



VST SHAKTI

“VST Tillers Tractors Limited
Q3 FY2021 Earnings Conference Call”

February 16, 2021



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- Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY2021 Earnings Conference Call of VST Tillers Tractors Limited hosted by Batlivala and Karani Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Annamalai Jayaraj from Batlivala and Karani Securities. Thank you and over to you Sir!
- Annamalai Jayaraj:** Thank you Malika. Welcome to VST Tillers Tractors Limited’s 3Q FY2021 post result conference call. From VST Tillers management, we have with us today Mr. V T Ravindra, Executive Director and Mr Antony Cherukara, Chief Executive Officer. I will now hand over the call to VST Tillers management for their opening remarks to be followed by question-and-answer session. Over to you Sir!
- Antony Cherukara:** Good afternoon everyone. This is Antony Cherukara, the CEO of VST Tillers Tractors Limited. I will first share with you the results of Q3. We had revenue from operations of Rs.202.87 Crores and an operational EBITDA of Rs.29.85 Crores. The cumulative EBITDA including the other income is higher at 20.47% compared to 7.10% in previous year. The revenue grew by 65% and the operational EBITDA grew by 488%. Now coming to year-to-date performance, the revenue from operations is at Rs.569.5 Crores, which is 34.35% growth and operational EBITDA is at Rs.83.93 Crores, which is a growth of 257%. The PBT is Rs.101.72 Crores up by 255% year-on-year and profit after tax is Rs.77.84 Crores, which is up by 264% year-on-year. Coming to specific sales performance year-to-date December in numbers, in Q3 we have done 6743 and YTD 19844 Nos of power tillers, tractors we have done 2436 Nos in Q3 and YTD 6953 Nos of tractors. This is the overall view of the performance of Q3 and year-to-date. Now over to all of you for questions and we are here to answer them. Thank you.
- Moderator:** Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Kaushal Shah from Dhanki Securities. Please go ahead.
- Kaushal Shah:** Thank you very much Sir for the opportunity and congratulations on the great set of numbers. Sir if you can just throw some light on how the demand is going in both urban as well as rural centres and how do we see the indications for let us say the next couple of quarters or maybe three to four quarters, also some thoughts on our expansion in terms of increasing our dealerships and how have we taken that forward?



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Antony Cherukara: Yes, first I will answer the demand part and the outlook for the next two quarters. The demand right now is normal I would not say it is as good as the festival period, but it is better than the last financial year. The stock with the dealerships have come down because we had supply constraints in the last two quarters, and we would want to keep the stocks at these levels and move forward to ensure better ROI for our dealers. We do not see any issue in the demand for the next quarter at least and after June it will all depend on how the monsoons would behave and on the dealer expansion front, we have added 135 dealers so far in the power tiller segment and 104 dealers in the tractor segment. This is the addition that we have done in this financial year.

Kaushal Shah: Yes Sir. There was also this plan to kind of expand our product range also take advantage of the restrictions on import of Chinese tillers, so if you can just share some more thoughts on that have, we made any incremental progress, we are aware that there was a tie-up with one dealer who was importing Chinese tillers, but any other addition that we have done on that front?

Antony Cherukara: Yes. On the tiller as I have shared with you, we have been working with one wherein we have signed the agreement and we are starting supplies to them this month onwards. The other one is still work in progress we hope to conclude that before the end of this financial year. So, the next financial year we will have minimum two OEMs to whom we will be supplying our tillers and regarding launch of new products, we have launched several new products such as 27 HP high torque 30 HP compact tractors, which is first of its kind in that segment with very advanced features on the tractor. The third is we have launched the 16 HP power tiller. So, these are the three products we have launched, and we will be launching few more products in the coming months.

Kaushal Shah: Sir just one last question before I again get back in the queue. How has been the response to the new variants of the tractors, you mentioned about 30 HP and 27 HP, so just some colour on that, how has the numbers move on that front?

Antony Cherukara: We have done over 300 Nos of 27 HP high torque the 30 HP is in the ramping up stage, next month onwards we expect to sell more than 100 units per month of 30 HP, so the response has been very good.

Kaushal Shah: Great. This was very helpful Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Hitesh Bhargava from B&K Securities. Please go ahead.

Hitesh Bhargava: Thanks for taking my question. Sir can you just start up with revenue breakup for this quarter what is the tiller revenue and tractor revenue for this quarter?



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- Antony Cherukara:** The tiller revenue for the quarter year-to-date is Rs.203.77 Crores and the tractor is Rs.167.99 Crores and the growth in tiller is 38% so far and for tractors it is 32% so far.
- Hitesh Bhargava:** Okay thank you and you were saying that the stock levels at the dealers is at low levels, so can you just tell about what are our inventory levels currently?
- Antony Cherukara:** Inventory at the dealership is less than 45 days in most of the dealerships and few dealerships are less than 30 days.
- Hitesh Bhargava:** This is same across tillers and tractors, right?
- Antony Cherukara:** Yes.
- Hitesh Bhargava:** Sir if you look at January month whereas the industry has grown by like around 48% but our tractor volumes grew by only 25% is there something different in this month or like are you facing some supply constraints?
- Antony Cherukara:** That is why I said in my opening remarks that some of the industry players has built up dealer inventory in January, which we have not done. The 25% is purely consumption on our part. If you see that we had retail better than our billing.
- Hitesh Bhargava:** Okay and Sir in the last two to three quarters the employee expense has been fluctuating, so what would be the employee expense run rate going forward and regarding the commodity inflation did we take any price hikes and how is the commodity inflation playing for us?
- Antony Cherukara:** So, I will address the employee part first. As you know that we are shifting our bigger tractor manufacturing facility to Hosur so we are going through the transition phase right now, so there will be some fluctuation in employee cost for this quarter and the next quarter, but we are at 9.3% at this point we are expecting to stabilize at about 8% next year. Now coming to material cost there has been an inflation of about 5% to 6% and we have taken a price increase both in the tiller and the tractor segment and we have also been working on several projects that I have shared with you before is on the cost reduction, so we are able to tide this inflationary situation without impact on the P&L.
- Hitesh Bhargava:** Can you quantify the price hike Sir and when did you take this price hike like is it 3Q or is it in the 4Q?
- Antony Cherukara:** No, we have taken in January the price hike, the inflation is at about 5% to 6%, in tractors we have looked at a price hike of about 3% to 4% and in tillers we have looked at a price hike of about 3%.



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- Hitesh Bhargava:** Okay and can you talk about how is the response for our subsidy neutral tillers and previously you were telling that we have launched this in Tamil Nadu and the response was good, so did we expand this to other markets and how are we going to see this segment in the next coming years?
- Antony Cherukara:** So, we have focused on another market apart from Tamil Nadu, which is the Andhra Pradesh market the response has been good. Like I have briefed earlier we will launch this product only in states where subsidy is not being issued or not being announced, so that is the reason why we have envisaged with Tamil Nadu and Andhra and there has been good response so far on that product.
- Hitesh Bhargava:** Okay and can you just tell us what is the volume of subsidy neutral tillers in last quarter?
- Antony Cherukara:** It is about 250 units.
- Hitesh Bhargava:** For the whole quarter, right?
- Antony Cherukara:** Yes.
- Hitesh Bhargava:** Sir I missed this point what is our tiller market share now for YTD or 3Q compared with last year?
- Antony Cherukara:** 54.5% market share.
- Hitesh Bhargava:** This is YTD or 3Q Sir?
- Antony Cherukara:** This is YTD.
- Hitesh Bhargava:** Same period YTD last year?
- Antony Cherukara:** We were at about 48%.
- Hitesh Bhargava:** Sir you were saying that from this month we will be supplying to one of our competitor who was previously dependent on Chinese so can you just tell us what would be the incremental volumes per month?
- Antony Cherukara:** On an annual basis we are looking at additional volume of 2000 Nos of Tillers.
- Moderator:** Thank you. The next question is from the line of Mukesh Saraf from Spark Capital. Please go ahead.



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- Mukesh Saraf:** Good afternoon. Thank you for the opportunity. Just continuing this subsidy neutral product so as a supply directly to another OEM you are saying we are targeting around 2000 apart from that directly selling in markets like Tamil Nadu and Andhra how much could that add on this low-cost tiller?
- Antony Cherukara:** I have told you we have sold only about 250 units out of that.
- Mukesh Saraf:** So next year 4000 units to two OEMs plus this low cost in TN and AP how much would that be is what I was asking?
- Antony Cherukara:** See we will not be pushing too high numbers on that because there is a certain contribution effect of selling the subsidy neutral products, so we are expecting to sell about 2000 numbers of that.
- Mukesh Saraf:** So, we could be around 5000 to 6000 units from this low-cost product the B2B plus B2C product?
- Antony Cherukara:** OEM supply is not necessarily a low-cost product.
- Mukesh Saraf:** I was thinking these OEMs are dependent on the Chinese products and hence it will be the low-cost product.
- Antony Cherukara:** No.
- Mukesh Saraf:** My next question is regarding your other products apart from your tillers and tractors so you do have weeders and you also plan regarding these precision implements could you give some sense on that how many weeders we sold in the last quarter?
- Antony Cherukara:** The weeders we have grown this year, but as I said this is the first year, we are selling weeders. We are at about 1200 volume of weeders this year and this is the first year we are entering market one by one states we have entered almost nine to ten markets, by the end of the year we should be in all the major markets, by next year we should be in all the states in India and the precision implements we have started focusing on the rotary tillers, which is an attachment on the tractors. We are making very small volumes at this point in time it is roughly about 100 units a month, but we intend to build on them this is the first year again for that.
- Mukesh Saraf:** What we could be your target for the whole of next year?
- Antony Cherukara:** We definitely want to grow this rotary tiller business and precision implement business in a large way, so the first part is to spread across India. So, we are hopeful that we should be able to do



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that next year. If we do that thing easily, we should be able to double the volumes that we are doing today 200 to 300 we should be able to do next year per month.

- Mukesh Saraf:** Weeders part?
- Antony Cherukara:** Weeders industry size is very large i.e. 120000 Nos. We are planning for 5000 Nos weeders next year.
- Mukesh Saraf:** My last question is regarding VST-Zetor tie ups that we had what is the status of that when can we expect the launch of the first order under that?
- Antony Cherukara:** The product development is on; we are expecting to launch the product in FY2023.
- Mukesh Saraf:** FY2023, so there is some delay Sir I thought it was earlier FY2022?
- Antony Cherukara:** We had a few months of delay because of the COVID-19 because both the teams could not interact and travel, but now everything is back to normal.
- Mukesh Saraf:** Understood. Right. Thank you I will get back in the queue Sir.
- Moderator:** Thank you. The next question is from the line of Shashank Kanodia from ICICI Securities. Please go ahead.
- Shashank Kanodia:** Good afternoon Sir and congratulations on a good set of numbers. Sir in one of the previous concalls you mentioned about farmers buying the tillers at the retail level irrespective of the subsidy announced by the state government, so could you please throw some light how is the situation now is that a trend, which is still prevailing at this point of time?
- Antony Cherukara:** That situation is still continuing. The farmers unlike earlier are buying the tillers not waiting for the subsidy to happen.
- Shashank Kanodia:** Sir what would be the position of sales for us as in the farmers who are buying directly from us irrespective of subsidy?
- Antony Cherukara:** Roughly about 35% to 40%.
- Shashank Kanodia:** Sir, can this trend sustain on broader terms?



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- Antony Cherukara:** The last four quarters it has sustained, and these things are very difficult to predict, but then I do not see the trend is going to change because there is a need for mechanization and farmers are not waiting for subsidy anymore.
- Shashank Kanodia:** Right. Second Sir for full year basis for FY2021 industry will end with something like 50000 odd units in terms of power tillers or it can be even more?
- Antony Cherukara:** My expectation is it should be closer to 60000.
- Shashank Kanodia:** Will have our 54% kind of a market share in that particular segment?
- Antony Cherukara:** Yes, that is what we are looking at.
- Shashank Kanodia:** Right and Sir lastly on the margins front, so last two quarters now we are comfortably in a double digit 50% plus kind of a trajectory so do you feel that this run rate is now sustainable for us and the bad time is all behind?
- Antony Cherukara:** Definitely we are launching new products; we are launching new innovations in power tiller segment, so I do not see any reason why we will not be able to sustain it we would be around 12% to 14%..
- Moderator:** Thank you. The next question is from the line of Nihil Parekh from Dhanki Securities. Please go ahead.
- Nihil Parekh:** Thank you so much for the opportunity. I have a couple of questions Sir. If you can just share the numbers of higher HP tractors we have sold during the quarter and YTD number?
- Antony Cherukara:** YTD we are close to about 800 numbers, during the quarter we have sold about 200 odd tractors.
- Nihil Parekh:** We stay with the guidance about 1000 plus tractors in this financial year?
- Antony Cherukara:** Yes, we will be about 1000 tractors this year compared to the last year number was about 250 only.
- Nihil Parekh:** If you can throw some light on the recent technical partnership collaboration, we have done with the Monarch Tractors?
- Antony Cherukara:** Yes, Monarch is an electric and autonomous tractor manufacturer based in California, United States of America. We have a supplier, technical relationship with them. We supply the transmission, axle and all the parts other than the electric batteries and motors and the software to



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Monarch. We intend to work together with them to be ready for electric tractors in the Indian market in the future.

Nihil Parekh: Do we see any opportunity in terms of revenue like what will be the supply maybe in the next 2022 to 2023 or it is just a technical collaboration where we are preparing ourselves for the EV launch?

Antony Cherukara: There is a certain cash flow, which has begun, but I will be able to give you more on it probably next quarter.

Nihil Parekh: Sir last question just wanted to know what will be the capex number for next year FY2022?

Antony Cherukara: Roughly about Rs.50 Crores.

Nihil Parekh: Thank you Sir. I will join back in the queue.

Moderator: Thank you. The next question is from the line of Videsh Chheda from Lucky Investment Managers. Please go ahead.

Videsh Chheda: Sir just wanted to know in nine months what are the tiller volumes, which we did, tractor and others and the growth number, and what is the expectation for 2021 now with the same in volume?

Antony Cherukara: YTD December power tillers are at 19844 numbers and tractors is at 6953 numbers.

Videsh Chheda: Others if any?

Antony Cherukara: Spare parts we have done about Rs.63 Crores and there is some other miscellaneous revenue of about Rs.31 Crores odd.

Videsh Chheda: Sir the growth in tillers would be what in over nine months last year and tractors volume growth over the last year?

Antony Cherukara: Tillers we have grown 38% and tractors we have grown 32%.

Videsh Chheda: Volume expectation now for the full year for tillers and tractors?

Antony Cherukara: We should continue at the same rate of growth.

Videsh Chheda: Okay Sir. This was helpful.



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- Moderator:** Thank you. The next question is from the line of Hitesh Bhargava from B&K Securities. Please go ahead.
- Hitesh Bhargava:** Sir can you touch upon regarding the higher HP tractors, which all the states we have expanded in this quarter and what is our pricing, are we still priced like 3% to 5% lower than the leaders at that region how is it going on?
- Antony Cherukara:** We have launched our tractors in more than 85 dealerships across the country now, the higher horsepower tractors, so we are present in most of the markets now.. The pricing we aim this product to be in the value for money positioning, so in the marketplace there are premium positioning tractors and value for money positioning tractors, so we are in the value for money positioning tractors and we are very competitive in that space.
- Hitesh Bhargava:** When you say value for money so just to know whether these products will be having a lower margin than the historical compact tractors and tillers of our company?
- Antony Cherukara:** Not because of the positioning, but these are initial days of the project and hence comparatively there is a lower margin because compact tractors have been around for decades now, but I do not see any reason why the higher horsepower tractors in due course of time will not attract the same amount of margin.
- Hitesh Bhargava:** Can you just talk upon your roadmap to Rs.3000 Crores gross revenue, which you touched upon in your annual report how do you see it coming going forward?
- Antony Cherukara:** Yes, definitely that is the vision that we have set for ourselves, so we will be growing on a year-on-year basis. The next milestone is to cross the Rs.1000 Crores mark and then on we have put milestones for the company, the target numbers to be achieved every year, all the projects have been put in place and we will be working on that.
- Hitesh Bhargava:** As you said that this year you expect the tiller industry to end up around like 50000 units, so if you look at how is the subsidy for this year, you were previously telling that only Assam state has given the subsidy so are there any states added up in the subsidy?
- Antony Cherukara:** Karnataka also has given subsidy. Rest of the states have not given subsidy. Assam and Karnataka have been the ones who have given subsidy this year.
- Hitesh Bhargava:** Sir as you touched upon sometime back like 35% to 40% of your sales now are happening because the farmers are buying it because of farm mechanization and they are okay getting the subsidy later, but if this continues to happen and if the subsidy gets delayed so is there a chance that the tiller demand may slow down because if this continues to be like the subsidy getting



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delayed from the government and because of fiscal deficit so how does this happen like if I am not wrong so they always have a particular setup like this year we will be giving for this number of tillers or the tillers volume for every year of subsidy are higher?

Antony Cherukara: What we have seen over the last four to five years is the subsidy has been coming down every year. In some states it was declared but still not given and even the states, which we are giving like Karnataka and Assam, compared to earlier years the quantum has come down drastically and the farmers have also realized it. What we are seeing is the farmer is coming and buying the power tiller irrespective of the subsidy announcement, but that does not mean he does not apply for subsidy he applies for subsidy, but they are not getting it and people have been waiting one year, two years, three years also, but they have not got it. So, it has become a kind of accepted fact in the market at least that is what we find when we talk to farmers that they also feel that subsidy may not come and hence they are going ahead with the purchase that is why the tendency is to feel that this trend will sustain.

Hitesh Bhargava: In that case I could not understand the logic of subsidy neutral tiller because as you said going forward farmers also believe that the subsidy will come down or eventually moved out so in that case do you think that the requirement of a subsidy neutral tiller is there?

Antony Cherukara: May not be that is why we have not pushed beyond two states and I have not pushed too much volumes on that product, while we were ready to go full throttle on this product to make up for subsidy because we found that the trend is changing and there is no need for us to probably push the subsidy neutral product, but we are ready in all our aspects just in case, but that is not the end of the story for the subsidiary neutral product that has enabled the company to look at markets like Bangladesh and fight with Chinese products. These are the various options that are opening up for the company because we have a low-cost product today.

Hitesh Bhargava: What could be our export volumes for YTD or 3Q because you have touched upon Bangladesh?

Antony Cherukara: This year we have made a beginning, we are around 150 numbers at this point, but this is the first year we have seen export volumes go beyond 100, but I expect these volumes to grow in the coming years.

Hitesh Bhargava: This 150, which you have told is in tillers right?

Antony Cherukara: Tillers, tractors we do much higher volumes.

Hitesh Bhargava: Tractors, which are the regions, which we go on work Sir?



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- Antony Cherukara:** We mainly sell to Western Europe. We sell in Germany, Belgium, Netherlands, France, Spain, and Portugal, so these are the markets we sell to. This year we have entered into Eastern Europe and we have consolidated in Europe this year and we have made some beginnings in Africa this year, so the export volume has been good. We have done about 450 tractors till December.
- Hitesh Bhargava:** Okay Sir that is it from my side.
- Moderator:** Thank you. The next question is from the line of Ritika Gupta from Aequitas Investment. Please go ahead.
- Ritika Gupta:** Good afternoon Sir. Sir I just missed the numbers for the tillers and tractors in value terms could you please give that breakup for this quarter?
- Antony Cherukara:** For this quarter for power tiller is Rs.97.3 Crores and tractor is Rs.82.33 Crores.
- Ritika Gupta:** Sir what kind of growth can we expect in volumes for FY2022, can we expect this 30% growth that we have witnessed this year?
- Antony Cherukara:** I am expecting a 15% to 20% growth.
- Ritika Gupta:** Sir we mentioned that our first milestone in our vision statement is Rs.1000 Crores revenue when do we target to achieve that by?
- Antony Cherukara:** Next year.
- Ritika Gupta:** Alright. Thank you.
- Moderator:** Thank you. The next question is from the line of Siddhant Maheshwari an Individual Investor. Please go ahead.
- Siddhant Maheshwari:** Yes, thanks for the opportunity Sir. Sir my question is regarding the opportunity size in the industry as well as for the company, if I look at the total tiller volumes for the company in the last eight to ten years volumes are ranging between 15000 to 30000 broadly, what could be the reason for the stagnant volumes what I mean to say stagnant is that volumes are increasing in one year and then down by a few percentage and then again increasing is it because the industry has already reached to a high penetration or the industry is shifting towards small HP tractors?
- Antony Cherukara:** There are many factors for an industry, but predominantly the power tiller industry has been affected by two factors one is the subsidy and second is retail finance availability. So, in the earlier years the business would happen only if the subsidy is announced and going forward that



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dependency is reducing, and we feel that the availability of retail finance will be the critical factor for industry growth. The volatility of the industry is also based on these factors. Some years the subsidy given out was very high and, in that year, we saw the industry volumes grow and the year after that if the subsidy was not released then the industry has fallen.

Siddhant Maheshwari: Okay Sir right and just one small clarification of the total volume of tillers what percentage of the volumes on an average in the last year is supported by government subsidy?

Antony Cherukara: Earlier year this was more than 90%. Current year this will be much, much lower let us say roughly 50% roughly because at the end of the year figures might be very different.

Siddhant Maheshwari: Okay Sir. Thank you. I am done.

Moderator: Thank you. The next question is from the line of Dipen Shah an Individual Investor. Please go ahead.

Dipen Shah: Thanks for the opportunity. Several questions have been answered. I just had one clarification. The tractors, which we will produce on a contract basis for Chinese companies will that number be a part of the volume or we will get only the service charge or the manufacturing charge, which will be added to the income?

Antony Cherukara: First I will clarify to you we are not producing for any Chinese companies, what we were doing is people who are importing Tiller from China we are supplying to them now. So, second part is that we have a certain margin cost plus margins we have in that transaction.

Dipen Shah: Yes so, the 4000 tillers, which we are talking about 2000 plus 2000 will that form a part of our volumes going ahead or will we just be getting the manufacturing fees as cost plus for us?

Antony Cherukara: No, it will be part of our volume.

Dipen Shah: It will be part of our volumes okay.

Antony Cherukara: But it should not be part of our brand just to clarify to you. The volumes will be ours, but the brand will not be ours.

Dipen Shah: Understood and from whatever you said till now can we assume that in the next quarter or the quarter after that we will have some margin improvement because the employee cost will



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stabilize at a 1.5% lower level plus, we will get the benefit of the price increase, which we have taken in January?

Antony Cherukara: See we are focused on growth and given normal circumstances 12% to 14% is what we are looking at in terms of margin.

Dipen Shah: Okay thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Hitesh Bhargava from B&K Securities. Please go ahead.

Hitesh Bhargava: Sir apart from monsoon what do you think will be the key risks for farm machinery segment in FY2022?

Antony Cherukara: I think the cash flow into the farmers hand is the second biggest issue every year. For example, payment from the sugar mills for the sugarcane farmers, support from the state governments in terms of minimum support price for cereals and the payment in time for that, these things will affect the industry.

Hitesh Bhargava: As you touched upon like retail finance availability will be critical going forward for tillers, so can you touch upon who are our partners and how are we working with these financial institutions regarding this improvement in retail finance availability to farmers?

Antony Cherukara: We have tied up with all the finance companies and nationalized banks and private banks and we have created, in fact we are in talks with some of them to promote more power tiller business because that is the area where finance availability is far and few, so we are working with some of the NBFCs to promote more power tiller finance.

Hitesh Bhargava: You were telling about these precision implements and the power weeders and all so what exactly is the market size of that presently and is it more to do with unorganized market or there are some organized players already in those segments?

Antony Cherukara: The power weeder market is 120000 Nos with unit price of about Rs.40000. The rotavator market, which is an attachment on a tractor, it is about 300000 to 400000 Nos of rotavators are sold in this country. Largely both these are in the unorganized segment. Power weeders are largely imported from China and sold in India, so we are following a methodology of introducing power weeders manufactured in India.



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- Hitesh Bhargava:** Sir you also touched upon like we were looking at Bangladesh as one of our key export markets, so what is the market size opportunity there and you said we are competing against China so how you think that this will help us going forward?
- Antony Cherukara:** Bangladesh, Nepal, Sri Lanka, and Myanmar predominantly these markets have been Chinese dominated. The industry size will be anything between 60000 to 70000 power tillers, so these are the markets we want to enter. This year we are making a small beginning. We expect that volume to grow in the coming years.
- Hitesh Bhargava:** Like in the next five to six years how do you see that tiller volumes to be like in the long term because you said that structurally there are many changes happening in that tiller industry like subsidy coming down and retail finance availability getting critical and cash flows of farmers is also critical so in the next five years do you see still see like how the last five years were like stagnated way or you see that the volumes getting from 60000 to some 70000 levels?
- Antony Cherukara:** See in the next five years 60000 to 70000 is possible, so the CAGR will be at about 4% to 5% this is the expectation from power tiller industry, but the power weeder industry is where the CAGR will be at about 20% to 30%.
- Hitesh Bhargava:** Okay Sir that is it from my side. Thanks.
- Moderator:** Thank you. The next question is from the line of Shashank Kanodia from ICICI Securities. Please go ahead.
- Shashank Kanodia:** Can you share what is the selling price of a power weeder?
- Antony Cherukara:** It is between Rs.40000 to Rs.60000.
- Shashank Kanodia:** On the power tiller volume front so this year we will end with around 25000 odd units, so next year we will have 15% of organic growth and plus 4000 units of product manufacturing, so is this understanding correct?
- Antony Cherukara:** More or less.
- Shashank Kanodia:** Lastly Sir if you can share the power tiller and tractor revenue figures in rupees for Q2 FY2021?
- Antony Cherukara:** Total revenue for power tiller Q2 is Rs. 111.85 Crores and Tractor is Rs. Rs.86.02 Crores.
- Shashank Kanodia:** Thank you. That is all from my side. Thank you so much.



*VST Tillers Tractors Limited
February 16, 2021*

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Antony Cherukara: Thank you very much everyone and look forward to interacting with you soon after the next quarter. Thank you.

Moderator: Thank you. On behalf of Batlivala and Karani Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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