

# 48<sup>th</sup> Annual Report 2015-16



**V.S.T. TILLERS TRACTORS LTD.**



## LORD GANESHA



**Idol of Lord Ganesha at  
VST Tillers Tractors Limited**

<b>Board of Directors</b>	: Mr. V.K. Surendra - <i>Chairman</i>
	Mr. R. Subramanian - <i>Independent Director</i>
	Mr. M.K. Bannerjee - <i>Independent Director</i>
	Mr. K.M. Pai - <i>Independent Director</i>
	Ms. K.P. Anuradha - <i>Independent Director</i>
	Mr. V.P. Mahendra - <i>Vice Chairman &amp; Managing Director</i>
	Mr. B.C.S. Iyengar - <i>Executive Director (Resigned w.e.f.30/04/2016)</i>
	Mr. V.V. Pravindra - <i>Non-Executive Director</i>
	Mr. V.T. Ravindra - <i>Non-Executive Director</i> (Appointed as additional director w.e.f.27/05/2016)
<b>Chief Executive Officer</b>	: Mr. K.U. Subbaiah
<b>Chief Financial Officer</b>	: Mr. R. Thiyagarajan
<b>Company Secretary and Compliance Officer</b>	: Mr. Chinmaya Khatua
<b>Statutory Auditors</b>	: M/s. Brahmayya & Co. 10/2, Khivraj Mansion, Kasturba Road, Bengaluru - 560 001
<b>Cost Auditors</b>	: M/s. Rao, Murthy & Associates No.23/33, Surveyor's Street Basavanagudi, Bengaluru - 560 004
<b>Secretarial Auditors</b>	: M/s. K. Narayana Swamy & Co "Amudhasurabi" # 48, 8th Cross, Visvesvaraya Colony Akash Nagar, B.Narayanapura Extn., Bengaluru - 560 016
<b>Bankers</b>	: M/s. Canara Bank M/s. State Bank of India
<b>Legal Advisers</b>	: M/s. J. Sagar Associates Advocates & Solicitors 2, Frontline Grandeur 14, Walton Road, Bangalore - 560 001
<b>Regd. Office</b>	: Plot No.1, Dyavasandra Industrial Layout, Whitefield Road, Mahadevapura Post, Bengaluru - 560 048 Ph : 080-67141111 e-mail: vstgen@vstillers.com website: www.vstillers.com

## INFORMATION

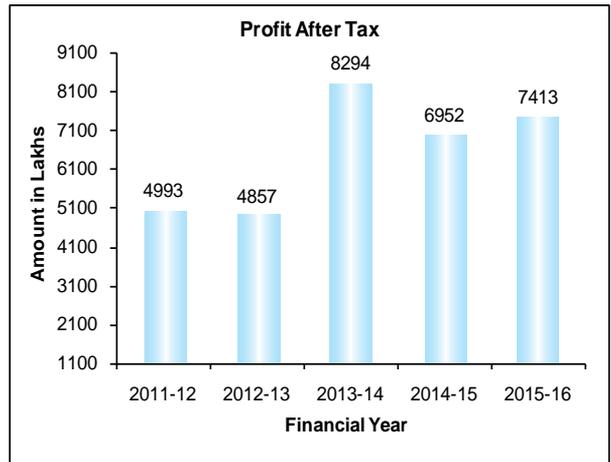
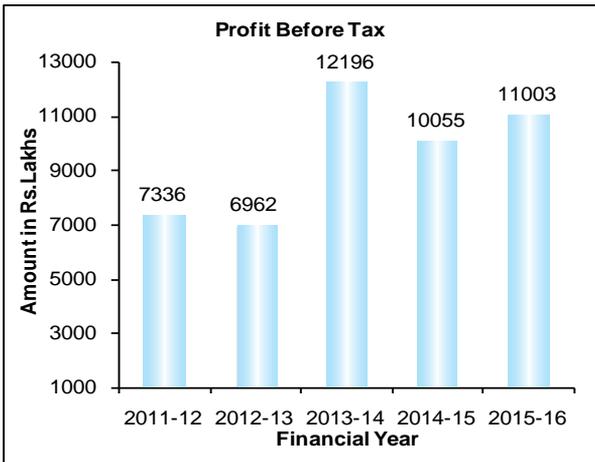
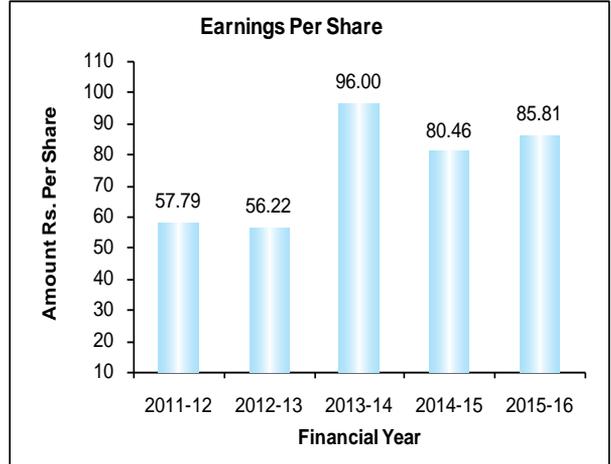
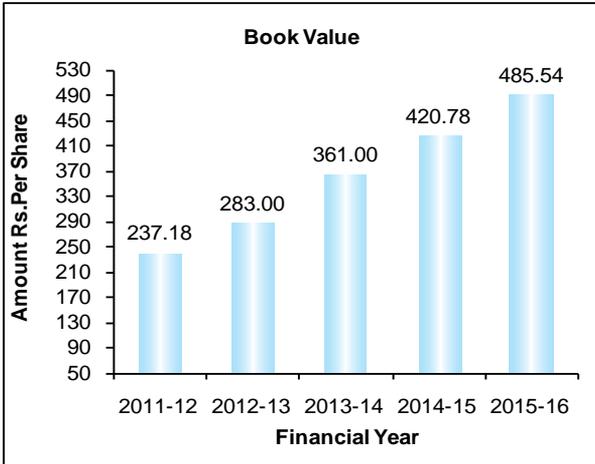
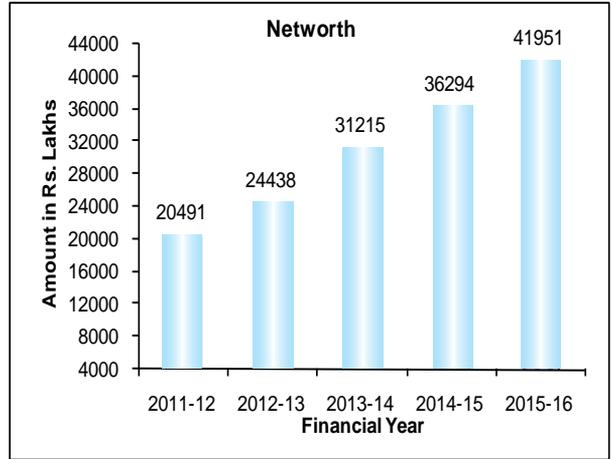
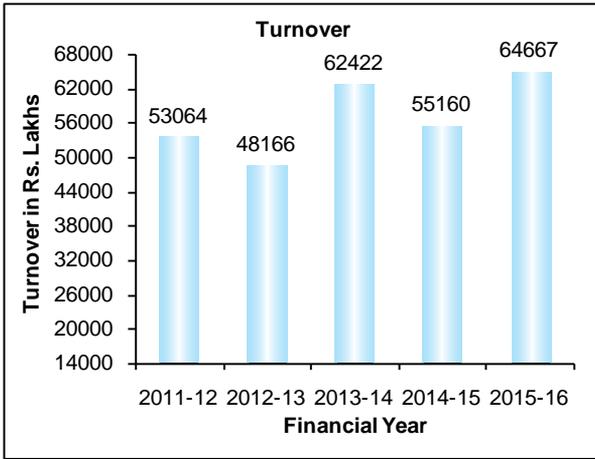
### REQUEST TO MEMBERS

1. Please bring your copy of the Annual Report to the meeting as no extra copies will be distributed owing to limited number of copies printed.
2. Members are requested to send their queries, if any, relating to the annual accounts and reports at least one week prior to the date of meeting to facilitate computation of information.
3. Members/their proxies/representatives are advised to bring their Attendance Slip duly filled in for attending the meeting.

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## FINANCIAL INDICATORS



Dear Shareholder,

Your Directors have pleasure in presenting the 48th Annual Report of the Company and the audited statement of accounts for the year ended March 31, 2016.

## FINANCIAL PERFORMANCE

(Rupees in lacs)

Period	Year 2015-16	Year 2014-15
OPERATING INCOME	64667	55160
NON-OPERATING INCOME	1227	1186
TOTAL INCOME	65894	56346
PROFIT BEFORE DEPRECIATION & FINANCE COST	12513	11208
FINANCE COST	256	212
DEPRECIATION	1254	941
PROFIT BEFORE TAX	11003	10055
INCOME TAX	3590	3104
PROFIT AFTER TAX	7413	6952
BALANCE B/F	5166	5023
SURPLUS AVAILABLE FOR APPROPRIATION TO :	12579	11974
INTERIM/FINAL DIVIDEND	1296	1296
PROPOSED TAX ON DIVIDEND	264	264
TRANSFER TO GENERAL RESERVE	-	5000
DEPRECIATION ADJUSTMENT	-	71
CSR EXPENDITURE	196	177
BALANCE CARRIED FORWARD	10823	5166

## COMPANY'S PERFORMANCE

The year under report was riddled with adverse factors with second consecutive year of scanty rain fall in many parts of Western India and Central India affecting crops in many areas. In addition, the returns to the sugar cane and cotton growers were also severely affected, added to this was the non-availability of subsidy for power tiller in some of the key States in the Eastern Region. However Southern states and Gujarat had a healthy growth thereby nullifying the negative effect of the adverse factors. We could grow in power tiller volumes by over 19% while the overall industry grew by less than 3%.

The number of Power Tillers sold during the year was 27387 units as against the previous year sales of 23,103 units with the market share growth to over 55 % an increase of 5 % over the previous year

In the Tractor segment it was consecutive second year failure of monsoon which resulted in 10% de-growth of Industry in domestic market. Your company however gained 3.1% market share (Sub 30 HP segment) &

registered 17% growth in volume from 6694 nos. in 2014-15 to 7801 nos in 2015-16. Expansion of product variants, release of new Tractor model, strengthening the marketing strategy by expanding to new markets, improved marketing campaign to reach out to end user and offering innovative & affordable farm mechanisation solution enabled us to grow during the year.

### DIVIDEND:

Your Directors had declared interim dividend of Rs.15/- (150%) per share for the financial year 2015-16 and the same was paid on 28/03/2016. The total outflow was Rs.1560 lacs including the dividend distribution tax. 264 lacs. The directors do not recommend any final dividend.

### Transfer to reserves

An amount of Rs.108.23 crore is proposed to be retained in the surplus without transferring to general reserve for the year 2015-16.

**MANAGEMENT DISCUSSION AND ANALYSIS****Industry – Opportunities & Challenges**

Your company is fortunate to be in the business of priority sector and uniquely placed with a range of machineries required for mechanized paddy and other crop cultivation. The products target largely the small farmers who account for more than 70% of the land holding. The ever growing need to increase the production and productivity in agriculture vis-a-vis the shortage of rural labour force continues to be the key driver for business growth. The comparative statistics of China and other rice growing countries of Asia instantly point to the tremendous opportunities for power tillers and mechanized transplanters in India. At the same time the liberal imports from China, uncertainties in subsidy and the problems associated with the administration of schemes, pose a constant challenge to the industry for short term as well as long term planning. The mechanized transplantation of paddy is a difficult concept to market but is sure to grow steadily.

The general decline in tractor industry is a matter of concern, however there are signs that the demand for small tractors will keep growing. Lower investment, running and maintenance cost and the advantages of compact size tractors are becoming more important factors for buying decisions, especially for agricultural usage. As pioneers in this segment we foresee a paradigm shift in the mind set of farmers from big machines to appropriate needs.

**RISKS AND CONCERNS**

It is well known that in as much as subsidy has greatly helped the power tiller industry to grow, the absence or delay in the subsidy schemes adversely affects the demand. While farm mechanization continues to be in focus, the share of funds from the Centre to the States is getting reduced. Special schemes to give thrust for custom hiring of agricultural machinery to benefit small farmers is yet to gain large scale acceptance. Your company is constantly trying to work with the Government to address many of the impediments that are coming in the way of greater success in small farm mechanization.

We have always conceded that we are not insulated from competition both in power tillers and tractors. We believe that it is helping the concept to grow and we have to create a space for ourselves by honing our skills and competitive edge. Your company fully endorses the call to “Make in India” and fervently hopes that domestic manufacturers interest will be accorded preference.

**CURRENT YEAR OUTLOOK**

With prediction of normal monsoon and continued focus on farm mechanisation by the Government. We expect our revenue growth will be par with the overall industry growth.

**DETAILS OF DIRECTORS APPOINTMENT/ REAPPOINTMENT AND RESIGNATION:**

In accordance with the provisions of the Companies Act, 2013 Mr. V.P. Mahendra, Vice Chairman & Managing Director of the Company will retire at the ensuing AGM and he is eligible for reappointment.

Mr. V.T. Ravindra (DIN- 00396156) has been appointed by the Board as an additional director of the Company. His appointment as director of the Company has been included in the notice of 48th Annual General Meeting.

Mr. K.M. Pai has been appointed as an Independent Director with effect from 5th August, 2015, to fill the casual vacancy caused due to resignation of Mr. V. Ramachandran.

Mr. B.C.S. Iyengar has resigned from the directorship of the Company with effect from 30th April, 2016.

Mr.K.K. Rai and Mr.V.Ramachandran had resigned on 20/06/2015 and 25/06/2015 respectively.

During the year, no non-executive director had any pecuniary relationship or transactions with the Company other than the sitting fees and reimbursement of expenses incurred by them for attending meetings of the Company.

**KEY MANAGERIAL PERSONNEL (KMP)**

The following persons are Key Managerial Personnel (KMP) of the Company under section 203 of the Companies Act, 2013. There are no change in KMP during the year 2015-16.

1. Mr. V.P. Mahendra - Vice Chairman & Managing Director
2. Mr. R. Thiyagarajan – Chief Financial Officer
3. Mr. Chinmaya Khatua - Company Secretary

### **CORPORATE GOVERNANCE:**

The Company strives to ensure good in Corporate Governance and levels of transparency with all the provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015. A certificate from the Auditors to this effect forms part of Corporate Governance Report.

### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to subsection 5 of Section 134 of the Companies Act 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable

laws and that such systems were adequate and operating effectively.

Based on the internal financial controls and compliance system established and maintained by the Company, the Board is of the opinion that the Company's internal financial controls were adequate during financial year 2015-16.

### **AUDITORS:**

M/s. Brahmayya & Co, Chartered Accountants who were appointed as Auditors of the Company for three financial years w.e.f FY 2014-15 at the 46th Annual General Meeting, have given their resignation to be effective from conclusion of the 48th Annual General Meeting, to accommodate the Auditors rotation as per Companies Act, 2013.

The Audit Committee and Board have recommended M/s. K.S. Rao & Co, Chartered Accountants as Auditors of the Company. The appointment of new Auditors is included in the notice of the 48th Annual General Meeting for shareholder approval.

### **COST AUDITORS:**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Rao, Murthy & Associates, Cost Accountants to audit the cost records of the Company for the financial year 2016-17 on a remuneration of Rs.2 lakhs (Exclusive of service tax) plus out of pocket expenses. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Rao, Murthy & Associates., Cost Auditors is included in the Notice of the Annual General Meeting.

### **INTERNAL AUDITORS**

M/s. K.P.Rao & Co, Chartered Accountant were appointed as Internal Auditors under section 138 of the Companies Act, 2013 for the financial year 2015-16.

**SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. K Narayana Swamy & Co, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report is enclosed herewith as Annexure-4.

**PARTICULARS OF EMPLOYEES:**

As required by provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, except Mr. V.P. Mahendra, Vice Chairman & Managing Director and Mr. K.U. Subbaiah, Chief Executive Officer, the details of which are given in Annexure-1, there are no employees who draw remuneration as set out in the aforesaid provision of the Companies Act, 2013.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information under Section 134 Companies Act, 2013 read with rule 8 (3) of the Companies (Accounts) Rules, 2014 is enclosed as Annexure-2.

**DEPOSITS:**

Your Company has not accepted any deposits within the meaning of Chapter- V of the Companies Act, 2013 and rules made there under.

**Internal Control System and their Adequacy**

The Company maintains adequate Internal Control Systems commensurate to the nature of its business and complexity of its operations. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors with focused attention on validation of I T. Security.

The Significant observations made by the Auditors and follow up actions there on reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's Internal Control

Environment and monitors the implementation of the Audit recommendations.

**Industrial Relation**

Industrial relations have been cordial at the Bengaluru, Mysore and Hosur plants during the year. Wage settlements were cordially concluded in our Mysore and Bangalore plants during the year.

Your company has taken appropriate steps to build organizational capability which will enable the long term growth plans.

**Forward-Looking Statements**

Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties.

Actual results could differ materially from those either expressed or implied due to factors such as Raw material prices, Government policies, Competition, tax regime, market acceptance of new products and services, continued acceptance of existing products and services, changes in licensing programs, product price discounts, delays in product development and related product release schedules, sales and vendor channel disruption.

All information in this release is as of May 27, 2016, The Company undertakes no duty to update any forward looking statement to conform the statement to actual results or changes in the company's expectations.

**Board Meeting**

Seven meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance of this Annual Report.

**Declaration of Independent directors.**

The Company has received declarations from Independent directors as mentioned in sub-section (6) of section 149 of the Companies Act, 2013.

**Committees**

The Company has constituted Audit Committee, CSR Committee, Nomination & Remuneration Committee,

Stakeholders Relationship Committee and Risk Management Committee. The details of the Committees are mentioned in Corporate Governance Report.

## Vigil Mechanism

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect employees wishing to raise a concern about serious irregularities within the Company.

The Company has vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism is explained in the Corporate Governance Report and also posted on the website ([www.vstillers.com](http://www.vstillers.com)) of the Company.

## Auditors qualification, reservation or adverse remark or disclaimer.

The Statutory Auditors and Secretarial Auditors have given a “clean report” without any qualification, reservation or adverse remark or disclaimer. No fraud has been reported by the Auditors under section 143 (12) of the Companies Act, 2013.

## Loans, Guarantee & Investment

The Company has not given any loan or guarantee under section 186 of the Companies Act, 2013 during the year 2015-16. However the investments formed part of the notes to the financial statements provided in this Annual Report.

## Related Party Transactions

All related party transactions that are entered into during the financial year were on an arm's length basis. There

are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also before the Board for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their information and approval. The policy on dealing with Related Party Transactions as approved by the Board can be accessed at [http://www.vstillers.com/sites/default/files/policies/policy\\_on\\_related\\_party\\_transc.pdf](http://www.vstillers.com/sites/default/files/policies/policy_on_related_party_transc.pdf)

## Material changes and commitments affecting the Financial Position

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

## Risk Management Policy

The Company is having a risk management policy. The risk pertaining to business of the Company is discussed at the Audit Committee and at the Board Meetings on regular basis. The details of the policy are given below :

Risk Category	Risk Description	Mitigation
Industry Risk	<p>Concentration on Agri Business</p> <p><u>Specific Risks are:</u></p> <ul style="list-style-type: none"> <li>- Industry Downturn in Agri Industry will adversely affect business</li> <li>- Strong competition and ability to market models faster.</li> </ul> <p>High focus on specific Segment</p> <p><u>Specific Risks are:</u></p> <ul style="list-style-type: none"> <li>- Business will be adversely affected when Agri segment experiences sluggish growth</li> <li>- Highly dependent on subsidy and Govt. policy on Agriculture development.</li> </ul>	<ul style="list-style-type: none"> <li>□ Tapping of wider segments in products and geographies including its aftermarket foot print in the core business</li> <li>□ Explore to releasing new models ahead of competition in the future. 5 year strategic business plan to be formulated.</li> <li>□ Explore &amp; grow businesses in the Engines, Attachments and other Agricultural Machinery, while remaining focused on core business</li> <li>□ Diversification in non-agri segment</li> </ul>

<p><b>Raw Material Risk</b> a. Volatility in Raw material, commodity and fuel prices. b. Single source</p>	<p>a. Volatility in prices of raw materials and commodities may impact our profit. b. Single source purchasing increases the bargaining power of the supplier <u>Specific risks are:</u> – Business disruption – Continuous price escalation by the supplier</p>	<ul style="list-style-type: none"> <li>☐ Vendor rationalization &amp; Commodity based approach in sourcing, leading to focused negotiation to manage prices of raw materials etc.</li> <li>☐ Sourcing options to develop alternate sources for all critical single source purchases.</li> <li>☐ VA/VE efforts by Engineering resulting in material cost reduction through better designs</li> </ul>
<p><b>Quality &amp; Integrity of the Product</b></p>	<p>Poor quality or integrity of our products may result in reputation and brand damage, resulting in lower volumes and financial claims <u>Specific risks are:</u> – Poor quality of the products – Increase in Cost of Quality leads to bottom-line erosion – Loss of customers &amp; Lost opportunities in new programs</p>	<ul style="list-style-type: none"> <li>☐ Effective process control</li> <li>☐ Supplier cluster programs to improve quality of incoming parts</li> <li>☐ Warranty procedure &amp; performance sign off with Suppliers.</li> </ul>
<p><b>Volatility in Currency Exchange Rate</b></p>	<p>Currency exchange gain or loss will impact the bottom line. <u>Specific risks are:</u> – Increase material cost in case of weakening rupee – Lower revenue realization in case of strengthening rupee against USD</p>	<ul style="list-style-type: none"> <li>☐ Hedging imports through forward contracts</li> <li>☐ PCFC<sup>1</sup> to protect exports against currency fluctuation</li> <li>☐ Restructuring of credit options for both imports &amp; exports</li> </ul>
<p><b>Demand Risk</b></p>	<p>Inaccuracy in Sales forecasting leads to poor delivery performance thereby leading to loss of customers <u>Specific Risks are</u> – Excess Inventory – Lower vendor ratings (Mysore plant) – Premium freight – Customer Loss</p>	<ul style="list-style-type: none"> <li>☐ Implementation of IcSoft for big dealers.</li> <li>☐ Effective Implementation of demand management in by S&amp;OP.</li> <li>☐ Measurement of forecast accuracy to smoothen out demand variation</li> <li>☐ Enhance Vendor Managed Inventory</li> </ul>
<p><b>Information Security</b></p>	<p>Loss of business data, proprietary &amp; confidential information and disruption of processes due to unavailability of robust IT systems, thereby causing financial damage. <u>Specific risks are:</u> – Failure of IT systems thereby business continuity – Susceptibility to Cyber crime</p>	<ul style="list-style-type: none"> <li>☐ Implementation of measures to secure confidentiality and integrity of data</li> <li>☐ Ensuring data redundancy by storage in data replication center</li> <li>☐ Far site data recovery center, (proposed)</li> <li>☐ Robust firewall mechanisms, thereby preventing cyber crimes</li> </ul>
<p><b>Technology Risk</b></p>	<p>Technological Obsolescence with the changes in technological trends in the Industry <u>Specific risks are:</u> – Loss of Business opportunity, and market share</p> <p>Risks arising through technology partnership – by disclosure of technology to competition &amp; being a competitor themselves – Inability to provide effective technical solutions <u>Specific risks are:</u> – Threat of competition from technology partner &amp; competitors – Ineffective utilization of Intellectual Infrastructure bandwidth</p>	<ul style="list-style-type: none"> <li>☐ Formulation of technology road map in line with the Industry trends aligning with the 5 year strategic plan.</li> <li>☐ Collaborate with leading technology partners to shorten the development cycle stay in sync with the market</li> <li>☐ Assessment of the capability of technical partner through a formal diligence process</li> <li>☐ Formal engagement model with exclusivity and non-compete provisions in the agreement</li> </ul>
<p><b>People &amp; Organization</b></p>	<p>Failure to attract with the right skills and talent to seize opportunities, achieve challenging returns and fulfill the strategy <u>Specific Risks are:</u> – Delay in Strategy &amp; project execution &amp; Growth plans</p>	<ul style="list-style-type: none"> <li>☐ Alignment of company performance and employee performance incentives through the effective compensation &amp; benefit structure</li> <li>☐ Develop a talent pipeline through an annual talent review process and talent development</li> <li>☐ Values culture reinforced through induction, mandatory training, performance management, and employee interaction programs.</li> </ul>
<p><b>Product Liability</b></p>	<p><u>Specific risks are:</u> Product Liability Product Guarantee Financial Loss Product recall</p>	<ul style="list-style-type: none"> <li>☐ Availing product liability with recall insurance policy .</li> </ul>

## Corporate Social Responsibility (CSR)

The Company has formed CSR policy and Committee during the year and details of CSR policy is available

in Company website i.e. <http://www.vstillers.com/> policies. The Company has spent Rs.95 lakhs in CSR activities during the financial year 2015-16.

<sup>1</sup>Packing Credit in Foreign Currency

## Evaluation of Board Performance.

The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors through a peer-evaluation excluding the director being evaluated. The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and frame work adopted by the Board.

None of the Independent Directors are due for re-appointment.

**There is no change in nature of the business during the year.**

## Details of subsidiary, Associate or joint Venture Company.

During the year 2015-16 there is not change in Subsidiary Associate or Joint Venture Company.

## Significant and material orders

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**The ratio of the remuneration of each Director and KMP to the median remuneration of the employees of the company for the financial year as follows:**

Sl. No.	Name	Designation	Salary 2015-16 (in Rs)	Salary 2014-15 (in Rs)	Increase in salary	Ratio/Times per Median of employee remuneration
1	Mr.V.P. Mahendra	Vice Chairman & Managing Director (KMP)	77,49,901	76,26,104	1,23,797 (1.62%)	34.12
2	Mr. B C S Iyengar	Director Corporate Strategy	54,23,602	39,18,499	15,05,103 (38.41%)	23.88
4	Mr. R. Thiyagarajan	Chief Financial Officer (KMP)	38,92,170	31,22,978	7,69,192 (24.63%)	17.13
5	Mr. Chinmaya Khatua	Company Secretary (KMP)	11,28,215	9,00,570	2,27,648 (25.28%)	4.96

The Company's PAT has increased from Rs. 6952 lakhs to Rs. 7413 lakhs, an increase of 6.63 % and this increase of KMP remuneration is line with the current market scenario and with Company policy. However salary of Vice Chairman & Managing Director and other whole time directors was approved by the shareholders.

The Company has given about 9% increase in salaries to the employees keeping in view the overall industry standard and interest of the employees. The unionized employees of the Company are getting salary increment

as per the terms and conditions of their wage settlement. There is no exceptional circumstances of increase in the managerial remuneration.

The Company has 574 permanent employees on roll. The Company fixes salary of the employees on the basis of Remuneration Policy of the Company.

## Payment of Commission to Managing Director & Whole time Director.

The Managing Director and Whole Time Directors are being paid commission on net profit of the Company as approved by the shareholders. The commission criteria is given below:

Name	Designation	Commission
V.P. Mahendra	Vice Chairman & Managing Director	One percent on the net profit of the Company subject to a maximum of one and half times of annual basic salary drawn
B C S Iyengar	Director Corporate strategy	One percent on the net profit of the Company subject to a maximum of the annual basic salary drawn

There are no employees who are not directors but receive remuneration in excess of the highest paid director during the year.

## VARIATION IN MARKET CAPITALISATION :

Date	Paid up Capital (in Rs)	Closing Market Price per shares	EPS	PE Ratio	Market Capitalisation (Rs. in crore)
31.03.2015	86395280	1243.50	80.46	15.45	1074.32
31.03.2016	86395280	1484.50	85.81	17.30	1282.54
Increase/Decrease	NIL	241.00	5.35	1.85	208.22
% Increase/Decrease	NIL	19.38	6.65	11.97	19.38
No issue of shares during the year	-	-	-	-	-

*Notes : Data based on share prices quoted on BSE.*

### Internal Complaint Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has formed Internal Complaint Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint was received during the year 2015-16.

### Form No. AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis: V.S.T. Tillers Tractors Ltd** (the Company) has not entered into any contract/arrangement/transaction with its related parties which is not at arm's length during FY 2015-16.
  - (a) Name(s) of the related party and nature of relationship: Not Applicable
  - (b) Nature of contracts/arrangements/transactions: Not Applicable
  - (c) Duration of the contracts / arrangements/ transactions: Not Applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

- (f) Date(s) of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

- f. Amount paid as advances, if any: None  
on behalf of Board of Directors

**V. K. Surendra**  
Chairman

Place: Bengaluru  
Date: 27th May, 2016

### Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure-5 to this Report.

### ACKNOWLEDGEMENTS:

The Directors wish to convey their gratitude for the faith reposed in your Company by Mitsubishi Heavy Industries Limited, employees, dealers, vendors, Bankers and the customers at large.

for V.S.T. TILLERS TRACTORS LTD.

Place: Bengaluru  
Date : May 27, 2016

**V. K. Surendra**  
Chairman

## 2. Details of material contracts or arrangement or transactions at arm's length basis:

- Name(s) of the related party and nature of relationship: Not Applicable
- Nature of contracts / arrangements / transactions: Not Applicable
- Duration of the contracts / arrangements / transactions: Not Applicable
- Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- Date(s) of approval by the Board, if any: Not Applicable

## ANNEXURE-1

Information as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Designation	Remuneration (in Rs)	Nature of employment	Qualification & experience	Date of Commencement of employment	Age	Last employment	% of equity share held	Whether relative of Director or Manager
V.P. Mahendra	Vice Chairman & Managing Director	77,49,901	Permanent	BE (Electrical) having more than 50 years of experience	20.02.1984	73	NA	7%	No
K U Subbaiah	CEO	49,66,758	Permanent	BE (Mechanical) with over 34 years of experience.	17.08.2015	56	Pricol Ltd	0.0003	No

**ANNEXURE-2**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**1. Conservation of energy :**

As the industry is not a power intensive unit, no capital investment was made during the year 2015-16 and hence no benefit could accrue.

**2. Research and Development (R&D) :**

**a. TRACTORS :**

- i. 27 HP Tractor with New 4 cylinder Engine released to Market with CMVR approval.
- ii. New variant for 22 HP with Power steering validated and released to Market.
- iii. New variant for 18.5 HP- 2WD tractor released to market with the necessary CMVR as well as ICT approval from CFMTTI, Budni.
- iv. Four Cylinder engine of 27HP optimised to meet current emission norms of Tractors which is certified.

**v. Technology Absorption:**

1. Installed and commissioned PTO dynamometer for Tractor Testing.
2. Upgraded the software for 3D and 2D drawings.
3. Benefits Derived:
  - a. Commissioning and usage of PTO dynamometer has enhanced the product quality standards.
  - b. Design software upgradation has improved out Time to Market and design quality.

**b. Power Tillers :**

- i. Procured Solid works -3 licence and Auto cad LT – 3 licence
- ii. Procured AVL DITEST MDS 450 Engine Exhaust gas analyser which is under installation.
- iii. Procured the AG 30 Dynamometer which is under final inspection stage at SAJ.
- iv. With the above investment the Power Tiller Design capability is strengthened.

3. Application Engineering : Validation of attachments mounted on our Tractors and Tillers completed which would enable us to provide total crop solutions to the farming community.

**4. Future Plan of Action:**

**a. Hosur Plant : Tractor**

- i. Upgradation of existing Diesel Engines to meet future emission norms.
- ii. Explore the deed to design and develop other range of tractors to cater to the market demand.
- iii. Upgradation and performance improvement of the Present Hydraulic system in Tractors including lifting capacity.

**b. Bangalore Plant : Power Tiller**

- i. Explore the deed to design and develop other range of power tiller to cater to the market demand.
- ii. Facelift of the existing Power Tillers with additional features.

Application Engineering: Validation of new attachments suitable for Power tillers and Tractors.

**Expenditure on R&D:**

The Companies expenditure on R&D (including revenue expenditure) during the year was Rs.2,39,08,717/- (refer note no-34, page no. 68 of Annual Report)

**3. Foreign exchange earnings and outgo:**

- a) Complete information about exports, which have contributed towards foreign exchange earnings, is given in note no. 36 to the Audited Accounts annexed to this Report. Similarly, details of foreign exchange outgo on account of imports, expenditure on traveling, dividend etc. are shown in note no. 35 & 37 & respectively in Notes forming part of Accounts.
- b) Total foreign exchange used and earned:  
 Foreign exchange earnings : Rs.15,39,76,175/-  
 Foreign exchange outgo : Rs. 2,26,82,002/-

The Company has formed CSR policy and Committee during the year and details of CSR policy is available in your Company website i.e. <http://www.vsttillers.com/policies>.

**REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

**Composition of the CSR Committee:**

Mr. V.K. Surendra, Chairman  
 Mr. M.K. Bannerjee, Member (Independent Director)  
 Mr. V.P. Mahendra, Member  
 Mr. V.V. Pravindra, Member

**Prescribed CSR Expenditure (two percent of the average net profit):**

Based on the above, the Company is required to spend Rs.1.96 Crore towards CSR activities.

**Details of CSR spend for the financial year**

**i. Total amount spent for the financial year- 95 lakhs (out of last year provision)**

**ii. Amount unspent- Rs.1.96 crore**

**Average net profit of the Company for last three financial years:**

Average net profit for last three years: Rs.97.93 Crore

**iii. Manner in which the amount spent during the financial year is detailed below. (Please refer note no-32, page no-67 of the annual report)**

Sl. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs 1) Local area or 2) Specify the State and projects or programs was undertaken	Amount outlay (budget) project program wise	Amount spent of the projects or programme Sub-heads: (1) Direct on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Direct or through implementing agency
1	Educating Children, women, scholarships, etc	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local Area	90 Lakh	90 Lakh	90 Lakhs	Through Implementing Agency
2	Enhance livelihood of the physically disabled.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local Area	5 Lakhs	5 Lakhs	5 Lakhs	Through Implementing Agency

**Reason for not spending :**

As the process of identifying potential recipients has taken time, the Company had not disbursed the applicable CSR spend.

compliance with CSR Objectives and policy of the Company.

**Responsibility Statement :**

Implementation and monitoring of CSR Policy, is in

Sd/-  
**V.P. Mahendra**  
 Vice Chairman &  
 Managing Director

Sd/-  
**V. K. Surendra**  
 CSR Committee  
 Chairman

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

*[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,  
VST Tillers Tractors Limited,  
Plot No. 1, Dyavasandra Industrial Layout,  
P.B. No.4801, Whitefield Road,  
Mahadevapura Post,  
Bangalore – 560048.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VST Tillers Tractors Limited (hereinafter called 'the Company' CIN: L34101KA1967PLC001706). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 which were made available to us according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (b) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

In this regard, we state that during the period under review there were no events/actions in pursuance of:

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- VI. We further report that we have also examined compliance of the following industry specific laws as applicable to the Company in accordance with the guidelines issued by the Institute of Company Secretaries of India (ICSI):
1. The Environmental Protection Act, 1986.
  2. The Water (Prevention and Control of Pollution) Act, 1974.
  3. The Air (Prevention and Control of Pollution) Act, 1981.
  4. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2015.
  5. The Factories Act, 1948.
  6. Industrial Disputes Act, 1947.
  7. Industrial Employment (Standing Orders) Act, 1946.
  8. Payment of Bonus Act, 1965.
  9. Minimum Wages Act, 1948.
  10. Employees State Insurance Act, 1948.
  11. Employees Provident Funds and Miscellaneous Provisions Act, 1952.
  12. Payment of Gratuity Act, 1972.
  13. Employees Compensation Act, 1923.
  14. Apprentices Act, 1961.
  15. Maternity Benefit Act, 1961.
  16. Contract Labour (Regulation and Abolition) Act, 1970.
  17. Equal Remuneration Act, 1976.
  18. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
  19. Motor Vehicles Act, 1988.
  20. The Central Motor Vehicles Rules, 1989.
  21. The Karnataka Motor Vehicles Rules, 1989.
  22. Legal Metrology Act, 2009.
  23. Legal Metrology (Package Commodities) Rules, 2011.
  24. Bureau of Indian Standards Act, 2015.
  25. Trade Mark Act, 1999 and Rules made thereunder.
  26. Competition Act, 2002 and the Rules and Regulations made thereunder.
- Accordingly, we state that during the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned above.
- VII. We have also examined compliance with the applicable standards / clauses of the following:
- (a) Secretarial Standards issued by ICSI.
  - (b) Listing Agreements entered into by the Company with BSE and NSE.
- In this regard, we would also like to state that since the provisions relating to Audit of Accounts and Financial Statements of the Company are dealt in the Financial Statutory/ Cost Audit, the same are not covered under the Secretarial Audit.
- We further report that:
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the Meeting.
- As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous in as much as minutes of the Meetings were self-explanatory.

We further report that based on the information provided and representation made by the Company and also review of the compliance reports of the Company Secretary taken on record by the Board of Directors of the Company, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor

and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**For K. Narayana Swamy & Co.,**  
Company Secretaries

Place : BANGALORE (K. Narayana Swamy)  
Date : 27/05/2016 FCS 1838 / CP 9878

*Note: This Report is to be read with our letter of even date which is annexed as 'Annexure - A' and forms an integral part of this Report.*

## **ANNEXURE - A**

To,

The Members,  
VST Tillers Tractors Limited,  
Plot No. 1, Dyavasandra Industrial Layout,  
P.B. No.4801, Whitefield Road,  
Mahadevapura Post,  
Bangalore – 560048.

Our report of even date is to be read along with this letter.

of Accounts of the Company like, Income Tax, Central Excise, Customs, etc.

4. Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events.

5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books

**For K. Narayana Swamy & Co.,**  
Company Secretaries

Place : BANGALORE (K. Narayana Swamy)  
Date : 27/05/2016 FCS 1838 / CP 9878

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration ) Rules, 2014.

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L34101KA1967PLC001706
ii	Registration Date	18-12-1967
iii	Name of the Company	V.S.T. Tillers Tractors Limited
iv	Category/Sub-category of the Company	Public Company / Limited by Shares
v	Address of the Registered office & contact details	Plot No-1, Dyavasandra Indl Layout, Whitefield Road, Mahadevapura Post, Bangalore - 560048 Phone- 080-67141111, email- investors@vsttillers.com
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Enterprises (India) Limited, No-30, Ramana Residency, Gr Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560003 Phone- 080-23460815, email- irg@intergatedindia.in

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Power Tiller	2821	54.84
2	Tractor	2821	32.08

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Mitsubishi Heavy Industries - VST Diesel Engines Private Limited	U34107KA2007PTC043432	Associate	3.35	129

## IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2015				No. of Shares held at the end of the year - 31.03.2016				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
<b>(1) Indian</b>										
a) Individual/HUF	3646276	-	3646276	42.20	3646276	-	3646276	42.20		-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-		-
c) Bodies Corporates	764663	-	764663	8.85	764663	-	764663	8.85		-
d) Bank/FI	-	-	-	-	-	-	-	-		-
e) Any other	-	-	-	-	-	-	-	-		-
<b>SUB TOTAL : (A) (1)</b>	<b>4410939</b>	<b>-</b>	<b>4410939</b>	<b>51.06</b>	<b>4410939</b>	<b>-</b>	<b>4410939</b>	<b>51.06</b>		<b>-</b>
<b>(2) Foreign</b>										
a) NRI- Individuals	-	-	-	-	-	-	-	-		-
b) Other Individuals	-	-	-	-	-	-	-	-		-
c) Bodies Corp.	253125	-	253125	2.93	253125	-	253125	2.93		-
d) Banks/FI	-	-	-	-	-	-	-	-		-
e) Any other...	-	-	-	-	-	-	-	-		-
<b>SUB TOTAL : (A) (2)</b>	<b>253125</b>	<b>-</b>	<b>253125</b>	<b>2.93</b>	<b>253125</b>	<b>-</b>	<b>253125</b>	<b>2.93</b>		<b>-</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>4664064</b>	<b>-</b>	<b>4664064</b>	<b>53.99</b>	<b>4664064</b>	<b>-</b>	<b>4664064</b>	<b>53.99</b>		<b>-</b>
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	820231	-	820231	9.49	778818	-	778818	9.01		-0.48
b) Banks/FI	2574	4350	6924	0.08	2259	4350	6609	0.08		-
c) Central govt	-	-	-	-	-	-	-	-		-
d) State Govt.	-	-	-	-	-	-	-	-		-
e) Venture Capital Fund	-	-	-	-	-	-	-	-		-
f) Insurance Companies	-	-	-	-	-	-	-	-		-
g) FIIS	700274	900	701174	8.12	822286	900	823186	9.53		1.41
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-		-
i) Others (specify)	-	-	-	-	-	-	-	-		-
<b>SUB TOTAL (B)(1):</b>	<b>1523079</b>	<b>5250</b>	<b>1528329</b>	<b>17.69</b>	<b>1603363</b>	<b>5250</b>	<b>1608613</b>	<b>18.62</b>		<b>0.93</b>
<b>(2) Non Institutions</b>										
a) Bodies corporates										
i) Indian	242734	12522	255256	2.95	321394	3772	325166	3.76		0.81
ii) Overseas	-	-	-	-	-	-	-	-		-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	1442248	253918	1696166	19.63	1349109	234152	1583261	18.33		-1.30
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	350697	15301	365998	4.24	329914	15301	345215	4.00		-0.24
c) Others (specify)										
V.S.T. Tillers Tractors Ltd - Unclaimed Suspense Account	10948	-	10948	0.13	10678	-	10678	0.12		-0.01
NRI	86727	50	86777	1.00	88759	50	88809	1.03		0.03
Clearing Member	25100	-	25100	0.29	12622	-	12622	0.15		-0.14
Trust	6890	-	6890	0.08	1100	-	1100	0.01		-0.07
<b>SUB TOTAL (B)(2):</b>	<b>2165344</b>	<b>281791</b>	<b>2447135</b>	<b>28.32</b>	<b>2113576</b>	<b>253275</b>	<b>2366851</b>	<b>27.40</b>		<b>-0.93</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)''</b>	<b>3688423</b>	<b>287041</b>	<b>3975464</b>	<b>46.01</b>	<b>3716939</b>	<b>258525</b>	<b>3975464</b>	<b>46.01</b>		<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>	<b>8352487</b>	<b>287041</b>	<b>8639528</b>	<b>100.00</b>	<b>8381003</b>	<b>258525</b>	<b>8639528</b>	<b>100.00</b>		<b>-</b>

## (ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year - 01.04.2015			Shareholding at the end of the year - 31.03.2016			% change in share holding during the year
		No. of shares	% of total shares of the company"	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company"	% of shares pledged encumbered to total shares	
1	V K Surendra	45000	0.52	-	45000	0.52	-	-
2	V K Surendra	190424	2.20	-	190424	2.20	-	-
3	V K Surendra	595380	6.89	-	595380	6.89	-	-
4	V K Surendra	977875	11.32	-	977875	11.32	-	-
5	V S Arun	84595	0.98	-	84595	0.98	-	-
6	V S Arun	127535	1.48	-	127535	1.48	-	-
7	S Mahalakshmi	75375	0.87	-	75375	0.87	-	-
8	V P Mahendra	45000	0.52	-	45000	0.52	-	-
9	V P Mahendra	906	0.01	-	906	0.01	-	-
10	V P Mahendra	131896	1.53	-	131896	1.53	-	-
11	V P Mahendra	975	0.01	-	975	0.01	-	-
12	V P Mahendra	451753	5.23	-	451753	5.23	-	-
13	M Bharathi	61200	0.71	-	61200	0.71	-	-
14	Amritha V M Ward	4330	0.05	-	4330	0.05	-	-
15	V M Vishnu	15150	0.18	-	15150	0.18	-	-
16	V M Anand	15220	0.18	-	15220	0.18	-	-
17	V V Pravindra	179146	2.07	-	179146	2.07	-	-
18	V V Pravindra	45000	0.52	-	45000	0.52	-	-
19	P Jayalakshmi	33750	0.39	-	33750	0.39	-	-
20	V P Rahul	18076	0.21	-	18076	0.21	-	-
21	V P Karan	750	0.01	-	750	0.01	-	-
22	V P Karan	14964	0.17	-	14964	0.17	-	-
23	V V Vijayendra	138888	1.61	-	138888	1.61	-	-
24	V V Vijayendra	21540	0.25	-	21540	0.25	-	-
25	V V Vijayendra	27000	0.31	-	27000	0.31	-	-
26	V V Sujay	63624	0.74	-	63624	0.74	-	-
27	V Lakshmi	33007	0.38	-	33007	0.38	-	-
28	V V Anjali	17623	0.20	-	17623	0.20	-	-
29	V P Tiruvengadaswamy	119978	1.39	-	119978	1.39	-	-
30	V P Tiruvengadaswamy	2700	0.03	-	2700	0.03	-	-
31	T Jayshree	77014	0.89	-	77014	0.89	-	-
32	V T Anusuya	2250	0.03	-	2250	0.03	-	-
33	V T Ravindra	26852	0.31	-	26852	0.31	-	-
34	Sita Rajgopal	1500	0.02	-	1500	0.02	-	-
35	Vijayendra Brothers Investments Private Limited	52470	0.61	-	52470	0.61	-	-
36	V T Velu Investments Private Limited	67725	0.78	-	67725	0.78	-	-
37	Gove Investment & Finance Co Ltd	66082	0.76	-	66082	0.76	-	-
38	V P Mahendra Brothers Investments Private Limited	136311	1.58	-	136311	1.58	-	-
39	K S Investments Private Limited	85690	0.99	-	85690	0.99	-	-
40	V. S. T. Motors Limited	356385	4.13	-	356385	4.13	-	-
41	Mitsubishi Heavy Industries Limited	253125	2.93	-	253125	2.93	-	-
	<b>Total</b>	<b>4664064</b>	<b>53.99</b>	<b>-</b>	<b>4664064</b>	<b>53.99</b>	<b>-</b>	<b>-</b>

## (iii) Change in Promoters' Shareholding ( Specify if there is no change)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2015		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2016	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	V K Surendra	45000	0.52	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>45000</b>	<b>0.52</b>
2	V K Surendra	190424	2.20	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>190424</b>	<b>2.20</b>
3	V K Surendra	595380	6.89	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>595380</b>	<b>6.89</b>
4	V K Surendra	977875	11.32	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>977875</b>	<b>11.32</b>
5	V S Arun	84595	0.98	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>84595</b>	<b>0.98</b>
6	V S Arun	127535	1.48	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>127535</b>	<b>1.48</b>
7	S Mahalakshmi	75375	0.87	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>75375</b>	<b>0.87</b>
8	V P Mahendra	45000	0.52	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>45000</b>	<b>0.52</b>
9	V P Mahendra	906	0.01	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>906</b>	<b>0.01</b>
10	V P Mahendra	131896	1.53	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>131896</b>	<b>1.53</b>
11	V P Mahendra	975	0.01	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>975</b>	<b>0.01</b>
12	V P Mahendra	451753	5.23	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>451753</b>	<b>5.23</b>
13	M Bharathi	61200	0.71	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>61200</b>	<b>0.71</b>
14	Amritha V M Ward	4330	0.05	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>4330</b>	<b>0.05</b>
15	V M Vishnu	15150	0.18	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>15150</b>	<b>0.18</b>
16	V M Anand	15220	0.18	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>15220</b>	<b>0.18</b>
17	V V Pravindra	179146	2.07	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>179146</b>	<b>2.07</b>
18	V V Pravindra	45000	0.52	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>45000</b>	<b>0.52</b>
19	P Jayalakshmi	33750	0.39	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>33750</b>	<b>0.39</b>
20	V P Rahul	18076	0.21	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>18076</b>	<b>0.21</b>
21	V P Karan	750	0.01	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>750</b>	<b>0.01</b>
22	V P Karan	14964	0.17	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>14964</b>	<b>0.17</b>
23	V V Vijayendra	138888	1.61	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>138888</b>	<b>1.61</b>
24	V V Vijayendra	21540	0.25	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>21540</b>	<b>0.25</b>
25	V V Vijayendra	27000	0.31	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>27000</b>	<b>0.31</b>

26	V V Sujay	63624	0.74	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>63624</b>	<b>0.74</b>
27	V Lakshmi	33007	0.38	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>33007</b>	<b>0.38</b>
28	V V Anjali	17623	0.20	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>17623</b>	<b>0.20</b>
29	V P Tiruvengadaswamy	119978	1.39	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>119978</b>	<b>1.39</b>
30	V P Tiruvengadaswamy	2700	0.03	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>2700</b>	<b>0.03</b>
31	T Jayshree	77014	0.89	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>77014</b>	<b>0.89</b>
32	V T Anusuya	2250	0.03	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>2250</b>	<b>0.03</b>
33	V T Ravindra	26852	0.31	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>26852</b>	<b>0.31</b>
34	Sita Rajgopal	1500	0.02	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>1500</b>	<b>0.02</b>
35	Vijayendra Brothers Investments Pvt Ltd	52470	0.61	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>52470</b>	<b>0.61</b>
36	V T Velu Investments Pvt Ltd	67725	0.78	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>67725</b>	<b>0.78</b>
37	Gove Investment & Finance Co Ltd	66082	0.76	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>66082</b>	<b>0.76</b>
38	V P Mahendra Brothers Investments Private Limited	136311	1.58	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>136311</b>	<b>1.58</b>
39	K S Investments Private Limited	85690	0.99	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>85690</b>	<b>0.99</b>
40	V.S.T. Motors Limited	356385	4.13	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>356385</b>	<b>4.13</b>
41	Mitsubishi Heavy Industries Limited	253125	2.93	01.04.2015	-	No movement during the year		
				<b>31.03.2016</b>			<b>253125</b>	<b>2.93</b>

## (IV) V.S.T. TILLERS TRACTORS LIMITED

### Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) :

	Name of the Share Holder	Share holding at the beginning of the Year - 01.04.2015		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2016	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	HDFC TRUSTEE COMPANY LTD - HDFC LONG TERM ADVANTAGE	252000	2.92	01.04.2015		No movement during the year		
				<b>31.03.2016</b>		<b>252000</b>	<b>2.92</b>	
2	PINEBRIDGE INVESTMENTS ASIA LIMITED A/ C PINEBRIDGE	249980	2.89	01.04.2015	0	249980	2.89	
				10.04.2015	2045	TRANSFER	252025	2.92
				03.07.2015	55982	TRANSFER	308007	3.57
				23.10.2015	58487	TRANSFER	366494	4.24
				<b>31.03.2016</b>	<b>0</b>		<b>366494</b>	<b>4.24</b>

3	GOLDMAN SACHS INDIA FUND LIMITED	164107	1.90	01.04.2015	0		164107	1.90
				24.04.2015	1957	TRANSFER	166064	1.92
				01.05.2015	14340	TRANSFER	180404	2.09
				08.05.2015	5113	TRANSFER	185517	2.15
				15.05.2015	1674	TRANSFER	187191	2.17
				05.06.2015	7261	TRANSFER	194452	2.25
				12.06.2015	1018	TRANSFER	195470	2.26
				<b>31.03.2016</b>	<b>0</b>		<b>195470</b>	<b>2.26</b>
4	TATA TRUSTEE CO. LTD. A/C TATA MUTUAL FUND A/C TA	157800	1.83	01.04.2015	0		157800	1.83
				17.07.2015	-500	TRANSFER	157300	1.82
				31.07.2015	-22400	TRANSFER	134900	1.56
				14.08.2015	-31000	TRANSFER	103900	1.20
				21.08.2015	-16200	TRANSFER	87700	1.02
				28.08.2015	-27100	TRANSFER	60600	0.70
				15.01.2016	-5000	TRANSFER	55600	0.64
				29.01.2016	-2500	TRANSFER	53100	0.61
				05.02.2016	-47500	TRANSFER	5600	0.06
				<b>31.03.2016</b>	<b>0</b>		<b>5600</b>	<b>0.06</b>
5	ICICI PRUDENTIAL BALANCED FUND	115000	1.33	01.04.2015	0		115000	1.33
				17.04.2015	8270	TRANSFER	123270	1.43
				24.04.2015	991	TRANSFER	124261	1.44
				26.06.2015	-2445	TRANSFER	121816	1.41
				30.06.2015	-167	TRANSFER	121649	1.41
				03.07.2015	-62388	TRANSFER	59261	0.69
				<b>31.03.2016</b>	<b>0</b>		<b>59261</b>	<b>0.69</b>
6	NOVASTAR INTERNATIONAL FUND	188246	2.18	01.04.2015	0		188246	2.18
				10.07.2015	-2242	TRANSFER	186004	2.15
				<b>31.03.2016</b>	<b>0</b>		<b>186004</b>	<b>2.15</b>
7	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND	155000	1.79	01.04.2014	0		155000	1.79
				10.04.2015	10500	TRANSFER	165500	1.92
				17.04.2015	3667	TRANSFER	169167	1.96
				08.05.2015	1068	TRANSFER	170235	1.97
				15.05.2015	14765	TRANSFER	185000	2.14
				31.07.2015	21000	TRANSFER	206000	2.38
				04.09.2015	25000	TRANSFER	231000	2.67
				23.10.2015	24000	TRANSFER	255000	2.95
				29.01.2016	5000	TRANSFER	260000	3.01
				05.02.2016	15000	TRANSFER	275000	3.18
				19.02.2016	5000	TRANSFER	280000	3.24
				<b>31.03.2016</b>	<b>0</b>		<b>280000</b>	<b>3.24</b>
8	MIRAE ASSET EMERGING BLUECHIP FUND	61987	0.72	01.04.2015	0		61987	0.72
				10.07.2015	927	TRANSFER	62914	0.73
				17.07.2015	1467	TRANSFER	64381	0.75
				21.08.2015	10486	TRANSFER	74867	0.87
				28.08.2015	1807	TRANSFER	76674	0.89
				04.09.2015	3356	TRANSFER	80030	0.93
				31.12.2015	12468	TRANSFER	92498	1.07
				01.01.2016	2000	TRANSFER	94498	1.09
				08.01.2016	2500	TRANSFER	96998	1.12
				<b>31.03.2016</b>	<b>0</b>		<b>96998</b>	<b>1.12</b>
9	Novastar Fund Advisors Private Limited	55260	0.64	01.04.2015		No movement during the year		
				<b>31.03.2016</b>			<b>55260</b>	<b>0.64</b>
10	B N NAGAMANI	52366	0.61	01.04.2015		No movement during the year		
				<b>31.03.2016</b>			<b>52366</b>	<b>0.61</b>

## (v) Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Share holding at the beginning of the Year - 01.04.2015		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2016	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	V.P. Mahendra	630530	7.30		nil		630530	7.30
	R.Thiyagarajan	225	0.003		nil		225	0.003
	Chinmaya Khatua	0	0.00		nil		0	0.00

## V INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount		316547077		316547077
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>				
Additions		48780495		48780495
Reduction				
Net Change		48780495		48780495
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount		365327572		365327572
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>		<b>365327572</b>		<b>365327572</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager :

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
1	Gross salary	V P Mahendra	BCS Iyengar	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	4599901	3743602	8343503
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock option			
3	Sweat Equity			
4	Commission as % of profit others (specify)	3150000	1680000	4830000
5	Others, please specify			
	<b>Total (A)</b>	<b>7749901</b>	<b>5423602</b>	<b>13173503</b>
	<b>Ceiling as per the Act</b>			<b>110029493</b>

## B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors								Total
		R.Subramanian	M.K.Bannerjee	V.Ramachandran	K.K.Rai	K.M. Pai	K.P. Anuradha			
1	Independent Directors									
	(a) Fee for attending board committee meetings	310000	405000	45000	30000	360000	15000			
	(b) Commission	-	-	-	-	-	-			
	(c ) Others, please specify	-	-	-	-	-	-			
	<b>Total (1)</b>	310000	405000	45000	30000	360000	15000			<b>1165000</b>
2	Other Non Executive Directors	V.K. Surendra	V.V. Pravindra							
	(a) Fee for attending board committee meetings"	190000	190000							
	(b) Commission	-	-							
	(c ) Others, please specify.	-	-							
	<b>Total (2)</b>	190000	190000							<b>380000</b>
	<b>Total (B)=(1+2)</b>	190000	190000	310000	405000	45000	30000	360000	15000	<b>1545000</b>
	<b>Total Managerial Remuneration</b>									
	<b>Overall Ceiling as per the Act.</b>									<b>110029493</b>

## C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl.No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	10,18,066	38,59,770	48,77,836
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1,10,149	32,400	1,42,549
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock option			
3	Sweat Equity			
4	Commission as % of profit others (specify)			
5	Others, please specify			
	<b>Total</b>	<b>11,28,215</b>	<b>38,92,170</b>	<b>50,20,385</b>

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NIL

### REMUNERATION POLICY

#### 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Listing Regulation. The Key Objectives of the Committee would be :

- 1.1. To lay down criteria with regard to identifying persons who are qualified to become Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

#### Composition of the Committee.

Mr.M.K. Bannerjee, Chairman

Mr.V.K. Surendra, Member

Mr. K.M. Pai, Member

#### 2. DEFINITIONS

- **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

- **Board** means Board of Directors of the Company.
- **Directors** mean Directors of the Company.
- **Key Managerial Personnel (KMP)** means
  - 2.4.1. Chief Executive Officer or the Managing Director;
  - 2.4.2. Chief Financial Officer;
  - 2.4.3. Company Secretary; and
  - 2.4.4. such other officer as may be prescribed.

- **Senior Management** means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

#### 3. ROLE OF COMMITTEE

##### 3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

##### 3.2. Policy for appointment and removal of Director, KMP and Senior Management

### 3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing/Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### 3.2.2. Term / Tenure

- **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole Time Director for a term not exceeding five years at a time. No re-appointment shall be

made earlier than one year before the expiry of term.

- **Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### 3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

### 3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal

of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### 3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

#### 3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managing/ Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### 3.3.2. Remuneration to Managing/ Whole-time / Executive / Director, KMP and Senior Management Personnel:

- a) Fixed pay:  
The Managing/Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- b) Minimum Remuneration:  
If, in any financial year, the Company has no profits or its profits are inadequate, the

Company shall pay remuneration to its Managing/Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company.

**3.3.3. Remuneration to Non- Executive / Independent Director:**

a) **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.One Lac per meeting of the

Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**4. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

**5. COMMITTEE MEMBERS' INTERESTS**

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**6. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

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Note : Ms. K.P. Anuradha has resigned w.e.f. 01/08/2016, Ms. Siva Kameswari Vissa has been appointed as an Additional Director of the Company w.e.f. 29/07/2016.

## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors  
V.S.T. TILLERS TRACTORS LTD

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of V.S.T. Tillers Tractors Limited (“the Company”), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2016 and based on our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company’s code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - (i) Significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

**K U Subbaiah**  
Chief Executive Officer

**R. Thiyagarajan**  
Chief Financial Officer

Place : Bengaluru

Date : May 27, 2016

## Auditors' Certificate on Corporate Governance

To

The Members of V.S.T. Tillers Tractors Limited

1. We have examined the Compliance of conditions of Corporate Governance of V.S.T. Tillers Tractors Limited ("the Company"), for the year ended on 31st March, 2016, as stipulated in;
  - Clause 49 (excluding clause 49 (VII) ( E ) of the Listing Agreements of the Company with stock exchanges) for the period April 1, 2015 to November 30, 2015.
  - Clause 49 (VII) ( E ) of the Listing Agreements of the Company with stock exchanges for the period April 1, 2015 to September 1, 2015.
  - Regulation 23(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the period September 2, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulations 23(4) and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the period December 1, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Brahmayya & Co.,**  
Firm Reg. No. : 000515S  
Chartered Accountants

Place : Bengaluru  
Date : May 27, 2016

**G. Srinivas**  
Partner  
Membership No. 086761

## PHYLOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that, corporate governance is the relationship between corporate managers, directors, and the providers of equity, people and institutions who save and invest their capital to earn a return.

It ensures that the board of directors is accountable for the pursuit of corporate objectives and that the corporation itself conforms to the law and regulations.

### BOARD OF DIRECTORS:

The Board of Directors along with various Committees provides guidance to the management and directs, supervises and controls the performance of the Company. Information provided to the Board includes quarterly and yearly results of the Company, Minutes of Audit and other Committees, information on recruitment and remuneration of senior officers just below the Board, review of annual operating plans and compliance report etc.

#### (a) Composition of the Board:

The Board comprising of eight Directors as on 31/03/2016, is headed by a Non-Executive Chairman, one Managing Director, one Whole-time Director, one Non-Executive Director and four Independent Director. The composition and category, shareholdings, the attendance at Board Meetings and last AGM, number of Directorships in other Public Companies is as follows:-

Name of the Director	Share Holdings	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Public Limited Companies in which Director	Chairman/ Member of the committees
Mr. V. K. Surendra	1808679*	Non-Executive	7	Yes	1	3
Mr. R. Subramanian	Nil	Independent	4	Yes	2	3
Mr. M. K. Bannerjee	Nil	Independent	6	Yes	-	6
Mr. V. Ramachandran	1875	Independent	1	No	2	4
Mr. K. K. Rai	Nil	Independent	1	No	2	8
Mr. K.M. Pai	Nil	Independent	4	No	1	5
Ms. K.P. Anuradha	Nil	Independent	3	Yes	-	-
Mr. V. P. Mahendra	630530*	Vice Chairman & Managing Director	6	Yes	3	6
Mr. B. C. S. Iyengar	15976	Whole-time Director	7	Yes	-	-
Mr. V. V. Pravindra	224146*	Non-Executive	6	Yes	-	1
Mr. V.T. Ravindra	26852	Non-Executive	-	No	-	-

\* Individually as well as jointly.

Resignation: 1) Mr. K.K. Rai- 20/06/2015, 2) Mr. V. Ramachandran - 25/06/2015, 3) Mr. B C S Iyengar - 30/04/2016.

Appointment: Mr. V.T. Ravindra- 27/05/2016

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016 have been made by the Directors. Apart from Mr.V.K. Surendra, V.P. Mahendra, Mr. V.V. Pravindra and Mr. V.T. Ravindra, none of the other Directors are related to each other.

**(b) Details of Board Meetings:**

During the year under review the Board met seven times on May 29, 2015, June 26, 2015, August 05, 2015 and August 11, 2015, November 09, 2015, February 08 2016, March 10 2016.

**(c) Code of Conduct:**

The Company has formulated and implemented Code of Conduct for Board Members and Senior Management of the Company in compliance with SEBI (LODR) Regulation, 2015.

The certificate by CEO of the Company on compliance with the code of conduct is given below:

To,  
The Board of Directors,  
V.S.T. TILLERS TRACTORS LTD

It is hereby confirmed that the Directors and Senior Management have duly complied with the code of conduct laid down by the Company during the financial year ended March 31, 2016.

Place: Bengaluru  
Date: May 27, 2016

**K U Subbaiah**  
Chief Executive Officer

**COMMITTEE MEETINGS :****Audit Committee****Composition**

At present the Audit Committee comprises of three independent Directors of the Company.

**Terms of Reference:**

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the company with related parties;

- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to review the functioning of the whistle blower mechanism;
- (18) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

### Details of Audit Committee Meetings:

During the year under review the Audit Committee met four times on May 29, 2015, August 11, 2015, November 09, 2015, and February 08, 2016. Required quorum was present for all the meetings.

Sl.No.	Name of the Member	Designation	Attended
1	Mr. R. Subramanian	Chairman	4
2	Mr. M. K. Bannerjee	Member	4
3	Mr K M Pai	Member	3

### In terms of the Insider Trading Code adopted by the Company in FY 2015-16, the Committee considers the following matters:

1. To approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the Insider Trading Code.
2. To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer on a quarterly basis.
3. To provide directions on any penal action to be initiated, in case of any violation of the Regulations by any person.

### Corporate Social Responsibility (CSR) Committee

The Company has been doing CSR activities directly or through other entities since many years. The purpose of this policy to actively contribute to the social and economic development of the communities in which we operate. The CSR policy is available in your Company website i.e. <http://www.vstillers.com/policies>

### Composition

Mr. V.K. Surendra, Chairman  
 Mr. M.K. Bannerjee, (Independent Director),  
 Mr. V.P. Mahendra, Member  
 Mr. V V Pravindra, Member

During the year under review the Committee met on 20/04/2015.

### NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act. The Key Objectives of the Committee is to lay down criteria with regard to identifying persons who are qualified to become Directors, Key Managerial Personnel and Senior Management and to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board. The Remuneration policy is annexed herewith as Annexure-6. The details of the remuneration paid to directors mentioned in page no-36.

### Composition

The Nomination and Remuneration Committee comprises of three non-executive directors out of which two are independent directors.

Mr. M.K. Bannerjee, Chairman (Independent Director)

Mr. V.K. Surendra, Member

Mr. K.M. Pai, Member (Independent Director)

During the year under review the committee had not hold any meeting.

### Performance Evaluation Criteria for Independent Directors :

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is primarily responsible for review all matters connected with redressal of shareholders complaint. The Stakeholders Relationship Committee composition & terms of reference meet with the requirements of Clause 20 of the listing regulation & provisions of the Companies Act, 2013.

### Composition

The Stakeholders Relationship Committee comprises of two independent Directors of the Company.

Mr. K.M. Pai, Chairman

Mr. M. K. Bannerjee, Member

During the year under review the committee had not hold any meeting.

Name of the Compliance Officer- Mr.Chinmaya Khatua, Company Secretary

The details of the shareholder's complaints mentioned in page no- 37 of the Annual Report

### INDEPENDENT DIRECTORS MEETING

The Independent Directors held their meeting on 10/03/2016 without presence of anybody from management side.

### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has conducted programme for Independent Directors with regard to their duties, roles responsibilities. The said familiarization programme is displayed in Company website and can be accessed at [http://www.vstillers.com/sites/default/files/policies/familiarization\\_programme\\_independent\\_directors.pdf](http://www.vstillers.com/sites/default/files/policies/familiarization_programme_independent_directors.pdf)

### VIGIL MECHANISM

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect employees wishing to raise a concern about serious irregularities within the Company. The details of the policy is available in company website i.e <http://www.vstillers.com/policies>.

Mr. Chinmaya Khatua, Company Secretary and Compliance Officer can be contacted:

Chinmaya Khatua,  
No.1, Dyavasandra Indl. Layout,  
P.B. No.4801, Whitefield Road,  
Mahadevapura Post, Bangalore – 560 048  
Ph. No.080-67141111,28510805  
Fax No.080-28510221  
E-mail: chinmaya@vstillers.com

### INSIDER TRADING REGULATIONS:

The Company has prescribed code of conduct and disclosure practice to prevent insider trading.

### POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

The policy on dealing with related party transactions can be accessed at [http://www.vstillers.com/sites/default/files/policies/policy\\_on\\_related\\_party\\_transc.pdf](http://www.vstillers.com/sites/default/files/policies/policy_on_related_party_transc.pdf)

### OTHER POLICIES

The Company has formulated other policies as required under Companies Act, 2013 and SEBI (LODR) Regulation 2015 and the same has been disclosed in Company Website.

### DIRECTORS REMUNERATION

The non-executive Directors are not paid any remuneration other than the sitting fees which is within the limits prescribed under Companies Act, 2013.

During 2015-16, the Company did not advance any loan to any of its Directors. The remuneration paid to the Executive Directors for the year 2015-16 is given below:

Name of the Director	Category	Salary	Allowances	Commission Payable	P.F.	Total (in Rs.)
1. Mr. V.P Mahendra	Vice Chairman & Managing Director	21,00,000	22,47,901	31,50,000	2,52,000	77,49,901
2. Mr. B.C.S Iyengar	Director- Corporate Strategy	16,80,000	18,62,002	16,80,000	2,01,600	54,23,602

The above directors were appointed by the shareholders for five years and they are being paid commission as approved by the shareholders. The details of the commission criteria are mentioned in page no- of the annual report.

The Sitting Fees paid to the Non-Executive Directors for the year 2015-16 is given below :

Name of the Director	Category	Sitting Fees paid (In Rs)	Service tax paid by the Company (In Rs.)
1. Mr. V. K. Surendra	Chairman	1,90,000	26354
2. Mr. R. Subramanian	Independent Director	3,10,000	43508
3. Mr. M. K. Bannerjee	Independent Director	4,05,000	57008
4. Mr. V. Ramachandran	Independent Director	45,000	5562
5. Mr. K K Rai	Independent Director	30,000	3708
6. Mr.K.M. Pai	Independent Director	3,60,000	51200
7. Ms. K.P. Anuradha	Independent Director	15,000	2100
8. Mr. V.V. Pravindra	Non- Executive Director	1,90,000	26754

## MEANS OF COMMUNICATION:

The outcome of the Board Meeting, quarterly and annual financial results are sent to Stock Exchanges immediately after the Board approval. The quarterly and annual financial results are also available in Company web-site i.e., [www.vststillers.com](http://www.vststillers.com).

The quarterly and annual financial results are published in Business Standard (English) and Sanje Vani (Kannada) newspapers. The Company's announcement and outcome of the investors meet are also published in Company website.

## DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2016

Category	No. of Shareholders	% to total No.of shareholders	Shares Amount (Rs.)	% to total shares amount
Upto 5,000	9992	98.98	15772360	18.26
5,001 10,000	33	0.33	2403760	2.78
10,001 20,000	17	0.17	2419670	2.80
20,001 30,000	8	0.08	2072170	2.40
30,001 40,000	3	0.03	1031930	1.19
40,001 50,000	9	0.09	4086960	4.73
50,001 1,00,000	17	0.17	12191790	14.11
1,00,001 and above	16	0.16	46416640	53.73
<b>Total</b>	<b>10095</b>	<b>100.00</b>	<b>86395280</b>	<b>100.00</b>

## DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2015-16

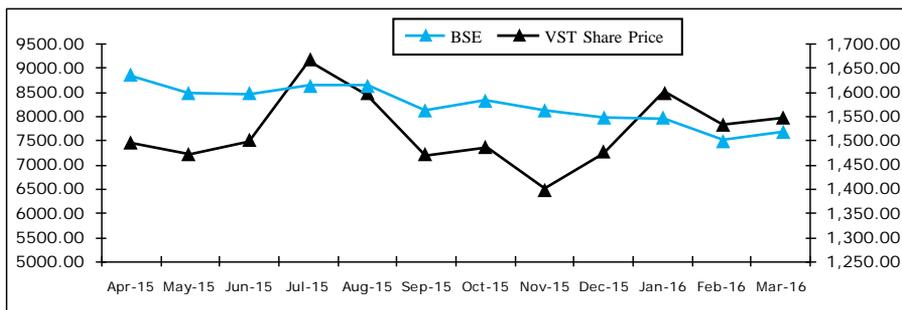
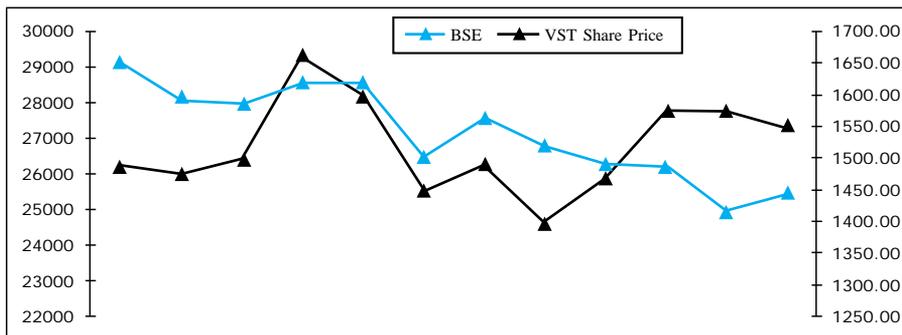
Nature of Request	OB	Received	Attended	Pending
Nature of Request	OB	Received	Attended	Pending
Change of Address	-	8	8	-
Bank Mandate	-	4	4	-
Revalidation of Warrants	-	56	56	-
Duplicate Share Certificates	-	30	30	-
Transfer/Transmission	-	10 Tr / 1 Tm	10 Tr / 1 Tm	-
Dematerialisation	-	65	65	-
Rematerialisation	-	1	1	-

## SHAREHOLDING PATTERN AS ON 31ST MARCH 2016

Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	40	4410939	51.06
Foreign Promoters	1	253125	2.93
Bodies Corporate	210	325125	3.76
Mutual Funds	15	778818	9.01
Banks	5	3608	0.04
Financial Institutions	5	3001	0.03
Foreign Financial Institutions	14	823186	9.53
Non-Resident Indians	448	88809	1.03
Clearing Members	60	12622	0.15
Public/Others	9297	1940254	22.46
<b>Total</b>	<b>10095</b>	<b>8639528</b>	<b>100.00</b>

## Market Price Data Information (BSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-15	1488.75	1252.75	Oct-15	1490.00	1274.00
May-15	1476.00	1399.00	Nov-15	1399.00	1288.00
Jun-15	1500.00	1340.00	Dec-15	1470.00	1275.00
Jul-15	1660.00	1405.25	Jan-16	1576.00	1310.00
Aug-15	1600.00	1360.00	Feb-16	1526.50	1300.00
Sep-15	1451.00	1310.00	Mar-16	1549.00	1368.00



**Market Price Data Information (NSE)**

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-15	1499.00	1230.05	Oct-15	1489.00	1265.05
May-15	1475.00	1400.00	Nov-15	1405.00	1281.00
Jun-15	1497.00	1328.25	Dec-15	1475.00	1290.00
Jul-15	1667.40	1401.00	Jan-16	1599.00	1306.10
Aug-15	1600.00	1355.00	Feb-16	1530.00	1295.00
Sep-15	1469.00	1286.00	Mar-16	1550.00	1381.05

Source: Web-sites of BSE and NSE.

**Dematerialization of Equity Shares**

Trading in equity shares of the Company became mandatory in dematerialized form. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these NSDL and CDSL. Shareholders can open their accounts with any of the Depository Participants to hold their shares in dematerialized form. About 97.00% of the Equity Shares of the Company are held in the dematerialized form.

**Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2016, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

**Commodity price risk or foreign exchange risk and hedging activities**

Please refer to Management Discussion and Analysis Report for the same.

**DETAILS OF UNCLAIMED SHARES**

Particulars	As on 31.03.2015		Claimed during the year		As on 31.03.2016	
	No of Shareholders	No of Shares	No of Shareholders	No of Shares	No of Shareholders	No of Shares
Unclaimed Shares	143	10678	Nil	Nil	143	10678

The voting rights on the above Shares shall remain frozen till the rightful owner of such Shares claims the Shares.

**GENERAL SHARE HOLDER INFORMATION****Investor Services**

AGM date, time and venue	: August 29, 2016 at 3.00 P.M. Woodlands Hotel Pvt. Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025
Financial year	: 1st April - 31st March
Book Closure	: August 23, 2016 to August 29, 2016 (Both days inclusive) for AGM. : Cut-off date- August 22, 2016.
E-Voting date	: 25/08/2016 (from 9 A.M.) to 28/08/2016 (upto 5 P.M.)

**Financial Calendar (tentative)****Results for the quarter ending:**

**June 30, 2016** - Second week of August, 2016

**September 30, 2016** - Second week of November, 2016

**December 31, 2016** - Second week of February, 2017

**March 31, 2017** - Last week of May, 2017

**Dividend:** Interim Dividend was paid on 28/03/2016 for the financial year 2015-16.

**Payment of Listing Fees :** Annual listing fee for the year 2016-17 has been paid by the Company to BSE & NSE.

**Payment of Depository Fees:** Annual Custody/ Issuer fee for the year 2016-17 has been paid by the Company to NSDL & CDSL.

The Company has appointed M/s. Integrated Enterprises (India) Ltd, Registrar & Share Transfer Agents for handling all matters relating to share transfers including transfer/transmission of shares, de-materialization of share certificates, sub division / consolidation of share certificate etc.

Share Holders desiring to communicate on any matter relating to the shares of the Company may either visit in person or write to the Company's Share Transfer Agent quoting their Folio No./ DP ID & Client ID number at the following address.

**INTEGRATED ENTERPRISES (INDIA) LTD,**

# 30, Ramana Residency,

Ground Floor, 4th Cross,

Sampige Road, Malleswaram,

Bangalore – 560 003

Phone Nos. 080-23460815-18, Fax: 080-23460819

e-mail : irg@integratedindia.in

**Stock Exchanges Address:**

National Stock Exchange of India Ltd,

Plot No. C/1, G Block, Bandra – Kurla Complex,

Bandra ( E ) MUMBAI – 400 051

Tel No- 022-26598235

Bombay Stock Exchange Limited  
25 Floor, P. J. Towers,  
Dalal Street, Fort,  
MUMBAI – 400 001  
Ph-022-22721234.

**STOCK CODE :**

**Bombay Stock Exchange Ltd :** 531266

**National Stock Exchange of India Ltd. :** VSTILLERS

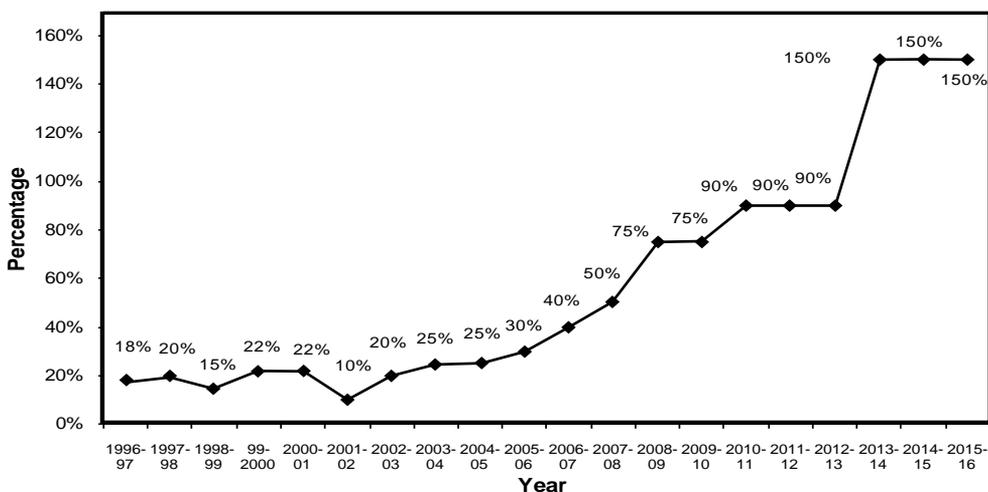
**ISIN :** INE 764D01017.

**CIN- L34101KA1967PLC001706**

**ADDRESS FOR CORRESPONDENCE**

The Company Secretary  
M/s. V.S.T. Tillers Tractors Ltd,  
Plot No-1, DyavasandraIndl Layout,  
Whitefield Road, Mahadevapura Post,  
Bangalore- 560048.  
Ph : 080-67141111  
E-mail : investors@vstillers.com

**Percentage of Dividend Declared**



**Particulars of last 3 Annual General Meetings**

Date/Time	Location	Summary of Special Business
11.08.2015 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	<b>Ordinary Resolution</b> 1. Appointment of Ms. K.P. Anuradha as an Independent Director. 2. Ratification of Cost Auditor’s remuneration.
14.08.2014 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	<b>Special Resolution</b> Re-appointment of Mr.V.P. Mahendra as Managing Director designated as Vice Chairman & Managing Director.
14.08.2013 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	<b>Special Resolution</b> Re-appointment of Mr.V.V Pravindra as Dy. Managing Director.

No special resolution had been passed through Postal Ballot during the year 2015-16.

<b><u>PLANT LOCATIONS:</u></b>		
<b><u>BENGALURU</u></b> Plot No.1 Dyavasandra Indl. Layout Whitefield Road Mahadevapura PO. BENGALURU-560 048, Karnataka	<b><u>HOSUR</u></b> Plot No. 39, Phase 1 SPICOT Industrial Complex Mookandapalli HOSUR 635 126 Tamil Nadu	<b><u>MYSORE</u></b> Precision Component Division, Plot No.42/43, Survey No.20, Metagalli Indl. Area, MYSORE – 570 016 Karnataka

### **DISCLOSURES**

- ❖ During the year under review, besides the transactions mentioned under note no.31 page no.66 of Annual Report, there were no materially significant related party transactions that may have potential conflict with the interest of the company at large.
  - ❖ The Company had appointed woman director after 31st march, 2015 for which required penalty was paid to stock exchanges.
  - ❖ There are no instances of non-compliance on any matter relating to the capital market during the last three years.
  - ❖ The Company has not adopted the non-mandatory requirements as stated in SEBI (LODR) Regulation, 2015. However, the Company had moved towards a regime of unqualified financial statements since many years.
  - ❖ The Company has formulated whistle-blower policy and vigil mechanism and no person has been denied access to the Audit Committee with regard to whistle-blower policy.
  - ❖ The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial statements,
- the Company has not adopted a treatment different from that prescribed in the Accounting Standard.
- ❖ The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:
    - i. The auditors' report on statutory financial statements of the Company are unqualified.
    - ii. The Company has appointed separate persons to the post of chairperson and managing director or chief executive officer.
    - iii. The internal auditor reports directly to the audit committee.
  - ❖ The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Regulation and Disclosure Requirement) Regulations, 2015.
- For V.S.T. TILLERS TRACTORS LTD**
- Place: Bengaluru  
Date: May 27, 2016
- V K Surendra**  
Chairman

**TO**

**THE MEMBERS OF  
V.S.T. TILLERS TRACTORS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of V.S.T. Tillers Tractors Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the

Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of the Company as at March 31, 2016 and its Profit and its Cash Flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in

accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts required be transferred to the Investor Education and Protection Fund by the Company.

**For Brahmayya & Co.,**  
Chartered Accountants

ICAI Firm's Registration No. 000515S

Place : Bengaluru  
Date : May 27, 2016

**G. Srinivas**  
Partner

Membership No. 086761

## “ANNEXURE – A” TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2016 we report that:

### i) In respect of the Company's Fixed Assets :

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to size and nature of the company and nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification;
- (iii) The Company has not granted any loans, secured or unsecured, to any company, firm, to any Limited Liability Partnership Firm or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses (iii) (a) to (iii) (c) of

paragraph 3(iii) of the Order is not applicable to the Company.

- (iv) Based on our examination and according to the information and explanation given to us, there are no loans, investments, guarantees, and security given by the company that have been covered u/s 185 and 186 of the Companies Act, 2013. Accordingly, clause (iv) of paragraph 3 of the order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it and there are no undisputed arrears of outstanding statutory dues as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, and Cess which have not been deposited on account of dispute except following:

Name of the statute	Nature of dues	Amount (Rs)	Period to which amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income	341,987	April 2010 - March 2011	Commission of Income Tax (Appeals)

Name of the statute	Nature of dues	Amount (Rs)	Period to which amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance of Provision for Marketing expenses	3,44,94,802	April 2011 - March 2012	Commission of Income Tax (Appeals)
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income	405,485	April 2012 - March 2013	Commission of Income Tax (Appeals)
The Customs Act, 1962	Disallowance of Concessional Custom Duty availed under Customs Notification No. 12/2012 for Reaper Combinder	8,86,267*	April 2014 - March 2015	Appellate Tribunal

\*the amount includes penalty of Rs. 50,000/-

- (viii) According to the information and explanations given to us, the Company has no outstanding loan during the year to a financial institution or banks and the Government. The Company has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3(ix) of paragraph of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit. Accordingly, clause 3(x) of paragraph of the Order is not applicable.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of paragraph of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause (xiv) of paragraph 3 of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For Brahmayya & Co.,**  
Chartered Accountants  
ICAI Firm's Registration No. 000515S

Place : Bengaluru  
Date : May 27, 2016

**G. Srinivas**  
Partner  
Membership No. 086761

**“ANNEXURE – B” TO THE  
INDEPENDENT AUDITORS' REPORT****Report on the Internal Financial Controls under  
Clause (i) of Sub-section 3 of Section 143 of the  
Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of V.S.T. TILLERS TRACTORS LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute

of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Brahmayya & Co.,**

Chartered Accountants

ICAI Firm's Registration No. 000515S

Place : Bengaluru

Date : May 27, 2016

**G. Srinivas**

Partner

Membership No. 086761

# BALANCE SHEET AS AT MARCH 31, 2016



(Amount in Rupees)

PARTICULARS	Notes	As at March 31, 2016	As at March 31, 2015
<b>I Equity and liabilities</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	8,63,95,280	8,63,95,280
(b) Reserves and surplus	4	4,11,47,21,675	3,54,89,76,409
		<u>4,20,11,16,955</u>	<u>3,63,53,71,689</u>
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liability (net)	5	456,58,179	4,72,46,446
(b) Other long-term liabilities	6	36,53,27,572	31,65,47,077
(c) Long-term provisions	7	2,13,13,767	2,48,46,185
		<u>43,22,99,518</u>	<u>38,86,39,708</u>
<b>(3) Current liabilities</b>			
(a) Trade Payables	8		
(i) Dues to MSMED (Refer Note 29 for details)		10,76,34,370	4,05,08,218
(ii) Dues to others		21,49,51,733	12,44,98,712
(b) Other current liabilities	9	36,65,48,576	36,22,52,193
(c) Short-term provisions	10	1,15,28,546	17,01,02,425
		<u>70,06,63,225</u>	<u>69,73,61,548</u>
<b>TOTAL</b>		<b>5,33,40,79,698</b>	<b>4,72,13,72,945</b>
<b>II Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
i) Tangible Assets	11.1	1,26,99,23,509	1,34,68,93,952
ii) Capital work-in-progress	11.2	2,82,86,573	2,10,07,143
(b) Non-current investments	12	16,46,84,857	9,36,11,449
(c) Long-term loans and advances	13	11,53,07,232	9,15,31,547
		<u>1,57,82,02,171</u>	<u>1,55,30,44,091</u>
<b>(2) Current assets</b>			
(a) Current Investments	14	1,19,82,07,449	85,79,46,485
(b) Inventories	15	80,37,45,324	1,00,17,81,030
(c) Trade Receivables	16	1,23,76,93,338	93,90,18,641
(d) Cash and Bank Balances	17	27,67,75,612	18,40,35,051
(e) Short Term Loans and Advances	18	23,22,02,684	18,12,39,543
(f) Other Current Assets	19	72,53,120	43,08,104
		<u>3,75,58,77,527</u>	<u>3,16,83,28,854</u>
<b>TOTAL</b>		<b>5,33,40,79,698</b>	<b>4,72,13,72,945</b>

## Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Brahmayya & Co.,**

Chartered Accountants

Firm Registration No: 000515S

**G. Srinivas**

Partner

Membership No: 086761

**V.P Mahendra**

DIN:00033270

*Vice Chairman & Managing Director*

**R.Thiyagarajan**

*Chief Financial Officer*

**V.V. Pravindra**

DIN:00239888

*Director*

**Chinmaya Khatua**

*Company Secretary*

Membership No. 21759

Place : Bengaluru

Date : May 27, 2016

Place : Bengaluru

Date : May 27, 2016

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016



(Amount in Rupees)

PARTICULARS	Notes	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
<b>I Revenue from Operations (Gross)</b>	20	<b>6,48,06,39,290</b>	5,52,62,73,159
Less: Excise Duty		<b>1,39,35,461</b>	1,03,00,593
<b>Net Revenue from Operations</b>		<b>6,46,67,03,829</b>	5,51,59,72,566
Other Incomes	21	<b>12,27,22,940</b>	11,85,98,540
<b>Total Revenue</b>		<b>6,58,94,26,769</b>	5,63,45,71,106
<b>II Expenses</b>			
(a) Cost of Material Consumed	22	<b>4,04,32,14,713</b>	3,60,11,86,850
(b) Purchase of Stock in Trade		<b>1,19,24,481</b>	20,81,57,621
(c) Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	23	<b>15,63,27,240</b>	(23,81,76,504)
(d) Employee Benefit Expenses	24	<b>45,41,26,978</b>	40,63,30,822
(e) Finance Costs	25	<b>2,56,25,290</b>	2,11,56,718
(f) Depreciation and Amortisation Expenses	26	<b>12,54,45,220</b>	9,41,09,139
(g) Other Expenses	27	<b>67,24,67,913</b>	53,62,60,715
<b>Total Expenses</b>		<b>5,48,91,31,835</b>	4,62,90,25,361
<b>III Profit Before Tax</b>		<b>1,10,02,94,934</b>	1,00,55,45,745
<b>VI Tax expenses</b>			
a) Current tax		<b>36,05,50,000</b>	30,75,80,000
b) Deferred tax		<b>(15,88,268)</b>	27,97,681
<b>V Profit for the period</b>		<b>74,13,33,202</b>	69,51,68,064
Earnings per equity share [nominal value of share Rs 10 [March 31, 2015 : Rs 10]			
a) Basic		<b>85.81</b>	80.46
b) Diluted		<b>85.81</b>	80.46

## Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Brahmayya & Co.,**

Chartered Accountants

Firm Registration No: 000515S

**G. Srinivas**

Partner

Membership No: 086761

Place : Bengaluru

Date : May 27, 2016

For and on behalf of the Board of Directors

**V.P Mahendra**

DIN:00033270

*Vice Chairman & Managing Director*

**R.Thiyagarajan**

*Chief Financial Officer*

**V.V. Pravindra**

DIN:00239888

*Director*

**Chinmaya Khatua**

*Company Secretary*

Membership No. 21759

Place : Bengaluru

Date : May 27, 2016

# CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016



(Amount in Rupees)

PARTICULARS	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Cash flow from operating activities</b>			
Profit Before Tax		1,10,02,94,934	1,00,55,45,746
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>			
Depreciation and Amortisation		12,54,45,220	9,41,09,139
Interest Income		(5,08,636)	(2,78,345)
Income from Investments		(5,31,61,806)	(5,42,19,073)
Profit on Sale of Fixed Assets		(3,46,091)	(3,43,629)
Provisions for Bad and Doubtful Debts		9,68,167	24,78,885
Provisions Written Back		(4,54,63,500)	(4,56,55,282)
Unrealized Foreign Exchange Gain		(16,04,010)	(19,05,617)
Finance Cost		2,56,25,290	2,11,56,718
<b>Operating profit before working capital changes</b>		<b>1,15,12,49,568</b>	<b>1,02,08,88,540</b>
Movements in working capital :			
Trade Payables, Other Liabilities and Provisions		22,69,09,897	(47,23,87,739)
Trade Receivables		(29,80,38,854)	8,29,78,772
Inventories		19,80,35,706	(13,62,57,981)
Loans and Advances and Other Current Assets		(2,25,98,202)	8,03,70,788
Cash generated from / (used in) operations		1,25,55,58,115	57,55,92,380
Direct taxes paid including for the previous years		(39,18,59,955)	(31,57,86,215)
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>86,36,98,160</b>	<b>25,98,06,165</b>
<b>Cash flows from investing activities</b>			
Purchase of Fixed Assets, Including Cwip		(5,72,77,032)	(22,72,02,411)
Capital Advances		(2,37,75,685)	(6,86,86,404)
Proceeds from Sale of Fixed Assets		18,41,322	9,37,450
Redemption/Maturity of Bank Deposits		(27,48,977)	(3,46,588)
Sale/(Purchase) of Investments		(41,13,34,369)	11,13,71,916
Interest Received		5,08,636	2,78,345
Income from Investment		5,31,61,806	5,42,19,073
<b>Net cash flow from/ (used in) investing activities (B)</b>		<b>(43,96,24,299)</b>	<b>(12,94,28,619)</b>
<b>Cash flows from financing activities</b>			
Dividends Paid on Equity Shares		(25,91,85,840)	(12,95,92,920)
Tax on Equity Dividend Paid		(5,27,63,758)	(2,20,24,317)
Interest Paid		(2,56,25,290)	(2,11,56,718)
<b>Net cash flow from/ (used in) in financing activities (C)</b>		<b>(33,75,74,888)</b>	<b>(17,27,73,955)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>		<b>8,64,98,972</b>	<b>(4,23,96,410)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>17,95,72,476</b>	<b>22,19,68,885</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>26,60,71,446</b>	<b>17,95,72,475</b>
<b>Components of cash and cash equivalents:</b>			
Cash on hand		3,69,460	1,90,808
Cheques/ drafts on hand		1,71,54,455	80,20,000
With banks			
- on current account		24,85,47,531	17,13,61,667
- on deposit account		-	-
<b>Total cash and cash equivalents</b>		<b>26,60,71,446</b>	<b>17,95,72,475</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Brahmayya & Co.,**

Chartered Accountants

Firm Registration No: 000515S

**G. Srinivas**

Partner

Membership No: 086761

Place : Bengaluru

Date : May 27, 2016

For and on behalf of the Board of Directors

**V.P Mahendra**

DIN:00033270

*Vice Chairman & Managing Director*

**V.V. Pravindra**

DIN:00239888

*Director*

**R.Thiyagarajan**

*Chief Financial Officer*

**Chinmaya Khatua**

*Company Secretary*

Membership No. 21759

Place : Bengaluru

Date : May 27, 2016

**Note 1: Company overview**

V.S.T. Tillers Tractors Limited (VTTL) was incorporated on December 18, 1967 in Bangalore, India. It was promoted by the VST Group, a well-known business house in South India, in technical collaboration and joint venture with Mitsubishi Heavy Industries and Mitsubishi Corporation, Japan for the manufacture of Power Tillers and Diesel Engines. The plant went into production in the year 1970.

In 1984, an additional technical and financial collaboration with Mitsubishi Agricultural Machinery Company Ltd, Japan for the manufacture of 18.5 HP, 4-wheel drive Tractor was entered into.

The company was incorporated for the purpose of manufacture and or deal with Tractor, Tillers, Diesel Engines, Harvesters, Reapers, Binders, Transplanters/ planters, Trench Cutters, Front end Loaders and all kinds of allied agricultural, plantation and horticultural machinery including attachments, components, accessories, spares implements and other equipments required for the satisfactory functioning of the agricultural equipments.

**Note 2: Significant Accounting Policies**

**Change in accounting policy:**

**Component Accounting:**

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from April 1, 2015. The Company was previously not identifying components of fixed asset separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed asset. Now, the Company identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., April 1, 2015, its carrying amount, after retaining any residual value, is charged to the statement of profit and loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on April 1, 2015, is depreciated over their remaining useful lives.

Had the Company continued to use the earlier policy of depreciating fixed asset, its financial statements for the year would have been impacted as below:

Depreciation for the current year would have been lower by Rs.75,45,285. Profit before tax for the current year would have been higher by Rs.75,45,285 and fixed assets would correspondingly have been higher by Rs.75,45,285.

**a) Basis of preparation**

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Fixed Assets – Tangible**

Fixed Assets are stated at cost and net of cenvat credit less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidental expenditure attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use.

Assets under installation or under construction as at the balance sheet date are shown as capital work in progress.

**d) Depreciation**

**Useful lives/ depreciation rates:**

The management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain

cases are different from lives prescribed under Schedule II. Hence, this change in accounting estimate did not have any material impact on financial statements of the company.

The management estimates the useful lives as follows:

Buildings	3-60 years
Plant and Machinery	5-15 Years
Computer Equipment	3 Years
Office Equipment	5 Years
Vehicles	8 Years
Furniture and Fixtures	10 years

Leasehold improvements are amortised over shorter of estimated useful lives or Lease period.

**Depreciation on tangible fixed assets:**

Depreciation is provided on straight line method at the rates based on the estimated useful lives of the assets or those prescribed under Schedule II of the Companies Act 2013.

**h) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, consumables, stores and spares, trading and other products are determined on weighted average basis.

**i) Foreign exchange transactions**

Foreign currency transactions are recorded in the reporting currency, at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain / loss is recognised in the financial statements.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

In case of Forward Exchange Contracts or any financial instruments i.e. in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/ or is a highly probable forecast transaction the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

**j) Revenue recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods and services is net of Excise Duty, Service tax, VAT/ CST and trade discounts.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**k) Retirement benefits to employees**

**i) Defined Contribution Plans**

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund, employees state insurance etc., are charged to the Statement of Profit and Loss on accrual basis. The Company has no obligation, other than the contribution payable to the funds.

**e) Borrowing Costs**

Borrowing costs that are attributable to acquisition construction or production of a qualifying asset are capitalized as a part of cost of such asset. All other borrowing costs are recognized as an expense in the year in which they are incurred.

**f) Impairment of Assets**

All fixed assets are assessed for any indication of impairment at each balance sheet date based on internal / external factors. On any such indication the impairment loss (being the excess of carrying value over the recoverable value of the asset) is immediately charged to the Statement of Profit and Loss. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long-term investments are stated at cost except where there is a diminution in value other than temporary, in which case the carrying value is reduced to recognize the decline. Current investments are valued at lower of cost and fair value determined on an individual investment basis.

**ii) Defined Benefit Plan**

Gratuity for employees is generally covered, under a scheme of Life Insurance Corporation of India, except the employees in Mysore Unit, and contributions in respect of such scheme, are recognised in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

**iii) Other Long term employee benefits**

Other Long term employee benefits comprise of Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on actuarial valuation carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

**iv) Short term employee benefits**

Short term employee benefits, including accumulated compensated absences as at the Balance Sheet date, are recognized as an expense as per Company's schemes based on the expected obligation on an undiscounted basis.

**l) Research and Development**

Revenue expenditure on Research and Development are included under respective heads of expenditure. Capital expenditure on Research and Development are treated in the same manner as expenditure on other fixed assets.

**m) Taxes on Income**

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined on the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized on timing differences being the differences between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are measured on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable/virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realized.

**n) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee defined benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

**o) Leases**

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis as per terms of the lease.

**p) Warranty**

The company periodically assesses and provides for the estimated liability on warranty given on sale of its products based on past experience of claims.

**q) Segment Reporting**

The Company has only one reportable business segment, which is manufacturing and trading of agriculture machinery and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.

**r) Earnings per share**

The basic earnings per share are computed by dividing the net profit/ (loss) after tax for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share, if any are computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the year.

(Amount In Rupees)

### 3 Share Capital

**Authorised:**

1,00,00,000 (March 31, 2015: 1,00,00,000) equity shares of Rs. 10 each

**10,00,00,000**

10,00,00,000

**Issued, subscribed and paid-up:**

86,39,528 (March 31, 2015: 86,39,528) equity shares of Rs.10 each paid up

**8,63,95,280**

8,63,95,280

**Total issued, subscribed and paid-up share capital**

**8,63,95,280**

8,63,95,280

**(a) Reconciliation of the shares outstanding at the beginning and end of the reporting period**

	As at March 31,2016		As at March 31,2015	
	Nos	Rs.	Nos	Rs.
<b>Equity Shares</b>				
At the beginning of the year	<b>86,39,528</b>	<b>8,63,95,280</b>	86,39,528	8,63,95,280
Movement during the year	-	-	-	-
Outstanding at the end of the year	<b>86,39,528</b>	<b>8,63,95,280</b>	86,39,528	8,63,95,280

**(b) Terms/ rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares would be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company**

	As at March 31,2016		As at March 31,2015	
	Nos	% holding	Nos	% holding
<b>Equity shares of Rs. 10 each fully paid</b>				
V P Mahendra	<b>6,30,530</b>	<b>7.30%</b>	6,30,530	7.30%
V K Surendra	<b>18,08,679</b>	<b>20.93%</b>	18,08,679	20.93%
	<b>24,39,209</b>	<b>28.23%</b>	24,39,209	28.23%

Includes all schemes under their management as per records of the company, including its register of shareholders/ members, the above shareholding represent legal ownership of shares.

(Amount In Rupees)

#### 4 Reserves and Surplus

##### (A) Capital Reserve

Opening Balance	2,64,04,870	2,64,04,870
(+) Current Year Transfers	-	-
<b>Closing Balance</b>	<b>2,64,04,870</b>	<b>2,64,04,870</b>

##### (B) Revaluation Reserve

Opening Balance	60,12,787	64,39,871
(-) Depreciation for the year	-	-
(+) Current Year Transfers	27,594	4,27,084
<b>Closing Balance</b>	<b>59,85,193</b>	<b>60,12,787</b>

##### (C) General Reserve

Opening Balance	3,00,00,00,000	2,50,00,00,000
(+) Transferred from the Statement of profit and Loss	-	50,00,00,000
<b>Closing balance</b>	<b>3,00,00,00,000</b>	<b>3,00,00,00,000</b>

##### (D) Balance in Statement of Profit and Loss

Opening Balance	51,65,58,753	50,22,65,371
Add: profit for the year	74,13,33,202	69,51,68,065
	<b>1,25,78,91,955</b>	<b>1,19,74,33,436</b>

##### Less: Appropriations

Interim / Final Dividend	12,95,92,920	12,95,92,920
Tax on Distributed Dividend	2,63,81,879	2,63,81,879
Transfer to General Reserve	-	50,00,00,000
CSR Expenditure	1,95,85,544	1,77,12,605
Depreciation Adjustment	-	71,87,280
	<b>17,55,60,343</b>	<b>68,08,74,684</b>

##### Closing balance in the Statement of Profit and Loss

	<b>1,08,23,31,612</b>	<b>51,65,58,752</b>
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##### Total Reserves and Surplus (A+B+C+D)

	<b>4,11,47,21,675</b>	<b>3,54,89,76,409</b>
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#### 5 Deferred tax liability (net)

##### Deferred tax liabilities

Depreciation/ amortization charged for the financial reporting	5,79,37,651	6,38,67,070
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##### Deferred tax assets

Provision for Bad debts and Employee Benefits	(1,22,79,472)	(1,66,20,624)
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##### Deferred tax liability (Net)

	<b>4,56,58,179</b>	<b>4,72,46,446</b>
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#### 6 Other Long Term Liabilities

Rental Deposit	38,75,000	38,75,000
Dealer Deposits	35,73,08,185	30,93,89,835
Others	41,44,387	32,82,242
	<b>36,53,27,572</b>	<b>31,65,47,077</b>

(Amount In Rupees)

	As at March 31, 2016	As at March 31, 2015
<b>7 Long Term Provisions</b>		
<b><u>Provision for employee benefits</u></b>		
Provision for Gratuity	-	54,62,438
Provision for compensated absence	<b>2,13,13,767</b>	1,93,83,747
	<b>2,13,13,767</b>	2,48,46,185
<b>8 Trade Payable</b>		
Dues to Micro, Small and Medium Enterprises (Refer Note 29)	<b>10,76,34,370</b>	4,05,08,218
Dues to others	<b>21,49,51,733</b>	11,23,66,586
Bills Acceptance	-	1,21,32,126
	<b>32,25,86,103</b>	16,50,06,930
<b>9 Other Current Liabilities</b>		
Unclaimed Dividend	<b>74,33,775</b>	39,41,163
Advance from Customers and Dealers	<b>5,20,03,993</b>	4,21,34,837
Incentives and marketing expenses payable	<b>6,62,52,413</b>	7,40,59,058
TDS Payable	<b>60,76,944</b>	54,84,197
VAT Payable	<b>2,72,37,502</b>	2,43,96,494
Other Statutory Dues	<b>54,92,820</b>	77,43,782
Staff Dues and Recoveries	<b>4,91,50,319</b>	3,13,93,525
Other Advances Received	<b>5,85,275</b>	8,23,075
Outstanding Expenses	<b>12,45,17,386</b>	15,45,63,457
CSR Payable	<b>2,77,98,149</b>	1,77,12,605
	<b>36,65,48,576</b>	36,22,52,193
<b>10 Short Term Provisions</b>		
Proposed Dividend	-	12,95,92,920
Tax on Proposed Dividend	-	2,63,81,879
Provision for Warranties	<b>71,78,457</b>	61,12,100
Provision for Gratuity	<b>10,95,608</b>	54,27,842
Provision for compensated absence	<b>32,54,481</b>	25,87,684
	<b>1,15,28,546</b>	17,01,02,425

(Amount In Rupees)

**11.1 TANGIBLE ASSETS**

	Land	Buildings	Plant and Machinery	Computer Equipments	Office Equipments	Vehicles	Furniture & Fixtures	Total
<b>Gross Block</b>								
At April 1, 2014	47,50,53,635	37,56,82,098	73,60,99,945	1,94,88,913	75,75,309	2,07,57,527	67,03,646	1,64,13,61,073
Additions	-	8,99,62,485	7,62,56,327	2,94,08,811	13,47,484	48,62,408	54,12,811	20,72,50,326
Disposals	-	-	19,15,329	61,600	-	8,33,731	-	28,10,660
<b>At March 31, 2015</b>	<b>47,50,53,635</b>	<b>46,56,44,583</b>	<b>81,04,40,943</b>	<b>4,88,36,124</b>	<b>89,22,793</b>	<b>2,47,86,204</b>	<b>1,21,16,457</b>	<b>18,45,800,739</b>
Additions	-	81,23,566	2,73,77,758	33,04,830	17,44,601	81,05,949	13,40,898	4,99,97,602
Disposals	-	-	8,60,248	31,474	-	40,64,530	-	49,56,252
<b>At March 31, 2016</b>	<b>47,50,53,635</b>	<b>47,37,68,149</b>	<b>83,69,58,453</b>	<b>5,21,09,480</b>	<b>1,06,67,394</b>	<b>2,88,27,623</b>	<b>1,34,57,355</b>	<b>1,89,08,42,089</b>
<b>Accumulated Depreciation</b>								
At April 1, 2014	-	3,85,80,362	33,93,96,171	1,11,50,419	14,50,092	70,29,273	17,93,806	39,94,00,123
Charge for the year	-	2,13,75,320	5,85,98,078	86,03,073	11,47,370	35,62,743	8,50,972	941,37,556
Disposals	-	-	17,42,408	58,012	-	4,16,419	-	22,16,839
Adjustments	-	27,11,732	29,23,538	8,75,589	7,35,382	2,01,114	1,38,592	75,85,947
<b>At March 31, 2015</b>	<b>-</b>	<b>6,26,67,414</b>	<b>39,91,75,379</b>	<b>2,05,71,069</b>	<b>33,32,844</b>	<b>1,03,76,711</b>	<b>27,83,370</b>	<b>49,89,06,787</b>
Charge for the year	-	3,45,49,112	7,49,86,050	96,53,112	15,87,502	36,21,690	10,75,348	12,54,72,814
Disposals	-	-	3,22,775	31,474	-	31,06,772	-	34,61,021
<b>At March 31, 2016</b>	<b>-</b>	<b>9,72,16,526</b>	<b>47,38,38,654</b>	<b>3,01,92,707</b>	<b>49,20,346</b>	<b>1,08,91,629</b>	<b>38,58,718</b>	<b>62,09,18,580</b>
<b>Net Block</b>								
At March 31, 2015	47,50,53,635	40,29,77,169	41,12,65,564	2,82,65,055	55,89,949	1,44,09,493	93,33,087	1,34,68,93,952
At March 31, 2016	47,50,53,635	37,65,51,623	36,31,19,799	2,19,16,773	57,47,048	1,79,35,994	95,98,637	1,26,99,23,509

**11.2 CAPITAL WORK-IN-PROGRESS**

	As at March 31, 2016	As at March 31, 2015
Plant & Machinery	2,82,86,573	2,10,07,143
	<u>2,82,86,573</u>	<u>2,10,07,143</u>

(Amount In Rupees)

## 12 Non Current investment

### a) Investment in Joint Venture

	As at March 31, 2016	As at March 31, 2015
MHI -VST Diesel Engines Private Limited 41,50,000 Equity Shares of Rs.10 each	4,15,00,000	4,15,00,000
	<b>4,15,00,000</b>	<b>4,15,00,000</b>

### b) Non Trade - Quoted

#### i) Rane Holdings Limited

1,25,000 Equity shares of Rs.416.8916 each	5,21,11,449	5,21,11,449
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#### ii) Ambuja Cements Limited

10,000 Equity shares of Rs.225.5113 each	22,55,113	-
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#### iii) Asian Paints Limited

5,000 Equity shares of Rs.827.3714 each	41,36,857	-
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#### iv) Axis Bank Limited

10,000 Equity shares of Rs.552.8298 each	55,28,298	-
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#### v) Infosys Limited

6,000 Equity shares of Rs.1,039.3188 each	62,35,913	-
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#### vi) Larsen & Toubro Limited

6,000 Equity shares of Rs.1,677.3648 each	1,00,64,189	-
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#### vii) Sundaram Finance Limited

5,000 Equity shares of Rs.1,465.376 each	73,26,880	-
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#### viii) TATA Consultancy Services Limited

3,000 Equity shares of Rs.2,547.118 each	76,41,354	-
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#### ix) CIPLA Limited

5,000 Equity shares of Rs.610.203 each	30,51,015	-
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#### x) State Bank of India

16,000 Equity shares of Rs.264.5963each	42,33,540	-
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#### xi) L & T Finance Limited

2,00,000 NCD's of Rs.103.0012 each	2,06,00,249	-
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<b>12,31,84,857</b>	<b>5,21,11,449</b>
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<b>16,46,84,857</b>	<b>9,36,11,449</b>
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Market Value of quoted investments as on 31st March 2016 - Rs.112,480,850  
(as on 31st March 2015- 74,125,000)

## 13 Long term loans and advance

Capital advance	9,75,87,211	7,59,53,073
Security deposits	1,58,32,042	1,37,90,019
Staff special / Annual advance	18,87,979	17,88,455
	<b>11,53,07,232</b>	<b>9,15,31,547</b>

(Amount In Rupees)

## 14 Current investments

### Non Trade Unquoted

#### i) HSBC Mutual Fund

HSBC Cash Fund-Daily Dividend

Nil (Previous Year : 100,164.707 units of Rs.1000.4178 each)

-

10,02,06,554

#### ii) BOI AXA Mutual Fund

##### BOI AXA Liquid Fund

Nil (Previous Year : 80,412.849 Units of Rs.1002.92 each)

-

8,06,47,912

##### BOI AXA Corporate Credit Spectrum Fund-Regular Plan

19,22,670.204 (Previous Year : Nil) Units of Rs. 10.4022 each

2,00,00,000

-

#### iii) ICICI Prudential Mutual Fund

##### ICICI Prudential Corporate Bond Fund

922,743 (Previous Year : Nil) Units of Rs.21.67451 each

2,00,00,000

-

##### ICICI Focused Bluechip Fund

5,26,079(Previous Year : Nil) Units of Rs.27.52 each

1,44,77,700

-

##### ICICI Prudential Long Term Gilt Fund-RP-Growth

2,06,163.85(Previous Year : Nil) Units of Rs.48.50511 each

1,00,00,000

-

##### ICICI Flexible Income Plan-Daily Dividend

4,72,876.74(Previous Year : Nil) units of Rs.105.7358 each

5,00,00,000

-

#### iv) Reliance Mutual Fund

##### Reliance Money Manager Fund

99,837.909 (Previous Year 1,34,385.757 units of Rs.1002.76 each)  
Units of Rs.1004.2175 each

10,02,58,975

13,47,57,213

##### Reliance Medium Term Fund

Nil (Previous Year:32,718.322 units of 1528.74)

-

5,00,17,809

##### Reliance Equity Opportunities Fund-Growth Plan

2,05,635.77 (Previous Year : Nil) Units of Rs.66.4116 each

1,36,56,601

-

##### Reliance Gilt Securities Fund-Growth Plan

2,71,027.68 (Previous Year : Nil) Units of Rs.18.4483 each

50,00,000

-

##### Reliance Arbitrage Fund

19,46,922.79 (Previous Year : Nil) Units of Rs.10.4982 each

2,04,39,185

-

##### Reliance Liquid Fund-Treasury Plan

65,738.83 (Previous Year : Nil) Units of Rs.1,528.74 each

10,04,97,576

-

#### v) Birla Sunlife Mutual Fund

##### Birla Sun Life Front Line Equity Fund-Growth-Regular Plan

95,365.38 (Previous Year : Nil) Units of Rs.155.45 each

1,48,24,548

-

##### Birla Sun Life Cash Plus

Nil (Previous year :99,915.099 Units of Rs.100.19 each)

-

1,00,10,993

##### Birla Sun Life Cash Plus

Nil (Previous year: 741,379.326 Units of Rs.100.20 each)  
Units of Rs.100.1950 each

-

7,42,82,502

##### Birla Sunlife MNC Fund-Growth

4,476.52 (Previous Year : Nil) Units of Rs.558.47 each

25,00,000

-

(Amount In Rupees)

**14 Current investments (Contd.)**

**vi) TATA Mutual Fund**

**Tata Money Market Fund-Plan A-Daily Dividend**

Nil (Previous Year: 141,500.784 units of Rs.1001.52 each) - 14,17,15,257

**TATA Balanced Fund Plan A - Growth**

59,044. ( Previous Year : Nil) Units of Rs.163.6252 each **96,61,085** -

**TATA Gilt Mid Term Fund -Regular Plan-Growth**

6,31,584.73 ( Previous Year : Nil) Units of Rs.15.8332 each **1,00,00,000** -

**TATA Liquid Fund - Regular Plan-Daily Dividend**

1,35,257.87 ( Previous Year : Nil) Units of Rs.1,114.52 each **15,07,47,603**

**vii) SBI Mutual Fund**

**SBI Magnum Insta Cash Fund-Regular Plan-Daily Dividend**

Nil (Previous Year: 108,697.238 Units of Rs.1009.91 each) - 10,97,74,421

**SBI Magnum Gilt Fund-Long Term-Regular Plan-Growth**

1,60,462.65 (Previous Year: Nil) Units of Rs.31.1599 each **50,00,000** -

**SBI Blue Chip Fund**

5,15,071 (Previous Year: Nil) Units of Rs.27.9209 each **1,43,81,248** -

**viii) Kotak Mutual Fund**

**Kotak Banking & PSU Debt Fund-Daily Dividend**

Nil (Previous Year: 65,89,978.907 Units of Rs.10.03 each) - 6,61,20,553

**Kotak Floater Short Term -Daily Dividend**

Nil (Previous Year: 24,840.4978 Units of Rs.1011.62 each) - 2,51,29,144

**Kotak Select Focus Fund-Growth**

6,41,137.180 ( Previous Year : Nil) Units of Rs.22.162 each **1,42,08,882** -

**Kotak Medium Term Fund-Growth**

17,16,929.786 ( Previous Year : Nil) Units of Rs.11.6487 each **2,00,00,000** -

**Kotak 50 Equity Scheme-Growth**

28,162.67 ( Previous Year : Nil) Units of Rs.165.629 each **46,64,555** -

**Kotak Equity Arbitrage Fund-Growth**

9,45,559.42 ( Previous Year : Nil) Units of Rs.21.1515 each **2,00,00,000** -

**ix) HDFC Mutual Fund**

**HDFC Corporate Debt Opportunities Fund**

34,79,403.57 ( Previous Year : Nil) Units of Rs.11.4962 each **4,00,00,000** -

**HDFC Balanced Fund - Growth**

46,827 ( Previous Year : Nil) Units of Rs.106.336 each **49,79,396** -

**HDFC Liquid Fund-Daily Dividend**

Nil (Previous Year: 64,01,534.286 units of Rs.10.1982 each) - 6,52,84,127

**HDFC Equity Fund-Growth**

20,948.59(Previous Year: Nil) Units of Rs.416.701 each **87,29,300** -

**HDFC Arbitrage Fund**

19,58,948.81(Previous Year: Nil) Units of Rs.10.437 each **2,04,45,549** -

**HDFC Floating Rate Income Fund-Short Term Plan**

14,975,399.78 (Previous Year: Nil) Units of Rs.10.0809 each **15,09,65,508** -

**x) Franklin Templeton Mutual Fund**

**Franklin India Dynamic Accrual Fund**

8,30,844.26 ( Previous Year : Nil) Units of Rs.48.1438 each **4,00,00,000** -

**Franklin India Bluechip Fund**

42,500.16 ( Previous Year : Nil) Units of Rs.344.2307 each **1,46,29,861** -

**Franklin India Corporate Bond Opportunities Fund**

27,72,285.46 ( Previous Year : Nil) Units of Rs.14.4285 each **4,00,00,000** -

**Franklin India Prima Plus Fund**

22,725.99 ( Previous Year : Nil) Units of Rs.432.227 each **98,22,808** -

(Amount In Rupees)

**14 Current investments (Contd.)**

**xi) L&T Mutual Fund**

**L&T Liquid Fund-Daily Dividend Reinvestment Plan**

99,336.53 ( Previous Year : Nil) Units of Rs. 1,011.7382 each

**10,05,02,565**

-

**L&T India Value Fund**

1,04,791 ( Previous Year : Nil) Units of Rs.23.857 each

**25,00,000**

-

**xii) IDFC Mutual Fund**

**IDFC Ultra Short Term Fund-Daily Dividend-Regular Plan**

100,44,832.40 (Previous Year : Nil) Units of Rs.10.0292 each

**10,07,41,633**

-

**xiii) Axis Mutual Fund**

**Axis Liquid Fund-Growth**

44,539.25 (Previous Year: Nil) Units of Rs.1000.7548 each

**4,45,72,871**

-

**1,19,82,07,449**

**85,79,46,485**

**15 Inventories**

Raw material and Components

**18,29,07,137**

22,75,86,016

Work-in-Progress

**4,94,02,632**

2,50,98,524

Finished Goods

**38,10,24,854**

38,92,34,773

Stock in Trade

**17,49,66,180**

34,73,87,609

Loose Tools

**99,79,305**

95,97,977

Machinery Spares and Others

**54,65,216**

28,76,131

**80,37,45,324**

**1,00,17,81,030**

**16 Trade Receivables**

**Secured :-**

Considered Good - Outstanding for More Than Six Months

**5,17,50,083**

9,58,04,939

Considered Good - Others

**26,42,91,045**

15,57,48,085

**Unsecured :-**

Considered Good - Outstanding for More Than Six months

**9,19,35,199**

13,45,38,596

Considered Good - Others

**82,97,17,011**

55,29,27,021

**Doubtful**

**98,17,745**

88,49,578

**Total**

**1,24,75,11,083**

94,78,68,219

Less: Provision for doubtful Trade receivables

**98,17,745**

88,49,578

**Trade Receivables (Net)**

**1,23,76,93,338**

93,90,18,641

(Amount In Rupees)

	As at March 31, 2016	As at March 31, 2015
<b>17 Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents</b>		
Cash on hand	3,69,460	1,90,808
On Current Accounts	24,85,47,531	17,13,61,667
Cheques on hand	1,71,54,455	80,20,000
	<u>26,60,71,446</u>	<u>17,95,72,475</u>
<b>Other Bank Balances</b>		
Deposits with Banks	1,50,000	1,50,000
Margin money deposit	31,20,390	3,71,413
Earmarked balances with Banks	74,33,776	39,41,163
	<u>1,07,04,166</u>	<u>44,62,576</u>
	<u>27,67,75,612</u>	<u>1,84,035,051</u>
<b>18 Short Term Loans and Advances</b>		
Advances to employees	37,15,099	33,05,705
Advances to suppliers	77,05,988	1,10,20,397
Cenvat Receivable	38,03,830	13,99,190
VAT Receivable	9,99,13,367	8,96,86,122
Service Tax Receivable	1,24,565	1,25,669
TDS Receivable	55,31,042	37,53,087
Advance Income tax (Net of Provisions)	9,81,74,168	6,86,42,168
Others	1,32,34,625	33,07,205
	<u>23,22,02,684</u>	<u>18,12,39,543</u>
<b>19 Other Current Assets</b>		
Income Accrued but not due	72,53,120	43,08,104
	<u>72,53,120</u>	<u>43,08,104</u>
	<u>72,53,120</u>	<u>43,08,104</u>
<b>20 Revenue from operations</b>	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
Sale of products	6,45,26,65,517	5,50,93,52,687
Sale of services	93,59,285	20,72,027
Other operating revenues	1,86,14,488	1,48,48,445
	<u>6,48,06,39,290</u>	<u>552,62,73,159</u>
<b>21 Other Income</b>		
Miscellaneous Receipts	36,13,441	47,24,223
Gain on Foreign Exchange Fluctuations (Net)	16,04,010	19,05,617
Profit on sale of Assets	3,46,091	3,43,629
Insurance claims	61,35,266	9,57,270
Interest	5,08,636	2,78,345
Dividend	5,31,61,806	5,42,19,073
Rent Received	1,18,90,190	77,19,704
Provisions for doubtful debts written back	-	27,95,397
Sundry credit balances written back	4,54,63,500	4,56,55,282
	<u>12,27,22,940</u>	<u>11,85,98,540</u>

(Amount In Rupees)

	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>22 Cost of Material Consumed</b>		
Castings	84,81,72,045	55,71,22,790
Forgings	1,28,45,06,068	69,52,60,798
Sheet Metal Components	70,67,12,973	52,41,57,715
Tyres & Tubes	6,56,04,127	23,44,43,575
Others	1,13,82,19,500	1,59,02,01,972
	<u>4,04,32,14,713</u>	<u>3,60,11,86,850</u>
<b>23. Changes In Inventories Of Finished Goods, Work In Process and Trading Goods</b>		
<b>Opening Stock</b>		
Work in Progress	2,50,98,524	5,48,37,499
Finished Goods and Stock in Trade	73,66,22,382	46,87,06,903
	<u>76,17,20,906</u>	<u>52,35,44,402</u>
<b>Less: Closing Stock</b>		
Work in Progress	4,94,02,632	2,50,98,524
Finished Goods and Stock in Trade	55,59,91,034	73,66,22,382
	<u>60,53,93,666</u>	<u>76,17,20,906</u>
<b>(Increase)/Decrease in stock</b>	<u>(15,63,27,240)</u>	<u>23,81,76,504</u>
<b>24 Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	42,24,72,429	36,35,10,313
Contribution to Funds	1,40,47,385	2,66,63,757
Welfare Expenses	1,76,07,164	1,61,56,752
	<u>45,41,26,978</u>	<u>40,63,30,822</u>
<b>25 Finance Costs</b>		
Interest on Other Borrowing	2,56,25,290	2,11,56,718
	<u>2,56,25,290</u>	<u>2,11,56,718</u>
<b>26 Depreciation and amortization expense</b>		
Depreciation of tangible assets	12,54,45,220	9,41,09,139
	<u>12,54,45,220</u>	<u>9,41,09,139</u>

(Amount In Rupees)

## 27 Other Expenses

	For the year ended March 31, 2016	For the year ended March 31, 2015
Power and Fuel	3,78,19,376	3,70,17,130
Stores & Tools Consumed	3,26,14,319	3,09,71,951
Warranty Expenses	1,58,29,620	50,88,003
Consultancy and Legal Charges	84,76,686	79,01,246
Audit Fee	15,00,000	10,00,000
Tax Audit Fee	3,00,000	2,00,000
Other Services	4,00,000	-
Reimbursement of expenses	2,12,452	2,79,559
Cost Audit Fee	2,00,000	-
Donation	50,000	35,40,000
Fees, Rates and Taxes	3,18,89,036	2,68,57,371
Directors sitting fees	15,45,000	5,85,000
Insurance	33,37,405	20,55,433
Rent	62,65,814	41,41,282
Repairs to Buildings	69,04,735	56,01,341
Repairs to Machinery	1,70,48,369	1,77,66,607
Repairs & Maintenance	2,80,43,775	2,25,13,811
Research and Development	31,17,129	25,47,400
Bank Charges	21,59,150	10,08,188
Travelling and Conveyance	3,91,32,597	2,85,78,114
Communication expenses	65,91,715	60,81,473
Miscellaneous Expenses	92,81,185	1,44,57,812
Advertisement & Promotion	5,09,58,424	3,54,71,309
Freight and Distribution	15,47,88,834	14,68,87,867
Selling Expenses	20,98,14,658	11,16,85,212
Service Expenses	32,19,467	2,15,45,721
Provision for bad and doubtful debts	9,68,167	24,78,885
	<b>67,24,67,913</b>	<b>53,62,60,715</b>

## 28 Contingent Liabilities

a) Cases filed by customers in various consumer courts not acknowledged as debts	30,39,500	43,79,000
b) Appeals filed by the company in respect of income tax matters	3,52,42,274	2,40,20,873
c) Appeals filed by the company in respect of Customs matters	8,86,267	16,41,666
d) Estimated amount of contracts remaining to be executed on capital accounts and not provided for ( net of advances)	9,58,08,740	42,42,977
e) Bank guarantees issued to Government agencies by way of security	5,26,29,024	1,15,36,907

The vendor financing facility with M/s AXIS Bank Limited aggregating to Rs.25.00 crores to the vendors of the company is with recourse to the company on the delayed payment at interest rate of 2% p.a. over and above the contracted rate.

(Amount In Rupees)

**29 Micro and Small Enterprises**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Principal	Interest	Principal	Interest
Amount due to vendor	10,76,34,370	-	4,05,08,218	-
Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management

**30 The actuarial value of gratuity liability as at 31st March 2016 is Rs.6,63,74,616/- (Rs.7,44,01,266) as per the workings under AS 15 (Revised) issued by the Institute of Chartered Accountants of India.**

**Gratuity report under AS-15 (Revised 2005) for the year ended March 31, 2016**

The following table sets out the funded status of the gratuity plans and the amounts recognised in the company's financial statements as at March 31, 2016.

<b>a) Assumption :</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Discount rate	8.00%	7.81%
Salary Escalation	5%	5%
<b>b) Table showing changes in present value of obligation :</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Present value of obligation as at beginning of year</b>	<b>7,44,01,266</b>	6,61,58,554
Current Service Cost	31,16,568	1,25,48,269
Interest Cost	55,82,499	48,56,749
Benefits Paid	(1,00,28,085)	(1,00,41,389)
Actuarial(Gain)/Loss on Obligation	(66,97,632)	8,79,083
<b>Present Value of Obligation as at end of the year</b>	<b>6,63,74,616</b>	7,44,01,266
<b>c) Table showing changes in the fair value of plan assets:</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Fair Value of Plan Assets at Beginning of year</b>	<b>6,35,10,986</b>	5,96,75,659
Expected Return on Plan Assets	49,21,743	47,26,111
Contributions	63,59,649	87,94,124
Benefits Paid	(1,00,28,085)	(1,00,41,389)
Actuarial Gain/(Loss) on Plan Assets	5,14,715	3,56,481
<b>Fair Value of Plan Assets at end of year</b>	<b>6,52,79,008</b>	6,35,10,986
<b>d) Table Showing Expenses Recognised in the Statement of Profit and Loss:</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Current Service Cost	31,16,568	1,25,48,269
Interest on Obligation	55,82,499	48,56,749
Expected Return on Plan Assets	(49,21,743)	(47,26,111)
Actuarial (gain)/loss	(72,12,347)	5,22,602
<b>Total Included in Employee Benefits</b>	<b>(34,35,023)</b>	1,32,01,509

	As at March 31, 2016	As at March 31, 2015
<b>e) Actuarial Gain / Loss recognised :</b>		
Actuarial (Gain) / Loss on Obligations	(66,97,632)	8,79,083
Actuarial (Gain) / Loss for the year on Plan Assets	(5,14,715)	(3,56,481)
<b>Total (Gain) / Loss for the year</b>	<b>(72,12,347)</b>	5,22,602

*(Amount In Rupees)*

	As at March 31, 2016	As at March 31, 2015
<b>f) The amount to be recognised in the Balance Sheet and statement of Profit and Loss :</b>		
Present Value of Obligation as at the end of the year	6,63,74,616	7,44,01,266
Fair Value of Plan Assets as at the end of the year	6,52,79,008	6,35,10,986
<b>Net assets / (Liability) Recognised in Balance Sheet</b>	<b>(10,95,608)</b>	(1,08,90,280)

**Notes :**

- 1 The estimates of future salary increases considered in actuarial valuation take into consideration for inflation, seniority, promotion and other relevant factors.
- 2 The expected return on plan assets is determined considering several applicable factors such as the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the company's policy for plan assets is expected to vary from year to year reflecting the returns on matching Government bonds.

**31 Related Party Transactions:**

Information given in accordance with the requirements of Accounting Standard 18 - Related party disclosures notified by Ministry of Corporate Affairs under sub section (3C) of Section 211 of the Companies Act, 1956 read with General circular 8/2014 dated April 04,2014, issued by the Ministry of Corporate Affairs.

Name of the Party	Nature of Relationship
a) Mitsubishi Heavy Industries-VST Diesel Engines Private Limited	Associates/Joint Ventures
b) Anand & Associates	Associates/Joint Ventures
c) Automobile Service Centre	Associates/Joint Ventures
d) VST & Sons	Associates/Joint Ventures
e) Mr.V.P.Mahendra	Key Management Personnel
f) Mr.V.V.Pravindra	Key Management Personnel
g) Mr.B.C.S.Iyengar	Key Management Personnel

	Transactions for For the year ended 31 March, 2016	Transactions for For the year ended 31 March, 2015
<b>I. Nature of Transactions:</b>		
a) <b>Supply of machined components and provide facilities for inspection of components</b> Mitsubishi Heavy Industries-VST Diesel Engines Private Limited	<b>93,56,185</b>	32,77,125
b) <b>Renting of immovable property</b> Mitsubishi Heavy Industries-VST Diesel Engines Private Limited	<b>25,62,602</b>	25,28,100
c) Architectural profession services - Anand Associates	<b>1,14,500</b>	19,56,188
d) Renting of immovable property - Automobile Service Centre	<b>27,33,440</b>	26,96,640
g) Payment of Royalty towards utilisation of group logo - VST & Sons	<b>6,46,053</b>	5,51,245

(Amount In Rupees)

	Transactions for For the year ended 31 March, 2016	Transactions for For the year ended 31 March, 2015
<b>II. Balances at 31st March 2016</b>		
<b>a) Payable</b>		
Mitsubishi Heavy Industries-VST Diesel Engines Private Limited	(32,79,189)	(16,78,529)
VST & Sons	6,46,053	5,51,245
<b>III. Managerial Remuneration* :</b>		
a) Mr. V.P.Mahendra	77,49,901	76,26,104
b) Mr. V.V.Pravindra	-	32,55,690
c) Mr. B.C.S.Iyengar	54,23,602	39,18,499
	<b>1,31,73,503</b>	<b>1,48,00,293</b>

\* Managerial Remuneration includes commission.

### 32 CSR Expenditure

Gross amount required to be spent by the company during the year is Rs. 1,95,85,544

(Amount in Rs.)

Amount Spent During the Year*	Paid in Cash	Yet to be paid in Cash	Total
On construction or acquisition of any asset	-	-	-
On purpose other than above	95,00,000	-	95,00,000
<b>Total</b>	<b>95,00,000</b>	<b>-</b>	<b>95,00,000</b>

\* The amount spent during the year is out of the provision created for the financial year 2014-15.

#### Details of amount spent on Each Head

(Amount in Rs.)

Head	Paid in Cash	Yet to be paid in Cash	Total
Corpus Fund for CSR activities (Kamalabai Education Trust)	50,00,000	-	50,00,000
Corpus Fund for CSR activities (V.S.Thiruvengadaswamy Mudaliar Memorial Tust)	40,00,000	-	40,00,000
Enhancing livelyhood of disabled (Association of people for disability)	5,00,000	-	5,00,000
<b>Total</b>	<b>95,00,000</b>	<b>-</b>	<b>95,00,000</b>

(Amount in Rs.)

#### Movement in the provision for CSR Expenditure during the year

	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Balance of Provision	1,77,12,605	-
(+) Provision created during the year	1,95,85,544	1,77,12,605
(-) Amount spent during the year	95,00,000	-
Closing Balance of Provision	<b>2,77,98,149</b>	<b>1,77,12,605</b>

(Amount In Rupees)

<b>33 Basic and Diluted earnings per share</b>	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
a) Profit after tax for the year (in Rs.)	<b>74,13,33,202</b>	69,51,68,065
b) Weighted average number of equity shares outstanding	<b>86,39,528</b>	86,39,528
Earnings Per Share (Rs.) - Basic (Face value of Rs. 10 per share)	<b>85.81</b>	80.46
Earnings Per Share (Rs.) - Diluted (Face value of Rs. 10 per share)	<b>85.81</b>	80.46

**34 Expenditure on Research & Development**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
<b>a) Revenue expenditure</b>		
Salaries & allowances of R&D Staff	<b>1,36,97,180</b>	1,20,34,286
Testing Fees paid to ARAI, Pune & CFMTTI, Budni	<b>15,46,607</b>	20,90,913
Development Charges	<b>15,54,328</b>	14,109
Others	<b>16,194</b>	34,508
Depreciation on R&D Assets	<b>23,70,413</b>	18,25,567
<b>Total (a)</b>	<b>1,91,84,722</b>	1,59,99,383
<b>b) Capital Expenditure:</b>		
Machineries	<b>47,23,995</b>	-
<b>Total (b)</b>	<b>47,23,995</b>	-
<b>Grand Total (a) + (b)</b>	<b>2,39,08,717</b>	1,59,99,383

**35 a) CIF Value of Imports :**

<b>Particulars</b>	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
i) Components and spares	<b>1,27,48,100</b>	25,12,76,819
<b>Total</b>	<b>1,27,48,100</b>	25,12,76,819

<b>b) Expenditure in Foreign Currency :</b>	<b>For the year ended March 31, 2016</b>	For the year ended March 31, 2015
i) Travelling	<b>14,57,983</b>	12,67,272
ii) Commission paid	<b>35,75,061</b>	20,42,105
iii) Others	<b>11,03,983</b>	-
<b>Total</b>	<b>61,37,027</b>	33,09,377

(Amount In Rupees)

c) Value of Imported and Indigenous Materials and components consumed :

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Amount	% to total consumption	Amount	% to total consumption
i) Imported	13,69,07,332	3.39%	32,63,64,488	9.06%
ii) Indigenous	3,90,63,07,381	96.61%	3,27,48,22,362	90.94%
	<b>4,04,32,14,713</b>	<b>100.00%</b>	<b>3,60,11,86,850</b>	<b>100.00%</b>

36 Earnings in Foreign Exchange:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a) Export of goods on FOB basis	15,20,69,590	9,67,53,258
b) Others ( Freight, Insurance etc.)	19,06,585	11,48,336
<b>Total</b>	<b>15,39,76,175</b>	<b>9,79,01,594</b>

37 Remittances in foreign currency during the year on account of dividend:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2016
a) Amount Remitted (Net of tax)	37,96,875	37,96,875
b) Number of Non Resident shareholders	1	1
c) Number of shares on which dividend was due	2,53,125	2,53,125

38 Derivative Instruments

Foreign Currency Exposure that are not hedged by a derivative instruments or otherwise are as follows :

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
<b>Assets</b>				
Trade Receivables (in USD)	2,29,778	1,51,35,447	-	-
(in GBP)	1,22,768	1,15,63,557	66,568	60,96,963
<b>Liabilities</b>				
Trade Payables - (in EURO)	-	-	-	-
Trade Payables - (in USD)	19	1,132	19	1,132
Accrued Expenses - (in GBP)	15,628	15,05,580	-	-
Advance from Customers - (in GBP)	435	41,908	435	40,665

- 39** a. These financial statements have been prepared in the format prescribed by the Revised Schedule III to the Companies Act 2013.
- b. Previous year figures have been recast/restated to confirm to the classification of the current year.
- c. Company doesn't have any amount outstanding to be transferred to the Investor Education and Protection Fund.
- d. Company doesn't have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

As per our report of even date

For and on behalf of the Board of Directors

**For Brahmayya & Co.,**

Chartered Accountants

Firm Registration No: 000515S

**G. Srinivas**

Partner

Membership No: 086761

Place : Bengaluru

Date : May 27, 2016

**V.P Mahendra**

DIN:00033270

*Vice Chairman & Managing Director*

**R.Thiyagarajan**

*Chief Financial Officer*

**V.V. Pravindra**

DIN:00239888

*Director*

**Chinmaya Khatua**

*Company Secretary*

Membership No. 21759

Place : Bengaluru

Date : May 27, 2016

## SALE OF PRODUCTS

### Details of Production, Sales Quantity, Value & Other Operating Income

CLASS OF GOODS	01-04-2015 - 31-03-2016			01-04-2014 - 31-03-2015		
	Production Quantity Nos.	Sales		Production Quantity Nos.	Sales	
		Quantity Nos.	Value Rs.		Quantity Nos.	Value Rs.
a) Power Tillers	27,202	27,387	3,53,61,29,451	22,410	23,103	2,95,60,00,934
b) Tractors	7,850	7,801	2,06,87,79,953	7,506	6,694	1,75,69,71,271
c) Rice Transplanters		589	10,44,68,953		834	14,34,26,624
d) Reapers		494	4,83,77,637		443	4,24,57,811
e) Spares			48,05,41,905			42,69,10,175
f) Others			20,97,91,442			17,53,57,306
g) Operating Income			1,86,14,488			1,48,48,445
<b>Total</b>			<b>6,46,67,03,829</b>			<b>5,51,59,72,566</b>

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**VST SHAKTI 130 DI POWER TILLER**



**MITSUBISHI SHAKTI MT 180D TRACTOR**



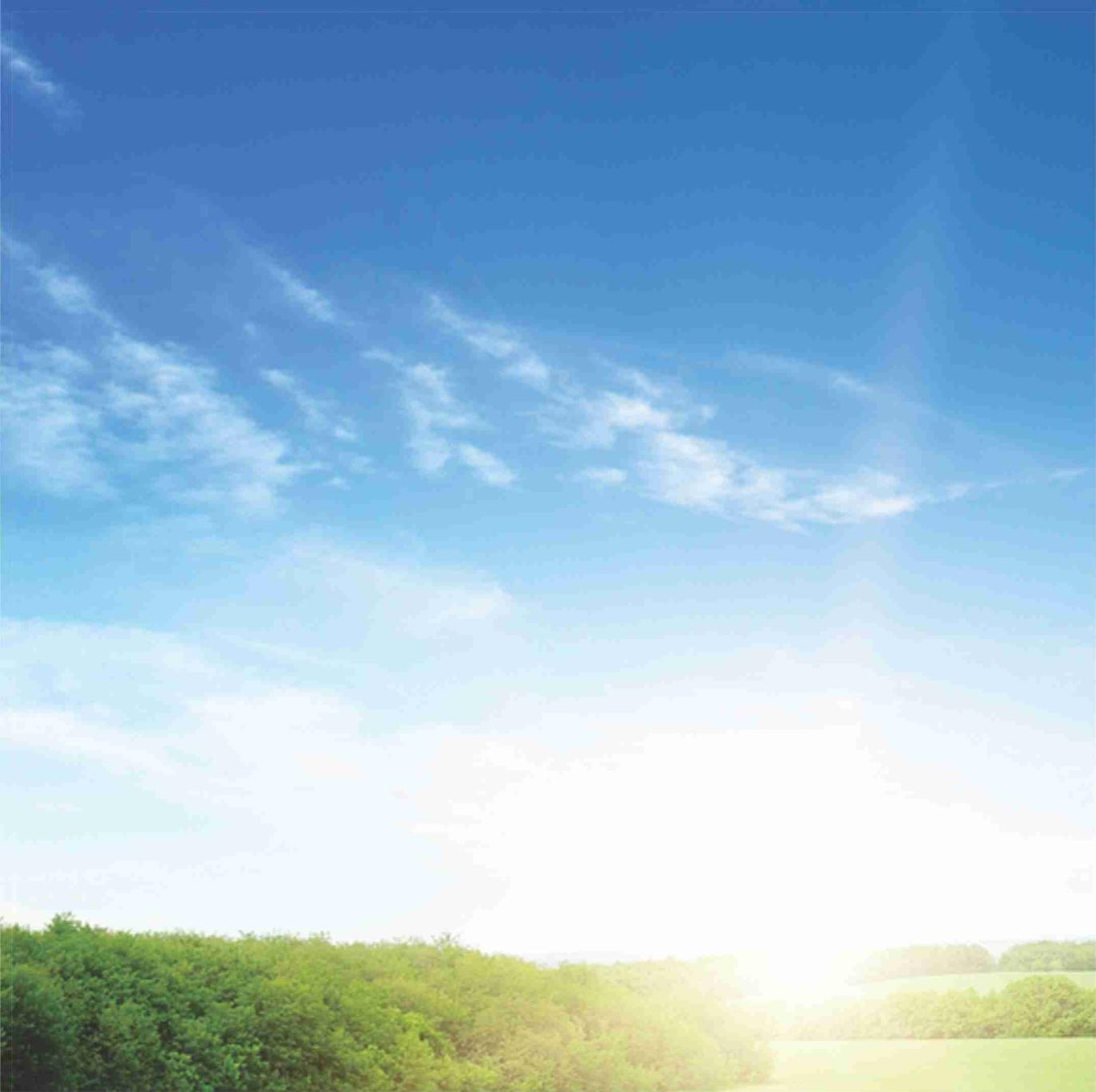
**VST SHAKTI MT 270 - VIRAAAT 4W**



**VST YANJI SHAKTI RICE TRANSPLANTER**



**MITSUBISHI SHAKTI VWH 120 POWER TILLER**



**V.S.T. TILLERS TRACTORS LTD.**

( CIN-L34101KA1967PLC001706 )

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