47th Annual Report 2014-15

VST SHAKTI

V.S.T. TILLERS TRACTORS LTD.

A VST GROUP ENTERPRISE

LORD GANESHA

Idol of Lord Ganesha at
VST Tillers Tractors Limited

Board of Directors	:	Mr. V.K. Surendra - *Chairman* Mr. R. Subramanian - *Independent Director* Mr. M.K. Bannerjee - *Independent Director* Mr. V. Ramachandran - *Independent Director* Mr. K.K. Rai - *Independent Director* Mr. V.P. Mahendra - *Vice Chairman, Managing Director & CEO* Mr. B.C.S. Iyengar - *Director - Corporate Strategy* Mr. V.V. Pravindra - *Non-Executive Director*
Executive Vice President & Chief Financial Officer	:	Mr. R. Thiyagarajan
Company Secretary and Compliance Officer	:	Mr. Chinmaya Khatua
Auditors	:	M/s. Brahmayya & Company 10/2, Khivraj Mansion, Kasturba Road, Bengaluru - 560 001
Cost Auditors	:	M/s. Rao, Murthy & Associates No.23/33, Surveyor's Street Basavanagudi, Bengaluru - 560 004
Secretarial Auditors	:	M/s. K. Narayana Swamy & Company "Amudhasurabi" # 48, 8th Cross, Visvesvaraya Colony Akash Nagar, B.Narayanapura Extn., Bengaluru - 560 016
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, Whitefield Road, Mahadevapura Post, Bengaluru - 560 048 e-mail: vstgen@vsttillers.com website: www.vsttillers.com

INFORMATION

REQUEST TO MEMBERS

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

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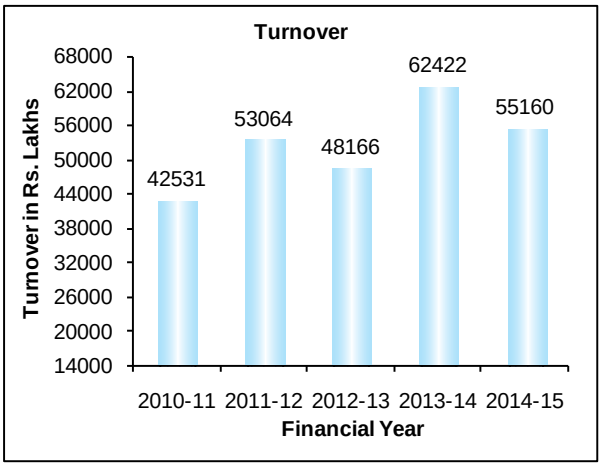
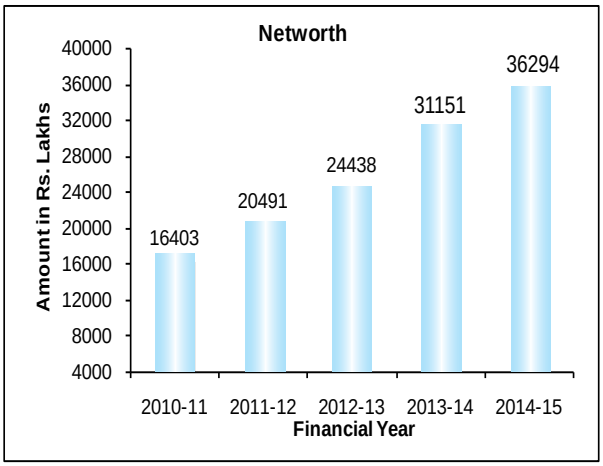
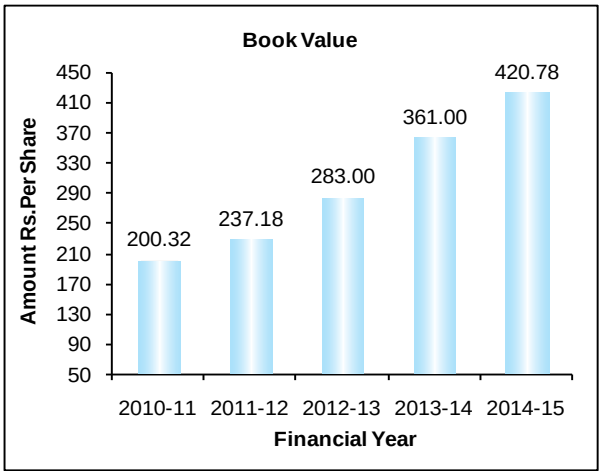
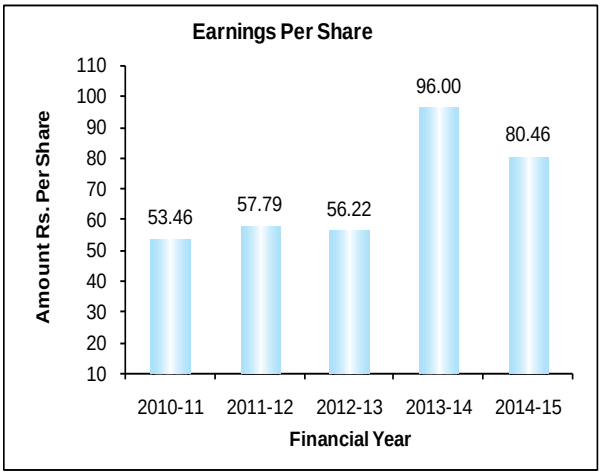
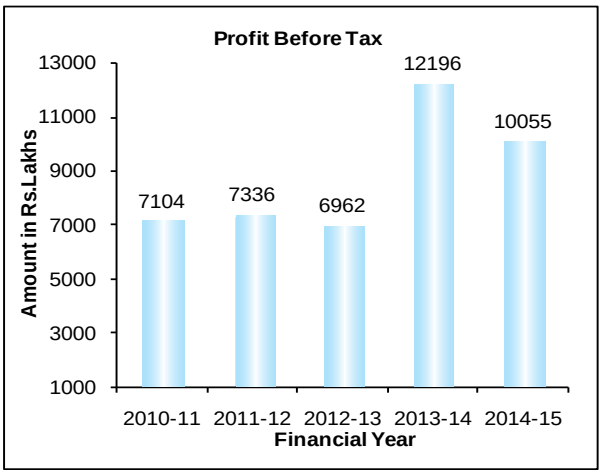
FINANCIAL INDICATORS

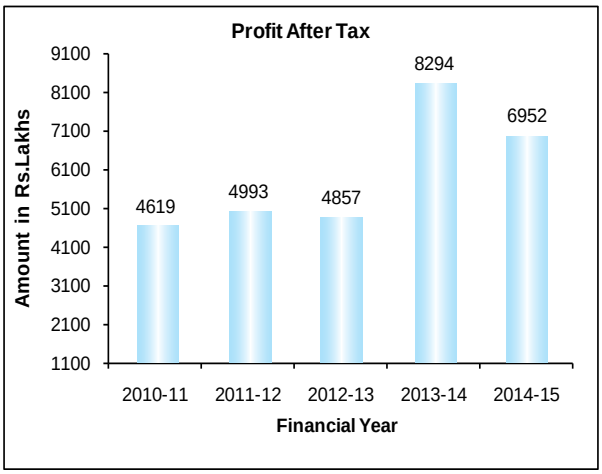












Dear Shareholder,

Your Directors have pleasure in presenting the 47th Annual Report of the Company and the audited statement of accounts for the year ended March 31, 2015.

FINANCIAL PERFORMANCE (Rupees in lacs)

Period	Year 2014-15	Year 2013-14
OPERATING INCOME	**55160**	62422
NON-OPERATING INCOME	**1186**	870
TOTAL INCOME	**56346**	63292
PROFIT BEFORE DEPRECIATION & FINANCE COST	**11208**	12764
FINANCE COST	**212**	177
DEPRECIATION	**941**	391
PROFIT BEFORE TAX	**10055**	12196
INCOME TAX	**3104**	3902
PROFIT AFTER TAX	**6952**	8294
BALANCE B/F	**5023**	5245
SURPLUS AVAILABLE FOR APPROPRIATION TO :	**11974**	13539
PROPOSED DIVIDEND	**1296**	1296
PROPOSED TAX ON DIVIDEND	**264**	220
TRANSFER TO GENERAL RESERVE	**5000**	7000
DEPRECIATION ADJUSTMENT	**71**	-
CSR EXPENDITURE	**177**	-
BALANCE CARRIED FORWARD	**5166**	5023

COMPANY'S PERFORMANCE

The year under report was riddled with adverse factors such as scanty rain fall in many parts of western India crop failure, plight of sugarcane and cotton growers, non-availability of subsidy for Power Tillers in key States, all of which have resulted in de-growth of tractor and power tiller volumes.

The number of Power Tillers sold during the year was 23103 units as against the previous year's 27252 while Tractor sales was down to 6694 units compared to 7452 during 2013-14.

However it is gratifying to note that while the Income from operation of the Company fell by 12%, better realisation on product price and stable raw material prices, control on overheads have enabled the company to minimize the dent on the bottom line.

DIVIDEND:

Your Directors have pleasure in recommending a dividend of Rs.15/- 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.1560 lacs including the distribution tax.

Transfer to reserves

We propose to transfer Rs.50 crore to the general reserve. An amount of Rs.52 crore is proposed to be retained in the surplus.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry – Opportunities & Challenges

Your company is fortunate to be in the business of priority sector and uniquely placed with a range of machineries required for mechanized paddy cultivation. The products target largely the small farmers who account for more than 70% of the land holding. The ever growing need to increase the production and productivity in agriculture vis-a-vis the shortage of rural labour force continues to be the key driver for business growth. The comparative statistics of China

and other rice growing countries of Asia instantly point to the tremendous opportunities for power tillers and mechanized trans planters in India. At the same time the liberal imports from China , uncertainties in subsidy and the problems associated with the administration of schemes, pose a constant challenge to the industry for short term as well as long term planning. The mechanized transplantation of paddy is a difficult concept to market but is sure to grow steadily.

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

RISKS AND CONCERNS

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

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

CURRENT YEAR OUTLOOK

Your Directors sincerely believe that the year 2014-15 was an aberration and the company should plan for returning to healthy growth for the current financial year. The products that your company manufactures requires a long lead time for production to match the seasonal fluctuation in demand and intimation to hundreds of vendors from whom the components are sourced. The opportunity loss during peak season is far greater than the carrying cost of inventory. This will be addressed with the new plant for Tractors in Hosur gearing up to increase the capacity utilization through the new variants that are added to the existing tractor model. The Bengaluru plant is also geared up to meet the anticipated increase in demand for power tillers.

DIRECTORS REAPPOINTMENT:

In accordance with the provisions of the Companies Act, 2013 Mr. V.V. Pravindra, Director of the Company will retire at the ensuing AGM and he is eligible for reappointment.

APPOINTMENT OF KEY MANAGERIAL PERSONNEL (KMP)

During the year following persons were appointed as Key Managerial Personnel (KMP) of the Company under section 203 of the Companies Act, 2013.

1. Mr. V.P. Mahendra - Vice Chairman, Managing Director & CEO
2. Mr. R. Thiyagarajan - Executive Vice President & CFO
3. Mr. Chinmaya Khatua - Company Secretary

CORPORATE GOVERNANCE:

The Company strives to ensure good in Corporate Governance and levels of transparency with all the provisions of 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 subsection 5 of Section 134 of the Companies Act 2013, the Directors confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

(e) they, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS:

M/s. Brahmayya & Co, Chartered Accountants were appointed as Auditors of the Company for three financial year w.e.f 2014-15 at the 46th Annual General Meeting. Their appointment will be ratified at the forth coming Annual General Meeting.

COST AUDITORS:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Rao, Murthy & Associates, Cost Accountants to audit the cost records of the Company for the financial year 2015-16 on a remuneration of Rs.2 lakh (Exclusive of service tax) plus out of pocket expenses. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Rao, Murthy & Associates., Cost Auditors is included at Item No.6 of the Notice convening the Annual General Meeting.

INTERNAL AUDITORS

M/s. K.P.Rao & Co, Chartered Accountant were appointed as Internal Auditors under section 138 of the Companies Act, 2013 for the financial year 2014-15.

SECRETARIAL AUDITORS

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

PARTICULARS OF EMPLOYEES:

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

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

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

DEPOSITS:

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

Internal Control System and their Adequacy

The Company maintains adequate Internal Control Systems commensurate to the nature of its business

and complexity of its operations. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors with focused attention on validation of I T.Security.

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

Industrial Relation

Industrial relations have been cordial at the Bengaluru and Hosur plants during the year. At the Mysore plant the previous memorandum of settlement has expired and negotiations are under progress for an amicable settlement.

Your company has initiated steps to building organizational capabilities and strengthen human resources at all levels in line with the corporate growth plans.

Forward-Looking Statements

Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those either expressed or implied due to factors such as Raw material prices, Government policies, Competition, tax regime, market acceptance of new products and services, continued acceptance of existing products and services, changes in licensing programs, product price discounts, delays in product development and related product release schedules, sales and vendor channel disruption.

All information in this release is as of May 29, 2015, The Company undertakes no duty to update any forward looking statement to conform the statement to actual results or changes in the company's expectations.

Board Meeting

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

Declaration of Independent directors.

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

Committees

The Company has constituted Audit Committee, CSR Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. The details of the Committees are mentioned in Corporate Governance Report.

Vigil Mechanism

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

The Company has vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism is explained in the Corporate Governance Report and also posted on the website of the Company.

Auditors qualification, reservation or adverse remark or disclaimer.

The Auditors have given a "clean report" without any qualification, reservation or adverse remark or disclaimer. Except slight delay in payment of TDS. Management explained, the same has been addressed. The Secretarial Auditors have made the following observation.

"The Company is yet to appoint Woman Director on the Board of the Company in compliance with Clause 49 (II)(A)(1) of the Listing Agreement read with Section 149 of the Companies Act, 2013."

Explanation

We wish to inform that the Company has been making best efforts to find a suitable person for appointment as a woman director on the Board. We hasten to add that we are confident of complying with requirement at the earliest.

Loans, Guarantee & Investment

The Company has not given any loan or guarantee under section 186 of the Companies Act, 2013 during the year 2014-15. However the investments formed part of the notes to the financial statements provided in this Annual Report.

Related Party Transactions

All related party transactions that are entered into during the financial year were on an arm's length basis . There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

Material changes and commitments affecting the Financial Position

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

Risk Management Policy

With regard to risk management policy, the Company is in process of finalization of the risk management policy however risk pertaining to business of the Company is discussed at the Audit Committee and at the Board Meetings on regular basis.

Corporate Social Responsibility (CSR)

The Company has formed CSR policy and Committee during the year and details of CSR policy is available in Company website i.e. http://www.vsttillers.com/policies. The Company has not spent any amount in CSR activities during the financial year 2014-15. However, as a matter of principle your Company has been supporting approved Trusts/NGOs in social, economic & educational fields.

Evaluation of Board Performance.

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

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

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

Details of subsidiary, Associate or joint Venture Company.

Under Companies Act, 2013, M/s. Mitsubishi Heavy Industries-VST Diesel Engines Pvt Ltd (CIN- U34107KA2007PTC043432) will be treated as Joint Venture Company.

Significant and material orders

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

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

Sl. No.	Name	Designation	Salary 2014-15 (in Rs)	Salary 2013-14 (in Rs)	Increase in salary	Ratio/Times per Median of employee remuneration
1	Mr.V.P. Mahendra	Vice Chairman & Managing Director (KMP)	76,26,104	46,15,503	30,10,601 (65%)	17.52
2	Mr. B C S Iyengar	Director Corporate Strategy	39,18,499	39,32,338	(13,839) (-.35%)	9.00
3	#Mr. V.V. Pravindra	Director	32,55,690	35,21,414	(2,65,724) (-7.5%)	7.48
4	Mr. R. Thiyagarajan	Executive Vice President & CFO (KMP)	31,22,978	27,90,878	3,32,100 (11.90%)	7.18
5	Mr. Chinmaya Khatua	Company Secretary (KMP)	9,00,570	7,13,383	1,87,187 (26.24%)	2.07

 # resigned from the post of Deputy Managing Director with effect from 11/02/2015.

The Company's PAT has decreased from Rs. 8294 lakhs to Rs. 6952 lakhs, a decrease of 16 % and this increase of KMP remuneration is line with the current market scenario and with Company policy. However salary of Vice Chairman & Managing Director and other whole time directors was approved by the shareholders.

In spite of reduction in profit, the Company has given marginal normal increase in salaries to the employees keeping in view the overall industry standard and interest of the employees. The unionized employees of the Company are getting salary increment as per the terms and conditions of their wage settlement. There is no exceptional circumstances of increase in the managerial remuneration. The salary of the Vice Chairman & Managing Director was increased due to terms and conditions of his re-appointment as approved by the members at the last AGM.

The Company has 536 permanent employees on roll. The Company fixes salary of the employees on the basis of Remuneration Policy of the Company.

Payment of Commission to Managing Director & Whole time Director.

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

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

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

VARIATION IN MARKET CAPITALISATION :

Date	Paid up Capital (in Rs)	Closing Market Price per shares	EPS	PE Ratio	Market Capitalisation (Rs. in crore)
31.03.2014	86395280	937.70	96.00	9.77	810.12
31.03.2015	86395280	1243.50	80.46	15.45	1074.32
Increase/Decrease	NIL	305.80	-15.54	5.68	264.2
% Increase/Decrease	NIL	32.60	-16.18	58.14	32.60
No issue of shares during the year	-	-	-	-	-

Notes : Data based on share prices quoted on BSE.

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

The Company has formed Internal Complaint Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint was received during the year 2014-15.

Extract of Annual Return

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

ACKNOWLEDGEMENTS:

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

for V.S.T. TILLERS TRACTORS LTD.

Place: Bengaluru
Date : May 29, 2015

V. K. Surendra
Chairman

ANNEXURE-1

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

Name	Designation	Remuneration (in Rs)	Nature of employment	Qualification & experience	Date of Commence-ment of employment	Age	Last employ-ment	% of equity share held	Whether relative of Director or Manager
V.P. Mahendra	Vice Chairman, Managing Director & CEO	76,26,104	Permanent	BE (Electrical) having more than 50 years of experience	20.02.1984	73	NA	7%	No

ANNEXURE-2

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

1. Conservation of energy :

The Company has invested around Rs.50 lakhs at Hosur factory for installation of solar panels.

2. Research and Development (R&D) :

a. New variants of 18.5 HP tractor i.e. 2 wheel drive versions with 2 sizes of Tyre configurations released to Market with required CMVR approvals.

b. New variant for 22 HP with bigger tyres released to Market with CMVR approval .

c. Power steering for 22HP (Torque generator) conceptualised and validation under progress.

d. New feature of Auto draft and depth control introduced in all models of Tractors.

Technology Absorption:

a. Procurement of New creo 3D model software & upgradation of the existing 2D & 3D softwares.

b. Upgradation of the emission measurement instrumentation with procurement of a New 5 gas analyser.

Benefits Derived:

a. New creo software will enhance the design capabilities for the current projects of New model Tractors & Power tillers.

b. Emission instrumentation up gradation will enhance the engine testing capabilities.

Expenditure on R&D:

The Companies expenditure on R&D (including revenue expenditure) during the year was Rs.1,59,99,383/- (refer note no-33, page no-57 of Annual Report)

Future Plan of Action:

1. TRACTORS:

a. Design & Development of Higher HP Tractors.

b. New variant development for Existing 22HP tractor-power steering.

2. POWER TILLERS:

a. Development of Mini Power Tiller.

b. Design & development of Higher HP Power tiller.

c. Design & development of New deluxe model of 130DI power tiller.

d. Introduction of New power weeder.

3. ENGINES:

1. Upgradation of existing engines for future emission norms.

2. Design & Development of Higher HP engines with DI Technology for various applications.

3. Upgradation of existing 3 cylinder IDI engine to DI engine.

3. Foreign exchange earnings and outgo:

a) Complete information about exports, which have contributed towards foreign exchange earnings, is given in note no. 35 to the Audited Accounts annexed to this Report. Similarly, details of foreign exchange outgo on account of imports, expenditure on traveling, dividend etc. are shown in note no.34 & 36 respectively in Notes forming part of Accounts.

b) Total foreign exchange used and earned :

Foreign exchange earnings : Rs. 9,79,01,594/-

Foreign exchange outgo : Rs.25,83,83,071/-

ANNEXURE-3

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

Composition of the CSR Committee:

Mr. V.K. Surendra, Chairman
Mr. V. Ramachandran, Member (Independent Director)
Mr. V.P. Mahendra, Member

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

Average net profit for last three years: Rs.88.56 Crore

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

Based on the above, the Company is required to spend Rs.1.77 Crore towards CSR activities.

Details of CSR spend for the financial year

i. Total amount spent for the financial year- Nil

ii. Amount unspent- Rs.1.77 crore

Reason for not spending :

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

Responsibility Statement :

Implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and policy of the Company.

Sd/-	Sd/-
V.P. Mahendra	**V. K. Surendra**
Vice Chairman,	CSR Committee
Managing Director & CEO	Chairman

ANNEXURE-4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

[Pursuant to Section204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (We report that during the year under review there is no activity which attracts the provisions of above mentioned regulations and as such compliance of provisions is not applicable.)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (We report that the Company has not issued any security during the year under review and hence compliance of provisions under the above mentioned regulation is not applicable.)

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- (We report that the Company has not issued any security under ESOP/ESPS during the year under review and hence compliance of provisions under the above mentioned regulation is not applicable.)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (We report that the Company has not issued any security including debt securities during the year under review and hence compliance of provisions under the above mentioned regulation is not applicable.)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

- (We report that the Company has not applied for delisting of Equity Shares in any stock exchange and hence compliance of provisions under the above mentioned regulation is not applicable.)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

- (We report that the Company has not brought back any security during the year under review and hence compliance of provisions under the above mentioned regulation is not applicable.)

(vi) We further report that in accordance with the guidelines issued by the Institute of Company Secretaries of India (ICSI) on the applicability of industry specific laws as applicable to the Company and based on the information received and records maintained, the Company has, in our opinion, complied with the provisions of following laws:

(a) Competition Act, 2002;

(b) The Factories Act 1948;

(c) The Water (Prevention and Control of Pollution) Act, 1974;

(d) The Air (Prevention and Control of Pollution) Act, 1981;

(e) The Environmental Protection Act, 1986;

(f) The Hazardous Waste (Management and Handling) Rules, 1989 (and as amended in 2000); and

(g) Applicable Labour Laws.

(vii) We state that since the provisions relating to Audit of Accounts and Financial Statements of the Company are dealt in the Financial Statutory Audit the same is not covered under the Secretarial Audit.

We have also examined compliance with the applicable standards / clauses of the following:

(a) Secretarial Standards issued by ICSI (Since Secretarial Standards were not notified by

the Ministry of Corporate Affairs (MCA) as on 31st March, 2015 the same are not applicable to the Company during the audit period).

(b) Listing Agreements entered into by the Company with BSE and NSE.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, except the following:

"The Company is yet to appoint Woman Director on the Board of the Company in compliance with Clause 49 (II)(A)(1) of the Listing Agreement read with Section 149 of the Companies Act, 2013."

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through inasmuch as minutes of the meetings are self-explanatory with respect to recording of dissenting members' views, if any.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

For K. Narayana Swamy & Co.,
Company Secretaries

Place : BANGALORE (K. Narayana Swamy)
Date : 29/05/2015 FCS 1838 / CP 9878

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

Annexure - 4

To,

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

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

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, Central Excise, Customs.
4. Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For K. Narayana Swamy & Co.,
Company Secretaries

Place : BANGALORE (K. Narayana Swamy)
Date : 29/05/2015 FCS 1838 / CP 9878

Annexure - 5

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2015

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L34101KA1967PLC001706
ii	Registration Date	18-12-1967
iii	Name of the Company	V.S.T. Tillers Tractors Limited
iv	Category/Sub-category of the Company	Public Company / Limited by Shares
v	Address of the Registered office & contact details	Plot No-1, Dyavasandra Indl Layout, Whitefield Road, Mahadevapura Post, Bangalore - 560048
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Enterprises (India) Limited, No-30, Ramana Residency, Gr Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560003 Phone : 080-23460815-818 E-Mail : Info@Integratedindia.in

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Power Tiller	2821	53.59%
2	Tractor	2821	31.85%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Mitsubishi Heavy Industries - VST Diesel Engines Private Limited	U34107KA2007PTC043432	Associate	3.35	2(6)

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	3634276	-	3634276	42.07	3646276	-	3646276	42.20		0.14
a) Individual/HUF	-	-	-	-	-	-	-	-		-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-		-
c) Bodies Corporates	764663	-	764663	8.85	764663	-	764663	8.85		-
d) Bank/FI	-	-	-	-	-	-	-	-	-	
e) Any other	-	-	-	-	-	-	-	-	-	
SUB TOTAL:(A) (1)	**4398939**	**-**	**4398939**	**50.92**	**4410939**	**-**	**4410939**	**51.06**		**0.14**
(2) Foreign							-	-		-
a) NRI- Individuals	-	-	-	-	-	-	-	-		-
b) Other Individuals	-	-	-	-		-				
c) Bodies Corp.	253125	-	253125	2.93	253125	-	253125	2.93		-
d) Banks/FI	-	-	-	-	-	-	-	-		-
e) Any other…	-	-	-	-	-					
						-				
SUB TOTAL (A) (2)	**253125**	**-**	**253125**	**2.93**	**253125**		**253125**	**2.93**		**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**4652064**	**-**	**4652064**	**53.85**	**4664064**	**-**	**4664064**	**53.99**		**0.14**
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	500301	-	500301	5.79	820231	-	820231	9.49		3.70
b) Banks/FI	6047	4350	10397	0.12	2574	4350	6924	0.08		0.04
C) Cenntral govt	-	-	-	-	-	-	-	-		-
d) State Govt.	-	-	-	-	-	-	-	-		-
e) Venture Capital Fund	-	-	-	-	-	-	-	-		-
f) Insurance Companies	-	-	-	-	-	-	-	-		-
g) FIIS	289096	900	289996	3.36	700274	900	701174	8.12		4.76
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-		-
i) Others (specify)	-	-	-	-	-	-	-	-		-
SUB TOTAL (B)(1):	**795444**	**5250**	**800694**	**9.27**	**1523079**	**5250**	**1528329**	**17.69**		**8.42**
(2) Non Institutions										
a) Bodies corporates										
i) Indian	447828	12537	460365	5.33	253682	12522	266204	3.08		2.25
ii) Overseas	-	-	-	-	-	-	-	-		
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	1666478	286521	1952999	22.61	1442248	253918	1696166	19.63		2.98
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	602735	15301	618036	7.15	350697	15301	365998	4.24		2.91
c) Others (specify)										
NRI	112345	100	112445	1.30	86727	50	86777	1.00		0.30
Clearing Member	40033	-	40033	0.46	25100	-	25100	0.29		0.17
Trust	2892	-	2892	0.03	6890	-	6890	0.08		0.05
SUB TOTAL (B)(2):	**2872311**	**314459**	**3186770**	**36.89**	**2165344**	**281791**	**2447135**	**28.32**		**8.57**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**3667755**	**319709**	**3987464**	**46.15**	**3688423**	**287041**	**3975464**	**46.01**		**0.14**
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	**8319819**	**319709**	**8639528**	**100.00**	**8352487**	**287041**	**8639528**	**100.00**		**-**

(ii) **SHARE HOLDING OF PROMOTERS**

Sl No.	Shareholders Name	Shareholding at the begginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	V K Surendra	45000	0.52	-	45000	0.52	-	
2	V K Surendra	190424	2.20	-	190424	2.20	-	
3	V K Surendra	595380	6.89	-	595380	6.89	-	
4	V K Surendra	977875	11.32	-	977875	11.32	-	
5	V S Arun	84595	0.98	-	84595	0.98	-	
6	V S Arun	127535	1.48	-	127535	1.48	-	
7	S Mahalakshmi	75375	0.87	-	75375	0.87	-	
8	V P Mahendra	45000	0.52	-	45000	0.52	-	
9	V P Mahendra	906	0.01	-	906	0.01	-	
10	V P Mahendra	131896	1.53	-	131896	1.53	-	
11	V P Mahendra	975	0.01	-	975	0.01	-	
12	V P Mahendra	451753	5.23	-	451753	5.23	-	
13	M Bharathi	61200	0.71	-	61200	0.71	-	
14	Amritha V M Ward	4330	0.05	-	4330	0.05	-	
15	V M Vishnu	13650	0.16	-	15150	0.18	-	0.02
16	V M Anand	13720	0.16	-	15220	0.18	-	0.02
17	V V Pravindra	176146	2.04	-	179146	2.07	-	0.03
18	V V Pravindra	45000	0.52	-	45000	0.52	-	
19	P Jayalakshmi	33750	0.39	-	33750	0.39	-	
20	V P Rahul	18076	0.21	-	18076	0.21	-	
21	V P Karan	750	0.01	-	750	0.01	-	
22	V P Karan	14964	0.17	-	14964	0.17	-	
23	V V Vijayendra	135888	1.57	-	138888	1.61	-	0.04
24	V V Vijayendra	21540	0.25	-	21540	0.25	-	
25	V V Vijayendra	27000	0.31	-	27000	0.31	-	
26	V V Sujay	63624	0.74	-	63624	0.74	-	
27	V Lakshmi	33007	0.38	-	33007	0.38	-	
28	V V Anjali	17623	0.20	-	17623	0.20	-	
29	V P Tiruvengadaswamy	118978	1.38	-	119978	1.39	-	0.01
30	V P Tiruvengadaswamy	2700	0.03	-	2700	0.03	-	
31	T Jayshree	77014	0.89	-	77014	0.89	-	
32	V T Anusuya	2250	0.03	-	2250	0.03	-	
33	V T Ravindra	24852	0.29	-	26852	0.31	-	0.02
34	Sita Rajgopal	1500	0.02	-	1500	0.02	-	
35	Vijayendra Brothers Investments Private Limited	52470	0.61	-	52470	0.61	-	
36	V T Velu Investments Private Limited	67725	0.78	-	67725	0.78	-	
37	Gove Investment & Finance Co Ltd	66082	0.76	-	66082	0.76	-	
38	V P Mahendra Brothers Investments Private Limited	136311	1.58	-	136311	1.58	-	
39	K S Investments Private Limited	85690	0.99	-	85690	0.99	-	
40	V. S. T. Motors Limited	356385	4.13	-	356385	4.13	-	
41	Mitsubishi Heavy Industries Limited	253125	2.93	-	253125	2.93	-	
	Total	**4652064**	**53.85**	-	**4664064**	**53.99**	-	**0.14**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year					Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	Date	Increase/Decrease in Share Holding	Reason	No of shares	% of total shares of the company
1	V M VISHNU	13650	0.16	17.11.2014	500	purchase	14150	0.16
				19.11.2014	500	purchase	14650	0.17
				20.11.2014	500	purchase	15150	0.18
2	V M ANAND	13720	0.16	17.11.2014	500	purchase	14220	0.16
				19.11.2014	500	purchase	14720	0.17
				20.11.2014	174	purchase	14894	0.17
				21.11.2014	326	purchase	15220	0.18
3	V V PRAVINDRA	176146	2.04	03.12.2014	3000	purchase	179146	2.07
4	V V VIJAYNEDRA	135888	1.57	02.12.2014	2358	purchase	138246	1.6
				03.12.2014	642	purchase	138888	1.61
5	V P TIRUVENGADASWAMY	118978	1.38	19.11.2014	500	purchase	119478	1.38
				20.11.2014	398	purchase	119876	1.38
				21.11.2014	102	purchase	119978	1.39
6	V T RAVINDRA	24852	0.29	17.11.2014	1000	purchase	25852	0.3
				19.11.2014	500	purchase	26352	0.3
				20.11.2014	500	purchase	26852	0.31

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

SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs and ADRs):

		SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2014					CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2015	
SLNO	NAME OF THE SHARE HOLDER	No. of Shares	% of Total Shares of the Company	Date	Increase/Decrease in Share Holding	Reason	No Of Shares	% of Total Shares of the Company
1	HDFC TRUSTEE COMPANY LTD - HDFC LONG TERM ADVANTAG	0	0.00	01.04.2014	0		0	0.00
				14.11.2014	0	TRANSFER	556823	6.45
				21.11.2014	-8671	TRANSFER	565494	6.55
				28.11.2014	-65000	TRANSFER	500494	5.79
				05.12.2014	-53500	TRANSFER	446994	5.17
				12.12.2014	-194994	TRANSFER	252000	2.92
				31.03.2015	**0**		**252000**	**2.92**
2	PINEBRIDGE INVESTMENTS ASIA LIMITED A/C PINEBRIDGE	0	0.00	01.04.2014	0		0	0.00
				12.12.2014	0	TRANSFER	119645	1.38
				19.12.2014	10541	TRANSFER	130186	1.51
				31.12.2014	117189	TRANSFER	247375	2.86
				27.03.2015	2605	TRANSFER	249980	2.89
				31.03.2015	**0**		**249980**	**2.89**
3	GOLDMAN SACHS INDIA FUND LIMITED	0	0.00	01.04.2014	0		0	0.00
				13.06.2014	8091	TRANSFER	8091	0.09
				20.06.2014	5999	TRANSFER	14090	0.16
				30.06.2014	1404	TRANSFER	15494	0.18
				25.07.2014	13569	TRANSFER	29063	0.34
				01.08.2014	7431	TRANSFER	36494	0.42
				05.09.2014	1951	TRANSFER	38445	0.44
				14.11.2014	1508	TRANSFER	39953	0.46
				21.11.2014	2384	TRANSFER	42337	0.49
				05.12.2014	65040	TRANSFER	107377	1.24
				12.12.2014	5365	TRANSFER	112742	1.30
				30.01.2015	3314	TRANSFER	116056	1.34
				06.02.2015	13275	TRANSFER	129331	1.50
				13.02.2015	7688	TRANSFER	137019	1.59
				20.02.2015	2816	TRANSFER	139835	1.62
				27.02.2015	5370	TRANSFER	145205	1.68
				06.03.2015	5862	TRANSFER	151067	1.75
				13.03.2015	3607	TRANSFER	154674	1.79
				27.03.2015	223	TRANSFER	154897	1.79
				31.03.2015	**9210**	**TRANSFER**	**164107**	**1.90**

4	TATA TRUSTEE CO. LTD.A/C TATA MUTUAL FUND A/C TA	0	0.00	01.04.2014	0		0	0.00
				13.06.2014	45000	TRANSFER	45000	0.52
				20.06.2014	19330	TRANSFER	64330	0.74
				30.06.2014	6276	TRANSFER	70606	0.82
				04.07.2014	19952	TRANSFER	90558	1.05
				11.07.2014	20306	TRANSFER	110864	1.28
				18.07.2014	9077	TRANSFER	119941	1.39
				25.07.2014	5000	TRANSFER	124941	1.45
				01.08.2014	5831	TRANSFER	130772	1.51
				22.08.2014	6728	TRANSFER	137500	1.59
				12.09.2014	9000	TRANSFER	146500	1.70
				19.09.2014	6300	TRANSFER	152800	1.77
				30.09.2014	-1000	TRANSFER	151800	1.76
				07.11.2014	6000	TRANSFER	157800	1.83
				31.03.2015	**0**		**157800**	**1.83**
5	ICICI PRUDENTIAL BALANCED FUND	0	0.00	01.04.2014	0		0	0.00
				12.12.2014	115000	TRANSFER	115000	1.33
				31.03.2015	**0**		**115000**	**1.33**
6	NOVASTAR INTERNATIONAL FUND	186746	2.16	01.04.2014	0		186746	2.16
				22.08.2014	500	TRANSFER	187246	2.17
				31.10.2014	1000	TRANSFER	188246	2.18
				31.03.2015	**0**		**188246**	**2.18**
7	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL F	135000	1.56	01.04.2014	0		135000	1.56
				31.12.2014	20000	TRANSFER	155000	1.79
				31.03.2015	**0**		**155000**	**1.79**
8	MIRAE ASSET EMERGING BLUECHIP FUND	27874	0.32	01.04.2014	0		27874	0.32
				18.04.2014	2556	TRANSFER	30430	0.35
				25.04.2014	1833	TRANSFER	32263	0.37
				02.05.2014	6356	TRANSFER	38619	0.45
				09.05.2014	4000	TRANSFER	42619	0.49
				16.05.2014	-42619	TRANSFER	0	0.00
				19.12.2014	43721	TRANSFER	43721	0.51
				02.01.2015	1156	TRANSFER	44877	0.52
				16.01.2015	10023	TRANSFER	54900	0.64
				13.02.2015	765	TRANSFER	55665	0.64
				20.02.2015	3311	TRANSFER	58976	0.68
				27.03.2015	1011	TRANSFER	59987	0.69
				31.03.2015	**2000**	**TRANSFER**	**61987**	**0.72**
9	Novastar Fund Advisors Private Limited	55260	0.64	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			**55260**	**0.64**
10	B N NAGAMANI	74764	0.87	01.04.2014	0		74764	0.87
				30.09.2014	-1327	TRANSFER	73437	0.85
				03.10.2014	-652	TRANSFER	72785	0.84
				10.10.2014	-2636	TRANSFER	70149	0.81
				17.10.2014	-11078	TRANSFER	59071	0.68
				31.10.2014	-6705	TRANSFER	52366	0.61
				31.03.2015	**0**		**52366**	0.61

(v) Shareholding of Directors & KMP

Sl. No		Shareholding at the end of the					Cumulative Shareholding during	
	For Each of the Directors & KMP	No.of shares	% of total shares of the company	Date	Increase/Decrease in Share Holding	Reason	No of shares	% of total shares of the company
1	V P MAHENDRA	630530	7.30	-	-	-	630530	7.30
2	R.T.RAJAN	225	0.003	-	-	-	225	0.003
3	CHINMAYA KHATUA	nil	0.00	-	-	-	nil	0.00

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount		261122081		261122081
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		261122081		261122081
Change in Indebtedness during the financial year				
Additions		55424996		55424996
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount		316547077		316547077
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		316547077		316547077

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No	Particulars of Remuneration		Name of the MD/WTD/Manager			Total Amount
1	**Gross salary**		V P Mahendra	BSC Iyengar	V V Pravindra	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.		4476104	2718499	2219976	9414759
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961					
2	Stock option					
3	Sweat Equity					
4	Commission		3150000	1200000	1035714	5385714
	as % of profit					
	others (specify)					
5	Others, please specify					
	Total (A)		7626104	3918499	3255690	14800293
	Ceiling as per the Act					100554574

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors					Total
1	Independent Directors		R.Subramanian	M.K.Bannerjee	V.Ramachandran	K.K.Rai	
	(a) Fee for attending board committee meetings		135000	135000	120000	150000	540000
	(b) Commission						
	(c) Others, please specify						
	Total (1)		135000	135000	120000	150000	540000
2	Other Non Executive Directors	V.K. Surendra					
	(a) Fee for attending board committee meetings	45000					
	(b) Commission						
	(c) Others, please specify.						
	Total (2)	45000					45000
	Total (B)=(1+2)	45000	135000	135000	120000	150000	585000
	Total Managerial Remuneration						
	Overall Cieling as per the Act.						10055457

C. **REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	Gross Salary	CEO	Company Secretary	CFO	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		818,443	3,090,578	3,909,021
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		82,127	32,400	114,527
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify				
	Total		900,570	3,122,978	4,023,548

VII PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES

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

NIL

Annexure - 6

REMUNERATION POLICY

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The Key Objectives of the Committee would be:

1.1. To lay down criteria with regard to identifying persons who are qualified to become Directors, Key Managerial Personnel and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Composition of the Committee.

Mr.M.K. Bannerjee, Chairman

Mr.V.K. Surendra, Member

Mr. K.K. Rai, Member

2. DEFINITIONS

- **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **Directors** mean Directors of the Company.
- **Key Managerial Personnel (KMP)** means

2.4.1. Chief Executive Officer or the Managing Director;

2.4.2. Chief Financial Officer;

2.4.3. Company Secretary; and

2.4.4. such other officer as may be prescribed.

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

3. ROLE OF COMMITTEE

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

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

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

3.2.1. Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for

appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Managing/Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

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

The Company shall appoint or re-appoint any person as its Managing Director or Whole Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- **Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

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

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of

the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

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

3.3.1. General:

a) The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Managing/ Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Where any insurance is taken by the Company on behalf of its Managing Director,Whole-time Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

a) Fixed pay:

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

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing/Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in

excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company.

3.3.3. Remuneration to Non- Executive / Independent Director:

a) Sitting Fees:

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

b) Stock Options:

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

4. FREQUENCY OF MEETINGS

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

5. COMMITTEE MEMBERS' INTERESTS

a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

6. MINUTES OF COMMITTEE MEETING

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

Note : Mr. K.K. Rai and Mr. V. Ramachandran have given their resignations and the same have been accepted by the Board at its meeting held on 26th June 2015,

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

To,

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

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

(a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2015 and based on our knowledge and belief, we state that:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.

(b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:

(i) Significant changes, if any, in the internal control over financial reporting during the year;

(ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

V. P. Mahendra
Vice Chairman,
Managing Director & CEO

R. Thiyagarajan
Executive Vice President &
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2015

Auditors' Certificate on Corporate Governance

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

We have examined the Compliance conditions of Corporate Governance of V.S.T. Tillers Tractors Limited for the year ended on 31st March, 2015, as stipulated in clause 49 of the listing agreement of the said Company with 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 the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Bengaluru
Date : May 29, 2015

G. Srinivas
Partner
Membership No. 086761

PHYLOSOPHY ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS:

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

(a) Composition of the Board:

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

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

* Individually as well as jointly.

Resigned from the post of Deputy Managing w.e.f 11/02/2015.

(b) Details of Board Meetings:

During the year under review the Board met four times on May 29, 2014, August 14, 2014, November 06, 2014 and February 11, 2015.

(c) Code of Conduct:

The Company has formulated and implemented Code of Conduct for Board Members and Senior Management of the Company in compliance with Clause 49 of the Listing Agreement.

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

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

It is hereby confirmed that the Directors and Senior Management have duly complied with the code of conduct laid down by the Company during the financial year ended March 31, 2015.

Place: Bengaluru
Date: May 29, 2015

V P Mahendra
Vice Chairman, Managing Director & CEO

COMMITTEE MEETINGS :

Audit Committee

Composition

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, 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.

Details of Audit Committee Meetings:

During the year under review the Audit Committee met four times on May 29, 2014, August 14, 2014, November 06, 2014, and February 11, 2015.

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

Power of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Corporate Social Responsibility (CSR) Committee

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

Composition

Mr. V.K. Surendra, Chairman

Mr. V. Ramachandran, (Independent Director)

Mr. V.P. Mahendra

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

NOMINATION AND REMUNERATION COMMITTEE

The Key Objectives of the Committee is to lay down criteria with regard to identifying persons who are qualified to become Directors, Key Managerial Personnel and Senior Management and to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board. The Remuneration policy is annexed herewith as Annexure-6. The details of the remuneration paid to directors mentioned in page no-31.

Composition

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

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

Mr. V.K. Surendra, Member

Mr. K.K. Rai, Member (Independent Director)

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is primarily responsible for review all matters connected with redressal of shareholders complaint. The Stakeholders Relationship Committee composition & terms of reference meet with the requirements of Clause 49 of the listing agreement & provisions of the Companies Act, 2013.

Composition

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

Mr. K.K. Rai, Chairman

Mr. V. Ramachandran, Member

During the year under review the Committee met on 11/02/2015.

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

The details of the shareholder's complaints mentioned in page no- 32 of the Annual Report.

INDEPENDENT DIRECTORS MEETING

The Independent Directors hold their meeting on 11/02/2015 without presence of anybody from management side.

Familiarization Programme for Independent Directors.

The Company has conducted a programme for Independent Directors with regard to their duties, roles & responsibilities. The said familiarization programme is displayed in Company website and can be accessed at http://www.vsttillers.com/sites/default/files/policies/familiarization_programme_independent_directors.pdf

VIGIL MECHANISM

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

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

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

INSIDER TRADING REGULATIONS:

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

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

The policy on dealing with related party transactions can be accessed at http://www.vsttillers.com/sites/default/files/policies/policy_on_related_party_transc.pdf

DIRECTORS REMUNERATION

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

During 2014-15, the Company did not advance any loan to any of its Directors. The remuneration paid to the Executive Directors for the year 2014-15 is given below:

Name of the Director	Category	Salary	Allowances	Commission Payable	P.F.	Total (in Rs.)
1. Mr. V.P Mahendra	Vice Chairman, Managing Director & CEO	21,00,000	21,24,104	31,50,000	2,52,000	76,26,104
2. Mr. B.C.S Iyengar	Director-Corporate Strategy	12,00,000	13,74,499	12,00,000	1,44,000	39,18,499
3. Mr. V.V Pravindra	Dy.Managing Director	10,35,714	10,59,976	10,35,714	1,24,286	32,55,690

The above directors were appointed by the shareholders for five years and they are being paid commission as approved by the shareholders. The details of the commission criteria are mentioned in page no- 9 of the annual report.

The Sitting Fees paid to the Non Executive Directors for the year 2014-15 is given below :

Name of the Director	Category	Sitting Fees paid (In Rs)	Service tax paid by the Company (In Rs.)
1. Mr. V. K. Surendra	Chairman	45,000	5,562
2. Mr. R. Subramanian	Independent Director	1,35,000	16,686
3 Mr. M. K. Bannerjee	Independent Director	1,35,000	16,686
4. Mr. V. Ramachandran	Independent Director	1,20,000	14,832
5. Mr. K K Rai	Independent Director	1,50,000	18,540

MEANS OF COMMUNICATION:

The outcome of the Board Meeting, quarterly and annual financial results are sent to Stock Exchanges immediately after the Board approval. The quarterly and annual financial results are also available in Company web-site i.e., www.vsttillers.com.

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

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2015

Category	No. of Shareholders	% to total No.of shareholders	Shares Amount (Rs.)	% to total shares amount
Upto 5,000	9880	98.94	17605870	20.38
5,001 10,000	34	0.34	2443110	2.83
10,001 20,000	16	0.16	2286490	2.65
20,001 30,000	10	0.10	2503000	2.90
30,001 40,000	4	0.04	1381930	1.60
40,001 50,000	7	0.07	3170180	3.67
50,001 1,00,000	18	0.18	12144410	14.06
1,00,001 and above	17	0.17	44860290	51.92
Total	**9986**	**100.00**	**86395280**	**100.00**

DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2014-15

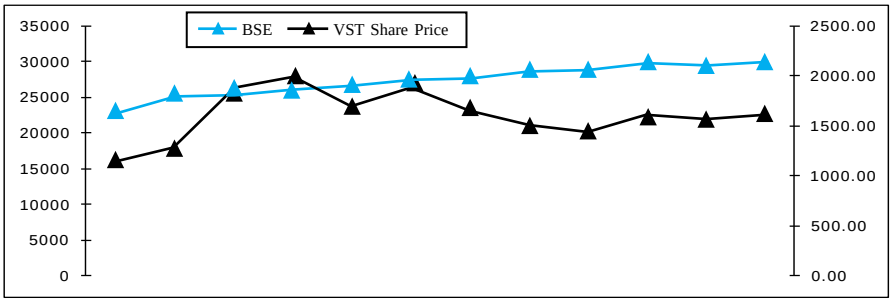
Nature of Request	OB	Received	Attended	Pending
Nature of Request	OB	Received	Attended	Pending
Change of Address	-	29	29	-
Bank Mandate	-	12	12	-
Revalidation of Warrants	-	82	82	-
Duplicate Share Certificates	-	28	28	-
Transfer/Transmission	-	22 Tr / 1 Tm	22 Tr / 1 Tm	-
Dematerialisation	-	65	65	-
Rematerialisation	-	1	1	-

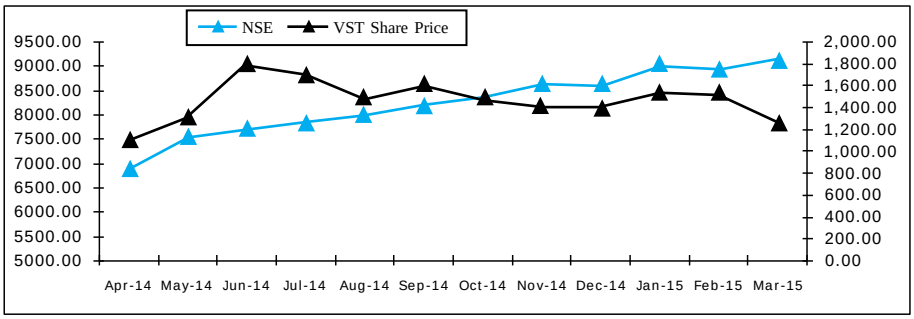
SHAREHOLDING PATTERN AS ON 31ST MARCH 2015

Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	40	4410939	51.06
Foreign Promoters	1	253125	2.93
Bodies Corporate	285	266204	3.08
Mutual Funds	21	820231	9.49
Banks	4	3699	0.04
Financial Institutions	5	3225	0.04
Foreign Financial Institutions	23	701174	8.12
Non-Resident Indians	385	86777	1.00
Clearing Members	69	25100	0.29
Public/Others	9153	2069054	23.95
Total	**9986**	**8639528**	**100.00**

Market Price Data Information (BSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-14	1148.00	899.65	Oct-14	1663.40	1310.60
May-14	1290.00	990.10	Nov-14	1502.10	1345.75
Jun-14	1875.00	1185.25	Dec-14	1449.00	1310.00
Jul-14	1998.00	1600.00	Jan-15	1599.25	1351.00
Aug-14	1698.85	1352.85	Feb-15	1560.00	1420.00
Sep-14	1900.00	1429.00	Mar-15	1623.75	1221.00





Market Price Data Information (NSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-14	1099.80	1006.70	Oct-14	1475.00	1350.00
May-14	1299.00	1210.00	Nov-14	1405.00	1377.00
Jun-14	1800.00	1678.25	Dec-14	1400.00	1339.10
Jul-14	1700.00	1645.00	Jan-15	1536.00	1477.95
Aug-14	1480.00	1403.60	Feb-15	1515.00	1480.00
Sep-14	1591.20	1540.00	Mar-15	1265.00	1220.00

Source: Web-sites of BSE and NSE.

Dematerialization of Equity Shares

Trading in equity shares of the Company became mandatory in dematerialized form. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these NSDL and CDSL. Shareholders can open their accounts with any of the Depository Participants to hold their shares in dematerialized form. About 96.70% of the Equity Shares of the Company are held in the dematerialized form.

Liquidity:

The Company's shares are actively traded on the NSE and BSE.

DETAILS OF UNCLAIMED SHARES

	As on 31.03.2014		Claimed during the year		As on 31.03.2015	
Particulars	No of Shareholders	No of Shares	No of Shareholders	No of Shares	No of Shareholders	No of Shares
Unclaimed Shares	151	10948	1	270	150	10678

GENERAL SHARE HOLDER INFORMATION

Investor Services

AGM date, time and venue	:	August 11th 2015 at 3.00 P.M. Woodlands Hotel Pvt. Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025
Financial year	:	1st April - 31st March
Book Closure	:	August 05th, 2015 to August 11th, 2015 (Both days inclusive) for Payment of dividend &AGM.

Financial Calendar (tentative)

Results for the quarter ending:

June 30, 2015 - Second week of August, 2015

September 30, 2015 - Second week of November, 2015

December 31, 2015 - Second week of February, 2016

March 31, 2016 - Last week of May, 2016

Dividend : Dividend if declared would be Despatched/ paid on August 12, 2015.

Payment of Listing Fees: Annual listing fee for the year 2015-16 has been paid by the Company to BSE & NSE.

Payment of Depository Fees: Annual Custody/ Issuer fee for the year 2015-16 will be paid by the Company to NSDL and CDSL on receipt of the Invoices.

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

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

INTEGRATED ENTERPRISES (INDIA) LTD,
30, Ramana Residency,
Ground Floor, 4th Cross,
Sampige Road, Malleswaram,
Bengaluru – 560 003
Phone Nos. 080-23460815-18, Fax: 080-23460819
e-mail : irg@integratedindia.in.

STOCK CODE :

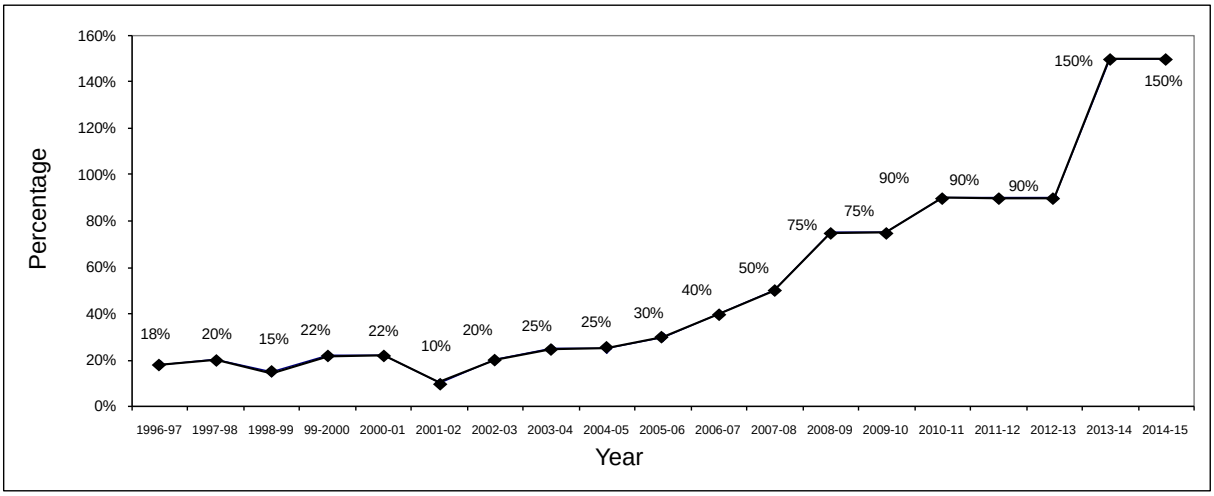
Bombay Stock Exchange Ltd : 531266

National Stock Exchange of India Ltd. : VSTTILLERS

ISIN : INE 764D01017.

CIN- L34101KA1967PLC001706

Percentage of Dividend Declared



Particulars of last 3 Annual General Meetings

Date/Time	Location	Summary of Special Business
14.08.2014 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	Re-appointment of Mr.V.P. Mahendra as Managing Director designated as Vice Chairman & Managing Director.
14.08.2013 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	Re-appointment of Mr.V.V Pravindra as Dy. Managing Director.
13.08.2012 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	Re-appointment of Mr. B C S Iyengar as Executive Director.

No special resolution had been passed through Postal Ballot during the year 2014-15.

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

DISCLOSURES

- During the year under review, besides the transactions mentioned under note no.31 page no.56 of Annual Report, there were no materially significant related party transactions that may have 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 XIII of clause 49 of the Listing Agreement. However, the Company had moved towards a regime of unqualified financial statements since many years.
- The Company has formulated whistleblower policy and no person has been denied access to the Audit Committee with regard to whistleblower policy.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standard.

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

Place: Bengaluru
Date: May 29, 2015

V K Surendra
Chairman

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

Report on the Financial Statements

We have audited the accompanying financial statements of V.S.T. Tillers Tractors Limited ("The Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

1. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;

   (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

   (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which -would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place : Bengaluru
Date : May 29, 2015

G. Srinivas
Partner
Membership No. 086761

ANNEXURE TO
INDEPENDENT AUDITORS' REPORT

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

(a) As per the information and explanations provided to us the Company has maintained proper records showing full Particulars including quantitative details and location of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

ii) In respect of the Company's Inventories :

(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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to any Company, firm or other parties listed in the Register maintained under Section 189 of the Act. Accordingly, clauses (iii) (a) & (iii) (b) of paragraph 3 of Order are not applicable for the year.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the aforesaid internal control system.

(v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) In respect of the Company's Statutory dues:

(a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it except slight delay in case of TDS. There are no arrears of outstanding statutory dues as at March 31, 2015 for a period of more than six months from the date they became payable;

(b) According to the information and explanations given to us, the disputed dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, and Cess are follows:

Name of the statute	Nature of dues	Amount of dues (Rs)	Period to which the amount relates	Forum where dispute is pending
Income tax act, 1961	Sales promotion expenditure disallowed	24,020,873	April 2011 to March 2012	CIT(Appeals)

According to the information and explanations given to us the amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.

(viii) The Company's does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, there were no dues to the financial institutions and banks. There were no Debenture holders during the period.

(x) 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.

(xi) According to the information and explanations given to us, the Company has not availed any term loans. Accordingly, clause (xi) of Paragraph 3 of the Order is not applicable.

(xii) Based on 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 explanations given to us, we have not come across any instance of fraud on or by the Company, has been noticed or reported during course of our audit, nor we have been informed of any such case by the Management.

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

Place : Bengaluru
Date : May 29, 2015

G. Srinivas
Partner
Membership No. 086761

BALANCE SHEET AS AT MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	Notes	As at March 31, 2015	As at March 31, 2014
I Equity and liabilities			
(1) Shareholders' funds			
(a) Share capital	3	**8,63,95,280**	8,63,95,280
(b) Reserves and surplus	4	**3,54,89,76,409**	3,03,51,10,112
		3,63,53,71,689	3,12,15,05,392
(2) Non-current liabilities			
(a) Deferred tax liability (net)	5	**4,72,46,447**	4,44,48,766
(b) Other long-term liabilities	6	**31,65,47,077**	26,11,22,081
(c) Long-term provisions	7	**2,48,46,185**	2,32,62,011
		38,86,39,708	32,88,32,858
(3) Current liabilities			
(a) Trade Payables	8	**16,50,06,930**	67,54,33,848
(b) Other current liabilities	9	**36,22,52,193**	41,23,45,558
(c) Short-term provisions	10	**17,01,02,425**	16,19,83,316
		69,73,61,548	1,24,97,62,722
TOTAL		**4,72,13,72,945**	4,70,01,00,972
II Assets			
(1) Non-current assets			
(a) Fixed assets			
i) Tangible Assets	11.1	**1,34,68,93,952**	1,24,19,60,950
ii) Capital work-in-progress	11.2	**2,10,07,143**	10,55,058
(b) Non-current investments	12	**9,36,11,449**	4,15,00,000
(c) Long-term loans and advances	13	**9,15,31,547**	2,28,45,143
		1,55,30,44,091	1,30,73,61,151
(2) Current assets			
(a) Current investments	14	**85,79,46,485**	1,02,14,29,850
(b) Inventories	15	**1,00,17,81,030**	86,55,23,049
(c) Trade receivables	16	**93,90,18,641**	1,02,25,70,680
(d) Cash and Bank Balances	17	**18,40,35,051**	22,55,04,022
(e) Short-term loans and advances	18	**18,12,39,543**	25,28,64,088
(f) Other current assets	19	**43,08,104**	48,48,132
		3,16,83,28,854	3,39,27,39,821
TOTAL		**4,72,13,72,945**	4,70,01,00,972

Summary of significant accounting policies 2

The accompanying notes 1 to 38 are an integral part of the financial statements.

As per our report of even date
For Brahmayya & Co.,
Chartered Accountants
ICAI Firm Registration No: 000515S

G. Srinivas
Partner
Membership No: 086761

Place : Bengaluru
Date : May 29, 2015

For and on behalf of the Board of Directors

V.P Mahendra
Vice Chairman, Managing Director & CEO

V.Ramachandran
Director

R.Thiyagarajan
Executive Vice President & Chief Financial Officer

Chinmaya Khatua
Company Secretary

Place : Bengaluru
Date : May 29, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
I Revenue from Operations (Gross)	20	**5,52,62,73,159**	6,25,25,58,046
Less: Excise Duty		**(1,03,00,593)**	(1,03,71,116)
Net Revenue from Operations		**5,51,59,72,566**	6,24,21,86,930
Other Incomes	21	**11,85,98,541**	8,70,35,447
Total Revenue		**5,63,45,71,107**	6,32,92,22,377
II Expenses			
a) Cost of Material Consumed	22	**3,60,11,86,850**	3,85,49,52,659
b) Purchase of Stock in Trade		**20,81,57,621**	17,07,46,185
c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	23	**(23,81,76,504)**	8,48,24,673
d) Employee Benefit Expenses	24	**40,63,30,822**	36,04,61,978
e) Finance Costs	25	**2,11,56,718**	1,76,91,007
f) Depreciation & Amortization Expenses	26	**9,41,09,139**	3,91,45,911
g) Other Expenses	27	**53,62,60,716**	58,18,14,788
Total Expenses		**4,62,90,25,362**	5,10,96,37,201
III Profit before exceptional and extraordinary items and tax		**1,00,55,45,746**	1,21,95,85,177
Exceptional Items		**-**	-
IV Profit before extraordinary items and tax		**1,00,55,45,746**	1,21,95,85,177
Extraordinary items		**-**	-
V Profit before tax		**1,00,55,45,746**	1,21,95,85,177
VI Tax expenses			
a) Current tax		**30,75,80,000**	37,49,65,410
b) Deferred tax		**27,97,680**	1,52,37,352
Total tax expense		**31,03,77,680**	39,02,02,762
VII Profit for the period		**69,51,68,065**	82,93,82,415
Earnings per equity share [nominal value of share Rs 10 [March 31, 2014 : Rs 10]			
a) Basic		**80.46**	96.00
b) Diluted		**80.46**	96.00

Summary of significant accounting policies 2

The accompanying notes 1 to 38 are an integral part of the financial statements.

As per our report of even date
For Brahmayya & Co.,
Chartered Accountants
ICAI Firm Registration No: 000515S

G. Srinivas
Partner
Membership No: 086761

Place : Bengaluru
Date : May 29, 2015

For and on behalf of the Board of Directors

V.P Mahendra
Vice Chairman, Managing Director & CEO

V.Ramachandran
Director

R.Thiyagarajan
Executive Vice President & Chief Financial Officer

Chinmaya Khatua
Company Secretary

Place : Bengaluru
Date : May 29, 2015

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rupees)

PARTICULARS	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash flow from operating activities			
Profit before tax from continuing operations		**1,00,55,45,746**	1,21,95,85,177
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortisation		**9,41,09,139**	3,91,45,911
Interest income		**(2,78,345)**	(43,76,247)
Income from investments		**(5,42,19,073)**	(5,82,32,953)
Profit on sale of fixed assets		**(3,43,629)**	5,88,389
Provisions no longer required, written back		**(4,56,55,282)**	(31,36,973)
Unrealized foreign exchange gain		**(19,05,617)**	(30,40,777)
Finance cost		**2,11,56,718**	1,76,91,007
Operating profit before working capital changes		**1,01,84,09,655**	1,20,82,23,534
Movements in working capital :			
Trade payables, Other liabilities and Provisions		**(47,23,87,739)**	59,10,34,564
Trade receivables		**8,54,57,657**	(4,65,24,665)
Inventories		**(13,62,57,981)**	(3,69,50,636)
Loans and Advances and other current assets		**8,03,70,788**	25,03,964
Cash generated from /(used in) operations		**57,55,92,380**	1,71,82,86,761
Direct taxes paid including for the previous years		**(31,57,86,215)**	(40,78,79,852)
Net cash flow from/ (used in) operating activities (A)		**25,98,06,165**	1,31,04,06,909
Cash flows from investing activities			
Purchase of fixed assets, including CWIP		**(22,72,02,411)**	(36,82,02,408)
Capital advances		**(6,86,86,404)**	2,06,64,781
Proceeds from sale of fixed assets		**9,37,450**	6,74,177
Redemption/maturity of bank deposits		**(3,46,588)**	(2,48,25)
Sale/(Purchase) of current investments		**11,13,71,916**	(1,02,14,29,850)
Interest received		**2,78,345**	43,76,247
Income from investment		**5,42,19,073**	5,82,32,953
Net cash flow from/ (used in) investing activities (B)		**(12,94,28,619)**	(1,30,57,08,925)
Cash flows from financing activities			
Dividends paid on equity shares		**(12,95,92,920)**	(7,77,55,752)
Tax on equity dividend paid		**(2,20,24,317)**	(1,32,14,590)
Interest paid		**(21156718)**	(1,76,91,007)
Net cash flow from/ (used in) in financing activities (C)		**(17,27,73,955)**	(10,86,61,349)
Net increase/(decrease) in cash and cash equivalents (A + B + C)		**(4,23,96,410)**	(10,39,63,365)
Cash and cash equivalents at the beginning of the year		**22,19,68,885**	32,59,32,250
Cash and cash equivalents at the end of the year		**17,95,72,475**	22,19,68,885
Components of cash and cash equivalents:			
Cash on hand		**1,90,808**	1,21,116
Cheques/ drafts on hand		**80,20,000**	9,47,34,309
With banks			
- on current account		**17,13,61,667**	12,71,13,460
- on deposit account		**-**	-
Total cash and cash equivalents		**17,95,72,475**	22,19,68,885

The accompanying notes 1 to 38 are an integral part of the financial statements.

As per our report of even date
For Brahmayya & Co.,
Chartered Accountants
ICAI Firm Registration No: 000515S

G. Srinivas
Partner
Membership No: 086761

Place : Bengaluru
Date : May 29, 2015

For and on behalf of the Board of Directors

V.P Mahendra
Vice Chairman, Managing Director & CEO

V.Ramachandran
Director

R.Thiyagarajan
Executive Vice President & Chief Financial Officer

Chinmaya Khatua
Company Secretary

Place : Bengaluru
Date : May 29, 2015

Note 1: Company overview

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

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

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

Note 2: Significant Accounting Policies

a) Basis of preparation

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

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

b) Use of estimates

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

c) Fixed Assets - Tangible

Fixed Assets are stated at cost 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.

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

d) Depreciation:

Till the year ended 31 March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Useful Lives/depreciation rates:

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to change depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting estimate did not have any material impact on financial statements of the company.

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

Depreciation on tangible fixed assets:

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

Companies Act, 2013, whichever is higher.

e) Borrowing Costs:

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

f) Impairment of Assets

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

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

g) Investments

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

h) Inventories

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

i) Foreign exchange 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.

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

j) Revenue recognition

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

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

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

k) Retirement benefits to employees

i) Defined Contribution Plans

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

ii) Defined Benefit Plan

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

iii) Other Long term employee benefits

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

iv) Short term employee benefits

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

l) Research and Development

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

m) Taxes on Income

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

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

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

n) Provisions

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

o) Leases

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

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

p) Warranty

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

q) Segment Reporting

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

r) Earnings per share

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

(Amount In Rupees)

	As at March 31, 2015	As at March 31, 2014
3 Share Capital		
Authorised:		
1,00,00,000 (March 31, 2014: 1,00,00,000) equity shares of Rs. 10 each	**10,00,00,000**	10,00,00,000
Issued, subscribed and paid-up:		
86,39,528 (March 31, 2014: 86,39,528) equity shares of Rs.10 each paid up	**8,63,95,280**	8,63,95,280
Total issued, subscribed and paid-up share capital	**8,63,95,280**	8,63,95,280

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

	As at March 31,2015		As at March 31,2014	
Equity Shares	**Nos**	**Rs.**	Nos	Rs.
At the beginning of the year	**86,39,528**	**8,63,95,280**	86,39,528	8,63,95,280
Movement during the year	**-**	**-**	-	-
Outstanding at the end of the year	**86,39,528**	**8,63,95,280**	86,39,528	8,63,95,280

(b) Terms/ rights attached to equity shares

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

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

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

	As at March 31,2015		As at March 31,2014	
	Nos	**% holding**	Nos	% holding
Equity shares of Rs. 10 each fully paid				
V P Mahendra	**6,30,530**	**7.30%**	6,30,530	7.30%
V K Surendra	**18,08,679**	**20.93%**	18,08,679	20.93%
	24,39,209	**28.23%**	24,39,209	28.23%

As per records of the Company, including its register of shareholders/ members, the above shareholding represent legal ownership of shares.

(d) Shares allotted as fully paid up by way of bonus shares (during 5 years preceding March 31, 2015)

Issued, Subscribed and Paid-up Capital includes 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 on 9th Feb, 2010.

(Amount In Rupees)

	As at March 31, 2015	As at March 31, 2014
4 Reserves and Surplus		
(A) Capital Reserve		
Opening Balance	**2,64,04,870**	2,64,04,870
(+) Current Year Transfers	**-**	-
Closing Balance	**2,64,04,870**	2,64,04,870
(B) Revaluation Reserve		
Opening Balance	**64,39,871**	64,93,238
(-) Depreciation for the year	**4,27,084**	53,367
Closing Balance	**60,12,787**	64,39,871
(C) General Reserve		
Opening Balance	**2,50,00,00,000**	1,80,00,00,000
(+) Transferred from the Statement of profit and Loss	**50,00,00,000**	70,00,00,000
Closing balance	**3,00,00,00,000**	2,50,00,00,000
(D) Balance in Statement of Profit and Loss		
Opening Balance	**50,22,65,371**	52,45,00,194
Add: profit for the year	**69,51,68,065**	82,93,82,414
	1,19,74,33,436	1,35,38,82,608
Less: Appropriations		
(a) Proposed Dividend	**12,95,92,920**	12,95,92,920
(b) Tax on Proposed Dividend	**2,63,81,879**	2,20,24,317
(c) Transfer to General Reserve	**50,00,00,000**	70,00,00,000
(d) Depreciation adjustment	**71,87,280**	-
(e) CSR expenditure	**1,77,12,605**	-
	68,08,74,684	85,16,17,237
Closing balance in the Statement of Profit and Loss	**51,65,58,752**	50,22,65,371
Total Reserves and Surplus (A+B+C+D)	**3,54,89,76,409**	303,51,10,112
5 Deferred tax liability (net)		
Deferred tax liabilities		
Depreciation/ amortization charged for the financial reporting	**6,38,67,070**	5,56,45,281
Deferred tax assets		
Provision for Bad debts and Employee Benefits	**(1,66,20,624)**	(1,11,96,515)
Deferred tax liability (Net)	**4,72,46,446**	4,44,48,766
6 Other Long Term Liabilities		
Rental Deposit	**38,75,000**	35,00,000
Dealer Deposits	**30,93,89,835**	25,49,30,475
Others	**32,82,242**	26,91,606
	31,65,47,077	26,11,22,081

(Amount In Rupees)

	As at March 31, 2015	As at March 31, 2014
7 Long Term Provisions		
Provision for employee benefits		
Provision for Gratuity	**54,62,438**	62,02,229
Provision for compensated absence	**1,93,83,747**	1,70,59,782
	2,48,46,185	2,3262,011
8 Trade Payable		
Dues to Micro,Small and Medium Enterprises	**4,05,08,218**	13,58,19,420
(Refer Note 29)		
Dues to others	**11,23,66,586**	44,03,66,055
Bills Acceptance	**1,21,32,126**	9,92,48,373
	16,50,06,930	67,54,33,848
9 Other Current Liabilities		
Unclaimed Dividend	**39,41,163**	33,60,312
Advance from customers and dealers	**4,21,34,837**	2,49,36,902
Incentives and Marketing Expenses Payable	**7,40,59,058**	6,90,50,615
TDS Payable	**54,84,197**	46,41,559
VAT Payable	**2,43,96,494**	2,21,46,075
Other statutory dues	**77,43,782**	74,74,987
Staff Dues and Recoveries	**3,13,93,525**	3,69,82,640
Other advance Received	**8,23,075**	4,58,186
Outstanding Expenses	**15,45,63,457**	24,32,94,282
CSR Payable	**1,77,12,605**	-
	36,22,52,193	41,23,45,558
10 Short Term Provisions		
Proposed Dividend	**12,95,92,920**	12,95,92,920
Tax on Proposed dividend	**2,63,81,879**	2,20,24,317
Provision for Warranties	**61,12,100**	76,42,931
Provision for Gratuity	**54,27,842**	2,56,302
Provision for Compensated absence	**25,87,684**	24,66,846
	17,01,02,425	16,19,83,316

11.1 TANGIBLE ASSETS

(Amount In Rupees)

	Land	Buildings	Plant and Machinery	Computer Equipments	Office Equipments	Vehicles	Furniture & Fixtures	Total
Gross Block								
At April 1, 2013	39,97,08,659	13,73,56,190	56,17,50,407	1,42,65,797	24,56,818	1,74,16,167	25,46,074	1,13,55,00,112
Additions	7,53,44,976	23,83,25,908	17,52,10,358	52,88,375	51,18,491	54,34,351	41,57,572	50,88,80,031
Disposals	-	-	8,60,820	65,259	-	20,92,991	-	30,19,070
At March 31, 2014	**47,50,53,635**	**37,56,82,098**	**73,60,99,945**	**1,94,88,913**	**75,75,309**	**2,07,57,527**	**67,03,646**	**1,64,13,61,073**
Additions	-	8,99,62,485	7,62,56,327	2,94,08,811	13,47,484	48,62,408	54,12,811	20,72,50,326
Disposals	-	0	19,15,329	61,600	-	8,33,731	-	28,10,660
At March 31, 2015	**47,50,53,635**	**46,56,44,583**	**81,04,40,943**	**4,88,36,124**	**89,22,793**	**2,47,86,204**	**121,16,457**	**1,84,58,00,739**
Accumulated Depreciation								
At April 1, 2013	-	3,52,91,083	30,73,21,909	1,00,29,604	13,30,730	63,10,258	16,73,767	36,19,57,351
Charge for the year	-	32,89,279	3,27,21,378	11,82,924	1,19,362	17,66,296	1,20,039	3,91,99,278
Disposals	-	-	6,47,116	62,109	-	10,47,281	-	17,56,506
At March 31, 2014	-	3,85,80,362	33,93,96,171	1,11,50,419	14,50,092	70,29,273	17,93,806	39,94,00,123
Charge for the year	-	2,13,75,320	5,85,98,078	86,03,073	11,47,370	35,62,743	8,50,972	9,41,37,556
Adjustments	-	27,11,732	29,23,538	8,75,589	7,35,382	2,01,114	1,38,592	75,85,947
Disposals	-	-	17,42,408	58,012	-	4,16,419	-	22,16,839
At March 3,1, 2015	-	**6,26,67,414**	**39,91,75,379**	**2,05,71,069**	**33,32,844**	**1,03,76,711**	**27,83,370**	**49,89,06,787**
Net Block								
At March 31, 2014	47,50,53,635	33,71,01,736	39,67,03,774	83,38,494	61,25,217	1,37,28,254	49,09,840	1,24,19,60,950
At March 31, 2015	**47,50,53,635**	**40,29,77,169**	**41,12,65,564**	**2,82,65,055**	**55,89,949**	**1,44,09,493**	**93,33,087**	**1,34,68,93,952**

11.2 CAPITAL WORK-IN-PROGRESS

	As at March 31, 2015	As at March 31, 2014
Plant & Machinery	**2,10,07,143**	10,55,058
	2,10,07,143	10,55,058

(Amount In Rupees)

	As at March 31, 2015	As at March 31, 2014
12 Non Current investment		
Investment in Joint Venture		
MHI -VST Diesel Engines Private Limited	**4,15,00,000**	4,15,00,000
(41,50,000 (March 31, 2014: 41,50,000) Equity Shares of Rs.10 each.)		
Investment in Equity Instruments		
Rane Holdings Limited		
1,25,000 (March 31, 2014: NIL) Equity shares of Rs.416.90 each	**5,21,11,449**	-
	9,36,11,449	4,15,00,000
13 Long term loans and advance		
Capital advance	**7,59,53,073**	98,83,492
Security deposits	**1,37,90,019**	1,16,96,537
Staff special / Annual advance	**17,88,455**	12,65,114
	9,15,31,547	4,35,09,924
14 Current investments		
Non Trade Unquoted		
(i) HSBC Mutual Fund		
HSBC Cash Fund-Daily Dividend	**10,02,06,554**	9,42,19,768
100,164.707 (Previous Year: 94,181,263) Units of Rs.1000.56 each		
ii) BOI AXA Mutual Fund		
BOI AXA Liquid Fund		
80,412.849 (Previous Year: 1,24,930.473) Units of Rs. 1002.9232 each	**8,06,47,912**	12,50,05,336
iii) ICICI Prudential Mutual Fund		
ICICI Prudential Banking & PSU Debt Plan		
Nil (Previous Year: 1,15,46,862,799)	-	11,62,13,948
iv) Reliance Mutual Fund		
Reliance Fixed Horizon Fund-XXV Series 29-Direct-Growth Plan		
134,385.757 (Previous Year: 70,00,000.00) Units of Rs.1002.7641 each	**13,47,57,213**	7,00,00,000
Reliance Fixed Horizon Fund-XXV Series 29-Direct-Growth Plan		
32,718.322 (Previous Year: Nil) Units of Rs.1528.7400 each	**5,00,17,809**	-
v) Birla Sunlife Mutual Fund		
Birla Sun Life Interval Income Fund-90 Days		
Nil (Previous Year: 50,00,000.00)	-	5,00,00,000
Birla Sun Life Floating Rate Fund-Short Term Plan-Daily Dividend		
99,915.099 (Previous Year: 10,29,677.410) Units of Rs.100.1950 each	**1,00,10,993**	10,33,74,669
Birla Sun Life Cash Plus		
741,379.326(Nil) Units of Rs.100.1950 each	**7,42,82,502**	-
vi) TATA Mutual Fund		
Tata Money Market Fund-Plan A-Daily Dividend		
1,41,500.784(Previous Year: 1,33,104.348) Units of Rs.1,001.5157 each	**14,17,15,257**	13,33,06,094
vii) Religare Invesco Mutual Fund		
Religare Invesco Credit Opportunities Fund-Daily Dividend		
Nil (Previous Year: 102,393.809)	-	10,24,23,502
viii) SBI Mutual Fund		
SBI Magnum Insta Cash Fund-Regular Plan-Daily Dividend		
1,08,697.238(Previous Year: 61,688.053) Units of Rs.1009.91 each	**10,97,74,421**	10,33,29,339
ix) Kotak Mutual Fund		
Kotak Banking & PSU Debt Fund-Daily Dividend		
65,89,978.907 (Previous Year: 61,90,689.365) Units of Rs.10.0335 each	**6,61,20,553**	6,21,14,282
Kotak Banking & PSU Debt Fund-Daily Dividend		
24,840.4978 (Previous Year: Nil) Units of Rs.1001.62 each	**2,51,29,144**	
x) HDFC Mutual Fund		
HDFC Floating Rate-IF-S T-WS-D Div.		
64,01,534.286(Previous Year: 60,94,982.940) Units of Rs.10.1982 each	**6,52,84,127**	6,14,42,912
	85,79,46,485	1,02,14,29,850

(Amount In Rupees)

	As at March 31, 2015	As at March 31, 2014
15 Inventories		
Raw material and Components	**22,75,86,016**	33,27,28,931
Work-in-Progress	**2,50,98,524**	5,48,37,499
Finished Goods	**38,92,34,773**	28,51,35,559
Stock in trade	**34,73,87,609**	18,35,71,344
Loose Tools	**95,97,977**	58,25,443
Machinery Spares and Others	**28,76,131**	34,24,273
	1,00,17,81,030	86,55,23,049
16 Trade Receivables		
Secured :-		
Receivables outstanding for a period exceeding six months and considered Good	**9,58,04,939**	5,78,27,336
Others	**15,42,20,585**	28,00,01,013
Unsecured :-		
Receivables outstanding for a period exceeding six months and considered Good	**13,45,38,596**	4,48,74,086
Doubtful	**88,49,578**	63,70,693
Others	**56,32,50,095**	63,98,68,245
Total	**94,78,68,219**	1,02,89,41,373
Less: Provision for doubtful Trade receivables	**88,49,578**	63,70,693
Total Trade Receivables	**93,90,18,641**	1,02,25,70,680
17 Cash and Bank Balances		
I. Cash and cash equivalents		
a) Cash on hand	**1,90,808**	1,21,116
b) On current accounts	**17,13,61,667**	12,71,13,460
d) Cheques on hand	**80,20,000**	9,47,34,309
	17,95,72,475	22,19,68,885
II. Other bank balances with more than three months maturity		
a) Deposits with Banks	**1,50,000**	1,50,000
b) Margin money deposit	**3,71,413**	24,825
c) Earmarked balances with banks	**39,41,163**	33,60,312
	44,62,576	35,35,137
	18,40,35,051	22,55,04,022

(Amount In Rupees)

	As at March 31, 2015	As at March 31, 2014
18 Short Term Loans and advances		
Advances to Staff	**33,05,705**	28,13,402
Advances given to Suppliers	**1,10,20,397**	71,42,561
Statutory Receivables		
Cenvat Receivable	**13,99,190**	20,70,003
VAT Receivable	**8,96,86,122**	16,75,15,390
Service Tax Receivable	**1,25,669**	1,25,669
TDS receivable	**37,53,087**	26,58,872
Advance Income Tax (Net of Provisions)	**6,86,42,168**	6,15,30,168
Others	**33,07,205**	90,08,023
	18,12,39,543	25,28,64,088
19 Other Current Assets		
Income Accrued but not due	**43,08,104**	48,48,132
	43,08,104	48,48,132

	For the year ended March 31, 2015	For the year ended March 31, 2014
20 Revenue from operations		
Sale of products	**5,50,93,52,687**	6,23,73,79,875
Sale of services	**20,72,027**	1,40,600
Other operating revenues	**1,48,48,445**	1,50,37,571
	5,52,62,73,159	6,25,25,58,046
21 Other Income		
Gain on Foreign Exchange Fluctuation (Net)	**19,05,617**	30,40,777
Insurance claims	**9,57,270**	16,10,478
Interest	**2,78,345**	43,76,247
Dividend from Non trade Investments	**5,42,19,073**	5,82,32,953
Rent Received	**77,19,704**	56,41,033
Sundry credit balances written back	**4,56,55,282**	31,36,973
Profit on sale of Assets	**3,43,629**	-
Provision for Bad and Doubtful debts written back	**27,95,397**	69,54,402
Miscellaneous Receipts	**47,24,223**	40,42,584
	11,85,98,541	8,70,35,447
22 Cost of Material Consumed		
Castings	**55,71,22,790**	67,40,73,042
Forgings	**69,52,60,798**	1,05,38,21,688
Sheet Metal Components	**52,41,57,715**	93,78,11,860
Tyres & Tubes	**23,44,43,575**	28,09,70,844
Others	**1,79,83,08,727**	1,07,90,21,410
	3,80,93,44,471	4,02,56,98,844

(Amount In Rupees)

	For the year ended March 31, 2015	For the year ended March 31, 2014
23 Changes in inventories		
Opening Stock as at 1st April, 2014		
Work in Progress	**5,48,37,499**	6,15,26,481
Finished Goods	**28,51,35,559**	41,31,28,736
Trading Goods	**7,39,11,480**	4,47,56,315
Spares and attachments	**10,96,59,864**	8,89,57,543
Total (A)	**52,35,44,402**	60,83,69,075
Closing Stock as at 31st March, 2015		
Work in Progress	**2,50,98,524**	5,48,37,499
Finished Goods	**38,92,34,773**	28,51,35,559
Trading Goods	**15,44,35,039**	7,39,11,480
Spares and attachments	**19,29,52,570**	10,96,59,864
Total (B)	**76,17,20,906**	52,35,44,402
(Increase)/Decrease in stock (A-B)	**(23,81,76,504)**	8,48,24,673
24 Employee Benefit Expenses		
Salaries, Wages and Bonus	**36,35,10,313**	32,91,23,777
Contribution to Funds	**2,66,63,757**	1,96,58,343
Welfare Expenses	**1,61,56,752**	1,16,79,858
	40,63,30,822	36,04,61,978
25 Finance Costs		
Interest Expense		
Interest paid on working Capital	-	-
Interest on Other	**2,11,56,718**	1,75,67,257
Other Borrowing Costs		
Loan Processing Fees	-	1,23,750
	2,11,56,718	1,76,91,007
26 Depreciation and amortization expense		
Depreciation of tangible assets	**9,41,09,139**	3,91,45,911
	9,41,09,139	3,91,45,911

(Amount In Rupees)

27 Other Expenses

	For the year ended March 31, 2015	For the year ended March 31, 2014
Power and Fuel	**3,70,17,130**	2,91,75,124
Consumption of Stores & Tools	**3,09,71,951**	5,03,24,635
Consultancy and Legal Charges	**79,01,246**	81,88,330
Payment to Statutory Auditors		
i) Audit fee	**10,00,000**	10,00,000
ii) Tax audit fee	**2,00,000**	2,00,000
iii) Company Law Matters	**-**	-
iv) Reimbursement of expenses	**2,79,559**	1,54,756
Payment to Cost Auditors		
i) Audit fee	**-**	1,75,000
ii) Reimbursement of expenses	**-**	26,686
Fees, Rates and Taxes	**2,68,57,371**	2,58,00,583
Directors Sitting Fees	**5,85,000**	5,25,000
Insurance	**20,55,433**	23,60,690
Rent	**41,41,282**	33,79,970
Repairs and Maintenance on		
i) Building	**56,01,341**	47,48,665
ii) Machinery	**1,77,66,607**	1,55,36,849
iii) Other Equipment	**2,25,13,811**	1,27,78,983
Testing Charges	**25,47,400**	38,06,057
Bank Charges	**10,08,188**	7,28,424
Travelling and Conveyance	**2,85,78,114**	2,46,17,333
Communication Expenses	**60,81,473**	57,06,194
Miscellaneous Expenses	**1,44,57,812**	50,41,555
Advertisement and Publicity	**90,76,791**	64,20,971
Freight and Forwarding	**12,27,25,114**	12,67,04,427
Selling Expenses	**13,80,79,730**	16,80,97,706
Packing material consumed	**2,41,62,753**	2,18,20,879
Donations	**35,40,000**	33,50,000
Service and Warranty Expenses	**2,66,33,724**	6,05,57,582
Provision for bad and doubtful debts	**24,78,885**	-
Loss on sale of assets	**-**	5,88,389
	53,62,60,716	58,18,14,788

28 Contingent Liabilities

a) Cases filed by customers in various consumer courts not acknowledged as debts	**43,79,000**	43,79,000
b) Appeal filed by company in respect of income tax matters	**2,40,20,873**	-
c) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances).	**42,42,977**	4,22,57,591
d) Bank guarantees issued to Government agencies by way of security	**1,15,36,907**	56,49,300

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

(Amount In Rupees)

29 Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

Based on the information available with the company, there are no Micro, Small and Medium enterprises, to which the company owes dues, which are outstanding for more than 45 days as at March 31, 2015. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

30 The actuarial value of gratuity liablity as at 31st March 2015 is Rs.7,44,01,266/- (Rs.6,61,58,554) as per the workings under AS 15 (Revised) Employee Benefits, notified by Ministry of Corporate Affairs Under Subsection 3C of Section 211 of the Companies Act, 1956 read with GeneralCircular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs.

Gratuity report under AS-15 (Revised 2005) for the year ended March 31, 2015

The following table sets out the funded status of the gratuity plans and the amounts recognised in the company's financial statements as at March 31, 2015.

a) Assumption :	**As at March 31, 2015**	As at March 31, 2014
Discount rate		
Salary Escalation	**5%**	5%

b) Table showing changes in present value of obligation :	**As at March 31, 2015**	As at March 31, 2014
Present value of obligation as at beginning of year	**6,61,58,554**	5,74,97,126
Interest cost	**27,68,999**	51,44,677
Current service cost	**54,36,197**	66,45,072
Benefits paid	**(1,00,41,389)**	(21,72,400)
Actuarial(gain)/loss on obligation	**87,90,83**	(9,55,921)
Present value of obligation as at end of year	**7,44,01,266**	6,61,58,554

c) Table showing changes in the fair value of plan assets:	**As at March 31, 2015**	As at March 31, 2014
Fair value of plan assets at beginning of year	**5,96,75,659**	5,28,28,419
Expected return on plan assets	**47,26,111**	43,16,703
Contributions	**87,94,124**	42,83,136
Benefits paid	**(1,00,41,389)**	(20,22,393)
Actuarial gain/(loss) on plan assets	**2,95,382**	2,69,794
Fair value of plan assets at end of year	**6,34,74,251**	5,96,75,659

d) Table showing Expenses recognised Statement of Profit and Loss	**As at March 31, 2015**	As at March 31, 2014
Current Service Cost	**54,36,197**	66,45,072
Interest on Obligation	**27,68,999**	51,44,676
Expected return on plan assets	**47,26,111**	(43,16,703)
Actuarial (gain)/loss	**8,79,083**	(12,25,715)
Total included in Employee Benefits	**1,38,10,390**	62,47,330

e) Actuarial Gain / Loss recognised :	**As at March 31, 2015**	As at March 31, 2014
Actuarial (gain) / Loss on obligations	**8,79,083**	(9,55,921)
Actuarial (gain) / Loss for the year on plan assets	**2,95,382**	(2,69,794)
Actuarial (Gain)/ Loss recognised in the year	**11,74,465**	(12,25,715)

(Amount In Rupees)

f) The amount to be recognised in the Balance Sheet and statement of Profit and Loss :	As at March 31, 2015	As at March 31, 2014
Present value of obligation as at the end of the year	**7,44,01,266**	6,61,58,554
Fair value of plan assets as at the end of the year	**6,34,74,251**	5,96,75,659
Net assets / (Liability) recognised in Balance Sheet	**(1,09,27,015)**	(64,82,895)

Notes :

1. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. The expected return on plan assets is determined considering several applicable factors such as the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the company's policy for plan assets is expected to vary from year to year reflecting the returns on matching Government bonds.
3. Gratuity liability in case of employees of Precision Components Division, Mysore are unfunded and the gratuity liability for the year was Rs.9,11,997 (31st March, 2014 Rs.3,13,444) and the cumulative liability as on 31st March 2015 was Rs.43,18,763 (31st March, 2014 Rs.34,99,015).

31 Related Party Transactions:

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

Name of the Party	Nature of Relationship
a) India Garage Service Station	Associates/Joint Ventures
b) India Garage Petrol Pump	Associates/Joint Ventures
c) MHI-VST Diesel Engines Private Limited	Associates/Joint Ventures
d) Anand & Associates	Associates/Joint Ventures
e) Automobile Service Centre	Associates/Joint Ventures
f) VST & Sons	Associates/Joint Ventures
g) Mr.V.P.Mahendra	Key Management Personnel
h) Mr.V.V.Pravindra	Key Management Personnel
i) Mr.B.C.S.Iyengar	Key Management Personnel

	Transactions for For the year ended 31 March, 2015	Transactions for For the year ended 31 March, 2014
I. Nature of Transactions:		
a) Sale of power tillers, tractors, diesel engines, attachments and spare parts etc.		
India Garage Service Station	**-**	4,88,54,060
b) Supply of machined components and provide facilities for inspection of components		
MHI-VST Diesel Engines Private Limited	**32,77,125**	56,035
c) Renting of immovable property		
MHI-VST Diesel Engines Private Limited	**25,28,100**	25,28,100
d) Architectural profession services		
Anand & Associates	**19,56,188**	31,57,316
e) Renting of Immovable Property		
Automobile Service Centre	**26,96,640**	26,96,640
f) Payment of Royalty towards utilisation of Group Logo		
VST & Sons	**5,51,245**	6,23,871

(Amount In Rupees)

	Transactions for For the year ended 31 March, 2015	Transactions for For the year ended 31 March, 2014
II. Balances at 31st March 2015		
a) Receivable		
India Garage Service Station	**-**	(11,73,522)
b) Payable		
MHI-VST Diesel Engines Private Limited	**(16,78,529)**	2,71,662
Automobile Service Centre	**-**	-
VST & Sons	**5,51,245**	6,23,871
Anand & Associates	**-**	-
India Garage Petrol Pump	**-**	-
III.Managerial Remuneration* :		
a) **Mr.V.P.Mahendra**	**76,26,104**	46,15,503
b) **Mr.V.V.Pravindra**	**32,55,690**	35,21,414
c) **Mr.B.C.S.Iyengar**	**39,18,499**	39,32,338
	1,48,00,293	1,20,69,255

* Managerial Remuneration includes commission

32 Basic and Diluted earnings per share	**For the year ended March 31, 2015**	For the year ended March 31, 2014
a) Profit after tax for the year (in Rs.)	**69,51,68,065**	82,93,82,415
b) Weighted average number of equity shares outstanding	**86,39,528**	86,39,528
Earnings Per Share (Rs.) - Basic (Face value of Rs. 10 per share)	**80.46**	96.00
Earnings Per Share (Rs.) - Diluted (Face value of Rs. 10 per share)	**80.46**	96.00

33 Expenditure on Research & Development

Particulars	**For the year ended March 31, 2015**	For the year ended March 31, 2014
a) Revenue expenditure		
Salaries & allowances of R&D Staff	**1,20,34,286**	1,33,55,948
Testing Fees paid to ARAI, Pune & CFMTTI, Budni	**20,90,913**	31,28,612
Development charges	**14,109**	6,07,433
Others	**34,508**	70,012
Depreciation on R&D Assets	**18,25,567**	10,33,069
Total	**1,59,99,383**	1,81,95,074

(Amount In Rupees)

34 a) CIF Value of Imports :

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
i) Components and spares	**25,12,76,819**	24,93,58,619
Total	**25,12,76,819**	24,93,58,619

b) Expenditure in Foreign Currency :	For the year ended March 31, 2015	For the year ended March 31, 2014
i) Travelling	**12,67,272**	16,21,362
ii) Commission paid	**20,42,105**	45,38,364
iii) Others	**-**	-
Total	**33,09,377**	61,59,726

c) Value of Imported and Indigenous Materials, components and Traded goods consumed :

Particulars	For the year ended March 31, 2015		For the year ended March 31, 2014	
	Amount	**% to total consumption**	Amount	% to total consumption
i) Imported	**32,63,64,489**	**9.06%**	24,17,50,569	5.76%
ii) Indigenous	**3,27,48,22,362**	**90.94%**	3,95,46,94,460	94.24%
	3,60,11,86,851	**100.00%**	4,19,64,45,029	100.00%

35 Earnings in Foreign Exchange:

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
a) Export of goods on FOB basis	**9,67,53,258**	14,67,50,863
b) Others (Freight, Insurance etc.)	**11,48,336**	70,47,186
Total	**9,79,01,594**	15,37,98,049

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

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
a) Amount remitted (Net of tax) - (Amount in Rs.)	**37,96,875**	22,78,125
b) Number of Non Resident shareholders	**1**	1
c) Number of shares on which dividend was due	**2,53,125**	253,125

(Amount In Rupees)

37 Derivative Instruments

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Amount in Foreign Currency	**Amount in INR**	Amount in Foreign Currency	Amount in INR
Assets				
Trade Recievables				
(in USD)	-	-	63,221	37,49,638
(in GBP)	**66,568**	**60,96,963**	2,18,902	2,15,20,297
(in EURO)	-	-	1,87,683	1,52,49,217
Liabilities				
Trade Payables - (in EURO)	-	-	10,303	861,743
Trade Payables - (in US)	**19**	**1,132**		
Other Payables - (in EURO)			-	-
Accrued Expenses - (in GBP)	-	-	18,296	1,849,212
Advance from Customers - (in EURO)	-	-	71	5,900
Advance from Customers - (in GBP)	**435**	**40,665**	-	-

38 These financial statements have been prepared in the format prescribed by the Revised Schedule III to the Companies Act, 2013. Previous year figures have been recast/restated to confirm to the classification of the current year.

As per our report of even date
For Brahmayya & Co.,
Chartered Accountants
ICAI Firm Registration No: 000515S

G. Srinivas
Partner
Membership No: 086761

Place : Bengaluru
Date : May 29, 2015

For and on behalf of the Board of Directors

V.P Mahendra
Vice Chairman, Managing Director & CEO

V.Ramachandran
Director

R.Thiyagarajan
Executive Vice President & Chief Financial Officer

Chinmaya Khatua
Company Secretary

Place : Bengaluru
Date : May 29, 2015

SALE OF PRODUCTS

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

	CLASS OF GOODS	**01-04-2014 - 31-03-2015**			01-04-2013 - 31-03-2014		
		Production	**Sales**		Production	Sales	
		Quantity Nos.	**Quantity Nos.**	**Value Rs.**	Quantity Nos.	Quantity Nos.	Value Rs.
a)	Power Tillers	**22,410**	**23,103**	**2,95,60,00,934**	25,843	27,252	3,42,45,31,216
b)	Tractors	**7,506**	**6,694**	**1,75,69,71,271**	7,515	7,452	1,94,25,90,050
c)	Rice Transplanters		**834**	**14,34,26,624**		822	13,01,05,755
d)	Reapers		**443**	**4,24,57,811**		800	7,31,07,899
e)	Spares			**42,69,10,175**			41,67,18,626
f)	Others			**17,53,57,306**			24,00,95,812
g)	Operating Income			**1,48,48,445**			1,50,37,572
	Total			**5,51,59,72,566**			**6,24,21,86,930**

VST SHAKTI 130 DI POWER TILLER

VST YANJI SHAKTI RICE TRANSPLANTER

MITSUBISHI SHAKTI VWH 120 POWER TILLER

MITSUBISHI SHAKTI MT 180D TRACTOR

VST MITSUBISHI SHAKTI VT 224-1D TRACTOR

V.S.T TILLERS TRACTORS LTD.
P.B. No. 4801, Whitefield Road,
Mahadevapura Post, Bengaluru - 560 048
Ph: 91-80-67141111, Fax : 91-80-28510221
Email : vstgen@vsttillers.com, Website : www.vsttillers.com
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