

VST sets up plant in Hosur for ₹70 cr

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Bangalore-based VST Tillers Tractors Limited, a manufacturer of power tillers, reapers and rice transplanters, has forayed into the mini tractor segment with the launch of a 22 HP mini tractor. The company is betting big on farm mechanisation and subsidy on mini tractors to improve its business prospects in FY15.

"We have set up a new manufacturing plant on 14.6 acres of land at Hosur in Tamil Nadu at an investment of ₹70 crore to produce mini tractors. With our new 22 HP mini tractor, we want to compete with Japanese and Korean companies which have captured a sizeable share of the Indian mini tractor market," said B C S Iyengar, executive director, VST Tillers Tractors Ltd.

VST has two mini tractors with 18.5 HP and 22 HP in its portfolio and is also developing a 26 HP mini tractor which will be rolled out in the next two years, he said.

The mini tractor segment, consists of products with less than 30 HP and are mainly used in wide ranging applications in agriculture and plantation sectors. Other than VST, the mini tractor segment has products from Mahindra, Sonalika and Kubota of Japan. The segment size is estimated at 30,000 units and growing at the rate of 15 per cent.

"We are expecting a good



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growth this year for mini tractors after the government enhanced the subsidy to ₹60,000 per unit. We have built in a capacity of 36,000 units per annum at our plant in Hosur," Iyengar said.

The company has invested ₹70 crore from its internal resources. Its cash reserves are in the order of ₹200 crore, he said adding that the company has enough place to increase the capacity in the future.

VST Tillers, he said is looking to enhance its scale of operations and is revamping the sales and distribution network. It is also looking at exporting its products on a small scale and increase gradually.

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turnover of ₹620 crore in FY14, a growth of 35 per cent over the previous year. It is aiming at a 15-20 per cent growth in FY15.

"With the government recognising the need to focus on mechanization in small farm holdings which account for about 70 per cent of land holding pattern in India, the company expects this to be a major factor driving demand. We

will continue to focus on the small and marginal farmers and position our products," Iyengar said.

VST Tillers has a technology tie up with Mitsubishi of Japan for its mini tractors, tillers among others. It also sells 18.5 HP mini tractors.

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