

VST Tillers Tractors

13 August 2026

Operator: Ladies and gentlemen, good day and welcome to V.S.T. Tillers Tractors Ltd. Q1 FY27 analyst conference call hosted by 360 One Capital Market Research. From V.S.T. Tillers Tractors Ltd. management, we have with us today Mr. BT Ravindra, Managing Director; Mr. Antony Cherukara, Chief Executive Officer; and Mr. Nitin Agrawal, Chief Financial Officer. At this point, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the management presentation and opening remarks. Over to you, sir.

Management {? Nitin Agrawal ?}: Good afternoon, everyone. I welcome you to the Q1 analyst call. This is the agenda that we will discuss today. I will give you a brief overview of the macroeconomic situation, our sales volume for the quarter, and then briefly touch upon the financial performance. After this, we will open the floor for questions and answers.

Regarding the macroeconomic situation, as you all know, there has been an uneven monsoon. The outlook has been for below-normal monsoon conditions according to the IMD, and rainfall distribution continues to be uneven. We also have commodity cost inflation-related trends for steel, forging, casting, aluminum, and copper. Natural rubber prices also remain elevated and volatile. Due to geopolitical and supply-chain-related disruptions, crude and freight costs remain high.

Against this backdrop, I will first touch upon the volumes for the key products. I am happy to mention that during the quarter, the power tiller business grew by roughly 18% in terms of volume. Our domestic tractor business also grew by 4.5%. However, in the case of tractors, we sold 275 tractors in the current quarter. Power weeders recorded impressive growth of 56%. Reapers are seasonal products, and volumes will pick up in the coming Q2 when the harvesting season begins.

Now I will provide an overview of the financial performance. Revenue for the current quarter was 313.4 crores, compared with 282.4 crores for the same quarter last year, representing 11% growth. Operational EBITDA, excluding other income and fair-value gain from EBITDA, stood at 12.85%. In rupee terms, it was 40.3 crores. In the same period last year, it was 13.3%, so there was a decline of around 45 basis points. This was largely due to raw-material costs and the inflationary trend, which was the main reason for the impact. PAT for the quarter was 48.7 crores, compared with 44.6 crores in the same period last year. With these remarks, I open the floor for questions and answers.

Jayaraj: We will now begin the question-and-answer session. If anybody wants to ask a question, please raise your hand; I will unmute you and you can ask your questions. Otherwise, you can type your questions in the chat box. Before the question queue assembles, I would like to ask: what is the broad outlook for FY27 as of now? How are you viewing it?

Management {? Antony Cherukara ?}: Good afternoon, everyone. Before I discuss the broader outlook for FY27, let me share a view on what has transpired so far and how we look at H1. The monsoon so far has been normal, in the sense that sowing is almost the same as last year, except for oilseeds, and that too only in some areas. Therefore, the outlook is good. However, the next 15-20 days will be critical because the standing crops have to survive. I believe that will determine the production from the Kharif crop, and it will also determine the water-table levels or moisture content required for the Rabi crop. Therefore, the next 20 days for crop survival and the balance of the monsoon for the water table required for the Rabi crop will be critical.

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As of now, the outlook until September looks positive. The outlook for the balance of H2 will depend on what I just said: the monsoon should continue in the way it has performed so far. Therefore, regarding the FY27 outlook, I think it is a little too early to comment. I believe I will be able to comment on that in another month's time. That would be more accurate because, right now, any projection would be pure speculation.

Jayaraj: On the tractor front, we have launched a product through the Zetor tie-up, but we are still not seeing significant traction. Could you update us on what is happening in the tractor sector?

Management {? Antony Cherukara ?}: On the tractor front, we have launched the new variant, and the production ramp-up is happening. In Q1, we were not able to fully supply the demand that existed, so the numbers look small. I would say the numbers could have been better if production had been ramped up. In Q2, you will find that the business is growing again, and in Q3 and Q4, we are expecting a substantial increase in volumes.

However, this is a long journey, and the 40-50 HP segment is a crowded market. It is a very competitive scenario, but we are in it for the long haul. We are planning to launch many more variants in this segment over the next 12-18 months. Therefore, we are very positive about growing this segment in the higher-horsepower tractor space.

Operator: If anybody has a question, please raise your hand. In the meantime, Mr. Shreyansh, you can unmute yourself and ask your question.

Shreyansh: Hello. Am I audible?

Operator: Yes, Shreyansh.

Shreyansh: I had a couple of questions. First, regarding tractors, I noticed that the Phantom series was launched along with Zetor. The tractor industry has been growing; if we look at the results of our competitors, they have been growing quite well, but we have not even been able to keep up with the market. I understand that some of the growth is coming from higher horsepower, where we do not have much of a presence. However, at this point, I believe we also have the July numbers, which have been fairly flat. I am trying to get a sense of the competitive scenario. Escorts Kubota is also launching a tractor under the Kubota brand now. How do you see that shaping up, and what is our strategy to increase our sales in that area?

Management {? Antony Cherukara ?}: Our strategy has been consistent in terms of increasing coverage, entering the northern markets, increasing the network there, and launching products. Over the next 3 years, we are talking about launching more than 30 tractor variants and various products. As I said, this is going to be a long haul. We will grow consistently every year. In the previous call and in the last quarter, I said that we would aim to reach upwards of 15,000 units and close to 20,000 units in FY30. I am confident that we will achieve that.

With all the product launches that we are undertaking now, for example, the Phantom series, we launched it in only one state, Gujarat, last quarter. We are launching it in Maharashtra this quarter. We will launch it in the remaining states going into Q2 and thereafter. That will give us growth. Production of the BZ tractor is being ramped up, and that will also start contributing volumes.

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We are confident about domestic growth. We are also confident that conditions in the international markets will stabilize. Currently, there is an uncertain scenario that is causing various issues, including logistics issues. We have been facing this for the last couple of years, and this year is no different. However, we believe that with all the product platforms that are going to be global platforms, we should be able to grow the international business as well.

Overall, in the next 3–4 years, you will see us achieving the numbers that I have already stated in previous calls: upwards of 20,000 units domestically and upwards of 5,000–6,000 units in the international market. These numbers will be achieved in the tractor business.

The small-farm business will continue the very strong growth that it is showing: upwards of 56% in power weeders and upwards of 17–18% in power tillers. That will continue, and I think both businesses will grow in tandem.

However, the competitive scenarios for tractors and tillers are very different. In tillers, we are creating a market, which we are successfully doing. In tractors, we are competing for and acquiring market share, and acquiring market share requires a product portfolio. That is what we are building, and it will give us results over the next 3 years.

Shreyansh: That is very helpful, sir. Are we looking to have any launches this year in the international markets, or will that happen later?

Management {? Antony Cherukara ?}: In the international market, more than the product launch itself, the first issue we need to solve is the logistics problem faced by distributors, which I briefed you about in the previous call as well. We need to reduce the supply time to distributors, and that is what we are working on. The infrastructure—

Management: The infrastructure was intended to be ready this quarter, but it is getting slightly delayed. We are toward the end of the process, and it will become operational in Q3. That should give us a significant advantage, especially for distributors, because they will be able to rotate their inventory faster.

Apart from that, we launched the 35-horsepower Stage 5 product last year. We have also sent the 39-horsepower tractor to a couple of markets in Europe. We are also entering the hydrostatic-transmission segment. We are currently seeding hydrostatic transmissions, which are not sold in India but are specifically intended for the export market. Considerable volume growth is expected from hydrostatic transmissions.

After 12 months, we also have Platform A, Platform B, and Platform C. We have already announced that we will launch 3 global platforms over the next 12–36 months, one platform at a time. Therefore, there will be many launches internationally as well as in the domestic market.

Shreyansh: That is helpful. My second question was on the tiller side and financing. Are we planning any additional partnerships or anything else to highlight? I know we have one with Bajaj Finance.

Management: Regarding Bajaj Finance, I am very happy to say that it is doing well. This year, the volume has increased in terms of retail financing. We financed close to 1,000 tractors in Q1, around {? 963 ?}. Just a second, I will pull out the exact numbers. It is close to 1,000, compared with

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approximately 400 units in Q1 last year, so it has almost doubled.

However, our business has also grown, so the percentage is around 8–9% of retail financing. We want it to grow to approximately 15–20% this year. Continuous work is happening in that area. The good thing is that Bajaj Finance has taken off.

Shreyansh: That is very helpful. Are we looking at any additional partnerships to penetrate this further, or would the existing partnerships be sufficient?

Management: Continuous work is happening there. We currently have several partnerships: Chola, TVS, and Bajaj, apart from the nationalized banks. Therefore, we have sufficient partnerships. The key today is to grow the current partnerships in terms of increasing the number of financed transactions. I am sure that will give us reasonable growth, and we will look at whether any specific financial support is required regionally to grow the business in a particular region.

Shreyansh: My last question was about a possible future opportunity. Are we looking at tiller exports at any point, or are tillers not competitive with China and other countries in neighboring regions where tillers are used?

Management: We are currently exporting, but in very small numbers. Last year, we exported approximately 300 units, which is why I said the current scale is very small. However, we believe there is a good opportunity for a reconfigured tiller that can be sold in the European market. Work is underway on that, and it will be a completely new technology in terms of tillers, to be launched both in the Indian market and internationally.

First, this will be a geared tiller compared with the belt-driven tiller available today. It will have different {? [unclear] ?} from current tillers. It will be a tiller that can provide us with good growth in the international market.

Second, we are also looking at EVs, namely electric tillers and weeders, which we believe will have an international market as well.

Shreyansh: Is there anything to highlight regarding the African market? I read that the market—

Management: Regarding Africa, I am very happy to state that we have seeded the 75-horsepower tractor that we developed. We said in the previous call that we were developing it, but we have now introduced it into the African market, and we are very hopeful that it will give us a good position in that market.

However, there is a lot of work to be done in the African market. We need multiple nodes there. We now have 60-horsepower and 72-horsepower tractors, and we will have to work on this continuously. We believe Africa is a future growth market for us, especially in higher-horsepower tractors.

Shreyansh: That is all from my end. Thank you very much, and all the best.

Operator: Thank you, Shreyansh. If anybody has a question, please raise your hand. In the meantime, Mr. Manish Joshi, you can unmute yourself and ask your question.

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Manish Joshi: Hello, thank you. Am I audible?

Management: Yes.

Manish Joshi: Thank you for the opportunity. I wanted to understand the year-on-year decline in July volumes despite a strong Q1. Could you address the weakness in July?

Management: July last year had a very large base, especially in terms of tiller volumes. I would like to reiterate that there is no issue with demand for tillers. We expect growth to continue at least until September, which is the outlook I gave at the beginning. At least until September, I do not see the industry facing a problem with the monsoon or rainfall so far.

However, the key issue will be the Kharif output and Rabi crop sowing. That will depend on the rainfall over the next 20 days for the first part, and on how the remainder of the monsoon plays out for the Rabi crop. Other than that, I believe tiller volumes will continue to grow at the pace at which we are growing. We have been talking about growth of 16–20% for the last few quarters, and that will continue.

In the power-weeder segment, we have been discussing 50–60% growth for the last several quarters, and that will continue. Therefore, I do not see any issue there.

As I said, tractor volumes will be driven by acquiring market share. That will be achieved by building a product portfolio, which is currently under development. You will see us growing gradually, quarter after quarter.

Manish Joshi: Thank you, sir. That was helpful. I had another question on the broader mechanization upcycle. Do you have any thoughts on that, especially in the tiller segment? Will it help the small and marginal farmer segment, and how do you view it?

Management: I agree with you. The small and marginal farmer segment is huge. I have said before that we will launch many innovations in this segment. I am very happy to state that we are ready with our product positioned between tillers and tractors, which I have been discussing for a long time. The first of those products will roll out of the factory from this month onward, and we should be able to achieve substantial volumes in Q3 and Q4 for those products.

Manish Joshi: Thank you, sir. I have no further questions.

Jayaraj: Before somebody else joins the queue, you said there is a mid-product that we are developing. How will it be priced? How much of a premium will it carry over tillers, and what will be its advantages compared with tillers?

Management: The price of the product will be very close to that of a tiller, but the work performed by the product will be very close to that of a tractor.

Jayaraj: I see. Is this type of product already established globally?

Management: No, this is an innovation, Mr. Jayaraj. This will be a one-of-its-kind product that we will bring to the market. It is an innovation from the V.S.T. R&D center.

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Jayaraj: I see. We will wait for the product. Before somebody joins the queue, I will read some questions from the question box. One question is: what is the capital-allocation policy? The shareholder has observed that significant capital is being deployed in low-yielding mutual funds and equity shares, which are not in the long-term interest of shareholders unless the capital is eventually deployed in the business. Is there any update on the sale of non-core assets? There are two questions: one concerns investments, and the second concerns non-core assets, which I believe refers to the land.

Management: Understood. Let me answer the first question. The policy is very clear: to maximize shareholder value. This means that the capital we have should be deployed strategically, and we are exploring several opportunities for deploying that capital. Hopefully, in the next 18-24 months, we should have some good deployment of this capital.

Regarding the non-core assets, as of now, there has been no development.

Jayaraj: The next emission norm is TREM 3A, which I believe is coming in April 2028, and TREM 5 from 2032. These are the dates announced as of now. What will be the implications of TREM 3A, which is coming in approximately 1.5 years? Will it have any major cost implication for our products?

Management: The emission norms are being implemented in 3 stages. The first stage begins in October 2026: Stage 5 for all products below 25 horsepower, including both tillers and tractors. V.S.T. is fully prepared and completely ready for it.

The next implementation is TREM 3A from April 2028, for which V.S.T. will also be fully prepared. We have the full capability to achieve that. After that, the complete range of tractors will move to Stage 5 as per the current notification in 2032, and we will be ready for that as well.

Work on all fronts is already underway. Some of it has already been completed, including the requirements for October 2026, and production is moving forward. As far as April 2028 and October 2032 are concerned, we will be fully ready for them.

Jayaraj: What major changes can be expected, and what could be the broad cost implication? I am not asking for specific numbers.

Management: The major cost implication will come when every tractor moves to Stage 5 in 2032, when DOC, DPF, and all related systems will have to be implemented. There will be a cost implication at that time. However, the current cost of that technology on a tractor is approximately 25-30%. It will increase, but that is the current cost. It is difficult for me to say at this point how technology will evolve and how expensive or less expensive it will be in 2032.

Currently, that technology would cost us approximately 25-30%. However, the normal trend is that these technologies start costing less over time because volumes begin increasing across the globe.

Jayaraj: Regarding the requirement coming up in 2026 for products below 25 HP, will it also apply to tillers?

Management: Yes.

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Jayaraj: But it will not result in a significant cost increase for the end customer?

Management: No.

Jayaraj: There is a question in the chat box: what is the roadmap for our target revenue of 2,500 crores?

Management: 3,000 crores is our vision, and we will achieve that by 2030. I have stated this earlier. We are working toward it, and all efforts are being made to achieve it by 2030.

Jayaraj: The question is which products will drive that revenue, or what are the key drivers?

Management: I have said this before. We have 5 business verticals, and all the business verticals have planned growth strategies that are now being implemented. We are scaling up our execution capabilities, our R&D capabilities, and our capabilities in terms of capacity and people. We will also have to invest in a new production facility over the next 2 years or so.

Jayaraj: Regarding dealership expansion, we wanted to know where we are in the process of expanding our dealerships to improve tractor sales.

Management: Continuous expansion of dealerships is happening, especially across North India. Last year, we added approximately 40–50 dealers across India. This year, we are targeting approximately 50–60 dealers across India. The key focus is to establish these dealers and make them viable, and we will continue doing that.

In the SFM space, we have also moved ahead with the counter-expansion strategy. We started last quarter, and within 3 months we opened more than 500 counters across the country. This is in addition to the 750–800 dealers that we have in SFM. We have added another 500 counters. By the end of this year, we would like to expand the retail counters to approximately 2,000.

Therefore, in all areas of SFM and tractors, we are expanding coverage: through dealership expansion in tractors, and through both distributor-counter expansion and dealer expansion in SFM.

Operator: I am reading one more question from the chat box. In the last calls, we discussed looking at inorganic opportunities. Are there any shortlisted candidates or any due diligence underway for inorganic growth?

Management: No, it is too early to say anything at this point. We will keep you posted as things progress.

Operator: If anyone has a question, please raise your hand. One more question has come in: following the current war-related uncertainty, could you provide a 3-year view on exports, considering the several FTAs that are being signed?

Management: The reality is that it is very difficult to predict 3 weeks from now. To be realistic, if something like a 100% tariff is imposed under the new bill that is going through the US Congress, it could create a major problem for our expansion plans in the US market.

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What I can give you is a view of Europe. We believe that the European market will continue to grow for us. That is why we are expanding into the European market. Earlier, we were present only in Western Europe, namely France, Germany, Spain, Portugal, Italy, Belgium, the Netherlands, and the UK. Now we are moving into Turkey and the Nordic countries as well, with the hydrostatic-transmission product being introduced.

We believe we can continue to grow in the European market. We also believe that the African market will continue to grow and will be a huge opportunity for us. It will remain an opportunity for a long time, and we are very focused on it.

We have started gradually. We were never present in the higher-horsepower space, but we have now launched the 50-horsepower and 75-horsepower tractors, and we are getting good traction in the African market. I think over the next 3–4 years, Africa will also be a major market. However, the US expansion plan remains unclear.

Jayaraj: In the US, you were earlier working on an electric tractor. Because of the current tariffs and other issues, has that taken a back seat?

Management: Correct. It has definitely taken a back seat, not only for us but across the US market, because there is no longer any emphasis on the environment. Therefore, for now, the electric market in the US does not seem to be growing.

Operator: Mr. Shreyansh has come back again. Please unmute yourself and ask your question.

Shreyansh: Thank you for the follow-up. I had a question on the European market that you mentioned. Based on the volumes we achieve, it seems that we are putting only a handful of tractors into each country. I am trying to understand whether that is still a profitable approach.

Management: It is very profitable. We sell approximately 1,400–1,500 tractors in Europe. The market leader in India does not sell any tractors in Europe, and the best Indian tractor companies in our segment sell approximately 8,000–9,000 tractors. Therefore, the 1,500–2,000 tractors that we sell in Europe is a fairly decent number for our segment.

We sell approximately 400–500 tractors in markets such as Italy and France, and approximately 300–400 tractors in the Netherlands. Spain, Portugal, and Germany are markets where we can achieve greater penetration. We have not yet entered the Nordic markets, the Balkans, or Turkey until recently. Therefore, all these markets remain opportunities, and we believe we can grow in them in the same way that we have grown in markets such as France, Italy, and the Netherlands.

Shreyansh: What would our current market share be? You mentioned that approximately 9,000 tractors is what we should consider as the market size.

Management: In our segment, the highest-selling player from India sells approximately 9,000 tractors. Our segment is the 0–30 horsepower segment.

Shreyansh: I was referring to total sales in the 0–30 horsepower segment. What would be the market size and what would be our share?

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Management: I do not have the exact figures for the European industry in front of me right now, but I can tell you that most of the players from India are present there. The largest player sells approximately 9,000 tractors, we sell approximately 2,000, and there are a couple of other players selling approximately 1,000–2,000 tractors each.

Therefore, from an industry perspective, the cumulative number of tractors from India in our segment, that is, the 0–30 HP segment, would be approximately 15,000. Out of that, we sell approximately 2,000.

Shreyansh: Would the market expand with the new product launches, or will the launches remain within the 0–30 horsepower segment?

Management: As I told you, in Europe we will remain in the 0–30 horsepower segment, while in Africa we will go up to 75 horsepower.

Shreyansh: Understood. Thank you for the follow-up.

Jayaraj: There are some more questions in the chat box regarding the land. We understand that there has been no decision yet on land monetization, but what is the extent of the land in Bangalore that could eventually be considered, and how easy would it be to move the manufacturing lines to a new location?

Management: There is no need to move to a new location because we have already moved everything outside Bangalore. Therefore, there is no shifting-time requirement. We will look at maximizing the value of the land, and we believe we can do so at the appropriate time. Right now, there has been no development. There is no question of shifting; only the administrative office is located there now.

Jayaraj: The same person is asking about the extent of the land.

Management: 19 acres, approximately 19 acres.

Jayaraj: Regarding implements, you have already touched upon them. How is that industry developing, and what are we trying to do in the implements segment?

Management: I assume this is about the small-farm mechanization business that we are discussing.

Jayaraj: Correct.

Management: This industry's growth is being driven by us, and it is growing quite well, both in the tiller segment and in the weeder segment. For several quarters, we have been growing the weeder segment at a rate of approximately 50–60%, and I expect that growth to continue in the foreseeable future unless something adverse happens, such as the monsoon failing completely.

We are also expanding our coverage through counters and other initiatives, and increasing our product portfolio in that range. All of this is supporting our growth, and it will continue to grow.

The power-tiller segment will also continue to grow. In the near future, we expect to maintain growth of approximately 15–20%, and I believe that more product variants will be introduced in the

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future, which will help the tiller segment continue to grow.

Jayaraj: There are no more questions in the chat box. Would you like to make any closing comments?

Management: Thank you very much for the call. I look forward to meeting you all in the next call after Q2. Thank you.

Operator: Thank you, sir. Thank you to all the participants.

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