

Kubota to become a promoter in Escorts

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access, manufacturing processes or engineering excellence. With this, Escorts is positioned to become an institution that will serve Indian and global farmers for decades and centuries. While Escorts is known for its stronger India presence with proven strengths in frugal engineering and manufacturing, Kubota brings world-class processes and global reach and expertise,” said chairman Nanda.

Escorts will be the exclusive manufacturer and seller of certain products in India and the exclusive supplier from India for Kubota. Given this, the companies have also decided to explore the feasibility of merging Kubota’s Indian subsidiaries (where Escorts is also a partner) into Escorts.

JM Financial advised Escorts on this transaction, while Morgan Stanley advised Kubota.

To be sure, the deepening of its partnership with Kubota is expected to strengthen Escorts’s position in the farm equipment market amid rising

raw material costs and subdued rural demand.

“We believe tractor (industry) volumes would decline in H2 FY22, and a similar trend for Escorts, higher

raw material costs will continue to be a headwind in the near to medium term. Rural sentiment has yet to return to normal, and with only the festival season in the near term as a demand booster, we continue to expect overall volumes to decline this year,” brokerage Anand Rathi said in a 29 October note.

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