



VST SHAKTI

V.S.T. TILLERS TRACTORS LIMITED

Address by

SRI V.K.SURENDRA

Chairman

51st Annual General Meeting

9th August 2019

At

“ Krishna Hall ”

Woodland Hotels Pvt Ltd

No.5, Raja Rammohan Roy Road

Bengaluru - 560 025

Ladies & Gentlemen

It is my pleasure to welcome you to this 51st Annual General meeting and with your permission may I take the annual report as read.

The Previous year has not been by any yardstick a stellar year. The rains have been unkind to us and as you are aware the drought situation in the Country became worse as the months rolled by. Our principle geographical areas of operation for sale of Tractors were Maharashtra and Gujarat which saw perhaps the worse drought in years.

Our major business as you are aware, is in the Tillers market with more than 60% of our sales by value being realized with this product. During the previous year of this business met with strong head winds, primarily because of governmental policies. The Central Government decided to implement the DBT Scheme (Direct Benefit Transfer) countrywide but with stringent provisos of digital implementation. Most of the states were tardy in doing this and could get operations streamlined only around the end of the financial year. This had a major impact on Tillers business. I must mention that the overall volume of Tillers sold by all manufacturers fell by around 7% in the year.

Another factor which impacted the tillers business was the implementation of the credit policy with our dealers. Our shareholders had in the previous AGM cautioned that the company extends too much credit in the market. While we accepted this, we were equally determined to bring in credit discipline with our dealers. I am glad to report that the total credit under which the company is operating has been brought down very significantly, to the tune of more than 50%. I must mention that the eco-system of credit disbursement by the banking sector and specifically in the case of Tillers, the co-operative banking sector, leaves much to be desired.

The total volume of Tractors sold below 20HP declined during the year. I had outlined in my speech previous year that we were in the process of extending our range of Tractors, both in the Higher Horse Power category as well as geographically. Our R & D personnel did a Yeoman job in coming out with new models as well as enhancement of our existing models. While the in-house testing was comprehensively

done, we had received several feedbacks from our customers which necessitated significant changes & additions. We had a choice of pushing sales with the existing design that had been developed in-house versus what the customer demanded. You will agree with me that the Management took the right decision in favour of the latter. This did bring down our sales volume but we are confident that in the medium term we shall benefit from this decision.

We have also decided to enhance the geographical spread of our Tractor & Tiller sales during this year. We have added 37 dealers to the dealer eco-system & we have also taken cognizance of the fact that the market demands of regions such as Uttar Pradesh & Bihar require us to design tractors which are primarily used for Haulage. During this financial year our aim is to increase our Tractor dealerships by 100 numbers.

In the coming year with the introduction of new models in all the major segments of the Tractor industry, we expect to establish ourselves as a significant manufacturer of Tractors going forward. We are also launching a new Tillers of higher horse power to help us in increasing our market share in the power tiller industry.

With the improvements we have done on our internal systems to improve efficiency, we expect the company to do much better in the following year.

I am glad to inform you that your company has maintained excellent Industrial relations in all its plants during the year.

ACKNOWLEDGEMENT

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

Thanking all of you for your support.

V K Surendra
Chairman