



“VST Tillers Tractors Limited Q3 FY-22 Earnings  
Conference Call”

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**Moderator:** Ladies and gentlemen, Good day and welcome to the Q3 FY22 Earnings Conference Call of VST Tillers Tractors Limited hosted by Batlivala & 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 this 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 & Karani Securities. Thank you and over to you sir.

**Annamalai Jayaraj:** Thanks, Inba. Welcome all to VST Tillers Tractors Limited Q3 FY2021 Post-Results Conference Call. From VST Tillers management, we have with us today, Mr. V.T. Ravindra – Managing Director, Mr. Antony Cherukara – Chief Executive Officer, and Mr. Pankaj Khemka – Chief Financial Officer.

I will now hand over the call to management for their opening remarks to be followed by question-and-answer session. Over to you, Sir.

**Antony Cherukara:** Good afternoon, everyone I am happy to be here to share the Q3 FY22 results with all of you. The company has quarterly turnover of Rs.208.44 crores in Q3 of FY22 that is a growth of 2.75% year-on-year. The overall EBITDA percentage is 16.62% compared to 20.47% previous year. The reduction in EBITDA is mainly due to the reduction in other income. The operational EBITDA is at 14.51% compared to 14.71% the previous year. The PAT is at Rs.21.05 crore, previous year Rs.30.83 crore down by 31.72%. this is due to the other income and increase in depreciation.

Coming to the nine-month results April to December, the company achieved a turnover of 635.5 crores year to date December 2021, the growth is at 11.6%. Overall EBITDA percentage is at 18.35% compared to 19.25% previous year. Reduction in EBITDA is again due to the reduction in other income, the operational EBITDA percentage increased to 14.80% compared to 14.74% and the profit after tax is Rs.77.21 crores again previous year of Rs.77.84 crores.

Now coming to quarter three volumes on power tiller. Power tillers in quarter three FY 22, we have done 7139 power tillers against previous year, quarter three number of 6734 and tractors 2043, against previous year of 2433.

With these opening remarks, we could go into the question-and-answer session. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kripa Shankar from Spark Capital. Please go ahead.

**Kripa Shankar:** Hi, good afternoon couple of questions from my side. So, what would be your sense on the medium-term demand outlook for power tillers and tractors and if at all can you share your guidance for FY22 and 23?

- Antony Cherukara:** Yes, the outlook looks positive for power tiller, especially the short term. Medium term is really difficult to predict, however, the monsoon prediction is good for the next monsoon as well. So, that augurs well for the industry, so overall it looks positive for power tiller. Even for the tractors it looks positive, however, currently, there is a slowdown in the tractor sale. Primarily there was a cash flow delay into the farmer's hand which affected the tractor industry majorly, but, however, given the reservoir, water level, the crop prices and the cash flow now happening into the farmer's hands. It again looks positive in the short and medium term.
- Kripa Shankar:** Right. So, any major update on the subsidy allocation in major power tiller states?
- Antony Cherukara:** Yes, in this Q4, we are seeing some subsidy allocation happening from the northeast, in Tamil Nadu, in Karnataka, and in Maharashtra.
- Kripa Shankar:** Right sir, right and second question from my side. Can you share the revenue breakdown between the power tillers and tractors for the quarter? The revenue for power tiller and tractors?
- Antony Cherukara:** Yes, Q3 power tillers were 105 crores and tractors were 80 crores.
- Moderator:** Thank you. The next question is from the line of Devanshu Sampat from Yes Securities. Please go ahead.
- Devanshu Sampat:** Hello, sir. Good afternoon. Two broad questions from my side. So, two things. One is recently the management of Mahindra and Mahindra spoke about launching CODE under the Swaraj brand, right and there was a very distinct comment made by the management where they said they are targeting and they are confident of replacing Tillers, what are your thoughts on this one and secondly, if you can explain what kind of how is the pricing and the subsidy environment situation different for this CODE and when will that be something to that can you know will this be applicable to CODE as well and if you have any idea about that, and if this does turn out to be a threat over time will this require us to be more aggressive in terms of power weeders and these kinds of things? Just your thoughts.
- Antony Cherukara:** Yes, so, we have seen CODE and right now it is not eligible under any subsidy, because that is a completely new segment probably the government will have to come out with the testing regulations and standards for that just like that happened to the quadricycle if you recall.
- Devanshu Sampat:** Yes, of course.
- Antony Cherukara:** So, that is something that will lead to evolve right now subsidy is not there. However, on closer look, we see limited applications of that machine,. There is good demand for power tillers even now, and the power tiller business continues to grow, however, I will say innovation will keep happening and we will also be not far behind in terms of bringing innovations in the market. This year in fact, we have been awarded by CII as one of the most 25 innovative companies in the country wherein we launched multiple models with various innovations which enables the

small and marginal farmer. So, while we keep a watch on what is happening with CODE, one thing is for sure that VST will not be far behind in terms of innovations.

**Devanshu Sampat:** Also there was a this press release that the company put out a few weeks ago regarding this Rs. 1 payment for brush cutters. Now, of course this is something that I presume that you will also be looking at making this facility available for financing for one product and then eventually taking it to the other products that are out there. So, can you give a little sense on whether the tie ups are specific to that or can it be if you can share more details in terms of how many people we tied up with and you know how many where this is a financing facility available at all outlets and is it for all products if you can though some light on this?

**Antony Cherukara:** Yes. So, this Rs. 1 particular scheme was launched only for brush cutters and there has been good response in the market for that. What we have seen is customers coming with Kisan credit card and actually buying the brush cutter and converting the balance to EMIs. Brush cutter costs typically anywhere between Rs. 17,000 to Rs. -30000 So, depending on which capacity and what he is buying. So, this whole scheme is enabling those farmers to actually buy it easily through an EMI just like you and me would go to consumer durables store and buy a TV using Easy Finance Availability. So, that is what we wanted to emulate for the rural consumers in the.. So, I will repeat what I said just like the consumer finance available for durables like TV and fridge and all that, the same thing we are enabling for the small farm machinery customers. We have got good response on the Rs. 1 scheme wherein the farmer comes in with the Kisan Credit Card and makes the down payment of Rs. 1 and rest fee converts it into an EMI. So, the same methodology of course, not the Rs. 1, but different schemes we are also launched for power tillers wherein the down payment is Rs. 4000 and rest of it is converted into EMI is for the farmer to pay. So, that is also yielding good results. The other thing which the company is doing is creating digital payment ability in all our dealerships. We have reached about 85 dealerships now, where digital payment machines have been installed. We are taking it up to 300-400 dealerships in the next two months, wherein the whole Digital Abhiyan of the government, where the farmer is using the Kisan credit card, which will also mean this facility will also enable him to buy machinery now, which he was not able to do until now. So, with these initiatives, we are able to get good response from the consumers. I hope I have answered your question.

**Devanshu Sampat:** So, just to clarify. Basically, what do you said is financing availability will be there at all your outlets maybe in a quarter or two, right, not only for brushcutters but for all products.

**Moderator:** Thank you. The next question is from the line of Marshall, an individual investor. Please go ahead.

**Marshall:** My question is like considering surge in the raw material costs, how are you placed in terms of the steel price and all those things so what do you think in terms of margin during the Q4 like, what is your sort of guidance that as compared to quarter three number one. This is the first question, second question that how do you see this as stale of Tiller and Tractor during the Q4 as compared to Q3 in terms of numbers.

**Antony Cherukara:** Yes. So, the commodity inflation continues to be an issue. There is there is definitely a pressure in terms of cost that has been created through the commodity inflation. However, the company has been able to manage the cost very efficiently, both the operational cost and the various efficiencies that we have been talking about in the last few quarters, that is yielding as a result, that is the reason why our operational EBITDA has not gone down. So, it is being maintained and on a nine-month basis, we have also seen slight growth and going into quarter four, I think we will be able to manage our costs better some of the accrual of all the projects that we have been doing will continue to flow in quarter four and in the coming quarters as well. So, we should be able to manage our margins in the range that we are currently talking about, which is 12% to 14%, which we have sustained and I think we will continue to sustain.

**Marshall:** And what about the numbers like projected numbers of sales for the tillers and tractor considering it is year ending also March quarter. So, every company tries to push more in the market to book more sale. So, what do you think? Um, so how many we sold, how many tillers we sold? How many tractor we sold in Q3, and what is your target to sell it the Q4?

**Antony Cherukara:** Yes, I just read out the Q3 numbers. So, we have sold 7139 tillers in Q3 and 2043 tractors in Q3. Q4, we should be better we do not give any overlooking numbers in our calls, but we think it will be it is going to be positive.

**Marshall:** Very good and the last thing that did you also take some price increase because steel was very high and the power tiller are also getting higher. So, what about price increase?

**Antony Cherukara:** Yes, we are looking at a price increase and we have taken that in Q3.

**Marshall:** Okay. So, you are planning to have another price increase during this quarter?

**Antony Cherukara:** Yes, see, most of industry has already done the price increase in December. We are looking at doing the price increase in quarter 4.

**Moderator:** Thank you. The next question is from the line of Anand Srinivasan. Please go ahead.

**Anand Srinivasan:** Yes sir how is the expansion in higher HP tractor going on and can you state, what is the current status.

**Antony Cherukara:** Yes, the higher HP tractor expansion is going as per plan, we shifted to Hosur in the beginning of this year. So, the entire production capacity is completely set up for higher HP tractors. We have also taken steps to grow into the higher HP markets this year. So, we are making beginnings in those markets in like UP, MP and Rajasthan. We are getting very good response. We should be able to do 1000 plus numbers in this financial year hopefully in the higher HP segment and going forward we should be able to grow it further in the coming years.

**Anand Srinivasan:** Great to know sir. Sir on the implement side, what is the current status and also on the precision implement trade we are talking about expanding on both lines. So, any light on this.

- Antony Cherukara:** The precision implements division is something like we have started manufacturing of rotavators in Mysore. The business team is also being put in place. We have seen yearly beginnings of the revenue flowing in, but I think in the coming years it will scale up further.
- Anand Srinivasan:** Okay and sir, what is the current inventory status, in normal lines or how?
- Antony Cherukara:** In normal lines, of course, in quarter 3, we had a slightly higher inventory of about Rs.133 crores it is in line with our plans to build inventory for the season considering January also is Pongal and harvest season and an upward tick in the industry as per plan and things would be normal,
- Moderator:** Thank you. The next question is from the line of Sonal Gupta from L&T Mutual Fund. Please go ahead.
- Sonal Gupta:** Hi, good afternoon, and thanks for taking my question. Sorry, I joined the call little late. Could you repeat the revenue numbers for Tiller, Tractor and parts for this quarter?
- Antony Cherukara:** Okay, the tiller revenue is about 105 crores and tractor revenue is about 80 crores.
- Sonal Gupta:** And parts?
- Antony Cherukara:** Part is about 22 crores.
- Sonal Gupta:** Okay, so just carrying on with the previous question on higher HP. Tractors I was trying to understand like this year, we have also along with the industry seen a sharp decline in tractor volumes despite the fact that you launched a new product range as well as our overall base is also relatively small. So, could you I mean, like, shed some light on that like, like you mentioned that you were going to do like almost 1000 units with for higher HP tractors, so the underlying lower HP tractors are seeing a very sharp decline me so overall, how do you see this thing? I mean, is there some. What are the factors here?
- Antony Cherukara:** Yes, so the higher HP tractors there is not going to be any decline this year. We have set up the operation in Hosur and it has begun and as we move forward, you will see the growth in the volumes in the higher HP production and product stabilizes. So, apart from that the Compact tractor segment is predominantly for being sold in Gujarat and Maharashtra, Karnataka. So, what has happened this year, the industry fall has been at a certain level for a few, I mean, last few months, however, the drop has been larger in states like Gujarat, where the larger number of Compact tractor segment is sold. So, that has impacted our Compact tractor segment sale and that is why you see a dip in volumes in the tractors and secondly, as I said before, we go only by consumption and the entire cycle is built on consumption and the billing happens on consumption only. So, it is very directly proportional to the demand in the market right now. So, these are the two reasons so we do not build any inventory in terms of the channel inventory. So, these are the two factors by which you see a decline in compact tractors. The higher HP tractors is continuing to grow, although at a small percentage and going forward, I think things

will look better because Gujarat and Maharashtra water levels and pricing for the crop producers are looking good.

**Sonal Gupta:** Got it sir, sir but overall, do you see I mean, like clearly we are hearing a lot of news flow saying rural stress. I mean, even some of the larger tractor competitors have sort of commented. So, do you think that the industry will continue to face pressure even in FY23 or do you think that we have largely seen the worst of impact?

**Antony Cherukara:** See the pressure is seen against a very large base in the previous financial year. However, you look at in terms of where the industry will end up this year, will be close to 900,000. So, it is actually you know the large base of the previous financial year, which we are comparing against and then we are we are looking at the degrowth that is being seen. However, what I see is in the coming near term or the medium term going into the kharif season, I see things would look good, the reason being one is the water levels are good, the crop planting is good and the prediction on the monsoon is also good. prediction on monsoon also has come which is being predicted to be normal. So, with all these put together, it looks good for the coming season as well.

**Sonal Gupta:** Could you share some where are you in terms of financing numbers, sorry, in terms of like, like you mentioned you have launched the EMI scheme. So, how is the share of financing moved. Could you like maybe last year versus this year.

**Antony Cherukara:** Financing as over the last few quarters, we have been focusing on it about 6 to 7 quarters. What we have done is from zero financing happening in tillers. Currently we are at about 3.5%. So, earlier zero retail finance used to happen, it has gone up to 3.5 to 4%. Our immediate target is to take it to at least 10% and the next few years take it to at least 20%.

**Sonal Gupta:** So, in the latest quarter, we are at 3.5.

**Antony Cherukara:** Yes.

**Sonal Gupta:** And what would be the case for you in the tractor side?

**Antony Cherukara:** Tractor is predominantly finance. So, there is no question of no finance availability in that segment.

**Sonal Gupta:** Got it sir and lastly I mean in terms of tiller volumes, could you tell us what share would be B2B in terms of your volume?

**Antony Cherukara:** Tiller volume B2B is about 1500 numbers so far this financial year.

**Moderator:** Thank you. The next question is from the line of Arpit Shah from Care Portfolio Managers. Please go ahead.

- Arpit Shah:** Yes. Very Good afternoon and thank you for giving me a chance. So, what are your pipeline for next year launches in tractor and tillers or any other farm equipment that you want to launch.
- Antony Cherukara:** Yes the new products that we will be launching in the coming months. We are launching couple of products in the Compact tractor segment which will be advanced products in terms of ergonomics, in terms of hydraulics, in the Compact tractor segment, also in the coming financial year we will be launching the VST Zetor range of tractors in the higher HP segment. In the small farm equipment sector, we will be launching a range of handheld machines like weeder, brush cutter etc. .
- Arpit Shah:** So, these are in coming few months only?
- Antony Cherukara:** Yes coming few months only. VST Zetor launch will be sometime in Q2-Q3 of FY23.
- Arpit Shah:** So, related to original plan of achieving 3000 crores. So, I believe that management still stand by that word that we are trying to achieve 3000 crores of topline. So, is it correct? We stand by our words.
- Antony Cherukara:** See the last financial year we achieved a growth of 43%. This year, we should be able to looking at close to 20% plus in terms of growth. So, cumulatively we are at about CAGR in the last two years about 30%. So, we need to get to about 35-36% on a five year journey to get to the vision that we are. So, the more importantly, what I would like to share with you for the company, it has been to get to onto a very aggressive growth path. I think that point has been achieved in terms of achieving year-on-year growth. So, the focus will continue and more and more product and projects which were started earlier is going to come in line in FY 23 and FY24. So, those revenues have not been realized yet. So, in the next financial year those things should be coming through and we are positive on chasing down this vision that we have set.
- Arpit Shah:** During this journey, do we see any you know that any revolutionary product for this farming segment or the small farm equipment segment or there will be some natural sunset of some products of say tillers or something like my earlier question has asked M&M is launching something to replace the power tillers so do we see any change in product mix or any strategy or any changing strategy that we have to implement or something like that?
- Antony Cherukara:** I have shared earlier with you we are looking at four or five strategies in terms of you know gunning for this growth. I will repeat what I said before one is ensuring that the power tiller business you know converted to a small farm mechanization business. So, power tiller plus. Secondly, we are looking at ensuring capacity utilization for our higher horsepower tractor and selling those volumes. Third is chasing off leadership in the Compact tractor segment and sustaining it. That is third one. Fourth what we have said is we will be getting into precision implements which we are doing. Fifth, we will look at rural distribution opportunities, very soon we will be coming to you and telling you probably in quarter one of next year that we are getting into rural distribution and I will be able to share more details then, and the last one is we said we will invest in technology and future innovation. So, you have seen us investing in electric tractor



technology and Zimeno Inc the makers of Monarch tractors for which we are in talks with them and we have already supplied the power train to them.

**Arpit Shah:** Okay, great. But the last question is on the export. How do we see export coming in?

**Antony Cherukara:** Yes, export is doing quite well for us. We are growing about 140% clustering on the export front in this current year and we have been able to go into the countries which we wanted to go into like Eastern Europe, I told you earlier that we will be entering which we have done this year and we said we will expand in Africa. So, we have been able to create a network in West Africa and southern Africa. So, we are yet to enter the Eastern African part which very soon we should be able to.

**Moderator:** Thank you. The next question from the line of Anil Srinivasan, please go ahead.

**Anil Srinivasan:** I just wanted to ask about what is the CAPEX for this year and next year.

**Antony Cherukara:** Yes CAPEX will be around 45 crores for this year. Next year the plan is in progress probably the next call, I will be able to share more details with you.

**Anil Srinivasan:** Sure, and I just wanted to know if there are any subscription based models that can be explored, I just want to know how technology can disrupt the business model that is existing currently, because there are also some players who are working on tractor for hire or something like that. So, are there any opportunities you see on this site?

**Antony Cherukara:** We have operated custom hiring service Center, and the business model has not proven to be quite profitable. However, I think what you said is so many things are emerging and we are closely watching it. One of the latest thing that is emerging is drone as a service. So, these are the things that we are watching closely and the company will be taking steps to be in the forefront of emerging technologies, especially for the small farmer.

**Moderator:** Thank you. The next question is from the line of Sonal Gupta from L&T Mutual Fund. Please go ahead.

**Sonal Gupta:** Thanks for the follow up. Sir I just wanted to understand the precision implements we mentioned you started rotavator, I mean, like what all implements are you looking at and by when do you expect to have a complete portfolio?

**Antony Cherukara:** Yes, so, it will be a continuous journey. So, right now, we have started with rotavator. Second thing we are working on currently sprayers and we are also looking at certain components like times that go into trillers and rotavators. So, we are in talks, multiple talks with them and I think this journey will continue. There is no complete portfolio kind of situation that we are looking at, what we are seeing is wherever the opportunity is now, for example, like I was just telling the previous caller, one thing that is emerging is drones now, so, we will be looking at it as well. So, we will be working on.

- Sonal Gupta:** Good and I mean, are there any other like plain vanilla things like we see now a lot of OEMs getting into I mean just from other segments like getting into the usual stuff, like even lubricants and all they are selling through the network and spare as part of their spare part business.
- Antony Cherukara:** Yes, we're definitely doing that I spoke about the rural distribution that we want to do. So, we are building a completely digitally enabled funnel. So, I will share more details with all of you once we have completely get it off the ground and going. Right now a lot of work is happening on that front and probably in the coming quarter, I will be able to share more details with all of you.
- Sonal Gupta:** Got it sir. So, this one be precision implements. Are these largely again cash and carry or there is a element of finance.
- Antony Cherukara:** Everything is cash and carry at least to the channel partners we are on cash and carry model only.
- Sonal Gupta:** Right, you know I understand like for the end customer. I mean like you have launched this brush cutter scheme where you are giving it on an EMI basis. So, I would imagine like a lot of these.....
- Antony Cherukara:** No for tractors and implements there is finance available. So, many of these implements are financed by the customer. Real issue of finance is in this small farm machinery segment which is the Power Tiller, power weeder brush cutter space
- Moderator:** Thank you. The next question is from the line of Kunal Sabnis from Nine Rivers Capital. Please go ahead.
- Kunal Sabnis:** The average realizations for tractors have gone up sharply what do you attribute this to.
- Antony Cherukara:** Of course, we have had a price increase in the year due to continuous commodity inflation that definitely has happened and second is there is also a shift towards higher horsepower sale, even in our Compact segment larger number of 27 horsepower selling compared to 18 horsepower, 30 horsepower is another Compact tractor which has started selling then of course our journey into higher horsepower space, which is the 45 HP and 50 HP segments that come at a higher price. So, from all these perspectives, of course, if you compare the average realization with previous years definitely will see that it has gone up.
- Kunal Sabnis:** So, mix of exchange and the price hikes.
- Antony Cherukara:** Product mix and inflation. Yes, both.
- Kunal Sabnis:** Got it. On the export front, you said you will grow this year 40% above last year, right is that.
- Antony Cherukara:** 140%.

- Kunal Sabnis:** 140%. So, last year you did about 650 volumes that grew by 140% and which geographies is this primarily driven by.
- Antony Cherukara:** I mean Europe primarily, I would say. Africa we have just entered We are getting good growth there but the base is small.
- Kunal Sabnis:** Got it and you plan to leverage the reaper or supply chain in Western Europe. Is that all.
- Antony Cherukara:** Right now, we are not doing it, but in the future yes, we will be doing it. Not necessarily for Europe, because Europe, we have a very good network, but the other continents like Latin America, we are looking and talking to them currently.
- Kunal Sabnis:** Got it and if you could just give me the dealer account on tillers and tractors both.
- Antony Cherukara:** Tillers we are at 504 and tractors we are at 325 dealers.
- Moderator:** Thank you. The next question is from the line of Anand Srinivasan. Please go ahead.
- Anand Srinivasan:** Just wanted to follow back on that drone. Have you applied for the drone PLI? Are we eligible for that?
- Antony Cherukara:** PLI no, but we are looking at drones as an opportunity. We have just begun the studies on that. They are working on him.
- Moderator:** Thank you. The next question is from the line of Devanshu Sampat from Yes Securities. Please go ahead.
- Devanshu Sampat:** Thanks for the follow up just a few questions. Sir can you give a bit of an update on what is happening on the tie up with Pubert on power weeder side?
- Antony Cherukara:** Yes, power weeder, side the progress is good, the volumes is growing. However, no other modality improvements have happened because of COVID. We traveled to France and had a discussion, Pubert is also expected to come to India, however, due to COVID those things have not progressed.
- Devanshu Sampat:** Okay, okay. So, it's safe to assume that FY 23 may be able to first half.
- Antony Cherukara:** We are definitely working on it, but today we are in an unpredictable environment. So, we are definitely working on that. Yes.
- Devanshu Sampat:** And a question for the MD If he chooses to answer. So, can you talk a bit about the challenges that we are facing you are not from a macro environment, but from within right. I mean, there has been a bit of senior management attention that I have read some news and there have also a little bit of a channel check that I did I got to know that the tractor oil leakages issues are still

the complaints of that still are coming around. So, you know if you can comment a bit on that and how we are looking at addressing these issues.

**V.T. Ravindra:** On the management front, we have not had any serious issues yet. We have had one senior person leading us and that has been taken care of. We have in our management depth through and that that issue we do not see any problem on that. On the tractor front, you said leakage issues. We have overcome all issues on the tractor as of now.

**Devanshu Sampat:** Okay, you are saying.

**Antony Cherukara:** I would like to just add on to the MD just said I am very happy to say that the company has begun a TQM journey and we just had the first audit and we actually got a exemplary award on the quality audit from the IMEXI and the company's objective to go on the journey and look at even Deming at a later stage. So, definitely a lot of work has happened in the last two to three years and I mean, the problems you spoke about are no more there.

**Devanshu Sampat:** Okay, okay. That's great to hear and when it comes to R&D and innovation if you can give me an honest assessment, do you think they are self-sufficient or are we we need the help of Tech partners and to sort of keep up with a lot of startups and some of the larger names also are up in the R&D gains from what have been reading. So, your take on that in terms of how we are approaching this, and to stay ahead of the curve?

**Antony Cherukara:** Yes, so definitely, innovation is going to be a critical part of our journey. So, I'm very happy to share with you this year, CII has awarded as, our VST as one of the most 25 top most innovative organizations in the country. So, we have been doing a lot of innovations and especially in the small farm mechanization space and that journey will continue and we will continue to partner especially for technology, as we have partnered with Zetor or similarly, we are working together with Monark for electric and autonomous tractors. So, those things will continue innovation. Innovations definitely. I mean, there are several projects that are underway looking at innovations that needs to be done, especially in the small farm mechanization space.

**Devanshu Sampat:** So, and last question from my side is any update on the land parcels sale and if not then what is the reason that this is getting delayed? You know, given that the land value and the real estate cycle news are generally quite favorable right now. So.

**Antony Cherukara:** land we are not looking to sell immediately, but like I have said before we will definitely unlock the value of this land, but the critical factor is the company is looking for opportunities of growth, and we will need cash at some point in time this is not the best time to get into a commercial deal on a real estate, but definitely, we will be unlocking the value but nothing decided at this point in time.

**Moderator:** Thank you. The next question is from the line of Marshall, an individual investor, please go ahead.

- Marshall:** Yes, just I think the month of August or something, there was a press release regarding the agreement signed with the Zimeno for the electric tractor. So, if you can spell out where do we stand on this one number one.
- Antony Cherukara:** Okay. So, Zimeno we are we have supplied tractors parts to them, they are in the process of development testing, there is a huge regulatory requirement in the US. So, there is a lot of testing needs to be done. In the coming financial year, the Monark that is Zimeno Inc is expecting to launch those tractors in the US market. So, for those tractors the power train is expected to go from us in India, we are working on it.
- Marshall:** So, it so it means we will see some production during Q4 or the next year or the Q1 next year.
- Antony Cherukara:** Next year, next year ,expected Q3, Q4 of next year. We are working on it.
- Marshall:** Okay and second thing we have receivables of 82 crores in our balance sheet. So, whether all those receivables are less than six months or something older which may not be realizable.
- Antony Cherukara:** There are subsidy outstanding which is greater than six months which the company has provisioned for. regular receivables are ok.
- Marshall:** So, but like why we have to make the provision for the subsidy if it is a government distribution subsidy as per the policy or notification we should get it isn't it?
- Antony Cherukara:** We should get it but we are following the credit policy set by the company whether it is subsidy or not. We have provided.
- Marshall:** Okay that is fine. That is fine. Okay. Okay. But otherwise, otherwise it is receivable.
- Antony Cherukara:** Yes, the government, it is not us the entire industry has to get money from the Andhra Pradesh government.
- Moderator:** Thank you. As there are no further questions from the participants. I now hand the conference over to Mr. Mr. Annamalai Jayaraj for closing comment.
- Annamalai Jayaraj:** We thank all the participants. We thank VST Tillers Management for taking timeout for the call. Have a good day.
- Antony Cherukara:** Yes, thank you.
- Moderator:** Thank you. On behalf of on behalf of Batlivala & Karani Securities India Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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