



VST TILLERS TRACTORS LIMITED

Regd. Office & Factory: P.B. No.4801, Mahadevapura Post, Whitefield Road, Bangalore – 560 048
Ph : 91-80-67141111, 28510805/6/7, Fax : 91-80-28510221, email : vstgen@vsttillers.com, www.vsttillers.com



HALF YEARLY RESULTS.

The performance for the second quarter is to be seen against the aberration in the last year. The monsoon and timely launching of subsidy schemes in key states have enabled the company to maintain the growth. For the first six months the sales of power tiller has increased from 9770 to 13749. However the growing demand for Tractors could not be met due to disruption in the supply of critical components for tractor which has seen a moderate growth from 2869 to 3373 no. The total sales revenue has grown by 38% to surpass Rs 300 crores. Higher realization coupled with stable raw material price has enabled the company to register an impressive net profit before tax of Rs 55.02 crores a growth of 81% over last year.

OUTLOOK FOR THE YEAR.

The demand for tractors would continue to be buoyant and the company has taken steps to increase the production. However power tiller and reaper sales is likely to be affected in the major market of Odisha which was hit by super cyclone. The change over to the New sub mission plan in the central schemes for subsidy on power tillers may also cause temporary setback in the third quarter.

The introduction of 22hp tractor has been well received and we foresee the market preference over the existing model of 18.5hp which is good for the company. Overall the company is expecting to grow over 20% during the year.

SUBSIDY AND IMPORT OF POWER TILLERS.

It is felt appropriate to post a note on the subject on which there oft repeated questions from investors.

Government encourages farm mechanization through subsidy schemes for the purchase of machinery and equipment. At present the central subsidy on power tiller is Rs 45000/ which is administered through the States. Many of the states are topping it up with additional state subsidy ranging from Rs 10000/ to Rs 25000/. We are required to supply the power tillers at the net subsidized price and as per the prior authorization and the practice in the state the Subsidy is paid to the company or its authorized dealers. Invariably the credit for the subsidy which the States take time (ranging from 60 to 180 days) is extended by the manufacturers. While higher subsidy is boosting the sales of power tiller on the flipside the average debt collection period goes up. The timely launching of the subsidy schemes to support the seasonal needs of the farmer is yet another critical factor. Quite often the process of tendering and price approval runs over the season. Representations have been made to the Government to address these bottlenecks which will go a long way in successful implementation of the subsidy schemes. There is also proposal to increase the central subsidy on power tillers.

Imported power tillers are largely from China which is the largest producer of power tillers in the world. There are more than 40 models of imported power tillers which are also eligible for subsidy and together they hold about 30% of the market share. They have the cost advantage against which the domestic manufacturers have an edge in terms of quality and service.

For V.S.T. TILLERS TRACTORS LTD

Chinmaya Khatua
Company Secretary

Manufacturing & Marketing : Power Tillers, Tractors & Diesel Engines
Marketing : Rice Transplanters & Reapers



A VST GROUP
ENTERPRISE