

## 55<sup>th</sup> Annual Report 2022-23



*Grow with us*



# Corporate Information

- Mr. V.K. Surendra**  
Chairman
- Mr. M.K. Bannerjee**  
Independent Director
- Mr. K.M. Pai**  
Independent Director
- Ms. Siva Kameswari Vissa**  
Independent Director
- Dr. Nandakumar Jairam**  
Independent Director
- Mr. Rajen Krishnanand Padukone**  
Independent Director
- Mr. V.V. Pravindra**  
Non-Executive Director
- Mr. Arun V. Surendra**  
Non-Executive Director
- Mr. V.T. Ravindra**  
Managing Director
- Mr. Antony Cherukara**  
Chief Executive Officer
- Mr. Nitin Agrawal**  
Chief Financial Officer
- Mr. Chinmaya Khatua**  
Company Secretary and Compliance Officer

**Statutory Auditors**  
M/s. K.S. Rao & Co., Bengaluru Chartered Accountants

**Internal Auditors**  
M/s. Brahmayya & Co., Bengaluru Chartered Accountants

**Cost Auditors**  
M/s. Rao, Murthy & Associates, Bengaluru, Cost Accountants

**Secretarial Auditors**  
M/s. Thirupal Gorige & Associates LLP, Bengaluru, Practising Company Secretaries

**Regd. Office**  
Plot No.1, Dyavasandra Industrial Layout, Whitefield Road, Mahadevapura Post, Bengaluru - 560 048  
Ph: 080-67141111  
E-mail: vstgen@vsttractors.com  
Website: www.vsttractors.com

**PLANT LOCATIONS**  
**HOSUR**  
Plot No:39, Sipcot – Phase I, Mookandapalli Post, Hosur - 635 126. Tamil Nadu

**MYSORE**  
Plot No.42/43, Metagalli Industrial Area, Mysuru -570016. Karnataka

**MALUR**  
Plot No-222-224 & 229-232, KIADB Industrial Area, Malur III Phase, Malur -563130, Karnataka

## Celebrating the Legacy of Shri V.P. Mahendra



16 July 1942 – 30 May 2023

Shri. V.P. Mahendra, Vice Chairman of VST Tillers Tractors Limited passed away in Bengaluru on 30 May 2023, at the age of 81. Throughout his illustrious career, Shri V.P. Mahendra made invaluable contributions to the growth and success of the company.

A graduate in electrical engineering, Shri. V.P. Mahendra briefly pursued his studies at IIM Calcutta but decided to follow his passion instead and entered the business. He played a pivotal role in building India's first power tiller manufacturing plant in Bengaluru.

Shri. V.P. Mahendra served as the Managing Director of VST Tillers Tractors Limited from 1989 to 2014, Vice Chairman & Managing Director from 2014 to 2021 and Vice Chairman & Non-executive director from 2021

to 2023. Additionally, he was the director in VST Group companies and served as an Independent Director in other listed companies.

Known for his strong connect with people, Shri. V.P. Mahendra worked with employees across divisions and often went on field visits to get farmers' feedback enabling real-time testing of the products.

A visionary leader, who brought world-class products and implements to the Indian farmers through global tie-ups. He was instrumental in setting up VST's plant in Bengaluru and transforming it into the current state-of-the-art facilities in Malur and Hosur.

A humble human being with a great vision, Shri Mahendra influenced people around him to contribute

their best and inspired his employees in his journey of transforming the lives of small and marginal farmers in the country.

Having been with VST almost since inception, he experienced the company's highs and lows. During challenging times, his optimism and determination proved fruitful to the company.

The legacy of Shri. V.P. Mahendra will be remembered not only within the organization but also in the hearts of countless individuals whose lives he touched with his exceptional contributions and unwavering spirit.

We shall strive for the company's commitment and passion as he did. In this way, we hope to ensure that the legacy continues to expand forever.

# Honoring the Legacy of Shri R Subramanian



We extend our heartfelt recognition to the invaluable contributions of Shri R Subramanian, our past Board Member and Chairman of the Audit Committee. With deep regret, we observed the passing of this remarkable individual on the 5<sup>th</sup> of April 2023. Shri R Subramanian served as an independent director of the Company for four decades, leaving an indelible mark on our organization and its growth. His wisdom, dedication, and unwavering commitment to excellence have left an enduring impact that will continue to inspire us for years to come. As we mourn his loss, we also celebrate his life and the exceptional legacy he leaves behind



Power Tillers Plant at Malur, Karnataka

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AGM Notice

FORWARD-LOOKING STATEMENTS

Some statements in this discussion describing projections, estimates, expectations, or outlook may be forward looking. Actual results may however differ materially from those stated, on account of various factors, such as changes in government regulations, tax regimes, economic developments, exchange rate and interest rate movements among other macroeconomic factors, competitive environment, product demand and supply constraints within India and the countries within which the group conducts its business.

## FY23 Key Performance Highlights

# Steering our Vision to Success

Tiller Volume Sold

**38,247**  
Units



Tractor Volume Sold

**6,875** Units



Financials – FY 23

**₹1006.43 crore**  
REVENUE FROM OPERATIONS

**₹152.16 crore**  
EBITDA

**₹92.36 crore**  
PROFIT AFTER TAX

**₹24.23 crore**  
CAPEX

**₹824.45 crore**  
NET WORTH as of 31.03.2023

**₹1.74 crore**  
CSR Spends

\*VST Team Analysis

Market Share (India)

Power Tiller Segment

**71%\***

Compact Tractor Segment

**8%\***

Credit Rating

Long Term (ICRA)

**AA-**

Short Term (ICRA)

**A1+**



## CHAIRMAN'S MESSAGE

# Well positioned to drive the India story



**Our company is continuing to develop and expand its operations in areas that generate substantial returns for farmers and profitable growth for our stakeholders**



### Dear Shareholders,

In the wake of Shri V.P. Mahendra passing away in May 2023, we pay a tribute to the visionary leader who left behind an indelible mark on our company. His contribution to the Indian farming community shall be eternally cherished. Over the years, his illustrious career saw him hold key positions within the company, from Managing Director to Vice Chairman, where he led with compassion, connecting with stakeholders at all levels and engaging directly with farmers to enhance product quality. Through global partnerships, he brought world-class products and implements to the Indian farmers, transforming their lives. Shri. V.P. Mahendra's legacy will forever inspire countless individuals as his exceptional contributions and unwavering spirit continues to be remembered within the organization and beyond. We also extend our heartfelt recognition to the invaluable contributions of Shri R Subramanian, who had

earlier served as Board Member and Chairman of the Audit Committee. With deep regret, we observed the passing of this remarkable individual on the 5<sup>th</sup> of April 2023.

### Global Economic Outlook

I feel proud of the way VST Tillers Tractors Limited has navigated through a volatile and challenging environment in FY 2022- 23. The global economy is showing signs of gradual recovery from the pandemic and the Russia-Ukraine war.

Projections indicate that the global growth is expected to rise to 3.1% in 2024, while global inflation is expected to fall to 4.3%. Furthermore, the coordinated efforts of most central banks in tightening monetary policy are expected to yield positive outcomes, helping inflation to return to its target level. We remain cautiously optimistic about the economic outlook and are committed to navigating these challenges with resilience and prudence.

### India's Resilient Economy, Promises Growth

India is now the world's third-largest economy in terms of Purchasing Power Parity (PPP) and the fifth largest in terms of market exchange rates. The Indian economy has been relatively resilient amidst the prevailing global headwinds and uncertainty. As per the estimates by International Monetary Fund, India is projected to grow at 6.1% in FY23, which could improve to 6.3% in FY24. India's recovery from the epidemic was rather swift, and the growth in the following year would be underpinned by healthy domestic demand and an increase in capital expenditure across various sectors.

### India's Agricultural Sector – The Digital Transformation Revolution

India's agriculture sector is projected to grow substantially in the coming years by 2025. The government has outlined several measures to support farmers and foster agricultural development, in the 2023-24 Union Budget, including a significant allocation of Rs 1.25 lakh crore for their welfare. To encourage innovation and progress, the government has introduced the Agriculture Accelerator Fund, that will enable young professionals to launch agricultural start-ups that offer cost-effective solutions, leveraging cutting-edge technology to enhance productivity and profitability for farmers.

Emphasizing the digital transformation of agriculture, the government has allocated Rs 450 crores for its Digital Agriculture Mission and an additional Rs 600 crores to promote agricultural technology. At the grassroots level, a network of 729 Krishi Vigyan Kendras has been established nationwide to ensure that farmers gain access to better resources such as improved crop seeds, innovative animal and fish breeds, and enhanced production and protection technologies.

With a focus on sustainable farming practices, robust government initiatives, and a dedication to increasing crop productivity through extension services, the market is poised for substantial growth in the coming years.

### Creating Milestones with Strong Performance

Our company continued to perform strongly in 2023, achieving excellent financial results while overcoming significant supplier challenges and responding to the strong demand for our products. We have successfully introduced new products with cutting-edge technology and features, solidifying our competitive position in the global market.

In a remarkable milestone, our revenue hit four digits at Rs. 1,006.43 crore in 2023, for the first time in its history. We generated an EBITDA of Rs. 152.16 Crores, a Profit Before Tax (PBT) of Rs. 123.94 Crores, and a Profit After Tax (PAT) of Rs. 92.36 Crores. These financial figures reflect our commitment to operational excellence. We clocked sales volumes of 38,247 power tillers, 1,434 reapers, 3,392 power weeders, 1,458 brush cutters, and 6,875 tractors. In 2024, we aim to maximize capacity utilization by producing both compact and higher horsepower tractors, VST Zetor products, and smart farm machinery.

### Embracing an Exciting Future: Unleashing New Possibilities

The outlook for the upcoming year is filled with optimism for our company as several factors align in our favour in the agricultural sector. Firstly, agricultural fundamentals are strong, setting the foundation for growth. The customer confidence remains robust in our products. Infrastructure expenditure is projected to increase multi-fold, which is expected to further support the industry. Furthermore, machine inventories remain low, and demand is projected to continue to exceed the industry's capacity. With a revenue target of Rs. 3,000 Crores by 2026, we are investing in emerging markets and product innovation to drive growth.

### We are Future-ready

The world's population is projected to reach 10 billion by 2050, and we are likely to witness increased demand for food. This increases the necessity for higher agricultural output and coincides with a decrease in available farmland, imposing additional challenges in meeting the demand. Addressing these variables is crucial to ensure food security and meet the evolving requirements of a growing global population.

We are laser-focused on providing innovative solutions that address farmer pain points while advancing a more sustainable future. Our company is continuing to develop and expand its operations in areas that generate substantial returns for farmers and profitable growth for our stockholders.

As we move forward, we are committed to deliver new and technologically advanced products to cater to our customers evolving needs, be it electric or HST (Hydrostatic Transmission) We are committed to staying at the forefront of innovation by proactively implementing Theory of Constraints (TOC) and digitization strategies. Our marketing plans are

strategically designed to establish a successful presence in advanced markets like Europe We prioritize providing our employees with growth opportunities and our shareholders by delivering long term value.

To all our stakeholders, we extend our heartfelt gratitude for your confidence and invaluable assistance. Your steadfast belief in our mission, products, and services has played a pivotal role in driving the growth of our organization. We sincerely thank you for your substantial contribution to our journey.

Additionally, we would like to place on record, the contribution made by our esteemed members of the Board of Directors. Our strategic direction and results have been greatly influenced by their advice, knowledge, and unrelenting dedication. Their priceless contribution and considerate observations have improved our governance procedures and given us the tools we need to overcome obstacles and grasp opportunities.

Regards,

**Mr. V K Surendra**

Chairman

# COMPANY OVERVIEW

## About VST: Strong Legacy. Built on Progress.

VST Tillers Tractors Ltd is India’s largest manufacturer of power tillers, operational for 56 years. The company manufactures power tillers, tractors, and other agricultural multi-purpose equipment. We were established under VST Group of Companies, that holds a 53% equity stake.

We are at the forefront of providing affordable and reliable SMART farm mechanization solutions to small and marginal farmers.

Our product portfolio encompasses diverse range of agricultural equipment including Tractors, Power Tiller, Reaper, Brush Cutter, and Weeders, designed to cater to diverse needs of farmers.

1000+

Dealer network

4500+

Retailer Network

83

Spares Parts Distributors

40+

Countries

International presence\*

\*Although we had taken a target to achieve our Vision by 2025, but due to adverse situation such as Covid-19 impact and supply chain disruptions we aspire to achieve the target by 2026.

### What Defines Us



#### VISION

We will be a 3000 crores global brand in diversified farm mechanization products and solutions by 2025.\*



#### VALUES

##### Consumer Centricity

Making every interaction count, even the smallest one

##### Integrity

Doing the right thing, Even when no one is watching.

##### Stretch

Going the extra mile



#### MISSION

We will accomplish our vision with undivided and undeterred commitment towards innovative quality products, through Inspired Individuals, Simplified Systems, and 5X Leadership.

##### Synergy

Together we can achieve more.

##### Speed

It’s not the big, but the fast that wins.

##### Go Green

Conserve to Serve

#### State-of-the-Art Manufacturing Facilities

Our operations thrive on three strategically located manufacturing facilities that play a vital role in supplying our products and critical components to OEMs and customers worldwide. We have a relentless focus on innovation and uncompromising quality. Through our cutting-edge manufacturing capabilities, we are actively shaping the future of agriculture.

#### Creating Value with a Diversified Product Portfolio



Hosur

Malur

Mysore

Products Manufactured

Tractors

Power Tillers.

Precision machined components, sub-assemblies & implements

Manufacturing Capacity

36,000

Nos.

1,00,000

Nos(Installed Capacity 60,000 Nos.)

7,500

Nos

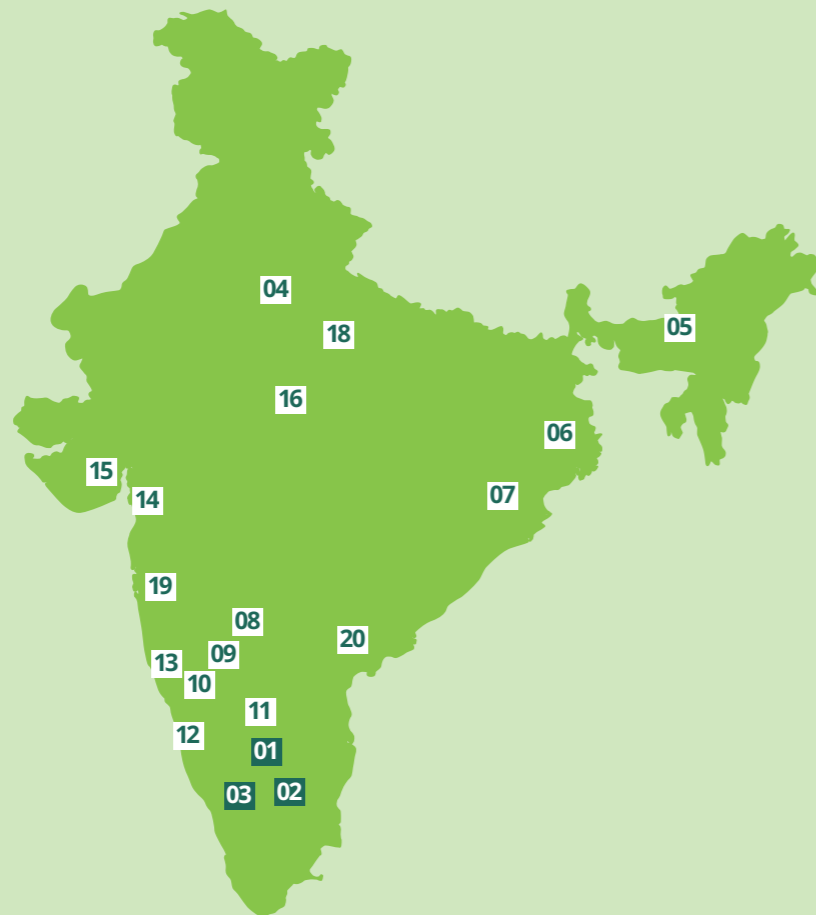
## COMPANY OVERVIEW

# Growing Presence in India and Across the World

**3**  
Manufacturing Units

**17+**  
Sales Offices

**40+**  
Countries



- |           |              |                |              |              |
|-----------|--------------|----------------|--------------|--------------|
| 01 Mysore | 04 Ghaziabad | 07 Bhubaneswar | 12 Shimoga   | 16 Bhopal    |
| 02 Malur  | 05 Guwahati  | 08 Raichur     | 13 Kolhapur  | 18 Lucknow   |
| 03 Hosur  | 06 Kolkata   | 09 Bagalkot    | 14 Gandevi   | 19 Pune      |
|           |              | 10 Hubli       | 15 Ahmedabad | 20 Vijaywada |
|           |              | 11 Tumkur      |              |              |

### International Business

#### EUROPE

- 01 France
- 02 Germany
- 03 Netherlands
- 04 Belgium
- 05 Luxembourg
- 06 Poland
- 07 Czech Republic
- 08 Slovakia
- 09 Spain
- 10 Portugal
- 11 Bulgaria
- 12 Romania
- 13 Moldova
- 14 Croatia
- 15 Slovenia
- 16 Austria
- 17 Hungary

#### LATIN AMERICA

- 18 Haiti
- 19 Chile
- 20 Ecuador
- 21 Bolivia

#### AFRICA

- 22 Tunisia
- 23 Guinea
- 24 Uganda
- 25 Liberia
- 26 Ghana
- 27 Ivory Coast
- 28 Benin
- 29 Kenya
- 30 Tanzania
- 31 Rwanda
- 32 South Africa
- 33 Botswana
- 34 Namibia
- 35 Zambia
- 36 Mozambique
- 37 DRC
- 40 Togo

#### ASIA

- 41 Bhutan
- 42 UAE
- 43 Vietnam

# PERFORMANCE OVERVIEW

# Staying Ahead: Backed by Reliability and Innovation

### Product Portfolio – Solutions that empower our customers

Our diversified portfolio is a testament to the passion for innovation and commitment to meet the needs of our customers. We offer unparalleled selection of products that are innovative, efficient, and powerful. As we move ahead, we continue to develop new products that meet the evolving need of our customers.

### Smart Farm Mechanization

Power tillers are lightweight and compact agricultural equipment that are especially advantageous to small and marginal farmers.



#### Performance Snapshots

**38,247**

Tiller Units Sold

**660**

Dealers

**₹589.85 crore**

Revenue

### Our Product Offerings

#### Power Tillers

- VST 165 DI (16 HP)
- VST 135 DI
- VST 130 DI
- VST KISAN
- VST 95 DI IGNITO

#### Weeders

- VST MAESTRO
- VST ARO PRO
- VST RT70
- VST FT 50 GE
- VST FT50
- VST PG50
- FT 35 GE
- FT 20
- FT 80
- FT 55 GE
- FT 70

#### Brush Cutter

- VST P520BG
- VST P520BG
- VST 226 LD
- VST 234 MD
- VST 242 HD
- VST 243 HD
- 4S 36 HD

#### Multicrop Reaper

- VST 5PR
- VST 55 DLX Multi Crop

#### Hedge Trimmers

- VST 223 LD
- VST 223 HD



## PERFORMANCE OVERVIEW

### TRACTORS

We offer a range of compact and high-horsepower tractors under the brands VST and VST FIELDTRAC, for the domestic and export markets, respectively.

We are in the advanced stages of introducing new high-horsepower tractors to penetrate in the North Indian market.

### Our Product Offerings



Classic Series -  
17 to 27 HP



NGT&EGT-  
24 to 28 HP



Power Series -  
VST 939DI



HHP Series -  
VST 9045 DI +

### Performance Snapshots

**6,875**

Total Tractor Units Sold

**1,458**

Export Units Sold

**378**

Dealers

**₹275.89 crore**

Revenue

### DISTRIBUTION BUSINESS

At our distribution channel, we offer spare parts for tractors, power tiller, other small farm machinery, along with automotive lubricants. We have recently entered the electric pump segment, introducing a diverse range including self-priming pumps, shallow well pumps, centrifugal monobloc pumps, and submersible electric pumps. Our initial launch covers Bihar and UP, with plans to expand to other states in subsequent phases.



Spare



Engines

### Performance Snapshots

**₹100.73 crore**

Revenue



Lube



Electric Pump