



**VTTL/SEC/SE/2017-18**

**August 22nd, 2018**

The General Manager – Listing,  
National Stock Exchange of India Ltd,  
Plot No. C/1, G Block,  
Bandra – Kurla Complex,  
Bandra ( E )  
MUMBAI – 400 051  
Tel No- 022-26598235

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

Dear Sir,


**Sub: Annual Report for the year 2017-18**

Please find enclosed Annual Report for the year 2017-18 which was approved at the 50<sup>th</sup> AGM of the Company held on 11/08/2018.

We request you take this on record.

Thank you,

Yours truly,  
**for V.S.T. Tillers Tractors Ltd,**

  
**Chinmaya Khatua**  
**Company Secretary**

Encl: a/a.






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



A VST GROUP  
ENTERPRISE

Regd. Office : Plot No.1, Dyavasandra Indl. Layout, Whitefield Road, Bengaluru - 560048, Karnataka, India.

Phone: 91-80-67141111, Toll Free:18004190136, E-mail: [vstgen@vsttillers.com](mailto:vstgen@vsttillers.com), [www.vsttillers.com](http://www.vsttillers.com)

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# ANNUAL REPORT 2017-2018



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



## LORD GANESHA



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

<b>Board of Directors</b>	: Mr. V.K. Surendra - <i>Chairman</i> Mr. R. Subramanian - <i>Independent Director</i> Mr. M.K. Bannerjee - <i>Independent Director</i> Mr. K.M. Pai - <i>Independent Director</i> Ms. Siva Kameswari Vissa - <i>Independent Director</i> Mr. V.P. Mahendra - <i>Vice Chairman &amp; Managing Director</i> Mr. V.V. Pravindra - <i>Non-Executive Director</i> Mr. V.T. Ravindra - <i>Executive Director</i> Mr. Arun V Surendra - <i>Non-Executive Director</i>
<b>Chief Executive Officer</b>	: Mr. K.U. Subbaiah
<b>Chief Financial Officer</b>	: Mr. P.M. Keshava
<b>Company Secretary and Compliance Officer</b>	: Mr. Chinmaya Khatua
<b>Statutory Auditors</b>	: M/s. K.S.Rao & Co Chartered Accountants No. 2, 7th Cross, "B" Street, Magadi Road Bengaluru - 560 023
<b>Internal Auditors</b>	: M/s. Brahmaya & Co., Chartered Accountants 10/2, Khivraj Mansion, Kasturba Road, Bengaluru - 560 001
<b>Cost Auditors</b>	: M/s. Rao, Murthy & Associates Sampurna Chambers, No. 13, 1st Floor, FF2, Vasavi Temple Road, V.V. Puram, Bengaluru- 560 004
<b>Secretarial Auditors</b>	: Mr. Thirupal Gorige Practising Company Secretary No. 87, 2nd Floor, 21st Cross, 7th Main, N S. Palya, BTM 2nd Stage, Bengaluru -560 076.
<b>Bankers</b>	: M/s. Canara Bank, Contonment Branch, M.G. Road, Bengaluru - 560 001 M/s. State Bank of India, SME Branch, Mahadevapura, Bengaluru - 560 048
<b>Regd. Office</b>	: Plot No.1, Dyavasandra Industrial Layout, Whitefield Road, Mahadevapura Post, Bengaluru - 560 048 Ph : 080-67141111 e-mail: <a href="mailto:vstgen@vstillers.com">vstgen@vstillers.com</a> website: <a href="http://www.vstillers.com">www.vstillers.com</a>

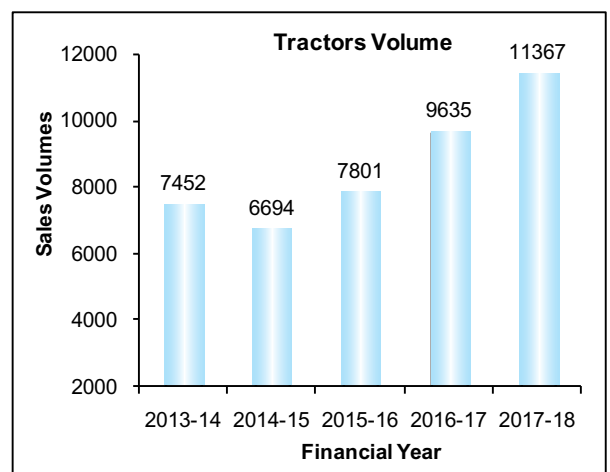
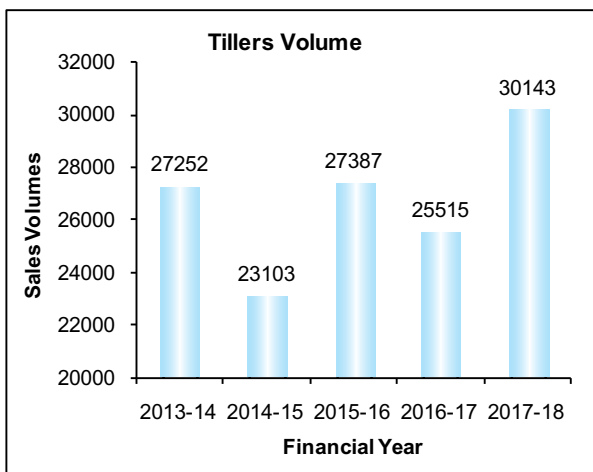
### INFORMATION

#### REQUEST TO MEMBERS

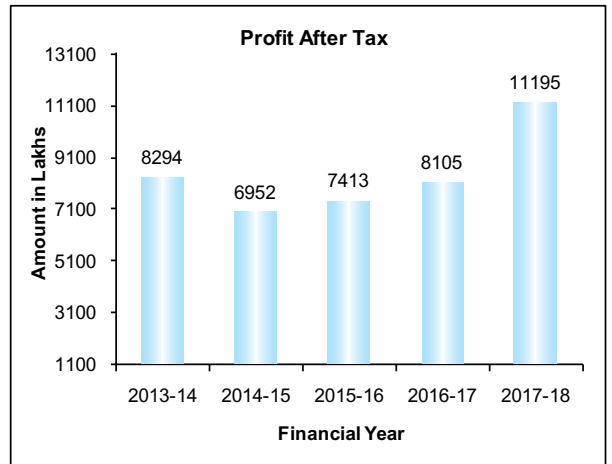
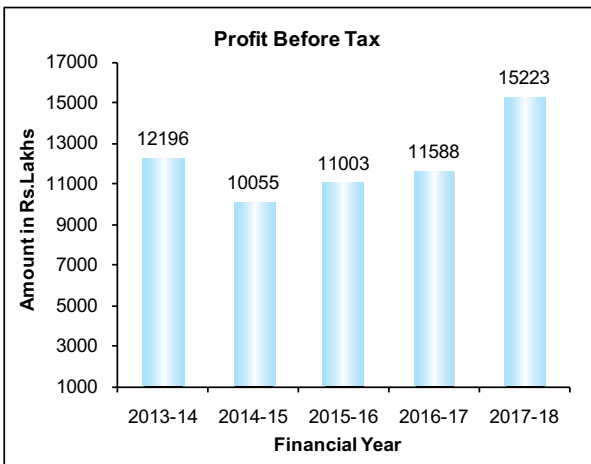
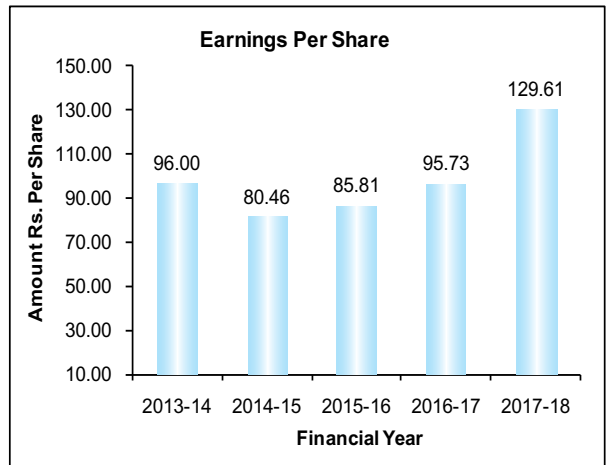
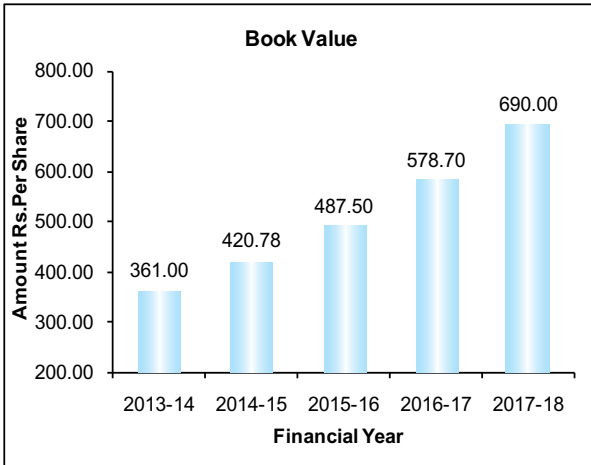
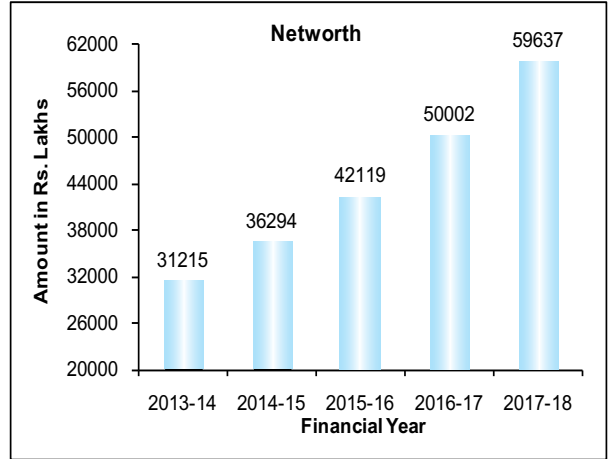
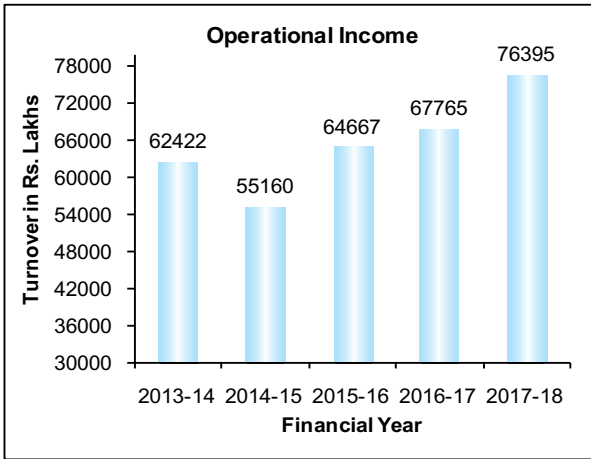
1. Please bring your copy of the Annual Report to the meeting as no extra copies will be distributed owing to limited number of copies printed.
2. Members are requested to send their queries, if any, relating to the annual accounts and reports at least one week prior to the date of meeting to facilitate compilation 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



The previous years financial indicators have been re-arranged as per IndAS wherever required.

Dear Shareholder,

Your Directors have pleasure in presenting the 50th Annual Report of the Company and the Audited Statement of accounts for the year ended March 31, 2018.

## FINANCIAL PERFORMANCE

(Rupees in lakhs)

Period	Year 2017-18	Year 2016-17
OPERATING INCOME	76395	67766
NON-OPERATING INCOME	4521	2616
TOTAL INCOME	80916	70382
FINANCE COST	169	302
DEPRECIATION	1086	1181
TOTAL EXPENSES	65693	59124
EXCEPTIONAL ITEM	-	330
PROFIT BEFORE TAX	15223	11588
TAX	4025	3318
PROFIT AFTER TAX	11198	8271
OTHER COMPREHENSIVE INCOME	-3	-166
TOTAL COMPREHENSIVE INCOME	11195	8105
EARNING PER SHARE (Basic and Diluted)	129.61	95.73

## COMPANY'S PERFORMANCE

The year under report was partially impacted in first half of the year with weak monsoon in June in States of Karnataka, Tamil Nadu and Kerala. In other parts of the country the monsoon was normal during the Kharif season. Structural changes in the subsidy schemes in few States, change over to DBT schemes in few states and price fixation delays impacted the sales of Power tillers during the year 2017-18.

The number of Power Tillers sold during the year was 30,143 units as against the previous year sale of 25,515 units registering growth in sales of 25%. The company market share moved to 60%.

Your company registered growth of 18% in Tractor numbers. 11,367 tractors were sold as against 9,635 tractors in 2016-17. The company market share is around 15.5% in the compact segment category.

Your company will be investing over 240 crores from the year 2016-17 until 2020-21 in infrastructure, upgradation and new product development. The company has launched new Tractor models, Tractor variants and Tiller models. During the year 2016-17 your company launched the 27 HP Viraat model to the market, and the upgraded version 'VST SHAKTI VIRAAT PLUS' in April 2017. Both these models are with 8+2 constant mesh gear box. The Viraat Plus has gained market share while the Samrat model is lagging

as we need to change the mindset of the farmers to adapt engine with Electronic governor. The new model's introduction, penetration in new areas, industry growth and our marketing communication has enabled growth in sales during the year 2017-18.

The Custom Hiring & Service Centers that are under the VST umbrella which was allocated under the scheme launched by the Government of Karnataka are running successfully.

The new plant for Power Tiller at Malur became operational in March 2018. This new plant is capable of higher productivity. The entire production of Power Tiller will be done in this plant effective August 2018.

The existing plant at Bengaluru will be used for manufacture of higher HP range of Tractors and the Self-propelled Power reapers.

### DIVIDEND:

The Board has recommended 500% Dividend (150% Normal dividend and 350% special dividend on account of Golden Jubilee year) i.e. Rs.50/- per equity share of Rs.10 each, for the financial year 2017-18 and the same will be disbursed on or after 13th August 2018, if approved by the shareholder at the 50th AGM. The total outflow will be Rs.51,84,52,993 including the dividend distribution tax of Rs.8,64,76,593 lakhs,

### Transfer to reserves

There was no proposal for transfer to general reserve for the year 2017-18.

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

Need to mechanize agriculture will continue to be a necessity due to limited availability of labour and high cost of labour. The trend in any segment is towards mechanization/automation to reduce the manual effort. Your company is in the business to 'Create Sustainable Crop Solutions To Enhance Farm Productivity'. The company products mainly target the small and marginal farmers who account for more than 70% of the land holding. Shortage of rural labour force continues to be the key driver for business growth. The income of our farmers need to increase and this is possible with increase in productivity in the land size that they own. Your company is offering total crop solutions to the farmers at competitive pricing which will assist in their business. The company has developed packages for various crops like Paddy, Cotton, Sugarcane, Horticulture, Grapes etc. for Compact tractors and Power tillers.

Delays in announcing subsidy schemes by the State Governments, bureaucracy associated with the administration of schemes, weak Monsoon etc. will continue to be the challenge for your company. Entry of more and more competition tractors in the compact segment is demanding your company to come out with more and more variants to counter the competition.

The commodity prices have increased over 20% in 2017-18. Many suppliers are seeking price increases. Due to price increase of components the contribution margin will get eroded and hence can have adverse impact on the company operating margins.

**RISK & CONCERN**

The inability of the Central Government to come out with strict guideline/policy to curb imports of poor quality Power Tillers without adequate service and spares is a cause for concern. State Governments are encouraging more and more Custom Hiring Centres to support the marginal and small farmers. This initiative may marginally impact the sales of Tillers to the farmers. More than 95% of Power Tillers are sold under government subsidy schemes. In case the subsidy allocations are reduced it can adversely affect the demand for these products. In some States even the compact tractors are given attractive subsidy. This will have an impact on Direct sales of Tractors. While the subsidy was most prevalent in Karnataka, Tamil Nadu and Andhra very recently Maharashtra government has announced a subsidy scheme for tractor. This is

not necessarily a good trend for the tractor industry. Most State Governments have switched over to DBT scheme for subsidy which will have a positive impact on working capital.

Your company is diversifying to manufacture and sell higher HP tractors to the domestic market. Having been in compact segment tractor manufacturing and sales it may take more than anticipated time for us to penetrate and establish the presence in higher HP segment.

**CURRENT YEAR OUTLOOK**

With prediction of normal monsoon, launch of new products models/ variants along with continued focus on farm mechanization to double the farmer income by the Central Government it is expected that the company growth will be on par with the overall industry growth.

**DETAILS OF DIRECTORS APPOINTMENT/ REAPPOINTMENT:**

In accordance with the provisions of the Companies Act, 2013 Mr. V T Ravindra (DIN-00396156) will retire at the ensuing AGM and is eligible for reappointment.

Mr. Arun V. Surendra (DIN-01617103) appointed as Additional Director of the Company effective from 11/05/2018. His appointment as Non-Executive Director forms part of Notice of 50th Annual General Meeting.

Mr. V.T. Ravindra appointed as whole-time Director of the Company effective from 11/05/2018. His appointment as whole-time Director forms part of Notice of 50th Annual General Meeting.

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

**KEY MANAGERIAL PERSONNEL (KMP)**

The following persons are Key Managerial Personnel (KMP) of the Company under section 203 of the Companies Act, 2013. During the year 2017-18, Mr.R.Thiyagarajan resigned as CFO of the Company w.e.f. 01/06/2017 and Mr. P.M. Keshava appointed as CFO w.e.f. 01/06/2017.

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

**CORPORATE GOVERNANCE:**

The Company strives to ensure good in Corporate Governance and levels of transparency with all the



provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015. A certificate from the Auditors to this effect forms part of Corporate Governance Report.

Compliance reports in respect of all laws applicable to the Company have been reviewed by the Board of Directors.

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

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

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

### **AUDITORS:**

M/s. K.S. Rao & Co, Chartered Accountants (Firm Regn No. 003109S) were appointed as Auditors of the Company for five financial years w.e.f FY 2016-17, at the 48th Annual General Meeting of the Company.

### **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 2018-19 on a remuneration of Rs.2,50,000/- lakhs (Exclusive of applicable taxes) 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 approval. Accordingly, a Resolution seeking Member's approval for the remuneration payable to M/s. Rao, Murthy & Associates., Cost Auditors is included in the Notice of the Annual General Meeting.

### **INTERNAL AUDITORS**

M/s.Brahmayya & Co, Chartered Accountant were appointed as Internal Auditors under section 138 of the Companies Act, 2013 for the financial year 2017-18.

### **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and read with Rules made thereunder, the Company had appointed Mr. Thirupal Gorige Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2017-18. 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. The salary details of designated employees are given in Annexure-1.

### **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 thereunder.

**Internal Control System and their Adequacy**

The Company has put in place adequate internal financial controls over financial reporting 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.

The Company periodically conducts physical verification of inventory, fixed assets and cash on hand and matches them with the books of account. Explanations are sought for any variance noticed from the respective functional heads.

The Company is planning to implement new ERP system during the year 2019-20 to further strengthen the internal control system of the Company.

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

**Industrial Relation**

Industrial relations have been cordial at the Bengaluru, Mysore and Hosur plants during the year.

Your company has taken appropriate steps to build organizational capability which will enable the long term growth plans. There were 713 No. of permanent employees on roll as on 31st March 2018.

**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 11, 2018, 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.

**Information Technology**

Your Company's operations are supported by a full-

fledged Data Centre. Your company has a well planned Business Continuity Plan and Disaster Recovery Set-up for all critical applications with near real-time data replication.

The delivery centers meet the Information Security Management System and CIA (Confidentiality, Integrity and Availability) Standards. To cater to the ever-changing customer needs, the IT infrastructure is being constantly upgraded with new / enhanced features to facilitate smooth functioning of operations and deliver customer satisfaction. We are using industry best standard mailing solutions with compliance and availability of mails which controls various spam mails.

The Company is planning to implement new ERP system during the year 2019-20 to further strengthen the internal control system of the Company along with 24\*7 availability of critical applications and standard business analytical tools.

**Board Meeting**

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

**Declaration of Independent directors.**

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

**Committees**

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

**Vigil Mechanism**

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

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

**Technology Transfer Agreement with M/s. Kukje Machinery Co. Ltd.**

During the year 2017-18 the Company has entered into a Technology Transfer Agreement with

M/s. Kukje Machinery Co. Ltd., Korea to manufacture 47 HP tractors.

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

**Auditors Qualification on Internal financial control:**

“The Company has designed and established internal financial controls over accounting of expenditure and payment processing. However, adequate “maker and checker controls” were not effective with respect to review of expenditure entries, generation of EDI (Electronic Data Interchange) file for payments, modifications to EDI file and uploading the EDI file onto the Bank’s website for payments, as detailed in note no. 45 to financial statements as at March 31, 2018 which resulted in creation of fictitious accounting entries in the system and payments to unauthorized parties.”

**Management Response:**

Looking into the unblemished track records, management believed that the internal control systems which includes design and financial controls were working effectively and in totality. However, it was realized that the operation of the internal controls and procedures were not effective and needed further improvement. The management has taken necessary steps to go into the depth of the fraud, the extent of possible damage done, legal proceeding, recovery of the amount embezzled and correcting the lapses in the internal financial controls. With this in mind, the management had already embarked on introducing a new ERP system (SAP) to overcome the shortfall in the present system.

There was no qualification, reservation or adverse remark or disclaimer from Secretarial Auditors.

There was no fraud reported by the auditors under section 143 (12) of the Companies Act, 2013 other than those which are reportable to the Central Government.

**Loans, Guarantee & Investment**

The Company has made investment during the year 2017-18. However, the investments and Loan formed part of the notes to the financial statements provided in this Annual Report. The company has not given any Loan or Guarantee during the year 2017-18.

**Related Party Transactions**

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

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

**Material changes and commitments affecting the Financial Position**

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

**Risk Management Policy**

The Company is having a risk management policy. The risk pertaining to business of the Company is discussed at the Risk Management Committee, Audit Committee and at the Board Meetings on regular basis.

There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms a part of this report.

The Committee composition :

Mr. M.K. Bannerjee, Chairman, Mr. V. K. Surendra, Member, Mr. K.M. Pai, Member, Mr. V.P. Mahendra, Member

The details of the policy are given below:

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

## Corporate Social Responsibility (CSR)

The Company has formed CSR policy and Committee details as required by the Act are available in Company website i.e. <http://www.vststillers.com/investors/policies>. The Company has spent Rs.165 lakhs in CSR activities during the financial year 2017-18.

## 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 reappointment.

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

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

During the year 2017-18 there is no change in Subsidiary Associate or Joint Venture Company.

## Significant and material orders

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

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

Sl. No.	Name	Designation	Salary 2017-18 (in Rs)	Salary 2016-17 (in Rs)	Increase in salary	Ratio/Times per Median of employee remuneration
1	Mr.V.P. Mahendra	Vice Chairman & Managing Director	77,10,739	77,49,081	-38,342 (-0.49%)	19.12
2	Mr. R. Thiyagarajan*	Chief Financial Officer	57,59,599	45,62,423	11,97,176 (26.24%)	14.28
3	Mr. P M Keshava**	Chief Financial Officer	35,38,136	26,33,631	9,04,505 (34.34%)	18.77
4	Mr. Chinmaya Khatua	Company Secretary	15,37,589	13,89,647	1,47,942 (10.64%)	3.81

\* Mr.R.Thiyagarajan resigned from CFO w.e.f. 1st June 2017 and from Director w.e.f. 31st March 2017.

\*\* Mr.P.M.Keshava appointed as CFO w.e.f 1st June 2017.

There is a marginal increase in median remuneration of the employee during the year 2017-18.

The Company's PAT has increased from Rs.8105 lakhs to Rs.11195 lakhs. The increase in KMP remuneration is line with the current market scenario and with Company policy. However, salary of Vice Chairman & Managing Director was approved by the shareholders.

The Company has given about 10.4% average increase in salaries to the employees keeping in view the overall industry standard and interest of the employees. The

unionized employees of the Company are getting salary increment as per the terms and conditions of their wage settlement. There is no exceptional circumstances of increase in the managerial remuneration.

The Company has 713 Nos permanent employees on roll as on 31st March 2018. The Company fixes salary of the employees on the basis of Remuneration Policy of the Company.

## Payment of Commission to Managing Director.

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

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

Mr K.U.Subbaiah, CEO receives remuneration in excess of the highest paid director during the year the details are given in Page No.13

## VARIATION IN MARKET CAPITALISATION :

Date	Paid up Capital (in Rs)	Closing Market Price per shares	EPS	PE Ratio	Market Capitalisation (Rs. in crore)
31.03.2017	86395280	1800	95.73	21.67	1555.12
31.03.2018	86395280	2511.75	129.61	19.38	2170
Increase/Decrease	NIL				
% Increase/Decrease	NIL				
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 2017-18.

### Form No. AOC-2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis: V.S.T. Tillers Tractors Ltd** (the Company) has not entered into any contract/arrangement/transaction with its related parties which is not at arm's length during FY 2017-18.
  - (a) Name(s) of the related party and nature of relationship: Not Applicable
  - (b) Nature of contracts/arrangements/transactions: Not Applicable
  - (c) Duration of the contracts / arrangements/ transactions: Not Applicable
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

- (f) Date(s) of approval by the Board: Not Applicable
  - (g) Amount paid as advances, if any: Not Applicable
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:
- a. Name(s) of the related party and nature of relationship: Not Applicable
  - b. Nature of contracts / arrangements / transactions: Not Applicable
  - c. Duration of the contracts / arrangements / transactions: Not Applicable
  - d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - e. Date(s) of approval by the Board, if any: Not Applicable
  - f. Amount paid as advances, if any: None

on behalf of Board of Directors

**V. K. Surendra**  
Chairman

Place: Bengaluru  
Date: 11th May, 2018

#### **Extract of Annual Return**

Annual Return of the Company is available in Company website i.e. [www.vstillers.com](http://www.vstillers.com), extract of Annual Return is annexed herewith as Annexure 5 to this report.

#### **Secretarial Standards:**

The Company Complies with all applicable secretarial standards.

#### **Investor Education And Protection Fund**

In accordance with the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (The Rules) any dividends unpaid or unclaimed for seven years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund established by the Central Government. Further according to that Rule the shares in respect of which dividend has remained unclaimed or unpaid for 7 (seven) consecutive years or more are required to be transferred to the Demat Account of the IEPF Authority. Accordingly the Company has transferred Rs.4,66,259/- unpaid and unclaimed dividend to Investor Education and Protection Fund and corresponding shares of 24,314 Nos to IEPF Authority as per IEPF Rules. The details of such Dividend and shares are available in Company website at [www.vstillers.com](http://www.vstillers.com). Mr. Chinmaya Khatua has been appointed as nodal officer for IEPF Regulations.

#### **ACKNOWLEDGEMENTS:**

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

for V.S.T. TILLERS TRACTORS LTD.

Place: Bengaluru  
Date : May 11, 2018

**V. K. Surendra**  
Chairman

**ANNEXURE-1**

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

Name	Designation	Remuneration for year 2017-18 (in Rs)	Remuneration for year 2016-17 (in Rs)	Qualification	Date of Commencement of employment at VST	Age	Last employment	% of equity share held	Whether relative of Director or Manager
V.P. Mahendra	Vice Chairman & Managing Director	77,10,739	77,49,081	BE (Electrical)	20.02.1984	75	NA	7%	No
K U Subbaiah	CEO	1,22,42,575	97,06,414	BE (Mechanical)	17.08.2015	58	Pricol Ltd	Nil	No

**Salary Details of top 10 Employees of the Company for the year 2017-18**

Sl. No.	Name	Designation	Remuneration (in Rs.)	Qualification	Experience (in Years)	Date of Employment at VST	Age	Last Employment	% share holding	Whether relative of Director or Manager
1	V.P. Mahendra	VC & MD	77,10,739	BE (Electrical)	50	20-02-1984	75	NA	7%	No
2	K.U.Subbaiah	CEO	1,22,42,575	BE (Mechanical)	37	17-08-2015	58	Pricol Ltd	nil	No
3	Thiyagarajan R	CCO	57,59,599	B.Com, CA	25	27-09-2007	56	Ballarpur Industries Ltd	0.0001	No
4	Sathyanarayana Bhatt J	EVP. - R&D	59,81,786	B.E (Mechanical)	35	30-12-1996	58	HAL	nil	No
5	Jujhar Singh Virk	Sr.VP-Marketing (Tractor Sales)	55,71,861	M.Tech (F.P.M.)	16	02-04-2015	44	TAFE	nil	No
6	Chandramouli Sharma	Sr.VP-Marketing (Power Tiller Sales)	52,63,272	B.Sc, M.B.A (Marketing)	34	12-11-2010	58	John Fowler Pvt Ltd	nil	No
7	Ramprasad Yamunachar	Sr.VP-Supply Chain Management	47,79,421	B.E (Mech)	30	16-11-2015	51	Automotive Axles Ltd	nil	No
8	Naghalingam M	VP-Corporate Quality	43,76,070	Diploma (Mech), B.Sc.	33	20-01-2016	55	Pricol Ltd	nil	No
9	Jeya Subramanian. B	GM-Sales	38,06,731	MBA	22	03-04-2017	46	Zynergy Group	nil	No
10	Keshava P M	CFO	35,38,136	B.Com, CMA	18	04-10-2000	57	Gemini Steels Tubes Ltd	nil	No

- Note: 1. All the appointments are permanent in nature & as per the service contract of the Company and can be terminated by giving notice by either party.  
2. Mr. V.P. Mahendra comes under promoter group.

**Sitting fees paid to Non-Executive / Independent Directors:**

Name of the Director	Category	Sitting Fees paid during the year 2017-18 (in Rs)	Sitting Fees paid during the year 2016-17 (in Rs)	Increase (in Rs)
Mr. V. K. Surendra	Chairman	3,20,000	3,20,000	-
Mr. R. Subramanian	Independent Director	2,80,000	4,40,000	-1,60,000
Mr. M. K. Bannerjee	Independent Director	5,60,000	4,00,000	1,60,000
Mr. K.M. Pai	Independent Director	5,20,000	4,00,000	1,20,000
Ms. Siva Kameswari Vissa	Independent Director	3,20,000	2,00,000	1,20,000
Mr. V.V. Pravindra	Non-Executive Director	2,40,000	2,80,000	-40000
Mr. V.T.Ravindra	Non-Executive Director	1,60,000	1,60,000	-



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

**1. Conservation of energy :**

As the industry is not a power intensive unit, no capital investment was made during the year 2017-18 and hence no benefit could accrue.

During 2018-19 Solar power generation is envisaged to be installed in our Malur and Mysore plants which will aid in energy conservation.

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

**a. TRACTORS :**

**I. 27 HP TRACTORS :**

**a. 27 HP VST SHAKTI VIRAAAT Plus Tractor**

Upgraded version of 27HP tractor with advanced technical features like 8+2 constant mesh gear box, Oil immersed brakes and upgraded engine was released for sales.

**b. 27 HP VST SHAKTI VIRAAAT Plus Agri-Master:**

New 2 Wheel drive variant in 27HP will be launched for commercial sales from June 2018.

**II. 17 HP TRACTOR :**

Single cylinder (17 HP) engine, 2W drive tractor conceptualized with 8+2 constant mesh gearbox and the product has been launched to the market.\

**III. EXISTING TRACTOR SERIES 18, 22& 24 HP:**

18.5 HP, 22 HP & 24 HP Tractors were Homologated as per New EU Directives.

**IV. COP approval of all Tractor Engines obtained from M/s. ARAI.**

**b. POWER TILLERS & REAPER:**

**I. 135 DI Ultra Power Tiller :**

Upgraded version of 130 DI Power Tiller with new styling with all indigenized components was released in market.

II. Reaper successfully developed and marketed.

III. COP Approval for Power Tiller engines obtained from M/s. ARAI.

**3. TECHNOLOGY ABSORPTION :**

1. New R&D Engine testing facility has been built at Hosur which can accommodate both Power tiller and Tractor engines.

2. New 3D scanner machine has been procured for component scanning and creation of 3D and 2D drawings.

3. PLM implementation in Design center is in progress. Total design will go on stream by 4th Quarter of 2018-19.

**Benefits Derived :**

i. New dynamometers facility will improve the optimization capabilities as well as New product quality.

ii. New scanner will reduce the design lead time as the component 3D and 2D.

iii. New PLM software will systematize the design and drawing release process which will reduce the drawing release lead time as well as streamline the release process thereby protecting the intellectual property.

**4. Application Engineering :**

a. Validation of New attachments mounted on our Tractors and Tillers is being done on a continual basis. Like Tractor mounted combine harvester, Front end loaders etc. This will enable the Company to provide total crop solutions to the farming community.

## 5. Future :

### a. TRACTOR

- i. New higher HP series of engine design and development is under progress.
- ii. Transient dynamometer planned to test higher HP engines to Transient cycle.
- iii. Higher HP Tractors from 39 to 49HP are being validated in the field. Will be introduced from August 2018.
- iv. 47 HP Branson tractor localization project taken up. Production batches of localized tractors will be released from March 2019.

### b. POWER TILLER

- i. New self-start model power tiller.

### c. Procurement of new Software for R & D

New design software Creo has been procured for design process.

## Expenditure on R&D:

The Company's expenditure on R&D (including revenue expenditure) during the year was Rs. 6,03,14,576 (refer note no-43, page no. 87 of Annual Report)

## 3. Foreign exchange earnings and outgo:

- a) Complete information about exports, which have contributed towards foreign exchange earnings and details of foreign exchange outgo on account of imports, etc. are shown in Note No. 39 forming part of Accounts.
- b) Total foreign exchange used and earned:  
 Foreign exchange earnings : Rs. 1,10,57,475/-  
 Foreign exchange outgo : Rs. 5,14,014/-

**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.vstillers.com/sites/default/files/policies/CSR\\_policy.pdf](http://www.vstillers.com/sites/default/files/policies/CSR_policy.pdf)

**Composition of the CSR Committee:**

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

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

Average net profit for last three years: Rs.103,11,39,812

**iii. Manner in which the amount spent during the financial year is detailed below.**

**(Please refer note no-42, page no-86 of the annual report)**

Sl. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs 1) Local area or 2) Specify the State and projects or programs was undertaken	Amount outlay (budget) project program wise	Amount spent of the projects or programme Sub-heads: (1) Direct on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Direct or through implementing agency
1	Educating Children, women, scholarships, etc.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local Area	100 Lakh	100 Lakh	250 Lakhs (Includes Rs.150 Lakhs spent in previous years)	Through Implementing Agency
2	- Do -	To Provide scholarships to deserving students of Technical, Medical, Engineering, Diploma courses etc.	Local Area	50 Lakh	50 Lakh	140 Lakhs (Includes Rs.90 Lakhs spent in previous years)	Through Implementing Agency
3	Enhance livelihood of the physically disabled.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local Area	15 Lakhs	15 Lakhs	30 Lakhs (Includes Rs.15 Lakhs spent in previous years)	Through Implementing Agency

**Reason for not spending :**

As the process of identifying potential recipients takes time, the Company has 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/-  
**V.P. Mahendra**  
Vice Chairman &  
Managing Director  
Date: 11th May 2018

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

**SECRETARIAL AUDIT REPORT**

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

To,

The Members  
**V.S.T. TILLERS TRACTORS LIMITED**  
 Regd. Office: Plot No-1,  
 Dyavasandra Indl Layout,  
 Whitefield Road, Mahadevapura P.O,  
 Bengaluru - 560 048.

- (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 following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by V.S.T. TILLERS TRACTORS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, 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.

I 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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the audit period)**;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during the audit period)**;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit period)**;
- (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; **(Not applicable during the audit period)** and

- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 **(Not applicable during the audit period).**

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulation 2015 (LODR Regulations).

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company:

- (i) Design Act, 2000 & Design Rules, 2001;
- (ii) Foreign Trade Policy;
- (iii) Legal Metrology Act, 2009 & The Legal Metrology (General) Rules, 2011;
- (iv) The Bangalore Water Supply and Sewerage Act, 1964; and
- (v) Order/Regulations issued by the Govt. of India from time to time

I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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 while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

I further report that during the audit period there are no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

Place : Bengaluru

Date : May 8, 2018

Name and Signature: Thirupal Gorige  
Designation: Practicing Company Secretary  
Stamp: FCS No. 6680; CP No.6424

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

**ANNEXURE - A**

To,

The Members  
**V.S.T. TILLERS TRACTORS LIMITED**  
Regd. Office: Plot No-1,  
Dyavasandra Indl Layout,  
Whitefield Road, Mahadevapura P.O,  
Bengaluru - 560 048.

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

- (1) Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
- (2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- (3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

- (4) Where ever required, I have obtained the Management representation about the compliance of 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 management. My 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 as conducted the affairs of the company.

Place : Bengaluru

Date : May 8, 2018

Name and Signature: Thirupal Gorige  
Designation: Practicing Company Secretary  
Stamp: FCS No. 6680; CP No.6424

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

as on financial year ended on 31.03.2018

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

**I REGISTRATION & OTHER DETAILS:**

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

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

SL No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	POWER TILLER	2821	51.14%
2	TRACTOR	2821	40.35%

**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 Engine Pvt. Ltd.	U34107KA2007PTC043432	Joint Venature	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 - 01.04.2017				No. of Shares held at the end of the year - 31.03.2018				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
<b>(1) Indian</b>										
a) Individual/HUF	3646276	-	3646276	42.20	3646276	-	3646276	42.20		-
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	764663	-	764663	8.85	764663	-	764663	8.85		-
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL : (A) (1)</b>	<b>4410939</b>	<b>-</b>	<b>4410939</b>	<b>51.06</b>	<b>4410939</b>	<b>-</b>	<b>4410939</b>	<b>51.06</b>		<b>-</b>
<b>(2) Foreign</b>										
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	253125	-	253125	2.93	253125	-	253125	2.93		-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL : (A) (2)</b>	<b>253125</b>	<b>-</b>	<b>253125</b>	<b>2.93</b>	<b>253125</b>	<b>-</b>	<b>253125</b>	<b>2.93</b>		<b>-</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>4664064</b>	<b>-</b>	<b>4664064</b>	<b>53.99</b>	<b>4664064</b>	<b>-</b>	<b>4664064</b>	<b>53.99</b>		<b>-</b>
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	803449	-	803449	9.30	1008168	-	1008168	11.67		2.37
b) Banks/FI	561	4350	4911	0.06	5618	1575	7193	0.08		0.02
c) Central govt	-	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Alternative Investment Funds	193626	-	193626	2.24	286904	-	286904	3.32		1.08
g) Insurance Companies	-	-	-	-	-	-	-	-	-	-
h) FIIIS	517312	900	518212	6	379666	-	379666	4.39		-1.61
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
j) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	<b>1514948</b>	<b>5250</b>	<b>1520198</b>	<b>17.60</b>	<b>1680356</b>	<b>1575</b>	<b>1681931</b>	<b>19.47</b>		<b>1.87</b>
<b>(2) Non Institutions</b>										
a) Bodies corporates										
i) Indian	393261	3772	397033	4.60	245860	2868	248728	2.88		-1.72
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	1398533	220747	1619280	18.74	1401473	184312	1585785	18.35		-0.39
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	277498	-	277498	3.21	284094	-	284094	3.29		0.08
c) Others (specify)										
V.S.T. Tillers Tractors Ltd - Unclaimed Suspense Account	10678	-	10678	0.12	3171	-	3171	0.04		-0.08
NRI	140477	50	140527	1.63	121500	-	121500	1.41		-0.22
Clearing Member	8672	-	8672	0.1	18365	-	18365	0.21		0.11
Trust	1578	-	1578	0.02	7576	-	7576	0.09		0.07
IEPF	-	-	-	-	24314	-	24314	0.28		
<b>SUB TOTAL (B)(2):</b>	<b>2230697</b>	<b>224569</b>	<b>2455266</b>	<b>28.42</b>	<b>2106353</b>	<b>187180</b>	<b>2293533</b>	<b>26.55</b>		<b>-1.87</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)"</b>	<b>3745645</b>	<b>229819</b>	<b>3975464</b>	<b>46.02</b>	<b>3786709</b>	<b>188755</b>	<b>3975464</b>	<b>46.02</b>		<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>	<b>8409709</b>	<b>229819</b>	<b>8639528</b>	<b>100.00</b>	<b>8450773</b>	<b>188755</b>	<b>8639528</b>	<b>100.00</b>		<b>-</b>



## (ii) SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year - 01.04.2017			Shareholding at the end of the year - 31.03.2018			% change in share holding during the year
		No. of shares	% of total shares of the company"	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company"	% of shares pledged encumbered to total shares	
1	V K Surendra	45000	0.52	-	45000	0.52	-	-
2	V K Surendra	190424	2.20	-	190424	2.20	-	-
3	V K Surendra	595380	6.89	-	595380	6.89	-	-
4	V K Surendra	977875	11.32	-	977875	11.32	-	-
5	V S Arun	84595	0.98	-	84595	0.98	-	-
6	V S Arun	127535	1.48	-	127535	1.48	-	-
7	S Mahalakshmi	75375	0.87	-	75375	0.87	-	-
8	V P Mahendra	45000	0.52	-	45000	0.52	-	-
9	V P Mahendra	906	0.01	-	906	0.01	-	-
10	V P Mahendra	131896	1.53	-	131896	1.53	-	-
11	V P Mahendra	975	0.01	-	975	0.01	-	-
12	V P Mahendra	451753	5.23	-	451753	5.23	-	-
13	M Bharathi	61200	0.71	-	61200	0.71	-	-
14	Amritha V M Ward	4330	0.05	-	4330	0.05	-	-
15	V M Vishnu	15150	0.18	-	15150	0.18	-	-
16	V M Anand	15220	0.18	-	15220	0.18	-	-
17	V V Pravindra	179146	2.07	-	179146	2.07	-	-
18	V V Pravindra	45000	0.52	-	45000	0.52	-	-
19	P Jayalakshmi	33750	0.39	-	33750	0.39	-	-
20	V P Rahul	18076	0.21	-	18076	0.21	-	-
21	V P Karan	750	0.01	-	750	0.01	-	-
22	V P Karan	14964	0.17	-	14964	0.17	-	-
23	V V Vijayendra	138888	1.61	-	138888	1.61	-	-
24	V V Vijayendra	21540	0.25	-	21540	0.25	-	-
25	V V Vijayendra	27000	0.31	-	27000	0.31	-	-
26	V V Sujay	63624	0.74	-	63624	0.74	-	-
27	V Lakshmi	33007	0.38	-	33007	0.38	-	-
28	V V Anjali	17623	0.20	-	17623	0.20	-	-
29	V P Tiruvengadaswamy	119978	1.39	-	119978	1.39	-	-
30	V P Tiruvengadaswamy	2700	0.03	-	2700	0.03	-	-
31	T Jayshree	77014	0.89	-	77014	0.89	-	-
32	V T Anusuya	2250	0.03	-	2250	0.03	-	-
33	V T Ravindra	26852	0.31	-	26852	0.31	-	-
34	Sita Rajgopal	1500	0.02	-	1500	0.02	-	-
35	Vijayendra Brothers Investments Private Limited	52470	0.61	-	52470	0.61	-	-
36	V T Velu Investments Private Limited	67725	0.78	-	67725	0.78	-	-
37	Gove Finance Limited	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 Engine and Turbocharger Ltd	253125	2.93	-	253125	2.93	-	-
	<b>Total</b>	<b>4664064</b>	<b>53.99</b>	<b>-</b>	<b>4664064</b>	<b>53.99</b>	<b>-</b>	<b>-</b>

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

Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	V K Surendra	45000	0.52	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>45000</b>	<b>0.52</b>
2	V K Surendra	190424	2.20	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>190424</b>	<b>2.20</b>
3	V K Surendra	595380	6.89	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>595380</b>	<b>6.89</b>
4	V K Surendra	977875	11.32	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>977875</b>	<b>11.32</b>
5	V S Arun	84595	0.98	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>84595</b>	<b>0.98</b>
6	V S Arun	127535	1.48	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>127535</b>	<b>1.48</b>
7	S Mahalakshmi	75375	0.87	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>75375</b>	<b>0.87</b>
8	V P Mahendra	45000	0.52	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>45000</b>	<b>0.52</b>
9	V P Mahendra	906	0.01	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>906</b>	<b>0.01</b>
10	V P Mahendra	131896	1.53	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>131896</b>	<b>1.53</b>
11	V P Mahendra	975	0.01	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>975</b>	<b>0.01</b>
12	V P Mahendra	451753	5.23	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>451753</b>	<b>5.23</b>
13	M Bharathi	61200	0.71	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>61200</b>	<b>0.71</b>
14	Amritha V M Ward	4330	0.05	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>4330</b>	<b>0.05</b>
15	V M Vishnu	15150	0.18	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>15150</b>	<b>0.18</b>
16	V M Anand	15220	0.18	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>15220</b>	<b>0.18</b>
17	V V Pravindra	179146	2.07	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>179146</b>	<b>2.07</b>
18	V V Pravindra	45000	0.52	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>45000</b>	<b>0.52</b>
19	P Jayalakshmi	33750	0.39	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>33750</b>	<b>0.39</b>
20	V P Rahul	18076	0.21	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>18076</b>	<b>0.21</b>
21	V P Karan	750	0.01	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>750</b>	<b>0.01</b>
22	V P Karan	14964	0.17	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>14964</b>	<b>0.17</b>
23	V V Vijayendra	138888	1.61	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>138888</b>	<b>1.61</b>
24	V V Vijayendra	21540	0.25	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>21540</b>	<b>0.25</b>
25	V V Vijayendra	27000	0.31	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>27000</b>	<b>0.31</b>
26	V V Sujay	63624	0.74	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>63624</b>	<b>0.74</b>

27	V Lakshmi	33007	0.38	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>33007</b>	<b>0.38</b>
28	V V Anjali	17623	0.20	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>17623</b>	<b>0.20</b>
29	V P Tiruvengadaswamy	119978	1.39	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>119978</b>	<b>1.39</b>
30	V P Tiruvengadaswamy	2700	0.03	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>2700</b>	<b>0.03</b>
31	T Jayshree	77014	0.89	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>77014</b>	<b>0.89</b>
32	V T Anusuya	2250	0.03	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>2250</b>	<b>0.03</b>
33	V T Ravindra	26852	0.31	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>26852</b>	<b>0.31</b>
34	Sita Rajgopal	1500	0.02	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>1500</b>	<b>0.02</b>
35	Vijayendra Brothers Investments Pvt Ltd	52470	0.61	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>52470</b>	<b>0.61</b>
36	V T Velu Investments Pvt Ltd	67725	0.78	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>67725</b>	<b>0.78</b>
37	Gove Finance Ltd	66082	0.76	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>66082</b>	<b>0.76</b>
38	V P Mahendra Brothers Investments Private Limited	136311	1.58	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>136311</b>	<b>1.58</b>
39	K S Investments Private Limited	85690	0.99	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>85690</b>	<b>0.99</b>
40	V.S.T. Motors Limited	356385	4.13	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>356385</b>	<b>4.13</b>
41	Mitsubishi Heavy Industries Engine and Turbocharger Ltd	253125	2.93	01.04.2017	-	No Movement During The Year		
				<b>31.03.2018</b>	-		<b>253125</b>	<b>2.93</b>

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

	Name of the Share Holder	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	PINEBRIDGE INVESTMENTS ASIA LIMITED A/C PINEBRIDGE	366494	4.24	01.04.2017	0		366494	4.24
				09.02.2018	-67088	TRANSFER	299406	3.47
				<b>31.03.2018</b>			<b>299406</b>	<b>3.47</b>
2	HDFC TRUSTEE COMPANY LTD - HDFC LONG TERM ADVANTAGE	245000	2.84	01.04.2017	0		245000	2.84
				05.01.2018	45000	TRANSFER	249500	2.89
				12.01.2018	17825	TRANSFER	267325	3.09
				19.01.2018	3300	TRANSFER	270625	3.13
				<b>31.03.2018</b>	<b>0</b>		<b>270625</b>	<b>3.13</b>

3	KOTAK MIDCAP	147856	1.71	01.04.2017	0		147856	1.71
				07.04.2017	3000	TRANSFER	150856	1.75
				28.04.2017	32956	TRANSFER	183812	2.13
				05.05.2017	4205	TRANSFER	188017	2.18
				12.05.2017	14848	TRANSFER	198660	2.30
				19.05.2017	3505	TRANSFER	202165	2.34
				26.05.2017	5341	TRANSFER	207506	2.40
				02.06.2017	1605	TRANSFER	209111	2.42
				16.06.2017	5000	TRANSFER	214111	2.48
				14.07.2017	4945	TRANSFER	219056	2.54
				21.07.2017	8722	TRANSFER	227778	2.64
				28.07.2017	593	TRANSFER	228371	2.64
				04.08.2017	8000	TRANSFER	236371	2.74
				11.08.2017	4000	TRANSFER	240371	2.78
				18.08.2017	5608	TRANSFER	245979	2.85
				30.09.2017	4500	TRANSFER	250479	2.90
				13.10.2017	2500	TRANSFER	252979	2.93
				03.11.2017	-604	TRANSFER	252375	2.92
				17.11.2017	6115	TRANSFER	258490	2.99
				15.12.2017	-4719	TRANSFER	253771	2.94
				22.12.2017	3424	TRANSFER	257195	2.98
				12.01.2018	-5140	TRANSFER	252055	2.92
				19.01.2018	957	TRANSFER	253012	2.93
				25.01.2018	6164	TRANSFER	259176	3.00
				02.02.2018	4000	TRANSFER	263176	3.05
				16.02.2018	-14000	TRANSFER	249176	2.88
				23.02.2018	-15830	TRANSFER	233346	2.70
				09.03.2018	-1341	TRANSFER	232005	2.69
				16.03.2018	630	TRANSFER	232635	2.69
				<b>31.03.2018</b>			<b>232635</b>	<b>2.69</b>
4	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESS	0	0.00	01.04.2017	0		0	0.00
				24.11.2017	50000	TRANSFER	50000	0.58
				01.12.2017	16337	TRANSFER	66337	0.77
				08.12.2017	13676	TRANSFER	80013	0.93
				15.12.2017	3413	TRANSFER	83426	0.97
				22.12.2017	72008	TRANSFER	155434	1.80
				29.12.2017	249	TRANSFER	155683	1.80
				05.01.2018	1321	TRANSFER	157004	1.82
				25.01.2018	2000	TRANSFER	159004	1.84
				09.02.2018	12333	TRANSFER	171337	1.98
				23.02.2018	36681	TRANSFER	208018	2.41
				02.03.2018	672	TRANSFER	208690	2.42
				09.03.2018	10870	TRANSFER	219560	2.54
				16.03.2018	340	TRANSFER	219900	2.55
				23.03.2018	3395	TRANSFER	223295	2.58
				<b>31.03.2018</b>	<b>1848</b>	<b>TRANSFER</b>	<b>225143</b>	<b>2.61</b>
5	INDIA WHIZDOM FUND	193626	2.24	01.04.2017	0		193626	2.24
				02.06.2017	10000	TRANSFER	203626	2.36
				<b>31.03.2018</b>	<b>0</b>		<b>203626</b>	<b>2.36</b>
6	HSBC MIDCAP EQUITY FUND	83644	0.97	01.04.2017	0		83644	0.97
				29.12.2017	2000	TRANSFER	85644	0.99
				<b>31.03.2018</b>	<b>0</b>		<b>85644</b>	<b>0.99</b>
7	SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL INDIA FUND	60234	0.70	01.04.2017	0		60234	0.70
				16.06.2017	766	TRANSFER	61000	0.71
				23.06.2017	2000	TRANSFER	63000	0.73
				07.07.2017	-3000	TRANSFER	60000	0.69
				04.08.2017	3000	TRANSFER	63000	0.73
				18.08.2017	7000	TRANSFER	70000	0.81
				01.09.2017	2000	TRANSFER	72000	0.83
				08.09.2017	3000	TRANSFER	75000	0.87
				15.09.2017	5000	TRANSFER	80000	0.93
				24.11.2017	-5000	TRANSFER	75000	0.87
				09.02.2018	152	TRANSFER	75152	0.87
				<b>31.03.2018</b>	<b>0</b>		<b>75152</b>	<b>0.87</b>
8	B N NAGAMANI	52366	0.61	01.04.2017	0		52366	0.61
				07.04.2017	-476	TRANSFER	51890	0.60
				14.04.2017	-395	TRANSFER	51495	0.60
				<b>31.03.2018</b>	<b>0</b>		<b>51495</b>	<b>0.60</b>
9	INFINA FINANCE PRIVATE LTD	47500	0.55	01.04.2017		No Movement During The Year		
				<b>31.03.2018</b>			<b>47500</b>	<b>0.55</b>
10	N G N PURANIK	45700	0.53	01.04.2017		No Movement During The Year		
				<b>31.03.2018</b>			<b>45700</b>	<b>0.53</b>

## (v) Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1.	V.P. Mahendra	630530	7.30		nil		630530	7.30
2.	P.M. Keshava	0	0.00		nil		0	0
3.	R. Thiyagarajan*	15	0.0001		nil		0	0
4.	Chinmaya Khatua	0	0.00		nil		0	0.00
5.	V K Surendra	1808679	20.93		nil		1808679	20.93
6.	V V Pravindra	224146	2.59		nil		224146	2.59
7.	V T Ravindra	26852	0.03		nil		26852	0.03

\*Resigned from CFO w.e.f. 1st June 2017

## V INDEBTEDNESS

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

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

NIL

## 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	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	4560739	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		
2	Stock option		
3	Sweat Equity		
4	Commission as % of profit others (specify)	3150000	
5	Others, (annual incentive)		
	<b>Total (A)</b>	<b>7710739</b>	
	<b>Ceiling as per the Act</b>		<b>644972177</b>

## B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors							
					R.Subramanian	M.K.Bannerjee	K.M. Pai	Siva Kameswari Vissa	Total
1	Independent Directors								
	(a) Fee for attending board committee meetings				280000	560000	520000	320000	
	(b) Commission				-	-	-	-	
	(c ) Others, please specify				-	-	-	-	
	<b>Total (1)</b>				280000	560000	520000	320000	<b>1680000</b>
2	Other Non Executive Directors	V.K. Surendra	V.V. Pravindra	V T Ravindra					
	(a) Fee for attending board committee meetings"	320000	240000	160000					
	(b) Commission	-	-						
	(c ) Others, please specify.	-	-						
	<b>Total (2)</b>	320000	240000	160000					<b>720000</b>
	<b>Total (B)=(1+2)</b>	320000	240000	160000	280000	560000	520000	320000	<b>2400000</b>
	<b>Total Managerial Remuneration</b>								<b>2400000</b>
	<b>Overall Ceiling as per the Act.</b>								<b>12899443</b>

Note: All the managerial remuneration is within the limit specified by the Act.

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

Sl.No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	1537589	3538136	5075725
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock option			
3	Sweat Equity			
4	Commission as % of profit others (specify)			
5	Others, please specify			
	<b>Total</b>	<b>1537589</b>	<b>3538136</b>	<b>5075725</b>

Note: Mr.P.M. Keshava, was appointed as CFO of the company w.e.f. 1st June 2017.

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

NIL

**REMUNERATION POLICY**

**1. OBJECTIVE**

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

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

**Composition of the Committee.**

Mr.M.K. Bannerjee, Chairman

Mr.V.K. Surendra, Member

Mr. K.M. Pai, Member

**2. DEFINITIONS**

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

2.2 **Board** means Board of Directors of the Company.

2.3 **Directors** mean Directors of the Company.

2.4 **Key Managerial Personnel (KMP)** means

- a. Chief Executive Officer or the Managing Director;
- b. Chief Financial Officer;
- c. Company Secretary; and
- d. 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.

**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, 2018 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 there in, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

**K U Subbaiah**  
Chief Executive Officer

**P.M. Keshava**  
Chief Financial Officer

Place : Bengaluru  
Date : May 11, 2018

## Auditors' Certificate on Corporate Governance

To

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

1. We have examined the compliance of conditions of Corporate Governance by V.S.T. Tillers Tractors Limited ("the Company"), for the year ended on March 31, 2018, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2018.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s K. S. Rao & Co**

Firm Reg. No. : 003109S

Chartered Accountants

Place : Bengaluru

Date : May 11, 2018

**Hitesh Kumar P**

Partner

Membership No. 233734

## PHYLOSOPHY ON CORPORATE GOVERNANCE

V.S.T. Tillers Tractors Limited has come a long way in adopting some of the key principles of Corporate Governance like transparency, fairness, disclosures and accountability, 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. We also endeavor to enhance long term shareholder value and also respect minority shareholder value.

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:

Listing Regulation mandates that for a Company with non-executive Chairman, who is a Promoter, at least half of the Board should be Independent Director. The Board comprising of eight Directors as on 31/03/2018, is headed by a Non-Executive promoter Chairman, one Managing Director, two Non-Executive promoter Directors and four Independent Directors. 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	5	Yes	1	0
Mr. R. Subramanian	Nil	Independent	4	Yes	1	2
Mr. M. K. Bannerjee	Nil	Independent	5	Yes	-	3
Mr. K.M. Pai	Nil	Independent	5	No	2	3
Ms. Siva Kameswari Vissa	Nil	Independent	4	No	6	6
Mr. V. P. Mahendra	630530*	Vice Chairman & Managing Director	4	Yes	3	2
Mr. V. V. Pravindra	224146*	Non-Executive	5	Yes	-	-
Mr. V.T. Ravindra	26852*	Non-Executive	4	Yes	-	-

\* Individually / jointly as promoter.

Note : Committee Membership / Chairman of Audit Committee and Stake Holders Relationship Committee of Public Companies are considered.

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. Necessary disclosures regarding

Committee positions in other public companies as on March 31, 2018 have been made by the Directors. Apart from Mr.V.K. Surendra, V.P. Mahendra, Mr. V.V. Pravindra and Mr. V.T. Ravindra, none of the other Directors are related to each other.

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

During the year under review the Board met five times on April 03 2017, May 25 2017, August 11 2017, November 11 2017 and February 09 2018.

**(c) Code of Conduct:**

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

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

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

It is hereby confirmed that the Directors and Senior Management have duly complied with the code of conduct laid down by the Company during the financial year ended March 31, 2018.

Place: Bengaluru  
Date: May 11, 2018

**K U Subbaiah**  
Chief Executive Officer

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

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

**Terms of Reference:**

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

- (10) valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) approval of appointment of chief financial officer after assessing the qualification, experience and background etc.;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to review the functioning of the whistle blower mechanism;
- (18) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

#### Details of Audit Committee Meetings:

During the year under review the Audit Committee met four times on May 25, 2017, August 11 2017, November 11 2017, and February 09 2018. Required quorum was present for all the meetings.

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

#### In terms of the Insider Trading Code adopted by the Company in FY 2017-18, the Committee considers the following matters:

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

#### Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee has formulated Corporate Social Responsibility Policy indicating the CSR activities to be undertaken by the company in accordance with Schedule VII to the Companies Act, 2013. The Company has been doing CSR activities directly or through other entities since many years. The purpose of the 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/sites/default/files/policies/CSR\\_policy.pdf](http://www.vsttillers.com/sites/default/files/policies/CSR_policy.pdf)

#### Composition

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

During the year under review the Committee meeting held on 24/05/2017.

#### NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act. The Key Objectives of the Committee includes 1. Formulate a criteria for determining qualifications, positive attributes and independence of a director. 2. Recommend to the Board a policy, relating to the remuneration of the directors,

key managerial personnel and other employees. 3. Reviewing and recommending to the Board, the remuneration, payable to Directors of the Company; and 4. Undertake any other matters as the Board may decide from time to time. The extract of Remuneration policy is annexed herewith as Annexure-6. The details of the remuneration paid to directors mentioned in page no-38.

#### **Composition**

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

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

Mr. V.K. Surendra, Member

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

During the year under review the Committee met on 25/05/2017.

#### **Performance Evaluation Criteria for Independent Directors :**

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

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee is primarily responsible for review all matters connected with redressal of shareholders complaint, monitors transfers, transmission, splits and consolidation of securities of the Company. The terms of reference of the Committee includes enquiring into and redressing complaints of shareholders and investors and to resolve their grievances.

#### **Composition**

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

Mr. K.M. Pai, Chairman

Mr. M. K. Bannerjee, Member

During the year under review the Committee met on 09/02/2018.

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

The details of the shareholder's complaints mentioned in page no-39 of the Annual Report

#### **INDEPENDENT DIRECTORS MEETING**

The Independent Directors held their meeting on 09/02/2018 without presence of anybody from management side.

#### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company has conducted programme for Independent Directors with regard to their duties, roles responsibilities. The said familiarization programme is displayed in Company website and can be accessed at [http://www.vstillers.com/sites/default/files/policies/Familiarization\\_Programme.2017-18.pdf](http://www.vstillers.com/sites/default/files/policies/Familiarization_Programme.2017-18.pdf)

#### **VIGIL MECHANISM**

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect employees wishing to raise a concern about serious irregularities within the Company. The details of the policy is available in company website i.e [http://www.vstillers.com/sites/default/files/policies/vigil\\_mechanism.pdf](http://www.vstillers.com/sites/default/files/policies/vigil_mechanism.pdf)

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

Chinmaya Khatua,  
No.1, Dyavasandra Indl. Layout,  
Whitefield Road,  
Mahadevapura Post, Bengaluru – 560 048 .  
Ph. No.080-67141111  
E-mail: chinmaya@vstillers.com

#### **INSIDER TRADING REGULATIONS:**

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

#### **POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS**

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

#### **OTHER POLICIES**

The Company has formulated other policies as required under Companies Act, 2013 and SEBI (LODR) Regulation 2015 and the same have been disclosed in Company Website at [www.vstillers.com](http://www.vstillers.com).



**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 2017-18, the Company did not advance any loan to any of its Directors. The remuneration paid to the Vice Chairman & Managing Director for the year 2017-18 is given below:

Name of the Director	Category	Salary	Allowances	Commission/ Incentive	P.F.	Total (in Rs.)
1. Mr. V.P Mahendra	Vice Chairman & Managing Director	21,00,000	22,08,739	31,50,000	2,52,000	77,10,739

The above director is appointed by the shareholders for five years and the commission is being paid as approved by the shareholders. The details of the commission criteria are mentioned in page no - 11 of the annual report.

The Sitting Fees paid to the Non-Executive Directors for the year 2017-18 is given below :

Name of the Director	Category	Sitting Fees paid (In Rs)	Service tax/GST paid by the Company (In Rs.)
Mr. V. K. Surendra	Chairman	3,20,000	52,800
Mr. R. Subramanian	Independent Director	2,80,000	46,800
Mr. M. K. Bannerjee	Independent Director	5,60,000	94,800
Mr. K.M. Pai	Independent Director	5,20,000	88,800
Ms. Siva Kameswari Vissa	Independent Director	3,20,000	54,000
Mr. V.V. Pravindra	Non-Executive Director	2,40,000	39,600
Mr. V.T.Ravindra	Non- Executive Director	1,60,000	26,400

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

**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.vstillers.com](http://www.vstillers.com).

The quarterly and annual financial results are published in Business Standard (English) and SanjeVani (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 2018**

Category	No. of Shareholders	% to total No.of shareholders	Shares Amount (Rs.)	% to total shares amount
Upto 5,000	14728	94.98	78,91,460	9.13
5,001 10,000	353	2.28	25,48,250	2.95
10,001 20,000	209	1.35	29,35,120	3.40
20,001 30,000	63	0.41	15,98,190	1.85
30,001 40,000	32	0.21	10,88,520	1.26
40,001 50,000	17	0.11	7,94,580	0.92
50,001 1,00,000	32	0.21	22,72,670	2.63
1,00,001 and above	73	0.47	6,72,66,490	77.86
<b>Total</b>	<b>15507</b>	<b>100.00</b>	<b>8,63,95,280</b>	<b>100.00</b>

## DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2017-18

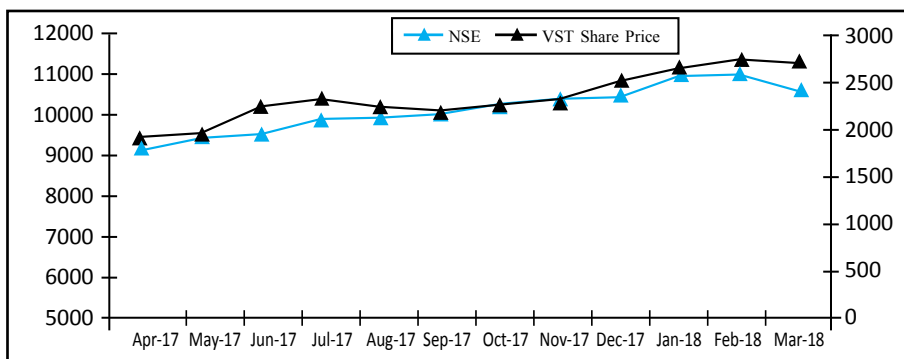
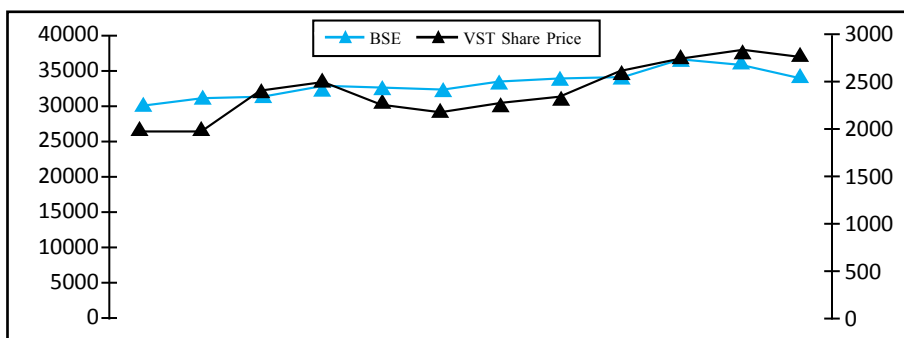
Nature of Request	OB	Received	Attended	Pending
Change of Address	-	13	13	-
Bank Mandate	-	5	5	-
Revalidation of Warrants	-	106	106	-
Duplicate Share Certificates	-	46	46	-
Transfer/Transmission	-	163 Tr / 4 Tm	163 Tr / 4 Tm	-
Dematerialisation	-	59	59	-
Rematerialisation	-	-	-	-

## SHAREHOLDING PATTERN AS ON 31ST MARCH 2018

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	297	248728	2.88
Mutual Funds	20	1008168	11.67
Alternate Investment Funds	5	286904	3.32
Banks	5	6968	0.08
Financial Institutions	1	225	0.00
Foreign Financial Institutions	18	379666	4.39
Non-Resident Indians	908	121500	1.41
Clearing Members	89	18365	0.21
Public/Others	14123	1904940	22.05
<b>Total</b>	<b>15507</b>	<b>8639528</b>	<b>100.00</b>

## Market Price Data Information (BSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-17	2031.20	1777.50	Oct-17	2284.55	2020.40
May-17	2037.05	1861.10	Nov-17	2348.00	1987.00
Jun-17	2399.95	1894.90	Dec-17	2600.00	2094.20
Jul-17	2487.00	2190.00	Jan-18	2723.85	2341.15
Aug-17	2315.20	1948.05	Feb-18	2814.00	2270.00
Sep-17	2221.45	1935.00	Mar-18	2789.95	2495.00



### Market Price Data Information (NSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-17	2,030.00	1,764.00	Oct-17	2,289.00	2,023.05
May-17	2,040.00	1,876.30	Nov-17	2,322.00	1,986.05
Jun-17	2,399.70	1,906.80	Dec-17	2,588.00	2,061.40
Jul-17	2,495.00	2,192.00	Jan-18	2,723.95	2,340.95
Aug-17	2,321.95	1,949.95	Feb-18	2,825.00	2,160.00
Sep-17	2,225.00	1,951.30	Mar-18	2,785.05	2,485.85

Source: Web-sites of BSE and NSE.

### Dematerialization of Equity Shares

Trading in equity shares of the Company became mandatory in dematerialized form. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these NSDL and CDSL. Shareholders can open their accounts with any of the Depository Participants to hold their shares in dematerialized form. About 97.82% of the Equity Shares of the Company are held in the dematerialized form. We request shareholders whose

shares are in physical mode to dematerialized their shares and update their Bank details.

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

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2018, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

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

The Company is not hedging any foreign exchange risk due to low exposure.

**DETAILS OF UNCLAIMED SHARES**

Particulars	As on 31.03.2017		Claimed during the year		As on 31.03.2018	
	No of Shareholders	No of Shares	No of Shareholders	No of Shares	No of Shareholders	No of Shares
Unclaimed Shares	143	10678	108 (Transfer to IEPF)	7507	35	3171

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

**UNPAID / UNCLAIMED DIVIDEND DETAILS AS ON 31st MARCH 2018**

Sl No	Financial Year	Amount (in Rs)	Due date of Transfer to IEPF
1	2010-11	5,84,757	16/08/2018
2	2011-12	6,23,853	18/09/2019
3	2012-13	5,40,450	19/09/2020
4	2013-14	11,95,620	19/09/2021
5	2014-15	11,08,515	16/09/2022
6	2015-16	10,79,895	04/10/2023
7	2016-17	11,93,115	16/09/2024

During the year 2017-18, Rs.4,66,259 has been transferred to Investors Education & Protection Fund (IEPF).

**DETAILS OF SHARES TRANSFERRED TO INVESTORS EDUCATION AND PROTECTION FUND (IEPF)**

During the year 24,314 Nos of shares have been transferred to IEPF to comply with IEPF Rules. The details of the such shares is available in Company website at [www.vsttillers.com](http://www.vsttillers.com).

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

AGM date, time and venue	: Saturday, 11th August, 2018 at 3.00 P.M. "Rohini Hall", Hotel Ajantha 22-A, M.G.Road, Bengaluru – 560 001
Financial year	: 1st April - 31st March
Book Closure	: from August 05, 2018 to August 11, 2018 (Both days inclusive) for AGM & Payment of Dividend.
E-voting Cut-off date	: August 04, 2018.
E-Voting date	: 08/08/2018 (from 9 A.M. IST) to 10/08/2018 (upto 5 P.M. IST)

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

**June 30, 2018** - Second week of August, 2018

**September 30, 2018** - Second week of November, 2018

**December 31, 2018** - Second week of February, 2019

**March 31, 2019** - Last week of May, 2019

**Dividend:** If declared at the AGM will be paid on or after 13th August, 2018.

**Payment of Listing Fees :** Annual listing fee for the year 2018-19 has been paid by the Company to BSE & NSE.

**Payment of Depository Fees:** Annual Custody/Issuer fee for the year 2018-19 has been paid by the Company to NSDL & CDSL.

The Company has appointed M/s. Integrated Registry Management Services Private Limited, 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.

**M/s. Integrated Registry Management Services Private Limited**

# 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](mailto:irg@integratedindia.in)

**Stock Exchanges Address:**

**National Stock Exchange of India Ltd,**  
Plot No. C/1, G Block, Bandra – Kurla Complex,  
Bandra( E ) MUMBAI – 400 051  
Tel No- 022-26598235

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

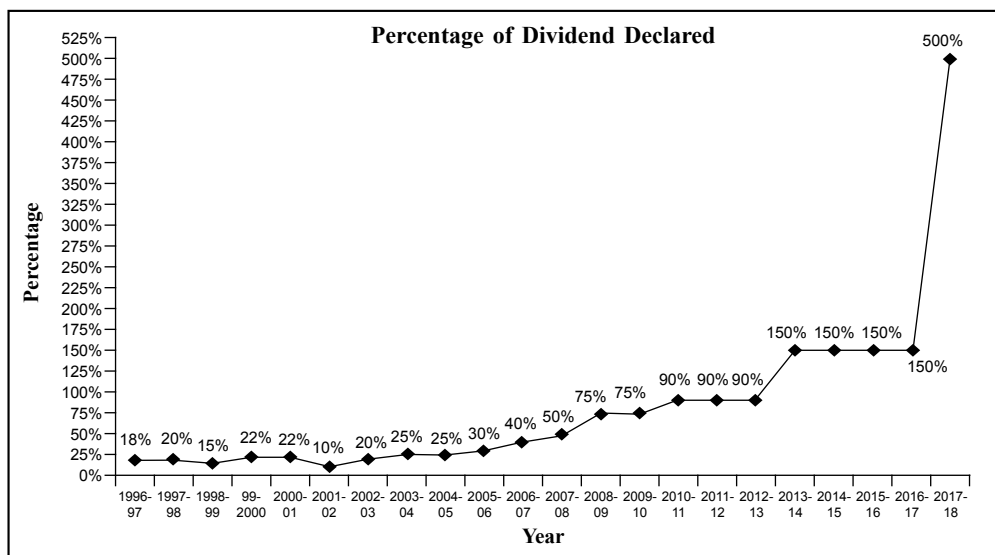
**STOCK CODE :**

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

**CIN- L34101KA1967PLC001706**

**ADDRESS FOR CORRESPONDENCE**

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



**Particulars of last 3 Annual General Meetings**

Date/Time	Location	Summary of Special Business
11.08.2017 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	<b>Ordinary Resolution</b> <ul style="list-style-type: none"> <li>• Ratification of Cost Auditor’s remuneration</li> <li>• Alteration of Articles of Association.</li> <li>• Ratification of Whole-time Director appointment.</li> </ul>
29.08.2016 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025.	<b>Ordinary Resolution</b> <ul style="list-style-type: none"> <li>• Appointment of Mr. V.T. Ravindra as a Director</li> <li>• Appointment of Ms. Siva Kameswari Vissa as an independent director.</li> <li>• Ratification of Cost Auditor’s remuneration.</li> </ul>

Date/Time	Location	Summary of Special Business
11.08.2015 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	<b>Ordinary Resolution</b> <ul style="list-style-type: none"> <li>Appointment of Ms. K.P. Anuradha as an Independent Director.</li> <li>Ratification of Cost Auditor's remuneration</li> </ul>

No resolution had been passed through Postal Ballot during the year 2017-18.

<b><u>PLANT LOCATIONS:</u></b>			
<b><u>BENGALURU</u></b> Plot No-1, Dyavasandra Indl. Layout, Whitefield Road, Mahadevapura Post, Bengaluru-560048, Karnataka	<b><u>HOSUR</u></b> Plot No:39, Sipcot – Phase I, Mookandapalli Post, Hosur – 635 126. Tamil Nadu	<b><u>MYSORE</u></b> No.20, Plot No.42/43, Metagalli Industrial Area, Mysuru -570016. Karnataka	<b><u>MALUR</u></b> Plot No-222-224 & 229-232, KIADB Industrial Area, Malur III Phase, Malur -563130, Karnataka

### **DISCLOSURES**

- ❖ During the year under review, besides the transactions mentioned under note no.35 page no.80 of Annual Report, there were no materially significant related party transactions that may have potential conflict with the interest of the company at large. The policy is available at [http://www.vsttillers.com/sites/default/files/policies/policy\\_on\\_related\\_party\\_transc.pdf](http://www.vsttillers.com/sites/default/files/policies/policy_on_related_party_transc.pdf).
- ❖ There are no instances of non-compliance on any matter relating to the capital market during the last three years and no penalty was levied.
- ❖ The Company has not adopted the non-mandatory requirements as stated in SEBI (LODR) Regulation, 2015.
- ❖ The Company has formulated whistle-blower policy and vigil mechanism and no person has been denied access to the Audit Committee with regard to whistle-blower policy.
- ❖ The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standard.
- ❖ The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:
  - i. The auditors' report on statutory financial statements of the Company are unmodified.
  - ii. The Company has appointed separate persons to the post of chairperson and managing director or chief executive officer.
  - iii. The internal auditor reports directly to the audit committee.
- ❖ The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Regulation and Disclosure Requirement) Regulations, 2015.

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

Place: Bengaluru  
Date: May 11, 2018

**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, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 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. In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the financial statements 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 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the change in equity and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with books of account.
  - d) in our opinion, the aforesaid financial statements comply with the Indian accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate in "Annexure A". Our report expresses a Qualified Opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information to the best of the explanation given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For K.S. Rao & Co.,**  
Chartered Accountants  
ICAI Firm's Registration No. 003109S

Place : Bengaluru  
Date : May 11, 2018

**Hitesh Kumar P**  
Partner  
Membership No. 233734



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

(Referred to in paragraph 1(f) under Report on Other Legal and Regulatory Requirements' section of our report to the Members of V.S.T. Tillers Tractors Limited of even date)

### **Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to financial statements of V.S.T. Tillers Tractors Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Control Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the

Companies Act 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparations of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorisations of

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

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

#### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's Internal financial controls with reference to financial statements as at March 31, 2018:

The Company has designed and established internal financial controls over accounting of expenditure and payment processing. However, adequate "maker and checker controls" were not effective with respect to review of expenditure entries, generation of EDI (Electronic Data Interchange) file for payments, modifications to EDI file and uploading the EDI file onto the Bank's website for payments, as detailed in note no. 45 to financial statements as at March 31, 2018 which resulted in creation of fictitious accounting entries in the system and payments to unauthorised parties.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable

possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2018 based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

#### **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2018, and the related Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 financial statements of the Company and this report does not affect our unqualified opinion on these financial statements.

**For K.S. Rao & Co.,**  
Chartered Accountants  
ICAI Firm's Registration No. 003109S

Place : Bengaluru  
Date : May 11, 2018

**Hitesh Kumar P**  
Partner  
Membership No. 233734

## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT.

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of V.S.T Tillers Tractors Limited of even date)

- (i) In respect of the Company’s Fixed Assets:
  - (a) As per the information and explanation provided to us the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with the programme, the management has conducted physical verification of certain fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to size and nature of the Company and nature of its assets.
  - (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company has conducted physical verification of Inventory at reasonable intervals and any material discrepancies noticed have been properly dealt in the books and accounts.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loan to the company covered in the Register maintained under Section 189 of the Companies Act, 2013, in respect of which
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated

and repayments or receipts of principal amounts and interest have been regular as per stipulations.

- (c) There is no amount overdue for more than 90 days as at the balance sheet date.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable.
- (v) The Company has not accepted any deposits from the public. Accordingly, clause 3(v) of paragraph of the Order is not applicable.
- (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, related to the products manufactured and are of the opinion that prima facie, the specified accounts and records have been made and maintained. However, we have not made a detailed examination of the same.
- (vii) According to the information and explanation given to us, in respect of statutory dues:
  - a. The Company is regular in depositing the undisputed statutory dues including Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it. There are no arrears of outstanding statutory dues as at March 31, 2018 for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us, there are no dues in respect of Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of dispute except the following:

Statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (In Rupees)
The Income Tax Act, 1961.	Disallowance of expenditure incurred in connection with earning exempted income	Income Tax Appellate Tribunal	April 2010 - March 2011	3,41,988

Statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (In Rupees)
The Income Tax Act, 1961.	Disallowance of Marketing expenses	Income Tax Appellate Tribunal.	April 2011 - March 2012	3,44,94,802
The Income Tax Act, 1961.	Disallowance of expenditure incurred in connection with earning exempted income	Commission of Income Tax (Appeals)	April 2012 - March 2013	4,05,486
The Income Tax Act, 1961.	Disallowance of expenditure incurred in connection with earning exempted income	Income Tax Appellate Tribunal	April 2013 - March 2014	16,45,492
The Customs Act, 1962	Disallowance of Concessional Custom Duty availed under Customs Notification No. 12/2012 for Reaper Combinder	Appellate Tribunal	April 2014 - March 2017	23,36,692

- (viii) The Company has not taken any loan or borrowings from financial institution or bank and the Government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans and hence reporting under clause 3(ix) of the Order is not applicable.
- (x) According to information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit except a fraud committed by an employee of the Company on the Company to the tune of Rs.37,89,699 as explained in Note 45 of the financial statements. Further, Management has represented that the Company is evaluating to appoint an independent agency to carry out a detailed investigation. In the absence of a detailed investigation and taking into consideration the available evidence as on the date, we are unable to comment on existence of fraud beyond the above reported amount.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, we report that managerial remuneration has been paid /provided in accordance with the provisions of Sec 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanation given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For K.S. Rao & Co.,**  
Chartered Accountants  
ICAI Firm's Registration No. 003109S

Place : Bengaluru  
Date : May 11, 2018

**Hitesh Kumar P**  
Partner  
Membership No. 233734

# BALANCE SHEET AS AT MARCH 31, 2018



(Amount in ₹.)

PARTICULARS	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>A ASSETS</b>				
<b>1. Non-current assets</b>				
a) Property, plant and equipment	4	1,35,50,02,825	1,26,59,68,804	1,06,01,18,718
b) Capital work-in-progress		56,82,70,701	10,30,32,208	2,82,86,573
c) Investment property	5	22,60,62,018	20,20,48,639	20,38,19,599
d) Financial assets				
i) Investments	6	62,93,95,617	43,12,11,304	17,18,91,204
ii) Loans	7	31,00,196	-	-
iii) Other financial assets	8	2,82,92,996	2,07,01,452	1,54,71,563
e) Other non-current assets	9	5,34,14,398	4,22,65,514	9,78,31,038
<b>Total non-current assets</b>		<b>2,86,35,38,751</b>	<b>2,06,52,27,921</b>	<b>1,57,74,18,695</b>
<b>2. Current assets</b>				
a) Inventories	10	78,39,48,355	70,69,66,518	80,37,45,324
b) Financial assets				
i) Investments	6	1,41,18,32,326	1,44,98,30,579	1,21,04,85,388
ii) Trade receivables	11	1,86,11,38,084	1,32,27,93,874	1,23,76,93,338
iii) Cash and cash equivalents	12	16,29,13,013	35,62,22,528	26,60,71,446
iv) Bank balances other than (iii) above	13	1,00,97,904	94,87,052	1,05,54,166
v) Loans	7	7,07,79,011	15,35,30,498	45,29,951
vi) Other financial assets	8	6,99,41,525	1,33,90,965	1,29,76,674
c) Other current assets	9	51,37,52,161	7,29,76,991	12,03,52,522
d) Current tax asset(net)		10,98,55,299	16,04,27,142	10,37,05,210
<b>Total current assets</b>		<b>4,99,42,57,678</b>	<b>4,24,56,26,147</b>	<b>3,77,01,14,019</b>
<b>Total assets</b>		<b>7,85,77,96,429</b>	<b>6,31,08,54,068</b>	<b>5,34,75,32,714</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
a) Equity share capital	14	8,63,95,280	8,63,95,280	8,63,95,280
b) Other equity	15	5,87,73,01,061	4,91,37,95,105	4,12,55,19,020
<b>Total Equity</b>		<b>5,96,36,96,341</b>	<b>5,00,01,90,385</b>	<b>4,21,19,14,300</b>
<b>2. Liabilities</b>				
<b>Non current liabilities</b>				
a) Financial liabilities				
Other financial liabilities	16	38,97,77,725	39,90,65,069	36,46,59,815
b) Provisions	17	-	2,70,30,877	2,13,13,767
c) Deferred tax liabilities(net)	18	5,86,92,477	5,19,36,287	4,84,90,944
d) Other Non current liabilities	19	15,94,799	-	2,02,966
<b>Total Non current liabilities</b>		<b>45,00,65,001</b>	<b>47,80,32,233</b>	<b>43,46,67,492</b>
<b>Current liabilities</b>				
a) Financial liabilities				
i) Trade payables	20	61,65,99,763	36,34,30,087	32,25,86,103
ii) Other financial liabilities	16	50,99,81,499	32,42,28,070	24,78,31,965
b) Provisions	17	1,71,38,086	1,61,71,535	1,15,28,546
c) Other current liabilities	19	30,03,15,739	12,88,01,758	11,90,04,308
<b>Total Current liabilities</b>		<b>1,44,40,35,087</b>	<b>83,26,31,450</b>	<b>70,09,50,922</b>
<b>Total Liabilities</b>		<b>1,89,41,00,088</b>	<b>1,31,06,63,683</b>	<b>1,13,56,18,414</b>
<b>Total Equity and Liabilities</b>		<b>7,85,77,96,429</b>	<b>6,31,08,54,068</b>	<b>5,34,75,32,714</b>

See accompanying notes forming part of financial statements

As per our report of even date  
**For K.S. Rao & Co.,**  
 Chartered Accountants  
 Firm Registration No: 003109S

**Hitesh Kumar. P**  
 Partner  
 Membership No. 233734

Place : Bengaluru  
 Date : May 11, 2018

For and on behalf of the Board of Directors of  
**V.S.T. Tillers Tractors Limited**

**V.P. Mahendra**  
 DIN:00033270  
*Vice Chairman & Managing Director*

**Keshava P M**  
*Chief Financial Officer*

**K.M.Pai**  
 DIN:01171860  
*Director*

**Chinmaya Khatua**  
*Company Secretary*  
 Membership No. 21759

Place : Bengaluru  
 Date : May 11, 2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**


(Amount in ₹.)

PARTICULARS	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I Revenue from operations</b>	21	7,63,95,34,566	6,77,65,65,765
<b>II Other income</b>	22	45,21,13,594	26,15,97,985
<b>III Total Revenue (I+II)</b>		<u>8,09,16,48,160</u>	<u>7,03,81,63,750</u>
<b>IV Expenses</b>			
a) Cost of materials consumed		4,83,78,34,400	4,29,48,27,049
b) Purchase of Stock-in-Trade		-	7,30,52,912
c) Change in inventories of finished goods, work in progress and Stock in Trade	23	9,97,21,204	9,10,59,832
d) Employee benefit Expenses	24	68,89,31,827	55,97,89,970
e) Finance costs	25	1,69,34,950	3,02,01,520
f) Depreciation and amortisation expenses	26	10,85,87,522	11,81,48,850
g) Other expenses	27	81,73,24,309	74,53,16,545
<b>Total Expenses (IV)</b>		<u>6,56,93,34,212</u>	<u>5,91,23,96,678</u>
<b>V Profit before exceptional items and tax (III-IV)</b>		1,52,23,13,948	1,12,57,67,072
<b>VI Exceptional Items</b>		-	3,30,71,754
<b>VII Profit before tax (V+VI)</b>		<u>1,52,23,13,948</u>	<u>1,15,88,38,826</u>
<b>VIII Tax expense:</b>			
Current tax		39,56,00,000	31,95,20,000
Deferred tax		69,16,649	1,22,39,066
<b>IX Profit for the period (VII-VIII)</b>		<u>1,11,97,97,299</u>	<u>82,70,79,760</u>
<b>X OTHER COMPREHENSIVE INCOME</b>			
A (i) Items that will be reclassified to the profit or loss		-	-
B (i) Items that will not be reclassified to the statement of profit or loss			
a) Remeasurement of Defined employee benefit plans	28	(4,76,812)	(2,54,09,510)
(ii) Income tax on items that will not be reclassified to the profit or loss		1,60,459	87,93,723
<b>Total Other Comprehensive Income (net of taxes)</b>		<u>(3,16,353)</u>	<u>(1,66,15,787)</u>
<b>Total Comprehensive Income for the year</b>		<u>1,11,94,80,946</u>	<u>81,04,63,973</u>
<b>XI Earnings per Equity share-Basic and diluted</b>	29	<u>129.61</u>	<u>95.73</u>

**See accompanying notes forming part of financial statements**

As per our report of even date  
**For K.S. Rao & Co.,**  
 Chartered Accountants  
 Firm Registration No: 003109S

**Hitesh Kumar. P**  
 Partner  
 Membership No. 233734

Place : Bengaluru  
 Date : May 11, 2018

For and on behalf of the Board of Directors of  
**V.S.T. Tillers Tractors Limited**

**V.P. Mahendra**  
 DIN:00033270  
*Vice Chairman & Managing Director*

**Keshava P M**  
*Chief Financial Officer*

**K.M.Pai**  
 DIN:01171860  
*Director*

**Chinmaya Khatua**  
*Company Secretary*  
 Membership No. 21759

Place : Bengaluru  
 Date : May 11, 2018

# CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018



(Amount in ₹.)

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I Cash flow from operating activities:</b>		
<b>A. Profit before tax</b>	<b>1,52,23,13,948</b>	1,15,88,38,826
<b>B. Adjustment for:</b>		
a. Depreciation and amortisation	10,85,87,522	11,81,48,850
b. Interest income	(10,36,03,759)	(4,03,42,669)
c. Income from investments	(5,54,42,911)	(6,21,41,346)
d. (Profit)/Loss on sale of fixed assets	12,33,413	(3,32,10,568)
e. Provisions for bad and doubtful debts	2,08,05,175	2,25,54,101
f. Rent received	(1,13,33,807)	(1,12,65,658)
g. (Profit)/Loss on Sale of Investment	(1,30,16,460)	( 23,17,013)
h. Provisions Written back	(2,52,12,202)	(1,95,45,500)
i. Unrealized foreign exchange gain	(6,50,231)	(4,00,318)
j. Finance cost	1,63,65,669	2,97,60,564
k. Advance amount written off	-	1,35,31,500
l. Reversal of diminution in the current investments	-	( 52,94,186)
m. Interest income on security deposit given	(1,76,947)	(2,15,309)
n. Deferred rental income on security deposits received	(5,53,705)	(3,44,899)
o. Unrealised gain on Investments	(23,36,12,028)	(10,49,68,255)
p. Interest expense on security deposit	5,69,281	4,40,956
q. Amortisation of Prepaid lease rentals	1,70,382	2,07,835
	<u>1,22,64,43,340</u>	<u>1,06,34,36,911</u>
<b>C. Adjustment for movements in Working capital</b>		
a. Trade payables, Other liabilities and Provisions (Net of fair value adjustment on deposits)	59,52,59,561	14,54,04,231
b. Trade receivables	(55,84,99,154)	(10,72,54,319)
c. Inventories	(7,69,81,837)	9,67,78,806
d. Financial and other current assets	(50,75,00,778)	4,29,08,690
<b>D. Cash generated from Operations</b>	<u>67,87,21,132</u>	<u>1,24,12,74,319</u>
Less: Direct taxes Paid	(34,50,28,157)	(37,62,41,932)
<b>Net cash flow from operating activities (I)</b>	<u>33,36,92,975</u>	<u>86,50,32,387</u>
<b>II Cash flows from investing activities</b>		
a. Purchase of fixed assets, including CWIP	(67,93,88,282)	(35,59,46,699)
b. Proceeds from sale of fixed assets	1,05,20,185	3,40,57,390
c. Purchase of Investment property	(3,03,69,780)	-
d. Redemption/maturity of bank deposits	2,33,838	(8,85,147)
e. Sale/(Purchase) of investments	7,34,25,969	(38,84,12,971)
f. Interest received	10,58,27,283	4,03,42,669
g. Income from investment	5,54,42,911	6,21,41,346
h. Rent Received	1,13,33,807	1,12,65,658
i. Profit on sale of Investment	1,30,16,460	23,17,013
j. Proceeds from Inter corporate loan	8,00,00,000	(15,00,00,000)
<b>Net cash flow from/ (used in) investing activities (II)</b>	<u>(35,99,57,609)</u>	<u>(74,51,20,741)</u>

# CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (Cont.)



(Amount in ₹.)

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>III Cash flows from financing activities</b>		
a. Interest paid	(1,10,69,891)	(2,97,60,564)
b. Dividends paid on equity shares	(12,95,92,920)	-
c. Tax on equity dividend paid	(2,63,82,070)	-
<b>Net cash flow from/ (used in) financing activities (III)</b>	<u>(16,70,44,881)</u>	<u>(2,97,60,564)</u>
<b>IV Net (decrease) in cash and cash equivalents (I + II + III)</b>	<b>(19,33,09,515)</b>	9,01,51,082
Cash and cash equivalents at the beginning of the year	<b>35,62,22,528</b>	26,60,71,446
<b>V Cash and cash equivalents at the end of the year</b>	<u><b>16,29,13,013</b></u>	<u>35,62,22,528</u>
<b>VI Components of cash and cash equivalents:</b>		
a. Cash on hand	<b>1,62,199</b>	1,50,673
b. Cheques/ drafts on hand	<b>20,22,280</b>	1,08,01,479
c. With banks		
i. on current account	<b>16,07,28,534</b>	34,52,70,376
ii. on deposit account (Maturity less than 3 Months)	-	-
<b>Total cash and cash equivalents (note no.12)</b>	<u><b>16,29,13,013</b></u>	<u>35,62,22,528</u>

As per our report of even date

**For K.S. Rao & Co.,**  
Chartered Accountants  
Firm Registration No: 003109S

**Hitesh Kumar. P**  
Partner  
Membership No. 233734

Place : Bengaluru  
Date : May 11, 2018

For and on behalf of the Board of Directors of

**V.S.T. Tillers Tractors Limited**

**V.P. Mahendra**  
DIN:00033270

*Vice Chairman & Managing Director*

**Keshava P M**  
*Chief Financial Officer*

**K.M.Pai**  
DIN:01171860  
*Director*

**Chinmaya Khatua**  
*Company Secretary*  
Membership No. 21759

Place : Bengaluru  
Date : May 11, 2018



**I Equity Share capital**

PARTICULARS	At the beginning of the year	Changes during the year	At the end of the year
For the year ended March 31, 2018	8,63,95,280	-	8,63,95,280
For the year ended March 31, 2017	8,63,95,280	-	8,63,95,280
For the year ended April 01, 2016	8,63,95,280	-	8,63,95,280

**II Other Equity**

PARTICULARS	Capital Reserve	General reserve	Surplus in Statement of Profit and Loss	Other comprehensive Income	Total
<b>As at April 01, 2016</b>	<b>2,64,04,870</b>	<b>3,00,00,00,000</b>	<b>1,09,91,14,150</b>	-	<b>4,12,55,19,020</b>
Profit for the year	-	-	82,70,79,760	-	82,70,79,760
Other comprehensive income	-	-	-	(1,66,15,787)	(1,66,15,787)
<b>Total comprehensive income</b>	-	-	82,70,79,760	(1,66,15,787)	81,04,63,973
CSR Expenditure	-	-	2,21,87,888	-	2,21,87,888
<b>As at March 31, 2017</b>	<b>2,64,04,870</b>	<b>3,00,00,00,000</b>	<b>1,90,40,06,022</b>	<b>(1,66,15,787)</b>	<b>4,91,37,95,105</b>
Profit for the year	-	-	1,11,97,97,299	-	1,11,97,97,299
Other comprehensive income	-	-	-	(3,16,353)	(3,16,353)
<b>Total comprehensive income</b>	-	-	1,11,97,97,299	(3,16,353)	1,11,94,80,946
Dividends	-	-	12,95,92,920	-	12,95,92,920
Dividend distribution tax	-	-	2,63,82,070	-	2,63,82,070
<b>As at March 31, 2018</b>	<b>2,64,04,870</b>	<b>3,00,00,00,000</b>	<b>2,86,78,28,331</b>	<b>(1,69,32,140)</b>	<b>5,87,73,01,061</b>

The accompanying notes form an integral part of Financial Statements

As per our report of even date  
**For K.S. Rao & Co.,**  
Chartered Accountants  
Firm Registration No: 003109S  
**Hitesh Kumar. P**  
Partner  
Membership No. 233734

For and on behalf of the Board of Directors of  
**V.S.T. Tillers Tractors Limited**  
**V.P. Mahendra**  
DIN:00033270  
*Vice Chairman & Managing Director*  
**K.M.Pai**  
DIN:01171860  
*Director*  
**Chinmaya Khatua**  
*Company Secretary*  
Membership No. 21759

Place : Bengaluru  
Date : May 11, 2018

Place : Bengaluru  
Date : May 11, 2018

**01. Corporate information:**

V.S.T. Tillers Tractors Limited (VTTL) was incorporated on December 18, 1967 in Bengaluru, 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 collaboration with Mitsubishi Agricultural Machinery Company Ltd, Japan for the manufacture of 18.5 HP, 4 wheel drive Tractor was entered into.

During the year, the company has entered into an agreement with Kukje Machinery (KM) of South Korea for technology transfer related to the 47 HP product, whereby, KM will provide technical information and drawing for manufacture of different components and parts.

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

**02. Basis of preparation:**

These are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the section 133 of the Companies Act ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The Company has consistently applied the accounting policies used in the preparation of opening balance sheet as at April 01, 2016 throughout all periods presented in these financial statements, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India which is considered as the previous GAAP ("Previous GAAP"), as defined in IndAS 101. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note no 46 to these financial statements.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

The financial statements of the company are presented in Indian Currency (₹), which is also functional and presentation currency of the company.

**Recent Accounting Pronouncements:**

**Amendment to Ind AS 7 Statement of Cashflows:**

With effect from April 1, 2017, the Company has adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financial activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

**Appendix to Ind AS 21 Foreign currency transactions and advance consideration:**

On March 28, 2018, the Ministry of Corporate Affairs ('the MCA') notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate used on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in foreign currency.

The appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Company's current practice is in line with the interpretation, the Company does not expect any effect on its financial statements

**Ind AS 115, Revenue from Contract with Customer:**

On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

**The standard permits two possible methods of transition:**

- Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The company is in the process of evaluating the impact on its revenue due to implementation of Ind AS 115.

**Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses:**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 01,2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

**03. Significant Accounting policies:**

**a) Significant accounting estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosures of contingencies at the end of the

each reporting year. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes that requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

**Estimates and assumptions:**

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The assumptions and estimates made by the company based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-current assets:**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposals and its value in use. The fair value less costs of disposal is calculated based on available data from binding sales transactions, conducted at arm’s length price, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (“DCF”) model. The value in use is sensitive to the discount rate (generally weighted average cost of capital) used for the DCF model as well as the expected future cash-inflows and the growth rate used for exploration purposes.

**ii. Defined Benefit Plans:**

The present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, rate of increment in salaries and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit

obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

**iii. Fair Value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques i.e., the DCF model. The inputs to these models are taken from observable markets.

**iv. Contingencies:**

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claim/litigations against the company/by the company as it is not possible to predict the outcome of pending matters with accuracy.

**v. Property, Plant and Equipment:**

Based on evaluations done by technical assessment team, the management has adopted the useful life and residual value of its Property, Plant and Equipment. Management believes that the assigned useful lives and residual value are reasonable.

**vi. Intangibles:**

Internal technical or user team assesses the useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

**vii. Income Taxes:**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets/liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

**viii. Provision for Warranty expenditure:**

Due to the nature of industry the company operates, it needs to incur warranty expenditure on regular basis. Company applies rational judgement and past

experience in determining the extent of provision to be created at the end of each reporting period.

**b) Current Vs Non-current classifications:**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it satisfies below criteria:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when it satisfies below criteria:

- i. Expected to settle the liability in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

**c) Property, Plant and Equipment:**

Property, Plant and Equipment are stated at cost net of GST input credit, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price, any attributable cost of bringing the asset to its working condition for its intended use and cost of borrowing till

the date of capitalisation in the case of assets involving material investment and substantial lead time.

Subsequent costs are included in the carrying amount of an asset or recognised as a separate asset, as appropriate, only if it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss in the period in which they are incurred.

The company adopted cost model as its accounting policy, in recognition of the Property, Plant and Equipment and recognises at the transaction value as the cost.

Direct expenditure incurred and other attributable costs on projects under construction or in the process of installation are termed as Capital work in progress and shown at cost in the Balance Sheet.

Depreciation is provided on the straight line method as per the useful life prescribed in the schedule II to the Companies Act, 2013 except in respect of the following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance supports etc.

**Estimated useful life of the assets are as follows:**

Type of the Asset	Method of Depreciation	Useful life considered
Buildings	Straight line Method	3 – 60 Years
Plant and Machinery	Straight line Method	5 - 15 Years
Data processing equipment	Straight line Method	3 Years
Furniture and fixtures	Straight line Method	10 Years
Vehicles	Straight line Method	8 Years
Office Equipment	Straight line Method	5 Years

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the

difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from the books of account and the carrying value if any is charged to Statement of Profit and Loss.

**Transition to Ind AS:**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant, and equipment recognised as at March 31, 2016 measured as per Previous GAAP as the deemed cost of property plant and equipment.

**d) Intangible Assets:**

Intangible assets are carried at cost, net of accumulated amortisation expenses and impairment losses, if any. Cost of an intangible asset comprise of purchase price and attributable expenditure on making the asset ready for its intended use.

**Computer software:**

Costs incurred towards purchase of computer software are amortised over the useful life as estimated by the Management which is about 3 years for all of the intangible computer software assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognised.

**e) Investment Properties:**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less

accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight – line method over their estimated useful lives. The estimated useful life of buildings, classified as investment properties, ranges from 30 - 60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of Profit and Loss in the period of derecognition.

**f) Impairment of tangible and intangible assets:**

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discounting factor. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- ii. When there is an indication previously recognised impairment losses no longer exists or may have decreased such reversal of impairment loss is recognised in the profit and loss account.

**g) Borrowing Cost:**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

**h) Inventories:**

**i. Stock-in-Trade:**

Stock-in-Trade are stated at the lower of cost and net realizable value. Net realisable value represents the estimated selling price of inventories less estimated costs of completion and costs necessary to make the sale. Cost is determined on weighted Average basis.

**ii. Stores and Spares:**

Spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory. Spare parts, stand-by equipment and servicing equipment classified as inventory are stated at the lower of cost or net realisable value. Cost is determined on Weighted Average basis.

**i) Fair Value Measurement:**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these financials statements is determined

on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2, or value in use in Ind AS 36.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- ii. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- iii. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**j) Revenue recognition:**

**i. Revenue from operations:**

Revenue is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue from operations includes sale of goods and services, net of Goods and Service Tax (GST) and trade discounts, cash discounts and other discounts.

**ii. Interest/dividend:** Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

**iii. Rental income from Investment Property:** Rental income is recognised on accrual basis, based on agreements entered by the company as on the reporting date.

**k) Foreign currency transactions:**

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

**l) Retirement and other employee benefits:**

**i. Employer's contribution to Provident Fund, Employee State Insurance and Labour Welfare Fund which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.**

**ii. Gratuity liability is in the nature of defined benefit obligation. The company's Plan Assets comprise of Gratuity fund maintained by Life Insurance Corporation of India and liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each reporting period as per the requirements of Ind AS 19 on "Employee Benefits".**

Actuarial gain/(loss) in the valuation are recognised as other comprehensive income for the period.

**iii. Compensated absences which are in the nature of defined benefit obligation are provided for based on estimates and provided for on the basis of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 on "Employee Benefits".**

**m) Earnings Per Share:**

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**n) Provisions:**

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

**o) Contingencies:**

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of balance sheet and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible outcomes on obligations/rights, whose existence will only be

confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

**p) Taxes on Income:**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company write-off the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-off is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

**q) Prior period items:**

In case prior period adjustments are material in nature the company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". In case of immaterial



items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

**r) Cash and cash equivalents:**

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash as are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft (if any) as they being considered as integral part of the company's cash management.

**s) Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets:**

**A. Initial recognition and measurement:**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

**B. Subsequent measurement:**

For subsequent measurement, financial assets are classified into following categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through profit and loss

- c. Equity instruments at fair value through profit and loss

**a. Debt Instruments at amortised cost:**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**b. Debt instrument at fair value through profit and loss (FVTPL):**

AS per the Ind AS 101 and Ind AS 109 company is permitted to designate the previously recognised financial asset at initial recognition irrecoverably at fair value through profit or loss on the basis of facts and circumstances that exists on the date of transition to Ind AS. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**c. Equity Instruments at fair value through profit and loss (FVTPL):**

Equity instruments/Mutual funds in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the statement of profit and loss.

**C. Derecognition:**

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive

cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement.

**D. Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet it is shown as reduction from the specific financial asset.

**Financial liabilities:**

**A. Initial recognition and measurement:**

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

**B. Subsequent measurement:**

**a. Financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognised in the statement of profit and loss.

The company doesn't designate any financial liability at fair value through profit or loss.

**b. Financial liabilities at amortised cost:**

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss.

Financial liability with maturity of less than one year is shown at transaction value.

**C. Derecognition:**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss as other income or finance costs.

**t) 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.

**u) 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.

**v) Exceptional Items**

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional Item'.

Particulars	(Amount in ₹.)									
	Land	Buildings	Plant and Machinery	Computer Equipments	Office Equipments	Vehicles	Furniture & Fixtures	Total		
<b>Gross Block</b>										
At April 01, 2016	46,95,48,513	47,22,04,084	83,69,58,453	5,21,09,480	1,06,67,394	2,88,27,623	1,34,57,355	1,88,37,72,902		
Less: Transfer to Investment Property	14,26,10,525	6,57,84,142	-	-	-	-	-	20,83,94,667		
Additions	15,75,12,852	10,91,90,499	4,67,91,993	32,37,320	5,44,691	47,04,912	10,92,531	32,30,74,798		
Less: Disposals	2,438	1,17,647	10,45,667	34,500	-	19,32,358	-	31,32,610		
<b>At March 31, 2017</b>	<b>48,44,48,402</b>	<b>51,54,92,794</b>	<b>88,27,04,779</b>	<b>5,53,12,300</b>	<b>1,12,12,085</b>	<b>3,16,00,177</b>	<b>1,45,49,886</b>	<b>1,99,53,20,423</b>		
Additions	7,84,500	2,01,93,485	16,55,03,065	1,06,34,755	15,99,212	-	43,03,724	20,30,18,741		
Less: Disposals	-	-	4,24,18,759	66,000	-	1,95,47,375	-	6,20,32,134		
Less: Transfer from Investment Property	36,92,815	-	-	-	-	-	-	36,92,815		
Regrouping	-	(25,48,000)	21,88,448	-	14,45,500	(16,75,948)	-	-		
<b>At March 31, 2018</b>	<b>48,89,25,717</b>	<b>53,31,38,279</b>	<b>1,00,79,77,533</b>	<b>6,58,81,055</b>	<b>1,42,56,797</b>	<b>1,03,76,854</b>	<b>1,94,43,610</b>	<b>2,13,99,99,845</b>		
<b>Accumulated Depreciation</b>										
At April 1, 2016	-	9,61,32,532	47,38,38,654	3,01,92,707	49,20,346	1,08,91,629	38,58,718	61,98,34,586		
Less: Transfer to Investment Property	-	45,75,069	-	-	-	-	-	45,75,069		
Charge for the year	-	2,88,03,520	6,54,84,934	1,49,29,001	20,80,202	38,49,546	12,30,687	11,63,77,890		
Less: Disposals	-	1,11,100	8,83,103	34,500	-	12,57,085	-	22,85,788		
<b>At March 31, 2017</b>	<b>-</b>	<b>12,02,49,883</b>	<b>53,84,40,485</b>	<b>4,50,87,208</b>	<b>70,00,548</b>	<b>1,34,84,090</b>	<b>50,89,405</b>	<b>72,93,51,619</b>		
Charge for the year	-	2,30,38,637	6,89,22,414	80,44,063	24,49,162	20,00,487	14,69,174	10,59,23,937		
Less: Disposals	-	-	4,19,87,576	66,000	-	82,24,960	-	5,02,78,536		
Regrouping	-	-	2,57,747	-	-	2,57,747	-	-		
<b>At March 31, 2018</b>	<b>-</b>	<b>14,32,88,520</b>	<b>56,56,33,070</b>	<b>5,30,65,271</b>	<b>94,49,710</b>	<b>70,01,870</b>	<b>65,58,579</b>	<b>78,49,97,020</b>		
<b>Net Block</b>										
At April 01, 2016	32,69,37,988	31,48,62,479	36,31,19,799	2,19,16,773	57,47,048	1,79,35,994	95,98,637	1,06,01,18,718		
At March 31, 2017	48,44,48,402	39,52,42,911	34,42,64,294	1,02,25,092	42,11,537	1,81,16,087	94,60,481	1,26,59,68,804		
At March 31, 2018	48,89,25,717	38,98,49,759	44,23,44,463	1,28,15,784	48,07,087	33,74,984	1,28,85,031	1,35,50,02,825		

(Amount in ₹.)

PARTICULARS

**5. Investment Property**

**A. Land at Cost**

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
At the beginning of the year	14,26,10,525	14,26,10,525	14,26,10,525
Less: Transfers to Tangible Assets	36,92,815	-	-
At the end of the year	13,89,17,710	14,26,10,525	14,26,10,525

**B. Gross Block - Building**

At the beginning of the period	6,57,84,142	6,57,84,143	6,57,84,143
Transfers from Tangible Assets	-	-	-
Additions for the period	3,03,69,780	-	-
Deletions for the period	-	-	-
	9,61,53,922	6,57,84,143	6,57,84,143

**Depreciation - Building**

Up to beginning of the year	63,46,029	45,75,069	45,75,069
Charge for the period	26,63,585	17,70,960	-
Up to the end of the year	90,09,614	63,46,029	45,75,069
Net Block - Building	8,71,44,308	5,94,38,114	6,12,09,074
	22,60,62,018	20,20,48,639	20,38,19,599

**6. Financial Assets - Investments**

**Investments consists of the following**

**Non - Current Investments**

a) Investments carried at fair value through profit or loss

- Fully paid Equity shares (quoted)	36,38,50,910	16,97,95,100	11,24,80,851
- Fully paid Equity shares (unquoted)	4,49,44,458	4,08,15,955	3,88,10,104

b) Investments carried at Amortised Cost

- Non Convertible Debentures	20,00,00,000	20,00,00,000	-
- Non Convertible Preference shares	2,06,00,249	2,06,00,249	2,06,00,249
	62,93,95,617	43,12,11,304	17,18,91,204

**Current Investments**

a) Investments carried at fair value through profit or loss

- Mutual funds (unquoted)	1,41,18,32,326	1,44,98,30,579	1,21,04,85,388
	1,41,18,32,326	1,44,98,30,579	1,21,04,85,388

Aggregate amount of Quoted Investments and market value thereof

36,38,50,910	16,97,95,100	11,24,80,850
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Aggregate amount of Un-Quoted Investments

1,67,73,77,033	1,71,12,46,783	1,26,98,95,742
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**Refer Note No. 30 for detailed disclosure of Investments**

(Amount in ₹.)

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>7. Financial Assets - Loans</b>			
Unsecured Loans consists of the following			
<b>Non - Current</b>			
Considered , good			
- Loans to employees	31,00,196	-	-
	<u>31,00,196</u>	<u>-</u>	<u>-</u>
<b>Current</b>			
Considered, good			
- Inter-Corporate Deposits	7,00,00,000	15,00,00,000	-
- Loans to employees	7,79,011	35,30,498	45,29,951
	<u>7,07,79,011</u>	<u>15,35,30,498</u>	<u>45,29,951</u>
<b>8. Financial Assets - Others</b>			
Other financial assets consists of the following			
<b>Non - Current</b>			
a) Deposits with Original maturity more than 12 months	1,50,000	1,50,000	1,50,000
b) Security Deposits	2,81,42,996	2,05,51,452	1,53,21,563
	<u>2,82,92,996</u>	<u>2,07,01,452</u>	<u>1,54,71,563</u>
<b>Current</b>			
a) Security Deposits	72,81,962	44,25,641	57,23,554
b) Accrued Interest but not due	67,41,800	89,65,324	72,53,120
c) Accrued Interest	5,59,17,763	-	-
	<u>6,99,41,525</u>	<u>1,33,90,965</u>	<u>1,29,76,674</u>
<b>9. Other Assets</b>			
<b>Non - Current</b>			
Considered good			
a) Capital advances	5,33,13,025	4,21,81,977	9,75,87,211
b) Prepaid Lease Rentals	1,01,373	83,537	2,43,827
	<u>5,34,14,398</u>	<u>4,22,65,514</u>	<u>9,78,31,038</u>
<b>Current</b>			
Considered good			
a) Advance to suppliers	2,84,35,344	18,09,107	77,05,988
b) Advances to employees	80,44,144	27,58,803	10,73,126
c) Prepaid expense	1,45,83,747	1,46,56,184	49,65,446
d) Indirect tax recoverable	42,84,39,078	2,50,86,500	10,38,41,762
e) Gratuity Fund Asset	59,98,832	64,11,315	-
f) Prepaid Lease Rentals	96,474	1,17,393	2,20,575
g) Others	2,81,54,542	2,21,37,689	25,45,625
	<u>51,37,52,161</u>	<u>7,29,76,991</u>	<u>12,03,52,522</u>

(Amount in ₹.)

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>10. Inventories</b>			
a) Raw materials and components	33,74,60,707	17,57,33,651	18,29,07,137
b) Work-in-progress	10,55,37,883	6,64,31,119	4,94,02,632
c) Finished goods	12,52,20,389	25,20,66,171	38,10,24,854
d) Stock in Trade	18,38,54,358	19,58,36,543	17,49,66,180
e) Loose Tools	1,59,48,409	1,04,36,189	99,79,305
f) Machinery Spares and Others	1,59,26,609	64,62,845	54,65,216
	<b>78,39,48,355</b>	<b>70,69,66,518</b>	<b>80,37,45,324</b>
<b>11. Trade Receivables</b>			
a) Secured, Considered Good	44,17,18,041	44,25,50,015	31,60,41,128
b) Unsecured, Considered Good	1,41,94,20,043	88,02,43,859	92,16,52,210
c) Unsecured, Considered Doubtful	5,08,94,593	3,00,89,418	98,17,745
	<b>1,91,20,32,677</b>	<b>1,35,28,83,292</b>	<b>1,24,75,11,083</b>
- Allowance for credit losses	<b>(5,08,94,593)</b>	<b>(3,00,89,418)</b>	<b>(98,17,745)</b>
	<b>1,86,11,38,084</b>	<b>1,32,27,93,874</b>	<b>1,23,76,93,338</b>
<b>12. Cash and Cash Equivalents</b>			
a) Balances with Banks			
- On Current Accounts	16,07,28,534	34,52,70,376	24,85,47,531
b) Cheques on Hand	20,22,280	1,08,01,479	1,71,54,455
c) Cash on Hand	1,62,199	1,50,673	3,69,460
	<b>16,29,13,013</b>	<b>35,62,22,528</b>	<b>26,60,71,446</b>
<b>13. Other Bank Balances</b>			
a) Earmarked balances with banks (unpaid dividend)	63,26,205	54,81,515	74,33,776
b) Marginal money deposits	37,71,699	40,05,537	31,20,390
	<b>1,00,97,904</b>	<b>94,87,052</b>	<b>1,05,54,166</b>
<b>14. Share Capital</b>			
<b>A. Authorised Share Capital</b>			
10,000,000 Equity Shares of Rs. 10/- each	10,00,00,000	10,00,00,000	10,00,00,000
<b>B. Issued, Subscribed and Fully Paid up:</b>			
8,639,528/- Equity Shares of Rs. 10/- each	8,63,95,280	8,63,95,280	8,63,95,280
<b>C. Reconciliation of the shares outstanding at the beginning and at the end year</b>			
In No. of Shares			
At the Beginning of the year	86,39,528	86,39,528	86,39,528
During the year	-	-	-
At the end of the year	86,39,528	86,39,528	86,39,528
In Value of Shares			
At the Beginning of the year	8,63,95,280	8,63,95,280	8,63,95,280
During the year	-	-	-
At the end of the year	8,63,95,280	8,63,95,280	8,63,95,280

## 14. Share Capital (Contd.)

### D. Rights attached to the Equity Shares

The company has only one class of equity shares having a face value of Rs. 10/- per share with one vote per each share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will 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.

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>E. Details of Shareholders holding more than 5% shares in the company</b>			
<b>Equity Shares</b>			
Mr. V.P.Mahendra	- In No's <b>6,30,530</b>	6,30,530	6,30,530
	- In % <b>7.30%</b>	7.30%	7.30%
Mr. V.K.Surendra	- In No's <b>18,08,679</b>	18,08,679	18,08,679
	- In % <b>20.93%</b>	20.93%	20.93%
<b>15. Other Equity</b>			
<b>(A) Capital Reserve</b>			
At the beginning of the year	<b>2,64,04,870</b>	2,64,04,870	2,64,04,870
During the year	-	-	-
At the end of the year	<b>2,64,04,870</b>	2,64,04,870	2,64,04,870
<b>(B) Revaluation Reserve</b>			
At the beginning of the year	-	-	59,85,193
During the Period	-	-	-
Adjustments for the period	-	-	(59,85,193)
At the end of the period	-	-	-
<b>(C) General Reserve</b>			
At the beginning of the period	<b>3,00,00,00,000</b>	3,00,00,00,000	3,00,00,00,000
Transfer from profit or loss	-	-	-
At the end of the period	<b>3,00,00,00,000</b>	3,00,00,00,000	3,00,00,00,000
<b>(D) Retained Earnings</b>			
At the beginning of the period	<b>1,90,40,06,022</b>	1,09,91,14,150	51,65,58,753
Add: Profit for the period	<b>1,11,97,97,299</b>	82,70,79,760	74,13,33,202
Add: Adjustments due to adoption of Ind AS	-	-	1,67,82,538
	<b>3,02,38,03,321</b>	1,92,61,93,910	1,27,46,74,493
Less: Appropriations			
a) Dividend on Equity shares	<b>12,95,92,920</b>	-	12,95,92,920
b) Tax on dividend	<b>2,63,82,070</b>	-	2,63,81,879
c) CSR Expenditure	-	2,21,87,888	1,95,85,544
	<b>2,86,78,28,331</b>	1,90,40,06,022	1,09,91,14,150

(Amount in ₹.)

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>15. Other Equity (Contd.)</b>			
<b>(E) Other comprehensive income</b>			
On Actuarial Gain/(loss) on post employment benefits			
At the beginning of the period	(1,66,15,787)	-	-
Add: Actuarial Gain/(loss) for the year	(3,16,353)	(1,66,15,787)	-
At the end of the period	(1,69,32,140)	(1,66,15,787)	-
	<b>5,87,73,01,061</b>	<b>4,91,37,95,105</b>	<b>4,12,55,19,020</b>
<b>16. Financial Liabilities - Others</b>			
Other financial liabilities consists of the following			
<b>Non-Current</b>			
a) Dealer Deposits	38,48,31,858	39,09,47,135	35,73,08,185
b) Rental Deposits	32,63,690	35,90,996	32,07,243
c) Others	16,82,177	45,26,938	41,44,387
	<b>38,97,77,725</b>	<b>39,90,65,069</b>	<b>36,46,59,815</b>
<b>Current</b>			
a) Unclaimed Dividends	63,26,205	54,81,515	74,33,775
b) Rental Deposits	34,87,273	5,35,275	4,78,073
c) Outstanding expense	33,31,86,796	19,20,71,028	12,45,17,386
d) Incentives and marketing expenses payable	8,34,78,803	7,15,91,445	6,62,52,413
e) Employee cost payable	8,35,02,422	5,45,48,808	4,91,50,319
	<b>50,99,81,499</b>	<b>32,42,28,070</b>	<b>24,78,31,965</b>
<b>17. Provisions</b>			
Provisions consists of the following			
<b>Non-Current</b>			
a) Provision for leave benefits	-	2,70,30,877	2,13,13,767
	-	2,70,30,877	2,13,13,767
<b>Current</b>			
a) Provision for gratuity	-	-	10,95,608
b) Provision for leave benefits	33,94,794	45,05,256	32,54,481
c) Provision for warranty	1,37,43,292	1,16,66,279	71,78,457
	<b>1,71,38,086</b>	<b>1,61,71,535</b>	<b>1,15,28,546</b>
<b>18. Deferred tax balances</b>			
Deferred tax balances consists of the following			
<b>Deferred tax assets</b>			
a) Employee Benefits	71,13,916	1,09,14,025	88,81,747
b) Provision for credit losses	1,77,84,607	1,04,13,346	33,97,725
	<b>2,48,98,523</b>	<b>2,13,27,371</b>	<b>1,22,79,472</b>
<b>Deferred tax liabilities</b>			
a) Depreciation and amortisation	6,53,84,518	5,62,51,039	5,79,37,651
b) Fair valuation of financial assets	1,56,57,848	1,47,93,791	28,32,765
c) Employee Benefits	25,48,634	22,18,828	-
	<b>8,35,91,000</b>	<b>7,32,63,658</b>	<b>6,07,70,416</b>
<b>Net Deferred tax Liability</b>	<b>5,86,92,477</b>	<b>5,19,36,287</b>	<b>4,84,90,944</b>



*(Amount in ₹.)*

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>19. Other Liabilities</b>			
<b>Non-Current</b>			
a) Deferred Rental Income	15,94,799	-	2,02,966
	<u>15,94,799</u>	<u>-</u>	<u>2,02,966</u>
<b>Current</b>			
a) Statutory dues	22,36,69,029	4,17,29,310	3,27,30,322
b) TDS Payable	68,59,634	70,90,597	60,76,944
c) CSR expenditure	3,39,86,037	3,39,86,037	2,77,98,149
d) Deferred Revenue	7,75,778	2,02,967	3,44,900
e) Advance Received-Customers	2,46,21,863	4,57,42,847	5,20,03,993
f) Advance Received-Others	1,04,03,398	50,000	50,000
	<u>30,03,15,739</u>	<u>12,88,01,758</u>	<u>11,90,04,308</u>
<b>20. Trade payables</b>			
a) Micro, small and Medium Enterprises	15,49,44,421	10,73,73,852	10,76,34,370
b) Others	46,16,55,342	25,60,56,235	21,49,51,733
	<u>61,65,99,763</u>	<u>36,34,30,087</u>	<u>32,25,86,103</u>

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>21. Revenue from Operations</b>		
a) Sale of products (including excise duty)	7,61,03,61,285	6,75,58,15,274
b) Sale of services	1,22,17,538	65,51,161
c) Other operating income	1,69,55,743	1,41,99,330
	<u>7,63,95,34,566</u>	<u>6,77,65,65,765</u>
<b>22. Other Income</b>		
a) Dividend Income	5,54,42,911	6,21,41,346
b) Income from Investments		
i. Change in Fair Value	23,36,12,028	10,49,58,134
ii. Gain on Sale of Investments	1,30,16,460	23,17,013
iii. Reversal of diminution in current investments	-	52,94,186
c) Rent Income		
i. Rental Income	1,13,33,807	1,58,15,658
ii. Deferred Rental Income	5,53,705	3,44,899
d) Interest Income		
i. From investments	3,18,14,023	1,03,74,833
ii. Others	7,19,66,683	3,01,83,145
e) Gain on Sale of Property, Plant and Equipment (Net)	-	1,38,814
f) Insurance Claim	19,39,779	41,39,205
g) Sundry Credit Balances Written back	2,52,12,202	1,95,45,500
h) Net foreign exchange gains	6,50,231	4,00,318
i) Gain on derecognition of Financial asset	-	10,121
j) Miscellaneous Income	65,71,765	59,34,813
	<u>45,21,13,594</u>	<u>26,15,97,985</u>

(Amount in ₹.)

## 23 Changes in inventories

a) Inventory at the beginning of the year

- Finished goods	25,20,66,171	38,10,24,854
- Stock in Trade	19,58,36,544	17,49,66,180
- Work in progress	6,64,31,119	4,94,02,632

	51,43,33,834	60,53,93,666
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b) Inventory at the end of the year

- Finished goods	12,52,20,389	25,20,66,171
- Stock in Trade	18,38,54,358	19,58,36,544
- Work in progress	10,55,37,883	6,64,31,119

	41,46,12,630	51,43,33,834
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(Increase) / Decrease in Stocks

	9,97,21,204	9,10,59,832
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## 24 Employee Benefit Expenses

a) Salaries, Wages and Bonus

63,42,64,044	51,44,35,246
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b) Contribution to Provident and Other Funds

2,94,15,469	2,30,26,370
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c) Staff Welfare Expenses

2,52,52,314	2,23,28,354
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	68,89,31,827	55,97,89,970
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## 25 Finance costs

a) Interest

1,63,65,669	2,97,60,564
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b) Interest Cost - Security Deposits

5,69,281	4,40,956
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	1,69,34,950	3,02,01,520
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## 26 Depreciation and Amortization Expenses

a) Depreciation on Tangible Assets

10,59,23,937	11,63,77,890
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b) Depreciation on Investment Property

26,63,585	17,70,960
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	10,85,87,522	11,81,48,850
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(Amount in ₹.)

**27 Other Expenses**

	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Excise duty	46,49,553	2,30,96,181
b) Power and Fuel	4,35,21,165	3,90,06,533
c) Stores & Tools Consumed	3,97,55,340	3,01,22,877
d) Warranty Expenses	97,82,246	1,44,96,563
e) Consultancy and Legal Charges	2,02,31,659	1,66,68,132
f) Payment to Statutory Auditors		
- Audit Fee	15,00,000	15,00,000
- Tax Audit Fee	3,00,000	3,00,000
- Reimbursement of expenses	1,22,565	1,03,393
g) Payment to Cost Auditors		
- Audit Fee	2,00,000	2,00,000
- Reimbursement of expenses	13,226	45,296
h) Donation	1,30,000	50,000
i) Fees, Rates and Taxes	1,76,18,760	3,53,47,700
j) Directors sitting fees	24,00,000	22,00,000
k) Insurance	70,85,157	44,94,485
l) Rental expenditure		
- Rent	61,86,221	69,75,888
- Amortisation of Prepaid Lease Rentals	1,70,382	2,07,835
m) Repairs and maintenance		
- Buildings	38,41,266	45,72,497
- Machinery	2,23,37,498	1,82,88,149
- Others	4,30,60,453	2,93,68,502
n) Research and Development	1,69,03,973	1,08,81,115
o) Bank Charges	15,71,632	9,24,140
p) Travelling and Conveyance	8,21,55,018	6,81,15,841
q) Communication expenses	1,07,79,072	92,87,095
r) Loss on sale of assets (Net)	12,33,413	-
s) Advances written off	-	1,35,31,500
t) Advertisement & Promotion	8,79,67,480	7,79,83,130
u) Freight and Distribution	19,42,32,630	16,09,76,827
v) Selling Expenses	7,08,30,535	7,50,99,703
w) Service Expenses	7,62,04,338	6,56,33,133
x) Provision for bad and doubtful debts	2,08,05,175	2,25,54,100
y) CSR Expenditure	1,65,00,000	-
z) Miscellaneous Expenses	1,52,35,552	1,32,85,930
	<b>81,73,24,309</b>	<b>74,53,16,545</b>

**28 Other Comprehensive Income**

a) Actuarial Gain/(Losses) on Gratuity Expense for the period	(4,76,812)	(2,54,09,510)
b) Taxes on above	1,60,459	87,93,723
	<b>(3,16,353)</b>	<b>(1,66,15,787)</b>

**29 Earnings per Equity Share**

a) Profit for the period attributable to equity share holders	1,11,97,97,299	82,70,79,760
b) Weighted average number of equity shares of Rs. 10/-each	86,39,528	86,39,528
c) Earnings per equity share (Basic and Diluted) = (a/b)	<b>129.61</b>	<b>95.73</b>

30 Financial Assets (Investments):

Particulars	Face value	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		No. of Shares/units	Fair Value (Amount In ₹.)	No. of Shares/units	Fair Value (Amount In ₹.)	No. of Shares/units	Fair Value (Amount In ₹.)
<b>Non-Current Investments:</b>							
<b>I Investment in Equity Shares</b>							
Investments in Equity instruments (trade - quoted)							
1. Rane Holdings Limited	10	1,22,915	29,97,83,540	1,25,000	11,21,93,750	1,25,000	6,70,00,000
2. Ambuja Cements Limited	2	-	-	10,000	23,66,500	10,000	23,21,500
3. Asian Paints Limited	1	5,000	56,02,000	5,000	53,67,500	5,000	43,43,500
4. Axis Bank Limited	2	10,000	51,05,000	10,000	49,08,000	10,000	44,45,500
5. Infosys Limited	5	6,000	67,90,800	6,000	61,33,500	6,000	73,07,700
6. Larsen & Toubro Limited	2	9,000	1,17,98,100	6,000	94,49,400	6,000	72,97,200
7. Sundaram Finance Limited	10	5,000	83,86,000	5,000	80,73,750	5,000	65,47,500
8. Sundaram Finance Holdings Limited	5	5,000	15,52,500	-	-	-	-
9. TATA Consultancy Services Limited	1	3,000	85,47,450	3,000	72,95,400	3,000	75,48,150
10. CIPLA Limited	2	10,000	54,54,500	10,000	59,29,500	5,000	25,61,000
11. State Bank of India	1	18,000	44,98,200	18,000	52,81,200	16,000	31,08,800
12. Pidilite Industries Limited	1	6,900	63,32,820	4,000	27,96,600	-	-
<b>Sub-Total</b>			<b>36,38,50,910</b>		<b>16,97,95,100</b>		<b>11,24,80,850</b>
<b>Investment in Equity instruments (unquoted)</b>							
1. MHI - VST Diesel Engines Private Limited	10	41,50,000	4,49,44,458	41,50,000	4,08,15,955	41,50,000	3,88,10,105
<b>Total (I)</b>			<b>40,87,95,368</b>		<b>21,06,11,055</b>		<b>15,12,90,955</b>
<b>II Investment in Preference Shares</b>							
1. L & T Finance Limited	100	2,00,000	2,06,00,249	2,00,000	2,06,00,249	2,00,000	2,06,00,249
<b>III Investment in Non-Convertible Debentures</b>							
1. VST Motors Private Limited	100,000	2,000	20,00,00,000	2,000	20,00,00,000	-	-
<b>Total of Non-Current Investments (I+II+III)</b>			<b>62,93,95,617</b>		<b>43,12,11,304</b>		<b>17,18,91,204</b>
<b>Current Investments:</b>							
<b>I. Investment in Mutual Funds</b>							
<i>(a) Investments in Balanced and Equity Mutual funds</i>							
1. Reliance Money Manager Fund-Daily Dividend Plan		1,23,894	12,48,22,746	19,432	1,95,77,872	99,838	10,02,58,975
2. Axis Mutual Fund - Liquid Fund		1,00,497	10,06,37,255	-	-	44,539	4,45,72,868
3. IDFC Ultra Short Term Fund		1,14,66,887	11,54,85,316	1,09,68,131	11,04,62,243	1,00,44,832	10,07,41,633
4. Reliance Liquid Fund Treasury Plan		-	-	-	-	65,739	10,04,97,579
5. L & T Liquid Fund		514	5,19,657	1,04,101	10,53,26,765	99,337	10,05,02,562
6. HDFC Floating Rate Income Fund Short Term Plan		2,49,57,909	25,15,98,180	2,38,63,530	24,05,65,860	1,49,75,400	15,09,65,508
7. TATA Liquid Fund		-	-	-	-	1,35,258	15,07,47,601
8. ICICI Prudential Flexible Income Plan-DDR		3,57,732	3,78,45,708	19,93,385	21,07,72,177	4,72,877	5,00,00,000
9. TATA Money Market Fund-Regular Plan-Daily Dividend		741	7,42,461	92,751	9,28,92,076	-	-
10. BOI AXA Treasury Advantage Fund - Regular-DDR		12,102	1,21,92,326	1,01,763	10,25,21,492	-	-
11. ICICI Prudential Money Market Fund-Daily Dividend		10,40,430	10,42,38,542	-	-	-	-
<b>Sub-Total (a)</b>			<b>74,80,82,191</b>		<b>88,21,18,484</b>		<b>79,82,86,726</b>
<i>(b) Investments in Debt Mutual funds</i>							
1. HDFC Corporate Debt Opportunities Fund		50,79,595	7,32,01,036	50,79,596	6,88,69,157	34,79,404	4,26,98,545
2. Franklin India Dynamic Accrual Fund		8,30,844	5,09,94,811	8,30,844	4,71,54,067	8,30,844	4,22,90,637
3. Franklin India Corporate Bond Opportunities Fund		27,72,285	5,00,20,624	27,72,285	4,63,08,811	27,72,285	4,18,17,154
4. ICICI Prudential Corporate Bond Fund		9,22,743	2,49,54,117	9,22,743	2,34,08,514	9,22,743	2,12,94,978
5. Kotak Medium Term Plan		17,16,930	2,47,79,933	17,16,930	2,32,43,452	17,16,930	2,10,74,798
6. BOI AXA Corporate Credit Spectrum Fund		36,94,134	4,93,10,774	36,94,134	4,52,85,646	19,22,670	2,11,71,868
7. DSP Blackrock Income Opportunities Fund		7,99,380	2,28,58,342	7,99,380	2,14,85,567	-	-
8. L & T Income Opportunities Fund-Growth		11,56,089	2,30,14,734	11,56,089	2,15,80,143	-	-
<b>Sub-Total (b)</b>			<b>31,91,34,371</b>		<b>29,73,35,357</b>		<b>19,03,47,979</b>

**30 Financial Assets (Investments) (Contd.):**

Particulars	Face value	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		No. of Shares/units	Fair Value (Amount In ₹.)	No. of Shares/units	Fair Value (Amount In ₹.)	No. of Shares/units	Fair Value (Amount In ₹.)
<b><i>Non-Current Investments:</i></b>							
<i>(c) Investments in Equity Mutual funds</i>							
1. Franklin India Blue Chip Fund	-	-	-	42,500	1,73,71,970	42,500	1,46,29,861
2. ICICI Focused Blue Chip Fund	5,26,079	2,03,27,701	-	5,26,079	1,80,65,553	5,26,079	1,44,77,700
3. Kotak Select Focus Fund	6,41,137	2,03,96,497	-	6,41,137	1,84,27,586	6,41,137	1,42,08,882
4. SBI Blue Chip Fund	-	-	-	5,15,071	1,72,92,067	5,15,071	1,43,81,248
5. Kotak 50 Equity Scheme-Growth	-	-	-	-	-	28,163	46,64,555
6. HDFC Equity Fund	28,865	1,70,75,450	-	20,949	1,13,91,194	20,949	87,29,300
7. Reliance Equity Opportunities Fund	-	-	-	-	-	2,05,636	1,36,56,601
8. Birla Sunlife Frontline Equity	95,365	1,99,53,298	-	95,365	1,84,15,055	95,365	1,48,24,548
9. Franklin Templeton India Prima Plus Fund	22,726	1,28,04,615	-	22,726	1,18,30,175	22,726	98,22,808
10. L & T India Value Fund	3,70,463	1,33,17,050	-	3,70,463	1,19,19,291	1,04,791	25,06,916
11. BSL MNC Fund	8,843	64,58,325	-	8,843	55,85,610	4,477	25,11,236
12. IDFC Classic Equity Fund - Large Cap	1,33,849	58,70,889	-	1,33,849	51,96,879	-	-
13. HDFC Small Cap Fund	4,38,686	1,94,03,102	-	3,16,506	1,06,41,241	-	-
14. DSP Blackrock India Enhanced Equity Fund	5,00,000	5,21,35,000	-	-	-	-	-
15. TATA Equity P/E Fund	72,743	97,68,620	-	-	-	-	-
16. L & T Infrastructure Fund	4,51,213	77,33,785	-	-	-	-	-
17. IDFC Infrastructure Fund	4,27,417	75,80,277	-	-	-	-	-
<b>Sub-Total (c)</b>			<b>21,28,24,608</b>		<b>1,46,136,620</b>		<b>11,44,13,655</b>
<i>(d) Investments in Balanced Mutual funds</i>							
1. TATA Balanced Fund	59,044	1,18,86,591	-	59,044	1,13,17,820	59,044	96,61,086
2. HDFC Balanced Fund	46,827	68,27,564	-	46,827	61,37,521	46,827	49,79,396
<b>Sub-Total (d)</b>			<b>1,87,14,155</b>		<b>1,74,55,341</b>		<b>1,46,40,482</b>
<i>(e) Investments in Arbitrage Mutual funds</i>							
1. Kotak Equity Arbitrage Fund	9,45,559	2,35,09,917	-	9,45,559	2,21,46,704	9,45,559	2,08,32,755
2. Reliance Arbitrage Fund	21,80,974	2,30,71,434	-	20,51,264	2,17,32,527	19,46,923	2,04,39,185
3. HDFC Arbitrage Fund	21,89,676	2,29,63,133	-	20,68,157	2,17,46,667	19,58,949	2,04,45,549
4. IDFC Arbitrage Fund	34,38,941	4,35,32,517	-	32,53,435	4,11,58,880	-	-
<b>Sub-Total (e)</b>			<b>11,30,77,001</b>		<b>10,67,84,777</b>		<b>6,17,17,489</b>
<i>(f) Investments in Gilt Funds</i>							
1. SBI Magnum Gilt Fund Long Term	-	-	-	-	-	1,60,463	51,60,046
2. TATA Medium Term Gilt Fund	-	-	-	-	-	6,31,585	1,04,00,053
3. Reliance Gilt Securities Fund-Growth Plan	-	-	-	-	-	2,71,028	51,87,551
4. ICICI Prudential Long Term Plan Gilt	-	-	-	-	-	2,06,164	1,03,31,407
<b>Sub-Total (f)</b>			<b>-</b>		<b>-</b>		<b>3,10,79,057</b>
<b>Total of Investment in Mutual Funds (a+b+c+d+e+f)</b>			<b>1,41,18,32,326</b>		<b>14,4,98,30,579</b>		<b>1,21,04,85,388</b>
<b>Total of Current Investments ( I )</b>			<b>1,41,18,32,326</b>		<b>1,44,98,30,579</b>		<b>1,21,04,85,388</b>
<b>Grand Total of Investments</b>			<b>2,04,12,27,943</b>		<b>1,88,10,41,883</b>		<b>1,38,23,76,592</b>

(Amount in ₹.)

### 31. Retirement Benefit Obligations:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Defined Contribution Plan (Expenses):</b>		
Contribution to Provident Fund	2,01,77,991	1,88,34,072
Contribution to Employee State Insurance	19,79,579	13,70,436
Contribution to Labour Welfare Fund	94,280	81,082
<b>B. Defined Benefit Plans (Gratuity):</b>		
<b>1. Movement in Obligation – Gratuity:</b>		
Present Value of Obligation at the beginning of year	8,80,92,911	6,63,74,616
Current Service Cost	63,27,019	38,55,912
Interest Cost	65,18,875	48,08,226
Benefits Paid	(1,24,98,358)	(1,25,43,586)
Past Service Cost (Vested and Non-Vested)	16,30,615	-
Actuarial (Gain)/Loss on Obligation	(1,38,500)	2,55,97,743
<b>Present Value of Obligation at the end of year</b>	<b>8,99,32,562</b>	<b>8,80,92,911</b>
<b>2. Movement in Plan Assets – Gratuity:</b>		
Fair Value of Planned assets at the beginning of the year	9,45,04,226	6,52,79,008
Return of Plan Assets (excl. int. income)	69,93,313	59,77,331
Actuarial Gain/(Loss)	(6,15,311)	1,88,233
Contributions during the year	75,47,525	3,56,03,240
Benefits Paid during the year	(1,24,98,358)	(1,25,43,586)
<b>Fair Value of Planned assets at the end of the year</b>	<b>9,59,31,394</b>	<b>9,45,04,226</b>
<b>3. Expenses recognised in Profit and Loss Statement:</b>		
<b><u>Gratuity:-</u></b>		
Current Service Cost	63,27,019	38,55,912
Net Interest Cost	(4,74,437)	(13,24,083)
Past Service Cost	16,30,615	-
<b>Expense for the year</b>	<b>74,83,196</b>	<b>25,31,829</b>
<b>4. Recognised in Other Comprehensive Income:</b>		
<b>Actuarial (Gain) /loss for the year</b>	<b>4,76,812</b>	<b>2,54,09,510</b>
<b>5. Actuarial Assumptions for estimating Company's Defined Benefit Obligation:</b>		
a. Attrition Rate	1.0%	1.0%
b. Discount Rate	7.7%	7.4%
c. Expected Rate of Increase in Salary	7.0%	5.0%
d. Expected Rate of return on Plan Assets	8.0%	8.0%
e. Mortality Rate	LIC 2006-08 Ult.	LIC 2006-08 Ult.
f. Decrement Adjusted Future Service	17.50	14.40

(Amount in ₹.)

<b>6. Sensitivity Analysis:</b>		
<b>Sensitivity</b>	<b>Change</b>	<b>Effect on obligations</b>
Salary Escalation Rate	+1%	61,35,889
	-1%	(51,89,432)
Withdrawal Rate	+1%	2,74,427
	-1%	(37,184)
Discount Rates	+1%	(58,71,477)
	-1%	70,31,503
<p>The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.</p>		
<b>7. Expected Payout – Gratuity:</b>		Amount in ₹.
Expected payments – 1st Year		1,28,91,502
Expected payments – 2nd Year		93,74,154
Expected payments – 3rd Year		1,08,98,432
Expected payments – 4th Year		89,90,816
Expected payments – 5th Year		75,05,803
Expected payments – 6th year to 10th Year		4,02,71,855
<b>8. Other Information:</b>		
<p>i. The company has invested planned assets with Life Insurance Corporation of India. Expected Return on Assets is based on rate of return declared by fund managers.</p>		
<p>ii. <b>Present value of defined benefit obligation:</b></p> <p>Present value of the defined benefit obligation is calculated by using Projected Unit Credit method (PUC Method). Under the PUC method a “projected accrued benefit” is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The “projected accrued benefit” is based on the Plan’s accrual formula and upon service as of the beginning or end of the year, but using a member’s final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the “projected accrued benefits” as of the beginning of the year for active members.</p>		
<p>B. Compensated absences amounting to Rs. 78,81,730 (March 31, 2017: 1,14,05,478) is recognised as expense and included in the Note 24 ‘Salaries, wages and bonus’.</p>		

### 32. Income tax expense and Deferred Taxes:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b><u>Income Tax Expense:-</u></b>		
a. Current Tax	39,56,00,000	31,95,20,000
b. Deferred Tax (arising on temporary differences)	69,16,649	1,22,39,066
<b>Total Tax Expense for the year</b>	<b>40,25,16,649</b>	<b>33,17,59,066</b>
<b><u>Effective Tax Reconciliation:-</u></b>		
a. Net Profit/(Loss) before taxes	1,52,23,13,948	1,15,88,38,826
b. Tax rate applicable to the company as per normal provisions	34.608%	34.608%
c. Tax expense on net profit (c = a*b)	52,68,42,411	40,10,50,941
d. Increase/(decrease) in tax expenses on account of:		
i. Effect of Income exempt from Tax	(10,42,11,401)	(7,56,25,151)
ii. Effect of expenses not deductible in determining taxable profits	5,46,87,878	2,12,97,075
iii. Effect for deduction for expenses earlier disallowed	(3,07,40,378)	(1,38,57,332)
iv. Effect of Income not forming part of Business income	(1,55,14,933)	(35,90,522)
v. Effect of Concessions (Research and Development)	(2,91,94,006)	(1,83,06,209)
vi. Net effect of deductible temporary differences recognised as deferred tax liabilities and assets (Deferred Tax)	69,16,649	1,22,39,066
vii. Other adjustments	(62,69,571)	85,51,198
<b>Net Increase/(decrease) in tax expenses</b>	<b>(12,43,25,762)</b>	<b>(6,92,91,875)</b>
<b>e. Income Tax Expense as reported in Statement of Profit and Loss (c + d)</b>	<b>40,25,16,649</b>	<b>33,17,59,066</b>

### 33. Fair Value of Financial Instruments:

The management assessed that cash and cash equivalents, trade receivables, trade payables, and other current assets and liabilities approximate to their carrying amount largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is reported at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments are based on the Net Asset Value provided by the Management as on the date of reporting.
- Fair value of Interest free Security deposits are calculated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Description of significant observable inputs to valuation:

- Interest free Security Deposits (assets& liabilities):

Interest Rate factor has been considered at a rate currently available for debt on similar terms, by the company for discounting the amount receivable at the time of maturity.



(Amount in ₹.)

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair values.

Particulars	Carrying Value			Fair value		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31,2018	March 31,2017	April 01, 2016
<b>Financial Assets</b>						
<b>At Fair value through profit &amp; Loss A/c</b>						
Investments	1,46,25,73,245	1,53,59,99,214	1,34,22,92,057	1,82,06,27,694	1,66,04,41,634	1,36,17,76,343
<b>At Amortised cost</b>						
Investments	22,06,00,249	22,06,00,249	2,06,00,249	22,06,00,249	22,06,00,249	2,06,00,249
Loans	7,38,79,207	15,35,30,498	45,29,951	7,38,79,207	15,35,30,498	45,29,951
Trade receivables	1,86,11,38,084	1,32,27,93,874	1,23,76,93,338	1,86,11,38,084	132,27,93,874	1,23,76,93,338
Cash and Bank Balances	17,30,10,917	36,57,09,580	27,66,25,612	17,30,10,917	36,57,09,580	27,66,25,612
Other Financial assets	9,84,54,283	3,43,21,828	2,89,58,717	9,82,34,520	3,40,92,417	2,84,48,237
<b>Total Financial Assets</b>	<b>3,88,96,55,985</b>	<b>3,63,29,55,243</b>	<b>2,91,06,99,924</b>	<b>4,24,74,90,672</b>	<b>3,75,71,68,252</b>	<b>2,92,96,73,730</b>
<b>Financial Liabilities</b>						
<b>At Amortised cost</b>						
Trade Payables	61,65,99,763	36,34,30,087	32,25,86,103	61,65,99,763	36,34,30,087	32,25,86,103
Other Financial liabilities	90,21,95,261	72,35,77,144	61,32,16,739	89,97,59,224	72,32,93,139	61,24,91,779
<b>Total Financial liabilities</b>	<b>1,51,87,95,024</b>	<b>1,08,70,07,231</b>	<b>93,58,02,842</b>	<b>1,51,63,58,987</b>	<b>1,08,67,23,226</b>	<b>93,50,77,883</b>

### 34. Fair Value hierarchy:

The following table provide the fair value measurement hierarchy of the company's financial assets and liabilities. Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2018:

Particulars	Total Value	Fair Value measurement using		
		Quoted prices inactivesmarkets (Level – 1)	Significant observable inputs (Level – 2)	Significant unobservable inputs (Level- 3)
<b>Financial Assets: -</b>				
<b>Designated at Fair Value through profit or loss:</b>				
Investments in quoted instruments (Equity & Mutual Funds)	1,77,56,83,236	1,77,56,83,236	-	-
Investments in unquoted instruments	4,49,44,458	-	-	4,49,44,458
<b>Designated at Amortised Cost:</b>				
Investments in unquoted instruments	22,06,00,249	-	-	22,06,00,249
Loans	7,38,79,207	-	-	7,38,79,207
Trade Receivables	1,86,11,38,084	-	-	1,86,11,38,084
Cash and Bank Balances	17,30,10,917	-	-	17,30,10,917
Other Financial Assets	9,82,34,521	-	-	9,82,34,521
<b>Financial Liabilities: -</b>				
<b>Designated at Amortised Cost:</b>				
Trade Payables	61,65,99,763	-	-	61,65,99,763
Other Financial liabilities	89,97,59,224	-	-	89,97,59,224

(Amount in ₹.)

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2017:

Particulars	Total Value	Fair Value measurement using		
		Quoted prices in active markets (Level – 1)	Significant observable inputs (Level – 2)	Significant unobservable inputs (Level- 3)
<b>Financial Assets: -</b>				
<b>Designated at Fair Value through profit or loss:</b>				
Investments in quoted instruments (Equity & Mutual Funds)	1,61,96,25,679	1,61,96,25,679	-	-
Investments in unquoted instruments	4,08,15,955	-	-	4,08,15,955
<b>Designated at Amortised Cost:</b>				
Investments in unquoted instruments	22,06,00,249	-	-	22,06,00,249
Loans	15,35,30,498	-	-	15,35,30,498
Trade Receivables	1,32,27,93,874	-	-	1,32,27,93,874
Cash and Bank Balances	36,57,09,580	-	-	36,57,09,580
Other Financial Assets	3,40,92,417	-	-	3,40,92,417
<b>Financial Liabilities: -</b>				
<b>Designated at Amortised Cost:</b>				
Trade Payables	36,34,30,087	-	-	36,34,30,087
Other Financial liabilities	72,32,93,139	-	-	72,32,93,139

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at April 01, 2016:

Particulars	Total Value	Fair Value measurement using		
		Quoted prices in active markets (Level – 1)	Significant observable inputs (Level – 2)	Significant unobservable inputs (Level- 3)
<b>Financial Assets: -</b>				
<b>Designated at Fair Value through profit or loss:</b>				
Investments in quoted instruments (Equity & Mutual Funds)	1,32,29,66,238	1,32,29,66,238	-	-
Investments in unquoted instruments	3,88,10,105	-	-	3,88,10,105
<b>Designated at Amortised Cost:</b>				
Investments in unquoted instruments	22,06,00,249	-	-	22,06,00,249
Loans	45,29,951	-	-	45,29,951
Trade Receivables	1,23,76,93,338	-	-	1,23,76,93,338
Cash and Bank Balances	27,66,25,612	-	-	27,66,25,612
Other Financial Assets	2,84,48,237	-	-	2,84,48,237
<b>Financial Liabilities: -</b>				
<b>Designated at Amortised Cost:</b>				
Trade Payables	32,25,86,103	-	-	32,25,86,103
Other Financial liabilities	61,24,91,780	-	-	61,24,91,780

(Amount in ₹.)

### 35. Related Party Transactions:

During the year under reference the Company has entered following transactions with Related Parties:

#### Names of the Related parties and description of relationship:

##### i) Key Management Personnel

Name of the Key Management Personnel	Description of Relationship
Mr. V.K.Surendra	Chairman
Mr. V.P.Mahendra	Vice Chairman & Managing Director
Mr. K.U.Subbaiah	Chief Executive Officer
Mr. P.M. Keshava*	Chief Financial Officer
Mr.B.C.S. Iyengar#	Whole Time Director (Refer Note below)
Mr.R.Thiyagarajan##	Chief Financial Officer (Refer Note below)
Mr.Chinmaya Khatua	Company Secretary
Mr. K.M. Pai	Non-Executive Director
Mr. M.K. Bannerjee	Non-Executive Director
Mr. V.V. Pravindra	Non-Executive Director
Mr. R. Subramanian	Non-Executive Director
Mr. V.T. Ravindra	Non-Executive Director
Mrs. Siva Kameswari Vissa	Non-Executive Director

##### ii) Enterprises over which the Shareholders of the Company, KMP/relatives of KMP exercise Control or significant influence:

1. VST Motors Private Limited
2. VST & Sons
3. Gove Finance Limited
4. Automobile Service Centre
5. Anand & Associates

**Note:** The details of related parties with whom the company has entered into transactions during the reporting periods have been disclosed.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>a) Enterprises over which the Shareholders of the Company, KMP/relatives of KMP exercise Control or significant influence:</b>		
<b>Services Rendered – Renting of Immovable property</b>		
Automobile Service Centre	28,14,000	27,58,000
<b>Services Availed – Payment of royalty</b>		
VST & Sons	7,83,431	6,94,774
<b>Investments</b>		
VST Motors Private Limited	20,00,00,000	20,00,00,000
<b>Loan</b>		
Gove Finance Limited	7,00,00,000	15,00,00,000
<b>Sale of Car - Mr.B.C.S.Iyengar</b>	-	3,67,939
<b>Architectural professional services</b>		
Anand Associates	97,43,262	41,31,250

(Amount in ₹.)

**Remuneration to Key Managerial Personnel**

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Short-term Benefits	Sitting Fee	Short-term Benefits	Sitting Fee
Mr. V.K. Surendra	-	3,20,000	-	3,20,000
Mr.V.P.Mahendra	77,10,739	-	77,49,081	-
Mr. K.U.Subbaiah	1,22,42,575	-	97,06,414	-
Mr. P.M. Keshava *	35,38,136	-	26,33,631	-
Mr.B.C.S.Iyengar #	-	-	4,52,760	-
Mr.R.Thiyagarajan ##	57,59,599	-	45,62,423	-
Mr. Chinmaya Khatua	15,37,589	-	13,89,647	-
Sitting Fees paid to non-executive directors	-	20,80,000	-	18,80,000

**Note:** The post-employment benefit expenses of KMPs is not included as they are based on actuarial valuation on an overall company basis.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Amounts due to related parties</b>			
Anand & Associates	72	1,62,750	-
VST & Sons	7,83,431	6,94,774	6,46,053
Key Managerial Personnel	38,97,355	38,65,338	53,60,920
<b>Amounts due from related parties</b>			
Automobile Service Centre	2,36,000	-	-
<b>Investment in debentures of related parties</b>			
VST Motors Private Limited	20,00,00,000	20,00,00,000	-
<b>Loans to related parties</b>			
Gove Finance Limited	7,00,00,000	15,00,00,000	-

# Mr.B.C.S.Iyengar resigned from the post of Whole time director with effect from April 30, 2016.

## Mr.R.Thiyagarajan served as CFO for the year 2016-17 and Whole time director and CFO for the period October 19, 2016 to March 31, 2017.

\* Mr.P.M.Keshava has been appointed as CFO from June 01, 2017.

**36. Financial Risk Management objectives and policies:**

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimize potential and guidelines and there has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risks or the manner in which it manages and measures the risks.

The following sections provide the details regarding the Company’s exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

**i. Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and advances, deposits, investments in debt securities, mutual funds, and other equity funds.

**a. Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company’s financial instruments will fluctuate because of changes in market interest rates. The Company’s exposure to interest rate risk arises primarily from the investment in debt securities, investment in debt mutual funds and cash and cash equivalents.

The company’s policy is to manage its interest rate risk by investing in fixed deposits, debt securities and debt mutual funds. Further, as there are no borrowings, the company’s policy to manage its interest cost does not arise.

**b. Foreign Currency Risk:**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from Exports or imports that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company’s trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The following table demonstrates the sensitivity in the USD and GBP to the Indian Rupee with all other variables held constant. The impact on the company’s profit before tax due to changes in the fair value of monetary assets is given below:

Particulars	Change in Rate	For the year ended March 31, 2018	For the year ended March 31, 2017
USD	+5.00 %	5,47,047	3,32,211
	-5.00 %	(5,47,047)	(3,32,211)
GBP	+5.00 %	19,999	8,99,444
	-5.00 %	(19,999)	(8,99,444)
Euro	+5.00 %	124	-
	-5.00 %	(124)	-

**ii. Credit risk:**

Credit risk is the risk of loss that may arise on outstanding financial instruments when a counterparty default on its obligations. The Company’s exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposit), the Company minimizes the credit risk by dealing exclusively with high credit rating counterparties. The Company’s objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, Outstanding customer receivables are regularly monitored and any credit to new customers are generally covered by appropriate security in the form of deposits.

**a. Exposure to credit risk:**

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

**b. Credit risk concentration profile:**

At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposures to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial assets as indicated in the balance sheet.

**c. Financial assets that are neither past due nor impaired:**

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and short-term deposits, investment securities that are neither past due nor impaired are placed with or entered with reputable banks, financial institutions or companies with high credit ratings and no history of default.

**d. Financial assets that are either past due or impaired:**

Trade receivables that are past due or impaired at the end of the reporting period, for which life time expected credit loss has been provided by the company according to its policy. These are shown in the balance sheet at carrying value less impairment/expected credit loss (information provided in note no. 11).

**iii. Liquidity risk:**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company ensures that it has sufficient cash on demand to meet expected operational demands, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments which are payable within 12 months.

*(Amount in ₹.)*

	Less than 12 months	1 to 3 years	More than 3 years	Total
<b>As at March 31, 2018</b>				
Trade Payables	61,65,99,763	-	-	61,65,99,763
Security Deposits	34,87,273	38,80,95,548	-	39,15,82,821
Other Financial Liabilities	50,64,94,226	16,82,177	-	50,81,76,403
<b>As at March 31, 2017</b>				
Trade Payables	36,34,30,087	-	-	36,34,30,087
Security Deposits	5,35,275	39,45,38,131	-	39,50,73,406
Other Financial Liabilities	32,36,92,795	45,26,938	-	32,82,19,733
<b>As at April 01, 2016</b>				
Trade Payables	32,25,86,103	-	-	32,25,86,103
Security Deposits	4,78,073	36,05,15,427	-	36,09,93,500
Other Financial Liabilities	24,73,53,893	41,44,387	-	25,14,98,280

(Amount in ₹.)

### 37. Investment Property:

The company recognizes the income earned from renting of Investment property under the head other income with all the incidental expenditure in relation to the property under their respective sub-heads in Other expenses.

#### Summary of Net Income recognized in Statement of Profit and Loss from Investment Property generating rental income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(A) Rental Income	1,13,33,807	1,58,15,658
<b>Less: Direct operating expenses incurred</b>		
i. Repairs and Maintenance	8,62,428	29,86,416
ii. Property Taxes Paid	18,29,596	2,17,651
(B) Total expenses	26,92,024	32,04,067
<b>Net Income/(expense) from Investment Property (A-B)</b>	<b>86,41,783</b>	1,26,11,591

#### Fair Valuation of Investment Property:

Particulars	As at March 31, 2018
a) Land	52,00,70,568
b) Building	12,57,38,395

**Note:** The fair values of investment properties have been determined by independent valuers. The main inputs used are the rental growth rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

**Depreciation and Useful Life:** Depreciation method used by the entity for Investment Property is Straight line method. Useful life of buildings is considered as 30-60 years.

#### Transfer from PPE to Investment Property:

During the year 2017-18, the company has transferred Land amounting to 36,92,815/- from Property Plant and Equipment to Investment Property which are held for earning income by way of rental or for capital appreciation.

### 38. Capital Management:

Capital includes equity attributable to the equity holders of the parent. The primary objective of the capital management is to ensure that it maintain an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder's value.

The company manages its capital structure and make adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, company may adjust the dividend payment to shareholders return capital to shareholders or issue new shares.

Currently the company does not have any borrowings and maintains the entire capital in form of equity share capital.

### 39. Unhedged Foreign Currency Exposure:

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 01, 2016		
	#	Foreign Currency	Amount (₹)	#	Foreign Currency	Amount (₹)	#	Foreign Currency	Amount (₹)
Trade Receivables	\$	1,69,961	1,10,54,986	\$	1,04,851	66,44,210	\$	2,29,778	1,51,35,447
	£	-	-	£	2,26,048	1,79,88,885	£	1,22,768	1,15,63,557
	€	31	2,489						
Trade Payables	\$	1,753	1,14,042	\$	-	-	\$	19	1,132
	£	4,334	3,99,972						
Accrued expenses	£			£	-	-	£	15,628	15,05,580
Advances Received	£			£	-	-	£	435	41,908

# denotes currency symbol

### 40. Contingencies and Commitments:

(Amount in ₹.)

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Contingent Liabilities</b>				
a.	Cases filed by customers in various consumer courts not acknowledged as debts	13,97,000	13,97,000	30,39,500
b.	Appeals filed by the company in respect of Income tax matters	3,68,87,768	3,68,87,768	3,52,42,274
c.	Appeals filed by the company in respect of Customs matters	23,36,692	21,05,228	8,86,267
d.	Bank guarantees issued to Government agencies by way of security	1,36,45,850	1,31,95,850	5,26,29,024
<b>Commitments</b>				
a.	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	34,82,18,582	13,94,04,083	9,58,08,740



(Amount in ₹.)

**41. Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):**

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
Amount due to vendor	15,49,44,421	-	10,73,73,852	-	10,76,34,370	-
Principal amount paid (includes unpaid) beyond appointed date	-	-	-	-	-	-
Interest due and payable for the year	-	-	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-	-	-

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, 2018. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company.

**42. Corporate Social Responsibility (CSR) Expenditure:**

CSR amount required to be spent by the Company during the year is Rs. 2,06,22,796 /-

Amount Spent During the Year	Paid in Cash	Yet to be paid in Cash	Total
On construction or acquisition of any asset	-	-	-
On Purpose other than above	1,65,00,000	-	1,65,00,000
<b>Total</b>	<b>1,65,00,000</b>	<b>-</b>	<b>1,65,00,000</b>

Details of amount spent on each head:

Head	Paid in Cash	Yet to be paid in Cash	Total
Corpus Fund for CSR activities (Kamalabai Education Trust)	1,00,00,000	-	1,00,00,000
Corpus Fund for CSR activities (V.S.Thiruvengadaswamy Mudaliar Memorial Trust)	50,00,000	-	50,00,000
Enhancing livelihood of disabled (Association of people for disability)	15,00,000	-	15,00,000
<b>Total</b>	<b>1,65,00,000</b>	<b>-</b>	<b>1,65,00,000</b>

Movement in the provision for CSR Expenditure during the years:

(Amount in ₹.)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended April 01, 2016
<b>Opening Balance of Provision</b>	<b>3,39,86,037</b>	<b>2,77,98,149</b>	<b>1,77,12,605</b>
Add: Provision created / Expense incurred during the year	1,65,00,000	2,21,87,888	1,95,85,544
Less: Amount spent during the year	1,65,00,000	1,60,00,000	95,00,000
<b>Closing Balance of Provision</b>	<b>3,39,86,037</b>	<b>3,39,86,037</b>	<b>2,77,98,149</b>

43. Expenditure on Research & Development:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended April 01, 2016
<b>a) Revenue expenditure</b>			
(i) Salaries & allowances of R&D Staff	2,70,17,362	1,45,68,862	1,36,97,180
(ii) Testing Fees paid to ARAI, Pune & CFMTTI, Budni	61,83,127	54,71,499	15,46,607
(iii) Development Charges	63,38,592	28,67,711	15,54,328
(iv) Others	43,82,254	25,41,906	16,194
(v) Depreciation on R&D Assets	40,77,087	23,47,907	23,70,413
<b>Total (a)</b>	<b>4,79,98,422</b>	<b>2,77,97,885</b>	<b>1,91,84,722</b>
<b>b) Capital Expenditure:</b>			
Plant & Machineries	1,23,16,154	1,37,22,955	47,23,995
<b>Total (b)</b>	<b>1,23,16,154</b>	<b>1,37,22,955</b>	<b>47,23,995</b>
<b>Grand Total (a) + (b)</b>	<b>6,03,14,576</b>	<b>4,15,20,840</b>	<b>2,39,08,717</b>

44. The Board of Directors of the company have recommended 500% dividend (150% normal dividend and 350% Special dividend on account of Golden Jubilee year) on Equity share (Rs. 50 per share) for the Financial year 2017-18.

45. The Company has established internal financial controls over accounting of expenditure in the accounting system (ERP) and payments process. As per the established process, the entries accounted in ERP and EDI (Electronic Data Interchange) files generated from ERP for the payment purpose, are to be reviewed and approved by the Manager-Finance. However, Internal Financial Controls were not effective with respect to (1) review of payment voucher by Manager-Finance; (2) restriction of EDI files for editing; and (3) segregation of duties in respect of EDI file generation, which enabled the Deputy Officer - Finance to make fictitious accounting entries in the Company's ERP system to divert funds to his personal bank account by modifying the EDI files generated from ERP before uploading them in the bank's website by the AGM - Finance.

The management has identified that in the month of April 2018, the fraudulent siphoning of funds by the Deputy Officer-Finance to the tune of Rs. 37,89,699, of which an amount of Rs. 33,50,000 has been recovered from the employee concerned as on date of May 11, 2018. The concerned employee has submitted his resignation and legal proceedings have been initiated, including the recovery of the balance amount. Further, Management is evaluating to appoint an independent agency to carry out a detailed investigation.

Subsequently, the Company has taken adequate steps for (1) review and approval of expenditure entries; (2) generation of EDI files with appropriate segregation of duties; and (3) review of EDI files before uploading in bank's website.

#### **46. First Time Adoption of Ind AS:**

The company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2017, with a transition date of April 01, 2016. These financial statements for the year ended March 31, 2018 are the first financial statements the company has prepared under Ind AS.

For all periods, up to and including the year ended March 31, 2017, the company has prepared its financial statements in accordance with generally accepted accounting principles and accounting standards notified under section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 ("Previous GAAP"). This note explains the principle adjustment made by the company in restating its Previous GAAP Balance Sheet.

#### **Mandatory exceptions to retrospective applications:**

##### **i. Estimates:**

On assessment of the estimates made under the previous GAAP financial statements, the company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates.

However, estimates that were required under Ind AS but not required under previous GAAP are made by the company for the relevant reporting dates reflecting conditions existing as at that date.

##### **ii. De-recognition of Financial assets and liabilities:**

There are no items of financial asset and liabilities which are required to be de-recognised as per Ind AS 109.

##### **iii. Classification of Financial Assets:**

The company has classified financial assets in accordance with conditions that existed at the date of transition to Ind AS.

#### **Optional exemptions applied:**

##### **i. Deemed-Cost Previous GAAP carrying amount:**

For transition to Ind AS, the Company has elected to carry the values of Property Plant and Equipment, intangible assets and investment property recognized as of March 31, 2016 measured as per previous GAAP and used that carrying value as its deemed cost.

(Amount in ₹.)

**Reconciliation of equity as at April 01, 2016**

	<b>Particulars</b>	<b>Explanatory Notes</b>	<b>As per Previous GAAP</b>	<b>Impact of IndAS</b>	<b>As per IndAS</b>
	<b>ASSETS</b>				
(1)	<b>Non-current assets</b>				
	(a) Property, Plant and Equipment	1.	1,06,61,03,910	(59,85,192)	1,06,01,18,718
	(b) Capital work-in-progress		2,82,86,573	-	2,82,86,573
	(c) Investment Property		20,38,19,599	-	20,38,19,599
	(d) Financial Assets				
	(i) Investments	2.	16,46,84,857	72,06,347	17,18,91,204
	(ii) Other financial assets	3.	1,59,82,042	(5,10,479)	1,54,71,563
	(e) Other non-current assets	3.	9,75,87,211	2,43,827	9,78,31,038
			<b>1,57,64,64,191</b>	<b>9,54,503</b>	<b>1,57,74,18,695</b>
(2)	<b>Current Assets</b>				
	(a) Inventories		80,37,45,324	-	80,37,45,324
	(b) Financial Assets				
	(i) Investments	2.	1,19,82,07,449	1,22,77,939	1,21,04,85,388
	(ii) Trade receivables		1,23,76,93,338	-	1,23,76,93,338
	(iii) Cash and cash equivalents		26,60,71,446	-	26,60,71,446
	(iv) Bank Balance other than (iii)		1,05,54,166	-	1,05,54,166
	(v) Loans		45,29,951	-	45,29,951
	(vi) Others financial assets		1,29,76,673	-	1,29,76,673
	(c) Current Tax Assets (Net)		10,37,05,210	-	10,37,05,210
	(d) Other current assets	3.	12,01,31,948	2,20,575	12,03,52,523
			<b>3,75,76,15,506</b>	<b>1,24,98,513</b>	<b>3,77,01,14,019</b>
	<b>Total Assets</b>		<b>5,33,40,79,697</b>	<b>1,34,53,016</b>	<b>5,34,75,32,714</b>
	<b>EQUITY AND LIABILITIES</b>				
(1)	<b>Equity</b>				
	(a) Equity Share capital		8,63,95,280	-	8,63,95,280
	(b) Other Equity		4,11,47,21,675	1,07,97,345	4,12,55,19,020
			<b>4,20,11,16,955</b>	<b>1,07,97,345</b>	<b>4,21,19,14,300</b>
	<b>Liabilities</b>				
(2)	<b>Non - Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Other financial liabilities	3.	36,53,27,572	(6,67,757)	36,46,59,815
	(b) Provisions		2,13,13,767	-	2,13,13,767
	(c) Deferred tax liabilities (Net)	4.	4,56,58,179	28,32,765	4,84,90,944
	(d) Other non-current liabilities		-	2,02,966	2,02,966
			<b>43,22,99,518</b>	<b>23,67,974</b>	<b>43,46,67,492</b>
(3)	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Trade payables		32,25,86,103	-	32,25,86,103
	(ii) Other financial liabilities	3.	24,78,89,167	(57,203)	24,78,31,965
	(b) Provisions		1,15,28,546	-	1,15,28,546
	(c) Other current liabilities	3.	11,86,59,408	3,44,900	11,90,04,308
			<b>70,06,63,224</b>	<b>2,87,698</b>	<b>70,09,50,922</b>
	<b>Total Equity and Liabilities</b>		<b>5,33,40,79,697</b>	<b>1,34,53,016</b>	<b>5,34,75,32,714</b>

## Explanatory Notes

1. The company has elected to carry the values of Property, Plant and Equipment as at March 31, 2016 measured as per previous GAAP and used that carrying value as its deemed cost. Thus, the revaluation reserve balance as on March 31, 2016 under IGAAP is adjusted.
2. Under previous GAAP, current investments were measured at lower of cost or fair value and long-term investments were measured at cost less diminution in value (which is other than temporary). Under Ind AS 109, Financial assets other than amortized cost are measured at fair value through Profit and Loss and are reported at fair value as at April 01, 2016.

Accordingly, the company has recognized a net fair value gain of Rs.72,06,347/- on non-current investments and Rs. 1,22,77,939/- on current investments as on April 01, 2016, by crediting to Retained Earnings.

3. Under previous GAAP, interest free security deposits received/given (that are refundable in cash on completion of its term) are recorded at their transaction value. Under Ind AS, the company has fair valued these security deposits as per Ind AS 109.

The difference between fair value and transaction value of the security deposits received, have been recognized as deferred revenue. Consequent to this change, the amount of security deposit received has been decreased by Rs.7,24,960/-. The Deferred income has been increased by Rs. 5,47,866/-. The differential amount of Rs.1,77,094/- has been credited to retained earnings as on April 01, 2016.

The difference between fair value and transaction value of the security deposits given, have been recognized as Prepaid lease rentals. Consequent to this change, the amount of security deposit given has been decreased by Rs.5,10,479/-. The prepaid lease rentals has been increased by Rs. 4,64,402/-. The differential amount of Rs. 46,077/- has been debited to retained earnings as on April 01, 2016

4. The company has accounted for the deferred tax on the various adjustments between Previous GAAP and Ind AS at the tax rate at which they are expected to be reversed. Accordingly, the resultant deferred tax is recorded in the books of accounts as at April 01, 2016.

(Amount in ₹.)

**Reconciliation of equity as at March 31, 2017**

	Particulars	Explanatory Notes	As per Previous GAAP	Impact of IndAS	As per IndAS
	<b>ASSETS</b>				
(1)	<b>Non-current assets</b>				
	(a) Property, Plant and Equipment		1,26,59,68,804		1,26,59,68,804
	(b) Capital work-in-progress		10,30,32,208	-	10,30,32,208
	(c) Investment Property		20,20,48,639	-	20,20,48,639
	(d) Financial Assets				
	(i) Investments	1.	37,08,88,991	6,03,22,313	43,12,11,304
	(ii) Other financial assets	2.	2,09,30,864	(2,29,412)	2,07,01,452
	(e) Other non-current assets	2.	4,21,81,977	83,537	4,22,65,514
			<b>2,00,50,51,483</b>	<b>6,01,76,438</b>	<b>2,06,52,27,921</b>
(2)	<b>Current Assets</b>				
	(a) Inventories		70,69,66,518	-	70,69,66,518
	(b) Financial Assets				
	(i) Investments	1.	1,38,57,10,472	6,41,20,107	1,44,98,30,579
	(ii) Trade receivables		1,32,27,93,874	-	1,32,27,93,874
	(iii) Cash and cash equivalents		35,62,22,528	-	35,62,22,528
	(iii) Bank Balance other than (iii)		94,87,052	-	94,87,052
	(v) Loans		15,35,30,498	-	15,35,30,498
	(vi) Others financial assets		1,33,90,965	-	1,33,90,965
	(c) Current Tax Assets (Net)		16,04,27,142	-	16,04,27,142
	(d) Other current assets	2.	7,28,59,601	1,17,389	7,29,76,991
			<b>4,18,13,88,651</b>	<b>6,42,37,496</b>	<b>4,24,56,26,147</b>
	<b>Total Assets</b>		<b>6,18,64,40,134</b>	<b>12,44,13,934</b>	<b>6,31,08,54,068</b>
(1)	<b>Equity</b>				
	(a) Equity Share capital		8,63,95,280	-	8,63,95,280
	(b) Other Equity		4,80,40,93,923	10,97,01,182	4,91,37,95,105
			<b>4,89,04,89,203</b>	<b>10,97,01,182</b>	<b>5,00,01,90,385</b>
(2)	<b>Liabilities</b>				
	<b>Non - Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Other financial liabilities	2.	39,93,49,074	(2,84,005)	39,90,65,069
	(b) Provisions		2,70,30,877	-	2,70,30,877
	(c) Deferred tax liabilities (Net)	3.	3,71,42,495	1,47,93,792	5,19,36,287
			<b>46,35,22,446</b>	<b>1,45,09,786</b>	<b>47,80,32,232</b>
(3)	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Trade payables		36,34,30,087	-	36,34,30,087
	(ii) Other financial liabilities		32,42,28,070	-	32,42,28,070
	(b) Provisions		1,61,71,535	-	1,61,71,535
	(c) Other current liabilities	2.	12,85,98,792	2,02,966	12,88,01,758
			<b>83,24,28,485</b>	<b>2,02,966</b>	<b>83,26,31,450</b>
	<b>Total Equity and Liabilities</b>		<b>6,18,64,40,134</b>	<b>12,44,13,934</b>	<b>6,31,08,54,068</b>

## Explanatory Notes

1. Under previous GAAP, current investments were measured at lower of cost or fair value and long- term investments were measured at cost less diminution in value (which is other than temporary). Under Ind AS 109, Financial assets other than amortized cost are measured at fair value through Profit and Loss and are reported at fair value as at April 01, 2016.

Accordingly, the company has recognized a net fair value gain of Rs. 1,94,84,286/-as on April 01, 2016,by crediting to retained earnings and as on the reporting date March 31, 2017 the company has additionally recognized a fair value gain on Investments ofRs. 10,49,58,134/- credited to Statement of Profit and Loss under the head Other Income.

2. Under previous GAAP, interest free security deposits received/given (that are refundable in cash on completion of its term) are recorded at their transaction value. Under Ind AS, the company has fair valued these security deposits as per Ind AS 109.

Consequent to this change, on security deposits received,the Company has recorded a deferred income of Rs. 3,44,899/- and interest cost of Rs. 4,40,956/-for the year ended March 31, 2017.

On security deposits given, the company has recorded an interest income of Rs. 2,15,309/-and prepaid lease rentals expense of Rs. 2,07,835/-for the year ended March 31, 2017.

3. The company has accounted for the deferred tax on the various adjustments between Previous GAAP and Ind AS at the tax rate at which they are expected to be reversed. Accordingly, the resultant deferred tax is recorded in the books of accounts as at March 31, 2017.

(Amount in ₹.)

**Reconciliation of profit for the year ended March 31, 2017**

	Particulars	Explanatory Notes	As per previous GAAP	Impact of IndAS	As per IndAS
I	Revenue from Operations	1.	6,97,42,99,932	(19,77,34,167)	6,77,65,65,765
II	Other Income	2 & 3.	15,60,69,524	10,55,28,461	26,15,97,985
III	<b>Total Income (I + II)</b>		<b>7,13,03,69,456</b>	<b>(9,22,05,706)</b>	<b>7,03,81,63,750</b>
IV	<b>Expenses:</b>				
	Cost of materials consumed		4,29,48,27,049	-	4,29,48,27,049
	Purchases of Stock-in-Trade		7,30,52,912	-	7,30,52,912
	Change in inventories of finished goods, stock in trade and Work in Progress		9,10,59,832	-	9,10,59,832
	Employee Benefits Expenses	5.	58,51,99,480	(2,54,09,510)	55,97,89,970
	Finance Cost	3.	2,97,60,564	4,40,956	3,02,01,520
	Depreciation and amortization expenses		11,81,48,850	-	11,81,48,850
	Other expenses	1 & 3.	94,28,42,878	(19,75,26,333)	74,53,16,545
	<b>Total expenses (IV)</b>		<b>6,13,48,91,565</b>	<b>(22,24,94,887)</b>	<b>5,91,23,96,678</b>
V	Profit before exceptional items and tax (III-IV)		<b>99,54,77,891</b>	<b>13,02,89,181</b>	<b>1,12,57,67,072</b>
	Exceptional Items		3,30,71,754	-	3,30,71,754
VI	Profit before tax		<b>1,02,85,49,645</b>	<b>13,02,89,181</b>	<b>1,15,88,38,826</b>
VII	Tax Expenses:				
	Current tax		31,95,20,000	-	31,95,20,000
	Deferred Tax Liability /(Asset)	4.	(85,15,684)	2,07,54,750	1,22,39,066
			<b>31,10,04,316</b>	<b>2,07,54,750</b>	<b>33,17,59,066</b>
VIII	Profit for the year(VI-VII)		<b>71,75,45,329</b>	<b>10,95,34,431</b>	<b>82,70,79,760</b>
IX	Other Comprehensive income				
	(i) Items that will not be reclassified subsequently to profit or loss	5.	-	(2,54,09,510)	(2,54,09,510)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	87,93,723	87,93,723
			-	<b>(1,66,15,787)</b>	<b>(1,66,15,787)</b>
X	Total Comprehensive Income for the year (VIII+IX)		<b>71,75,45,329</b>	<b>9,29,18,644</b>	<b>81,04,63,973</b>
XI	Earnings per share from Continuing operations:				
	Basic and Diluted		83.05	12.68	95.73



**Explanatory Notes:**

- 1 Under Previous GAAP, Company followed the policy of recognizing the trade discounts, cash discounts and other discounts under the head Selling expenses. Based on the requirements of Ind AS 18, Revenue from operations is recognised at the fair value of consideration received/receivable, after deduction of any discounts, rebates, price reductions and incentives given to customers.

The change has resulted in re-classification of discount expenditure amounting to Rs. 19,77,34,166/- from Selling expenses to Revenue from Operations. However, there is no impact on the Total Comprehensive Income for the period ended March 31, 2017.

- 2 Under previous GAAP, current investments were measured at lower of cost or fair value and long-term investments were measured at cost less diminution in value (which is other than temporary). Under Ind AS 109, Financial Assets other than Amortized cost have been designated at fair value through profit or loss and reported at fair value as at March 31, 2017.

The resulting fair value changes of these investments are recognized in the Statement of Profit and Loss, amounting to Rs. 10,49,58,134/-.

- 3 Under previous GAAP, interest free security deposits received/given (that are refundable in cash on completion of its term) are recorded at their transaction value. Under Ind AS, the company has fair valued these security deposits as per Ind AS 109.

Consequent to this change, on security deposits received, the Company has recorded a deferred rental income of Rs. 3,44,899/- and interest cost of Rs. 4,40,956/- for the year ended March 31, 2017.

On security deposits given, the Company has recorded an interest income of Rs. 2,15,309/- and prepaid lease rentals expenditure of Rs. 2,07,835/ for the year ended March 31, 2017.

- 4 The company has accounted for the deferred tax on the various adjustments between Previous GAAP and Ind AS at the tax rate at which they are expected to be reversed. Accordingly, the resultant deferred tax is recorded in the books of accounts as at March 31, 2017.

- 5 Under Ind AS, re-measurements of post-employment benefits i.e., actuarial gain and losses and the return on plan assets, except for amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these measurements were forming part of the profit or loss. As a result, profit for the year ended March 31, 2016 is increased by Rs.1,66,15,787/-. There is no impact on the total equity as at March 31, 2017.

As per our report of even date

**For K.S. Rao & Co.,**  
Chartered Accountants  
Firm Registration No: 003109S

**Hitesh Kumar. P**

Partner  
Membership No. 233734

Place : Bengaluru  
Date : May 11, 2018

For and on behalf of the Board of Directors of

**V.S.T. Tillers Tractors Limited**

**V.P. Mahendra**  
DIN:00033270

*Vice Chairman & Managing Director*

**Keshava P M**  
*Chief Financial Officer*

**K.M.Pai**  
DIN:01171860  
*Director*

**Chinmaya Khatua**  
*Company Secretary*  
Membership No. 21759

Place : Bengaluru  
Date : May 11, 2018

## SALE OF PRODUCTS

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

CLASS OF GOODS	01-04-2017 - 31-03-2018			01-04-2016 - 31-03-2017		
	Production Quantity Nos.	Sales		Production Quantity Nos.	Sales	
		Quantity Nos.	Value Rs.		Quantity Nos.	Value Rs.
a) Power Tillers	28,912	30,143	3,90,74,45,412	25,470	25,515	3,37,81,27,350
b) Tractors	11,364	11,367	3,08,25,57,328	9,000	9,635	2,71,37,54,850
c) Rice Transplanters		106	1,85,96,309		417	7,68,36,908
d) Reapers		420	4,07,02,352		358	3,40,56,490
e) Spares			53,14,67,985			52,73,88,016
f) Others			4,18,09,437			3,22,02,821
g) Operating Income			1,69,55,743			1,41,99,330
<b>Total</b>			<b>7,63,95,34,566</b>			<b>6,77,65,65,765</b>

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**VST SHAKTI MT 270 VIRAAAT PLUS**



**VST SHAKTI MT 171 DI SAMRAAT**



**VST YANJI SHAKTI RICE TRANSPLANTER**



**VST SHAKTI 135 DI ULTRA.S**




**VST SHAKTI 130 DI**

*Manufactured by:*

**V.S.T.TILLERS TRACTORS LTD.**  
( CIN- L34101KA1967PLC001706 )

Regd. Office: Plot No. 1, Dyavasandra Indl. Layout, Whitefield Road, Mahadevapura Post, Bangalore -560 048.  
Ph: +91-80-67141418/23, 67141111, Fax: +91-80-28510221. E-mail : sales@vsttillers.com www.vsttillers.com

Plot No. 39, Phase-1, Sipcot Industrial Complex, Mookandapalli, Hosur- 635 126, Tamil Nadu.  
Phone: +91- 4344-275578 E- mail: vstgen.hosur@vsttillers.com

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Toll Free Number: **1800 419 0136**

**NOTICE of the 50<sup>th</sup> Annual General Meeting**

“NOTICE IS HEREBY GIVEN that the **50th Annual General Meeting (AGM) of members of V.S.T. TILLERS TRACTORS LTD**, will be held at “Rohini Hall”, Hotel Ajantha, 22-A, Mahatma Gandhi Road, Bengaluru 560001 on **Saturday, 11th August, 2018 at 3.00 pm** to transact the following business.

**Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2018 together with the Directors’ and Auditors’ Report thereon.
2. To declare final dividend of Rs 50/- per equity share for the Financial Year ended March 31, 2018.
3. To Appoint a Director in place of Mr. V.T. Ravindra (DIN: 00396156), who retires by rotation and being eligible offers himself for reappointment.
4. To fix remuneration of statutory Auditors.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and pursuant to the resolution passed by the members at the AGM held on August 29, 2016, the Board of Directors be and is hereby authorized to fix the remuneration payable to M/s K.S. Rao & Co, Chartered Accountants (Firm Regd. No- 003109 S), statutory Auditors, for the remaining period of their tenure, as may be determined by Audit Committee in consultation with the Auditors.

**Special Business:**

5. **To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2019.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Rao, Murthy & Associates, Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019, be paid the remuneration of Rs.2,50,000/- (Exclusive of applicable tax) per annum plus out of pocket expenses.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to above resolution.”

6. **To Approve appointment of Mr. V.T. Ravindra as Whole-time Director.**

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 and the Rules made thereunder and subject to other approvals as may be necessary, the approval of the members be and is hereby accorded to the appointment of Mr. V. T. Ravindra (DIN-00396156) as Whole-time Director designated as Executive Director for five years effective from 11th May 2018 liable to retire by rotation, with the following remuneration:

## Salary

- a. Basic Salary - Rs. 1,50,000.00 per month.
- b. Flexi Benefit - Rs. 1,50,000.00 per month.
- c. Commission - One percent on the net profit of the Company subject to a maximum of one and half times of annual basic salary drawn

## Other benefits / perquisites

In addition to salary, the following benefits/perquisites are allowed and classified into three categories, “A”, “B” & “C” as follows:-

### Category - A

Medical Insurance Premium for family as per Company Policy.

### Category - B

- a) Contribution to Provident Fund.
- b) Gratuity payable as per the Gratuity Act.

### Category - C

Provision of Car and driver for use on Company’s business and telephone.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to do necessary things to give effect to this Resolution.

## 7. **Appointment of Mr. Arun V. Surendra as a Director.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, if any, and the Rules made thereunder, Mr. Arun V. Surendra (DIN-01617103), who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 11, 2018 and who holds office till the date of AGM in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from

a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Arun V. Surendra as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board

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

Place: Bengaluru

Date: May 11, 2018

Registered Office:

Plot No-1, Dyavasandra Indl Layout, Whitefield Road, Mahadevapura P.O, Bengaluru - 560 048.

**Chinmaya Khatua**

*Company Secretary*

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as Proxy on behalf of fifty (50) members and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other Member.

The proxies to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A Proxy form for the AGM enclosed.

2. The Register of Members and Share Transfer Books of the Company will be closed from August 05, 2018 to August 11, 2018 (both days inclusive) in connection with payment of Dividend and Annual General Meeting scheduled to be held on August 11, 2018.
3. The Board has recommended Final Dividend of Rs 50/- i.e. 500 % (150% Normal dividend and 350% special dividend on account of Golden Jubilee year) per share for the year 2017-18 and

the same will be paid on or after 13th August, 2018 if approved by the shareholders at 50th AGM. The dividend if declared shall be payable to all those members whose names appear in the register of members or the beneficial owners as per the records of depositories, as at the closing of business hours on August 04, 2018.

4. Members desirous of obtaining any information on the Annual Accounts are requested to write to the Company at an early date to facilitate compilation and dissemination of the same at the AGM.
5. Unpaid/Unclaimed dividend details.

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or reenactment(s) thereof for the time being in force) any dividends unpaid or unclaimed for seven years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund established by the Central Government. The members are requested to claim their dividends who have not claimed so far. During the year 2017-18 the Company has transferred Rs.4,66,259/- to Investor Education and Protection Fund. The details of the unclaimed dividend are uploaded in IEPF website and as well as website of the Company.

Accordingly, during the financial year 2018-19, the Company would be transferring unclaimed final dividend amount for the financial year ended 31st March, 2011 on or after 16th September, 2018. The Company has already sent notice to all such members to claim their unclaimed dividend before due date of transfer to IEPF.

#### **Share Transfer to IEPF:**

In accordance with Section 124(6) of the Companies Act, 2013 read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for 7 (seven) consecutive years or more are required to be transferred to the Demat Account of the IEPF

Authority. The Company has transferred 24,314 Nos of shares to IEPF during the financial year 2017-18 after following the procedure.

The Company has already sent notices to all such members for the shares due for transfer to IEPF for the year 2018-19. In case the Company receives no communication from the members, necessary steps will be initiated by the Company to transfer shares held by the members to the IEPF without further notice. Please note that no claim shall lie against the Company in respect of the shares so transferred to the IEPF.

The shares and dividends transferred to the IEPF can be claimed back by the concerned members from IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

6. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
7. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
8. Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report / notice for attending the meeting.
9. Members holding shares in electronic form are requested to update their E-mail ID with their respective depository participants and Members holding shares in physical form are requested to update their E-mail ID with the Company's registrar and transfer agent (RTA) to enable despatch the communication in electronic form from time to time. The Annual Report 2017-18 along with Notice are being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2017-18 are being sent by the permitted mode.



10. Members holding shares in electronic form are requested to update their Bank Details with their respective depository participants and Members holding shares in physical form are requested to update their Bank Details with the Company's registrar and transfer agent (RTA) to receive the dividends by bank transfers.
11. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided three days of notice in writing is given to Company.
12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
13. Members may also note that the Notice of the 50th AGM and the Annual Report 2017-18 will be available on the Company's website, [www.vstillers.com](http://www.vstillers.com). The physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [investors@vstillers.com](mailto:investors@vstillers.com).
14. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item No. 5,6&7 of the Notice, is annexed hereto.
15. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number(PAN) and Bank Account details. Members holding shares in electronic form are, therefore, requested to submit the PAN and Bank details to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and Bank Account details to the Company's Registrar & Transfer Agent.
16. **Voting through electronic means**
- Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, and clause 44 of the listing Regulation, the Company is pleased to provide members facility to exercise their right to vote in respect of resolutions which are being considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). Mr. Shylendrakumar T.R. ,Practicing Company Secretary (C P No-2453) has been appointed as scrutinizor in this regard.
- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. August 04, 2018 only shall be entitled to avail the facility of remote e-voting / voting at AGM and a person who is not a Member as on the cut off date should treat this Notice for information purposes only.
- Procedure / Instructions for **remote e-voting** are as under:
- (i) The remote e-voting facility will be available during the following period:  
 Start of remote e-voting: From 9.00 a.m. (IST) on Wednesday, August 08, 2018.  
 End of remote e-voting: Up to 5.00 p.m. (IST) on Friday, August 10, 2018.  
 The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of aforesaid period.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (iii) Click on Shareholders / Members

- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of VST TILLERS TRACTORS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (xvii) If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xxi) Any person, who acquires shares of the Company and become a member after despatch of the notice and holding shares as on the cut -off date i.e., August 04, 2018 may follow the same procedure as mentioned above for e-Voting.
17. The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website, i.e. [www.vsttillers.com](http://www.vsttillers.com) and on the website of CDSL within 48 hours of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
  18. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
  19. In case of joint shareholders attending the meeting only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
  20. The facility for voting through polling paper will also be made available at the AGM and members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their rights at the AGM.
  21. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

**ANNEXURE TO THE NOTICE****Statement pursuant to section 102 of Companies Act, 2013.****Item No. 4**

This explanatory statement is provided though strictly not required as per Section 102 of the Companies Act, 2013.

M/s. K.S. Rao & Co, Chartered Accountants (Firm Regd. No-003109S) were appointed as Auditors of the Company for five financial year w.e.f FY 2016-17 at the 48th Annual General Meeting of the Company. As per Companies Amendment Act 2017 ratification of their appointment is not required every year, however their remuneration will be fixed by the shareholders.

The Board recommends the Resolution at item No. 4 for approval of the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

**Item No. 5**

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Rao, Murthy & Associates, Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be determined by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested (financially or otherwise) in the resolution as set out at Item No. 5 of the Notice.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 5 of the Notice for the approval of the Members.

**Item No. 6**

The Board of Directors at their meeting held on 11/05/2018 had appointed Mr. V.T. Ravindra (DIN-00396156), as Whole-time director of the Company designated as Executive Director for five years effective from 11/05/2018, subject to confirmation by the Company in General Meeting. Mr. V.T. Ravindra was appointed as non-executive Director of the Company effective from 27/05/2016. He will be liable to retire by rotation.

This appointment was recommended by the Nomination & Remuneration Committee at its meeting held on May 10th, 2018,

The Company has received from Mr. V.T. Ravindra the consent letter and all other required declarations under Companies Act, 2013 and Rules made thereunder.

Apart from Mr. V.K Surendra, Mr. V.P. Mahendra, Mr. V.V. Pravindra and Mr. Arun V. Surendra, none of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise in the resolution as set out at Item No. 6 of the Notice.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for approval of the appointment and remuneration payable to Mr. V.T. Ravindra as Whole-time Director of the Company.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice for the approval of the Members

**Item No. 7**

The Board of Directors, at their meeting held on May 11, 2018 appointed Mr. Arun V. Surendra (DIN-01617103) as an Additional Director of the Company with effect from May 11, 2018 pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013 Mr. Arun V. Surendra will hold office up to the date of the ensuing AGM. The

## NOTICE



Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member, proposing the candidature of Mr. Arun V. Surendra for the office of Director to be appointed under the provisions of the Companies Act, 2013.

This appointment was recommended by the Nomination & Remuneration Committee at its meeting held on May 10th, 2018,

The Company has received from Mr. Arun V. Surendra the consent letter and all other required declarations under Companies Act, 2013 and Rules made thereunder.

The resolution seeks the approval of members for the appointment of Mr. Arun V. Surendra as a Non-

Executive Director of the Company pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He will be liable to retire by rotation.

Apart from Mr. V.K Surendra, Mr. V.P. Mahendra, Mr. V.V. Pravindra and Mr. V.T. Ravindra, none of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise in the resolution as set out at Item No. 7 of the Notice.

The Board recommends the Ordinary Resolution set forth in Item no. 7 for the approval of the members as an ordinary resolution.

### **Brief Resume of Directors seeking appointment / re-appointment at the ensuing AGM.**

<b>Name</b>	<b>V.T. Ravindra</b>	<b>Arun V. Surendra</b>
Age	49 years	42 years
Date of Appointment	27/05/2016	11/05/2018
Relationship with Other Directors / KMP	Mr. V.K. Surendra Mr. V.P. Mahendra, Mr. V.V. Pravindra and Mr.Arun V. Surendra	Mr. V.K. Surendra Mr. V.P. Mahendra, Mr. V.V. Pravindra and Mr.V.T. Ravindra
Qualification	BSC, PGDM.	MBA
Expertise	Having about 25 years experience commencing with 4 years in Parry Agro Ltd and Managing of Two Wheeler Dealerships as Managing Partner- Honda and Bajaj in Bangalore for 12 years. Also, AutoDealerships for Four Wheelers as Managing Director - Volkswagen & Ford in Bangalore and Jaguar & Land Rover in Chennai.	Having 15 years of experience commencing with the 5 years experience in trading of crude oil futures in the US and subsequently, joined family's Automotive Distribution business in Chennai. Was also instrumental in establishing OE parts distribution in Karnataka and Tamil Nadu representing five OEM's.  In 2014 also became the Managing Partner of Gove Investment followed by Managing Director of the Mercedes-Benz Car business in Chennai.

## NOTICE



Directorship in Other Companies	V.S.T. Motors Private Limited Chennai Auto Agency Private Limited V.S.T. Service Station Private Limited Crest Construction Pvt Ltd V.S.T. & Sons Private Limited Bangalore Motors Private Limited V.S.T. Auto Ancilleries Private Limited Hotel Pearls Private Limited Pearls Estates Private Limited	V.S.T.Motors Private Limited V.S.T. Service Station Private Limited V.S.T. & Sons Private Limited V.S.T.Auto Parts Private Limited Bangalore Motors Private Limited V.S.T. Titanium Motors Private Limited V.S.T.Auto Ancilleries Private Limited V.S.T. Auto Agency Private Limited Chennai Auto Agency Private Limited Joshika Technologies Private Limited
Shareholding in the Company (in Nos) as promoter	26852	212130
Chairman of Committees	-	-
Member of Committees	-	-

Note: For other details of Committee Membership of the Company, Remuneration paid, attendance of Board Meeting, Please refer Corporate Governance Report. Both Mr. V.T. Ravindra and Mr. Arun V. Surendra come under promoter group of the Company.

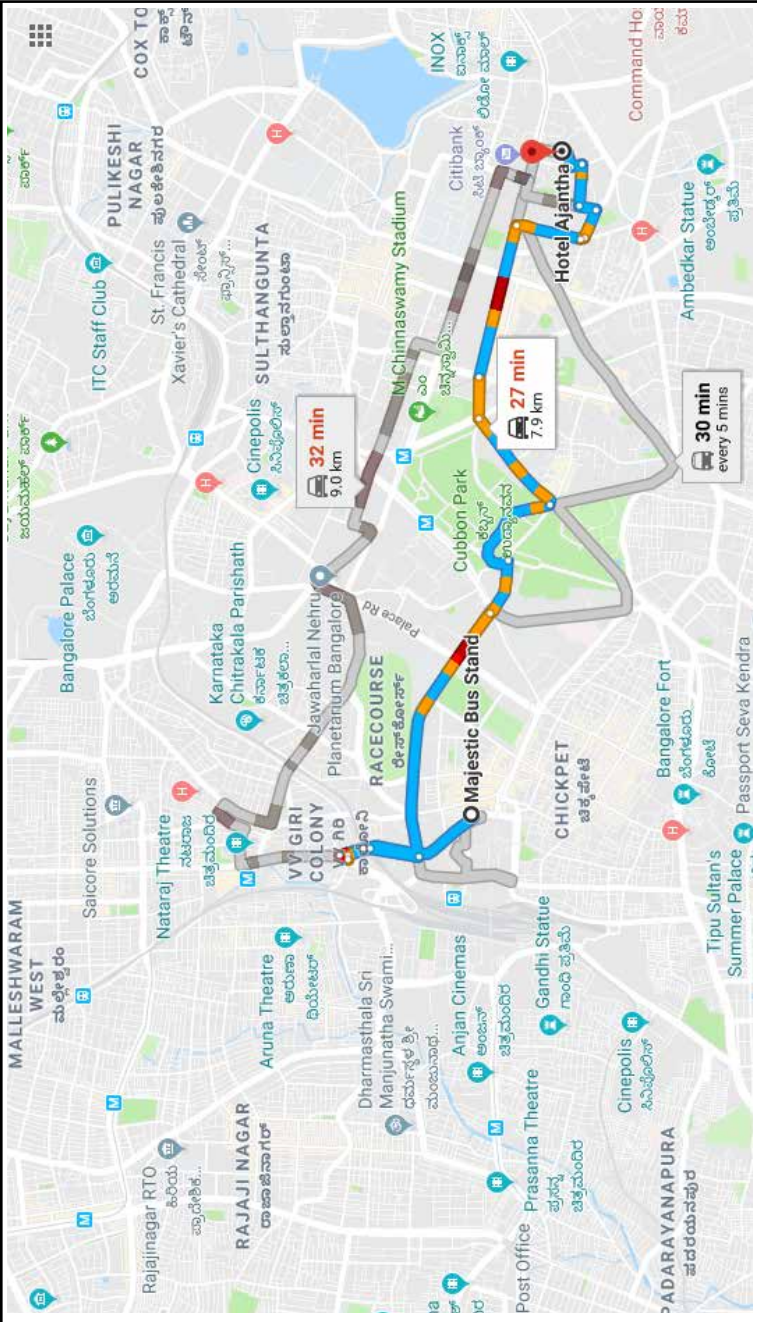
By Order of the Board  
for **V.S.T. TILLERS TRACTORS LTD.**

**Chinmaya Khatua**  
*Company Secretary*

Registered Office:  
Plot No-1, Dyavasandra Indl Layout,  
Whitefield Road, Mahadevapura P.O,  
Bengaluru - 560 048.

Place: Bengaluru  
Date: May 11, 2018

# ROUTE MAP





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

(CIN: L34101KA1967PLC001706)

Regd. Office: Plot No-1, Dyavasandra Indl Layout,  
Whitefield Road, Mahadevapura P.O, Bengaluru - 560 048.

Tel +91 80 67141111

website : www.vsttillers.com

e-mail : investors@vsttillers.com

Name of the member(s) : .....

Registered address : .....

E-mail ID : .....

Folio No/DP ID-Client ID : .....

I/We, being the member (s) of.....shares of the above named company, hereby appoint

(1) Name : .....

Address : .....  
.....

E-mail Id : .....Signature : ..... or failing him;

(2) Name : .....

Address : .....  
.....

E-mail Id : .....Signature : ..... or failing him;

(3) Name : .....

Address : .....  
.....

E-mail Id : .....Signature : .....





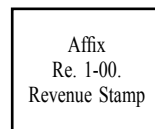
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 50th Annual General Meeting of the Company, to be held on Saturday, 11th day of August, 2018 at 3.00 pm. at “Rohini Hall, Hotel Ajantha, 22-A, Mahatma Gandhi Road, Bengaluru – 560001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl.No.	Resolutions	Optional*	
		For	Against
	<b>ORDINARY BUSINESS</b>		
1	Adoption of Audited Financial Statements for the year ended 31st March, 2018.		
2	To declare dividend for the year 2017-18		
3	Appointment of Mr. V.T. Ravindra a Director who retires by rotation and eligible for re-appointment.		
4	To fix Remuneration of Auditors		
	<b>SPECIAL BUSINESS</b>		
5	To Approve the remuneration of the Cost Auditors for the Financial Year ending March 31, 2019		
6	To Approve appointment of Mr. V.T. Ravindra as Whole-time Director.		
7	To Approve appointment of Mr. Arun V. Surendra as a Director		

Signed this..... day of .....2018

Signature of shareholder

Signature of Proxy holder(s)



Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 50th Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.
4. \* It is optional to put a “X” in the appropriate column against the Resolutions indicated in the box. If you leave the “for” or “against” column blank against any or all Resolutions, your proxy will entitle to vote in the manner as he / she thinks appropriate.
5. A person can act as Proxy on behalf of fifty (50) members and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other Member.



# V.S.T. TILLERS TRACTORS LIMITED

CIN: L34101KA1967PLC001706

Registered Office: Plot No-1, DyavasandraIndl Area, Whitefield Road,  
Mahadevapura P.O, Bengaluru – 560 048

Telephone:+91 80 67141111

Email: vstgen@vsttillers.com, Web: www.vsttillers.com

## ATTENDANCE SLIP

### 50<sup>TH</sup> ANNUAL GENERAL MEETING

Date : 11th August 2018 Time: 3.00 pm

Place: Rohini Hall, Hotel Ajantha, 22-A, Mahatma Gandhi Road, Bengaluru-560001

Please fill attendance slip and hand it over at the entrance of the meeting hall

Name of the attending Member (in block letters): .....

Members' Folio Number: .....

Client I.D. No. : .....

D.P.I.D No: .....

Name of the Proxy (in Block Letters, to be filled in if the proxy attends instead of the members)

.....

No. of Shares held: .....

I hereby record my presence at the 50th Annual General Meeting of the Company held on Saturday the 11th August, 2018, at 3:00 pm at "Rohini Hall", Hotel Ajantha, 22-A, Mahatma Gandhi Road, Bengaluru – 560 001.

\_\_\_\_\_  
Signature of Member / Proxy

The electronic voting particulars are set out below:

EVS (Electronic Voting Sequence Number)	PAN No./SEQ. No.	USER ID	PASSWORD
			Please refer AGM Notice

**Remote E-voting facility is available during the following voting period**

Commencement of remote e-voting	End of remote e-voting
Wednesday, 8th August 2018 (from 9.00 am IST)	Friday, 10th August, 2018 (up to 5.00 pm IST)