



VST SHAKTI

V.S.T. TILLERS TRACTORS LIMITED

Address by

SRI V.K.SURENDRA

Chairman

49th Annual General Meeting

11th August 2017

At

Woodlands Hotel Pvt. Ltd.

No.5, Rajaram Mohan Roy Road

Bangalore - 560 025

Ladies and Gentlemen,

It is my pleasure to welcome you to this 49th Annual General Meeting, with your permission may I take the annual report as read.

As compared to the previous year, your company performance during the year under reference registered a revenue growth of 7.5% while the PAT had degrown by 3.2%, the profitability was impacted due to lower tiller volumes.

The Tiller industry during the year had an adverse growth of 14% in volumes over the previous year. Your company volumes were down by 7% however it may be relevant to point out that the company gained market share of about 1%, consequently, the market share now stands at 59%. With respect to tractors, the volumes grew by 23.5% mainly contributed by the introduction of higher HP tractors hence with the introduction of 27 HP tractors your company is now serving the 21-30 HP compact segment. The market share of your company in the compact tractor segment reached 16.5% during the year compared to around 13% in 2015-16.

CURRENT YEAR OUTLOOK

The number of tillers sold in the first quarter was 7119 Nos as against 7300 in the previous first quarter, while in the case of tractors it was 2555 Nos as against 2158. The monsoon in India during the current year has been satisfactory in most states other than Karnataka, Tamil Nadu and to some extent in Andhra Pradesh. In Rajasthan, Gujarat and NE there has been floods causing extensive damage. The scanty rain in southern states have impacted the sales of Tillers in the Kharif season. In addition, the delay in release of the instalments under DBT scheme in Odisha and the delay in launch of the DBT scheme in AP has impacted the sales of Power Tillers.

The number of power tillers sold up to 31st July 2017 is 9524 Nos as against 10345 in the corresponding period of last year. In tractors, we sold 3315 Nos up to 31st July 2017 as against 2842 in the corresponding period of last year.

Taking the above factors into consideration, the volumes for the power tillers may not increase substantially, however in case of tractors your company will witness over 15% growth compared to 2016-17. I am happy to let you know that the company launched two new models during this year; namely the 27 HP Viraat Plus and the 17 HP Samraat for commercial sales.

The company firmly believes that apart from monetary compensation there are other values that bring about employee's loyalty and commitment to an organization. The company has undertaken various programs to enhance the motivation and commitment levels of the employees. The company has also strengthened the Product Engineering function in both Tiller and Tractor which will enable the company to develop new products in line with the market requirements.

ACKNOWLEDGEMENT

We continue to enjoy cordial relation and goodwill with our partners Mitsubishi Heavy Industries, Japan. I also thank all my colleagues on the Board for their valuable support in steering the company successfully.

Thanking all of you for your support.

V K Surendra

Chairman