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The General Manager – Listing,
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Plot No. C/1, G Block,
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The Manager Listing,
BSE Ltd.,
Floor 25, P.J. Towers,
Dalal Street,
MUMBAI – 400 001

Dear Sir/Madam,

Sub: Transcript of Analyst Conference Call

Please find attached, the transcript of the Analyst Conference Call held on November 07, 2023, on the financial results for the quarter ended September 30, 2023.

We request you take this on record.

Thanking you,

Yours truly,
For V.S.T Tillers Tractors Ltd.,

Chinmaya Khatua
Company Secretary
MNo:21759





“VST Tillers Tractors Limited
Q2FY'24 Post Results Conference Call”

November 07, 2023



MANAGEMENT: **MR. V.T. RAVINDRA – MANAGING DIRECTOR – VST
TILLERS TRACTORS LIMITED**
**MR. ANTONY CHERUKARA – CHIEF EXECUTIVE
OFFICER – VST TILLERS TRACTORS LIMITED**
**MR. NITIN AGRAWAL – CHIEF FINANCIAL OFFICER –
VST TILLERS TRACTORS LIMITED**

MODERATOR: **MR. ANNAMALAI JAYARAJ -- B&K SECURITIES**

Annamalai Jayaraj: Ladies and gentlemen. Good day, and welcome to VST Tillers Tractors Limited Q2FY24 Post Results Conference Call hosted by B&K Securities. From VST Tillers Tractors Limited management, we have with us today Mr. V.T. Ravindra, Managing Director; Mr. Antony Cherukara, Chief Executive Officer; Mr. Nitin Agrawal, Chief Financial Officer. At this point all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after management presentation and opening remarks.

Also, may I remind you of the Safe Harbor. The company may make some forward-looking statements that has to be understood in connection with the uncertainty and the risks that the company faces. Over to you, sir.

Nitin Agrawal: Hello. Good evening, everyone. I'm Nitin Agrawal, the Chief Financial Officer of the company. I'll first take you through the brief presentation which we have made for the Q2 financials. And then we'll open for question and answers. So I hope my screen is visible and you can see the slides, Jayaraj?

Nitin Agrawal: Yes. So the vision and mission of the company we have mentioned. So I'll straight away go to the key financial highlights for the quarter. And I'm very happy to announce that in this quarter, company has recorded a revenue INR278.51 crores, which is a growth of 19%. In terms of profit before tax, INR49.66 crores is the profit before tax for the 2nd quarter, which was INR33.74 crores last year, which is again a very healthy growth of 47%. But what's more important for us is the operational EBITDA of INR43.11 crores, which is roughly 15.48% of the revenue and also the net profit increase.

Moving on, in the next slide, we have captured about the sales volume both for our smart farm mechanization business unit as well as tractors for quarter 2. So as you can see that our Power Tiller in the current quarter, we have sold 10,729 units against in the same period last year, it was around 8,819 units, which is a healthy growth of around 22%.

In tractor, we are seeing a de-growth. There are reasons around it, and maybe talked about it during the question-and-answer session,.

Moving on to the profit and loss statement. In the current quarter, revenue from operation is INR 278.51 crores with respect to the similar period last year, it was INR 234.15 crores, which is a growth of 19%. And as I mentioned, EBITDA is 19.5%. But when it comes to only the operational EBITDA, which is excluding the other income, which is primarily from the mark-to-market gain. If we exclude that and only capture about the operational EBITDA, it is 15.48%, which is quite healthy.

Now the sales volume for H1 as a whole, which is basically putting together Q1 and Q2 both. So in Power Tiller, we have sold 19,854 units with respect to the same period last year, it was 17,980, which is roughly 10% growth. Tractor, the similar thing which I mentioned to you before, we are seeing a growth in Power Weeder and Reapers as well.

Moving on to my next slide is the profit and loss statement for H1 as a whole. So for the half year, the revenue is INR 524.65 crores compared to INR 470.13 crores of last year, which is a 12% increase. In terms of EBITDA, around 19.19% for the current half year and operational EBITDA is 14.26%. Yes, so this is a brief presentation about the performance. Now I would open the floor for questions.

Annamalai Jayaraj: Thank you sir. We will now begin the question-and-answer session. The first question is from Mr. Raj Rishi.

Raj Rishi: Yes, your 2025 vision, which you have stated to be INR3,000 crores would entail significant growth from present levels. Could you just elaborate as to how you want to go about it?

Antony Cherukara: Yes. We had said in the earlier calls that the Vision 2025, as we call it, will be achieved in FY '26, considering the delay we had during COVID and the supply disruptions.

Raj Rishi: So you are reasonably confident of reaching this aspiration of INR3,000 crores by when?

Antony Cherukara: The projects are all in place and you are seeing the growth happening. In quarter 1 we had a slow start. But quarter 2, we are geared up to almost 20% growth. We expect Q3 and Q4 also to be good.

Raj Rishi: And how much of this aspirational INR3,000 crores would be -- what's the vision as far as exports are concerned, what figure would it be?

Antony Cherukara: Like we have said, exports will be in the tune of 10% to 15% ..

Raj Rishi: What I understand is like even your competitors, Mahindra & Mahindra, Escorts, Sonalika, I would assume TAFE also. They are also getting very aggressive. So is the market so big but those are very efficient and competent competitors, right? So is the market so big in India that it will absorb all this like including your aspirational target?

Antony Cherukara: So I think the companies that you mentioned are major tractor players. So we are a major small farm machinery player, which is the power tiller segment, the reaper segment, the power weeder segment and the compact tractor segment. So there is a significant difference between those companies and us. And we see that the compact tractor segment earlier also in the calls I have said very clear target of growing the business globally in the compact tractor segment and growing very aggressively in the small farm mechanization segment. And both of them, we are able to do.

- Raj Rishi:** Okay. Okay. And any comments on the land which you have for monetization I think it's Whitefield, right?
- Antony Cherukara:** Yes. Right now, the status quo is maintained. There is no new news on that.
- Raj Rishi:** Can you share some because it must be -- can you share us to what kind of value would it be? Is it 21 acres or something in Whitefield?
- Antony Cherukara:** Yes, around that, but there is actually no new news on that. So we will let you know as things develop.
- Raj Rishi:** But as of now, what's the market rate for that kind of property like per acre?
- Antony Cherukara:** I don't know the exact figure. So it won't be right on my part to say anything.
- Annamalai Jayaraj:** Next, I'll read some questions from the chat box. How is our tie up with Zetor shaping up? When are we planning to launch products under this arrangement.
- Antony Cherukara:** Yes, the first tractors will be built in this month, November 2023.
- Annamalai Jayaraj:** The next question is, I'm again reading from the chat box. While there has been a degrowth for tractor volumes in 2Q FY '24, can you please throw some light on the same?
- Antony Cherukara:** VST, as you know, is focused on the compact tractor market. The compact tractor market, specifically in Maharashtra has degrown. Markets like Solapur, Nagar and certain parts of Nashik has received lower rainfall and also the certain orchard crops like pomegranate has got affected. Hence, you have seen a degrown in Maharashtra, which has also affected us. This is the primary reason that you can see further degrowth.
- Annamalai Jayaraj:** Next question is from Shreyas Jain.
- Shreyas Jain:** Congratulations on a good set of numbers. I have a few questions regarding Monarch and Zetor. So regarding Monarch, what are the numbers we did in Q2? And what is the guidance going forward? Like what's the volume, revenue and guidance for Monarch?
- Antony Cherukara:** Yes. Monarch, as you would know that we are supplying the drive train to Monarch company. So the projections they had told us for this year is close to 1,000 units, which is on track as of H1, and we expect it to be on track in H2 as well.
- Shreyas Jain:** Okay. And what's the expected revenue from this?
- Antony Cherukara:** Roughly about INR50 crores.
- Shreyas Jain:** Okay. INR50 crores. Got it. Okay. And any guidance going forward for Monarch? Or is that like come back with a little later?

Antony Cherukara: I think it will be better that we speak towards next quarter because that will be a new calendar year by when we would have the projections from Monarch.

Shreyas Jain: All right, makes sense, sure. Okay. Now I have a question regarding Zetor so you are saying we will -- first tractor will be built in November '23. But so the product launch that we did in September end or October beginning. So we have not sold a single unit yet? And...

Antony Cherukara: No, we have not built a single unit. We will be sending those tractors to the market in November.

Shreyas Jain: Okay. And so -- and the guidance remains the same of around 1,200 tractors in 12 months?

Antony Cherukara: Yes.

Shreyas Jain: First 12 months?

Antony Cherukara: Yes.

Shreyas Jain: And what's the average cost like realization per tractor in that?

Antony Cherukara: Roughly about INR7 lakhs.

Shreyas Jain: Okay. Okay. And so in small farm mechanization, the products included are power tillers, weeders and reapers, right?

Antony Cherukara: Yes.

Shreyas Jain: And the number is given there, okay. And the tractor guidance growth, which you gave a 15% that includes Zetor as well as Monarch? Or does that only include Zetor?

Antony Cherukara: It includes all tractors, full tractors.

Shreyas Jain: Everything. So Monarch can like or the new electric stuff also?

Antony Cherukara: Yes. Correct.

Shreyas Jain: Okay. And any like exports market, what's happening in the exports market, like why our exports not [correlate] like the Europe, I think there's recession, what does that saying?

Antony Cherukara: We are doing very well in exports. In fact, our exports have grown by almost 50% in H1.

Shreyas Jain: Okay. And I have one other question. In FY '23, other revenue of INR203 crores. Like can you give a breakup of that? Like what are the segments which are bigger than INR20 crores to INR30 crores in revenue breakup of that other revenue?

Antony Cherukara: FY '23?

Shreyas Jain: Yes.

- Antony Cherukara:** I think you'll have to come back. We will just get it. I don't have that figure readily with me of FY '23.
- Shreyas Jain:** Surely, I'll get back in the queue.
- Annamalai Jayaraj:** Next question is from Arjun Khanna. I'll go for some questions from the question box. What is the outlook in 2H FY '24 for the tillers and tractors for the industry and for the company?
- Antony Cherukara:** Tillers like I'm maintaining the guidance, which I have said 15% to 20% we will do in tillers. For tractors, we had said around 10% to 15% earlier was the guidance that I had given. But it looks like it will be flattish for this financial year. But the industry is also trending towards the same. It looks like it will be low negative or slightly flattish is what the commentary has been for the industry.
- Annamalai Jayaraj:** Arjun, are you online? Then I'll read some more questions from there. How is the response for the VST 9 series tractors? And how is the demand shaping up?
- Antony Cherukara:** Very good response. We are hoping the second half will be much better because the first half, as I said, rainfall created the problems in those specific markets where compact tractors are used. We expect the H2 to be better. The response on the tractors has been very good.
- Annamalai Jayaraj:** In the meantime, I'll go through the questions in the chatbox. Any price hikes affected in the 2Q for tractors and tillers. Given the stability in RM prices, are we looking to take any more price hikes and maintain our margins at the current levels?
- Antony Cherukara:** So we definitely have healthy margins at this point in time. But as I have said before, we are investing into growth and that we'll continue on various fronts. And the second point to be noted is we have not fully recovered the commodity price impact that we had, which we couldn't pass on completely to the market. So we will be open to a price increase, but we don't have a definite decision at this point in time.
- Annamalai Jayaraj:** Next question is from Mr. Vidit.
- Vidit:** Okay. My first question was if you could just give us some split of 2Q revenue by tillers, tractors and spares, it would be great?
- Antony Cherukara:** Yes, just a second. That presentation has the detail. However, we'll just read it out. For Q2, the revenue for small farm machines is INR172 crores, tractors is INR72 crores, distribution is INR26 crores, and the rest is roughly about INR9 crores.
- Vidit:** Okay. Understood. And these new high HP tractors that we're making with Zetor in terms of the margins, are they similar to the compact ones or how different will they be?

- Antony Cherukara:** Yes, it will be slightly lower compared to the compact tractors because these are new products that will go into the market at a certain cost amortized in terms of development. So in that sense, the margins will be slightly lower. But eventually, it will be equal.
- Vidit:** Okay. And you've guided towards flattish growth in tractors in FY '24. This is despite of the new launches and the 1,000 units being sold to Monarch. So is it fair to assume that otherwise, we could see about a 20% decline due to the erratic monsoon this year? And the reason why I ask is I was wondering what the potential of rebound growth could be or some pent-up demand that could come in next year...
- Antony Cherukara:** The flattish growth is purely the tractors domestic plus international, that doesn't include Monarch. So if you include Monarch, it will be around close to that 10% mark.
- Vidit:** Sure. So we did about 6,800 tractors last year. We can do about 7,800 including Monarch. Would that be right?
- Antony Cherukara:** Around, around.
- Vidit:** Okay. understood. And just one last clarification is in terms of capex, you had -- I think, earlier guided to about INR50 crores this year and next year each, does that stand? Or are we looking at any further expansion? And I think you also pointed out towards some inorganic opportunities that you are looking at. So if you could just share some updates out there.
- Antony Cherukara:** Yes. The capex is continuing. However, the global tech center development will go into next year as well because it's a larger long-ish project. We are very aggressive on the inorganic opportunity as well.
- Vidit:** Okay. So is -- can we expect something coming up sometime soon? Or do these things take time?
- Antony Cherukara:** We are evaluating opportunities at the moment. And once anything is concretely done, we will come back to you.
- Annamalai Jayaraj:** Next is Arjun Khanna. Okay, probably we'll come back to him later. Next, I'll move to Mr. Neil Joshi.
- Neil Joshi:** Yes. so on the last call, we had already mentioned that we have started supplying to the electric tractors manufacturers outside India. Can you throw some light on how as a customer response be towards the same. Do you see electrification picking up pace in the tractor category in the near term or what's your view on that?
- Annamalai Jayaraj:** Yes sir. Now, we could hear, sir. Neil, I think you might have to ask the question again.

- Antony Cherukara:** Yes. Neil, like I said, the question was on the review of the electric tractors. I think the review has been good. The feedback that we have been getting is good. The segment that they are selling is the autonomous tractor, the driver optional tractor as they call it, and the response has been good. I hope you can hear me.
- Annamalai Jayaraj:** Yes sir, we could hear you, sir.
- Antony Cherukara:** Okay.
- Moderator:** The next question is from the line of Raj Rishi:
- Annamalai Jayaraj:** I think now I'll ask questions from the chat box. You could hear me now, sir?
- Antony Cherukara:** Yes. Yes.
- Annamalai Jayaraj:** I'll ask some questions from the chat box.
- Raj Rishi:** I'd like to know what's the cost advantage of manufacturing in India. One, my understanding is the steel cost is significantly lower. And second would be the labour cost. So net-net, what's the cost advantage? If you can give some figures? Is it 20%, 30%, what is it?
- Antony Cherukara:** Compared to?
- Raj Rishi:** Compared to whatever you consider your competition to be, East Europe or whatever it is. I'm not aware of what would be the competition.
- Antony Cherukara:** No. We have competition mainly in India, right? So in that sense, we are all at par in terms of competing. But when we are supplying electric tractors and the OEMs whom we are supplying to, definitely tell us that there is an advantage of roughly about 20% to 30% when they source from India. And depends on which market they are sourcing for especially for the U.S. and Europe, I think these are the kind of figures.
- Annamalai Jayaraj:** Okay. And internationally, you don't think anybody can give this kind of costing as Indian manufacturer can?
- Antony Cherukara:** I don't think it's just the cost advantage. It is also the product itself that the requirement for an autonomous or a driver optional tractor and the feature requirement is something that we can give it to them at a very competitive price. So I think that becomes the advantage.
- Raj Rishi:** Okay. And you mentioned about the inorganic opportunities which you were looking at. Would it be in your present line of business? Or would it be something else?
- Antony Cherukara:** Present line of business.

- Raj Rishi:** You're not looking at any adjacencies or something else precision engineering I talked about earlier.
- Antony Cherukara:** We have been looking at it, but we have not found the right one yet.
- Raj Rishi:** Okay. Okay. And construction equipment around, that's not something you'll get into.
- Antony Cherukara:** No, we are not.
- Annamalai Jayaraj:** I'll read some questions from the chat box. Earlier, our margin guidance -- EBITDA margin guidance was 11% to 13%. Do you want to revise it upwards for FY '24.
- Antony Cherukara:** So we'll hold it at 11% to 13%. Like I said, we are going to spend or we are in the process of spending for growth. And definitely, we will be meeting the guidance figures for sure.
- Annamalai Jayaraj:** And the next 2 questions, can you share approximate realization for tiller and a tractor?
- Antony Cherukara:** So we won't be able to give out realization figures for either of the product. That is confidential information.
- Annamalai Jayaraj:** Okay. Can you share some colors or agreements with Solectrac in USA for the development of electric power tillers?
- Antony Cherukara:** Yes. So they have asked us to develop electric power tillers with a certain specification, which we are working on to deliver to them. We can't get into the details of the specification because we are prevented by the non-disclosure agreement that we have signed with them.
- Annamalai Jayaraj:** Next in the question queue is Mr. Siddharth.
- Siddharth:** Sir, I might have missed out this a little clarification in the earlier call. So now that we are kind of thinking of higher growth. How about the distribution network that we are planning? Are existing set of network are enough? Or like what is the game plan over there? If you can just elaborate on that?
- Antony Cherukara:** Yes. So we have continuously grown our network, which will continue to grow further. Currently, our tiller network is roughly around 650, tractor is around 350. We have taken a pause on tractors. We wanted to wait for the Zetor launch, to happen. So we will be growing that further.
- Siddharth:** And particularly the Northern markets, sir, where...
- Antony Cherukara:** Yes. Yes. We will be growing -- in the next 2 to 3 years, you will find us completely covering the northern markets.
- Siddharth:** And any numbers of distribution network that you have kept in mind for -- achieve?

- Antony Cherukara:** See, most of -- if you benchmark the industry, everybody has around 800 to 900 dealers or 1,000 tractor dealers. We are at, like I said, 350 dealers. So we are looking at around the same number of dealers that we need to have to cover the entire market, including the North.
- Siddharth:** Okay. So the idea is to cover almost all the at least the district level market.
- Antony Cherukara:** Absolutely. With the full range coming in, we will be covering all the markets.
- Siddharth:** Okay. Okay. And sir, one more clarification. The same distribution network will be used for our small farm equipments and...
- Antony Cherukara:** No. No. It's a completely different network. That network is already at 650 plus. That will continue to grow beyond 1,000.
- Siddharth:** Okay. And this 350 will go to 700 to 800 you are saying?
- Antony Cherukara:** Correct.
- Annamalai Jayaraj:** Yes. I will read some more questions from the chat box. What is the production capacity currently for tillers and tractors.
- Antony Cherukara:** Installed capacity of tillers is about 72,000. And tractors, it is at about 30,000.
- Annamalai Jayaraj:** And the next question is from Shreyas.
- Shreyas Jain:** In the Q1 call, you mentioned that we have 680 dealers in tillers and 370 dealers in tractors. So like have we lost some dealers or?
- Antony Cherukara:** No, we have not lost. I'm not keeping an exact figure to tell you. That's why I said around 350 and around 650, right? We have not lost dealers.
- Shreyas Jain:** Okay. And sir, do you have the numbers...
- Antony Cherukara:** Most definitely on tractors.
- Shreyas Jain:** Okay. So that will resume post Zetor launch in the next year?
- Antony Cherukara:** Correct. Correct.
- Shreyas Jain:** Okay. No worries. Okay. All right. Got it. And what were the -- okay. No. Power weeder guidance of 6,000 still stands for the year?
- Antony Cherukara:** Definitely.
- Annamalai Jayaraj:** Next questions. Can you explain what is the basis of INR3,000 crores sales in the next 3, 4 years? We have to triple the revenue from the current level of INR1,000 crores?

Antony Cherukara: Yes. So in -- we had set clear strategic directions for that, one is grow the small farm mechanization business, establish leadership in the compact tractor segment, increase utilization for higher HP tractors, including the VST Zetor as well as supplies to various OEMs, including electric OEMs, build the distribution business, look at precision implement division and also look at evolving technologies to invest into.

So these are the six strategic direction. And all the 6 strategic directions, actions have been taken. As you can see, some of them have started yielding revenues. Some of them are being built up. The electric pump business, we have moved from 2 states last year to about 6 to 7 states this year, and we will continue to grow that business.

Like I've said before, in the next 3 to 4 years, we will be INR100 crores business in electric pumps -- so all of the triggers that we are working on to get to INR3,000 crores is definitely in the works. The second aspect, which I have stated before, for me, the INR3,000 crores was to get the company to move into a very aggressive growth strategy. Last 3 years, we have clocked a CAGR of over 20% or close to 20%. So we expect to accelerate on that in the next 2 to 3 years, which should take us in the vicinity of INR3,000 crores is what we believe in. And we expect that to happen.

Annamalai Jayaraj: And how was the technical exhibition in Germany, how was the response?

Antony Cherukara: AGRITECHNICA in Germany is happening from November 12 to 18 in Hanover, Germany. We will be in call 7, booth B-38, all of you are welcome to visit us. We are displaying technology, the first VST electric tractor will be displayed there. The first Stage 5, 30 HP tractor for Europe will be displayed there. The first cabin tractor for Europe will be displayed there. We will also be displaying the loader version for 29 HP in this exhibition along with our Stage 5, 24 HP engine as well. So this is from November 12 to 18. Several new technologies we are displaying there.

Annamalai Jayaraj: Can you comment on management bandwidth, given the many businesses that we are looking to expand, have you expanded our team? Can you talk about the additions?

Antony Cherukara: Yes. We have definitely looked at required bandwidth, and we will continue to add. We have people joining us from various companies in very senior roles. We will continue to strengthen our technology capacity, both in terms of developing new technologies like electric and also building on to our strength, which is the compact tractor as well as the small farm machines.

Annamalai Jayaraj: Next question is from Mr. Ashish.

Ashish: Can you hear me?

Annamalai Jayaraj: Yes, yes.

Ashish: So just wanted to understand, you gave certain fractions as to this target that we have something around INR3,000 crores somewhere so what is the contribution from tractors that one should assume that you are working with there in terms of revenue contribution?

- Antony Cherukara:** 40% from tractors, roughly about 40% from small farm machines and all the other businesses put together around 20%.
- Ashish:** Okay. So that is INR 1,200-odd crores that you are expecting from tractors versus current revenue would be...
- Antony Cherukara:** Around INR 300 crores.
- Ashish:** Okay. So quite a quantum leap that we are expecting here?
- Antony Cherukara:** Yes, we are doing launches for higher horsepower -- we're launching higher horsepower getting into the northern market where we were totally absent in. We were operating only 90,000 tractors industry. So now with higher horsepower, slowly we are ending into the larger segment of the industry.
- Ashish:** Yes, sir. So I mean what gives you the confidence that, I mean, the sales would pick up to that extent and I understand your preps would be there and your network and dealers will be steady for the launches. But versus what is the kind of USP that you would have to kind of ensure that sales happen in these new launches...
- Antony Cherukara:** Yes. So if you look at the numbers that is required to get to INR 1,200 crores, it's not comparable to the large players, which is already in the market. So in that sense, I don't see that achieving those numbers are extremely difficult. I don't see that it is extremely difficult. Point number one.
- Point number two, the strategy is not betting on just 1 factor to grow because if it was just 1 factor to grow, then we wouldn't be looking at 6, 7 strategic directions which is being empowered by separate profits under heads like somebody asked just the previous question in terms of increasing bandwidth, bringing people from the industry at leadership level, creating profit centers and driving growth.
- So these are the things that we are doing. So we are not -- while the focus is definitely there from a profit center perspective on each profit center. But the bet is not just on one aspect of the strategy. It's 6 arms that we are working on.
- Ashish:** Okay. Okay. And sir, the profitability would be higher as we move to tractors being a larger proportion of your supply or would you say that the margins would be similar to [inaudible].
- Antony Cherukara:** Yes. Definitely, as the volume grows, the margin will keep increasing. Definitely, yes. As you can see, our margins are maintained because our inherent strength of frugality is maintained as well. So VST has a tremendous strength of frugality because it has always worked in small farm machines, power tillers, which has always been in the service of small and marginal farmers. So you cannot build in a cost, which is not affordable for the small and marginal farmer which is in the DNA of this company, which will definitely help us when we get into the larger segment as well.

- Annamalai Jayaraj:** Yes. Next I'll read a question from the chat box, sir. We had mentioned in last call the shift in consumer behaviour or pattern towards non dependence on subsidies. Do you see this persisting on a longer term, your thoughts on that.
- Antony Cherukara:** Definitely, I believe that it will continue in the longer term. One significant reason for that is labour is not available. All the labour available is very expensive. So the customer cannot wait for subsidy to come to buy. It is today's need, and hence, he will go ahead and buy. And DBT actually facilitates this purchase process because the confidence is there, if at all, the subsidy comes, it will come into my account. My account in the sense, the customer's account. So that creates the confidence in him to go ahead with the purchase. So I believe it will sustain in the longer term.
- Annamalai Jayaraj:** The next question. How ready are we for BS V tractor launch? Do we expect deadline to get pushed in India and BS V?
- Antony Cherukara:** Yes, we will be very much ready for BS V norms. As far as the deadline push is concerned, I'm not privy to information on that so I can't comment on that.
- Annamalai Jayaraj:** And then 1 more question on the new board appointment. Reason and expectation from Mr. Rai, board appointment.
- Antony Cherukara:** Yes, Mr. Rai is a first generation entrepreneur and Founder and Chairman of Suprajit Group of companies, a listed top 500 company in India, having presence in multiple geographies. He is a global leader in mechanical control cable systems and halogen bulbs and very much experienced in the automotive industry. He has an engineering background with Industrial Engineering degree from Dalhousie University, Canada. And with all his experience as an entrepreneur, as an industrialist and as expert from the industry, we believe that we are going to gain much from his joining our board.
- Annamalai Jayaraj:** Okay. And somebody has asked in that exhibition is our hall 7, booth 38.
- Antony Cherukara:** yes, hall 7, booth 38.
- Annamalai Jayaraj:** More questions. So when we reach INR3,000 crores revenue also, our EBITDA margin can be maintained?
- Antony Cherukara:** I don't think otherwise it doesn't make too much sense to get to 3,000 crores. We would definitely be focused on margins. I don't think we will go dry on margins to get or buy growth. That will not happen with VST.
- Annamalai Jayaraj:** Those are all the questions in the chat box. There's no more questions. Yes. That's all there.
- Annamalai Jayaraj:** We have one more small question has come up. VST's 9 HP tractors are higher HP tractors. That's what the question is.
- Antony Cherukara:** Series 9 is compact tractors.
- Annamalai Jayaraj:** It's a smaller HP one?

Antony Cherukara: Yes.

Annamalai Jayaraj: That's all the questions, sir.

Antony Cherukara: Thank you.

Annamalai Jayaraj: Thank the management for taking time out for the call. We thank all the participants.

Antony Cherukara: Yes. Thank you. Thank you very much.

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