



43<sup>RD</sup>  
ANNUAL REPORT  

---

2010-11



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





**Board of Directors** : Mr. V.K. Surendra - *Chairman*  
Mr. A. Hishikawa  
Mr. R. Subramanian  
Mr. M.K. Bannerjee  
Mr. V. Ramachandran  
Mr. K.K. Rai  
Mr. V.P. Mahendra - *Managing Director*  
Mr. B.C.S. Iyengar - *Executive Director*  
Mr. V.V. Pravindra - *Dy. Managing Director*

**Company Secretary  
and Compliance Officer** : Mr. Subash B.K.

**Auditors** : M/s. Brahmayya & Company  
10/2, Khivraj Mansion,  
Kasturba Road, Bangalore - 560 001

**Cost Auditors** : M/s. Rao, Murthy & Associates  
No.23/33, Surveyor's Street  
Basavanagudi, Bangalore - 560 004

**Bankers** : M/s. Canara Bank  
M/s. State Bank of India

**Legal Advisers** : M/s. J. Sagar Associates  
Advocates & Solicitors  
2, Frontline Grandeur  
14, Walton Road, Bangalore - 560 001

**Regd. Office** : Plot No.1, Dyavasandra Industrial Layout,  
P.B.No.4801, Whitefield Road,  
Mahadevapura Post, Bangalore - 560 048

## 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. An Attendance Slip and Proxy form are attached at the end of this Annual Report.



**Information as required under clause 49 (IV)(G) of the Listing Agreement  
Brief resume of Directors seeking Appointment / Re-appointment**

Particulars	<b>Mr. M. K. Bannerjee</b>	<b>Mr. K.K.Rai</b>
Date of Birth & Age	16/08/1946 & 63 Years	04/06/1944 & 67 Years
Appointment on	12/06/1990	26/05/2009
Qualifications	MBA	B.A., CAIB
Expertise in specific functional Areas	Operations Management & Software Development	Has over four decades of experience in Banking & Finance. He held top level positions in Vijaya Bank and Allahabad Bank both public sector Banks. He retired as the Executive Director of Allahabad Bank. Currently he is on the Board of four other listed and one non listed companies as Independent Director.

By the Order of the Board  
for **VST TILLERS TRACTORS LTD.**

Place: Bangalore  
Date: May 30, 2011

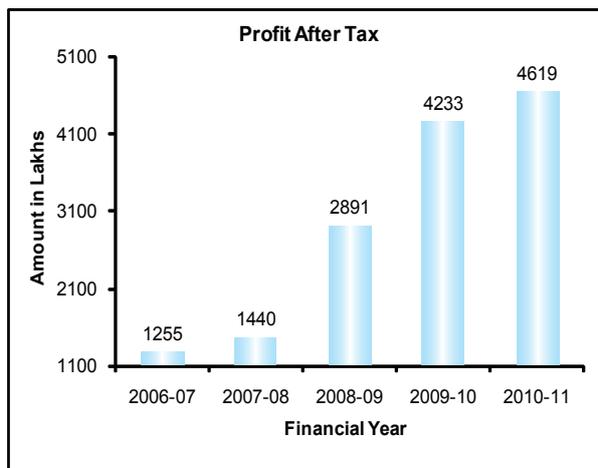
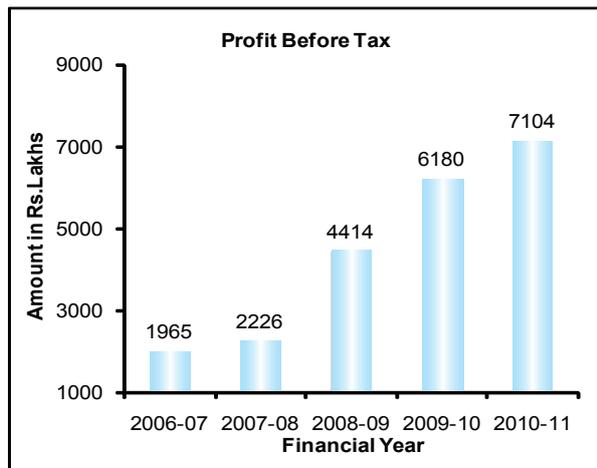
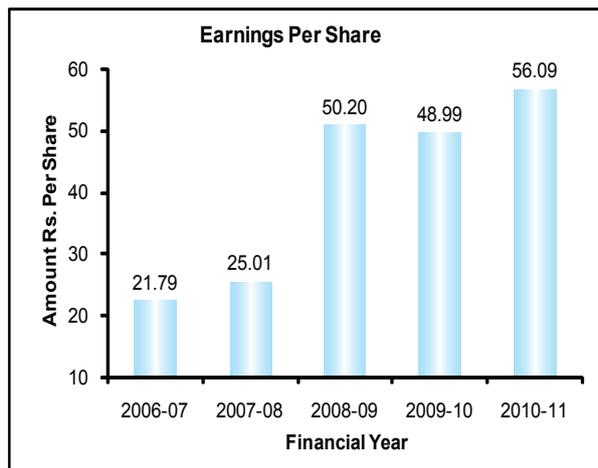
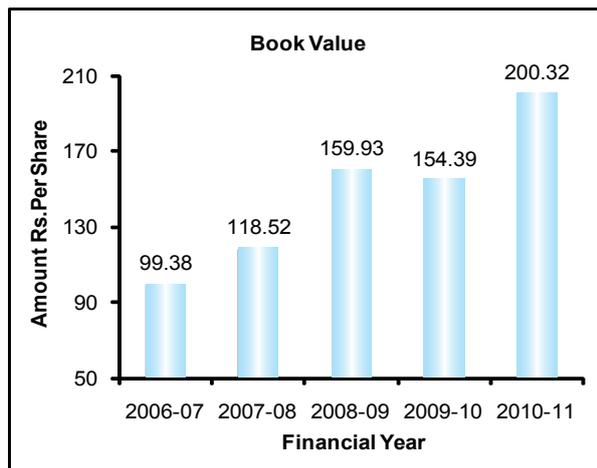
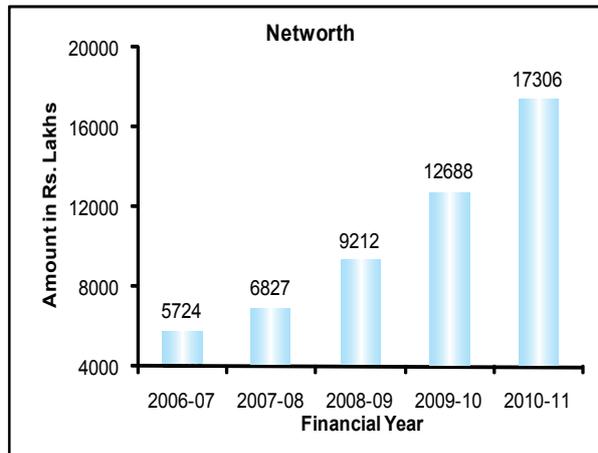
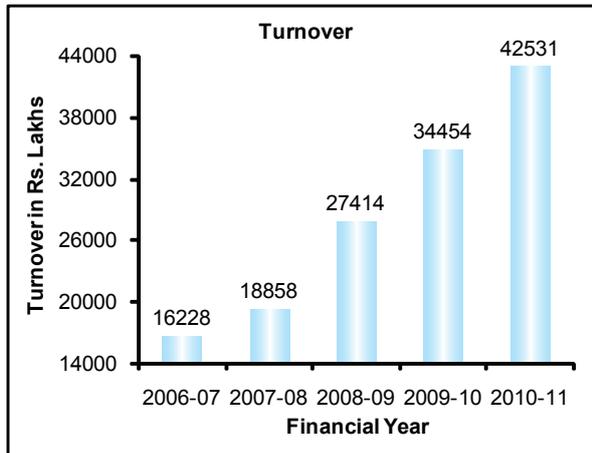
**Subash B K**  
Company Secretary

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## FINANCIAL INDICATORS



## DIRECTORS' REPORT



Dear Shareholder,

Your Directors have pleasure in presenting the 43rd Annual Report of the Company and the audited statement of accounts for the year ended March 31, 2011.

### FINANCIAL PERFORMANCE

(Rupees in lacs)

Period	Year 2010-11	Year 2009-10
TURNOVER	42531	34454
OTHER INCOME	597	277
TOTAL INCOME	43128	34731
PROFIT BEFORE DEPRECIATION & INTEREST	7403	6506
INTEREST	72	67
DEPRECIATION	227	259
PROFIT BEFORE TAX	7104	6180
INCOME TAX	2485	1947
PROFIT AFTER TAX	4619	4233
BALANCE B/F	2493	1016
<b>SURPLUS AVAILABLE FOR APPROPRIATION TO:</b>	<b>7112</b>	<b>5249</b>
DIVIDEND	778	648
TAX ON DIVIDEND	126	108
TRANSFER TO GENERAL RESERVE	3200	2000
BALANCE CARRIED FORWARD	3008	2493

### COMPANY'S PERFORMANCE

We are pleased to report another successful period for your Company's business. Your Company has clocked a modest growth by selling over 23000 Tillers and 4700 Tractors and continues to maintain its leadership position in the power tiller industry.

The turnover for the year registered an increase by 23% from Rs.344 crores in 2009-10 to Rs. 425 crores while the operating profit increased to Rs. 65 crores compared to Rs.59 crores. However, the operating margin declined by 1.83% due to increase in raw material costs. Profit after tax was Rs. 46 crores, an increase of 9% over the previous year and earnings per share during the year increased from Rs.48.99 to Rs.53.46.

The sale of power tillers during the year increased by 23%. While the Tractor sales have grown by 26% during the year. Your Company's aggressive plan to market Rice Transplanters has been encouraging primarily driven by expensive farm labor and government subsidy.

The performance of Precision Component Division improved with exports registering a growth of 45% from Rs. 5.5 crores to Rs. 8 crores . However export margins have been impacted due to spiraling raw material costs with very little scope for passing on the increase to our overseas customers. During the year, this division has capitalized on growth opportunity in production of components for captive consumption which has indirectly contributed to the overall performance of your Company.

#### **DIVIDEND:**

Your Directors have pleasure in recommending a dividend of Rs. 9/- per equity share of Rs.10/- each for approval at the Annual General Meeting. The dividend if declared will result in an outflow of Rs. 904 lacs including the distribution tax.

#### **NSE LISTING**

The shares of the Company were listed and admitted to dealings on the National Stock Exchange of India Limited w.e.f. June 20, 2011.

**DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Mr. K K Rai, Mr. M K Bannerjee and Mr. A Hishikawa, Directors of the Company retire by rotation and are eligible for re-appointment.

**CORPORATE GOVERNANCE:**

The Company strives to ensure highest standards in Corporate Governance and levels of transparency in accordance with the provisions of Clause-49 of the Listing Agreement. A certificate from the Auditors to this effect forms part of Corporate Governance Report.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to sec 217(2AA) of the Companies Act 1956, amended as per Companies (Amendment) Act 2000, the Directors confirm that:

In preparation of the Annual Accounts of your Company the Accounting Standards laid down by the Institute of Chartered accountants of India from time to time have been followed.

Appropriate Accounting policies have been selected and applied consistently, and reasonable and prudent judgment and estimates have been made so as to ensure that the accounts give a true and fair view of affairs of your company as at March 31, 2011 and the profits of your company for the year ended March 31, 2011.

Proper and sufficient care has been taken for the maintenance of appropriate accounting records in accordance with the provisions of the act for safeguarding the assets of your company and for preventing and detecting frauds and other irregularities.

The annual accounts have been prepared on a going concern basis.

The observations of Auditors in their report to Members have been adequately dealt with in the relevant notes to accounts. Hence no additional explanation is considered necessary.

**AUDITORS:**

M/s. Brahmaya & Company, Chartered Accountants, retire as Auditors of the Company at the conclusion

of 43rd Annual General Meeting and are eligible for re-appointment.

**COST AUDITORS:**

M/s. Rao, Murthy & Associates, Cost Accountants were re-appointed by the Board of Directors in its meeting held on May 30, 2011. The Cost Audit Report for the financial year 2009-10 was filed on September 8, 2010 and the due date for filing the report was September 30, 2010.

**PARTICULARS OF EMPLOYEES:**

As required by provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, there are no employees who draw remuneration as set out in the aforesaid provision of the Companies Act.

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

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2011 is enclosed as Annexure.

**FIXED DEPOSITS:**

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

**MANAGEMENT DISCUSSION AND ANALYSIS****Industry structure and developments:**

The Indian economy grew at around 8.5% during 2010-11 as against 8% recorded in 2009-10. With the various measures adopted by the government and a normal monsoon the agriculture and allied sector posted a healthy 5.6% growth compared to a negligible growth during 2009-2010. The government's strategy to improve credit availability and interest subvention to farmers has spurred the growth in this sector.

The agricultural sector contributes around 17% to the GDP and engages over 65% of the countries workforce. Large parts of this sector are unorganized with limited bank finance and low farm technology.



However, with the higher support prices for food grains, realization has improved for farmers contributing to the overall growth. The continuation of government schemes such as the National Rural Employment Guarantee Act (NREGA) has indirectly given a fillip for increased demand for farm machinery.

The power tiller sector in India has evolved over the years and is at present in an intermediate stage of development as compared to China, however it is largely dependent on Government subsidies and is growing around 20%p.a. The industry is witnessing intense competition from Chinese brand tillers that are increasing their presence in the domestic market and posing a major challenge in this segment.

The Indian tractor market which is the largest in the world is expected to increase at a CAGR of 6-7% by 2014-15. With the rise in rural incomes and the governments focus on increasing mechanization, improvement in yields are expected. During the year under review the domestic tractor industry sold 482,237 units compared to 402,935 units in the previous year with over 12 major players catering to various segments from 25HP to above 55HP. Your company commands a significant market share in Maharashtra, Gujarat and Tamil Nadu in the below 20 HP tractor segment and the sales are expected to grow in other states in the coming years.

#### **OPPORTUNITIES**

The Agriculture sector is slated to register a positive growth of around 4% during 2011-2012. This growth will largely depend on the policies of the government to promote farm mechanization as well as a normal monsoon. Food security and rural development remain high on the Government agenda. Various Government schemes such as Rashtriya Krishi Vikas Yojana (RKVY), Macro Management Scheme, National Food Security Mission as have given thrust to farm mechanization. A higher Minimum Support Price fixed by the Central Government for rice and wheat coupled with Debt Relief Schemes will result in better price realization thereby improving their purchasing power to mechanize operations. This apart, the government's employment guarantee scheme has made farm labor expensive, compelling farmers to increase the level of mechanization.

As the penetration level for power tillers is low in India compared to China, with proper emphasis on

marketing there is scope for sustained growth as your Company is an organized player in the power tiller industry.

#### **RISKS AND CONCERNS**

Though various irrigation schemes have been conceived to enhance the cultivable area, the agricultural sector continues to be monsoon dependent. On another front, availability of bank finance for your Company's products in smaller towns and villages and delay in releasing timely subsidy by various states for power tillers is an area of concern. During the year, several importers have started marketing Chinese made power tillers under various subsidy schemes and this has intensified competition for your Company. Appropriate marketing strategies are being adopted to protect market share and strengthen the Company's competitive edge in the current scenario.

The government's fiscal policy of controlling inflation by hardening the interest rates could have an adverse impact on the demand for power tillers and tractors.

On the raw material front, input cost increases are a concern and the prices of commodity items like steel, non-ferrous, rubber and fuel costs continue to rise thereby posing a serious threat to sustain current margins during the year. With the automotive industry booking capacities of suppliers, sourcing and capacity will continue to be a challenge.

#### **CURRENT YEAR OUTLOOK**

Agriculture is the mainstay of more than 600 million Indians but is highly fragmented. The Government is targeting over 5% growth for agriculture in the Eleventh Five Year Plan and according to the Economic Survey, expenditure on rural development and investments are expected to grow. A favorable monsoon coupled with ease of credit availability to farmers will have a positive influence on the power tiller and tractor industry. Your company is confident of maintaining its growth momentum. On the export front the outlook is positive for tractors and your company is taking steps to expand production capacity to cater to specific markets.

The steps taken to introduce Rice Transplanters in various states is on going. Extensive work to train self help groups on various aspects of adapting to mechanized transplantation is being pursued and your



Company driven by these initiatives is expecting to reap rewards in the long term.

Currently, the most challenging task is efficiency in procuring Components. Due to the robust growth experienced in the automobile sector, availability of adequate material has been affecting the Company's production leading to opportunity losses. Recognizing that scale and market growth are essential, your Company is revamping vendors commensurate with growth and is increasing value added activities. In the above background, your Company will continue to focus on retaining its advantage in power tillers in the year ahead and scale up tractor supplies to meet the growing demand.

During the year, your Company has embarked on establishing a new Tractor manufacturing plant in Hosur, Tamil Nadu with an installed capacity of 15000 units p.a. to cater to the increased demand in the lower hp tractor segment. The financial outlay for this project is budgeted at Rs. 66 crores and is proposed to be funded with a mixture of internal accruals and debt. The plant is expected to go on stream during the third quarter of 2012. This project will also give the Company the prospect of introducing more tractor models in the future.

At Precision Component Division, infrastructure is being upgraded in required areas to cater to higher captive consumption. We believe the export demand would remain flat as your Company's aim is to concentrate on in-house supplies.

#### **Internal Control Systems**

Your Company maintains adequate internal control system, which provides reasonable assurance that transactions in significant areas are monitored to prevent any misuse. To strengthen this area your Company is looking at improved responsiveness from a fully integrated ERP. This will enable vendors to get information on material requirement and ensure streamlined supply of materials. The new system will improve its capability and speed of information to add more value. The Internal auditors carry out audits on a regular basis and submit their report once in a quarter to the Audit Committee. The Audit Committee reviews the report and recommendations of the Internal Auditors and advises the Management to strengthen and streamline the system wherever required.

#### **Industrial Relation**

Industrial relations have been cordial across all the plants during the year. Your Company is continuously taking initiatives for building organizational capabilities and enhancing people productivity. Various training and development programs were offered to the managerial cadre to upgrade their skills and develop the human resource base. Your company has been increasing the strength of apprentices and trainees across various departments to cultivate new talent. Steps are also being implemented to strengthen specific areas that are considered key to the Company in achieving its business goals.

#### **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 channel disruption.

All information in this release is as of May 30, 2011, 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.

#### **ACKNOWLEDGEMENTS:**

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

for VST TILLERS TRACTORS LTD.

Sd/-

Place: Bangalore  
Date : May 30, 2011

**V. K. Surendra**  
Chairman



**ANNEXURE**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2011.

**I. Conservation of energy :**

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

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

- a. Successfully completed upgradation of 3 cylinder engine for tractor to the next stage of emission compliance Trem IIIA and is under production.
- b. Higher horse power 21 HP Tractor test marketing being conducted.

**B. Technology Absorption:**

Software upgradation in the design section.

**C. Benefits derived :**

- a. Enhancement of product evaluation and testing capabilities.

**D. Expenditure on R&D :**

- a. The Company's expenditure on R&D (including capital expenditure) during the year was Rs.40,08,954/-

**E. Future plan of action :**

- a. Testing and approval of 21 HP tractor under progress.
- b. New aesthetics for 21 HP tractor under development and Production implementation.
- c. Homologation updation for Tractor for European Market.

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

- a) Complete information about exports, which have contributed towards foreign exchange earnings, is given in Para 6(f) of the Schedule 19 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 Para No.5(e), 5(f) and 5(h) respectively in Schedule 19, i.e., in Notes forming part of Accounts.
- b) Total foreign exchange used and earned :  
 Foreign exchange earnings : Rs. 12,55,77,885/-  
 Foreign exchange outgo : Rs. 14,06,76,998/-



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

To,

The Board of Directors  
VST TILLERS TRACTORS LTD

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of VST 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, 2011 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.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of 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.

**V. P. Mahendra**  
Managing Director & CEO

**R. Thiyagarajan**  
V P Finance - & CFO

Bangalore, May 30, 2011



## Auditors' Certificate on Corporate Governance

To the Members,  
VST Tillers Tractors Limited

We have examined the Compliance conditions of Corporate Governance of **V.S.TILLERS TRACTORS LIMITED** for the year ended on 31st March, 2011, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our responsibility has been limited to 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement. We further state that such compliance is neither an assurance as to the future viability of Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-

**G. Srinivas**  
(Partner)

Membership No. 086761

Place : Bangalore  
Date : 30th May, 2011



### **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.

The keys to creating wealth and maintaining a free society lie primarily in the same direction. Both require that broad based systems of accountability be built into the governance structures of corporations themselves

More vigilant shareowners are also more likely to be “socially responsible,” in the true meaning have that term, increasing triple bottom line returns (adding economic, environmental and social value). Actively involved owners are likely to help find solutions to many corporate challenges.

### **BOARD OF DIRECTORS:**

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

The Board comprises of nine Directors is headed by a Non-Executive Chairman, three whole-time Directors and five Non-Executive Directors. The composition and category, the attendance at Board Meetings and last AGM, number of Directorships and Chairmanship / Membership of Committees in other Companies is as follows: -

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Public Limited Companies in which Director	No. of other Board committee in which member
Mr. V. K. Surendra	Non-Executive	2	No	2	-
Mr. A. Hishikawa	Non-Executive	Nil	-	-	-
Mr. R. Subramanian	Non-Executive/ Independent	4	Yes	2	2
Mr. M. K. Bannerjee	Non-Executive/ Independent	4	Yes	-	-
Mr. V. Ramachandran	Non-Executive/ Independent	4	Yes	3	2
Mr. K K Rai	Non-Executive/ Independent	3	Yes	4	5
Mr. V. P. Mahendra	Managing Director	4	Yes	5	5
Mr. B C S Iyengar	Executive Director	4	Yes	-	-
Mr.V.V.Pravindra	Dy Managing Director	4	Yes	-	-

#### **Details of Board Meetings:**

During the year under review the Board met four times on May 28, 2010, August 13, 2010, November 09, 2010, and February 10, 2011.

**(b) Board Procedures:**

The Chairman of the Board, in consultation with the other members of the Board, shall determine the timing and length of the meetings of the Board. The Board expects that five regular meetings at appropriate intervals are in general desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company.

The Chairman shall establish the agenda for each Board meeting. Each Director shall be entitled to suggest the inclusion of items on the agenda, request the presence of or a report by any member of the Company's senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The agendas for Board meetings shall provide opportunities for the operating heads of all the departments of the Company to make

presentations to the Board during the course of the year. At one meeting each year the Board shall be presented the long-term strategic plan for the Company and the principal issues that the Company expects to face in the future. Sufficient time shall be allocated for this presentation to allow for questions by and full discussion with the members of the Board.

Information provided to the Board includes amongst others quarterly 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.

**(c) Code of Conduct:**

The Company has a formulated and implemented Code of Conduct for Board Members and Senior Management of the Company in compliance with Clause 49 (I) (D) of the Listing Agreement and the same is displayed on Company's web-site [www.vstillers.com](http://www.vstillers.com)

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

To,  
The Board of Directors,  
VST 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 ending March 31, 2011.

Place: Bangalore  
Date: May 30, 2011

**V P Mahendra**  
Managing Director

**Committee Meetings**

Each Committee Chair, after consultation with the Chairman of the Board, shall establish agendas and set meetings at the frequency and length appropriate and necessary to carry out the Committee's responsibilities.

Any Director who is not a member of a particular Committee may attend any Committee meeting with the concurrence of the Committee Chair or a majority of the members of the Committee.

**COMMITTEES OF THE BOARD:****Audit Committee**

A key element in the corporate governance process of any organization is its audit committee. The battle for financial statement integrity and reliability depends on balancing the pressures of multiple stakeholders, including management, regulators, investors, and the public interest.

**Composition**

The membership of the Committee consists of at least three directors, all of whom shall meet the



independence requirements established by the Securities and Exchange Board of India and applicable laws, regulations and listing requirements. Each member shall in the judgment of the Board have the ability to read and understand fundamental financial statements. At least one member of the Committee shall in the judgment of the Board be an “audit committee financial expert”.

At present the Audit Committee comprises of all the four independent Directors of the Company.

#### Terms of Reference:

The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company,

#### Details of Audit Committee Meetings:

During the year under review the Audit Committee met four times on May 28, 2010, August 13, 2010, November 09, 2010, and February 10, 2011.

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

#### SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

The current composition of the Committee is Mr. V. Ramachandran (Chairman) and Mr. V V Pravindra The Committee meets to approve transfer / transmission of shares and issue of duplicate share certificates. The Committee also looks into investor complaints like non-receipt of Annual Report, Dividend revalidation etc.,

Mr. Subash B K, Company Secretary and Compliance Officer can be contacted:

Subash B K,  
No.1, Dyavasandra Indl. Layout,  
P.B. No.4801, Whitefield Road,  
Mahadevapura Post,  
Bangalore – 560 048  
Ph. No.28510805 / 6 / 7  
Fax No.28510221

and such other duties as directed by the Board. The Committee’s purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company’s financial statements, the qualifications of the Statutory Auditors engaged as the Company’s independent auditor to prepare or issue an audit report on the financial statements of the Company, and the performance of the Company’s internal and independent auditors. The Committee’s role includes a particular focus on the qualitative aspects of financial reporting to shareholders, the Company’s processes to manage business and financial risk, and compliance with significant applicable legal, ethical, and regulatory requirements. The Committee is directly responsible for the appointment, compensation, retention, and oversight of the Company’s independent auditor.

#### INSIDER TRADING REGULATIONS:

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

#### DIRECTORS REMUNERATION

The non-executive Directors are not paid any remuneration other than the sitting fees which is within the limits prescribed by Rule 10B of Companies (Central Government’s) General Rules and Forms.

The details of remuneration paid to executive Directors are provided under Clause L of Schedule 20 of the Notes forming part of accounts.

#### MEANS OF COMMUNICATION:

The outcome of the Board Meeting, quarterly and annual financial results are sent to Stock Exchanges immediately after the Board approves these.

The intimation of date of Board Meeting and quarterly and annual financial results are also published in leading newspapers.



## DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2011

Category	No. of Shareholders	% to total No. of shareholders	Shares Amount (Rs.)	% to total shares amount
Upto 5, 000	7650	98.43	20376890	23.59
5,001 10, 000	49	0.63	3799140	4.40
10,001 20,000	23	0.30	3468470	4.01
20,001 30,000	12	0.15	3060380	3.54
30,001 40,000	6	0.08	2115250	2.45
40,001 50,000	4	0.05	1780650	2.06
50,001 1,00,000	14	0.18	9971220	11.54
1,00,001 and above	14	0.18	41823280	48.41
	<b>7772</b>	<b>100.00</b>	<b>86395280</b>	<b>100.00</b>

## DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2010-11.

Nature of Request	OB	Received	Attended	Pending
Change of Address	-	54	54	-
Bank Mandate	-	1	1	-
Revalidation of Warrants	-	20	20	-
Duplicate Share Certificates	-	43	43	-
Transfer/Transmission	-	54/18	54/18	-
Dematerialisation	-	256	256	-
Rematerialisation	-	-	-	-

## SHAREHOLDING PATTERN AS ON 31ST MARCH 2011

Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	40	4404439	50.98
Foreign Promoters	1	253125	2.93
Bodies Corporate	271	555301	6.43
Banks	3	2775	0.03
Financial Institutions	4	1988	0.02
Foreign Financial Institutions	9	315415	3.65
Non-Resident Indians	239	73022	0.85
Public/Others	7205	3033463	35.11
<b>Total</b>	<b>7772</b>	<b>8639528</b>	<b>100.00</b>



**GENERAL SHARE HOLDER INFORMATION**

**Investor Services**

AGM date,  
time and venue : 11th August 2011 at 3.00 P.M.  
Wood Lands Hotel Pvt., Ltd.  
No.5, Rajaram Mohan Roy Road  
Bangalore - 560 025

Financial year : 1st April - 31st March

Book Closure : August 05, 2011 to August 10,  
2011 (Both Days inclusive)

**Dividend:** Dividend if declared would be payable on  
August 12, 2011.

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 /  
conversion of share certificate etc.

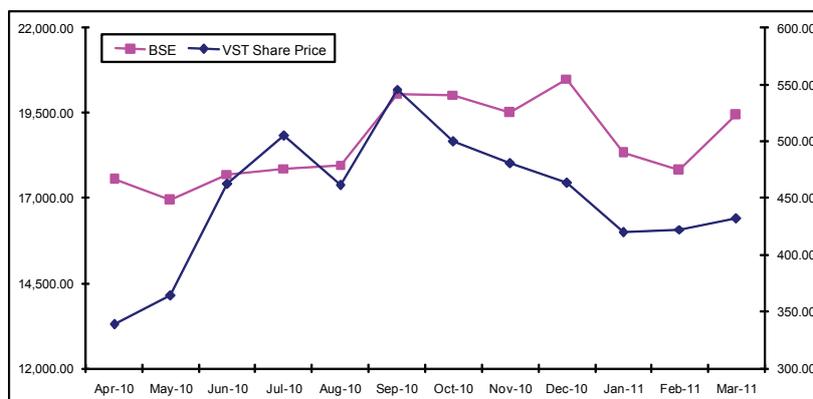
Share Holders desiring to communicate on any matter  
relating to the shares of the Company may either visit  
in person or write to the Company's Share Transfer  
Agent quoting their Folio No./ DP ID & Client ID  
number at the following address.

**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 : alfint@vsnl.com

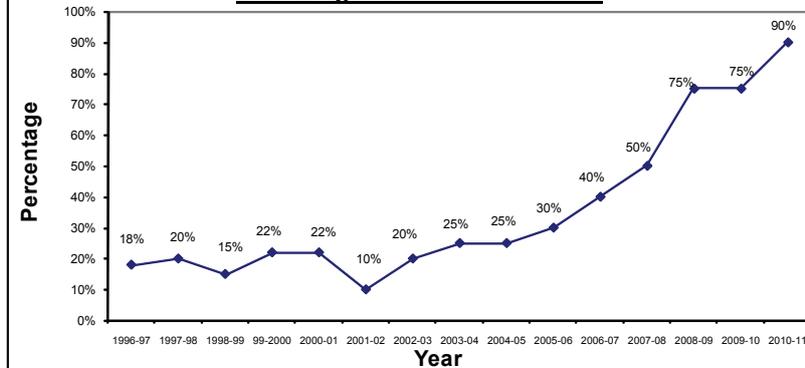
**Stock code:**

Bombay Stock Exchange Ltd : 531266  
National Stock Exchange of India Ltd. : VSTILLERS  
Bangalore Stock Exchange Ltd :  
ISIN : INE 764D01017

**Market Price Data**



**Percentage of Dividend Declared**





## Market Price Data Information

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-10	362.00	297.00	Oct-10	625.00	485.90
May-10	367.40	300.75	Nov-10	545.50	435.05
Jun-10	490.00	358.05	Dec-10	500.00	432.00
Jul-10	589.90	461.00	Jan-11	484.00	410.00
Aug-10	556.00	450.05	Feb-11	455.45	404.00
Sep-10	619.50	471.50	Mar-11	477.00	411.25

## Particulars of last 3 Annual General Meetings

Date/Time	Location	Summary of Special Business
13.08.2010 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	Nil
21.08.2009 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	1. Appointment of Mr. K. K. Rai as Director, 2. Re-appointment of the Managing Director, 3. Increase in Authorised Capital, 4. Insertion of New Article 22(b), 5. Issue of bonus shares.
29.08.2008 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	Mr.B.C.S.Iyengar and Mr.V.V.Pravindra appointed as Whole Time Directors

Dividend Payment Date : August 12, 2011

**PLANT LOCATIONS:**

Plot No.1 Dyavasandra Indl. Layout Whitefield Road Mahadevapura PO. BANGALORE 560 048, Karnataka	Plot No. 39, Phase I SPICOT Industrial Complex Mookandapalli HOSUR 635 126 Tamil Nadu	Precision Component Division, Plot No.42/43, Survey No.20, Metagalli Indl. Area, Mysore – 570 016 Karnataka
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**DISCLOSURES**

- ❖ During the year under review, besides the transactions mentioned under schedule 20, page no 39 of Annual Report, there were no other related party transactions by the Company with its promoters, directors and management that had a potential conflict with the interest of the Company at large.
- ❖ 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

Annexure I D of clause 49 of the Listing Agreement. However, the Company had moved towards a regime of unqualified financial statements since many years.

- ❖ 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.

For **VST TILLERS TRACTORS LTD**

Place: Bangalore  
Date: May 30, 2011

**V K Surendra**  
Chairman

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

1. We have audited the attached Balance sheet of M/s. V.S.T. TILLERS TRACTORS LIMITED ('the Company') as at 31st March, 2011, Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and based on such checks as we considered appropriate and according to the information and explanations given to us, we state our comments on the matters specified in paragraphs 4 and 5 of the said order in the Annexure enclosed.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956; and
  - f. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011;
    - (ii) In the case of the Profit and Loss Account, of Profit for the year ended on that date; and
    - (iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on the date.

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

Place : Bangalore  
Date : 30th May, 2011

Sd/-  
**G. Srinivas**  
(Partner)  
Membership No. 086761

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date

- i) (a) The Company has maintained proper records showing full Particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) During the year, in our opinion, the Company has not disposed off any major part of fixed assets and there by does not affects the going concern status of the Company.
- ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt within the books of accounts.
- iii) (a) The Company has neither Granted nor taken any loans, secured or unsecured, to/ from any company, firm or other parties listed in the Register maintained under section 301 of the Act. Accordingly, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (e), (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable for the year.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and sale of goods and services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, in respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
  - a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the register maintained under the said section have been so entered.
  - b) Where each of such transaction is in excess of rupees five lakhs in respect of any party, and having regard to our comments in para (v) above, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public; as such the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of Cost records has been prescribed under clause (d) of sub section (1), of section 209 of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of records with a view to determine whether they are accurate or complete.



- ix) (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 Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it. There are no arrears of outstanding statutory dues as at 31st March, 2011 for a period of more than six months from the date they became payable.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the records of the Company and 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/Cess which have not been deposited on account of dispute.
- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that Company has not defaulted in repayment of dues to the financial institutions or banks as at the balance sheet date and the Company has not issued any debentures.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause (xii) of paragraph 4 of the Order is not applicable for the year.
- xiii) In our opinion and according to the information and explanation given to us, the Company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society. Accordingly, clause (xiii) of paragraph 4 of the Order is not applicable.
- xiv) In our opinion and according to explanations given to us, the Company is not a dealer or a trader in Securities. Accordingly, clause (xiv) of paragraph 4 of the Order is not applicable.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, clause (xv) of paragraph 4 of the Order is not applicable for the year.
- xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- xvii) Based on the information and explanations given to us and an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- xix) The Company did not have any outstanding debentures during the year. Accordingly, clause (xix) of paragraph 4 of the Order is not applicable for the year.
- xx) The Company has not raised any money by public issue during the year and accordingly, clause (xx) of paragraph 4 of the Order is not applicable for the year.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of the fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Place : Bangalore  
Date : 30th May, 2011

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

## BALANCE SHEET



As at

PARTICULARS	Sch No.	31st March, 2011		31st March, 2010	
		Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds					
Share Capital	1	863,95,280		863,95,280	
Reserves and Surplus	2	155,38,63,830		118,24,05,917	
			164,02,59,110		126,88,01,197
Loan Funds					
Secured Loans	3	-		230,99,328	
Unsecured Loans	4	991,65,600		849,22,100	
			991,65,600		108,021,428
Deferred Tax Liability			277,20,430		130,77,104
<b>TOTAL</b>			<b>176,71,45,140</b>		<b>138,98,99,729</b>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	5				
Gross Block		83,92,50,081		79,41,22,524	
Accumulated Depreciation		30,50,73,191		28,36,07,311	
Net Block		53,41,76,890		51,05,15,213	
Capital Work-in-Progress		279,90,166		170,68,938	
			56,21,67,056		52,75,84,151
Investments	6		36,82,75,890		435,40,941
Current Assets, Loans and Advances					
Inventories	7	54,85,28,540		44,47,59,503	
Receivables	8	62,18,76,003		67,44,23,784	
Cash and Bank Balances	9	20,76,60,824		14,98,51,326	
Loans and Advances	10	16,92,30,205		962,00,098	
Sub-Total (A)		154,72,95,571		136,52,34,711	
Current Liabilities and Provisions,					
Current Liabilities	11	59,89,06,606		44,51,36,231	
Provisions	12	11,16,86,771		10,13,23,843	
Sub-Total (B)		71,05,93,377		54,64,60,074	
Net Current Assets (A-B)			83,67,02,194		81,87,74,637
<b>TOTAL</b>			<b>176,71,45,140</b>		<b>138,98,99,729</b>

Notes to Accounts 18

For and on behalf of the Board of Directors

**V.P. Mahendra**  
Managing Director & CEO

**V. Ramachandran**  
Director

As per our report of even date  
For **BRAHMAYYA & CO.**  
Firm Reg. No. : 000515S  
Chartered Accountants

Place : Bangalore  
Dated : 30th May, 2011

**Subash B.K.**  
Company Secretary

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

## PROFIT AND LOSS ACCOUNT



for the year ended

PARTICULARS	Sch No.	31st March, 2011		31st March, 2010	
		Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>INCOME</b>					
Sales	13	425,31,05,057		344,53,65,242	
Other Income	14	597,28,761		276,71,014	
<b>TOTAL</b>			<b>431,28,33,819</b>		<b>347,30,36,256</b>
<b>EXPENDITURE</b>					
Materials consumed	15	287,08,14,995		225,69,20,469	
Personnel & Other Expenses	16	70,17,08,479		56,64,08,449	
Finance Charges	17	71,63,979		67,37,210	
Depreciation	5	227,17,998		258,51,037	
<b>TOTAL</b>			<b>360,24,05,450</b>		<b>285,59,17,165</b>
<b>PROFIT FOR THE YEAR</b>			<b>71,04,28,369</b>		<b>61,71,19,091</b>
ADD/(LESS) : Prior Year's Adjustment			<b>7,126</b>		<b>892,262</b>
<b>PROFIT BEFORE TAX</b>			<b>71,04,35,495</b>		<b>61,80,11,353</b>
<b>PROVISION FOR INCOME TAX</b>					
Current tax		23,39,00,000		21,59,00,000	
Deferred Tax		146,43,326		(211,53,479)	
			<b>24,85,43,326</b>		<b>19,47,46,521</b>
<b>PROFIT AFTER TAX</b>			<b>46,18,92,169</b>		<b>42,32,64,832</b>
ADD: Balance brought forward			<b>24,93,13,907</b>		<b>10,16,07,419</b>
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>			<b>71,12,06,076</b>		<b>52,48,72,251</b>
<b>APPROPRIATIONS :</b>					
Dividend			<b>7,77,55,752</b>		<b>647,96,460</b>
Tax on Distributed Dividends			<b>126,13,927</b>		<b>107,61,882</b>
Transfer to General Reserve			<b>32,00,00,000</b>		<b>20,00,00,000</b>
<b>BALANCE IN PROFIT and LOSS ACCOUNT</b>			<b>30,08,36,397</b>		<b>24,93,13,909</b>
			<b>71,12,06,076</b>		<b>52,48,72,251</b>
<b>Earnings per Share :</b>					
Basic and Diluted (Refer Note II (17) of Schedule 18)			<b>53.46</b>		<b>48.99</b>
Nominal Value per share			<b>10</b>		<b>10</b>

Notes to Accounts 18

For and on behalf of the Board of Directors

**V.P. Mahendra**  
Managing Director & CEO

**V. Ramachandran**  
Director

As per our report of even date  
For **BRAHMAYYA & CO.**  
Firm Reg. No. : 000515S  
Chartered Accountants

Place : Bangalore  
Dated : 30th May, 2011

**Subash B.K.**  
Company Secretary

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

## SCHEDULES



forming part of Balance Sheet as at

	31st March, 2011		31st March, 2010	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>01. SHARE CAPITAL</b>				
Authorised 100,00,000 (Previous year: 100,00,000) Equity Shares of Rs.10/- each		<b>10,00,00,000</b>		10,00,00,000
		<u>10,00,00,000</u>		<u>10,00,00,000</u>
Issued, Subscribed & Paid-up : 86,39,528 (Previous year : 86,39,528) Equity Shares of Rs.10 each [Refer to Note II (1) of Schedule 18]		<b>863,95,280</b>		863,95,280
<b>TOTAL</b>		<b>863,95,280</b>		863,95,280
<b>02. RESERVES AND SURPLUS</b>				
Capital Reserve :				
Profit on reissue of forfeited shares	<b>8,250</b>		8,250	
Share Premium Account Per Last Balance Sheet	<b>263,96,620</b>		551,95,050	
LESS : Capitalised for issue of Bonus Shares	-		287,98,430	
	<u>263,96,620</u>	<b>264,04,870</b>	<u>263,96,620</u>	264,04,870
Revaluation Reserve :				
Per Last Balance Sheet	<b>66,87,140</b>		67,51,715	
LESS: Depreciation for the Year	<u>64,575</u>	<b>66,22,565</b>	<u>64,575</u>	66,87,140
General Reserve:				
Per last Balance Sheet	<b>90,00,00,000</b>		70,00,00,000	
ADD: Transfer from Profit and Loss Account	<u>32,00,00,000</u>		<u>20,00,00,000</u>	
		<b>122,00,00,000</b>		90,00,00,000
Surplus in Profit and Loss Account		<b>30,08,36,395</b>		24,93,13,907
<b>TOTAL</b>		<b>155,38,63,830</b>		118,24,05,917
<b>03. SECURED LOANS</b>				
I) Working Capital Loans				
A) From Commercial Banks	-		<b>230,99,328</b>	
B) From Others	-		-	
[Refer to Note II (2) of Schedule 18]				
		-		<b>230,99,328</b>
<b>TOTAL</b>		-		<b>230,99,328</b>
<b>04. UNSECURED LOANS</b>				
Deposits from Dealers		<b>991,65,600</b>		849,22,100
<b>TOTAL</b>		<b>991,65,600</b>		849,22,100



forming part of the Balance Sheet

05. FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-2010	Additions	Deletions	As at 31-03-2011	Upto 31-03-2010	For the year	Adjustments	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	28,28,78,096			28,28,78,096					28,28,78,096	28,28,78,096
BUILDINGS	866,24,252	205,97,951		10,72,22,203	266,04,196	26,03,108		292,07,304	780,14,899	600,20,056
PLANT & MACHINERY	39,68,17,937	223,10,602	479,849	41,86,48,690	24,42,21,670	175,02,048	214,906	26,15,08,812	15,71,39,878	15,25,96,267
COMPUTER SYSTEMS	107,48,770	8,08,921		115,57,691	62,04,384	12,09,714		74,14,098	41,43,593	45,44,386
OFFICE EQUIPMENTS	22,01,081			22,01,081	10,12,535	104,397		11,16,932	10,84,149	11,88,546
VEHICLES	127,48,169	32,22,786	17,59,272	142,11,683	42,64,775	12,34,076	11,01,788	43,97,063	98,14,620	84,83,394
FURNITURE & FIXTURES	21,04,219	426,418		25,30,637	12,99,751	129,231		14,28,982	11,01,655	804,468
	<b>79,41,22,524</b>	<b>473,66,678</b>	<b>22,39,121</b>	<b>83,92,50,081</b>	<b>28,36,07,311</b>	<b>227,82,574</b>	<b>13,16,694</b>	<b>30,50,73,191</b>	<b>53,41,76,890</b>	<b>51,05,15,213</b>
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES	170,68,938			279,90,166						
PREVIOUS YEAR	69,23,58,476	16,62,58,600	644,94,552	79,41,22,524	30,94,66,616	259,15,612	517,74,917	28,36,07,311	51,05,15,213	38,28,91,860
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES	35,65,074			170,68,938						

## SCHEDULES



forming part of Balance Sheet as at

06. INVESTMENTS AT COST	31st March, 2011		31st March, 2010	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>LONG TERM INVESTMENTS:</b>				
<b>Trade - Unquoted</b>				
41,50,000 (Previous Year : 41,50,000) Equity Shares of Rs.10 each of Mitsubishi - VST Diesel Engines Private Limited, a joint venture company	<b>415,00,000</b>		415,00,000	
		<b>415,00,000</b>		415,00,000
		<b>415,00,000</b>		415,00,000
<b>OTHER INVESTMENTS</b>				
<b>Non Trade - Unquoted</b>				
i) Principal Asset Management Co. P Ltd. Principal Global Opportunities Fund Nil (Previous year : 129,323.277) Units of Rs.19.33 each	-		25,00,000	
ii) UTI Mutual Fund UTI Fixed Income interval fund - Monthly Interval Plan - series - [30,50,875.9 (Previous Year : Nil) Units of Rs. 10 each]	<b>305,11,505</b>		-	
iii) Taurus Mutual Fund Taurus Fixed Maturity Plan - 91 Days [100,23,882.8 (Previous Year : Nil) Units of Rs. 10 each]	<b>10,02,38,828</b>		-	
iv) TATA Mutual Fund TATA Fixed Income Portfolio Fund Scheme A2 Institutional [2,50,000 (Previous Year : Nil) Units of Rs. 100 each]	<b>250,00,000</b>		-	
v) IDFC Mutual Fund IDFC Fixed Maturity Plan-MS 29 -Dividend-30 Days [25,07,634.6 (Previous Year : Nil) Units of Rs. 10 each]	<b>250,76,346</b>		-	
vi) Religare Asset Management Company Private Limited Religare Fixed Maturity Plan - Series V - Plan C (3 Months) - Dividend [2,50,000 (Previous Year : Nil) Units of Rs. 100 each]	<b>250,00,000</b>		-	
vii) Reliance Mutual Fund Reliance Monthly Interval Plan - 30 Days [20,12,065.317 (Previous Year : Nil) Units of Rs. 10 each]	<b>201,33,731</b>		-	
viii) Birla Sunlife Mutual Fund Birla Sunlife Short Term Opportunities Fund - 30 Days [50,16,204.475 (Previous Year : Nil) Units of Rs. 10 each]	<b>501,83,060</b>		-	
ix) ICICI Prudential Mutual Fund ICICI Prudential Interval Fund - Monthly Interval Plan - I Institutional Dividend [5,06,207.769 (Previous Year : Nil) Units of Rs. 10 each]	<b>506,32,420</b>		-	
		<b>32,67,75,890</b>		25,00,000
		<b>36,82,75,890</b>		440,00,000
Less : Provision for diminution in investments				459,059
<b>TOTAL</b>		<b>36,82,75,890</b>		435,40,941

## SCHEDULES



forming part of Balance Sheet as at

	31st March, 2011		31st March, 2010	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>07. INVENTORIES</b>				
i. Rawmaterial and Components	23,85,93,451		14,18,75,760	
Add : Goods-in-Transit	<u>145,47,886</u>		-	
		25,31,41,337		14,18,75,760
ii. Work-in-Progress		966,70,622		451,75,444
iii. Finished Goods		569,29,760		14,37,91,024
iv. Stock of Spares and Attachments		842,02,245		739,12,602
v. Stock of Trading goods		293,42,803		129,10,103
vi. Loose Tools		221,81,808		174,46,615
vii. Machinery Spares and Others		60,59,965		96,47,955
<b>TOTAL</b>		<b>54,85,28,540</b>		<b>44,47,59,503</b>
<b>08. RECEIVABLES</b>				
Unsecured Considered Good :- Debts outstanding for a period exceeding six months	178,96,209		362,43,827	
Other Debts	<u>60,39,79,794</u>	62,18,76,003	<u>63,81,79,957</u>	67,44,23,784
<b>TOTAL</b>		<b>62,18,76,003</b>		<b>67,44,23,784</b>
<b>09. CASH AND BANK BALANCES</b>				
Cash on hand		1,64,275		175,587
Balances with Scheduled Banks				
On Current Accounts	13,72,42,549		14,94,36,939	
On Margin and Other Accounts	701,04,000		138,800	
Balances on Deposit Account with others	<u>1,50,000</u>		<u>100,000</u>	
		20,74,96,549		14,96,75,739
<b>TOTAL</b>		<b>20,76,60,824</b>		<b>14,98,51,326</b>
<b>10. LOANS AND ADVANCES</b>				
(Unsecured Considered Good)				
Advances recoverable in Cash or in Kind or for value to be received :-				
Advances against Supplies	111,97,048		94,48,974	
Sundry Advances and Deposits	180,51,653		144,99,430	
Income Accrued but not due	<u>21,08,838</u>		<u>509,727</u>	
		313,57,539		244,58,131
Deposits with Government Departments		13,05,86,644		717,41,967
Advance Income tax and TDS Less Provisions		72,86,021		-
<b>TOTAL</b>		<b>16,92,30,205</b>		<b>962,00,098</b>

## SCHEDULES



forming part of Balance Sheet as at

	31st March, 2011		31st March, 2010	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>11. CURRENT LIABILITIES</b>				
Trade Creditors				
Dues to Micro, Small and Medium Enterprises {Refer to Note II (6) of Schedule 18}	726,92,773		-	
Dues to others	29,55,56,900		26,60,77,631	
		36,82,49,673		26,60,77,631
Accrued Expenses and Other Creditors		18,04,51,059		16,23,70,924
Advances from Customers and Dealers		479,29,683		148,70,935
Unclaimed Dividend		22,76,192		18,16,741
<b>TOTAL</b>		<b>59,89,06,606</b>		<b>44,51,36,231</b>
<b>12. PROVISIONS</b>				
Proposed Dividend		777,55,752		647,96,460
Tax on dividend		126,13,927		107,61,882
Provision for taxation		-		99,71,267
Provision for Warranties		54,32,587		46,12,417
Provision for Gratuity		50,02,387		26,83,489
Provision for compensated absence		108,82,118		84,98,328
<b>TOTAL</b>		<b>11,16,86,771</b>		<b>10,13,23,843</b>

forming part of Profit & Loss Account for the year ended

	31st March, 2011		31st March, 2010	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>13. SALES</b>				
Domestic Sales Less Returns	413,28,85,279		331,05,69,570	
Less: Excise Duty Recovered	69,27,423		33,27,033	
		412,59,57,856		330,72,42,537
Export Sales		12,71,47,201		13,81,22,705
<b>TOTAL</b>		<b>425,31,05,057</b>		<b>344,53,65,242</b>
<b>14. OTHER INCOME</b>				
Miscellaneous Receipts		27,62,562		48,28,745
Profit on Foreign Exchange Fluctuation		20,29,927		16,19,524
Export Incentives		59,62,924		36,45,944
Profit on sale of Investments		-		112,822
Insurance claims		14,23,887		19,04,697
Interest [Tax Deducted at source Rs.8,52,328 (Previous Year : Rs.7,84,214)]		59,25,180		42,67,848
Dividend from Non-Trade Investments		107,57,576		82,824
Rent Received [Tax Deducted at source Rs.1,95,888 (Previous Year : Rs.4,26,332)]		27,20,657		26,31,388
Sale of Scrap		133,96,496		85,77,222
Sundry credit balances written back		147,49,553		-
<b>TOTAL</b>		<b>597,28,761</b>		<b>276,71,014</b>

## SCHEDULES



forming part of Profit & Loss Account for the year ended

	31st March, 2011		31st March, 2010	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>15. MATERIAL CONSUMED AND COST OF GOODS SOLD</b>				
Opening Stock		14,18,75,760		20,36,79,157
ADD: Purchases during the period		295,88,88,943		218,45,82,984
LESS: Closing Stock		23,85,93,451		14,18,75,760
Material Consumed		286,21,71,252		224,63,86,381
LESS: INCREASE / (DECREASE) IN STOCK				
Opening Stock				
Work in Progress	451,75,444		204,00,286	
Finished Goods and Stock in Trade	23,06,13,729		26,59,22,975	
		27,57,89,173		28,63,23,261
Less: Closing Stock				
Work in Progress	966,70,622		451,75,444	
Finished Goods and Stock in Trade	17,04,74,080		23,06,13,729	
		26,71,45,430		27,57,89,173
Increase / (Decrease) in Stock		(86,43,743)		(105,34,088)
<b>TOTAL</b>		<b>287,08,14,995</b>		<b>225,69,20,469</b>
<b>16. PERSONNEL AND OTHER EXPENSES</b>				
Personnel				
Salaries, Wages and Bonus	22,56,31,574		18,80,70,375	
Welfare Expenses	58,75,060		52,10,923	
Contribution to Funds	161,22,745		124,15,526	
Leave Salary	29,47,551		13,00,395	
		25,05,76,931		20,69,97,219
Factory & Manufacturing Expenses				
Power and Fuel	244,29,988		204,84,442	
Stores & Tools Consumed	365,85,466		359,60,819	
		610,15,454		564,45,261
General & Administrative Expenses				
Consultancy and Legal Charges	68,17,922		63,08,851	
Fees, Rates and Taxes	115,39,103		88,35,235	
Insurance	26,72,793		21,79,262	
Miscellaneous Expenses	87,26,980		205,55,043	
Rent	22,29,444		32,84,155	
Repairs to Buildings	37,95,405		20,24,272	
Repairs to Machinery	110,79,074		69,34,003	
Repairs & Maintenance	86,37,915		59,46,402	
Research and Development	40,08,954		33,67,133	
Bank Charges	25,54,687		30,07,299	
Travelling and Conveyance	135,78,774		128,72,570	
		756,41,050		753,14,224

## SCHEDULES



forming part of Profit & Loss Account for the year ended

	31st March, 2011		31st March, 2010	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
<b>16. PERSONNEL AND OTHER EXPENSES (Contd.)</b>				
Sales and Marketing Expenses				
Advertisement & Publicity	35,97,445		48,04,814	
Freight and Forwarding	10,57,89,639		824,51,926	
Selling Expenses	15,49,69,275		10,64,20,051	
Service and Warranty Expenses	467,59,210		177,51,774	
		31,11,15,569		21,14,28,565
Assets Discarded / Written Off	-		111,45,529	
Loss on sale of Assets	435,675		10,94,815	
Provision for diminution in Investments	-		459,059	
Employee separation expenses written off	29,23,801		35,23,776	
		33,59,476		162,23,180
<b>TOTAL</b>		<b>70,17,08,480</b>		<b>56,64,08,449</b>
<b>17. FINANCE CHARGES</b>				
Interest on Other Loans		71,63,979		67,37,210
<b>TOTAL</b>		<b>71,63,979</b>		<b>67,37,210</b>

For and on behalf of the Board of Directors

**V.P. Mahendra**  
Managing Director & CEO

**V. Ramachandran**  
Director

Place : Bangalore  
Dated : 30th May, 2011

**Subash B.K.**  
Company Secretary

As per our report of even date  
For **BRAHMAYYA & CO.**  
Firm Reg. No. : 000515S  
Chartered Accountants

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



## SCHEDULE 18

### Statement on Significant Accounting Policies and Notes to Accounts

#### **BACK GROUND**

**V.S.T. Tillers Tractors Limited (VTTL)** was incorporated on December 18, 1967 in Bangalore, India. It was promoted by the V.S.T 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.

#### **I) Significant Accounting Policies**

##### 1. Accounting assumption

The financial Statements are prepared under historical cost convention in accordance with the generally Accepted Accounting Principles in India, the Accounting Standards notified under section 211 (3C) of The Companies Act, 1956 of India (the 'Act') and other relevant provisions of the Act.

##### 2. Fixed Assets

- i. Fixed Assets are stated at cost 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 to be put to use.

- ii. Land, Building, Plant and Machineries have been revalued as at 31st December, 1985. Other Fixed Assets in the Gross Block are stated at original cost. Additions to Fixed Assets are stated at cost of acquisition.
- iii. Assets under installation or under construction as at the balance sheet date are shown as capital work in progress.

##### 3. Depreciation:

Depreciation is provided on straight line method at the rates based on the estimated useful lives of the assets or those prescribed under Schedule XIV of the Companies Act 1956, whichever is higher. Individual assets costing less than Rs.5,000 are fully depreciated in the year of purchase.

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

##### 4. 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.

##### 5. 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 Profit and Loss Account. 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.

**6. 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.

**7. 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.

Unsold Scrap at the end of the year is taken at estimated realisable value.

**8. Foreign exchange transaction**

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.

Monetary assets and monetary liabilities other than long term are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognised in the financial statements.

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.

**9. Revenue / Expenditure recognition**

- i. Sales of products are recognised on despatch to customers and are exclusive of excise duty, trade discounts, sales tax and other taxes. Income accruing in the accounting year and ascertainable/realisable with reasonable certainty on the date of financial statements is taken into account.
- ii. Expenses accruing in the accounting year and ascertainable with reasonable accuracy on the date of financial statement are provided in the accounts.
- iii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.



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

**10. 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 profit and loss account on accrual basis.

**ii) Defined Benefit Plan**

Gratuity for employees is generally covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Profit and Loss Account. 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 Profit and Loss Account 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 profit and loss account 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.

**11. 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.

**12. 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.

**13. 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 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.

**14. 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 Profit and Loss Account on accrual basis as per terms of the lease.

**15. 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.

**16. Earnings / (Loss) per share**

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

**II. Notes to accounts:**

**1. Share capital**

- i) Issued, Subscribed and Paid-up Capital includes 1,50,000 (Previous year: 1,50,000) equity shares of Rs.10 each, which were allotted as fully paid pursuant to a contract for consideration other than cash.
- ii) issued, Subscribed and Paid-up Capital includes 28,79,843 (Previous year: 28,79,843) equity shares of Rs.10 each, which were allotted as fully paid up by way of bonus shares by capitalisation of share premium.

**2. Secured Loans**

Working Capital loans sanctioned by Commercial Banks are secured by way of first charge on hypothecation of inventories, bills receivable and other current assets and a second charge on all fixed assets of the company, ranking pari passu basis with other members of the consortium.

**3. Receivables**

Sundry debtors includes amount due from firms in which Directors of the company are partner of Rs.56,57,207 (previous year Rs. 39,15,592) (Maximum balance outstanding at any time during the year Rs.90,71,338/- (P.Y. Rs.83,00,967/-).

**4. Central Government approval under section 297 of the Companies Act, 1956**

The Company has applied to Central Government on 3rd July 2009, 2nd April 2010 and 2nd November 2010 for approval under section 297 of the Companies Act, 1956 for the execution of contracts in which Directors are interested, pending approval from Central Government the company has executed the contracts with such parties. The Company is confident of getting the approval from the concerned authorities from the date of filing of application.

## NOTES FORMING PART OF ACCOUNTS



### 5. Cash and Bank balance

Bank balance with others on deposit account includes deposit with West Bengal State Rural Cooperative Bank Limited of Rs. 1,50,000 (previous year Rs. 1,00,000). Maximum amount outstanding at any time during the year was Rs. 1,50,000 (previous year Rs. 1,00,000). None of the Directors are interested in the Bank and none of the Directors are relatives of the Directors of the Bank.

### 6. Micro, Small and Medium Enterprises Development Act, 2006(MSMED Act)

The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

SL No	Particulars	Current Year	Previous Year
1.	Principal amount due and remaining unpaid	-	-
2.	Interest due on (1) above and the unpaid interest	-	-
3.	Interest paid on all delayed payments under the MSMED Act.	-	-
4.	Payment made beyond the appointed day during the year	-	-
5.	Interest due and payable for the period of delay other than (3) above	-	-
6.	Interest accrued and remaining unpaid	-	-
7.	Amount of further interest remaining due and payable in succeeding years	-	-

### 7. Depreciation on Research and Development assets and Revalued assets

- i. Depreciation on Research and Development assets amounting to Rs.7,37,178 (Previous year Rs.8,68,754) has been charged off during the current year. Capital expenditure on Research and Development Rs.Nil (Previous year Rs.Nil) is shown as addition to fixed assets.
- ii. Depreciation on the revalued assets amounting to Rs.64,575 (Previous year Rs. 64,575) has been deducted from the Revaluation Reserve.

### 8. Contingent Liabilities not provided for

- i. Cases filed by the customers in various consumer courts not acknowledged as debt Rs.42,37,000 (Previous year Rs. 41,85,000)

### II. Bank Guarantee Outstanding with Canara Bank Rs.62,22,000/- as at March 31, 2011 (Previous year 1,07,74,500/-)

### III. Foreign Letter of Credit (FLC) Outstanding with Canara Bank Rs. 2,08,74,488/- as at March 31, 2011 (Previous year Nil)

### IV. Input Cenvat claim not admitted by the department of Customs, Central Excise and Service Tax is Rs.1 1,56,440. Company has appealed to the Commissioner (Appeals) of Customs, Central Excise and Service Tax.

### 9. Capital Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs.169,16,720 (previous year Rs. 112,34,822).

## NOTES FORMING PART OF ACCOUNTS



### 10. INFORMATION ON CAPACITY AND PRODUCTION (Figures in Numbers)

PARTICULARS	Installed Capacity			
	2010-11	2009-10		
Power Tillers & Tractors	30,000	26,000		
Diesel Engines	33,000	29,000		
Precision Components	216,000	236,000		
PARTICULARS	Production		Captive Use	
	2010-11	2009-10	2010-11	2009-10
Power Tillers	22,706	18,617	-	1
Tractors	4,602	3,752	-	3
Diesel Engines	27,637	22,663	27,308	22,369
Precision Components	208,140	119,582	134,161	79,420

Production includes units captively consumed as mentioned above.

### 11. PARTICULARS OF OPENING AND CLOSING STOCK DETAILS OF MANUFACTURED GOODS

#### a) OPENING STOCK

CLASS OF GOODS	As at 1st April, 2010		As at 1st April, 2009	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Power Tillers	1,402	11,06,82,315	1,854	15,78,67,987
Tractors	158	291,98,502	167	313,89,448
Diesel Engines	82	36,02,780	57	26,74,083
Precision Components	432	3,07,427	3,521	20,14,528
		<u>14,37,91,024</u>		<u>19,39,46,046</u>

#### b) CLOSING STOCK

CLASS OF GOODS	As at 1st April, 2011		As at 1st April, 2010	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Power Tillers	659	499,21,649	1,402	11,06,82,315
Tractors	25	40,34,939	158	291,98,502
Diesel Engines	74	27,50,965	82	36,02,780
Precision Components	315	2,34,297	432	307,427
		<u>559,41,850</u>		<u>14,37,91,024</u>



**12. PARTICULARS OF MANUFACTURED AND TRADED GOODS TURNOVER**

CLASS OF GOODS	2010-11		2009-10	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Power Tillers	23,449	266,93,78,705	19,068	212,00,44,749
Tractors	4,735	104,79,98,748	3,758	81,10,37,556
Diesel Engines	337	136,69,510	269	97,14,498
Rice Transplanters	377	537,10,318	858	12,65,74,991
Precision Components	74,096	908,79,455	43,418	636,47,214
Others		37,74,68,321		31,43,46,234
		<u>425,31,05,057</u>		<u>344,53,65,242</u>

**13. PARTICULARS OF OPENING AND CLOSING STOCK DETAILS OF TRADED GOODS**

**a) OPENING STOCK**

CLASS OF GOODS	As at 1st April, 2010		As at 1st April, 2009	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Combine Harvestors	3	18,64,110	3	18,64,110
Rice Transplanters	149	98,81,130	155	118,75,284
Others		11,64,864		20,05,493
		<u>129,10,104</u>		<u>157,44,887</u>

**b) CLOSING STOCK**

CLASS OF GOODS	As at 1st March, 2011		As at 1st March, 2010	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Combine Harvestors	-	-	3	18,64,110
Rice Transplanters	366	282,47,881	149	98,81,130
Others		10,94,922		11,64,864
		<u>293,42,803</u>		<u>129,10,104</u>

**14. PARTICULARS OF RAWMATERIALS, COMPONENTS AND TRADED GOODS CONSUMED**

(Amount in Rupees)

CLASS OF GOODS	2010-11	2009-10
Manufactured Goods	279,57,57,244	215,77,42,872
Traded Goods	6,64,14,008	886,43,509
	<u>286,21,71,252</u>	<u>224,63,86,381</u>

## NOTES FORMING PART OF ACCOUNTS



### 15. VALUE OF IMPORTS ON CIF BASIS

	2010-11 Amount - Rs.	2009-10 Amount - Rs.
1 Components & Spares	11,98,49,206	950,75,184
2 Capital Equipments	153,78,957	-
	<u>13,52,28,168</u>	<u>950,75,184</u>

### 16. EXPENDITURE IN FOREIGN CURRENCY

	2010-11 Amount - Rs.	2009-10 Amount - Rs.
Travelling Expenditure	476,724	905,684
Others	25,40,008	32,14,167
	<u>30,16,732</u>	<u>41,19,851</u>

### 17. EARNINGS IN FOREIGN CURRENCY

	2010-11 Amount - Rs.	2009-10 Amount - Rs.
Export of Goods on FOB Basis	12,28,90,187	994,38,081
Others (Freight, Insurance etc.)	26,87,698	27,25,816
	<u>12,55,77,885</u>	<u>10,21,63,897</u>

### 18. REMITTANCE IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF DIVIDEND

	2010-11 Amount - Rs.	2009-10 Amount - Rs.
1 Amount Remitted (Net of Tax)	Rs.24,32,103	Rs.16,34,738
2 No. of Non Resident Shareholders	2	2
3 No. of Shares on Which Dividend was due	308,947	217,965
4 Year to which dividend was related	March 31, 2010	March 31, 2009

### 19. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS AND TRADED GOODS

CONSUMED	2010-11		2009-10	
	Amount - Rs.	Percentage	Amount - Rs.	Percentage
1 Imported	920,13,816	3.22%	10,03,84,883	4.47%
2 Indigenous	277,01,39,436	96.78%	214,60,01,498	95.53%
	<u>286,21,71,252</u>		<u>224,63,86,381</u>	

## NOTES FORMING PART OF ACCOUNTS



### 20. MANAGERIAL REMUNERATION :

#### a) Remuneration to Managing Director / Wholetime Directors: (Amount in Rupees)

	2010-11	2009-10
Annual Salary	26,04,107	24,84,107
Other Allowances	16,20,853	14,08,252
Company's Contribution to P.F. etc.	312,493	298,093
Commission	32,67,411	31,17,411
	<b>78,04,864</b>	<b>73,07,863</b>

#### b) Computation of Net Profits in accordance with Section 198 and Section 349 of The Companies Act, 1956 and the commission payable to the directors.

	2010-11	2009-10
<b>MANAGING DIRECTOR</b>		
Profit before tax as per Profit & Loss Account	71,04,35,494	61,80,11,353
<b>Add:</b>		
Loss on sale of Assets	435,675	10,94,815
Directors Remuneration	78,04,864	73,07,863
Directors Sitting fees	480,000	360,000
	<b>87,20,538</b>	<b>87,62,678</b>
	<b>71,91,56,032</b>	<b>62,67,74,031</b>
<b>Less:</b>		
Profit on sale of Investments	-	112,822
Excess Credit balances/Provision written back	147,49,553	-
	<b>70,44,06,479</b>	<b>62,66,61,209</b>
1. Commission payable to Managing Director @ 1% of the Net profit subject to an amount equal to one and half times of annual salary drawn whichever is Lower	70,44,065 19,89,911	62,66,612 18,99,911
2. Commission payable to Deputy Managing Director @ 1% of the Net profit subject to an amount equal to annual salary drawn whichever is lower	70,44,065 602,500	62,66,612 572,500
3. Commission payable to Executive Director @ 1% of the Net profit subject to an amount equal to annual salary drawn whichever is Lower	70,44,065 675,000	62,66,612 645,000

#### 21. PAYMENT TO AUDITORS (Amount in Rupees)

	2010-11	2009-10
1 Statutory Auditor's Remuneration		
Audit Fees	400,000	400,000
Tax Audit Fee	50,000	-
Reimbursement of Expenses	17,520	49,440
	<b>4,67,520</b>	<b>449,440</b>
2 Cost Auditor's Remuneration		
Audit Fees	75,000	75,000
Certification	-	-
Reimbursement of Expenses	20,697	21,237
	<b>95,697</b>	<b>96,237</b>

## NOTES FORMING PART OF ACCOUNTS



### 22. DEFERRED TAXATION

(Amount in Rupees)

	2010-11	2009-10
Breakup of Deferred tax assets and Deferred tax liabilities arising on account of timing differences		
<b>a) Deferred Tax Assets</b>		
Provision for Gratuity / Leave encashment dis-allowed u/s 43B	35,31,385	28,88,582
Unabsorbed Depreciation	35,31,385	28,88,582
<b>b) Deferred Tax Liabilities</b>		
Depreciation	312,51,815	159,65,686
	312,51,815	159,65,686
<b>c) Net deferred tax liability (b-a)</b>	<b>277,20,430</b>	<b>130,77,104</b>

### 23. EARNINGS PER SHARE

(Amount in Rupees)

	2010-11	2009-10
Net Profit After Tax	46,18,92,169	42,32,64,832
No. of Equity shares outstanding	86,39,528	86,39,528
Basic Earning Per Share	53.46	48.99
Diluted Earning Per Share	53.46	48.99

### 24. Details of Investments (current-other than trade-unquoted) purchased and sold during the year

Description	Cost of Acquisition		Sales	
	Units	Amount in Rupees	Units	Amount in Rupees
Principal Assets Management Co. Pvt Ltd. - Principal Global Opportunities Fund	(129,323)	(25,00,000)	1,29,323	21,70,717
Reliance Regular Savings Fund Equity	(111,470)	(25,00,000)	(111,470)	(25,99,370)
HSBC Growth Fund-Equity	(25,473)	(25,00,000)	(25,473)	(24,97,686)
Templeton India Growth Fund-Equity	(10,559)	(10,00,000)	(10,559)	(10,15,766)

#### Notes :

- Purchase and Sales exclude those held at year end.
- The sale realisation excludes dividend, if any, received from Mutual Funds.
- Previous year figures are mentioned in brackets

### 25. RELATED PARTY TRANSACTIONS

#### a) Names of related parties and description of relationship :

Description of relationship	Names of Related Parties
<b>i) Associates :</b>	VST Auto Ancillaries Pvt. Limited Vinay Industries India Garage Service Station India Garage Petrol Pump MHI-VST Diesel Engines Private Limited Anand & Associates Rama Infotech
<b>ii) Joint Ventures</b>	MHI-VST Diesel Engines Pvt. Limited
<b>iii) Key Management Personnel :</b>	Mr. V.P. Mahendra Mr. V.V. Pravindra Mr. B.C.S. Iyengar
Managing Director	
Whole Time Directors	



**b) Transactions with Related parties :**

(Amount in Rupees)

	2010-11			2009-10		
	Associates / Joint Ventures	Key Management Personnel	Total	Associates / Joint Ventures	Key Management Personnel	Total
Machining of Components	47,113	-	47,113	154,34,873	-	154,34,873
Sales of Products and Spares	409,10,134	-	409,10,134	475,72,649	-	475,72,649
Supply of machined components and provide facilities for inspection of components	21,55,534	-	21,55,534	58,121	-	58,121
Purchase of fuel for company vehicles and computer software & maintenance services	20,08,940	-	20,08,940	15,93,952	-	15,93,952
Architectural Profession Services	576,181	-	576,181	12,99,887	-	12,99,887
Rental Income from Leasing of Immovable Property	19,85,400	-	19,85,400	19,85,400	-	19,85,400
Remuneration paid	-	78,04,864	78,04,864		73,07,863	73,07,863

**c) Details of transactions with related parties during the period**

Name of Related Party	2010-11	2009-10
<b>Availing of services of machining of components</b>		
VST Auto Ancillaries Pvt. Limited	Nil	153,82,600
Vinay Industries	42,817	52,273
<b>Sale of power tillers, tractors, diesel engines, attachments and spare parts etc.</b>		
India Garage Service Station	409,10,134	475,72,649
<b>Purchase of fuel for company vehicles</b>		
India Garage Petrol Pump	290,223	228,461
<b>Supply of machined components</b>		
MHI-VST Diesel Engines	21,55,534	58,121
<b>Component (PCD)</b>		
MHI-VST Diesel Engines	4,296	0
<b>Renting of Immovable property</b>		
MHI-VST Diesel Engines	19,85,400	19,85,400
<b>Architectural Profession Services</b>		
Anand & Associates	576,181	12,99,887
<b>Availing computer software and maintenance services</b>		
Rama Infotech	17,18,717	13,65,491
<b>Managerial Remuneration :</b>		
Mr. V.P. Mahendra	35,91,142	37,90,763
Mr. V.V. Pravindra	19,75,799	16,81,700
Nr, B.C.S. Iyengar	22,37,923	18,35,700
	<b>554,88,166</b>	<b>752,52,745</b>

## NOTES FORMING PART OF ACCOUNTS



### d) Outstanding Balances As on :

Name of Related Party	As at 31st March, 2011	As at 31st March, 2010
<b>Receivable / (Payable)</b>		
VST Auto Ancillaries Pvt. Limited	Nil	(13,40,201)
Vinay Industries	(4,540)	(22,644)
India Garage Service Station	56,57,207	39,15,592
India Garage Petrol Pump	(25,369)	(21,611)
MHI-VST Diesel Engines Pvt. Limited	(234,318)	(284,012)
Anand & Associates	Nil	(408,942)
Rama Infotech	Nil	(3,984)

### 26. PROVISIONS

	Opening Balance	Paid/Reversed during the year	Provision during the year	Closing Balance
1 Provision for Gratuity	26,83,489	(35,33,020)	58,51,918	50,02,387
2 Provision for compensated absence	84,98,328	(5,63,761)	29,47,551	108,82,118
3 Warranty	46,12,417	(46,12,417)	54,32,587	54,32,587
<b>Total</b>	<b>157,94,234</b>	<b>(87,09,198)</b>	<b>142,32,056</b>	<b>213,17,092</b>

### 27. EMPLOYEE BENEFITS

As per Accounting Standard on 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below :

#### a) Defined Contribution Plan: (Amount in Rupees)

Contribution to Provident and other funds shown under Personnel and Other expenses are as under :

	2010-11	2009-10
Employer's Contribution to Provident Fund	75,63,305	73,37,765

#### b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India for Bangalore unit Employees) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

The following table summarises the components of net benefit expense recognised in the Profit and Loss account and the funded status and amounts recognised in the Balance Sheet for gratuity benefit.

#### i) Net employee benefit expense (Amount in Rupees)

Particulars	2010-11	2009-10
Current service cost	64,60,974	40,62,753
Interest cost on benefit obligation	35,25,184	31,64,547
Expected return on plan assets	(34,45,586)	(32,39,617)
Net actuarial(gain)/loss recognised	(844,660)	(737,700)
<b>Net benefit expense</b>	<b>56,95,912</b>	<b>32,49,983</b>

## NOTES FORMING PART OF ACCOUNTS



### ii) Balance Sheet (Amount in Rupees)

Particulars	2010-11	2009-10
Defined benefit obligation	506,69,519	454,07,891
Fair value of plan assets	456,67,132	443,74,493
Less Unrecognised past service cost	-	-
Plan asset/(Liability)	(50,02,387)	(10,33,398)

### iii) Changes in the present value of the defined benefit obligation: (Amount in Rupees)

Particulars	2010-11	2009-10
Opening defined benefit obligation	470,57,982	405,75,241
Current service cost	64,60,974	40,62,753
Interest cost	35,25,184	31,64,547
Actuarial (gains)/ losses on obligation	(388,270)	(357,841)
Benefits paid	-	-
Adjustment on transfer	(59,86,351)	(20,36,809)
Closing defined benefit obligation	506,69,519	454,07,891

### iv) Changes in the fair value of plan assets are as follows: (Amount in Rupees)

Particulars	2010-11	2009-10
Opening fair value of plan assets	443,74,493	402,35,418
Expected return	34,45,586	32,39,617
Actuarial gains/ (losses)	4,56,390	379,859
Contributions by employer	33,77,014	25,56,408
Benefits paid	(59,86,351)	(20,36,809)
Closing fair value of plan assets	456,67,132	443,74,493
Actual return on plan assets	39,01,976	36,19,476

### v) The major category of plan assets as a percentage of the fair value of total plan assets are as follows:

	2010-11	2009-10
Investments with insurer managed funds	100%	100%

### The principal assumptions used in determining gratuity obligations:

	2010-11	2009-10
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00%
Expected rate of salary increase	5.00%	5.00%
Employee turnover	1.00%	1.00%

#### Notes:

- The estimates of future salary increases considered in actuarial valuation take into consideration for inflation, seniority, promotion and other relevant factors.
- 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.
- Gratuity liability in case of employees of Precision Components Division, Mysore are unfunded and the gratuity liability for the year was Rs.1,57,073 and the cumulative liability as on 31st March 2011 was Rs.18,07,164.

## NOTES FORMING PART OF ACCOUNTS



Amounts for the current and prior periods are as follows

(Amount in Rupees)

	2010-11	2009-10
Defined benefit obligation	506,69,519	454,07,891
Plan assets	456,67,132	443,74,493
Surplus/(deficit)	(50,02,387)	(10,33,398)
Experience adjustments on plan liabilities	(388,270)	(357,841)
Experience adjustments on plan assets	456,390	379,859

- c) Leave encashment liability provided based on actuarial valuation amounts to Rs. 10,884,218 ( Previous year Rs.8,498,328 ) as at 31st March 2011.

### 28. DETAILS OF JOINT VENTURE

1. Name of Joint Venture MHI-VST Diesel Engines Private Limited
2. Description of Interest Jointly Controlled Entity
3. Financial Interest in Jointly Controlled Entity (\*)

Amount in Rs.

- |                          |              |
|--------------------------|--------------|
| a Assets                 | 46,90,00,000 |
| b Liabilities            | 46,90,00,000 |
| c Income                 | 21,38,25,936 |
| d Expenditure            | 31,68,21,829 |
| e Capital Commitments    | -            |
| f Contingent Liabilities | -            |

(\*) The above are as per the unaudited information furnished by the Joint Venture Company as on 31st March, 2011.

29. Figures for the previous year have been re-grouped wherever necessary for comparison purposes.

For and on behalf of the Board of Directors

**V.P. Mahendra**  
Managing Director & CEO

**V. Ramachandran**  
Director

Place : Bangalore  
Dated : 30th May, 2011

**Subash B.K.**  
Company Secretary

As per our report of even date  
For **BRAHMAYYA & CO.**  
Firm Reg. No. : 000515S  
Chartered Accountants

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



**I. REGISTRATION DETAILS**

Registration No	1706	State Code	08
Balance Sheet Date	31/03/2011		

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)**

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	-	Private Placement	Nil

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)**

Total Liabilities	17,67,145	Total Assets	17,67,145
<b>Sources of Funds</b>			
Paidup Capital	86,395	Reserves and Surplus	15,53,864
Secured Loans	-	Unsecured Loans	99,166
Deferred Tax Liability	27,720		
<b>Application of Funds</b>			
Net Fixed Assets	562,167	Investments	3,68,276
Net Current Assets	836,702	Miscellaneous Expenditure	-

**IV. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)**

Turnover	43,12,834	Total Expenditure	36,02,398
Profit Before Tax	710,435	Profit After Tax	461,892
Earning per Share (Rs.)	53.46	Dividend	90%

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY**

(as per monetary terms)

Item Code No (ITC Code)	84328090	Item Code No (ITC Code)	84099990
Product Description	POWER TILLER	Product Description	DIESEL ENGINE-COMPONENTS
Item Code No (ITC Code)	87019010		
Product Description	TRACTOR		

**V.P. Mahendra**  
Managing Director & CEO

**V. Ramachandran**  
Director

As per our report of even date  
For **BRAHMAYYA & CO.**  
Firm Reg. No. : 0005155  
Chartered Accountants

Place : Bangalore  
Dated : 30th May, 2011

**Subash B.K.**  
Company Secretary

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

## CASHFLOW STATEMENT



for the year ended

	31-03-2011	31-03-2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax	71,04,35,495	61,80,11,353
Adjustments for Extraordinary items :		
Employee seperation expenses written off	-	35,23,776
Assets Discarded / Scrapped	-	111,45,529
Bad debts / Sundry balances written off	-	-
Loss on sale of Investments / Assets	435,675	10,94,815
Provision for diminution of investments	(459,059)	459,059
Sundry credit balances written back	(147,49,553)	-
Profit on sale of Investments / Assets	-	-
	(147,72,937)	(112,822)
Net Profit/(Loss) Before Tax and Extraordinary items	69,56,62,557	63,41,21,710
Depreciation	227,17,998	258,51,037
Investments / Interest / Dividend Income	(166,82,756)	(43,50,672)
Interest	71,63,979	67,37,210
	131,99,221	282,37,575
Operating Profit Before Working Capital Changes	70,88,61,778	66,23,59,285
Adjustments for :		
Trade and Other Receivables	(131,96,305)	(32,33,61,488)
Inventories	(10,37,69,037)	666,78,806
Trade and Other Payables	17,35,83,336	(416,98,074)
	566,17,994	(29,83,80,756)
Cash Generated from Operations	76,54,79,772	36,39,78,529
Direct Taxes Paid	(25,11,57,228)	(21,23,93,144)
Cash Flow Before Extraordinary Items	51,43,22,484	15,15,85,385
Net Cash from Operating Activities (A)	51,43,22,484	15,15,85,385
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>B. Purchase of Fixed Assets</b>	(582,87,906)	(17,97,62,464)
Sale of Fixed Assets	486,752	479,293
Purchase of Investments	(32,42,75,890)	-
Sale of Investments	-	61,12,822
Interest Received	166,82,756	44,08,269
Net Cash used in Investing Activities (B)	(36,53,94,288)	(16,87,62,080)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>C. Proceeds from Issue of Share Capital</b>	-	-
Proceeds from Short and Long Term Borrowings	(88,55,828)	366,44,474
Interest Paid	(71,63,979)	(67,37,210)
Dividend Paid during the year	(643,37,009)	(502,67,148)
Dividend Tax Paid during the year	(107,61,882)	-
Net Cash from/(used in) Financing Activities (C)	(911,18,698)	(203,59,884)
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	578,09,498	(375,36,579)
Cash and Cash Equivalents at the beginning of the year	14,98,51,326	18,73,87,909
Cash and Cash Equivalents at the end of the year	20,76,60,824	14,98,51,326

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board of Directors

As per our report of even date

For **BRAHMAYYA & CO.**

Firm Reg. No. : 000515S

Chartered Accountants

**V.P. Mahendra**  
Managing Director & CEO

**V. Ramachandran**  
Director

Place : Bangalore  
Dated : 30th May, 2011

**Subash B.K.**  
Company Secretary

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



# V.S.T. TILLERS TRACTORS LIMITED

Regd. Office : Plot No.1, Dyavasandra Industrial Layout  
P.B. No.4801, Whitefield Road, Mahadevapura Post,  
Bangalore - 560 048

Name of Proxy
---------------

## Attendance Slip

43rd

### Annual General Meeting

Thursday, the 11th August, 2011

at Woodlands Hotel Pvt. Ltd.  
No.5, Rajaram Mohan Roy Road  
Bangalore - 560 025

Folio No.	
CLIENT ID No.	
DP ID No.	
No. of Shares	

Signature of Member / proxy
-----------------------------



# V.S.T. TILLERS TRACTORS LIMITED

Regd. Office : Plot No.1, Dyavasandra Industrial Layout  
P.B. No.4801, Whitefield Road, Mahadevapura Post,  
Bangalore - 560 048

<b>Proxy Form</b>	Folio No.	
	CLIENT ID No.	
Proxy No.	DP ID No.	
Date of Receipt	No. of Shares	

I/We

of.....in the district of.....being a member / members of V.S.T. Tillers Tractors Limited hereby appoint..... of.....in the district of.....or failing him .....of.....in the district of.....as my / our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at "Krishna Hall", Hotel Woodlands Hotel Pvt. Ltd., No.5, Rajaram Mohan Roy Road, Bangalore - 560 025 on Thursday, the 11th August, 2010 at 3.00 P.M. and at any adjournment thereof.

Date :

Signature of member

Affix Re. 1-00.  
Revenue Stamp

The Proxy form duly completed must reach the Registered Office atleast 48 hours before the commencement of the meeting.

## NOTICE



“NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of VST TILLERS TRACTORS LTD will be held at Woodlands Hotel Pvt. Ltd. No.5, Rajaram Mohan Roy Road, Bangalore – 560 025 on August 11, 2011 at 3.00 P.M. to transact the following business.

### Ordinary Business:

1. To receive, consider, approve, and adopt the audited Balance Sheet as at March 31, 2011, Profit and Loss account and Cash Flow Statement for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. M.K. Bannerjee, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K.K. Rai, who retires by rotation and being eligible offers himself for re-appointment.
5. Mr. A. Hishikawa retires by rotation and has expressed his desire not to seek re-appointment.
6. To appoint Auditors and fix their remuneration.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from August 5, 2011 to August 10, 2011 (both days inclusive) in connection with Annual General Meeting.
3. Dividend if declared shall be payable to all those members whose names appear in the register of members or to the beneficial owners as per the records of depositories, as at the closing of business hours on August 5, 2011.
4. Members desirous of obtaining any information on the annual accounts are requested to write to the Company at an early date to facilitate compilation and dissemination of the same at the AGM.

By the Order of the Board  
for **VST TILLERS TRACTORS LTD.**

Sd/-

Place: Bangalore  
Date: May 30, 2011

**Subash B K**  
Company Secretary