

VST Tillers to debut Zetor premium tractor range this quarter

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VST Tillers & Tractors Ltd, a manufacturer of farm equipment and tractors, is preparing to launch its premium range of tractors under the Zetor brand by the end of this quarter, a move that may not only help the company become a pan-India tractor player but also boost its tractor volumes and revenue.

The Bengaluru-headquartered company has established itself in the compact tractor segment, where it commands a low double-digit market share.

HIGHER HP

The company's higher HP business, which the company entered in 2020, is relatively small with a volume contribution of 10-15 per cent to

overall tractor sales.

To strengthen its play in that segment, both in India and overseas, the company tied up with Zetor Tractor of the Czech Republic. The company will be launching its VST-Zetor brand of higher HP tractors by the end of this quarter.

"With this, the share of high HP in our tractor volumes is expected to reach 20 per cent in FY24 and 30-40 per cent in the following years, Antony Cherukara, Chief Executive Officer, VST Tillers & Tractors, said during the company's Q3 FY23 earnings call.

In the higher HP tractor segment, it will sell value-for-money tractors under the brand name VST and premium products under Zetor. It has already built capacity for the higher HP tractors and its overall tractor capacity is about

THE ROADMAP

- The share of high HP in tractor volumes is expected to reach 20% in FY24 and 30-40% in the following years
- The Zetor tie-up is expected to strengthen the company's exports further as it will be looking at higher HP markets like Africa and Latin America
- The company will also be doubling its current annual R&D capex of ₹40-50 crore to ₹100 crore in the next couple of years to support its future growth objectives

40,000 units a year.

GROWING NETWORK

In the small farm equipment businesses, the company has a strong network comprising 650 dealers across the western, southern and eastern regions. But, its tractor network consists of about 350 dealerships, spread across the southeast and western regions.

To support the growth of premium tractors, the com-

pany will be ramping up its network in the northern market, which is a strong market for higher HP tractors.

In the northern region, where currently, it has 30-odd dealerships only, the company will be adopting a cluster approach. It has started with Madhya Pradesh and Rajasthan where the company had reportedly seen initial success, and so will carry forward the model

in the coming months.

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Meanwhile, the ₹854-crore company will also be doubling its current annual R&D capex of ₹40-50 crore to ₹100 crore in the next couple of years to support its future growth objectives, which include achieving revenue of ₹3,000 crore by FY26, transitioning from power-tiller centric operations to a strong small farm mechanisation company and strengthening its position further in the compact tractor segment, among others.

The company carries a dominant market position in the domestic power tiller segment, with a share of 58 per cent.