

Tafe, Agco likely to settle tractor brand battle outside court

Tafe has given up directorship in Agco as part of deal

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Chennai, 9 June

The battle between tractor giants Tractors and Farm Equipment (Tafe) and the US-based Agco Corporation over the ownership of the Massey Ferguson brand in India is likely to be resolved through an out-of-court settlement soon.

Multiple sources indicate that both parties are close to sealing a deal, and it is expected within a month. As part of the settlement, Tafe — which already holds a 16 per cent stake in Agco — has given up its directorship in the company.

Tafe Chairman and Managing Director Mallika Srinivasan previously served on Agco's board. Agco did not respond to questions from *Business Standard*, while Chennai-based Tafe said that it will come out with "the right information at the right time".

"We feel really good about the progress we've made in discussions with Tafe, and you have seen that the board seat that Tafe had is no longer in place, and so we've gone from 10 directors down to nine. So you can kind of imagine that the overall discussions are pretty robust," said Eric P Hansotia, chairman and chief executive officer of Agco Corporation, in an earnings call last month.

Interestingly, Tafe is the single largest shareholder in Agco, the third-largest farm equipment manufacturer in the world after Deere & Company and CNH Industrial. On the other hand, Agco holds 21 per cent in Tafe. "A deal is likely in its final stages," a source said.

The brand is crucial for Tafe, as out of its total annual production of over 180,000 tractors, over 100,000 are Massey Ferguson. Since its inception in 1960, Tafe has produced, built, and nurtured the Massey Ferguson brand in India with over 3 million customers.

"We are not all the way done with them yet, but we're getting close. We recognise that investors would like us to do share buybacks. And because of that, we would like to do that as well. We've been constrained from doing them over the past several years because of that shareholder concentration. As you can imagine, that's part of our discussions, and we're trying to represent that on behalf of our investors," said Hansotia.

It was in April that Agco first announced the termination of its agreements with Tafe, including the brand licence for Massey Ferguson, which kicked off a legal battle. On November 19, both Tafe and Agco claimed that the Madras High Court (HC) had favoured them in their dispute over Massey Ferguson, citing an order to maintain the "status quo", leading to confusion. The HC in February had ordered both the companies to

maintain the status quo.

The journey of Massey Ferguson started in India in the 1960s when Chennai-based Amalgamations Group decided to manufacture these tractors in India. Tafe was founded as a joint venture between Massey Ferguson, a part of the Agco Group, and Amalgamations in 1960. It was only in 1974 that the two companies first entered into a trademark agreement for limited tractors. This deal was further expanded in 1994, granting Tafe the exclusive right to use the Massey Ferguson brand name for its tractor operations in India.

Tractor war

- **1960:** Tafe, a joint venture between Massey Ferguson (part of Agco Corporation) and Amalgamations Group, is formed
- **1974:** Signs first trademark agreement for Massey Ferguson (MF)
- **1994:** Fresh trademark deal allows Tafe exclusive right to use MF brand name for its Indian tractor operations
- **2012:** Tafe acquires Agco Corporation shares, and is now majority stakeholder with 16.3%
- **April 2024:** Agco allegedly terminates trademark without prior notice
- **May 2024:** A Chennai commercial court grants relief to Tafe
- **September 2024:** Agco issues termination notices to Tafe, ending 28-yr partnership
- **September 2024:** Tafe approaches Chennai court with petition against Agco for disobedience of the orders of the court
- **February 5, 2025:** Madras High Court orders to maintain status quo

