued under the SEBI (SAST) Regulations shall be published in newspapers, within 5 Working Days of this Public Announcement, in accordance with Regulation 13(4) and Regulation 14(3) of the SEBI (SAST) Regulations, i.e., on or before 26 November 2021. The DPS, shall, inter

alia, contain details of the Open Offer including detailed information on the Offer Price, the Acquirer, the Target Company, the background to the Open Offer, the statutory approvals (including Required Statutory Approvals) required, details of the Share Subscription Agreement (including the conditions precedent thereunder) and Shareholders Agreement, details of financial arrangements, and other terms of the Open Offer and the conditions thereto.

- 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 (including Required Statutory Approvals), to be set out in detail 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. In this Public Announcement, all references to “₹” are references to Indian Rupees.
- 6.10 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,  
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**Contact Person:** Mr. Prakhar Jaju  
**Tel:** 91 22 6118 1000; **Fax:** 91 22 6118 1040  
**E-mail:** [escorts\\_openoffer@morganstanley.com](mailto:escorts_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, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka 556-8601 Japan

**Date:** 18 November 2021