

REF: VTTL/SE/2023-24

August 10, 2023

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

The Manager Listing,
BSE Limited.,
Floor 25, P.J. Towers,
Dalal Street,
MUMBAI – 400 001i
PH: 022-22721234

Dear Sir / Madam,

Sub: Annual Report for the Financial Year 2022–23 along with Notice of 55th Annual General Meeting("AGM").

Please find enclosed herewith 55th Annual Report along with AGM Notice for the Financial Year 2022-23. We request you to take note of the following details:

• **Annual General Meeting:**

The 55th Annual General Meeting (AGM) shall be held on Friday, September 01, 2023, at 11:00 am (IST) through Video Conferencing ("VC") or Other Audio-Visual Means (OAVM).

• **Book Closure:**

Register of Members and Share Transfer Books of the Company shall remain closed from August 26, 2023, to August 31, 2023.

• **E-Voting:**

Start of remote e-voting: From 9:00 am (IST) on Tuesday, August 29, 2023.
End of remote e-voting: Up to 5:00 pm (IST) on Thursday, August 31, 2023.
E-Voting Cut-off date: August 25, 2023.

• **Dividend:**

The Board has recommended Final Dividend of Rs 25/- per share of Rs.10/- each for the financial year 2022-23 and the same will be paid on or after September 01, 2023, if approved by the members at 55th AGM.

Thanking you,

Yours truly,
For V.S.T Tillers Tractors Ltd.,

Chinmaya Khatua
Company Secretary
M No: 21759

55th Annual Report 2022-23





Corporate Information

Mr. V.K. Surendra
Chairman

Mr. M.K. Bannerjee
Independent Director

Mr. K.M. Pai
Independent Director

Ms. Siva Kameswari Vissa
Independent Director

Dr. Nandakumar Jairam
Independent Director

Mr. Rajen Krishnanand Padukone
Independent Director

Mr. V.V. Pravindra
Non-Executive Director

Mr. Arun V. Surendra
Non-Executive Director

Mr. V.T. Ravindra
Managing Director

Mr. Antony Cherukara
Chief Executive Officer

Mr. Nitin Agrawal
Chief Financial Officer

Mr. Chinmaya Khatua
Company Secretary and Compliance Officer

Statutory Auditors

M/s. K.S. Rao & Co., Bengaluru Chartered Accountants

Internal Auditors

M/s. Brahmayya & Co., Bengaluru Chartered Accountants

Cost Auditors

M/s. Rao, Murthy & Associates, Bengaluru, Cost Accountants

Secretarial Auditors

M/s. Thirupal Gorige & Associates LLP, Bengaluru, Practising Company Secretaries

Regd. Office

Plot No.1, Dyavasandra Industrial Layout, Whitefield Road, Mahadevapura Post, Bengaluru - 560 048
Ph: 080-67141111
E-mail: vstgen@vsttractors.com
Website: www.vsttractors.com

PLANT LOCATIONS

HOSUR

Plot No:39, Sipcot – Phase I, Mookandapalli Post, Hosur - 635 126. Tamil Nadu

MYSORE

Plot No.42/43, Metagalli Industrial Area, Mysuru -570016. Karnataka

MALUR

Plot No-222-224 & 229-232, KIADB Industrial Area, Malur III Phase, Malur -563130, Karnataka

Celebrating the Legacy of Shri V.P. Mahendra



16 July 1942 – 30 May 2023

Shri. V.P. Mahendra, Vice Chairman of VST Tillers Tractors Limited passed away in Bengaluru on 30 May 2023, at the age of 81. Throughout his illustrious career, Shri V.P. Mahendra made invaluable contributions to the growth and success of the company.

A graduate in electrical engineering, Shri. V.P. Mahendra briefly pursued his studies at IIM Calcutta but decided to follow his passion instead and entered the business. He played a pivotal role in building India's first power tiller manufacturing plant in Bengaluru.

Shri. V.P. Mahendra served as the Managing Director of VST Tillers Tractors Limited from 1989 to 2014, Vice Chairman & Managing Director from 2014 to 2021 and Vice Chairman & Non-executive director from 2021

to 2023. Additionally, he was the director in VST Group companies and served as an Independent Director in other listed companies.

Known for his strong connect with people, Shri. V.P. Mahendra worked with employees across divisions and often went on field visits to get farmers' feedback enabling real-time testing of the products.

A visionary leader, who brought world-class products and implements to the Indian farmers through global tie-ups. He was instrumental in setting up VST's plant in Bengaluru and transforming it into the current state-of-the-art facilities in Malur and Hosur.

A humble human being with a great vision, Shri Mahendra influenced people around him to contribute

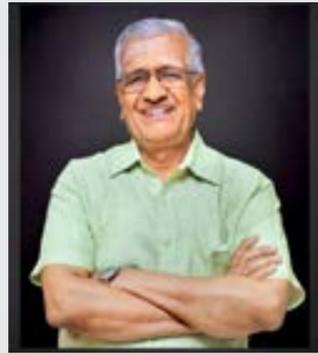
their best and inspired his employees in his journey of transforming the lives of small and marginal farmers in the country.

Having been with VST almost since inception, he experienced the company's highs and lows. During challenging times, his optimism and determination proved fruitful to the company.

The legacy of Shri. V.P. Mahendra will be remembered not only within the organization but also in the hearts of countless individuals whose lives he touched with his exceptional contributions and unwavering spirit.

We shall strive for the company's commitment and passion as he did. In this way, we hope to ensure that the legacy continues to expand forever.

Honoring the Legacy of Shri R Subramanian



We extend our heartfelt recognition to the invaluable contributions of Shri R Subramanian, our past Board Member and Chairman of the Audit Committee. With deep regret, we observed the passing of this remarkable individual on the 5th of April 2023. Shri R Subramanian served as an independent director of the Company for four decades, leaving an indelible mark on our organization and its growth. His wisdom, dedication, and unwavering commitment to excellence have left an enduring impact that will continue to inspire us for years to come. As we mourn his loss, we also celebrate his life and the exceptional legacy he leaves behind



Power Tillers Plant at Malur, Karnataka

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For additional information about the company scan here

FORWARD-LOOKING STATEMENTS

Some statements in this discussion describing projections, estimates, expectations, or outlook may be forward looking. Actual results may however differ materially from those stated, on account of various factors, such as changes in government regulations, tax regimes, economic developments, exchange rate and interest rate movements among other macroeconomic factors, competitive environment, product demand and supply constraints within India and the countries within which the group conducts its business.

FY23 Key Performance Highlights

Steering our Vision to Success

Tiller Volume Sold

38,247
Units



Tractor Volume Sold

6,875 Units



Financials - FY 23

₹1006.43 crore
REVENUE FROM OPERATIONS

₹152.16 crore
EBITDA

₹92.36 crore
PROFIT AFTER TAX

₹24.23 crore
CAPEX

₹824.45 crore
NET WORTH as of 31.03.2023

₹1.74 crore
CSR Spends

*VST Team Analysis

Market Share (India)

Power Tiller Segment

71%*

Compact Tractor Segment

8%*

Credit Rating

Long Term (ICRA)

AA-

Short Term (ICRA)

A1+



CHAIRMAN'S MESSAGE

Well positioned to drive the India story



Our company is continuing to develop and expand its operations in areas that generate substantial returns for farmers and profitable growth for our stakeholders



Dear Shareholders,

In the wake of Shri V.P. Mahendra passing away in May 2023, we pay a tribute to the visionary leader who left behind an indelible mark on our company, His contribution to the Indian farming community shall be eternally cherished. Over the years, his illustrious career saw him hold key positions within the company, from Managing Director to Vice Chairman, where he led with compassion, connecting with stakeholders at all levels and engaging directly with farmers to enhance product quality. Through global partnerships, he brought world-class products and implements to the Indian farmers, transforming their lives. Shri. V.P. Mahendra's legacy will forever inspire countless individuals as his exceptional contributions and unwavering spirit continues to be remembered within the organization and beyond. We also extend our heartfelt recognition to the invaluable contributions of Shri R Subramanian, who had

earlier served as Board Member and Chairman of the Audit Committee. With deep regret, we observed the passing of this remarkable individual on the 5th of April 2023.

Global Economic Outlook

I feel proud of the way VST Tillers Tractors Limited has navigated through a volatile and challenging environment in FY 2022- 23. The global economy is showing signs of gradual recovery from the pandemic and the Russia-Ukraine war.

Projections indicate that the global growth is expected to rise to 3.1% in 2024, while global inflation is expected to fall to 4.3%. Furthermore, the coordinated efforts of most central banks in tightening monetary policy are expected to yield positive outcomes, helping inflation to return to its target level. We remain cautiously optimistic about the economic outlook and are committed to navigating these challenges with resilience and prudence.

India's Resilient Economy, Promises Growth

India is now the world's third-largest economy in terms of Purchasing Power Parity (PPP) and the fifth largest in terms of market exchange rates. The Indian economy has been relatively resilient amidst the prevailing global headwinds and uncertainty. As per the estimates by International Monetary Fund, India is projected to grow at 6.1% in FY23, which could improve to 6.3% in FY24. India's recovery from the epidemic was rather swift, and the growth in the following year would be underpinned by healthy domestic demand and an increase in capital expenditure across various sectors.

India's Agricultural Sector – The Digital Transformation Revolution

India's agriculture sector is projected to grow substantially in the coming years by 2025. The government has outlined several measures to support farmers and foster agricultural development, in the 2023-24 Union Budget, including a significant allocation of Rs 1.25 lakh crore for their welfare. To encourage innovation and progress, the government has introduced the Agriculture Accelerator Fund, that will enable young professionals to launch agricultural start-ups that offer cost-effective solutions, leveraging cutting-edge technology to enhance productivity and profitability for farmers.

Emphasizing the digital transformation of agriculture, the government has allocated Rs 450 crores for its Digital Agriculture Mission and an additional Rs 600 crores to promote agricultural technology. At the grassroots level, a network of 729 Krishi Vigyan Kendras has been established nationwide to ensure that farmers gain access to better resources such as improved crop seeds, innovative animal and fish breeds, and enhanced production and protection technologies.

With a focus on sustainable farming practices, robust government initiatives, and a dedication to increasing crop productivity through extension services, the market is poised for substantial growth in the coming years.

Creating Milestones with Strong Performance

Our company continued to perform strongly in 2023, achieving excellent financial results while overcoming significant supplier challenges and responding to the strong demand for our products. We have successfully introduced new products with cutting-edge technology and features, solidifying our competitive position in the global market.

In a remarkable milestone, our revenue hit four digits at Rs. 1,006.43 crore in 2023, for the first time in its history. We generated an EBITDA of Rs. 152.16 Crores, a Profit Before Tax (PBT) of Rs. 123.94 Crores, and a Profit After Tax (PAT) of Rs. 92.36 Crores. These financial figures reflect our commitment to operational excellence. We clocked sales volumes of 38,247 power tillers, 1,434 reapers, 3,392 power weeders, 1,458 brush cutters, and 6,875 tractors. In 2024, we aim to maximize capacity utilization by producing both compact and higher horsepower tractors, VST Zetor products, and smart farm machinery.

Embracing an Exciting Future: Unleashing New Possibilities

The outlook for the upcoming year is filled with optimism for our company as several factors align in our favour in the agricultural sector. Firstly, agricultural fundamentals are strong, setting the foundation for growth. The customer confidence remains robust in our products. Infrastructure expenditure is projected to increase multi-fold, which is expected to further support the industry. Furthermore, machine inventories remain low, and demand is projected to continue to exceed the industry's capacity. With a revenue target of Rs. 3,000 Crores by 2026, we are investing in emerging markets and product innovation to drive growth.

We are Future-ready

The world's population is projected to reach 10 billion by 2050, and we are likely to witness increased demand for food. This increases the necessity for higher agricultural output and coincides with a decrease in available farmland, imposing additional challenges in meeting the demand. Addressing these variables is crucial to ensure food security and meet the evolving requirements of a growing global population.

We are laser-focused on providing innovative solutions that address farmer pain points while advancing a more sustainable future. Our company is continuing to develop and expand its operations in areas that generate substantial returns for farmers and profitable growth for our stockholders.

As we move forward, we are committed to deliver new and technologically advanced products to cater to our customers evolving needs, be it electric or HST (Hydrostatic Transmission) We are committed to staying at the forefront of innovation by proactively implementing Theory of Constraints (TOC) and digitization strategies. Our marketing plans are

strategically designed to establish a successful presence in advanced markets like Europe We prioritize providing our employees with growth opportunities and our shareholders by delivering long term value.

To all our stakeholders, we extend our heartfelt gratitude for your confidence and invaluable assistance. Your steadfast belief in our mission, products, and services has played a pivotal role in driving the growth of our organization. We sincerely thank you for your substantial contribution to our journey.

Additionally, we would like to place on record, the contribution made by our esteemed members of the Board of Directors. Our strategic direction and results have been greatly influenced by their advice, knowledge, and unrelenting dedication. Their priceless contribution and considerate observations have improved our governance procedures and given us the tools we need to overcome obstacles and grasp opportunities.

Regards,

Mr. V K Surendra
Chairman

COMPANY OVERVIEW

About VST: Strong Legacy. Built on Progress.

VST Tillers Tractors Ltd is India's largest manufacturer of power tillers, operational for 56 years. The company manufactures power tillers, tractors, and other agricultural multi-purpose equipment. We were established under VST Group of Companies, that holds a 53% equity stake.

We are at the forefront of providing affordable and reliable SMART farm mechanization solutions to small and marginal farmers.

Our product portfolio encompasses diverse range of agricultural equipment including Tractors, Power Tiller, Reaper, Brush Cutter, and Weeders, designed to cater to diverse needs of farmers.

1000+
Dealer network

4500+
Retailer Network

83
Spares Parts Distributors

40+
Countries
International presence*

*Although we had taken a target to achieve our Vision by 2025, but due to adverse situation such as Covid-19 impact and supply chain disruptions we aspire to achieve the target by 2026.

What Defines Us



VISION

We will be a 3000 crores global brand in diversified farm mechanization products and solutions by 2025.*



VALUES

Consumer Centricity

Making every interaction count, even the smallest one

Integrity

Doing the right thing, Even when no one is watching.

Stretch

Going the extra mile



MISSION

We will accomplish our vision with undivided and undeterred commitment towards innovative quality products, through Inspired Individuals, Simplified Systems, and 5X Leadership.

Synergy

Together we can achieve more.

Speed

It's not the big, but the fast that wins.

Go Green

Conserve to Serve



State-of-the-Art Manufacturing Facilities

Our operations thrive on three strategically located manufacturing facilities that play a vital role in supplying our products and critical components to OEMs and customers worldwide. We have a relentless focus on innovation and uncompromising quality. Through our cutting-edge manufacturing capabilities, we are actively shaping the future of agriculture.

Creating Value with a Diversified Product Portfolio

	Hosur	Malur	Mysore
Products Manufactured	Tractors	Power Tillers.	Precision machined components, sub-assemblies & implements
Manufacturing Capacity	36,000 Nos.	1,00,000 Nos.(Installed Capacity 60,000 Nos.)	7,500 Nos

COMPANY OVERVIEW

Growing Presence in India and Across the World

3
Manufacturing Units

17+
Sales Offices

40+
Countries



- | | | | | |
|-----------|--------------|----------------|--------------|--------------|
| 01 Mysore | 04 Ghaziabad | 07 Bhubaneswar | 12 Shimoga | 16 Bhopal |
| 02 Malur | 05 Guwahati | 08 Raichur | 13 Kolhapur | 18 Lucknow |
| 03 Hosur | 06 Kolkata | 09 Bagalkot | 14 Gandevi | 19 Pune |
| | | 10 Hubli | 15 Ahmedabad | 20 Vijaywada |
| | | 11 Tumkur | | |



International Business

EUROPE

- 01 France
- 02 Germany
- 03 Netherlands
- 04 Belgium
- 05 Luxembourg
- 06 Poland
- 07 Czech Republic
- 08 Slovakia
- 09 Spain
- 10 Portugal
- 11 Bulgaria
- 12 Romania
- 13 Moldova
- 14 Croatia
- 15 Slovenia
- 16 Austria
- 17 Hungary

LATIN AMERICA

- 18 Haiti
- 19 Chile
- 20 Ecuador
- 21 Bolivia

AFRICA

- 22 Tunisia
- 23 Guinea
- 24 Uganda
- 25 Liberia
- 26 Ghana
- 27 Ivory Coast
- 28 Benin
- 29 Kenya
- 30 Tanzania
- 31 Rwanda
- 32 South Africa
- 33 Botswana
- 34 Namibia
- 35 Zambia
- 36 Mozambique
- 37 DRC
- 40 Togo

ASIA

- 41 Bhutan
- 42 UAE
- 43 Vietnam

PERFORMANCE OVERVIEW

Staying Ahead: Backed by Reliability and Innovation

Product Portfolio – Solutions that empower our customers

Our diversified portfolio is a testament to the passion for innovation and commitment to meet the needs of our customers. We offer unparalleled selection of products that are innovative, efficient, and powerful. As we move ahead, we continue to develop new products that meet the evolving need of our customers.

Smart Farm Mechanization

Power tillers are lightweight and compact agricultural equipment that are especially advantageous to small and marginal farmers.



Performance Snapshots

38,247

Tiller Units Sold

660

Dealers

₹589.85 crore

Revenue

Our Product Offerings

Power Tillers

- VST 165 DI (16 HP)
- VST 135 DI
- VST 130 DI
- VST KISAN
- VST 95 DI IGNITO

Weeders

- VST MAESTRO
- VST ARO PRO
- VST RT70
- VST FT 50 GE
- VST FT50
- VST PG50
- FT 35 GE
- FT 20
- FT 80
- FT 55 GE
- FT 70

Brush Cutter

- VST P520BG
- VST P520BG
- VST 226 LD
- VST 234 MD
- VST 242 HD
- VST 243 HD
- 4S 36 HD

Multicrop Reaper

- VST 5PR
- VST 55 DLX Multi Crop

Hedge Trimmers

- VST 223 LD
- VST 223 HD



PERFORMANCE OVERVIEW

TRACTORS

We offer a range of compact and high-horsepower tractors under the brands VST and VST FIELDTRAC, for the domestic and export markets, respectively.

We are in the advanced stages of introducing new high-horsepower tractors to penetrate in the North Indian market.

Our Product Offerings



Classic Series - 17 to 27 HP



NGT&EGT- 24 to 28 HP



Power Series - VST 939DI



HHP Series - VST 9045 DI +

Performance Snapshots

6,875

Total Tractor Units Sold

1,458

Export Units Sold

378

Dealers

₹275.89 crore

Revenue

DISTRIBUTION BUSINESS

At our distribution channel, we offer spare parts for tractors, power tiller, other small farm machinery, along with automotive lubricants. We have recently entered the electric pump segment, introducing a diverse range including self-priming pumps, shallow well pumps, centrifugal monobloc pumps, and submersible electric pumps. Our initial launch covers Bihar and UP, with plans to expand to other states in subsequent phases.



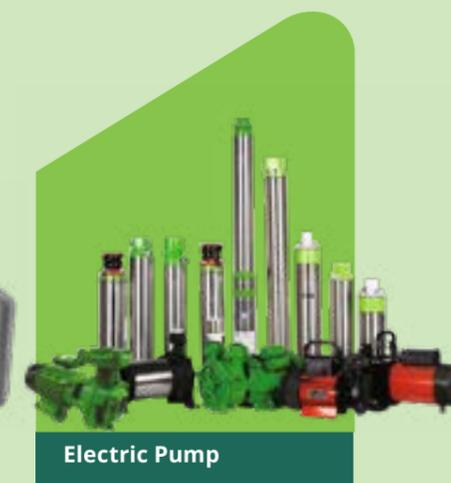
Spare parts



Engines



Lube



Electric Pump

Performance Snapshots

₹100.73 crore

Revenue

PERFORMANCE OVERVIEW

INTERNATIONAL BUSINESS

We offer a wide range of products with presence across 40+ countries in Europe, LATAM, Africa and Asia.

Performance Snapshots

40+ countries

Geographical Presence

41

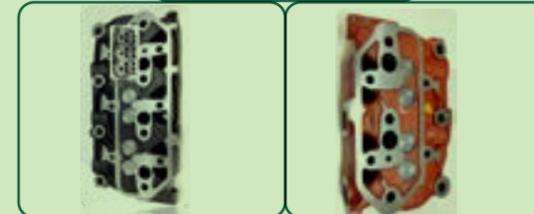
Distributors

₹84 crore

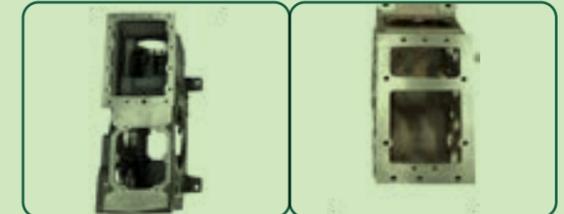
Revenue

PRECISION COMPONENTS

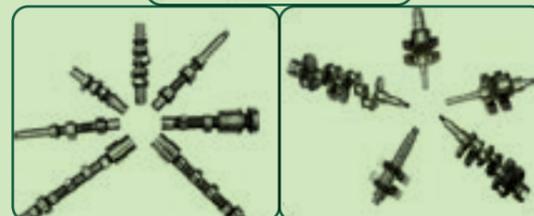
We supply precision components to the locomotive industry and supply engine parts to Tiller & Tractor industry. Additionally, we have a plant at Mysore where we manufacture precision implements tailored for agriculture applications.



Cylinder block & Cylinder head



Crankcase & Transmission case



Crankshafts, Camshafts & Connecting rods



Locomotive Parts



Rotary Tiller

Financial Highlights

OPERATIONAL REVENUE

(in ₹ crore)

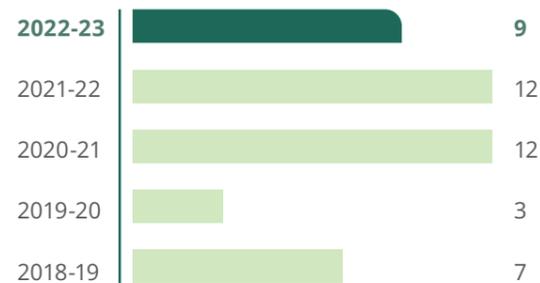
₹1006.43 cr



PAT MARGIN

(%)

9%



PBT MARGIN

(%)

12%



NET WORTH

(₹ cr)

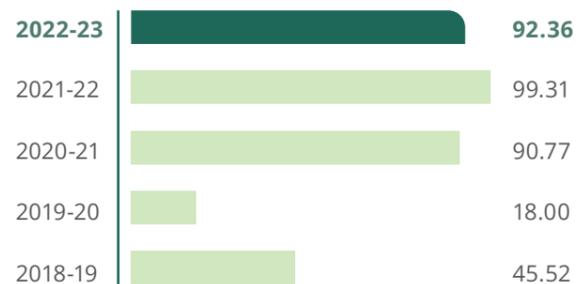
₹824.45 cr



PAT

(in ₹ cr)

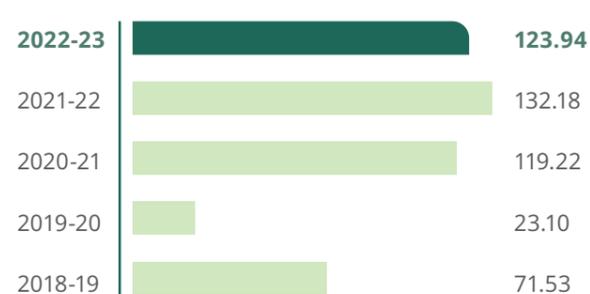
₹92.36 cr



PBT

(in ₹ cr)

₹123.94 cr



EPS

(INR)

₹106.92



ACCELERATING GROWTH

As a leading manufacturer of compact tractor and power tiller, our company is dedicated to propelling growth. With a clear vision and a robust growth strategy, we are determined to make a meaningful impact in the lives of small and marginal farmers. Our commitment to accelerating growth goes beyond mere financial targets, it revolves around ensuring that our products reach and benefit all our existing and potential customers.

The journey of accelerating growth involved the implementation of innovative initiatives and strategies to facilitate rapid expansion. We take immense pride in the tangible outcomes we have achieved. By maintaining a resolute focus on propelling our organization to new heights, we have successfully transformed our ambitions into reality.

On Track to Exponential Growth

The company's unwavering commitment to growth and success shines through in its recent accomplishment of Rs 1006 crores in revenue for FY23. This remarkable achievement fuels our confidence as we remain firmly on track to achieve our ambitious goal of reaching Rs 3000 crores of revenue.

Achieve INR 3000 cr by 2026

We are focusing on exponential growth in FY24 and FY25 to reach the target of achieving INR 3000 crore by 2026. One of our core strategies is to emphasize on Theory of Constraints (TOC) and Total Quality Management (TQM) to maintain highest standards of quality across production and every touch point of customer service. By maintaining optimum inventory, we are at most focused on availability.

In addition to operational excellence, we recognize the value of building competency within the organization. Through training and development programs, they empower their workforce with the necessary skills and knowledge to adapt to changing market demands, foster innovation, and drive continuous improvement, which are essential factors in achieving their growth objectives.

By leveraging channel finance and retail finance, we provide favourable financing options to distributors and customers, stimulating demand and facilitating product uptake. Additionally, we prioritize a faster retail cycle, streamlining the supply chain and expediting the process from manufacturing to end consumption.

With a strong commitment to efficiency, quality and organizational development, we are solidifying our position in the market.

Robust Momentum



GLOBAL FOOTPRINT THROUGH EXPORTS AND STRATEGIC PARTNERSHIPS



CLOCK REVENUES OF INR 3000 CR BY FY26



INCREASES BRAND AWARENESS



INCREASE COVERAGE



INTRODUCTION OF NEW PRODUCTS



ACCELERATING GROWTH

Strategy – Unlocking the next leg of growth

In the pursuit of achieving our vision of Rs 3000 Cr revenue, we have taken long strides in diversifying our product portfolio and delivering value to farmers.

Investing in the Future – Our R&D Strategy

Our company is committed to innovation across our products. We believe that investing in R&D and product development is essential to achieving our goals. This year, we have set aside Rs. 50 crores for these initiatives. We aim to maintain this investment level in the long term, believing that such dedicated resources will empower us to remain ahead of the competition and continuously deliver groundbreaking solutions to our valued customers.



Global Expansion – Establishing foothold in Europe, Africa & expanding into the Americas

As part of our global expansion strategy, we are focusing on expanding our export markets. This year, we are venturing into two new countries: the United Kingdom and Mexico. With our established expertise, high-quality products, and strong distribution network, we hold a firm belief in our ability to secure a strong foothold in these markets and capture a significant share of the market.

Pan India Presence - Focusing on North India

Recognizing the immense potential in the North region, we are determined to make the most of this opportunity. We have set an ambitious goal to expand our dealership network, which currently consists of approximately 1000 dealers. Our goal is to establish an extensive pan India dealership network with a particular focus on strengthening our presence in the North region of the country. By strengthening our dealership network in this area, we can cater to the growing demand and provide enhanced customer service. This strategic move will help us extend our market reach, elevate customer satisfaction, and ultimately fuel overall sales growth.

VST agreement with Zetor Tractors – Product Development & Global Market Expansion

We have a joint venture agreement with Zetor Tractors (a company incorporated under the laws of the Czech Republic) and HTC Investments a.s. (a company incorporated under the laws of the Slovak Republic and holding Company of Zetor Tractors a.s). This exciting collaboration focuses on trading higher horsepower tractors, agricultural equipment, and spare parts.

We will use this collaboration to undertake important initiatives, including joint product development, manufacturing tractors at our advanced high horsepower facility, and selling these innovative products in India and global markets. These efforts will be carried out under the "VST-Zetor" brand.

Digital Platform – Centralized Information Hub

We have launched a Digital platform across all plants to integrate Kaizen philosophy effortlessly into our corporate culture. The platform will provide a single source of information related to projects underway, personnel involved, and areas impacted, providing easy accessibility to data under one roof.

As we move forward with determination and foresight, we are confident that we can drive success, foster sustainable growth, and leave a lasting impact on the agricultural sector.

GROWTH ENABLERS

Powered by Innovation

Through innovation and product building capabilities, we are addressing the needs of the consumers. As a business, we are constantly keeping an eye on the future and adapting to stay one step ahead.

We have made rapid strides in our core segments. The upcoming launch of the VST-Zetor Higher HP Tractor and the VST 9 Series Tractors will further solidify the company's position as an industry leader. By constantly pushing the boundaries of what is possible, VST is empowering farmers with cutting-edge technology that enhances productivity, efficiency, and profitability. The company's focus on innovation and customer-centric approach ensures that it remains at the forefront of shaping the future of agricultural mechanisation. VST is currently supplying aggregates to Zimeno Inc (Monarch), a

leading US-based electric tractor manufacturer. We have also recently commenced product development in collaboration with another prominent US-based electric tractor company. Additionally, we are actively pursuing strategic collaborations with global players to develop electric tractors for both domestic and international markets.

While our company originally focused on manufacturing compact tractors, we have since introduced many Industry First [Fully Synchro Transmission, Mid PTO] as well as Segment first Technologies [Reverse PTO, Independent PTO] in our new offerings along with the

addition of higher-power models. We recognize that compact tractors remain a preferred choice among farmers, and we emphasize that they remain an integral part of our portfolio. These tractors are versatile and agile, making them ideal for specialized farming operations. By offering Smart Farm Machines (SFM) compact tractors and higher power models, we ensure that our customers have access to a comprehensive range of solutions tailored to their specific requirements. This reaffirms our commitment to meeting diverse farming needs with precision and excellence.



Customer Feedback - Tractor

"The diesel consumption is low. It's incredible how efficient it is, and it definitely helps me save on fuel costs. The operation is so smooth; I can effortlessly manoeuvre through my fields without any hassle. What really impressed me, though, is the seat height—it's even better than what I've seen on other tractors. On top of all that, the maintenance costs are incredibly low"



Customer Feedback - Sprayer

"The blower operates so freely during operation, making my work even smoother and more efficient. Even after operating the tractor for 4- 5 hours continuously, I experienced no discomfort. As a customer who operates the tractor myself, I am thoroughly impressed with its performance and comfort".

Customer Feedback - Weeder

"I bought this weeder and have been using it since one year and now I am getting good profits. It is performing well in the dry tilling, puddling operation. This is No.1 weeder."



GROWTH ENABLERS

Strong Business Strategy

The company has been on a strategic growth journey in three phases – building a strong foundation, accelerating growth, and targeting exponential growth.

The company's growth journey commenced by establishing a solid foundation through product development, efficient inventory management, and well-defined policies and processes. This phase laid the groundwork for future growth.

Subsequently, it advanced its growth trajectory by implementing system enhancements, undergoing organizational transformation, and actively pursuing growth projects. These actions helped the company grow rapidly.

Presently, the company's primary focus is on achieving exponential growth by exploring inorganic growth opportunities, expanding its global presence, planning for additional capacity, and strategically

promoting its brand. These well-calculated strategic initiatives are poised to position the company for future exponential growth, foster innovation, and secure a prominent market leadership position.



Accelerating Smart Farm Mechanization

In India, 85% of farmers operate with less than 5 acres of land. We recognize the vital need for affordable and accessible small farm mechanisation for our customers. Embracing mechanisation at the small farm level holds the potential to enhance productivity, increase yields, and ultimately contribute to food security in a sustainable manner. Our diversified product portfolio for farm mechanisation includes power weeders, power tillers, brush cutters, hand-held machines, and multi-crop reapers ranging from 2 HP to 16 HP, made with a mission to empower small and marginal farmers.

5A Strategy – Awareness, Availability, Accessibility, Affordability, Ability

The small farm mechanization industry has been growing at a double-digit rate, reflecting a surge in small scale farming, and changing dynamics in the agricultural industry.

As a result of our concerted efforts, the smart farm machines business has experienced an impressive growth rate of approximately 29%, with a promising outlook for further expansion in the Northern region. With an extensive network of around 660 dealers currently, we envision surpassing 1000 dealers nationwide in the next 2-3 years, underscoring our dedication to advancing small farm mechanisation and driving a projected growth rate of 15-20%.

Consolidating our position in Compact Tractor Segment

We continue to make persistent commitment to progress, in bolstering our position in the compact tractor segment by introducing cutting edge, innovative, and industry-leading quality products. Additionally, we are strategically expanding our distribution reach to ensure wider accessibility to our offerings. To accelerate our technological advancements, we have allocated ~₹50 Crores in FY24 towards the development of the Global Tech Centre, which will also house a specialized laboratory dedicated to electric tractors.

Additionally, we have invested in Zimeno Inc, a prominent electric tractor company in the United States, which enables us to sell parts and components for Electric Tractors. We are currently involved in discussions with one or two additional key players, aiming to strengthen and expand our position in the electric tractor market.

Despite a relatively flat tractor business this year, the launch of our new products in Q4 has ignited positive prospects for the future. We are anticipating a substantial growth between 10-15%, surpassing the industry guidelines, we remain optimistic about the promising road ahead.

Meeting Evolving Customer Expectations in Precision Implements

We aim to develop a product portfolio comprising of complete farm mechanization solutions for the unique usage patterns and needs of our customers offering performance, durability, and reliability.

In pursuit of this goal, we have ventured into the precision implements segment with the launch of the SHAKTIVATOR series of compact rotary tractors, the STABILATOR range of high horsepower rotary tractors and sprayers. VST planned to focus upon Compact Rotary Tiller & Tractor mounted sprayers range for domestic markets. Also, Front End Loader, Mowers & Compact Rotary Tiller for International Markets.

The integration of the Rotavator system directly into most of our compact and small tractors, tailored for vineyards and fruit orchards, exemplifies our commitment to meeting diverse agricultural needs, further empowering farmers to achieve greater productivity and efficiency in their agricultural practices.



GROWTH ENABLERS

Raising the Bar in Higher Horsepower (HHP) Tractor Segment

With a robust presence in the compact tractor business, we are now setting our sights on the higher horsepower tractor segment. Our efforts are dedicated to maximizing capacity utilization in this sector by expanding our scale, strengthening regional teams, and enhancing our distribution network.

To accelerate our progress, we have joined forces with Zetor, a Czech-based tractor manufacturer, to create high-performance tractors tailor-made for the India and potential export markets. As we look ahead to the next 3-4 years, a considerable portion of our business in the higher horsepower tractor segment will be led by the VST-Zetor joint venture.

Our initial product range will be further expanded to include four-wheel drive offerings, opening up opportunities for exports to select segments of the African market. This strategic move positions us for continued growth and success in the tractor industry, catering to a broader clientele with innovative and powerful machinery.

Focus On Expansion In Rural Distribution

Our company is firmly focused on transforming our parts and lubricant business into a flourishing rural business enterprise. We are building our capabilities to cater to rural demand by strengthening distribution channels, ensuring a seamless supply of products with the aid of cutting-edge digital platforms and technologies. Our primary objective is to expand our presence in rural market through products tailored for our customers, including agricultural pump sets, electric pumps sets and related equipment business into the rural market. We are actively exploring partnerships with additional NBFCs (Non-Banking Financial Companies) to enhance retail finance options for power tillers, aiming to make them more accessible to rural customers.

To provide unprecedented support to our customers, we have launched an offer granting up to 100% finance for our range of brush cutters. Through this scheme, customers only need to make a payment of Re 1 as a down payment for acquiring a brand-new brush cutter, specifically designed with the latest technology tailored for Indian farms. The remaining balance can be conveniently settled through flexible monthly instalments spread over a period of 2 to 12 months.

By harnessing technology and pioneering financing solutions, we anticipate seizing the possibilities within rural distribution.

Strengthening our Presence in Emerging Technologies

The company has integrated technology advances in the product development process and has launched a 9 HP power tiller equipped with an electric start.

To strengthen our portfolio, we have partnered with Zimeno Inc., a manufacturer of electric, driver optional Tractors in, the USA. This collaboration marks a significant step towards our goal of seeking further strategic tie-ups in this domain. Through various strategic alliances, we aim to tackle the challenges faced by farmers through the potential of electrification, automation, machine learning, and data analysis.

Through strategic alliances, our objective is to optimize existing operations, increase labour productivity and safety, maximize yields to reduce overhead costs and emissions.

Expanding - Internationally -

Our exports in the compact tractor and power tiller market have increased significantly over the past three years. We have established as a prominent player in Europe with a strong position in Western Europe, particularly France, Germany, Netherlands, Spain, and Portugal. We are also looking to penetrate the African market and have partnered with a well-known distributor in South Africa. Additionally, we have successfully extended our network in Ecuador, Haiti, and Vietnam. This year, we are excited to introduce more products through VST Zetor, anticipating robust growth in this region.

In the tractor segment, our focus is to explore export opportunities in two to three additional countries, including the United Kingdom and Mexico. By strategically targeting these regions, we aim to achieve a 20% growth rate. In the financial year 2023, we exported 1458 Nos tractors. Through strategic partnerships, innovation and new product range, we aim to expand our global presence.

Focus On Research And Innovation

Through continuous investment in research and development, we are on a path to create new and successful products that meet the needs of our diverse customers. Addressing the product gaps, the company has also launched new lineup of tractors with 28HP, 30HP, 45HP, and 49HP during the year.



GROWTH ENABLERS

Building Operational Excellence

Through relentless pursuit of operational excellence, our company has invested in cultivated a culture of continuous improvement to generate revenue growth and optimize costs. Embracing innovation and efficiency, we have continued to drive efficiencies across our operations and invest in cutting-edge technologies.

Improved Paint Adhesion and Durability

We have adopted Polyurethane (PU) paint technology to enhance paint adhesion and durability of our products. This advancement ensures a premium finish, increased resistance to wear and tear, and improved longevity. As a result, we are delivering higher quality and value to our customers.

Integrated Product Line

With an aim to optimize efficiency and meet evolving market demands, we have merged our compact and higher horsepower tractor lines into a single integrated product line. This consolidation enables us to streamline production processes, enhance resource allocation, and offer a more cohesive and comprehensive range of tractors to cater to the diverse needs of our customers. Furthermore, in alignment with our commitment to sustainability and environmental responsibility, we have repurposed our former compact tractor line to function as an electric vehicle (EV) assembly line.

Digitization of Store Operations

In our pursuit of operational excellence, we have taken proactive steps towards digitizing our store operations, specifically focusing on material accountability. By leveraging the power of digital, we are improving inventory management, enhancing tracking capabilities, and promoting transparency across our store operations. This digital transformation optimizes resource utilization, reduces costs, and strengthens our overall operational efficiency.

Theory of Constraints (TOC):

We have also implemented Theory of Constraints (TOC) - an efficient and effective way of ensuring availability of products for customers while ensuring availability of raw materials and components for production. By focussing on the constraints, we have achieved significant improvements in increased throughput, improved profitability, enhanced customer satisfaction, improved decision making and increased employee engagement.



Adoption of Digital Technologies and Leveraging Data

We have adopted the ERP software SAP, that integrates all the functions of Sales, Finance, Purchase, Planning, Production, Quality and Warehouse. For seamless functioning, this is also integrated with Dealer Management System, Travel Management System, Warehouse Management System, Theory of Constraints, E-Catalogue, and Supplier Relationship Management System, all working together seamlessly.

For productivity improvements, we have implemented a Digital Approval System (NFA), Quality Management System, Improvement Tracking System (Kaizens and Suggestions), Marketing App and Distribution Fleet Management System.

To accelerate sales capability building, we use a digital tool (Vidyapeeth) to impart training along with one-on-one physical training.

Creating Brand Awareness

In the Pro Kabaddi League season 2023, our company served as the Title Sponsors for Bengaluru Bulls, the team hailing from Bengaluru. This strategic partnership proved to be a highly favourable decision, considering Kabaddi's immense popularity in rural India, enhancing brand presence and strengthening the bond with our valued customers.



GROWTH ENABLERS

Future Ready - EV

Electrifying Agriculture

The scope of electric vehicles in the tractor segment holds tremendous promise for the future of agricultural machinery. As the world moves towards sustainable and eco-friendly solutions, electric tractors offer numerous advantages. They have the potential to reduce greenhouse gas emissions, noise pollution, and operating costs while increasing energy efficiency. Moreover, the increasing adoption of electric tractors is driven by multiple factors including, reduced carbon footprint, lower operating costs and quieter operations.

In the context of India, electric vehicles in the tractor segment offer an encouraging opportunity for the country's agricultural sector. As India's agrarian economy heavily relies on farming, adopting electric tractors holds the potential for transformative changes. While challenges like charging infrastructure and battery technology need to be addressed, increasing investments and incentives by the government and private sector pave the way for a greener and more efficient future in Indian agriculture. These initiatives, coupled with technological advancements and growing awareness about sustainable farming practices, have contributed to the burgeoning growth of the electric tractor market in India.

EV tractors can support sustainable agriculture and reduce the environmental impact of farming practices. By eliminating harmful emissions, EV tractors contribute to improved air quality, benefiting

both farmers and surrounding communities. Additionally, EV tractors offer potential cost savings in the long run and lower maintenance requirements.

VST Plan on EV

We stand proudly in the forefront of the rapidly evolving EV space. As part of our commitment to advancing the electric mobility sector, we have strategically laid out our plans.

VST is developing and supplying the aggregates to Zimeno Inc (Monarch) US based electric tractor manufacturer. We have also recently commenced product development in collaboration with another prominent US-based electric tractor company. We are also exploring strategic tie-ups with global players to develop Electric Tractors for domestic as well as export markets.

Additionally, we are committed to investing in research and development to stay ahead. We have allocated a substantial R&D capital expenditure of ~₹50 Crores in FY24 to establish a state-of-the-art Global Tech Centre. The tech centre will not only facilitate the development of groundbreaking innovations but will also serve as an essential hub for EV testing and validation. By ensuring rigorous testing and validation processes, we aim to provide our customers with top-quality, reliable, and safe tractors and electric power trains.

With our strategic partnerships and investments, combined with cutting-edge R&D efforts, our vision for the future is centred around sustainability, innovation, and customer satisfaction.



Transcending the tradition of excellence, set by our beloved Vice Chairman, Mr. VP Mahendra, into the realm of electric vehicles

AWARDS AND ACCOLADES

Recognised for our Efforts

Modern VST Malur Plant has recently received the IMEXI award for exemplifying operational excellence found on continuous improvement



Our company was felicitated with the 'CII Industrial Innovation Awards 2022' for the second time in a row at the CII Advanced Materials Summit 2022. The award evaluates the overall innovation culture of the organization including innovation in management, inputs to innovation, results of innovation, processes, products, services, technologies, and approaches that brought about quantifiable results.



Our company won "Indian Tractor of the Year" Award for 180D and Power Tiller of the Year Award for 165DI (16HP)



COMMITMENT TO ESG

Helping Protect the Planet: Sustainability and Environment

Energy

The majority of energy expenses come from acquired electricity, with purchased fuels coming in second. The specific energy sources, the extent of consumption, and the approaches to energy management are all influenced by the products being manufactured.

To achieve environmental excellence, all business units have persisted in their efforts to improve energy utilization efficiencies and elevate the proportion of renewable energy.

The company has implemented several measures to conserve energy and adopt alternative energy sources, which are outlined below:

- Conducting an Energy Audit of the entire plant.
- Replacing conventional streetlights with LED streetlights
- Installing a Power Factor Panel to monitor efficiency
- The Company has installed solar power in all the three plants, i.e., Hosur, Malur, and Mysore

The combination of customers seeking better fuel efficiency and regulations targeting emissions has led to a growing demand for energy-efficient and low-emission products in this field. At VST, we are proactively implementing energy management measures, and striving to reduce our corporate greenhouse gas emissions.

The main contributors to the Group's greenhouse gas emissions mainly include direct emissions from the combustion of diesel in DG sets, Tractors, Tillers and indirect emissions from purchased electricity. Our objective is to accelerate the adoption of green technology and offer eco-friendly, energy-efficient products to the industry, with the aim of conserving resources and minimizing emissions. We have installed an aggregate solar capacity of 1100 Kw across our plants

Environmental Footprint

~40%

Water recycled and re-used

Zero

Liquid Discharge

>1000

Trees Planted across plants

470 Mt

Waste Recycled

934 KL

Rainwater harvesting Capacity

45

Stacks Installed to Reduce air pollution

1100 Kw

Solar Installed Capacity

~22%

Renewable Energy

Water

Our approach to managing water aims to maintain a balance for operations and for the community that uses it for various purposes.

Water is an indispensable element of our manufacturing operations and are particularly mindful of regions facing water scarcity. We prioritize minimizing the consumption of fresh water in our operations by optimizing water usage, incorporating touch sensors, increasing employee awareness, and promoting water reuse.

At all our manufacturing facilities, we strictly adhere to a zero-discharge policy for wastewater, which ensures that the water utilized for operations is reused within the facility or operation. Refer the BRSR section for more details.



Solar Grid at Malur Plant

Waste

We have established waste management programs within our facilities that provide instructions on adhering to waste management regulations. The company has also increased its recycling efforts. Through effective waste segregation, our facilities partner collaborate with authorized suppliers to ensure appropriate recycling or reuse. Our future efforts will prioritize minimizing waste generation in our operations, rather than just focusing on disposal methods. We are fully committed to reducing waste intensity resulting from our operations.

Product Stewardship and Innovation

Throughout the entire product technology development and design process, we adhere to our Product Safety regulations. These regulations mandate that a design must not pose an unreasonable risk of harm to the product user or those in close proximity. In enforcing this regulation, we take into account the individuals, environmental circumstances, and other products that the product is likely to encounter.

Business Ethics and Compliance

Strong corporate governance is core to achieving the organization's mission and any risks can undermine stakeholder trust, damage reputation, and disrupt business.

VST is fully committed to maintain the highest levels of ethical conduct. We actively encourage our employees to report any concerns or possible violations of the Code of Conduct, policies, or laws, without fear of retaliation. Upholding the highest standards of business ethics requires constant vigilance. VST's

corporate governance framework aids in ensuring consistent adherence to ever-changing laws and regulations in a dynamic business environment.

Climate Change and Impact

We view the worldwide shift to a low-carbon economy as a significant strategic opportunity for both our business and our customers. As technology advances, we are simultaneously embracing it to enhance the development of our products. In the past year, we successfully launched the 9 HP Power Tiller with electric start. Our goal is to tackle the challenges faced by farmers by leveraging electrification and reducing emissions. We successfully embraced Direct Injection (DI) technology to significantly enhance fuel efficiency, reduce emissions, and stay ahead in the competitive market.

Robust Governance

VST holds the belief that robust corporate governance, beginning with our Board of Directors, strengthens our business. We place a high emphasis on the integrity of our employees, managers, officers, and the Board, and we are committed to complete transparency regarding our activities and policies. VST is fully committed to adhering to all relevant laws and regulations. To ensure public disclosure, we provide access to our corporate governance-related standards, policies, and other pertinent information on our investor webpage.

STAKEHOLDER MANAGEMENT

Empowered Teams Help us Triumph

At our company, we recognize that the talents and well-being of our workers are vital to achieving our organizational goals. We are committed to foster a welcoming, diverse, and inclusive culture. To ensure our personnel are equipped with the necessary skills for the fast-paced business climate, we invest in comprehensive training for both new and existing employees. As of March 31st, 2023, we proudly employ 742 permanent staff members.

We have recently hired 40 engineers at the GET level, aiming to build and nurture our talent pool from the ground up.



SFM Dealer Conference

Investor Relations

Maintaining transparency and keeping our shareholders and potential investors well-informed is a priority for us. We run an active investor relations program, which includes the following key elements:

- Financial results by the quarter and year: We publish financial results by quarter and provides a detailed commentary on

revenue, profits, and other important financial parameters. Additionally, we conduct earnings call to go over performance and respond to investor queries.

- Annual reports: Our business issues an annual report that gives readers a thorough picture of its day-to-day activities, financial performance, and long-term goals. The report includes management discussion and

analysis, financial statements, and other crucial details for investors.

- Investor/Analyst call: We hold Investor/Analyst call at fixed intervals which includes details on its Business & operations, finances etc. The details including transcripts are made available at our websites.



Prioritizing Dealer Engagement

We deeply value the contributions of our dealers to our success and business expansion. Hence, we are dedicated to activities:

Annual Dealer Conference

One of the key events on our calendar is the Annual Dealer Conference, where we bring together our dealers from across the region. This conference serves as a platform for sharing insights, discussing market trends, and aligning strategies to ensure mutual success.

New product launches

These launches provide an opportunity for dealers to showcase the latest offerings to their customers, driving sales and establishing a competitive edge in the market.

Regional Dealer Conferences

These conferences enable us to address region-specific challenges, understand market nuances, and tailor our support accordingly.

Factory Visits

We encourage our dealers to visit our factories and experience our manufacturing processes first-hand. These factory visits not only deepen the understanding of our products but also foster a sense of pride and confidence among our dealers.



Tractor Dealer Conference

Elevating the Customer Experience

Enhancing customer experience is a top priority for us, ensuring that customers fully comprehend and appreciate our products. To achieve this, we have implemented various initiatives:

1. Product Demos

We offer product demos, allowing customers to witness first-hand the performance, features, and capabilities of our tractors. This interactive experience enables them to make informed decisions based on their specific needs.

2. Product Exhibits

We frequently host product exhibitions so consumers may view our extensive selection of products and speak with our trained staff to gain in-depth insights.

3. Experience Centre at Pune

We have built a space for demonstrating our line of VST products. Customers can learn about our tractors' cutting-edge technology, superb craftsmanship, and creative solutions at this centre.

COMMUNITY BUILDING INITIATIVES



Driving Change in Communities

At VST Tillers, we deeply embrace our role as responsible corporate citizens, firmly committed to enhancing the well-being of communities. Our strong belief in actively contributing to the betterment of people's lives drives us to prioritize support for local areas surrounding our business operations. We recognize that giving back to society and promoting sustainable development are essential aspects of our corporate responsibility.

One of our key areas of focus this year has been the advancement of education in Bangalore. We wholeheartedly believe that investing in education is not only a means of fulfilling our societal obligations but also a significant step towards creating a brighter future for ourselves. As part of our Corporate Social Responsibility (CSR) initiatives, we dedicated INR 1.74 crores to the cause of promoting education in the city.



By channeling resources into education, we aim to foster a highly educated workforce capable of effectively confronting the challenges that lie ahead. Our investment in education is an acknowledgment of its transformative power, shaping

individuals and communities for a more prosperous and sustainable tomorrow. Through these initiatives, we endeavour to make a positive impact on society and actively contribute to the collective progress of Bangalore and beyond.

STAKEHOLDER MANAGEMENT

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Stakeholder Group	Channels of communication	Frequency of engagement	Scope of engagement
<p>Shareholders / Investors</p>	<ul style="list-style-type: none"> • General Body Meetings • Interaction with Investors • Annual Report • Press Release • Company's website 	<ul style="list-style-type: none"> • AGMs • Quarterly Investor Calls 	<ul style="list-style-type: none"> • Discussion on financial & non-financial performance, • Market value of shares
<p>Employees</p>	<ul style="list-style-type: none"> • Email • Training and Safety Programmes • Feedback sessions 	Regular	<ul style="list-style-type: none"> • Meeting on regular basis and employees townhall • Training & Development • Performance review • Grievance redressal mechanism
<p>Customers</p>	<ul style="list-style-type: none"> • Customer Satisfaction Survey • Web Portals • eCatalogue/ Manual 	Throughout the Year	<ul style="list-style-type: none"> • All means of communication throughout the year with our customers on: • Customer Satisfaction • Customer complaints • Extending product & services
<p>Dealers</p>	<ul style="list-style-type: none"> • Website • Email 	Regular	<ul style="list-style-type: none"> • Service Quality, Sustainability • Creating Customer Delight
<p>Suppliers</p>	<ul style="list-style-type: none"> • Website • Email 	Regular	<ul style="list-style-type: none"> • Supply Chain Management, • Materials Sourcing and Material Efficiency

Management discussion and analysis

Delivering sustainable performance

1. Global Economy

The global economy appears to be on track for a gradual recovery from the significant impact of the pandemic and Russia's conflict with Ukraine. China's economy has reopened, supply chain disruptions are easing and energy and food markets are stabilizing. Most central banks have tightened monetary policy to mitigate inflationary pressures. However, the rapid increase in interest rates has introduced strains in certain parts of the financial system, leading to concerns about financial stability due to a number bank failures.

Despite the difficulties, major emerging economies are showing signs of recovery from the third quarter of the year. Subsequently, the baseline projections show that growth will slow, from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. The global GDP growth is likely to be -2.9% this year. Global inflation is forecast to moderate to 6.6 percent in 2023 and 4.3 percent in 2024.



Global Growth Forecast

WORLD OUTPUT

(%)



ADVANCED ECONOMIES

(%)



EMERGING MARKET AND DEVELOPING ECONOMIES

(%)



India

(%)



  Projections  Projections

Source: IMF, World Economic Outlook Update, January 2023



2. Indian Economy

As per IMF, India's GDP was originally forecast to increase at a rate of 5.9% in FY23, but given the economy's resilience, it is now anticipated to rise at a rate of 6.1% in FY23 and then at a rate of 6.3% in FY24. The central government is likely to meet its fiscal deficit target of 5.9 percent of GDP in FY23/24 and combined with consolidation in state government deficits, the general government deficit is also projected to decline. India is on significantly stronger ground in 2023 after enduring multiple shocks to its macro stability in 2022. The country's current account deficit is decreasing, inflation is moderating, and fiscal pressures are under control. India's economy, in contrast to the rest of the world, has not slowed down; instead, it continues on a strong positive growth trajectory. Real GDP growth estimates for the country's 2023–2024 period, including those from the RBI, range between 6% and 6.5%. Thanks to strong economic growth, India overtook the UK to become the fifth-largest economy in the first quarter of FY 2022–23.

2.1 Government Initiatives

Through its regulatory frameworks and other support mechanisms, the Central Government significantly influences the agriculture sector. In the Union Budget 2023-24, Rs. 9,504 crores have been allocated to the Department of Agricultural Research and Education. As of December 2022, 18,306 farm machinery banks, 467 Hi-Tech hubs, and 21,628 Custom Hiring Centres had been created under the Sub Mission on Agricultural Mechanization (SMAM), which also provided support to state governments through training and demonstrations of the usage of agricultural machinery. 2.8% of the Union Budget goes to the Ministry of Agriculture.

NABARD has been mandated with the creation of a blended capital fund with a focus on the agricultural start-up ecosystem which will be used to fund agriculture and rural enterprise start-ups that are related to the farm product value chain.

2.2 Indian Agriculture and Farm Mechanization Industry

Over the past six years, the agriculture industry in India has witnessed strong growth and registered a CAGR of 4.6%. According to the Economic Survey 2022–23, this has allowed agriculture and related activities to significantly contribute to the nation's overall growth, development, and food security. In recent years, the nation has also become a net exporter of agricultural goods, with exports reaching a record high of \$50.2 billion in 2021–22.

The Economic Survey contends that the key to increasing productivity is to find machinery that is practical and effective for small farm holdings, given the declining trend in the average size of families owning agricultural holdings. According to the Survey, farm mechanization also lowers cultivation costs and the labour-intensiveness of agricultural work. The essential need for a dynamic R&D environment fosters academia-industry collaboration to invent and create non-tractor agricultural equipment that meets the demands of small & marginal farmers in India and has an overseas market.

2.3 Indian Tractor Market

The current year might set a record for domestic tractor sales, bringing the industry's streak of consecutive years of increase to three. This resilient performance is despite challenges from both the pandemic blues and general inflationary tendencies.

The sales volume trend suggests a strong demand momentum since April this year, which has been aided by above-average rainfall with decent farm income, a decreased availability of farm labourer, the introduction of smaller power tractors, lower loan rates, and strong minimum support prices by the government.

Opportunities

- 400 million tons of food demand by 2025
- Potential to boost agricultural productivity
- Government Incentives for agricultural development

Challenges

- Resource incentive Agricultural and Low Farmer Productivity
- Hindrances such as lack of infrastructure, inefficient supply chains, and poor digital adoption.

2.4 Indian Small Farm Mechanization Market

Small and marginal farmers play a crucial role in Indian agricultural market, accounting for 80% of the farming community. They often face many challenges, including limited access to resources, low productivity, and the lack of modern agricultural practices. Mechanization through small farm machinery has the potential to address many of these issues and enhance the livelihoods of farmers.

Opportunities -

- Vast agricultural sector – India has a significant portion of population engaged in farming that creates a substantial demand for small farm mechanization
- Increasing adoption of technology – With growing internet penetration, farmers are now more aware and gradually are adopting modern practices and machinery

- Government Support - The Indian government has been emphasizing the importance of agricultural mechanization and has implemented various schemes and subsidies to encourage farmers to invest in modern equipment.
- Rising income levels: As income levels rise in rural areas, farmers are more likely to invest in mechanization to enhance their productivity and yield
- Export potential – There are opportunities for exporting such technology to other countries with similar agricultural profiles

Challenges -

- Fragmented Market - Indian agricultural market is fragmented and dealing with diverse and scattered customer base requires adoption to local needs
- Awareness and Education – The need for investing in awareness and education campaigns to showcase advantages of mechanization
- Seasonal nature of demand – Farming activities are seasonal, leading to fluctuating demand for agricultural machinery.

2.5 Megatrends in farm mechanization

• Electric Vehicle in the Agrispace - The time is now

At our forward-thinking tractor and tiller company, we are fully aware of the transformative potential of electrification in revolutionizing the agricultural machinery sector. To propel innovation in this domain, we have taken proactive steps by forging strategic technical collaborations with renowned industry leaders in electric vehicle (EV) technology. These collaborations exemplify our unwavering commitment to pushing the boundaries of electrification in agriculture and driving sustainable solutions forward.

3. Company Overview

Our company is a major producer of agricultural gear and equipment in India. The firm offers a variety of goods aimed to improve agricultural productivity, with a concentration on power tillers and small tractors. VST Tillers is recognized for providing efficient, user-friendly, and cost-effective solutions to small and marginal farms.

The company has modern tractor manufacturing facilities located at Hosur, Tamil Nadu, and Power tiller manufacturing facilities at Malur, Karnataka, as well as a precision component plant in Mysore. VST has expanded globally with a predominant presence in Europe in

the last 10 years and has become a popular brand for compact tractors.

Modern VST Malur Plant has recently received the IMExI award for exemplifying operational excellence found on continuous improvement. Our company has spent more than 55 years creating tillers and tractors that may be used in both home and foreign markets. It is ideally suited for crops like sugarcane, paddy, cotton, vegetables, horticulture turmeric, ginger, and others. VST smart farm machines are suitable for all phases of farming and are apt for applications like puddling, inter-cultivation, bund creation, earthing up, and de-weeding.

- The brand-new VST 939DI 36hp 4WD Tractor from our firm was unveiled at the Pune KISAN Agri Show on 16th December 2022. The 3-cylinder DI engine of the VST 939DI tractor produces 108 NM of torque, making it appropriate for all agricultural applications.

Milestones Achieved -

For the first time we crossed the revenue milestone of Rs. 1000 crore. Revenue for FY 2023 stand at Rs. 1006.43 crores.

Distribution Business crossed the milestone of Rs. 100 crores in FY 2023.

3.1 SCOT

Strengths

- Domestic tillers have a strong market position thanks to their long history and extensive dealer network: With a 71% market share in India's power tiller industry, our company has a strong brand presence and established market position. This will help the company's commercial prospects together with the addition of new dealers to its extensive network of over 650 dealers and rising agricultural mechanization rates.
- Strong financial profile with no debt and sizable cash and liquid investment holdings: With a sizable net worth of Rs. 82,445.18 lakhs as of March 31, 2023, positive cash flows, and no debt, our company continues to have a solid financial profile. As of March 31, 2023, the business still has solid cash positions and liquid investments of Rs. 1,091.85 lakhs. Given modest expenditure needs and ongoing good cash flow generation in the future, our company is anticipated to maintain its debt-free standing and positive debt indicators over the medium term.

- Our company's strength is further bolstered by its five decades of rich heritage and experience, advanced production facilities, and globally acclaimed goods.

Challenges

There are a number of challenges that the Company must get past in order to expand and become profitable:

- High correlation with monsoons**
The growth of the tractor industry is closely tied to the variation of monsoons from their long-term average. Any notable deviation, particularly if occurring consecutively over two years, leading to weaker monsoons, may result in a substantial decline in industry growth. Additionally, concerns arise regarding the potential impact of the feared El Nino pattern on rural incomes and, consequently, the demand for agricultural equipment, including tillers and tractors
- Dependence on government subsidy for power tillers the company's business is highly sensitive to any delays in the implementation of government subsidy for power tillers by various states.
- Huge competition in tractors:**
 - The tractor industry consists of many small and big players, thereby the company stiff competition HHP tractor segment. This may result in pressure on margin and profitability.
 - Ability to market models faster-expanding capacities, large CAPEX infusion for future growth by key competitors
- Emission norms:** Stringent emission norms, such as TREM IV (applicable in the domestic market) and STAGE V (relevant for international markets), can have a significant impact on a company,

be it Product Development & Engineering or Cost of Compliance

- Input Costs** The company may face a rise in input costs and experience pressure on margins and profitability due to an increase in prices for essential raw materials like steel and components

Opportunities

- Government Initiatives:** The Indian government has introduced a number of programmes and efforts to promote the agricultural industry, including those centred on farm mechanisation. These programmes encourage, subsidise, and assist farmers in purchasing agricultural equipment. These initiatives can be advantageous to VST Tillers Tractors Ltd.
- Modernization of Farming Practices:** The agricultural sector in India is gradually adopting mechanization to improve productivity and efficiency. This shift presents opportunities for VST Tillers Tractors Ltd to offer advanced and technologically superior equipment that can assist



farmers in modernizing their farming practices.

- Declining labour in agriculture:** As the availability of labour diminishes, there is a growing need for greater mechanization through the use of tractors and other agricultural machines to compensate for the labour shortage. This provides opportunity for VST Tillers Tractors Ltd to grow.
- Small and Marginal Farmers:** ~ 80% of farmers in India are classified as small and marginal i.e. having less than one (1) hectares of land and relatively low income than their consumption expenditure. The need of the hour is to optimise investments in the farm sector, intensify the gains from cultivable land, bringing the

markets closer, and figuring out alternate courses to make farming a profitable business. Small and marginal farmers, thus, present a substantial opportunity for tractor companies. By catering to their specific needs with affordable and appropriately sized machinery, tractor we can tap into this growing customer base, drive business growth, and contribute to rural development while fostering brand loyalty and social impact.

Threats

- Growing technological expertise of local players in the export market: One of the most significant risks of collaborating with local businesses in the export market for VST Tillers Tractors Ltd is the risk of losing intellectual property rights

- Technology development and new product development for enhanced brand loyalty - The rapid pace of technological change poses a threat to our brand loyalty, as customers may seek more innovative solutions elsewhere. To safeguard our customer patronage, we must adapt quickly, deliver cutting-edge products, and consistently meet their evolving needs.

3.2 Financial Review

Financial Metrics	2022-2023 (in ₹ crores)	2021-2022 (in ₹ crores)	YoY Change (in%)
Revenue from operations	1006.43	853.86	17.87
PBT	123.94	132.18	(6.23)
PAT	92.36	99.31	(7.00)
Net Worth	824.45	749.53	10

Key Ratios

In accordance with the SEBI (LODR) Regulations 2018, the Company is required to provide details of changes of 25% or more, against the previous financial year in key financial ratios, along with detailed explanations. Therefore, the key financial ratios are given below:

Ratios	2022-2023	2021-2022	YoY Change
Debtors' turnover ratio	9.28	11.43	(18.79)
Inventory turnover ratios	6.76	5.57	21.32
Interest coverage ratio	176.27	118.79	48.39
Current ratio	3.28	3.44	(4.67)
Gross profit margin (In %)	31.8	32.29	(1.54)
Net profit margin (In %)	9.18	11.63	(21.10)
Debt equity ratio (In %)	Nil	Nil	-
Return on net worth (in %)	11.20	11.49	(2.59)

Change in interest coverage ratio is due to increase in EBITA.

3.3 Business Segment Overview

Smart Farm Machinery

In the small farm machinery market, our company is actively exploring numerous cutting-edge innovations and measures to stay at the forefront of technological advancements. These initiatives focus on bringing innovative products and solutions to the market, showcasing our commitment to staying ahead in the industry. The company has a robust network of 660 dealers in the western, southern, and eastern areas for small agricultural equipment. We are also looking at increasing this to 1000 dealers in the next two to three years. The power tiller industry in India is around 60,000 units and it is expected to grow to 100,000 units by the year 2025. We are the leader in this segment with a 71% market share and sold 38,247 tillers in FY23 buoyed by increased demand.

We are diversifying our product portfolio by introducing products like power weeder, brush cutter, electric pump, and other spare parts. We have also signed supply agreements with leading international players for brush cutters and small farm machines.

Compact Tractors

Our company is a leading manufacturer in compact tractors

in the country with a horse power range of 17 to 30. We are focused on catering to the needs of small and marginal farmers, whose preferred choice is compact tractors, thus making it a crucial part of our product portfolio. VST is committed to invest in research and development to launch innovative and quality focused compact tractors. We are also increasing our foothold in the international markets and are present in 40+ countries.

HHP Tractors

We have a range of tractors with horsepower of 45 & 50 and are on a path to constantly grow the portfolio. With the partnership with Zetor, we have setup a state-of-the-art manufacturing facility enabling us to launch products for India and international markets.

By Q2 of FY24, We plan to introduce its premium line of tractors under the VST Zetor brand, a move that might not only help the business establish itself as a major tractor player in India but also increase tractor sales and income. To fill the product gaps, the company has also launched new products with 28HP, 30HP, 45HP and 49HP during the year besides VST Zetor.

International Business

- We have a global presence in Europe, Asia and Africa. The company's tractors are available in the EU markets under the brand 'FIELDTRAC', and adhere to the latest EU standards. As part of its expansion plans, the company aims to enter the US market with its compact tractor range and electric tractor range, targeting new opportunities. Additionally, the company is exploring entry into the African market through VST-Zetor higher HP Tractors, seeking to tap into emerging prospects in the region.

3.4 Risks and Mitigation

We acknowledge that proactive risk management is a critical component of good corporate governance and a key facilitator to seizing strategic opportunities.

Risks	Mitigation
<ul style="list-style-type: none"> • Farmers' purchasing power: Small and marginal farmers with little access to capital, find it challenging to purchase mechanized equipment. Along with crop seasonality, their limited purchasing power prevents them from investing in new agricultural machinery. 	<ul style="list-style-type: none"> • The Company has been continuously working with many NBFCs and banks to make it simpler for farmers to obtain finance in order to purchase its mechanized goods. Additionally, numerous government incentives are now enabling farmers to purchase its diverse product array.
<ul style="list-style-type: none"> • Offering distinctive products: When compared to other industrialized countries, India's agricultural ecology is quite distinctive. The terrain is quite broken up. Geographically, by crop, and in accordance with regional agricultural infrastructure, farming in India varies. This calls for the creation of items that can be easily modified to suit various demands and circumstances. 	<ul style="list-style-type: none"> • The Company carefully analyses farmer feedback on the field and adjusts the development of its products as necessary. The Company is launching new products based on the crops and geographic regions, which will increase yield for the farmers. Through its distributor network, the Company also hosts training courses to deliver product information, perform demonstrations, and organize other product-knowledge workshops.
<ul style="list-style-type: none"> • Competition: In both local and foreign markets, there is fierce rivalry in the tractor industry. Sales and profit margins are also under pressure from the introduction of new companies. 	<ul style="list-style-type: none"> • The Company has a competitive advantage over its rivals thanks to its ongoing innovation, frugal engineering, and cutting-edge goods. The firm has introduced new and cutting-edge items, and many more will be introduced soon.
<ul style="list-style-type: none"> • Environmental Risks: Tractor manufacturers rely heavily on demand from rural areas, which can be affected by adverse weather conditions such as droughts and floods, which puts these manufacturers at risk. Construction and agricultural equipment manufacturers are also at risk due to potential changes in emission control regulations, as the government seeks to reduce the negative impact of vehicle emissions. 	<ul style="list-style-type: none"> • Our products meet the new regulatory standards. Since our company generates the majority of its revenue from the sale of low horsepower tractors and power tillers, which are not subject to the mentioned regulations, the risk of credit loss related to these regulations is minimal.

3.5 Outlook

The company has witnessed a 20% growth in power tillers business and expects this to continue for the next two-three years. The company is targeting a CAGR of above 20% in three years. We expect the tractor business to grow faster than industry as the company is entering into utility tractor space and already has a "good presence" in compact tractors. We are looking to create a unique customer experience and provide superior customer service while creating a global brand.

With new product launches, import curbs on power tillers, and a strong focus on the tractors segment, the

company is on the growth path and set to achieve its top-line target of becoming Rs. 3,000 crores company by FY26.

3.6 Internal control systems and their adequacy

In accordance with the nature of its activities and the complexity of its financial reporting systems, our company has put in place effective internal financial controls. At the Board level, we have a clearly defined risk management strategy that is based on pre-identified risk categories, risk occurrences, or risk variables that call for routine assessment and probability-based actions. Statutory and internal

auditors do frequent effectiveness tests on these. A physical audit of our company's inventory, fixed assets, and cash in hand is done on a regular basis, and the results are compared to the books of accounts. Any difference observed is sought an explanation from the relevant functional heads. The Audit Committee evaluates the efficacy and sufficiency of the Company's internal control environment and keeps track of how the Audit's recommendations are being carried out.



Global Tech Centre

We are continuing with our efforts in product development and have allocated ~ ₹50 crores in FY24 towards setting up a Global Tech Centre with a lab for electric tractors. This has enhanced our capabilities and enabled us to become a supplier to leading electric companies which sell tractors in the US.

Illustrative prototype of upcoming facility

Board's Report

Dear Members,

Your directors have pleasure in presenting this 55th Annual Report along with Company's audited financial statements for the financial year ended on March 31, 2023.

FINANCIAL PERFORMANCE

Particulars	Amount (₹ in Lakhs)	
	Year 2022-23	Year 2021-22
Operating Income	100,643	85,386
Non-Operating Income	2495	3,409
Total Income	103,137	88,795
Finance Cost	127	105
Depreciation	2,694	2,504
Total Expenses	90,743	75,577
Exceptional Item	-	-
Profit Before Tax	12,394	13,218
Tax	3,158	3,287
Profit After Tax	9,236	9,931
Other Comprehensive Income	-16.46	-6.40
Total Comprehensive Income	9,219	9,925
Earnings Per Share (Basic and Diluted) (Amount in ₹)	106.90	114.95

Financial Performance/ State of Company Affairs

The brief highlights of the Company's performance for the financial year ('FY') ended March 31, 2023, are:

₹ 100,643 Lakhs.

During the year under review i.e. FY 2022-23, your Company's Operating income is ₹ 100,643 lakhs as against ₹ 85,386 lakhs in the previous Financial Year 2021-22

₹ 12,394 Lakhs.

Profit Before Tax (PBT) for the FY 2022-23 is ₹ 12,394 lakhs as against ₹ 13,218 lakhs in the previous Financial Year 2021-22.

₹ 9,236 Lakhs.

Profit after Tax (PAT) for the FY 2022-23 is ₹ 9,236 lakhs as against ₹ 9,931 lakhs in the previous Financial Year 2021-22.

With respect to volumes, your Company has sold 38,247 Nos of Power tillers against the previous year of 31,776 Nos and on tractors, 6875 Nos against previous year of 7,991 Nos of tractors.

Despite challenging market conditions, your Company's Compact Tractor market share stood at 8% and power tiller market share at 71 % in FY23.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Your Company deals with single segment only i.e. "Manufacturing of Agricultural Machineries".

DIVIDEND

Based on the Company's performance, your directors are pleased to recommend, for approval of the members, Dividend of ₹ 25/- per equity share of face value of ₹10 each (i.e. @ 250%) payable to those members whose names appear in the Register of Members as on the Record Date i.e. August 25, 2023.

The dividend payout is subject to the approval of members at the ensuing Annual General Meeting (AGM).

The dividend payout for the period under review has been formulated in accordance with shareholders' aspirations and the Company's Dividend Distribution Policy to pay sustainable dividend linked to long-term growth objectives of the Company to be met by internal cash accruals. The Dividend will be disbursed on or after September 01, 2023, if approved by the members at the 55th AGM. The total outflow will be ₹ 21.60 Crores

TRANSFER TO RESERVES

The Board of Directors of your company has decided not to transfer any amount to the Reserves for the year under review.

QUALITY INITIATIVES

For Operational Excellence, it is necessary to be continually introspective of readiness into the future. It not only helps benchmark an existing state of excellence in a realistic way but also provides seasoned advisory on what needs to be done for emulating the best in the industry. Few of the Quality Initiatives are given below:

- **IMexI Initiative (Integrated manufacturing excellence Initiative)**
 - 3 Days Assessment conducted by Kaizen Hansei / Kaizen Institute team.
 - Received Imexi commitment Silver Prize for VST – Malur plant
 - Workshop conducted to understand the Improvement areas based on assessment & identified 11 strategic projects for Excellence in all areas of performance.
- **TQM Kick off**
 - QM portal kick off for Kaizen, Suggestion, FTR, Deviation & Lesson learnt management.
 - Kiosk Implemented across all plants for easier access of TQM portal
 - Kaizen initiative – 2059 Kaizen reported in FY23
 - Training for Capability building of the people with respect to roles.
- **The Company continues to sustain its commitment to the highest levels of quality.**
 - The Company successfully completed the annual Surveillance audit and retained the ISO certification for QMS - ISO 9001:2015
 - The Company successfully completed the annual Surveillance audit and retained the ISO certification for EMS & Safety - ISO14001:2015 & ISO 45001:2018
 - Initiated QCC (Quality Control Circle) at all the plants of VST & participated in External competition at CII Karnataka regional QCC competition and received Best Implementation award.

DETAILS OF DIRECTORS AND KMP APPOINTMENT/ REAPPOINTMENT

Mr. Rajen Krishnanand Padukone (DIN:00262729) has been appointed as Independent Director of the Company for 5 consecutive years effective from May 04, 2023 through postal ballot and he is not liable to retire by rotation.

Mr. R Subramanian (DIN: 00357153), Independent Director has resigned from Directorship of the Company on February 18, 2023, due to health reason. There was no material reason other than the health reason as mentioned in the resignation letter.

Mr. V. V Pravindra (DIN: 00239888) will be liable to retire by rotation and being eligible, offers himself for re appointment at the 55th Annual General Meeting of the Company scheduled to be held on September 01, 2023.

Mr. Pankaj Khemka has resigned from the post of CFO w.e.f April 3, 2023, and Mr. Nitin Agrawal has been appointed as CFO of the Company w.e.f. May 12, 2023.

With deep regret, we report the sad demise of our Vice chairman and non-Executive director, Mr. V P Mahendra (DIN: 00033270), on May 30, 2023. Your directors would like to place on record their highest gratitude and appreciation for the guidance given by Mr. Mahendra to the Board during his tenure as a director.

In the opinion of the Board, all the Independent Directors possesses integrity, expertise, and experience (including the proficiency).

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 2022-23.

1. Mr. V.T. Ravindra - Managing Director
2. Mr. Antony Cherukara - Chief Executive Officer
3. Mr. Pankaj Khemka - Chief Financial Officer (Resigned w.e.f April 03, 2023)
4. Mr. Chinmaya Khatua - Company Secretary

* Mr. Nitin Agrawal was appointed as Chief Financial Officer on May 12, 2023.

CORPORATE GOVERNANCE

Your Company believes that strong corporate governance is critical to enhancing and retaining investor trust. Your Company also endeavours to enhance long term shareholder value and respect minority rights in all its business decisions. Corporate Governance is about maximising shareholders value, ethically and sustainably.

Your Company reaffirms its commitment to the good corporate governance practices and has adopted the Code of Business Conduct which has set out the systems, processes and policies all its requisite standards. Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company is provided in this Report. A report of the Statutory Auditors of the Company confirming the compliance of conditions of Corporate Governance as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this report.

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

DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013

- (a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) That the directors 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 on March 31, 2023 and of the profit and loss of the company for that period;
- (c) That proper and sufficient care has been taken for the 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 fraud and other irregularities;
- (d) That the annual accounts have been prepared on a going concern basis;
- (e) That the internal financial controls to be followed by the company have been laid down and that such internal financial controls are adequate and are operating effectively;
- (f) That proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors including the audit of internal financial controls over financial reporting by the Internal Auditors and the reviews performed by management and the relevant board

committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2022-23.

AUDITORS

Pursuant to the provisions of Section 139 of the Act read with rules thereunder, the shareholders of the Company at the 53rd Annual General Meeting ("AGM") held during 2021 had re-appointed M/s. K.S. Rao & Co, Chartered Accountants (Firm Regd. No. 003109S), as Statutory Auditors of the Company for a for a second term of five financial years effective from the financial year 2021-22.

COST AUDITORS

Pursuant to the Section 148 of the Companies Act, read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), your Company is required to maintain the cost records and the said cost records are required to be audited. The Company is maintaining all the aforesaid cost records. M/S. Rao, Murthy & Associates (Firm Registration No: 00065), Practising Cost Accountants were appointed as Cost Auditors of the Company for FY23 and have been reappointed as the Cost Auditors of the Company for FY24 by the Board on the recommendations of Audit Committee. The remuneration payable to the Cost Auditor is subject to ratification of members at the ensuing AGM and the same is included in 55th AGM Notice.

INTERNAL AUDITORS

Pursuant to Section 138 of Companies Act, your directors, on the recommendation of the Audit Committee have appointed M/s. Brahmayya & Co, Chartered Accountant as Internal Auditors for the financial year 2022-23.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and read with Rules made there under, the Board had appointed M/s Thirupal Gorige & Associates LLP, Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report is enclosed herewith as Annexure-4.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure 1 and forms part of this Report.

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

Information under Section 134 of 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.

INDUSTRIAL RELATION

The year under review witnessed a very positive Industrial Relations scenario across all manufacturing locations at Mysore, Malur and Hosur plants.

During the year under review, wage settlement agreements have been signed with Hosur and Malur union employees.

There were 742 number of permanent employees on roll as on March 31, 2023.

SAFETY, HEALTH AND ENVIRONMENT

VST considers its people as the most valuable assets and upholding their mental and physical health as a top priority. Your Company is a safe workplace and the Safety & Health of our employees as per the requirement of the Factories Act are ensured. Our motto is "Zero Accident". Our commitment is to protect the environment as per the policy.

At each Plant location, annual events like National Safety Day/Month and Fire Service Week were organized. As per new normal, various topics were deployed to train employees on Safety, Health and Environment.

The following are some of the key initiatives undertaken during FY 2022-23:

- Conducting safety audits, led by the National Safety Council, at each operating location, and developing action plans based on the audit findings
- Strengthening the consequence management system and creating awareness across locations
- Taking our Proactive Safety Indicators to the next level

INFORMATION TECHNOLOGY

Your company is focused on digitalizing the entire organization by:

1. Automation of Processes
2. Simplification of Processes
3. Elimination of Non-Value-Added Processes
4. Providing meaningful data to improve the decision making process

To enable the above to function seamlessly, your company has its servers in high end external data centers, in-house as well as on multiple cloud environments.

Theory of Constraints (TOC) is integrated with Supplier Relationship Management (SRM) tool due to which, demand to the supplier is clearly visible and supply level has improved and resulted in reduction of inventory.

An end-to-end integration of all business processes, Order To Cash and Procure To Pay is in progress, which will improve the entire supply chain efficiency.

BOARD MEETING

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

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS

Mr. V.K. Surendra, Mr. V.V. Pravindra, Mr. V.T. Ravindra and Mr. V S Arun belong to promoters' family. Apart from the promoter directors, none of the other Directors are related to each other.

DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors of the Company that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under Regulations 16 and 25 of SEBI Listing Regulations and there has been no change in the circumstances affecting their status as Independent Directors of the Company. The Company has also received a declaration from all the Independent Directors that they have registered their names in the Independent Director data bank and have passed/ are exempt from the requisite proficiency test conducted by Ministry of Corporate Affairs. Mr. Rajen Padukone (DIN:00262729) is yet to complete the requisite proficiency test, since his name has been registered in the Independent Director databank recently, the said test is required to be completed within 2 years of inclusion of his name in the said databank.

COMMITTEES

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

VIGIL MECHANISM CUM-WHISTLE BLOWER POLICY

Pursuant to the Section 177(9) of the Act and Regulation 22 of Listing Regulations, the Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report their genuine concerns. The Policy provides for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Governance and Ethics. The policy is available on the website of the Company at the link <http://www.vsttractors.com/investors/policies>.

The Company has in place robust measures to safeguard whistle blowers against victimisation. Directors and employees are duly sensitised about mechanisms and guidelines for direct access to the Chairman of the Audit Committee, in appropriate cases. Further, during FY 2022-23, the company has not received any complaints.

AUDITORS QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER

There was no qualification, reservation or adverse remark or disclaimer from Statutory & Secretarial Auditors and the comments given by the Statutory & Secretarial Auditors in their respective Reports are self-explanatory and hence, do not call for any further explanations or comments from the Board.

There was no fraud reported by the auditors under section 143(12) of the Companies Act, 2013.

LOANS, GUARANTEE & INVESTMENT

The Company has made investment during the financial year 2022-23. The investments details forms part of the notes to the financial statements provided in this Annual Report. The company has not given any Loan or Guarantee during the financial year 2022-23.

RELATED PARTY TRANSACTIONS

We ensure that all related party transactions that are entered with related-parties during the financial year meets the criteria of an arm's length price 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 interests of the Company at large.

All Related Party Transactions were placed before the Audit Committee and 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 were audited and a statement giving details of all related party transactions were 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.vsttractors.com/investors/policies>

The Related Party Transaction details including the transaction(s) of the Company if any, with a person/entity belonging to the promoter/promoter group which hold(s) more than 10% shareholding in the Company as required pursuant to para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the notes to the financial statements provided in this Annual Report. Please refer the details in Annexure -5 for AOC-2 Form.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There are no material changes affecting the financial position of the Company subsequent to the closure of FY23 till the date of this report.

NOMINATION COMPENSATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Policy, inter-alia, provides for criteria and qualifications for appointment of Director, Key Managerial Personnel and Senior Management, Board diversity, remuneration to Directors, Key Managerial Personnel, etc. The policy can be accessed at the following link: <https://www.vsttractors.com/investors/policies>. For more details on the committee, please refer the report on Corporate Governance.

RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the enterprise. These levels form the strategic defence cover of the Company's risk management. The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations.

The Risk Management Committee of the Board has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organisation faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has formed CSR policy and Committee as required by the Act and same are available in Company website i.e. <http://www.vsttractors.com/investors/policies>. During the financial year 2022-23 the Company had spent ₹ 1,73,80,163 /- in CSR Activities. The CSR details forms part of annexure -3 to the Board's Report. For more details, please refer Corporate Governance section of the Annual Report.

EVALUATION OF BOARD PERFORMANCE

The Board works with the Nomination Compensation & Remuneration Committee to lay down the evaluation criteria for the performance of executive/non-executive/independent directors through a peer-evaluation process excluding the director being evaluated. The evaluation of Board, Committees and Individual Directors was conducted as per the procedure followed by the Company. The details are provided in the Corporate Governance section of the Annual Report.

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

Details of subsidiary, Associate, or joint Venture Company.

The company has no subsidiary, Associate or joint Venture Company as on March 31, 2023.

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.

VARIATION IN MARKET CAPITALISATION

Date	Paid up Capital (in ₹)	Closing Market Price per shares	EPS	PE Ratio	Market Capitalisation (₹ in Lakhs)
31.03.2022	8,63,95,280	2,403.25	114.95	20.91	207409
31.03.2023	8,63,95,280	2,272.70	106.90	21.26	196493
Increase/Decrease	NIL	(130.55)	(8.05)	0.35	(10,960)
% Increase/Decrease	NIL	(5.43)	(7)	1.67	(5.26)
No of issue of shares during the year	-	-	-	-	-

Data Source: BSE Ltd.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint was received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

OTHER DISCLOSURES

No disclosure or reporting is required with respect to the following items, as there were no transactions or not applicable during the year under review:

- The issue of equity shares with differential rights as to dividend, voting or otherwise.
- The issue of shares to the employees of the company under any scheme (sweat equity or stock options). There is no change in the Share Capital Structure during the year under review.
- The company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefits of employees.
 - Redemption of shares/debentures
 - Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.
 - The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

Annual Return

The draft Annual Return for Financial Year 2022-23 is available on the Company's website i.e. <https://www.vsttractors.com/investors/annual-return>

Secretarial Standards

The Company is in compliances with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Investor Education and Protection Fund

Company has transferred ₹ 9,45,045 unpaid and unclaimed dividend to Investor Education and Protection Fund (IEPF) and further transferred 3,214 Nos of shares to IEPF Authority as per IEPF Rules during the Financial Year 2022-23. As per the said rule, any benefits such as dividend shall be transferred to IEPF with respect to shares transferred to IEPF and accordingly dividend of the corresponding shares transferred to IEPF, has also been transferred to IEPF. The details of such Dividends and shares are available on Company's website at www.vsttractors.com. Mr. Chinmaya Khatua has been appointed as nodal officer under IEPF Rule.

The details of unclaimed dividends as on 31/03/2023 is given below:

Sl. No.	Financial Year	Unclaimed Dividend Amount (in RS)	No of corresponding Shares	Due date of Transfer to IEPF
1	2016-17	1020675.00	68045	12-10-2024
2	2017-18	2104100.00	42082	11-10-2025
3	2018-19	608100.00	40540	10-10-2026
4	2019-20 (Interim)	636000.00	42400	21-05-2027
5	2020-21	658889.00	38139	28-10-2028
6	2021-22	573037.00	33533	21-10-2029

Details of Nodal officer:

Name- Mr. Chinmaya Khatua (Company Secretary)

Email- investors@vsttractors.com

Phone No- 080-67141111

The above details are available in Company website: www.vsttractors.com

ACKNOWLEDGEMENTS

Your directors would like to extend their sincere gratitude towards customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation, and support.

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Government of India, the State Governments and other regulatory authorities and government agencies for their support and look forward to their continued support in the future.

The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all employees at all levels of the Company resulting in the successful performance of the Company during the year.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

for V.S.T. TILLERS TRACTORS LTD.

V. K. Surendra
Chairman
(DIN: 00459069)

Place: Bengaluru

Date: August 04, 2023

ANNEXURE-1

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary, percentage increase in their remuneration during the Financial Year 2022-23 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2022-23 are as under:

Sl. No.	Name of Director/ KMP	Designation	Remuneration of Director/ KMP for the financial year 2022-23 (₹ in Lakhs)	% Increase / Decrease in Remuneration in the financial year 2022-23	Ratio of remuneration of each Director/ to the median remuneration of employees
1	Mr. V.T. Ravindra	Managing Director	88.50	15.7	18.9
2	Mr. Antony Cherukara	Chief Executive Officer	169.88	(2.6)	36.30
3	Mr. Pankaj Khemka (Resigned on 3 rd April, 2023)	Chief Financial Officer	57.03	7.5	12.18
4	Mr. Chinmaya Khatua	Company Secretary	23.79	(3.0)	5.08
5	Mr. V K Surendra	Chairman, Non-Executive Director	6.5	(13.3)	1.38
6	Mr. R. Subramanian (Resigned on 18 th February 2023)	Independent Director	3.0	(33.33)	0.64
7	Mr. M.K. Bannerjee	Independent Director	9.0	(10.0)	1.9
8	Mr. K. M. Pai	Independent Director	9.0	(10.0)	1.9
9	Mrs. Siva Kameswari Vissa	Independent Director	5.0	0.0	1.06
10	Mr. V. V. Pravindra	Non-Executive Director	3.5	0.0	0.74
11	Mr. V. S. Arun	Non-Executive Director	4.5	(10.0)	0.96
12	Mr. V. P. Mahendra (Demised on May 30, 2023)	Vice Chairman - Non-Executive Director	4.0	(90.0)	0.85
13	Dr. Nandakumar Jairam	Independent Director	3.0	16.6	0.64

The Company's PAT has decreased from ₹ 9,931 lakhs to ₹ 9,236 lakhs. The change in KMP remuneration is in line with the current market scenario and with Company's policy. However, salary of Managing Director was approved by the shareholders.

The Company has given about 9.8% average increase in salaries to the employees keeping in view the overall industry standards and interests of the employees. The unionized employees of the Company are eligible for salary increment as per the terms and conditions of their wage settlement. There are no exceptional circumstances for increase in the managerial remuneration.

The Company has 742 number of permanent employees on roll as on March 31, 2023. The Company fixes the salary of the employees on the basis of Remuneration Policy of the Company. The average increase in median remuneration of employees during the year 2022-23 is about -3.35%*.

*There is an increase of 29 Workmen (167 to 196) from Previous Financial Year, hence the Median remuneration is lowered by 3.35% comparing to Previous Financial year.

Payment of Commission to Managing Director - commission on net profit of the Company as approved by the Members.

Name	Designation	Commission
Mr. V T Ravindra	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 Antony Cherukara, CEO received remuneration in excess of the highest paid director during the year considering his salary for the full year.

Note:

- 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.
- Mr. V.T. Ravindra, Mr. V. K. Surendra, Mr. V. V. Pravindra and Mr. V. V. Pravindra belongs to promoter and promoter group.

The information required under Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the Annexure (s) forming part of the Annual Report. The information in respect of employees of the Company required pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be made available before the Annual General Meeting in electronic mode to any shareholder upon a request sent to vstagn@vsttractors.com.

Mr. V. P. Mahendra, passed away on May 30, 2023.

All the eligible employees including KMPs have received variable pay (part of the CTC) during FY23. Hence there is an impact in salary percentage while comparing with FY22.

ANNEXURE-2

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

1. CONSERVATION OF ENERGY:

The Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this end. Energy conservation measures have been implemented at all the plants and offices of the Company.

The company has taken various steps for conservation of energy and to utilise the alternative sources of energy. The details are given below:

- Energy Audit of entire plant
- Conversion of streetlights to LED streetlights
- Power factor panel is installed for monitoring efficiency.

a. MALUR PLANT:

- Installed 200 KW of Solar Power on Opex model and on Nett metering.
- Installed Water treatment system which allows us to re-use 72% of water requirement per day.
- Rain water conservation facility with the capacity of 1.34 Lakhs ltr.

b. MYSORE:

- Installed 300 KW of Solar Power on Opex model and on Nett metering.
- Installed Water treatment system which allows us to re-use 65% of water requirement per day.

c. HOSUR:

- Installed 600kW of Solar Power.
- Installed Water treatment system which allows us to re-use about 82% of water requirement per day.
- Rainwater conservation facility with the capacity of 5 Lakhs ltr.

Capital Investment on Energy Conservation Equipment: Nil

2. TECHNOLOGY ABSORPTION:

- Additional 17 Licenses of Design software 'CREO' installed at Design office of R&D, Hosur.
- New data Acquisition system for field data capturing of tractors and other Agricultural Machines has been procured.
- Hydraulic and Steering Test Rig. Installed at R&D Testing centre, Hosur.
- Higher HP Tractor PTO Dynamometer capabilities enhanced with additional data acquisition system.

- e. VST in collaboration with various external R&D centers such as Indian Institute of science (IISc), International centre of Automotive technologies (ICAT), FEV and other organisation has enhanced its R & D capabilities.

3. BENEFITS DERIVED:

- a. Additional Licenses of design software installation will facilitate faster design release and reduces project lead time.
- b. The data Acquisition system will facilitate on-field data Acquisition while tractor is running in the field there by accurate measurements on Horse Power and Torque can be captured during various applications and this will become input for better design optimization.
- c. Hydraulic and Steering Test rig installation will enhance the product reliability as the endurance test can be carried out at the sub system level.
- d. The new higher HP dynamometer capability enhancement through procurement of data loggers will enhance the data acquisition system such as Temperature and Presssure for the various sub systems of Tractor.

Expenditure on R&D:

The Companies expenditure on R&D during the year was ₹ 1.53 crores.

Foreign exchange earnings and outgo: Total foreign exchange used and earned:

Foreign exchange earnings: ₹ 78.89 crores

Foreign exchange outgo: ₹ 15.18 crores

ANNEXURE-3

Annual Report on Corporate Social Responsibility (CSR) Activities:

1. Brief outline on CSR Policy of the Company:

The Company has been doing CSR activities directly or through other entities to make CSR a key business process for sustainable development of the society since many years. The main objective of CSR policy is to lay down guidelines for the company and actively contribute to the social and economic development of the communities in which we operate.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the financial year 2022-23	Number of meetings of CSR Committee attended during financial year 2022-23
1	Mr. V.K. Surendra	Chairman, Non-executive Director	2	2
2	Mr. M.K. Bannerjee	Member, Independent Director	2	2
3	Mr. V.P. Mahendra (Passed away on May 30, 2023)	Member, Non-executive Director	2	2
4	Mr. V.V. Pravindra	Member, Non-executive Director	2	2
5	Mr. Mr. K. M. Pai	Member, Independent Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The weblink for CSR Policy is <https://www.vsttractors.com/investors/policies> and weblinks for Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://www.vsttractors.com/investors/corporate-governance>

4. Provide the executive summary along with web-Link(s) of Impact Assessment of CSR projects carried out in pursuance of Sub rule (3) of rule 8, if applicable: Not applicable.

5. (a) Average net profit of the company as per sub-section (5) of section 135 : ₹ 86,90,08,126 /-
- (b) Two percent of average net profit of the company as per sub- section (5) of Section 135 : ₹ 1,73,80,163 /-
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial year: NIL
- (d) Amount required to be set-off for the financial year, if any: NIL
- (e) Total CSR Obligation for the financial year [(b) + (c) - (d)] : ₹ 1,73,80,163 /-

6. (a) Amount spent on CSR projects (both ongoing project and other than ongoing project): ₹ 1,73,80,163 /- (Other than ongoing)

- (b) Amount spent on administrative overheads: NIL
- (c) Amount spent on Impact Assessment, if applicable: NA
- (d) Total Amount spent for the financial year [(a) + (b) + (c)]: ₹ 1,73,80,163 /-
- (e) CSR Amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to sub section (5) of section 135		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹ 1,73,80,163 /-	Nil	Na	Na	Nil	Na

Amount Unspent (in ₹)

(f) Excess amount for set-off, if any : **Not Applicable**

S. No. (1)	Particular (2)	Amount (in ₹) (3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. Details of unspent Corporate Social Responsibility amount for the preceding three financial years: Not Applicable

Sl. Preceding Financial Year	Amount transferred to Unspent CSR Account under sub section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub section (6) of section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund specified under Schedule VII as per Second proviso to Sub section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years. (In ₹)	Deficiency, If any
				Amount (In ₹)	Date of transfer		
1. FY-1							
2. FY-2							
3. FY-3							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year.

Yes No

If yes, enter the Number of capital Assets created / Acquired -

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year: Not Applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address. And location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR Spent (in ₹)	Details of entity/beneficiary of the registered owner		
					(6)		
(1)	(2)	(3)	(4)	(5)	CSR Registration Number, if applicable	Name	Registered address
1.							

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of section 135 – Not applicable

Sd/-
V.T.Ravindra
Managing Director
DIN: 00396156

Sd/-
V.K. Surendra
Chairman
DIN: 00459069

Place: Bengaluru
Date: August 04, 2023

ANNEXURE-4

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

FORM No. MR3

[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
VST TILLERS TRACTORS LIMITED
Regd. Office: Plot No-1, Dyavasandra Indl. Area,
Whitefield Road, Mahadevapura P.O, Bangalore - 560 048.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable during the audit period);
 - The Securities and Exchange Board of India (share based employee benefits and sweat equity) Regulations, 2021; (Not applicable during the audit period);
 - The SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable during the audit period);
 - 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;
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable during the audit period)

'Annexure A'

- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018 (Not applicable during the audit period).
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (j) The Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulation 2015 (LODR Regulations).

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

We 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:

1. NIL

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there are following events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place: Nil.

For **Thirupal Gorige & Associates LLP**
Practicing Company Secretaries

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680E000304991

Place: Bengaluru
Date: 12-05-2023

To
The Members
VST TILLERS TRACTORS LIMITED
Regd. Office: Plot No-1, Dyavasandra Indl Area,
Whitefield Road, Mahadevapura P.O, Bangalore - 560 048.

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Where ever required, we 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

For **Thirupal Gorige & Associates LLP**
Practicing Company Secretaries

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680E000304991

Place: Bengaluru
Date: 12-05-2023

ANNEXURE-5

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 any contract/arrangement/transaction with its related parties which is not at arm's length during FY 2022-23.

- Name(s) of the related party and nature of relationship: Not Applicable
- Nature of contracts/arrangements/transactions: Not Applicable
- Duration of the contracts / arrangements/ transactions: Not Applicable
- Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- Justification for entering such contracts or arrangements or transactions: Not Applicable
- Date(s) of approval by the Board: Not Applicable
- Amount paid as advances, if any: Not Applicable
- 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 - the company has not entered into any material related party transactions:

- Name(s) of the related party and nature of relationship: Not Applicable
- Nature of contracts / arrangements / transactions: Not Applicable
- Duration of the contracts / arrangements / transactions: Not Applicable
- Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- Date(s) of approval by the Board, if any: Not Applicable
- Amount paid as advances, if any: None

Other related party transactions form part of notes to the Financial Statements.

On behalf of Board of Directors

V. K.Surendra
Chairman
DIN:00459069

Place: Bengaluru
Date: August 04, 2023

ANNEXURE-6

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015)

To
The Members
VST TILLERS TRACTORS LIMITED
Regd. Off.: Plot No-1, Dyavasandra Indl.Layout
Whitefield Road, Mahadevapura Post,
Bengaluru-550048, Karnataka.

In pursuance of Regulation 34(3) read with sub-clause 10(i) of para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have examined the relevant registers, records, forms, returns and disclosures received from the Directors of VST TILLERS TRACTORS LIMITED (hereinafter referred to as 'the Company') having CIN L3101KA1967PLC001706 and having registered office at Regd. Off. at Plot No-1., Dyavasandra Indl.Layout, Whitefield Road, Mahadevapura Post, Bengaluru- 550048, Karnataka as produced before us by the Company for the purpose of issuing this Certificate.

On the basis of the written disclosures/declarations received from the Directors of the Company and according to the verifications (including view Director Master Data & DIN status at the portal www.mca.gov.in) as considered necessary and to the best of our information, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 has been debarred or disqualified from being appointed or continuing as directors of the company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. no	Name of director	DIN	Designation	Date of appointment in the company	Date of resignation (if any)
1	MAHENDRA VELLORE PADMANABAN	00033270	Vice chairman and Non-Executive Director	20/02/1984	-
2	MOLOY BANNERJEE KUMAR	00219178	Independent Director	12/06/1990	-
3	VELLORE VELU PRAVINDRA	00239888	Non -Executive Director	28/07/2008	-
4	NANDAKUMAR JAIRAM	00321693	Independent Director	21/06/2021	-
5	VELLORE TIRUVENGADASWAMY RAVINDRA	00396156	Managing Director	27/05/2016	-
6	VELLORE KRISHNAMOORTHY SURENDRA	00459069	Chairman	29/09/1980	-
7	KASHINATH MARTU PAI	01171860	Independent Director	05/08/2015	-
8	ARUN VELLORE SURENDRA	01617103	Non -Executive Director	11/05/2018	-
9	SIVA KAMESWARI VISSA	02336249	Independent Director	29/07/2016	-
10	RAMANATHA SUBRAMANIAN	00357153	Independent Director	12-10-1990	18-02-2023

For **Thirupal Gorige & Associates LLP**
Practicing Company Secretaries

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680E000304991

Place: Bengaluru
Date: 12-05-2023

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"), certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, there are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violate the listed entity'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 listed entity 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 to the auditors and the Audit committee wherever applicable:
- (1) Significant changes in internal control over financial reporting during the year.
 - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal controls system over financial reporting.

Antony Cherukara
Chief Executive Officer

Place: Bengaluru
Date: 12/05/2023

Nitin Agrawal
Chief Financial Officer

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, 2023, 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, 2023.
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

Hitesh Kumar P
Membership No.233734
UDIN:23233734BGRCNB1015

Place: Bengaluru
Date: May 12, 2023

Corporate Governance Report

PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all and accountability to all the stakeholders.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and other provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

BOARD OF DIRECTORS

The Company's Board is characterised by independence, professionalism, transparency in decision making and accountability. The composition of the Board of Directors of the Company is governed by the provisions of the Companies Act, 2013, ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time. The Board of the Company comprises optimum combination of Executive and Non-Executive Directors as on 31st March, 2023, out of which Four Directors were Non-Executive Independent Directors, four are non-Executive and one executive Director. Mr. R Subramanian Resigned on February 18, 2023 and to ensure compliance of the provisions of Reg 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, Mr. Rajen Padukone (DIN:00262729) was appointed as an Independent Director and his appointment was approved by the shareholders through postal ballot.

The Chairman of the Company is non-Executive Director. The Company recognises and embraces the importance of a diverse Board in its success. The Board provides strategic direction and leadership and oversees the management policies and their effectiveness looking at long-term interests of shareholders and other stakeholders. 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.

Based on the requisite certifications/affirmations received from respective directors, their directorships and committee memberships/chairmanships are within permissible limits.

(a) Composition of the Board

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 Director	Director Identification number (DIN)	Category	Directorship in other listed entity & Category	No. of Board meetings during the period from 01.04.2022 to 31.03.2023	Whether attended the last AGM held on 19.08.2022	No. of directorships held in Public Limited Companies as on 31.03.2023	No. of committee Memberships / (Chairmanships) held in Public Companies (@ as on 31.03.2023	No. of Shares held
				Held	Attended			
Mr. V. K. Surendra	00459069	Non-Executive	-	5	5	1	2/0	19,34,534*
Mr. R. Subramanian (Resigned on 18 th Feb 2023)	00357153	Independent Director	Lotus Eye Hospital & Institute Ltd, Independent Director	4	3	1	0/2	Nil
Mr. M. K. Bannerjee	00219178	Independent Director	-	5	5	-	2/0	Nil
Mr. K.M. Pai	01171860	Independent Director	Oriental Bell Limited, Independent Director	5	5	1	2/2	Nil
Ms. Siva Kameswari Vissa	02336249	Independent Director	GMR Power and Urban Infra Limited, Independent Director	5	5	5	4/2	Nil
Mr. V. P. Mahendra (Passed away on May 30, 2023)	00033270	Non-Executive	Kirloskar Electric Company Limited, Independent Director	5	4	2	2/0	6,27,020*
Mr. V. V. Pravindra	00239888	Non-Executive	-	5	5	-	-	2,24,146*
Mr. V.T. Ravindra	00396156	Executive	-	5	5	-	-	28,852*
Mr. V S Arun	01617103	Non-Executive	-	5	5	1	-	2,20,630*
Dr. Nandakumar Jairam	00321693	Independent Director	-	5	5	2	1/1	50

*Holding individually / jointly. Mr.V K Surendra, Mr.V V Pravindra, Mr.V.T. Ravindra & Mr.V S Arun are belonged to promoter group.

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.

Based on the declarations received from the Independent Directors, the Board confirms that they meet the criteria of independence as mentioned under SEBI (LODR) Regulations and that they are independent of the management.

Mr. V.K. Surendra, Mr. V.V. Pravindra, Mr. V.T. Ravindra and Mr. V S Arun belong to promoters' family. Apart from the promoter directors, none of the other Directors are related to each other.

Brief list of Skills/Expertise/Competencies identified by the Board:

The Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its' Committees. The Board members are committed to ensuring highest standards of corporate governance.

Brief list of Skills/Expertise/Competencies identified by the Board:

Business:

1. Business Management & Administration
2. Experience in Automobile/Farm Equipment Marketing
3. Technical
4. Finance & Taxation.

Governance:

Developing governance practices, serving the best interests of all stakeholders, and driving corporate ethics and values.

Integrity and ethical standards:

Adherence to compliance and defined procedure, protecting shareholders' interests and observing appropriate governance practices.

Leadership:

Extended leadership experience for, resulting in a practical understanding of organizations, processes, strategic planning and risk management.

The table below provides the key qualifications, skills, expertise and attributes which are broadly taken into consideration while nominating candidates to serve on the Board:

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence required for it to function effectively. The Board periodically evaluates the need for change in its composition and size.

Directors expertise and skills:

Name of the Directors	Business Management & Administration	Experience in Automobile/Farm Machinery Marketing	Technical	Finance and Taxation	Governance	Integrity and ethical standards	Leadership
MR.V K SURENDRA	√	√	-	√	√	√	√
MR.MOLOY KUMAR BANNERJEE	√	√	-	√	√	√	√
MR.K M PAI	√	-	-	√	√	√	√
MS. SIVA KAMESWARI VISSA	√	-	-	√	√	√	√
MR.V V PRAVINDRA	√	√	√	√	√	√	√
MR.V T RAVINDRA	√	√	√	√	√	√	√
MR. V S ARUN	√	√	√	√	√	√	√
DR. NANDAKUMAR JAIRAM	√	-	-	√	√	√	√
MR. RAJEN KRISHNANAND PADUKONE	√	√	-	√	√	√	√

In the table, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

Mr. R Subramanian resigned from the Board on February 18, 2023 and Mr. V P Mahendra demised on May 30, 2023, hence their names have not been included in the given data.

(b) Details of Board Meetings:

The Board of Directors of your Company met 5 times on 09/05/2022, 09/08/2022, 31/10/2022, 10/02/2023 & 10/03/2023 during FY 2022-23

(c) Code of Conduct:

The Board has laid down a code of conduct ('the Code') for all Board Members and Senior Management Personnel of the Company. in compliance with SEBI (LODR) Regulation, 2015 and the same is available in Company website [i.e.www.vsttractors.com](http://www.vsttractors.com).

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, 2023.

Place: Bengaluru
Date: 12/05/2023

Antony Cherukara
Chief Executive Officer

COMMITTEE MEETINGS:

Details of Audit Committee Composition and Meetings:

As on March 31, 2023 the Audit Committee comprises of the following Independent Directors. All the members of Audit Committee are financially literate.

During the year under review the Audit Committee met 4 times as mentioned below table. Required quorum was present for all the meetings.

The gap between any two Consecutive Audit Committee meetings during the year did not exceed 120 days.

The Company Secretary acts as the secretary to the Audit Committee. All members of the Audit Committee are financially literate and have accounting and related financial management expertise.

Composition and attendance

Sl. No.	Name of the Member	Designation	Meeting Dates and attendance			
			09/05/2022	09/08/2022	31/10/2022	10/02/2023
1	Mr. R. Subramanian (Resigned on February 18, 2023)	Chairman	Yes	Yes	Yes	No
2	Mr. M. K. Bannerjee	Member	Yes	Yes	Yes	Yes
3	Mr K M Pai	Member	Yes	Yes	Yes	Yes
4	Ms. Siva Kameswari Vissa	Member	Yes	Yes	Yes	Yes

*Committee was re-constituted on May 12, 2023, by inducting Mr. Rajen Krishnanada Padukone as independent Director and member of audit committee. Mr. K.M.Pai was appointed as the Chairman of audit committee after Mr.R. Subramanian vacated his office.

Terms of Reference:

Audit Committee is vested with the powers and the role that are in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Companies Act, 2013 and code of conduct for Insider Trading. The terms of reference of the Audit Committee, inter alia, include

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommend appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered to the Company;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - 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;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings, if any.
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions;
 - modified opinion(s) in the draft audit report, if any.

- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or/and any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

Corporate Social Responsibility (CSR) Committee

The CSR Committee is vested with the powers and the role that are in accordance with section 135 of the Companies Act, 2013 and Rules made thereunder.

The Committee is authorized to formulate the CSR policy and undertake CSR activity as specified in Schedule VII of the Companies Act, 2013. The CSR policy is available on your Company website i.e. <http://www.vsttractors.com/investors/policies>.

The role of CSR Committee includes recommendation of the amount of expenditure to be incurred on the CSR activities as enumerated in Schedule VII of the Act and referred to in the CSR Policy of the Company, and also to monitor the CSR Policy from time to time, etc.

Composition and attendance

Sl. No.	Name of the Member	Designation	Meeting Dates and attendance	
			07/05/2022	10/02/2023
1	Mr V.K. Surendra,	Chairman	Yes	Yes
2	Mr. M. K. Bannerjee	Member	Yes	Yes
3	Mr K M Pai	Member	Yes	Yes
4	Mr. V.P. Mahendra*	Member	Yes	Yes
5	Mr. V V Pravindra,	Member	Yes	Yes

*Mr.V.P.Mahendra passed away on May 30, 2023.

NOMINATION COMPENSATION AND REMUNERATION COMMITTEE

The Nomination Compensation & 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 Company has adopted a Nomination and Remuneration Policy as defined under the Act. The Policy is available on the website of the Company at <http://www.vsttractors.com/investors/policies>. The details of the remuneration paid to the directors forms part of the Annual Report.

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

Composition and attendance

Sl. No.	Name of the Member	Designation	Meeting Dates and attendance
			07/05/2022
1	Mr. M. K. Bannerjee	Chairman	Yes
2	Mr V.K. Surendra,	Member	Yes
3	Mr K M Pai	Member	Yes

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning which was circulated to the Directors. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgment.

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Sl. No.	Name of the Member	Designation	Meeting Dates and attendance
			10/03/2023
1	Mr K M Pai	Chairman	Yes
2	Mr V.K. Surendra,	Member	Yes
3	Mr. M. K. Bannerjee	Member	Yes

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

The details of the shareholder's complaints mentioned in corporate governance section of the Annual Report

RISK MANAGEMENT COMMITTEE

The Company has 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.

The Committee is responsible for monitoring and reviewing of risk management plan of the Company and all other incidental matters from time to time as required under Regulation 21 of the Listing Regulations

There were 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.

Composition and attendance

Sl. No.	Name of the Member	Designation	Meeting Dates and attendance			
			26/08/2022	15/12/2022	03/03/2023	08/03/2023
1	Mr. M.K. Bannerjee	Chairman	Yes	Yes	Yes	Yes
2	Mr. V. K. Surendra	Member	Yes	Yes	Yes	Yes
3	Mr K M Pai	Member	Yes	Yes	Yes	Yes
4	Mr. V.P. Mahendra*	Member	Yes	Yes	Yes	Yes
5	Mr. V S Arun	Member	Yes	Yes	Yes	Yes

*Mr.V.P.Mahendra passed away on 30th May, 2023.

The Risk Management Policy is available on the Company's website <http://www.vsttractors.com/investors/policies>

INDEPENDENT DIRECTORS MEETING

The Independent Directors held their meeting on 10/02/2023 without the presence of any Non Independent Director or any person from management.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

Mr. R Subramanian (DIN: 00357153), Independent Director has resigned from Directorship of the Company on February 18, 2023, due to health reason. There was no material reason other than those mentioned in the resignation letter.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The familiarization programme imparted to independent directors is displayed in Company website and can be accessed at <http://www.vsttractors.com/investors/policies>

VIGIL MECHANISM

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect employees who wish to raise a concern about serious irregularities within the Company. It is hereby confirmed that, no personnel has been denied access to audit committee of the Company. The details of the policy are available in company website i.e <https://www.vsttractors.com/investors/policies>

CONTACT DETAILS OF COMPLIANCE OFFICER

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

No.1, DyavasandraIndl. Layout,
Whitefield Road, Mahadevapura Post,
Bengaluru - 560 048.
Ph. No. 080-67141111
E-mail: chinmaya@vsttractors.com

INSIDER TRADING REGULATIONS:

The Company has prescribed a code of conduct and disclosure practice to prevent insider trading. No violation of Insider trading was reported during the year 2022-23. The company has installed a Structured Digital Database as required under Reg 3(5) of SEBI (Prohibition of Insider Trading Regulations) 2015, to track the sharing of Unpublished Price Sensitive Information.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies' Act and the SEBI Listing Regulations, the Company has formulated a Policy on Related Party Transactions. The Policy can be accessed on the Company's website at <http://www.vsttractors.com/investors/policies>

DIVIDEND DISTRIBUTION POLICY:

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') the Board of Directors of the Company (the 'Board') formulated and adopted the Dividend Distribution Policy (the 'Policy'). The Policy is available on our website at <https://www.vsttractors.com/investors/policies>

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 on Company's Website: <http://www.vsttractors.com/investors/policies>

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 2022-23, the Company has not given any loan to any of its directors. The remuneration paid to the Managing Director for the year 2022-23 is given below:

Name of the Director	Category	Salary (₹ in lakhs)	Commission (₹ in lakhs)	Total (₹ in lakhs)
Mr. V T Ravindra	Managing Director	48	40.5	88.5

Sitting fees paid to Non-Executive Directors during the year 2022-23:

Name of the Director	Category	Sitting Fees (in ₹)
Mr. V. K. Surendra	Chairman	6,50,000
Mr. R. Subramanian (Resigned on February 18, 2023)	Independent Director	3,00,000
Mr. M. K. Bannerjee	Independent Director	9,00,000
Mr. K.M. Pai	Independent Director	9,00,000
Ms. Siva Kameswari Vissa	Independent Director	5,00,000
Mr. V.V. Pravindra	Non-Executive Director	3,50,000
Mr. V S Arun	Non-Executive Director	4,50,000
Mr. V P Mahendra (Demised on May 30, 2023)	Vice Chairman & Non-Executive Director	4,00,000
Dr. Nandakumar Jairam	Independent Director	3,00,000

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 on Company's website i.e., www.vsttractors.com.

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

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2023

Category	No. of Shareholders	% to total No. of shareholders	Shares Amount (₹)	% to total shares amount
Up to 5,000	23,051	97.08	93,36,620	10.81
5,001 - 10,000	344	1.45	24,72,770	2.86
10,001 - 20,000	180	0.76	25,25,610	2.92
20,001 - 30,000	44	0.19	10,84,910	1.26
30,001 - 40,000	28	0.12	9,66,710	1.12
40,001 - 50,000	10	0.04	4,65,140	0.54
50,001 - 1,00,000	27	0.11	19,65,410	2.27
1,00,001 and above	61	0.26	6,75,78,110	78.22
	23,745	100.00	8,63,95,280	100.00

DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2022-23

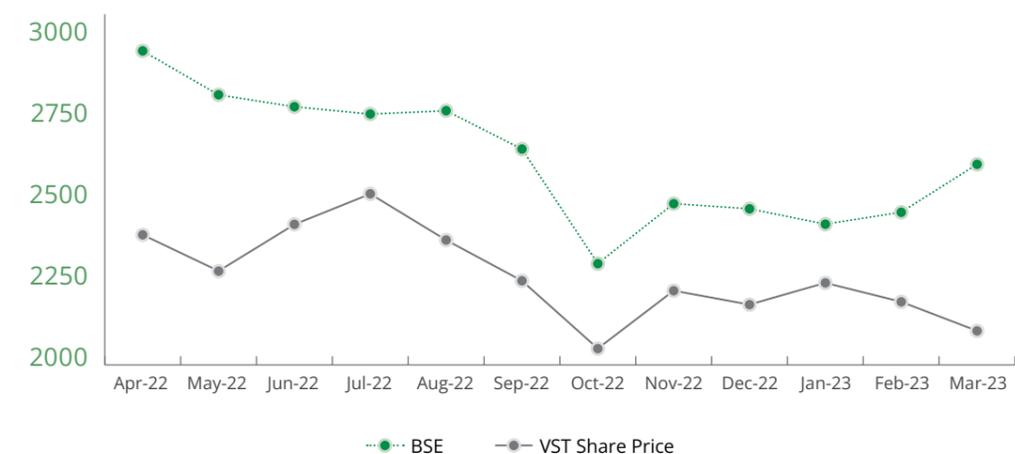
Nature of Request	OB	Received	Attended	Pending
Change of Address	-	5	5	-
Bank Mandate	-	9	9	-
Revalidation of Warrants	-	57	57	-
Duplicate Share Certificates	-	18	18	-
Transfer/Transmission	-	4 Tm	4 Tm	-
Dematerialisation	-	47	47	-
Rematerialisation	-	-	-	-

SHAREHOLDING PATTERN AS ON 31ST MARCH 2023

Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	40	45,48,165	52.64
Foreign Promoters	1	2,53,125	2.93
Bodies Corporate	246	1,11,384	1.29
Mutual Funds	11	16,79,609	19.44
Alternate Investment Funds	3	28,936	0.33
Banks	3	1,763	0.02
Financial Institutions	1	225	0.00
Foreign Financial Institutions	39	1,08,536	1.26
Non-Resident Indians	1038	1,26,455	1.46
Clearing Members	15	523	0.01
Public/Others	22,348	17,80,807	20.61
Total	23,730	86,39,528	100

Market Price Data Information (BSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-22	2,895.50	2,371.10	Oct-22	2,288.85	2,046.55
May-22	2,770.40	2,268.00	Nov-22	2,459.85	2,211.70
Jun-22	2,736.35	2,401.00	Dec-22	2,445.15	2,172.00
Jul-22	2,715.50	2,488.00	Jan-23	2,401.35	2,234.05
Aug-22	2,725.00	2,356.20	Feb-23	2,435.35	2,180.00
Sep-22	2,615.55	2,240.00	Mar-23	2,572.00	2,097.15



Market Price Data Information(NSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-22	2,895.00	2,763.05	Oct-22	2,297.90	2,098.60
May-22	2,585.00	2,521.65	Nov-22	2,408.00	2,353.20
Jun-22	2,574.95	2,519.90	Dec-22	2,215.45	2,185.00
Jul-22	2,687.95	2,628.00	Jan-23	2,345.00	2,257.80
Aug-22	2,574.00	2,500.00	Feb-23	2,277.55	2,235.00
Sep-22	2,281.75	2,231.15	Mar-23	2,306.85	2,252.00


Dematerialization of Shares and Liquidity

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 NSDL and CDSL. Shareholders can open their accounts with any of the Depository Participants to hold their shares in dematerialized form. About 98.89 % of the Equity Shares of the Company are held in the dematerialized form.

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

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2023, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

Commodity price risk or foreign exchange risk is covered in the Annual report. Company is not undertaking any hedging activities.

DETAILS OF UNCLAIMED SHARES

Particulars	As on 31.03.2022		Transferred during the Year		As on 31.03.2023	
	No. of S/h's	No. of Shares	No. of S/h's	No. of Shares	No. of S/h's	No. of Shares
Unclaimed Shares	16	428	1	50	15	378

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

DETAILS OF UNCLAIMED DIVIDEND TRANSFERRED TO INVESTORS EDUCATION AND PROTECTION FUND (IEPF)

During the year 2022-23, ₹ 9,45,045 unclaimed dividend has been transferred to Investors Education & Protection Fund (IEPF) and ₹ 574,672 was transferred to IEPF towards dividend for the shares already transferred to the IEPF authority. There is no amount which were to be transferred to IEPF but have not been transferred. The details of the unpaid and unclaimed dividend are available in the company website i.e. www.vsttractors.com and IEPF website.

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

During the year 3,214 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.vsttractors.com.

GENERAL SHARE HOLDER INFORMATION

Date, Time and Venue of the 55 th Annual General Meeting	September 01, 2023, At 11:00 A.M. Through Video Conferencing / OAVM deemed to be held At Registered Office: Plot No.1, DyvasandraInl Layout, Mahadevapura Post, Whitefield Road, Bangalore – 560 048
Book Closure Dates	August 26, 2023 to September 01, 2023
Record Date for Dividend	August 25, 2023
Dividend Payment	Final Dividend of ₹ 25/- per equity share will be paid on or after September 01, 2023 for the financial year 2022-23. If approved by the shareholders
Financial Year	1 st April 2022 to 31 st March 2023
E-voting date	August 29, 2023 (from 9 a.m. IST) to August 31, 2023 (up to 5 p.m. IST)
E-voting cut-off date	August 25, 2023

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

June 30, 2023 - Second week of August, 2023

September 30, 2023 - by Second week of November, 2023

December 31, 2023 - by Second week of February, 2024

March 31, 2024 - by Last week of May, 2024

Payment of Listing Fees : Annual listing fee for the year 2023-24 has been paid to BSE & NSE.

Payment of Depository Fees: Annual Custody/Issuer fee for the year 2023-24 has been paid to NSDL & CDSL.

SHARE TRANSFER SYSTEM

As per SEBI circular, there was no transfer of physical shares effective from 1st April 2019 and intimation was sent to the shareholders in this regard.

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. During the year no shares have been transferred to Escrow account.

Shareholders 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 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

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

BSE Limited

25 Floor, P. J. Towers,

Dalal Street, Fort, MUMBAI – 400 001 Ph-022-22721234.

STOCK CODE

BSE Ltd : 531266

National Stock Exchange of India Ltd. : VSTTILLERS

ISIN : INE 764D01017.

CIN- L34101KA1967PLC001706

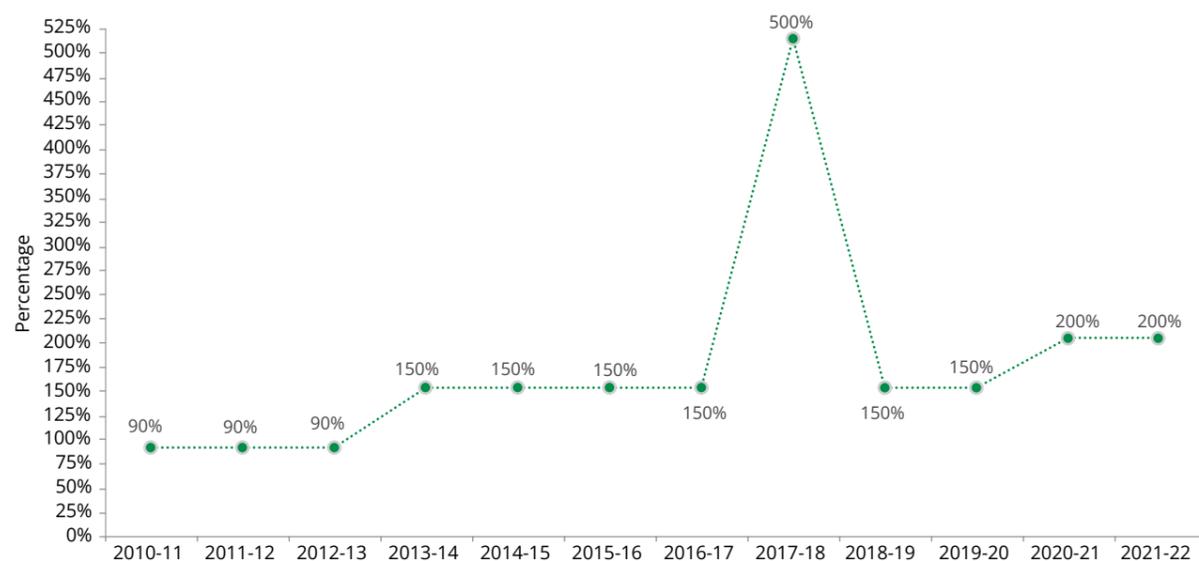
ADDRESS FOR CORRESPONDENCE

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@vsttractors.com
Percentage of Dividend Declared

Particulars of last 3 Annual General Meetings

Date/Time	Location	Summary of Special Resolutions
19.08.2022 11 a.m.	AGM held through VC & Venue deemed to be at Plot No-1, DyavasandraIndl. Layout, Whitefield Road, Mahadevapura Post, Bengaluru-560048,	NA
27.08.2021 11 a.m.	AGM held through VC & Venue deemed to be at Plot No-1, DyavasandraIndl. Layout, Whitefield Road, Mahadevapura Post, Bengaluru-560048,	Appointment of Dr. Nandakumar Jairam as an Independent Director of the company.
24.09.2020 11 a.m.	AGM held through VC & Venue deemed to be at Plot No-1, DyavasandraIndl. Layout, Whitefield Road, Mahadevapura Post, Bengaluru-560048,	NA

During the year following resolution was passed through postal ballot.

Appointment of Mr. Rajen Krishnanand Padukone as an Independent Director of the Company for a terms of 5 years.

M/s. Thirupal Gorige & Associates LLP, practicing company secretaries had conducted the postal ballot process. The appointment of Mr. Rajen Krishnanand Padukone for a term of 5 years was approved by the members by special resolution through postal ballot. The procedure of postal ballot as specified by the Companies Act is available on the Company website : www.vsttractors.com

PLANT LOCATIONS:

HOSUR	MYSORE	MALUR
Plot No:39, Sipcot – Phase I, Mookandapalli Post, Hosur – 635 126, Tamil Nadu	Plot No.42/43, Metagalli Industrial Area, Mysuru -570016. Karnataka	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 38 of Annual Report, there were no materially significant related party transactions that may have potential conflict with the interests of the company at large. The policy on Related Party Transactions is available at <http://www.vsttractors.com/investors/policies>
- 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 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:
 - The auditors’ report on statutory financial statements of the Company are unmodified.
 - The Company has appointed separate persons to the post of chairperson and managing director or chief executive officer.
 - 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.
- Credit rating - The Company has obtained credit rating (ICRA AA-) during the financial year 2022-23.

- The Company has taken a certificate from Thirupal Gorige & Associates LLP practicing company secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority (Please refer Annexure-6).
- During the financial year 2022-23, the Board has accepted all the recommendations of its committees.
- The company's share has not been suspended for trading at any time during the Financial Year 2022-23.
- The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint was received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal).

Fees paid to statutory Auditors:

Type of Service	For the Financial Year (in ₹)
Audit Fees	25.5 Lakhs
Tax Audit Fees	5 Lakhs

for V.S.T. TILLERS TRACTORSLTD

V. K.Surendra

Chairman

(DIN: 00459069)

Place: Bengaluru

Date: August 04, 2023

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING FORMAT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L34101KA1967PLC001706
2. Name of the Listed Entity	VST TILLERS TRACTORS LIMITED
3. Year of incorporation	18 th December, 1967
4. Registered office address	Plot No-1, Dyavasandra Indl Layout, Whitefield Road, Mahadevapura Post, Bangalore-560048
5. Corporate address	As above
6. E-mail	chinmaya@vsttractors.com
7. Telephone	(91) 8067141111
8. Website	www.vsttractors.com
9. Financial year for which reporting is being done	1 st April 2022 to 31 st March 2023
10. Name of the Stock Exchange(s) where shares are listed	BSE Limited & National Stock Exchange of India Ltd.
11. Paid-up Capital	8,63,95,280/-
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Chinmaya Khatua, Company Secretary, Email- chinmaya@vsttractors.com , Tel No. (91)-080-67141111
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Disclosures made in this report are on a standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
	Manufacturing and Trading	VST Tillers Tractors Limited is engaged in the manufacturing and trading of tractor, power tiller and other agricultural machineries and their spare parts	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Tractor and Spares	28211	29.75%
2	Power tiller and other Small Farm Machineries and Spares	28212	65.25%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	3	17	20
International	0	0	0

17. Markets served by the entity:
a. Number of locations

Locations	Number
National (No. of States)	13
International (No. of Countries)*	40

*The company operates through distributors in these countries.

b. What is the contribution of exports as a percentage of the total turnover of the entity?	7%
c. A brief on types of customers	VST is a leading player in the Indian farm mechanisation segment and is the largest manufacturer of power tillers and four-wheel drive compact tractors in India. Over time, the Company has emerged to become one of the most renowned and preferred brands of agricultural equipment in India. VST has developed its presence in more than 40 countries and established itself as one of the popular compact tractor brands. The Company possess a robust distribution network comprising dealers and distributors who offer tractors, tillers, and other small farm machinery, as well as an automotive lubricant range, precision components, and spare parts in both domestic and international markets. In Karnataka the Company does direct sales to small and marginal farmers.

IV. Employees
18. Details as at the end of Financial Year:
a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	546	531	97.25%	15	2.74%
2.	Other than Permanent (E)	21	16	76.19%	5	23.81%
3.	Total employees (D + E)	567	547	96.47%	20	3.53%
WORKERS						
4.	Permanent (F)	196	195	99.49%	1	0.51%
5.	Other than Permanent (G)	543	543	100%	0	0%
6.	Total workers (F + G)	739	738	98.86%	1	0.14%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	2	2	100%	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees	2	2	100%	0	0
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	Total differently abled workers	0	0	0	0	0

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	1	11.11%
Key Management Personnel	4	0	0%

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate)			FY 2021-22 (Turnover rate)			FY 2020-21 (Turnover rate)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	46.69%	51.85%	46.69%	50.54%	53.85%	50.63%	24.94%	42.86%	25.49%
Permanent Workers	0.55%	0	0.55%	13.57%	0	13.5%	40.38%	0	40.19%

V. Holding, Subsidiary and Associate Companies (including joint ventures)
21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary/ associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
	Nil			

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
(ii) Turnover (in Rs.)	1006 Crores
(iii) Net worth (in Rs.)	824 Crores

VII. Transparency and Disclosures Compliances
23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)*	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0		0	0	
Investors (other than shareholders)	Yes	0	0		0	0	
Shareholders**	Yes	1	0		1	0	
Employees and workers	Yes	0	0		0	0	
Customers***	Yes	5469	15		3670	12	
Value Chain Partners	No	0	0		0	0	
Other (please specify)	-	-	-		-	-	

* The Policies of the Company are placed on the Company's website under investors tab and the same can be accessed through the weblink: https://www.vsttractors.com/Disclosure_under_regulations_46_of_LODR. Further, there are some internal policies placed on the intranet of the Company.

** The company has a dedicated team exclusively responsible for monitoring and addressing shareholder complaints in a timely manner, ensuring prompt resolution to the satisfaction of the complainant without delay. Any complaints received from shareholders in a quarter, along with the corresponding actions taken, are presented before the Board and stakeholder relationship committee established under Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 178 of the Companies Act, 2013 before the Board.

*** At the end of FY 2021-22, 12 consumer complaints received were pending with consumer courts. During the FY 2022-23, 3 additional matters were received and filed, hence total no. of consumer complaints pending resolution at the end of FY 2022-23 is 15.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Energy Management	R	Energy is an essential component in the production of industrial machinery. The majority of energy expenses in this sector come from acquired electricity, with purchased fuels coming in second. The specific energy sources, the extent of consumption, and the approaches to energy management are all influenced by the products being manufactured. The combination of energy sources a company utilizes, such as on-site generated electricity, grid-provided power, and alternative energy options, can significantly impact the cost and dependability of the energy supply. This, in turn, can affect the company's cost framework and exposure to regulatory risks.	<p>To achieve environmental excellence, all Business units have persisted in their efforts to enhance energy usage efficiencies and elevate the proportion of renewable energy.</p> <p>The company has implemented several measures to conserve energy and adopt alternative energy sources, which are outlined below:</p> <ul style="list-style-type: none"> Conducting an Energy Audit of the entire plant. Replacing conventional street lights with LED street lights. Installing a Power Factor Panel to monitor efficiency. The Company has installed solar power in all the three plants, i.e., Hosur, Malur and Mysore 	Negative
2.	Emission management	R	Numerous products in the Industrial Machinery & Goods sector rely on fossil fuels, consequently emitting greenhouse gases (GHGs) and other air pollutants during operation. The combination of customers seeking better fuel efficiency and regulations targeting emissions has led to a growing demand for energy-efficient and low-emission products in this field. Consequently, businesses that focus on creating products with these features might have an advantage in capturing a larger market share, minimizing regulatory risks, and enhancing their brand's value.	<p>At VST, we take our corporate responsibilities seriously, proactively implementing energy management measures, and striving to decrease our corporate greenhouse gas emissions.</p> <p>VST's greenhouse gas emissions mainly include direct emissions from the combustion of diesel in DG sets and Tractors, and indirect emissions from purchased electricity.</p> <p>In addition, we plan to continue to reduce waste emissions.</p> <p>Our objective is to accelerate the adoption of green technology and offer eco-friendly, energy-efficient products to the industry, with the aim of conserving resources and minimizing emissions.</p>	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Waste Management	R	Waste reduction leads to multiple benefits. It reduces GHG emissions that contribute to climate change, saves the amount of waste that needs to be recycled, incinerated, or sent to landfills, cuts down energy costs, and the requirement of natural resources for making new products.	<p>Our facilities have implemented waste management programs that offer instructions on how to conform to waste management regulations while also increasing recycling efforts. After segregating waste and recyclables, our facilities partner with authorized suppliers to ensure appropriate recycling or reuse. Our future efforts will prioritize minimizing waste generation in our operations, rather than just focusing on disposal methods. We are fully committed to reducing waste intensity resulting from our operations.</p> <p>We are encouraging some packaging boxes to be reclaimed and reused.</p>	Negative
4.	Water and waste water management	R	Water conservation is important to combat business risks as well as societal risks. Even a slight imbalance between the demand and supply of water can disturb the environment, social and financial ecosystems. It is crucial that a company maintains a balance for operations as well as for the community that uses it for various purposes.	<p>Water is an indispensable element of our manufacturing operations, and our primary concern is areas that are at risk of water scarcity. We prioritize minimizing the consumption of fresh water in our operations by optimizing water usage, incorporating touch sensors, increasing employee awareness, and promoting water reuse. Rainwater is collected and used to recharge the ground water table. 2.5 Lakh litres of water is collected and reused. Our manufacturing facilities at Hosur and Malur maintain a zero-discharge policy for wastewater, which ensures that the water utilized for operations is reused within the facility or operation. The Processing water is sent to ETP plant. The wastewater is treated and further sent to plant for reuse. The sludge generated in the ETP plant are managed with the help of third-party vendor. The ETP sludge is sent to cement plant for energy recovery.</p> <p>The waste water generated in office and canteens are sent to STP plant. The Recycled Water is used for gardening purposes. The sludge generated in STP plant is used as fertiliser for the plants.</p> <p>Parameters of wastewater released are continuously monitored at the plants.</p>	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Material Sourcing and Efficiency	R	Companies in the industrial machinery sector face supply chain risks when they rely on essential materials for their products. These critical materials, often with limited or no viable substitutes, are frequently obtained from deposits located in a handful of countries with geopolitical instability. Additionally, growing global demand for these materials across various sectors heightens competition, leading to potential price surges and supply uncertainties. By reducing dependence on critical materials through alternative options and securing their supply, companies can minimize the likelihood of financial consequences resulting from supply disruptions and fluctuating input costs.	The company has implemented a Supplier Risk Management and Mitigation(SRMM) process to reduce Supply chain vulnerabilities. The Company utilizes multiple engagement tools with suppliers, including the integration of the Theory of Constraints(TOC) with other software systems. This ensures seamless information dissemination to all involved parties and offers comprehensive visibility through the supply chain. For enhancing capacity of suppliers, the company runs supplier development programs. These strategies are designed to boost transparency and elevate our operational efficiency.	Negative
6.	Operational health & safety	O	Safety, health and well-being serve as the foundation of the employee experience. Creating outstanding products and services for farmers starts with creating a work environment where the employees can grow and thrive. A positive working environment will enable to achieve winning outcomes for farmers, each other, and the shareholders.	The company maintain a separate notice board which specifies specific gears to be used during particular work. Non-occupational health services are provided to employees like - eye-checkup, blood test.	Positive
7.	Employee satisfaction and well-being	O	Employees' capabilities and well-being as the critical method to achieving organisational goals. It strives to create an inclusive culture that is open to all and promotes diversity. Driving an awareness of these considerations throughout the operations, setting high standards for employees' protection, and educating and empowering managers and employees to take actions are needed to reduce risks.	Employee survey are conducted to understand the issues faced by employees.	Positive
8.	Customer Satisfaction	O	By focussing on customer centricity, delivering accessible technology, innovation and enhancing people capabilities, the company can continue to drive growth in the domestic market while pursuing global expansion. Effective customer engagement can help to understand business challenges, determine capabilities required to meet demand, and help to understand client's data privacy and security requirements.	In response to emerging product demands, the Company is actively involved in several stages of research, development, production, and marketing of eco-friendly automotive products. We are well-prepared to capitalize on opportunities with our efforts in innovative products and a comprehensive product portfolio.	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9.	Product Stewardship and Innovation	O	Industrial machinery and goods production involves significant usage of materials such as steel, iron, aluminium, glass, and plastics. By innovatively remanufacturing industrial machinery systems, companies in the sector can decrease the need for raw materials, as well as the time and resources necessary to create finished products. This approach also generates value from items that would otherwise be discarded or recycled. The advanced machineries, which are technologically enabled and improve the 'more output per acre' are finding acceptance among the farmer community. Consequently, innovative remanufacturing processes and designs can help reduce raw material demand, lower manufacturing expenses, and establish new sales avenues. This will further help in market penetration and increased market share.	Throughout the entire product technology development and design process, we adhere to our Product Safety regulations. These regulations mandate that a design must not pose an unreasonable risk of harm to the product user or those in close proximity. In enforcing this regulation, we take into account the individuals, environmental circumstances, and other products that the product is likely to encounter.	Positive
10.	Community Engagement	O	One of the key reasons for the success of a company is the continuous support of the people within immediate operating presence, who are influenced by the environmental and social impact of operations and CSR activities. By incorporating sustainable development into business, the company can strive to make a difference in the community its serve.	Being a farmer-focused, purpose-driven organization, we deeply appreciate the importance of community and strive to find avenues to contribute to the numerous communities in which we function. We have taken proactive steps to participate in philanthropic initiatives aimed at enhancing the well-being of our neighbouring communities. We frequently collaborate with our dealer and distributor network to assist communities.	Positive
11.	Business Ethics and Compliance	R	Strong corporate governance is core to achieving the organization's mission and any risks can undermine stakeholder trust, damage reputation and disrupt business.	VST is fully committed to maintaining the highest levels of ethical conduct. We actively encourage our employees to report any concerns or possible violations of the Code of Conduct, policies, or laws, without fear of retaliation. Upholding the highest standards of business ethics requires constant vigilance. VST's corporate governance framework aids in ensuring consistent adherence to ever-changing laws and regulations in a dynamic business environment.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12.	Human Rights Management	R	Human Rights violations can include issues such as child labour, forced labour, discrimination, and unfair working conditions. Failure to address these risks can result in legal action, as well as negative publicity and damage to the company's reputation.	The Company continues to work towards strengthening and introducing systems to ensure sound implementation of VST's Sustainability Policies specially with respect to human rights and labour practices. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights. It is the responsibility of employees to maintain the standards of honour and integrity outlined in the Code of Business Conduct. All employees must review the code and integrate it into their work and conduct.	Negative
13.	Climate Change and Impact	O	The reduction of greenhouse gas (GHG) emissions that contribute to climate change necessitates the commitment to invest, innovate, and develop novel solutions. This involves designing machinery and equipment with lower tailpipe emissions and utilizing biofuels and sustainable fuels.	We view the worldwide shift to a low-carbon economy as a significant strategic opportunity for both our business and our customers. As technology advances, we are simultaneously embracing it to enhance the development of our products. In the past year, we successfully launched the 9 HP Power Tiller with electric start. Our goal is to tackle the challenges faced by farmers by leveraging electrification and reducing emissions. We have also planted ~293 trees at Malur plant site to create positive environmental impact and ~770 plants in Hosur location.	Positive
14.	Corporate Governance	R	Long-term shareholder value is established through robust corporate governance that is ethical and sustainable. The objective of corporate governance is to ensure equity for all stakeholders. Robust corporate governance is vital in enhancing and maintaining investor confidence.	VST holds the belief that robust corporate governance, beginning with our Board of Directors, strengthens our business. We place a high emphasis on the integrity of our employees, managers, officers, and the Board, and we are committed to complete transparency regarding our activities and policies. VST is fully committed to adhering to all relevant laws and regulations. To ensure public disclosure, we provide access to our corporate governance-related standards, policies, and other pertinent information on our investor webpage.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
c. Web Link of the Policies, if available	The Policies of the Company are placed on the Company's website under investors section and the same can be accessed through the weblink: http://www.vsttractors.com/investors/policies								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	-	-	-	-	-	-	No	No
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	-	ISO 9001:2015	ISO 45001:2018	-	-	ISO 14001:2015	-	-	ISO 9001:2015
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	We commit to adhere to ethical standards, foster openness, and promote responsibility in all our endeavours, as directed by our set policies.	We plan to carry out a comprehensive study to set clear, measurable goals.	We will persist in offering health and safety benefits to our employees and workers.	We are in the process of implementing numerous initiatives, following which we intend to perform an in-depth study to establish definitive objectives.	We pledge to uphold a stance against discrimination in all its forms, as outlined by our firmly established policies.	We are engaged in numerous initiatives and plan to undertake a thorough study to establish specific goals.	We pledge that our interactions will be conducted responsibly, adhering strictly to our established Code of Conduct.	We pledge to allocate our CSR funds towards the advancement of societal development.	Our commitment to maintaining a customer-focused approach will remain unwavering.
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.									

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)
- I am honoured to present to you our very first sustainability Business Responsibility and Sustainability Report marking a significant milestone in our journey as a leading player in the Indian farm mechanisation segment. At V.S.T., we understand the urgent need to align our operations with the principles of sustainable development, hence our commitment to the ESG (Environmental, Social, Governance) framework.
- Our approach towards sustainability aims to bring positive changes to the environment by identifying specific parameters of ESG. We have made significant strides in water conservation, increasing renewable energy consumption, and ensuring adequate hazardous waste management.
- In the realm of renewable energy, we have installed solar panels at our plant locations at Mysore, Malur and Hosur locations. This puts us on the path to meet substantial part of our power requirements from renewable sources.
- Our water conservation efforts have also paid off, with water being recycled and reused within our facilities. We have also installed stacks to reduce air pollution and created a green belt in and around our Malur plant.
- Beyond our environmental efforts, we have also been addressing material ESG issues that can have potential financial implications. We have calculated our emissions from energy consumption, allowing us to continuously track, monitor, and aim to reduce our carbon footprint.
- On the governance front, we have maintained our commitment to transparent and ethical practices, as demonstrated by our recertification for QMS - ISO 9001:2015, EMS - ISO14001:2015, and Safety - ISO 45001:2018. We firmly believe that effective corporate governance is the bedrock of a successful commercial enterprise and we are proud of our strong legacy in this area.
- Our social responsibility efforts focus on the wellbeing of our greatest asset: our employees. We strive to foster an inclusive culture that encourages diversity and offers training and development opportunities to all. Upholding the mental and physical health of our employees is our top priority, and we continually strive to ensure a safe workplace in accordance with the requirements of the Factories Act. Our motto, "Zero Accident", underscores this commitment.
- We consider the publication of this inaugural Business Responsibility and Sustainability Report as a testament to our robust corporate sustainability strategy, which places a key emphasis on environmental stewardship, social responsibility, and good governance. Our goal is to create a sustainable future for our company, our stakeholders, and the communities we serve. We appreciate your support in this endeavour and look forward to your active engagement as we continue to refine our sustainability strategy and strive to make a significant difference in the world.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies) Board of Directors
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. Mr. V. T. Ravindra, Managing Director

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Committee of the Board*									Annually**								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Committee of the Board***									Quarterly. ****								

* The Board of Directors of the Company review the policies of the Company from time to time and guide on follow up actions to be taken. **The Board of Directors of the Company periodically or on need basis review the policies of the Company.

The Board of Directors of the Company may amend or waive certain provisions of the Policy depending on the legal and other requirements or for a bona fide purpose. In the event of any conflict between the provisions of policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over the policy. * The Board of Directors of the Company periodically or on need basis review the Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances of the Company.

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	Yes	NA	NA	Yes	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators
1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	4	- Nature of Industry, Business model, roles, rights, responsibilities, regulatory update.	100%
Key Managerial Personnel	10	Governance Compliances Business Related	100%
Employees other than BoD and KMPs	43	- Skill upgradation training on like - <ul style="list-style-type: none"> • Operation of Power House panels • Operation of Electrical and mechanical • Torque sequence and Assembly sequence • Concepts of 5S and Quality • Core tools handling, problem solving, Six Sigma • Forklift Operation • Tractor product, process and parts knowledge • SAP/MM Module/ MS Excel • Rapid photo development • TQM Activities • Capability program for Tractor Sales and similar other trainings - Health and Safety Trainings like - <ul style="list-style-type: none"> • Awareness training on EHS 14001 and 45001 • Safety Training, Fire Fighting, First Aid and Emergency Response 	88.69%
Workers	17	- Skill upgradation training like - <ul style="list-style-type: none"> • Procedure for torque sequence and importance of assembly sequence • Concepts of 5S and Quality - Health and Safety Trainings like - <ul style="list-style-type: none"> • Awareness training on EHS 14001 and 45001 • Safety Training, Fire Fighting, First Aid and Emergency Response/ Electrical Safety • Near Miss/ USC USA • Fire Hydrant Operations • Handling of Hazardous waste/ STP/ ETP Operations 	66.33%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on entity's website):

Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	NA	NA	0	NA	No
Settlement	NA	NA	0	NA	No
Compounding fee	NA	NA	0	NA	No

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	-	-	-
Punishment	NA	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	-

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The company has established protocols concerning anti-corruption and anti-bribery, and is dedicated to maintaining the utmost moral and ethical principles, refusing any type of bribery or corruption. The policy is available on the Company's website at <https://www.vsttractors.com/investors/policies>

Further, there are some internal policies placed on the intranet of the Company.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	Nil	0	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	Nil	0	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

NA

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe
Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	Nil	Nil	NA
Capex	2.47%	6.43%	NA

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)	No
b. If yes, what percentage of inputs were sourced sustainably?	NA
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.	At present the Company do not reclaim the product in terms of plastic, E-waste, hazardous waste. The company engages in several practices aimed at minimizing waste production, promoting reuse, and implementing recycling. Carton box and wood waste are sent to vendors for reuse. All Hazardous waste generated is routed through the authorised recyclers.
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.	Yes. Only hazardous waste is disposed as per PCB norms through Manifest Form 10

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains
Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	531	531	100%	531	100%	-	-	531	100%	0	0%
Female	15	15	100%	15	100%	15	100%	-	-	0	0%
Total	546	546	100%	546	100%	15	2.75%	531	97.25%	0	0%
Other than Permanent employees-											
Male	16	12	75%	16	100%	-	-	0	0%	0	0%
Female	5	5	100%	5	100%	4	80%	-	-	0	0%
Total	21	17	80.95%	21	100%	4	19.05%	0	0%	0	0%

- b. Details of measures for the well-being of workers:

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	195	195	100%	195	100%	-	-	195	100%	0	0%
Female	1	1	100%	1	100%	1	100%	-	-	0	0%
Total	196	196	100%	196	100%	1	0.51%	195	99.49%	0	0%
Other than Permanent workers											
Male	543	492	90.61%	543	100%	-	-	543	100%	0	0%
Female	0	0	0%	0	0%	0	0%	-	-	0	0%
Total	543	492	90.61%	543	100%	0	0%	543	100%	0	0%

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	7%	23%	Yes	10%	22%	Yes
Others – Group Medclaim Cover (For Non ESI)	93%	77%	NA	90%	78%	NA

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

We ensure that our office is accessible to individuals with disabilities, and we strive to enhance the infrastructure continuously to remove accessibility barriers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.
- Yes. Our Code of Conduct for Directors and Senior Management highlights our policy to provide equal opportunity in all aspects of employment and to ensure that there is no illegal discrimination or harassment of any kind including but not limited to derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. The Code can be accessed at https://www.vsttractors.com/sites/default/files/policies/VTTL_code_conduct_board_sr_mgmt.pdf
Also, our Recruitment Policy provides for no discrimination and the policy is available on the intranet and accessible to internal stakeholders.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	0	0
Female	100%	100%	0	0
Total	100%	100%	0	0

*No female workers took maternity leave

06. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No (If Yes, then give details of the mechanism in brief) Yes
Permanent Workers	At VST, we prioritize transparent communication and urge all staff and affiliates to report any ethical concerns or non-compliance with our Code in a timely manner. We thoroughly investigate all complaints and follow Company policy to take disciplinary action against employees found in violation. To ensure operational and performance matters are addressed, employees are encouraged to inform their supervisor or reporting manager. However, if the complaint is regarding organizational issues, performance appraisals, or a complaint against a supervisor or reporting manager, employees should contact the Human Resource Manager. If the complaint falls under the scope of our whistle blower policy, the counsellors are available to assist. The status of complaints under POSH if any, shall be reported to and addressed by the Internal Complaints Committee. Canteen Committee Meetings and Union meetings are held to discuss and resolve issues on need basis.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

Yes. The Grievance Redressal Policy is available on the intranet of the Company and accessible to the internal stakeholders.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees/ workers in respective category, who are part of association (s) or Union(D)	% (D / C)
Total Permanent Employees	546	0	0%	479	0	0%
-Male	531	0	0%	467	0	0%
-Female	15	0	0%	12	0	0%
Total Permanent Workers	196	151	77.04%	167	152	91.02%
-Male	195	151	77.04%	167	152	91.02%
-Female	1	0	0%	0	0	0%

8. Details of training given to employees and workers:

Category	FY 2022-23					Total (D)	FY 2021-22			
	Total (A)	On Health and safety measures		On Skill upgradation			On Health and safety measures	On Skill upgradation		
		No.(B)	% (B/A)	No. (C)	% (C/A)			No.(E)	% (E/D)	No.(F)
Employees										
Male	531	343	64.59%	140	26.37%	467	460	98.50%	100	21.41%
Female	15	2	13.33%	1	6.67%	12	0	0%	0	0%
Total	546	345	63.19%	141	25.82%	479	460	96.03%	100	20.88%
Workers										
Male	195	120	61.54%	130	66.67%	166	125	75.30%	166	100%
Female	1	1	100%	0	0%	1	0	0%	1	100%
Total	196	121	61.73%	130	66.33%	167	125	74.85%	167	100%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	531	531	100%	467	467	100%
Female	15	15	100%	12	12	100%
Total	546	546	100%	479	479	100%
Workers						
Male	195	195	100%	167	167	100%
Female	1	1	0%	0	0	0%
Total	196	196	100%	167	167	100%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?	Yes, VST Tillers has implemented a robust health and safety management system across the business. As a responsible entity we have rolled out processes at all levels in a manner that provide a safe and healthy working condition to all our personnel. At all our facilities we strive to eliminate hazards and reduce OH&S risks through ongoing identification of hazards and assessing risks and through effective deployment of operational controls at the workplace. ISO 45001 is implemented for Hosur plant. Both Mysore and Malur plant have robust system to monitor any health risk. However, plants do not have ISO 45001 in place. Mysore plant does not have any process using hazardous chemical and has been certified under Green Category industry. Malur plant has taken all the steps to monitor employee health.
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	To ensure safety, routine activities are monitored by following the Job Safety Analysis, Hazard Identification & Risk Assessment (HIRA), Standard Operating Procedure, and Operational Control Procedure (OCP) for generation, proper collection and disposal of hazardous waste and e-waste. Safety trainings are imparted to the personnel in all the facilities for skill upgradation and also, as per ISO 45001 processes and SOPs are updated periodically to mitigate risks and ensure safety at workplace.
c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)	Yes
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

VST is a ISO 45001 and 14001 certified company. We have EHS policy in place applicable to all employees and workers and various processes have been implemented to eliminate risk at the workplace. Internal / External Safety audits are conducted and safety training is imparted to develop competence.

As a responsible organisation, processes are rolled out in a manner that enables protection of the environment including prevention of pollution and provide a safe and healthy working condition to all personnel.

- **Periodic evaluation** – we ensure that all the applicable legal requirements in relation to EH&S are complied by tracking changes and periodic evaluation.
- **Adoption of latest technology** – we use latest technology to reduce or reuse waste arising from product
- **Continual Improvement** – EHS performance is continuously monitored. Any opportunity for improvement is identified through consultation and arrangements and establishing quantifiable objectives.
- **Elimination of hazards** – Any OHS risks and hazards are mitigated through positioning of operational controls at the workplace.
- **Prevention of hazards** – through awareness of EHS issues among personnel and related control measures, risk of pollution, injury and ill- health is prevented.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0		0	0	
Health & Safety	0	0		0	0	

14. Assessments for the year:*

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	

*Assessments done by Company and third parties

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

We capture Nearmiss, unsafe conditions. For identified cases we have CAPA process in place. We have a comprehensive system concerning safety inspections, operational control, monitoring, and audits among other facets. Any identified shortcomings, lessons, and areas for improvements are incorporated across the entire organization to prevent the recurrence of incidents. Each site's head is responsible for driving the corrective measures.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company recognizes the importance of engaging with stakeholders and has made it a practice to clearly identify and map all relevant internal and external parties. Our company has established systems and procedures to effectively identify, prioritize, and address the needs and concerns of stakeholders in all plant locations and other areas where we operate.

The Company has various mechanisms in place for engagement with these stakeholders such as implementation of Theory of Constraints (TOC) and its integration with other software which ensures a clear flow of information to all the stakeholders while providing clear visibility to the entire supply chain.

In addition, we have developed a range of tools and portals including Supplier Relationship Management (SRM), Product Lifecycle Management (PLM), Warehouse Management System (WMS), and Travel Management System. These resources aim to enhance transparency and improve the efficiency of our operations. Moreover, we have created e-catalogues and Marketing Catalogues that are available on Google Play Store, which provide detailed information on our products.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders / Investors	No	<ul style="list-style-type: none"> • General Body Meetings • Interaction with Investors • Annual Report • Press Release • Company's website 	<ul style="list-style-type: none"> • AGMs • Quarterly Investor meets 	<ul style="list-style-type: none"> • Discussion on financial & non financial performance, • market value of shares • Effective & robust corporate governance
Employees	No	<ul style="list-style-type: none"> • Email • Training and Safety Programmes • Feedback sessions 	Regular	<ul style="list-style-type: none"> • Meeting on regular basis and employees townhall • Training & Development Performance review • Grievance redressal mechanism
Customers	No	<ul style="list-style-type: none"> • Customer Satisfaction Survey • Web Portals • eCatalogue/ Manual 	Throughout the Year	<ul style="list-style-type: none"> • All means of communication throughout the year with our customers on: • Customer Satisfaction • Customer complaints • Extending product & services
Dealers	No	<ul style="list-style-type: none"> • Website • Email 	Regular	<ul style="list-style-type: none"> • Service Quality, Sustainability • Creating Customer Delight
Suppliers	No	<ul style="list-style-type: none"> • Website • Email 	Regular	<ul style="list-style-type: none"> • Supply Chain Management, • Materials Sourcing and Material Efficiency
Local Community	No	<ul style="list-style-type: none"> • CSR Initiatives • Public disclosure of company information • Local Employment • Website 	Periodic/ Need based	<ul style="list-style-type: none"> • Creation of job opportunities • Relationship development • CSR Initiatives
Regulators/ Government	No	<ul style="list-style-type: none"> • Regulatory compliance • CSR initiatives • Representation through trade bodies 	Regular	<ul style="list-style-type: none"> • Obtaining permissions / licenses / clarifications/ waivers /business development • Regulatory & Legal requirements • Technology & Innovation • Capacity expansion

PRINCIPLE 5 Businesses should respect and promote human rights
Essential Indicators
1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. employees workers covered (B)	% (B / A)	Total (C)	No. employees workers covered (D)	% (D / C)
Employees						
Permanent	546	0	0%	479	0	0%
Other than permanent	21	0	0%	14	0	0%
Total Employees	567	0	0%	493	0	0%
Workers						
Permanent	196	0	0%	167	0	0%
Other than permanent	543	0	0%	452	0	0%
Total Workers	739	0	0%	619	0	0%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	% (B / A)	No. (C)	% (C / A)		No.(E)	% (E/D)	No.(F)	% (F/D)
Employees										
Permanent										
Male	531	0	0	531	100	467	0	0	467	100
Female	15	0	0	15	100	12	0	0	12	100
Other than permanent										
Male	16	12	75	4	25	10	10	100	0	0
Female	5	5	100	0	0	4	4	100	0	0
Workers										
Permanent	196									
Male	195	0	0	195	100	167	0	0	167	100
Female	1	0	0	1	NA	0	0	NA	0	NA
Other than permanent										
Male	543	352	65	191	35	452	232	51.33	220	48.67
Female	0	0	0	0	NA	0	0	NA	3	100

3. Details of remuneration/salary/wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	8	4,25,000	1	5,00,000
Key Managerial Personnel	4	64,03,830/-	0	-
Employees other than BoD and KMP	527	5,79,240/-	15	4,57,740
Workers	195	3,50,808/-	1	4,48,764

* One Executive Director and 8 Non Executive Directors.

Median of KMP includes remuneration of KMP other than Executive Director (included in BoD)

One Director resigned on 18th February, 2023 so has not been taken into account for the purpose of median

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)	Yes
5. Describe the internal mechanisms in place to redress grievances related to human rights issues.	We have an internal grievance committee and POSH committee which addresses such human right issues

6. Number of Complaints on the following made by employees and workers:

	FY Current Financial Year			FY Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0		0	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The company has set up the Internal Complaints Committee (ICC) to deal with sexual harassment matters. The committee consists of a diverse group of members, including both internal and external individuals with relevant backgrounds. Well-defined criteria have already been established to handle cases of sexual harassment. The Company's Code of Conduct serves as a foundation for creating a work environment that is productive, positive, enjoyable, and safe, ensuring freedom from harassment and discrimination for all employees. VST firmly believes that any form of discrimination is unacceptable, and all reported incidents undergo a thorough investigation.

8. Do human rights requirements form part of your business agreements and contracts?(Yes/No)

No.

9. Assessments for the year:

	%age of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	100%

*The Company assesses and ensures that fair labour practices is being followed at all its plants and offices at regular intervals

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above. None

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment
Essential Indicators
1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY (Current Financial Year)	FY (Previous Financial Year)
Total electricity consumption (A)	12,033.56 Giga Joules	11,901.42 Giga Joules
Total fuel consumption (B)	32,654.85 Giga Joules	31,287.77 Giga Joules
Energy consumption through other sources (C)		
Total energy consumption (A+B+C)	44,688.41 Giga Joules	43,189.19 Giga Joules
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	44.42 Giga Joules/ ₹ in Crores	50.58 Giga Joules/ ₹ in Crores
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. No

3. Details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater	16601.41 KL	2715.15 KL
(iii) Third party water	8916 KL	8821 KL
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	25517.41 KL	11536.15 KL
Total volume of water consumption (in kilolitres)	41930.8 KL	26561.95 KL
Water intensity per rupee of turnover (Water consumed / turnover)	41.68 KL/ ₹ in Crores	31.11 KL/ ₹ in Crores

Water intensity (optional) – the relevant metric may be selected by the entity

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. Yes
At VST Tillers Tractors Zero Liquid Discharge (ZLD) is implemented according to Pollution Control Board guidelines of the states. Two of our plants which is Hosur plant and Malur plant have implemented ZLD. Mysore plant do not have in process water from Production. & it ensures that there will be no discharge of industrial wastewater into the environment. There is sewage treatment and the water used by employees are recycled for garden use.

5. Details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
Nox	Mg/m3	28.17	-
Sox	Mg/m3	20.98	-
Particulate matter (PM)	Mg/m3	28.18	-
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
CO (Others – please specify)	Mg/m3	15.5	-
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.			No assurance

6. Details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	2,298.07	2,207.08
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	2,123.20	2,081.11
Total Scope 1 and Scope 2 emissions per rupee of turnover	4.39 Metric tonnes of CO ₂ equivalent / ₹ in Crores		5.02 Metric tonnes of CO ₂ equivalent / ₹ in Crores
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details. Each year VTTL is investing on Energy conservation projects and we are able to reduce Green House Gas emission. Details are mentioned in the Conservation of Energy and Technology absorption in the Directors Report

8. Details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	6.161 MT	8.812 MT
E-waste (B)	0.306 MT	0.237 MT
Bio-medical waste (C)	0.020 MT	0.010 MT
Construction and demolition waste (D)	0	0
Battery waste (E)	3.48 MT	0.14 MT
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	80.73 MT	62.64 MT
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Carton box – 205.57 MT Wood Scrap – 150.97 MT Metal Scrap – 120.52 MT	Carton box – 300.71 MT Wood Scrap – 209.63 MT Metal Scrap – 133.66 MT
Total (A+B + C + D + E + F + G + H)	567.76 MT	715.84MT

Parameter	FY 2022-23	FY 2021-22
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Plastic		
(i) Recycled	473.18 MT	639.93 MT
(ii) Re-used		
(iii) Other recovery operations		
Total	473.18 MT	639.93 MT
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	50.23 MT	39.89 MT
(ii) Landfilling		
(iii) Other disposal operations	32.78 MT	32.12 MT
Total	83.01 MT	72.01 MT
Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.		

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

VST is an ISO 14001 certified company, in this we are tracking both hazardous & non-hazardous waste. As per HWM - KSPCB, e-manifest are maintained and adhered as per the norms. Now we have reduced paint sludge quantity by adopting process infraction.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format: Not Applicable

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval /clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: Not Applicable

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the Company is compliant with the applicable environmental laws/ regulations/ guidelines in India.

S. No.	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties /action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations. 5

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S.No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
3	Mysore Chamber of Commerce	State
4	Karnataka Employers Association	State
5	WACIA - Whitefield Area Commerce & Industry Association	State

2. Details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities. No

Name of authority	Brief of the case	Corrective action taken
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PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year. Not Applicable. As there were no projects that required SIA as per law in the current year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes /No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA	NA	NA	NA	NA	NA

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: Not Applicable.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)

3. Describe the mechanisms to receive and redress grievances of the community.

VST has instituted a Grievance Redressal Policy and system, designed to accept and resolve inquiries or grievances from both internal and external stakeholders. Shareholders have the option to reach out to the compliance officer or to lodge their complaints through email or phone. The necessary contact details are available on the VST website.

Any issues/grievances through HR. HR resolves the issues on case-to-case basis in consultation with Management. Stakeholders can also find out company contact information in Company Website and approach through the same.

The company's Corporate Social Responsibility (CSR) division has instituted a community feedback system for all its CSR initiatives. This mechanism allows any individuals or groups with grievances to voice their concerns on an as-needed basis.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	53.13%	59.88%
Sourced directly from within the district and neighbouring districts	42.39%	28.15%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner
Essential Indicators
1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has proper service team to respond to the consumer complaints. The company employs an effective system to accumulate and address all consumer complaints promptly.

Product Complaints receipt of tractors after delivery

- Tractor reports to Dealership
- At dealership register the complaints through Job card.

Complaint Attending Process at Dealership/RSO

- Tractor receipt to dealer from RSO and as well from direct billing from Plant.
- After Receipt of tractor first Inward PDI will do in same day and any shortages / or defect found in tractors immediate report to VST through PDI Job card
- Complaint Registered through Job Card
- PCIR will raise for reported complaints (PCIR - Product Concern Intimation Report)
- Based on approvals dealer will carry out job and close the complaint

Complaint Attending process at HO

- PDI - Pre-Delivery Inspections - Job card
- QCRS - Based on severity of PCIR (no of complaint reported) QCRS will raise
- CFT - Already formed CFT team member review complaints and push to ORC
- CAR - Once complaint closed CAR will be released by QA team
- ORC - in ORC complaint will be tracked and revised - actions will be taken to closers
- END - Once CAR released, from Service Dept release Tech Bulletin field on actions taken

Moreover, our customer care team is also receptive to feedback from customers, which is essential to our constant improvement and ensures we uphold our commitment to excellent customer service.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	Nil
Recycling and/or safe disposal	Nil

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	
Other*	5469	15		3670	12	

Note: At the end of FY 2021-22, 12 consumer complaints received were pending with consumer courts. During the FY 2022-23, 3 additional matters were received and filed, hence total no. of consumer complaints pending resolution at the end of FY 2022-23 is 15.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	No product recall on account of safety issues.
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy. No

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services. NA

Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinion

- We have audited the accompanying financial statements of M/s. V.S.T. Tillers Tractors Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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 ended March 31, 2023, and a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "financial statements").
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements for the year ended March 31, 2023 give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2023, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion:

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

- Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key Audit Matters

Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment (PPE):

The Company has incurred total cost ₹ 2,165.69 lakhs on property, plant and equipment (PPE - representing cost incurred for development of Engines and acquisition of plant & machinery, and other capital equipment's) as part of business expansion and product development.

This cost needs to be capitalised and depreciated once the assets are ready for use as intended by the management and certainty about the future economic cash flows. Inappropriate timing of capitalisation of the cost and/or inappropriate classification of categories of items of PPE could result in material misstatement of PPE with a consequent impact on depreciation charged.

Owing to the above factors, we have identified this as a key audit matter for current year audit due to the significance of the capital expenditure incurred during the year.

How the matter was addressed in our Audit

Our audit procedures to assess appropriate capitalization of such expenditure includes, but were not limited to the following:

- Assessed the design and implementation and tested the operating effectiveness of key controls surrounding the capitalization of costs.
- Reviewed management's capitalization policy, including application of the aforesaid policy, to assess consistency with the requirements set out by Ind AS 16, Property, Plant and Equipment.
- Compared the additions with the budgets and the orders given to the vendors.
- Tested the additions on a sample basis for their nature and purpose to ensure that the capitalization is as per company's accounting policy.
- Assessed the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable Indian accounting standards.

Information Other than the Financial Statements and Auditor's Report thereon:

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements:

- The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act 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 of 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 accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

- In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

- The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:

- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
 12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements:

15. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors/managers during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
16. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "Appendix - A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

- e) On the basis of written representations received from the directors as on March 31, 2023 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2023 from being appointed as directors 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 report in "Appendix-B". Our report expresses an unmodified 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 and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – (Refer Note 43 to the financial statements),
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. The amount required to be transferred to the Investor Education and Protection Fund has been transferred by the Company during the year ended March 31, 2023.
 - iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the

Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The dividend paid by the Company is in accordance with provisions of Section 123 of Companies Act, 2013.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using Accounting Software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 01, 2023, and accordingly reporting under rule 11(g) of companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **K.S. Rao & Co.,**
Chartered Accountants
ICAI Firm Registration No: 0031095

Hitesh Kumar P
Partner

Place: Bengaluru
Date: May 12, 2023

Membership No.: 233734
UDIN: 23233734BGRCND9425

Appendix - A to the Independent Auditors' Report

The Appendix referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2023, we report that:

- (i) In respect of the Company's Property, Plant and Equipment, right of use assets and Intangible Assets
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment ('PPE') including right-of-use asset.
- (B) The Company has maintained proper records showing full particulars of intangible assets including intangible assets under development.
- (b) The Company has the program of physical verification of Property, Plant and Equipment and right-of-use assets once every three years, which in our opinion, is reasonable having regard to size of the Company and nature of its assets. Pursuant to the program certain Property, Plant and Equipment and Right-of-use assets were due for verification during the year and were physically verified by the Management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) The Company has not revalued any of its Property, Plant and Equipment during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and material discrepancies noted have been properly dealt in the books of account.
- (b) In our opinion based on the information and explanation provided to us, the monthly information filed with the banker with related to current assets and current liabilities of the company is in agreement with books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or any other party. Accordingly, clauses from (iii) (a) to (iii) (f) of paragraph 3 of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of Companies Act 2013 in respect of loans, making investments and providing guarantee and security as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits and does not have any unclaimed deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are 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 Act, in respect of the Company's manufacturing activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. However, we have not conducted a detailed examination of the same.
- (vii) a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, customs duty, cess and other material statutory dues, as applicable, except provident fund of ₹ 3.99 lakhs due to non-linking of employee Aadhar and Universal Account number (UAN) for some employees out of which ₹ 1.88 lakhs is more than six months, and there are no arrears of outstanding statutory dues as at March 31, 2023 for a period of more than six months except mentioned above.
- b) According to the information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess which have not been deposited on account of dispute except for the below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period for which the amount relates	Amount involved (Amount ₹ in lakhs)
The Income Tax Act,1961	Disallowance of expenditure incurred in connection with earning exempted income.	Income Tax Appellate Tribunal	2010-11	3.41
The Income Tax Act,1961	Disallowance of Marketing Expenses	Income Tax Appellate Tribunal	2011-12	344.94
The Income Tax Act,1961	Disallowance of expenditure incurred in connection with earning exempted income.	Commissioner of Income Tax (Appeals)	2011-12	196.68
The Income Tax Act,1961	Disallowance of expenditure incurred in connection with earning exempted income.	Income Tax Appellate Tribunal	2012-13	4.05
The Income Tax Act,1961	Disallowance of expenditure incurred in connection with earning exempted income.	Income Tax Appellate Tribunal	2013-14	16.45
The Income Tax Act,1961	Disallowance of expenditure incurred in connection with earning exempted income.	Commissioner of Income Tax (Appeals)	2016-17	59.20
The Income Tax Act,1961	Disallowance of Advance written off and 80G disallowance	Commissioner of Income Tax (Appeals)	2016-17	75.32
The Income Tax Act,1961	Disallowance u/s 14A	Commissioner of Income Tax (Appeals)	2019-20	30.40
The Customs Act,1962	Disallowance of Concessional Custom Duty availed under Customs Notification No.12/2012 for Reaper Combinder	Appellate Tribunal	2014-2017	25.68
Indirect Tax matters	Mismatch of Sales as per GSTR 1 and 3B, mismatch of Input tax credit as per GSTR 2A and 3B, Mismatch with E- way bills and non-submission of details for Expenses	GST Appellate Authority	2017-2020	6,736.73

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) According to the information and explanations provided to us and based on examination of financial statements, The Company is not having any loans from bank or financial institutions. Accordingly, reporting under this clause is not applicable.
- (b) According to the information and explanations provided to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender;
- (c) According to the information and explanations provided to us and based on examination of financial statements, the Company is not having any borrowings. Accordingly, reporting under this clause is not applicable.
- (d) According to the information and explanations provided to us and based on an overall examination of financial statements, the Company has not raised any funds on short-term basis, prima facie, Accordingly, reporting under this clause is not applicable.
- (e) According to the information and explanation provided to us and based on the examination of financial statements, the Company is not having any subsidiary or Joint venture or associate companies. Accordingly, reporting under this clause is not applicable.
- (f) According to the information and explanation provided to us and based on the examination of financial statements, the Company is not having any subsidiary or Joint venture or associate companies. Accordingly, reporting under this clause is not applicable.

- | | | | |
|--|---|--|---|
| <p>(x) (a) According to the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer or debt instruments or term loans and hence the reporting under clause 3(x)(a) is not applicable.</p> <p>(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.</p> | <p>(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.</p> <p>(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.</p> | <p>period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.</p> | <p>(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.</p> |
| <p>(xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the period.</p> <p>(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.</p> <p>(c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedures.</p> | <p>(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.</p> <p>(xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.</p> <p>(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under clause 3(xvi) (d) of the Order is not applicable.</p> | <p>(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) except those deposited in separate bank account of the Company related to previous years. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year</p> <p>(b) The unspent CSR amount related to the previous years has been transferred to the separate bank account within 30 days from the end of the financial year.</p> | <p>(xvii) The Company has not incurred cash losses during the financial year covered by our audit and in the immediately financial year.</p> <p>(xviii) There has been no resignation of the statutory auditors of the Company during the year.</p> |
| <p>(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.</p> | <p>(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a</p> | | |
| <p>(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where ever applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Indian accounting standards.</p> | | | |
| <p>(xiv) According to the information and explanations given to us and on an overall examination of the books of account</p> | | | |

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

Hitesh Kumar P
Partner
Membership No.: 233734
UDIN: 23233734BGRCND9425

Place: Bengaluru
Date: May 12, 2023

Appendix - B to the Independent Auditors' Report

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of M/s. **V.S.T. Tillers Tractors Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control 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, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes 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 procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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 over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with

reference to financial statements were operating effectively as at March 31, 2023, 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.

For **K.S. Rao & Co.**,
Chartered Accountants
ICAI Firm Registration No: 0031095

Hitesh Kumar P
Partner
Membership No.: 233734
UDIN: 23233734BGRCND9425

Place: Bengaluru
Date: May 12, 2023

Balance Sheet

as at March 31, 2023

Particulars	Note No.	(Amount in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
A ASSETS			
1. Non-current assets			
a) Property, plant and equipment	4(a)	22,867.30	23,044.35
b) Capital work-in-progress	4(b)	1,410.91	1,199.82
c) Investment property	5	2,184.22	2,209.01
d) Right-of-use assets	4(c)	502.93	428.34
e) Other Intangible assets	6	584.12	912.60
f) Financial assets			
i) Investments	7	8,676.91	8,371.25
ii) Loans	8	6.04	5.25
iii) Other financial assets	9	315.00	308.51
g) Deferred tax Asset (net)	21	-	-
h) Other non-current assets	11	79.39	309.19
Total non-current assets		36,626.82	36,788.32
2. Current assets			
a) Inventories	12	10,790.86	10,063.41
b) Financial assets			
i) Investments	7	34,308.97	32,986.72
ii) Trade receivables	13	14,924.43	6,757.24
iii) Cash and cash equivalents	14	1,091.85	2,519.26
iv) Bank balances other than (iii) above	15	1,721.77	609.51
v) Loans	8	5.40	3.11
vi) Other financial assets	9	98.60	31.93
c) Current tax asset (net)	10	1,952.95	2,003.28
d) Other current assets	11	7,557.50	4,842.57
Total current assets		72,452.33	59,817.03
Total assets		1,09,079.15	96,605.35
B EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	16	863.95	863.95
b) Other equity	17	81,581.23	74,089.78
Total Equity		82,445.18	74,953.73
2. Liabilities			
Non current liabilities			
a) Financial liabilities			
i) Other financial liabilities	19	4,186.74	4,047.08
ii) Lease liabilities	18	112.87	74.47
b) Deferred tax liabilities (net)	21	251.98	160.45
c) Other Non current liabilities	22	14.14	-
Total Non current liabilities		4,565.73	4,282.00
Current liabilities			
a) Financial liabilities			
i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	23	4,112.53	2,343.09
- total outstanding dues of creditors other than micro enterprises and small enterprises	23	8,958.70	5,874.08
ii) Lease liabilities	18	75.96	30.12
iii) Other financial liabilities	19	4,879.51	4,865.89
b) Provisions	20	701.79	521.85
c) Other current liabilities	22	3,339.75	3,734.59
Total Current liabilities		22,068.24	17,369.62
Total Liabilities		26,633.97	21,651.62
Total Equity and Liabilities		1,09,079.15	96,605.35

The accompanying notes form an integral part of Financial Statements

As per our report of even date

for K.S. Rao & Co.,

Chartered Accountants

F.R. Number: 003109S

Hitesh Kumar. P
 Partner
 Membership No:233734

V.T. Ravindra
 DIN: 00396156
 Managing Director

K.M. Pai
 DIN:01171860
 Director

Antony Cherukara
 Chief Executive Officer

Nitin Agrawal
 Chief Financial Officer

Chinmaya Khatua
 ACS - 21759
 Company Secretary

 Place: Bengaluru
 Date: May 12, 2023.

 Place: Bengaluru
 Date: May 12, 2023.

Statement of Profit and loss

for the year ended March 31, 2023

Particulars	Note No.	(Amount in Lakhs)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
I Revenue from operations	24	1,00,642.67	85,386.26
II Other Income	25	2,494.70	3,408.82
III Total Income (I+II)		1,03,137.37	88,795.08
IV Expenses			
a) Cost of materials consumed		62,455.34	49,958.18
b) Purchase of Stock-in-Trade		8,337.30	8,108.67
c) Change in inventories of finished goods, work in progress and Stock in Trade	26	(324.02)	(253.11)
d) Employee benefit Expenses	27	7,908.61	7,064.36
e) Finance costs	28	127.20	104.53
f) Depreciation and amortisation expenses	29	2,694.25	2,504.10
g) Other expenses	30	9,544.81	8,090.17
Total Expenses		90,743.49	75,576.90
V Profit before exceptional items and tax (III-IV)		12,393.88	13,218.18
VI Exceptional Items		-	-
VII Profit before tax (V+VI)		12,393.88	13,218.18
VIII Tax expense:			
a) Current tax		3,061.00	3,068.00
b) Deferred tax		97.06	219.19
IX Profit for the year (VII-VIII)		9,235.82	9,930.99
X OTHER COMPREHENSIVE INCOME			
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	31	(21.99)	(8.55)
(ii) Income tax on items that will not be reclassified to the profit or loss	31	5.53	2.15
Total Other Comprehensive Income (net of taxes)		(16.46)	(6.40)
Total Comprehensive Income for the year		9,219.36	9,924.59
XI Earnings per Equity share-Basic and diluted	32	106.90	114.95

The accompanying notes form an integral part of Financial Statements

As per our report of even date

for K.S. Rao & Co.,

Chartered Accountants

F.R. Number: 003109S

Hitesh Kumar. P
 Partner
 Membership No:233734

V.T. Ravindra
 DIN: 00396156
 Managing Director

K.M. Pai
 DIN:01171860
 Director

Antony Cherukara
 Chief Executive Officer

Nitin Agrawal
 Chief Financial Officer

Chinmaya Khatua
 ACS - 21759
 Company Secretary

 Place: Bengaluru
 Date: May 12, 2023.

 Place: Bengaluru
 Date: May 12, 2023.

Cash flow Statement

for the year ended March 31, 2023

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
I Cash flow from operating activities:		
A. Profit before tax	12,393.88	13,218.18
B. Adjustment for:		
a. Depreciation and amortisation	2,694.25	2,504.10
b. Interest income from Investments	(216.96)	(186.21)
c. Dividend Income	(151.57)	(74.29)
d. (Profit)/Loss on sale of fixed assets	(5.79)	(9.43)
e. Provisions for bad and doubtful debts	473.12	443.39
f. Rent received	(200.31)	(137.42)
g. (Profit)/Loss on Sale of Investment	(161.94)	(96.54)
h. Provisions Written back	(208.08)	(740.14)
i. Unrealized foreign exchange (gain)/loss	(7.48)	(29.24)
j. Finance cost	111.72	99.67
k. Interest expense on security deposit	4.44	0.03
l. Deferred rental income on security deposits received	(4.61)	(4.52)
m. Interest on SD	(0.43)	(0.16)
n. Unrealised (gain)/Loss on Investments	(1,253.29)	(1,837.19)
o. Amortisation of Prepaid lease rentals	0.45	0.17
p. Assets written off	94.47	-
q. Finance cost on lease rentals	11.04	4.83
	13,572.91	13,155.23
C. Adjustment for movements in Working capital		
a. Trade payables, Other liabilities and Provisions (Net of fair value adjustment on deposits)	4,997.71	420.35
b. Trade receivables	(8,632.83)	1,009.23
c. Inventories	(727.45)	630.05
d. Financial and other current assets (Net of fair value adjustment on deposits)	(2,556.93)	797.20
D. Cash generated from Operations	6,653.41	16,012.06
Less: Direct taxes Paid	(3,010.67)	(3,529.00)
Net cash flow from operating activities (I)	3,642.74	12,483.06
II Cash flows from investing activities		
a. Purchase of PPE, including CWIP	(2,424.31)	(2,882.82)
b. Proceeds from sale of fixed assets	25.07	19.57
c. Proceeds/Investment in deposits	(1,112.26)	(298.21)
d. Purchase of investments	(11,375.03)	(19,979.83)
e. Proceeds from sale of Investment	11,160.37	11,780.73
f. Interest received	216.96	186.21
g. Income from investment	151.57	74.29
h. Rent Received	200.31	137.42
Net cash flow from/ (used in) investing activities (II)	(3,157.32)	(10,962.64)

Cash flow Statement

for the year ended March 31, 2023

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
III Cash flows from financing activities		
a. Interest paid	(111.72)	(99.67)
b. Payment of Lease Liability	(73.20)	(55.17)
c. Dividends paid on equity shares	(1,727.91)	(1,727.91)
Net cash flow from/ (used in) financing activities (III)	(1,912.83)	(1,882.75)
IV Net Increase/(decrease) in cash and cash equivalents (I + II + III)	(1,427.41)	(362.33)
Cash and cash equivalents at the beginning of the period	2,519.26	2,881.59
V Cash and cash equivalents at the end of the year	1,091.85	2,519.26
VI Components of cash and cash equivalents:		
a. Cash on hand	-	-
b. With banks		
i. FD with Bank	100.00	1,837.00
ii. on current account	991.85	682.26
Total cash and cash equivalents	1,091.85	2,519.26

The accompanying notes form an integral part of Financial Statements

As per our report of even date

For and on behalf of the Board of Directors of

for K.S. Rao & Co.,

V.S.T. Tillers Tractors Limited

Chartered Accountants

F.R. Number: 003109S

Hitesh Kumar. P

Partner

Membership No:233734

V.T. Ravindra

DIN: 00396156

Managing Director

K.M. Pai

DIN:01171860

Director

Antony Cherukara

Chief Executive Officer

Nitin Agrawal

Chief Financial Officer

Chinmaya Khatua

ACS - 21759

Company Secretary

Place: Bengaluru

Date: May 12, 2023.

Place: Bengaluru

Date: May 12, 2023.

Statement of changes in Equity

for the year ended March 31, 2023

I Equity Share capital

Particulars	(Amount in Lakhs)		
	At the beginning of the year	Changes during the year	At the end of the year
For the year ended March 31, 2022	863.95	-	863.95
For the year ended March 31, 2023	863.95	-	863.95

II Other Equity

Particulars	(Amount in Lakhs)				
	Capital Reserve	General reserve	Surplus in Statement of Profit and Loss	Other comprehensive Income	Total
As at March 31, 2021	264.05	30,000.00	35,839.05	(210.00)	65,893.10
Profit for the year	-	-	9,930.99	-	9,930.99
Other comprehensive income	-	-	-	(6.40)	(6.40)
Total comprehensive income	-	-	9,930.99	(6.40)	9,924.59
Dividends	-	-	1,727.91	-	1,727.91
Dividend distribution tax	-	-	-	-	-
As at March 31, 2022	264.05	30,000.00	44,042.13	(216.40)	74,089.78
Profit for the year	-	-	9,235.82	-	9,235.82
Other comprehensive income	-	-	-	(16.46)	(16.46)
Total comprehensive income	-	-	9,235.82	(16.46)	9,219.36
Dividends	-	-	1,727.91	-	1,727.91
Dividend distribution tax	-	-	-	-	-
As at March 31, 2023	264.05	30,000.00	51,550.04	(232.86)	81,581.23

The accompanying notes form an integral part of Financial Statements

As per our report of even date
for **K.S. Rao & Co.,**
Chartered Accountants
F.R. Number: 003109S

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

Hitesh Kumar. P
Partner
Membership No:233734

V.T. Ravindra
DIN: 00396156
Managing Director

K.M. Pai
DIN:01171860
Director

Antony Cherukara
Chief Executive Officer

Nitin Agrawal
Chief Financial Officer

Chinmaya Khatua
ACS - 21759
Company Secretary

Place: Bengaluru
Date: May 12, 2023.

Place: Bengaluru
Date: May 12, 2023.

Notes to the Financial Statements

for the Year ended March 31, 2023

01. Corporate information:

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

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

The company was incorporated for the purpose of manufacture and to deal with Tractors, 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 implement and other equipment's required for the satisfactory functioning of the agricultural equipment.

02. Basis of preparation:

The financial statements are 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.

These Financial Statements were approved by the Company's Board of Directors and authorized for issue on May 12, 2023.

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.

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 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 require 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

Notes to the Financial Statements

for the Year ended March 31, 2023

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 classified as current when it satisfies below criteria:

- i. Expected to be realized or is intended to be sold or consumed in its 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 its 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.

The company adopted cost model as its accounting policy, in recognition of the Property, Plant and Equipment and recognizes 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

Notes to the Financial Statements

for the Year ended March 31, 2023

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, 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	2 - 15 Years
Data processing equipment	Straight line Method	3 - 6 Years
Furniture and fixtures	Straight line Method	5-10 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 its use or 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

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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) Leases:

The Company assesses a contract at inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease Liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included in the measurement of the lease liability include fixed payments (including in substance fixed payments), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

In case of a short-term lease contract and lease contracts for which the underlying asset is of low value, lease payments are charged to statement of profit and loss on accrual basis.

i) Inventories:

i. Stock-in-Trade:

Stock-in-Trade are stated at the lower of cost and net realizable value. Net realizable 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 recognized 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 realizable value. Cost is determined on Weighted Average basis.

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for the Year ended March 31, 2023

j) 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 116, 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.

k) Revenue recognition:

i. Revenue from operations:

Revenue is recognized only when it can be reliably measured, and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods and services, 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.

l) 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.

m) 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 Plant 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.

Notes to the Financial Statements

for the Year ended March 31, 2023

- 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".

Termination Benefits:

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. The company recognizes the termination benefits at the earlier of the following dates:

- when the company no longer withdraw the offer of those benefits and
- when the company recognizes the costs for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

n) 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.

o) 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.

p) 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.

q) 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 can write-off the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient

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for the Year ended March 31, 2023

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.

r) 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.

s) 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.

t) 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:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit and loss
- 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:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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):

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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for the Year ended March 31, 2023

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.

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for the Year ended March 31, 2023

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.

u) 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.

v) 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.

w) Exceptional Items

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

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for the Year ended March 31, 2023

6 Other Intangible assets

Particulars	(Amount in Lakhs)		
	Technical Knowhow	Software	Total
Gross Block			
At April 01, 2021	1,250.31	642.01	1,892.32
Add: Additions	157.09	24.42	181.51
Less: Disposals	-	-	-
At March 31, 2022	1,407.40	666.43	2,073.83
Add: Additions	-	42.64	42.64
Less: Disposals	-	-	-
At March 31, 2023	1,407.40	709.07	2,116.47
Accumulated Depreciation			
At April 01, 2021	621.05	191.54	812.59
Add: Charge for the year	219.58	129.06	348.64
Less: Disposals	-	-	-
At March 31, 2022	840.63	320.60	1,161.23
Add: Charge for the year	235.30	135.83	371.12
Less: Disposals	-	-	-
At March 31, 2023	1,075.93	456.43	1,532.35
Net Block			
At March 31, 2022	566.77	345.83	912.60
At March 31, 2023	331.47	252.64	584.12

7 Financial Assets - Investments

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Investments consists of the following		
Non - Current Investments		
a) Investments carried at fair value through profit or loss		
- Fully paid Equity shares (quoted)	4,618.50	3,961.13
- Fully paid Equity shares (unquoted)	753.64	605.35
- Convertible Preference shares (Zimeno Inc)	2,304.77	2,304.77
b) Investments carried at Amortised Cost		
- Non Convertible Debentures	1,000.00	1,500.00
	8,676.91	8,371.25
Current Investments		
a) Investments carried at fair value through profit or loss		
- Mutual funds (quoted)	34,308.97	32,986.72
	34,308.97	32,986.72
Aggregate amount of Quoted Investments and market value thereof (Refer Note 33)	38,927.47	36,947.85
Aggregate amount of Un-Quoted Investments (Refer Note 33)	4,058.41	4,410.12

Notes to the Financial Statements

for the Year ended March 31, 2023

8 Financial Assets - Loans

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Unsecured Loans consists of the following		
Non - Current		
Considered, good		
- Loans to employees	6.04	5.25
	6.04	5.25
Current		
Considered, good		
- Loans to employees	5.40	3.11
	5.40	3.11

9 Financial Assets - Others

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Other financial assets consists of the following		
Non - Current		
a) Deposits with Original maturity more than 12 months	1.50	1.50
b) Security Deposits	313.50	307.01
	315.00	308.51
Current		
a) Security Deposits	-	5.88
b) Interest Accrued	98.60	26.05
	98.60	31.93

10 Current tax asset (net)

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Current tax asset (net)	1,952.95	2,003.28
	1,952.95	2,003.28

11 Other Assets

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non - Current		
Considered good		
a) Capital advances	79.06	308.69
b) Prepaid Lease Rentals	0.33	0.50
	79.39	309.19
Current		
Considered good		
a) Advance to suppliers	279.29	154.31
b) Advances to employees	13.82	17.97
c) Prepaid expense	252.75	189.72
d) Pre-paid Lease Rentals	0.48	0.33
e) Indirect tax recoverable	7,011.16	4,480.24
	7,557.50	4,842.57

Notes to the Financial Statements

for the Year ended March 31, 2023

12 Inventories

(Amount in Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
a) Raw material and Components	6,021.73	5,477.47
b) Work-in-Progress	1,234.12	1,004.66
c) Finished Goods	2,278.47	1,880.23
d) Stock in Trade	888.60	1,192.28
e) Loose Tools	245.29	401.74
f) Machinery Spares and Others	122.65	107.03
	10,790.86	10,063.41

13 Trade Receivables (Refer Note 49C)

(Amount in Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
Secured:-		
a) Secured, Considered Good	2,481.56	1,352.73
b) Unsecured, Considered Good	12,442.87	5,404.51
c) Unsecured, Considered Doubtful	2,802.03	2,357.25
Total	17,726.46	9,114.49
Less: Allowance for Expected credit loss	2,802.03	2,357.25
Trade Receivables (Net)	14,924.43	6,757.24

14 Cash and Cash Equivalents

(Amount in Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
a) Balances with Banks		
- On Current Accounts	991.85	682.26
- Deposits with original maturity of less than 3 months	100.00	1,837.00
b) Cash on Hand	-	-
	1,091.85	2,519.26

15 Other Bank Balances

(Amount in Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
a) Earmarked balances with banks (Unpaid dividend & Unspent CSR Exp)	258.61	264.31
b) Marginal money deposits	413.16	345.20
c) Deposit with Banks	1,050.00	-
	1,721.77	609.51

16 Share Capital

(Amount in Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
(a) Authorised:		
1,00,00,000 Equity Shares of ₹ 10/- each.	1,000.00	1,000.00
(b) Issued, Subscribed and Paid-up :		
86,39,528/- Equity Shares of ₹ 10/- each paid up.	863.95	863.95

Notes to the Financial Statements

for the Year ended March 31, 2023

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

(Amount in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	Amount	Nos.	Amount
Equity Shares				
At the beginning of the year	86,39,528	863.95	86,39,528	863.95
Movement during the year	-	-	-	-
At the end of the year	86,39,528	863.95	86,39,528	863.95

(d) Terms / Rights attached to equity shares

- The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share.
- In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

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

(Amount in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	Amount	Nos.	Amount
Equity shares of ₹ 10/- each fully paid				
V.K.Surendra	19,34,534	22.39%	19,02,034	22.02%
V.P.Mahendra	6,27,020	7.26%	6,27,020	7.26%
Nippon Life India Trustee Ltd	6,02,009	6.97%	4,81,825	5.58%
	31,63,563	36.62%	30,10,879	34.85%

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

(Refer Note 50 for Shareholding of Promoters)

17 Other Equity

(Amount in Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
(A) Capital Reserve :		
Opening Balance	264.05	264.05
Closing Balance	264.05	264.05
(B) General Reserve		
Opening Balance	30,000.00	30,000.00
Closing Balance	30,000.00	30,000.00
(C) Balance in Statement of Profit and Loss		
Opening Balance	44,042.13	35,839.05
Add: Profit/(loss) for the year	9,235.82	9,930.99
	53,277.95	45,770.04
Less: Appropriations		
Dividend on Equity Share	1,727.91	1,727.91
	51,550.04	44,042.13
(D) Other comprehensive income		
On Actuarial Gain/(loss) on post employment benefits		
At the beginning of the year	(216.40)	(210.00)
Add: Actuarial Gain/(loss) for the year	(16.46)	(6.40)
At the end of the year	(232.86)	(216.40)
Closing Other Equity	81,581.23	74,089.78

Notes to the Financial Statements

for the Year ended March 31, 2023

18 Lease Liabilities

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
a) Lease liabilities	112.87	74.47
	112.87	74.47
Current		
a) Lease liabilities	75.96	30.12
	75.96	30.12

19 Financial Liabilities - Others

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Other financial liabilities consists of the following		
Non-Current		
a) Dealer Deposits	4,106.40	4,047.08
b) Rental Deposits	80.34	-
	4,186.74	4,047.08
Current		
a) Unclaimed Dividends	65.29	71.01
b) Rental Deposits	18.00	90.55
c) Outstanding expense	3,247.78	3,454.33
d) Incentives and marketing expenses payable	703.36	450.36
e) Employee cost payable	651.77	606.33
f) CSR Payable	193.31	193.31
	4,879.51	4,865.89

20 Provisions

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Provisions consists of the following		
Current		
a) Provision for gratuity	200.91	111.92
b) Provision for leave benefits	319.38	215.00
c) Provision for warranty	181.50	194.93
	701.79	521.85

21 Deferred Tax Balances

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Deferred tax assets		
a) Employee Benefits	335.00	362.00
b) Allowance for expected credit losses	725.00	613.00
	1,060.00	975.00
Deferred tax liabilities		
a) Property Plant and Equipment & Intangible Assets	730.00	805.00
b) Fair valuation of financial assets	581.98	330.45
	1,311.98	1,135.45
Net Deferred tax liability /(Assets)	251.98	160.45

Notes to the Financial Statements

for the Year ended March 31, 2023

22 Other Liabilities

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Non-Current		
a) Deferred Rental Income	14.14	-
	14.14	-
Current		
a) Statutory dues	2,704.98	1,569.11
b) Deferred Rental Income	5.18	1.15
c) Advance Received-Customers	629.59	2,164.33
	3,339.75	3,734.59

23 Trade Payables (Refer 49B)

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
- Dues to micro enterprises and small enterprises	4,112.53	2,343.09
- Others	8,958.70	5,874.08
	13,071.23	8,217.17

24 Revenue from Operations

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Sale of Products	99,674.29	84,652.19
b) Sale of Services	538.15	320.93
c) Other Operating Revenues	430.23	413.14
Total Income from Operations	1,00,642.67	85,386.26

25 Other Income

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Dividend	151.57	74.29
b) Income from Investment		
i. Change in Fair Value	1,253.29	1,837.19
ii. Gain on Sale of Investments	161.94	96.54
c) Rent Received		
i. Rental Income	200.31	137.42
ii. Deferred Rental Income	4.61	4.52
d) Interest		
i. From investments	216.96	186.21
ii. Others	103.37	129.11
e) Gain on Sale of Property, Plant and Equipment (Net)	5.79	9.43
f) Insurance claims	4.26	19.22
g) Sundry credit balances written back	208.08	740.14
h) Gain on Foreign Exchange Fluctuations (Net)	104.31	97.16
i) Bill Discounting	55.18	43.00
j) Miscellaneous Receipts	25.03	34.59
	2,494.70	3,408.82

Notes to the Financial Statements

for the Year ended March 31, 2023

26 Changes in Inventories of Finished goods, Work in Progress and Trading Goods

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Inventory at the beginning of the period		
- Finished goods	1,880.23	1,952.57
- Stock in Trade	1,192.28	747.15
- Work in progress	1,004.66	1,124.34
	4,077.17	3,824.06
b) Inventory at the end of the period		
- Finished goods	2,278.47	1,880.23
- Stock in Trade	888.60	1,192.28
- Work in progress	1,234.12	1,004.66
	4,401.19	4,077.17
(Increase)/Decrease in Inventory	(324.02)	(253.11)

27 Employee Benefit Expenses

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Salaries, Wages and Bonus	7,272.59	6,542.48
b) Contribution to Funds	341.24	291.05
c) Welfare Expenses	294.78	230.83
	7,908.61	7,064.36

28 Finance Cost

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Interest	127.20	104.53
	127.20	104.53

29 Depreciation and Amortisation Expenses

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Depreciation on Property Plant and Equipment	2,228.97	2102.68
b) Amortisation on Other intangible Assets	371.12	348.64
c) Depreciation on Right of use Assets	66.20	25.36
d) Depreciation on Investment Property	27.96	27.42
	2,694.25	2,504.10

30 Other Expenses

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Power and Fuel	417.98	393.92
b) Stores & Tools Consumed	655.42	487.63
c) Warranty Expenses	319.20	283.49
d) Consultancy and Legal Charges	674.81	704.96
e) Payment to Statutory Auditors (excluding GST)		
- Audit Fee	20.50	20.50
- Tax Audit Fee	5.00	5.00
- Reimbursement of expenses	2.18	1.01
f) Fees, Rates and Taxes	124.35	188.24

Notes to the Financial Statements

for the Year ended March 31, 2023

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
g) Directors sitting fees	47.50	54.00
h) Insurance	153.22	126.89
i) Rental expenditure		
- Rent	85.32	91.31
- Amortisation of Lease Rental	0.45	0.17
j) Warehousing Services	164.99	181.82
k) Repairs and maintenance		
- IT Expense	379.29	393.05
- Machinery	337.22	254.65
- Buildings	79.12	45.11
- Others	35.73	27.10
l) Research and Development	153.08	161.23
m) Bank Charges	68.40	55.77
n) Travelling and Conveyance	980.21	645.91
o) Communication expenses	153.94	151.90
p) Advertisement & Promotion	910.33	487.26
q) Freight and Distribution	2,209.08	1,937.05
r) Selling Expenses	302.16	277.66
s) Service Expenses	251.32	260.10
t) Allowance for expected credit loss	473.12	443.39
u) CSR Expenditure (Refer Note 46)	173.80	159.49
v) Miscellaneous Expenses	367.09	251.56
	9,544.81	8,090.17

31 Other Comprehensive Income

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial Gain/(Losses) on Gratuity Expense	(21.99)	(8.55)
Taxes on above	5.53	2.15
	(16.46)	(6.40)

32 Earnings per Equity Share

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit for the period attributable to equity share holders	9,235.82	9,930.99
Weighted average number of equity shares of ₹ 10/-each	86.40	86.40
Earnings per equity share (Basic and Diluted) = (a/b)	106.90	114.95

Notes to the Financial Statements

for the Year ended March 31, 2023

33 Financial Assets (Investments)

(Amount in Lakhs)

Particulars	Face value (Amt in ₹)	As at March 31, 2023		As at March 31, 2022	
		No. of Shares/ units	Fair Value	No. of Shares/ units	Fair Value
Non-Current Investments:					
I. Investment in Equity Shares					
Investments in Equity instruments (trade -quoted)					
1 Rane Holdings Limited	10	76,583	663.17	86,686	510.84
2 Asian Paints Limited	1	6,000	165.70	5,000	184.80
3 Infosys Limited	5	28,000	399.83	24,000	457.64
4 Larsen and Toubro Limited	2	9,000	194.78	9,000	159.09
5 Sundaram Finance Limited	10	20,000	459.90	10,000	194.02
6 Tata Consultancy Services Limited	1	12,000	384.71	12,000	448.79
7 Cipla Limited	2	10,000	90.05	10,000	101.81
8 Pidilite Industries Limited	1	8,900	209.42	8,900	218.43
9 Housing Development Finance Corporation Ltd	2	10,000	262.55	7,500	179.28
10 HDFC Life Insurance Company Limited	10	20,000	99.84	20,000	107.64
11 ICICI Bank Limited	2	12,000	105.27	10,000	73.03
12 Kotak Mahindra Bank Limited	5	10,000	173.29	10,000	175.39
13 Mphasis Limited	10	4,000	71.83	2,000	67.54
14 Hindustan Unilever Limited	1	2,000	51.21	-	-
Sub-Total			3,331.54		2,878.29
Investment in Equity instruments (unquoted)					
MHI - VST Diesel Engines Private Limited	10	41,50,000	753.64	41,50,000	605.35
Total (I)			4,085.19		3,483.64
II. Investment in Preference Shares					
Investment in preference shares (unquoted)					
Investment In JV - Zimeno Inc (Monarch)		4,14,477	2,304.77	4,14,477	2,304.77
III. Investment in Units of Trust(trade-quoted)					
Powergrid Infrastructure Investment Trust	100	6,30,000	771.88	4,20,000	562.38
Embassy Office Parks REIT	300	1,65,000	515.08	1,40,000	520.45
IV. Investment in Non-Convertible Debentures					
VST Motors Private Limited	1,00,000	1,000	1,000.00	1,500	1,500.00
Total of Non-Current Investments (I+II+III+IV)			8,676.91		8,371.24
Current Investments:					
I. Investment in Mutual Funds					
(a) Investments in Balanced Mutual funds					
1 Bandhan Low Duration Fund-Growth-(Regular Plan)		57,31,411	1,883.94	57,31,411	1,797.22
2 ICICI Prudential Savings Fund-Growth		4,48,716	2,052.82	4,48,716	1,944.57
3 SBI Magnum Ultra Short Duration Fund Regular Growth		27,545	1,403.32	82,924	4,018.23
4 HDFC Large and Mid Cap Fund-Reg Gr		1,32,557	254.59	27,230	50.45
Sub-Total (a)			5,594.67		7,810.47
(b) Investments in Debt Mutual funds					
1 Axis Short Term Fund - Regular Growth (STGPG)		1,07,73,492	2,801.84	1,07,73,492	2,685.75
2 HDFC Ultra Short Term Fund - Regular Growth		6,81,38,191	8,804.82	2,62,30,511	3,220.48
3 NIPPON INDIA MONEY MARKET FUND - GROWTH PLAN GROWTH OPTION (LQPG)		55,448	1,947.69	6,348	210.85
4 HDFC Floating Rate Debt Fund-Growth		58,67,649	2,449.87	83,10,278	3,290.80
5 Kotak Low Duration Fund Standard Growth (Reg Plan)		63,888	1,824.60	63,888	1,743.04
6 ICICI Prudential Money Market Fund - Growth		4,13,389	1,327.53	4,13,389	1,257.68

Notes to the Financial Statements

for the Year ended March 31, 2023

(Amount in Lakhs)

Particulars	Face value (Amt in ₹)	As at March 31, 2023		As at March 31, 2022	
		No. of Shares/ units	Fair Value	No. of Shares/ units	Fair Value
7 Aditya Birla Sun Life Savings Fund - Growth -Regular Plan		-	-	1,19,190	524.82
8 HDFC Short Term Debt Fund - Growth		40,76,446	1,093.39	1,17,75,855	3,025.52
9 Axis Corporate Debt Fund - Regular Growth (COGPG)		77,07,100	1,105.47	77,07,100	1,060.23
10 Bandhan Corporate Bond Fund Regular Plan-Growth		76,41,693	1,240.78	1,71,43,964	2,697.53
11 Franklin India Credit Risk Fund		6,48,325	3.53		
12 Franklin India Dynamic Accrual Fund		1,84,880	1.48		
Sub-Total (b)			22,601.00		19,716.70
(c) Investments in Equity Mutual funds					
1 ICICI Prudential Blue Chip Fund		8,89,926	600.97	8,89,926	583.61
2 Kotak Flexicap Fund - Growth (Regular Plan)		10,78,445	571.74	10,78,445	560.48
3 HDFC Flexi Cap Fund-Growth		49,185	551.61	49,185	497.40
4 Aditya BSL MNC Fund		8,843	77.12	8,843	82.75
5 HDFC Small Cap Fund -Regular Growth Plan		5,58,619	444.91	5,58,619	396.67
6 ICICI Prudential Value Discovery Fund - Growth		69,686	190.77	69,686	176.68
7 Kotak Blue chip fund		38,965	144.74	38,965	143.64
8 Franklin India Bluechip Fund		25,489	171.56	25,489	174.28
9 Axis Multicap Fund - Regular Growth (MLGPG)		9,02,334	151.32	9,02,334	167.11
10 SBI Large & Midcap Fund Regular Growth		1,38,707	533.21	77,420	283.35
11 DSP Flexi Cap Fund - Regular Plan - Growth		7,15,344	444.83	3,73,399	236.01
12 Canara Robeco Equity Diversified fund - Regular Growth(DVGP)		1,44,637	313.63	1,44,637	320.88
13 Tata Multicap Fund - Regular Plan - Growth		9,22,310	137.88	9,22,310	143.21
14 Kotak Equity Opportunities Fund - Growth (Regular Plan)		27,254	55.41	27,254	53.45
Sub-Total (c)			4,389.70		3,819.52
(d) Investments in Arbitrage Mutual funds					
1 Kotak Equity Arbitrage Fund		18,99,189	604.23	18,99,189	573.74
2 Nippon India Arbitrage Fund - Growth Plan (Afgpg)		12,80,539	290.62	12,80,539	277.03
3 HDFC Arbitrage Fund-WS-Growth		10,91,179	284.96	10,91,179	271.19
4 Bandhan Arbitrage Fund-Growth-(Regular Plan)		19,63,155	543.79	19,63,155	518.07
Sub-Total (d)			1,723.60		1,640.04
Total of Investment in Mutual Funds (a+b+c+d)			34,308.97		32,986.72
Grand total of Current Investments (I)			34,308.97		32,986.72
Total Investments			42,985.88		41,357.96

Notes to the Financial Statements

for the Year ended March 31, 2023

34. Retirement Benefit Obligations:

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Defined Contribution Plan (Expenses):		
Contribution to Provident Fund	267.01	230.56
Contribution to Employee State Insurance	6.49	7.58
Contribution to Labor Welfare Fund	0.75	0.74
B. Defined Benefit Plans (Gratuity):		
1. Movement in Obligation – Gratuity:		
Present Value of Obligation at the beginning of year	534.43	540.30
Current Service Cost	59.20	52.40
Interest Cost	37.20	36.85
Benefits Paid	(76.43)	(97.73)
Past Service Cost (Vested and Non-Vested)	-	-
Actuarial (Gain)/Loss on Obligation	17.26	2.61
Present Value of Obligation at the end of year	571.66	534.43
2. Movement in Plan Assets – Gratuity:		
Fair Value of Planned assets at the beginning of the year	422.51	399.45
Return of Plan Assets (excl. int. income)	29.41	27.24
Actuarial Gain/(Loss)	(4.73)	(5.94)
Contributions during the year	-	99.49
Benefits Paid during the year	(76.43)	(97.73)
Fair Value of Planned assets at the end of the year	370.76	422.51
3. Expenses recognized in Profit and Loss Statement:		
Gratuity: -		
Current Service Cost	59.20	52.40
Net Interest Cost	7.79	9.60
Past Service Cost	-	-
Expense for the year	66.99	62.00
4 Recognized in Other Comprehensive Income:		
Actuarial (Gain)/Loss for the year	21.99	8.55
5 Actuarial Assumptions for estimating Company's Defined Benefit Obligation:		
a. Attrition Rate	22.00%	20.00%
b. Discount Rate	7.45%	6.96%
c. Expected Rate of Increase in Salary	8%	7%
d. Expected Rate of return on Plan Assets	6.96%	6.82%
e. Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
f. Decrement Adjusted Future Service	22.99	22.82

Notes to the Financial Statements

for the Year ended March 31, 2023

6. Sensitivity Analysis:

Sensitivity	Change	Effect on obligations
Salary Escalation Rate	+1%	54.62
	-1%	(46.52)
Withdrawal Rate	+1%	(3.98)
	-1%	1.66
Discount Rates	+0.5%	(24.45)
	-0.5%	26.74

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 recognized in the Balance Sheet.

7. Expected Payout – Gratuity:

	Amount
Expected payments – 1 st Year	98.04
Expected payments – 2 nd Year	50.11
Expected payments – 3 rd Year	58.58
Expected payments – 4 th Year	40.45
Expected payments – 5 th Year	47.66
Expected payments – 6 th year to 10 th Year	1,146.17

8. Other Information:

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.

ii Present value of defined benefit obligation:

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.

C. Compensated absences amounting to ₹ 102.57 lakhs (March 31, 2022: ₹ 109.47 lakhs) is recognized as expense and included in the Note 27 'Employee Benefit Expenses'.

35. Income tax expense and Deferred Taxes:

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income Tax Expense: -		
a. Current Tax	3061.00	3068.00
b. Deferred Tax (arising on temporary differences)	97.06	219.19
Total Tax Expense for the year	3,158.06	3,287.19
Effective Tax Reconciliation: -		
a. Net Profit/(Loss) before taxes	12,393.88	13,218.18
b. Tax rate applicable to the company as per normal provisions	25.168%	25.168%
c. Tax expense on net profit (c = a*b)	3,119.29	3,326.75
d. Increase/(decrease) in tax expenses on account of:		
i. Effect of Unrealized Income	(359.52)	(496.41)
ii. Effect of expenses not deductible in determining taxable profits	558.37	485.05
iii. Effect for deduction for expenses earlier disallowed	(75.85)	(156.39)
iv. Effect of Income not forming part of Business income	(143.17)	(100.15)
v. Net effect of deductible temporary differences recognized as deferred tax liabilities and assets	97.06	219.19
vi. Other adjustments	(38.12)	9.15
Net Increase/(decrease) in tax expenses	38.77	(39.56)
e. Income Tax Expense as reported in Statement of Profit and Loss (c + d)	3,158.06	3,287.19

Notes to the Financial Statements

for the Year ended March 31, 2023

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred Tax Expenses/(Income) Recognized for the year ended:		
A. Deferred tax recognized in Profit and Loss	97.06	219.19
B. Deferred tax recognized in Other comprehensive income	(5.53)	(2.15)
C. Deferred tax recognized in Total comprehensive income	91.53	217.04

36. Fair Value of Financial Instruments:

The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables, and other current financial assets and financial liabilities approximates 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 value of investment in quoted instruments is measured at quoted price at the reporting date. The fair value of unquoted instruments is valued using inputs based on information about market participants assumptions and other data that are available.
- 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 of 6.06% p.a. by the company for discounting the amount receivable at the time of maturity.

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.

(Amount in Lakhs)

Particulars	Carrying Value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial Assets				
At Fair value through profit & loss A/c				
Investments	41,985.88	39,857.97	41,985.88	39,857.97
At Amortised cost				
Investments	1,000.00	1,500.00	1,000.00	1,500.00
Loans	11.44	8.36	11.44	8.36
Trade receivables	14,924.43	6,757.24	14,924.43	6,757.24
Cash and Bank Balances	2,813.62	3,128.77	2,813.62	3,128.77
Other Financial assets	413.60	340.44	413.60	340.44
Total Financial Assets	61,148.97	51,592.78	61,148.97	51,592.78
Financial Liabilities				
At Amortised cost				
Trade Payables	13,071.23	8,217.17	13,071.23	8,217.17
Lease Liabilities	188.83	104.59	188.83	104.59
Other Financial liabilities	9,066.25	8,912.97	9,066.25	8,912.97
Total Financial liabilities	22,326.31	17,234.73	22,326.31	17,234.73

Notes to the Financial Statements

for the Year ended March 31, 2023

37. Fair Value hierarchy:

The following table provides 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, 2023:

(Amount in Lakhs)

Particulars	Total Value	Fair Value measurement using		
		Quoted prices in active markets (Level - 1)	Significant observable inputs (Level - 2)	Significant unobservable inputs (Level- 3)
Financial Assets: -				
Designated at Fair Value through profit or loss:				
Investments in quoted instruments (Equity & Mutual Funds)	38,927.47	38,927.47	-	-
Investments in unquoted instruments	3,058.41	-	-	3,058.41
Designated at Amortized Cost:				
Investments in unquoted instruments	1,000.00			1,000.00
Loans	11.44			11.44

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2022:

(Amount in Lakhs)

Particulars	Total Value	Fair Value measurement using		
		Quoted prices in active markets (Level - 1)	Significant observable inputs (Level - 2)	Significant unobservable inputs (Level- 3)
Financial Assets: -				
Designated at Fair Value through profit or loss:				
Investments in quoted instruments (Equity & Mutual Funds)	36,947.85	36,947.85	-	-
Investments in unquoted instruments	2,910.12	-	-	2,910.12
Designated at Amortized Cost:				
Investments in unquoted instruments	1,500.00			1,500.00
Loans	8.36			8.36

Notes to the Financial Statements

for the Year ended March 31, 2023

38. 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 Managerial Personnel	Description of Relationship
Mr. V. K. Surendra	Chairman
Mr. V. P. Mahendra	Vice Chairman
Mr. Antony Cherukara	Chief Executive Officer
Mr. Pankaj Khemka ¹	Chief Financial Officer
Mr. Nitin Agrawal ²	Chief Financial Officer
Mr. Chinmaya Khatua	Company Secretary
Mr. V. V. Pravindra	Non-Executive Director
Mr. V. T. Ravindra	Managing Director
Mr. V. S. Arun	Non-Executive Director
Mr. K. M. Pai	Independent Director
Mr. M. K. Bannerjee	Independent Director
Mr. R. Subramanian	Independent Director
Mrs. Siva Kameswari Vissa	Independent Director
Mr. Bijanki Jagannath ³	Independent Director
Mr. Nandakumar Jairam ³	Independent Director

1. Mr. Pankaj Khemka has resigned as CFO with effect from April 04, 2023.

2. Mr. Nitin Agrawal has been appointed as CFO with effect from May 12, 2023.

3. Mr. Bijanki Jagannath has been resigned as an Independent Director with effect from June 14, 2021 and Mr. Nandakumar Jairam has been appointed as an Independent Director with effect from June 21, 2021.

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

- VST Motors Private Limited
- VST & Sons
- Anand & Associates
- Mitsubishi Heavy Industries - VST Diesel Engines Pvt.Ltd.
- India Garage

The details of related parties with which the company has entered into transactions during the year or previous year have been disclosed.

Notes to the Financial Statements

for the Year ended March 31, 2023

a) Transactions entered during the year:

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Services Rendered – Renting of Immovable property		
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	82.94	64.64
India Garage	28.60	26.40
Purchase of Diesel Engines		
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	370.44	556.51
Services Rendered – Job Work		
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	199.73	158.09
Services Availed – Payment of royalty		
VST & Sons	10.48	8.91
Interest Received		
VST Motors Private Limited (Debentures)	118.82	153.71
Redemption amount received for Non-convertible Debentures		
VST Motors Private Limited	500.00	500.00
Architectural professional services		
Anand Associates	-	2.11

Remuneration to Key Managerial Personnel:

Particulars	(Amount in Lakhs)			
	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Short-term Benefits	Sitting Fee	Short-term Benefits	Sitting Fee
Mr. V.K. Surendra	-	6.50	-	7.50
Mr. V.P. Mahendra	-	4.00	36.04	6.00
Mr. V. T. Ravindra	88.50	-	76.49	-
Mr. Chinmaya Khatua	23.79	-	24.53	-
Mr. Pankaj Khemka	57.03	-	53.02	-
Mr. Antony Cherukara	169.88	-	174.41	-
Sitting Fees paid to Independent and non-executive directors	-	37.00	-	40.50

*The above remuneration to KMP doesn't include employer provident fund contribution and post-employment benefits.

b) Outstanding balances at the end of the year:

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Amounts due to related parties		
VST & Sons	10.48	8.91
Key Managerial Personnel	80.90	84.71
Mitsubishi Heavy Industries-VST Diesel Engines Pvt. Ltd.	0.37	75.16
Amounts due from related parties		
Mitsubishi Heavy Industries-VST Diesel Engines Pvt. Ltd.	46.17	-
Anand Associates	-	0.38
India Garage	8.09	13.98
Investment in Non-Convertible debentures		
VST Motors Private Limited	1,000.00	1,500.00

Notes to the Financial Statements

for the Year ended March 31, 2023

39. Financial Risk Management objectives and policies:

The Companies activities expose it to variety of Financial risks- interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance 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

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 and other bank balances.

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.

Notes to the Financial Statements

for the Year ended March 31, 2023

The following table demonstrates the sensitivity in the USD, GBP and Euro 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	(Amount in Lakhs)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
USD	+5.00 %	6.33	12.74
	-5.00 %	(6.33)	(12.74)
GBP	+5.00 %	0.74	4.64
	-5.00 %	(0.74)	(4.64)
Euro	+5.00 %	49.88	(0.00)*
	-5.00 %	(49.88)	0.00*

* Decimals has been rounded to nearest rupees in lakhs.

ii. Credit risk:

Credit risk is the risk of loss that may arise on outstanding financial instruments when a counterparty defaults 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 minimizing losses incurred due to increased credit risk exposure. The Company trades only with recognized 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 recognized 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 recognized 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 lifetime 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. 13).

Notes to the Financial Statements

for the Year ended March 31, 2023

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 summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	(Amount in Lakhs)			
	Less than 12 months	1 to 3 years	More than 3 years	Total
As at March 31, 2023				
Trade Payables	13,071.23	-	-	13,071.23
Security Deposits	18.00	4,126.40	80.00	4,224.40
Lease Liability	85.84	120.00	-	205.84
Other Financial Liabilities	4,861.51	-	-	4,861.51
As at March 31, 2022				
Trade Payables	8,217.17	-	-	8,217.17
Security Deposits	92.00	4,047.08	-	4,139.08
Lease Liability	35.65	79.97	-	115.62
Other Financial Liabilities	4,896.01	-	-	4,896.01

40. Investment Property:

The Company as at the end of reporting period 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	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) Rental Income	200.31	137.42
Less: Direct operating expenses incurred		
(i) Repairs and Maintenance	2.15	6.11
(ii) Property Taxes	12.85	5.19
(B) Total expenses	15.00	11.30
Net Income / (expense) from Investment Property (A-B)	185.31	126.12

Fair Valuation of Investment Property:

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Land	8,749.52	8,328.04
Building	1,627.86	1,631.51

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.

Notes to the Financial Statements

for the Year ended March 31, 2023

41. 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 maximize 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.

42. Unhedged Foreign Currency Exposure:

Particulars	(Amount in Lakhs)					
	As at March 31, 2023			As at March 31, 2022		
	#	Foreign Currency	Amount (₹)	#	Foreign Currency	Amount (₹)
Trade Receivables	\$	3.25	264.07	\$	4.69	353.50
	£	11.33	997.60	£	0.94	92.74
	€	0.15	14.85	€	0.00*	0.07
Trade Payables	\$	1.69	137.60	\$	1.31	98.79

*Denotes currency symbol

*Decimals has been rounded to nearest rupees in lakhs.

43. Contingencies and Commitments:

Particulars	(Amount in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Contingent Liabilities		
a. Cases filed by customers in various consumer courts not acknowledged as debts	102.27	74.50
b. Appeals filed by the company in respect of Income tax matters	841.34	1,137.21
c. Appeals filed by the company in respect of Customs matters	25.68	25.68
d. Bank guarantees issued to Government agencies by way of security	382.55	259.45
e. Indirect Tax matters*	6,736.73	-
Commitments		
a. Estimated value of contracts remaining to be executed on capital accounts and not provided for (net of advances)	1,283.78	1,489.82

*The Company has received GST Assessment Order and Demand for ₹ 6,736.73 lakhs (inclusive of Interest of ₹ 2478.10 lakhs and Penalty of ₹ 1.5 lakhs) for FY 2017-18, FY 2018-19 and FY 2019-20 due to mismatch of Sales as per GSTR 1 and 3B, mismatch of Input tax credit as per GSTR 2A and 3B, Mismatch with E- way bills and non-submission of details for Expenses. The Company has filed an appeal with the relevant authority submitting the grounds of appeal and the supporting documentation. Further, we are reasonably certain of obtaining favorable orders from appellate authorities as the appropriate opportunity was not provided for submission of details during the assessment proceedings.

Notes to the Financial Statements

for the Year ended March 31, 2023

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

The Ministry of Micro, small and medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers about the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amount payable to such enterprises as at March 31, 2023 has been made in the financial statements based on the information received and available with the Company. The Company has not received any claim for interest from any supplier under the said acts. Further in view of the Management, the impact of interest, if any, that may be applicable in accordance with provisions of the Act is not expected to be material.

(Amount in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Principal	Interest	Principal	Interest
Amount due to vendor	4,112.53	-	2,343.09	-
Principal amount paid (includes unpaid) beyond appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-

45. Leases

Company as Lessee:

The Company leases assets consists of leases for land, building and computers. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023 are as follows

(Amount in Lakhs)

Particulars	Category of ROU Asset		Total
	Lease hold Assets	Land	
Balance as at April 1, 2022	102.30	326.04	428.34
Add: Additions	140.79	-	140.79
Less: Deletions	-	-	-
Depreciation	62.87	3.33	66.20
Balance as at March 31, 2023	180.21	322.72	502.93

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022 are as follows:

(Amount in Lakhs)

Particulars	Category of ROU Asset		Total
	Lease hold Assets	Land	
Balance as at April 1, 2021	44.95	329.37	374.32
Add: Additions	79.38	-	79.38
Less: Deletions	-	-	-
Depreciation	22.03	3.33	25.36
Balance as at March 31, 2022	102.30	326.04	428.34

The depreciation expenses on ROU assets is included under depreciation and amortization expense in the statement of profit and loss (Refer note 29).

Notes to the Financial Statements

for the Year ended March 31, 2023

The following is the break-up of current and non-current lease liabilities as at March 31, 2023 and March 31, 2022 are as follows:

(Amount in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Lease liability	75.96	30.12
Non-current lease liability	112.87	74.47
Total	188.83	104.59

The following is the movement in lease liabilities during the year ended March 31, 2023 and March 31, 2022:

(Amount in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Lease liability	104.59	45.14
Additions	140.80	79.38
Finance cost accrued during the year	11.04	4.83
Deletions	-	-
Payment of lease liabilities	67.60	24.76
Balance at the end	188.83	104.59

Following amount has been recognized in the statement of profit & loss:

(Amount in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on right to use asset	66.20	25.36
Interest on lease liability	11.04	4.83
Total amount recognized in the statement of profit and loss	77.24	30.19

The details regarding the contractual maturities of lease liabilities as at March 31, 2023 and March 31, 2022 on an undiscounted basis are as follows:

(Amount in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	85.84	35.65
One to five years	120.00	79.97
More than five years	-	-

Notes to the Financial Statements

for the Year ended March 31, 2023

46. Corporate Social Responsibility (CSR) Expenditure:

CSR amount required to be spent by the Company during the year is ₹ 173.80 lakhs (Previous year ₹ 159.49 lakhs). Further, during the year, the Company has spent an amount ₹ 173.80 lakhs related to current year liability, details of which are as follows:

Details of amount spending on CSR activities:

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening unspent amount	193.31	193.31
Amount required to be spent as per section 135(5) of companies Act, 2013	173.80	159.49
Less: Amount spent during the year	173.80	159.49
Balance amount to be spent	193.31	193.31
Opening Unspent Amount transferred to separate bank account as on April 29, 2021.	193.31	193.31

The amount kept in escrow account for long term projects. currently it is not unspent amount.

Details of CSR Transactions as follows:

Head	Paid in Cash	Yet to be paid in Cash	Total
CSR activities (Kamalabai Education Trust)	60.00	-	60.00
CSR activities (V.S.Thiruvengadaswamy Mudaliar Memorial Trust)	113.80	-	113.80
Total	173.80	-	173.80

47. Disclosure pursuant to Indian Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets

a) Movement in provision for warranty

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Carrying amount as at the beginning of the year	194.93	182.40
Add: Additional provision made during the year	181.50	194.93
Less: Provision used during the year	194.93	182.40
Less: Unused amounts reversed during the year	-	-
Carrying amount as at the end of the year	181.50	194.93

b) Nature of Obligation

The Company gives warranties for its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision made as at March 31, 2023 represents the amount of expected cost of meeting such obligations on account of rectification / replacement. The timing of outflow is expected to be within a period of one year from the end of the year.

The Company generally offers 12 months warranties for tiller products except 135DI tiller, 17HP-50HP tractors which are offered 24 months warranties. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims.

Notes to the Financial Statements

for the Year ended March 31, 2023

48. Disclosure pursuant to Ind AS 115 – Revenue from contracts with customers

1. Disaggregation of Revenue

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Revenue by type of goods & Services		
Revenue from Products		
- Tractors	26,651.59	29,387.33
- Tillers	57,782.56	47,378.08
- Others	20,366.68	12,445.35
Revenue from Services		
- Job Works	198.19	158.17
Total	1,04,999.02	89,368.93
b) Revenue by geographical region		
Domestic Sales	96,561.27	82,203.39
Export Sales	8,437.75	7,165.54
Total	1,04,999.02	89,368.93
c) Revenue by sales Channel		
Dealer Sales	92,877.27	80,091.92
End Customer Sales	7,888.19	8,260.13
Others	4,233.56	1,016.88
Total	1,04,999.02	89,368.93

2. Contract Balance:

Customer advances amounting to 2,164.33 lakhs of which ₹ 2,046.53 lakhs (769.28 lakhs as at March 31, 2022) has been recognized as revenue during the year ended March 31, 2023.

3. Reconciliation of Revenue recognized in the statement of Profit & Loss with contract Price:

Particulars	(Amount in Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Contract Price	1,04,999.02	89,368.93
Less:		
Dealer Discount – Products	1252.55	1091.29
Dealer Discount – Spares	681.76	534.24
Special Discount	1853.65	1593.45
Cash Discount	568.39	763.69
Transaction Price	1,00,642.67	85,386.26

Notes to the Financial Statements

for the Year ended March 31, 2023

49. Ageing Analysis

A) Ageing schedule of capital work-in-progress:

(Amount in Lakhs)

As at March 31, 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
a) Projects in progress	1,207.69	54.33	55.14	93.75	1,410.91
b) Projects temporarily suspended	-	-	-	-	-
Total	1,207.69	54.33	55.14	93.75	1,410.91

(Amount in Lakhs)

As at March 31, 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
a) Projects in progress	450.93	235.14	288.72	225.03	1,199.82
b) Projects temporarily suspended	-	-	-	-	-
Total	450.93	235.14	288.72	225.03	1,199.82

B) Ageing schedule of Trade Payables

(Amount in Lakhs)

As at March 31, 2023	Outstanding from the due date of payment				Total
	Less than 1 year*	1-2 years	2-3 years	More than 3 years	
Due to MSME	4,112.53	-	-	-	4,112.53
Due to Others	8,818.70	89.26	19.70	31.04	8,958.70
Disputed dues — MSME	-	-	-	-	-
Disputed dues — Others	-	-	-	-	-

(Amount in Lakhs)

As at March 31, 2022	Outstanding from the due date of payment				Total
	Less than 1 year*	1-2 years	2-3 years	More than 3 years	
Due to MSME	2,343.09	-	-	-	2,343.09
Due to Others	5,817.99	-	40.90	15.19	5,874.08
Disputed dues — MSME	-	-	-	-	-
Disputed dues — Others	-	-	-	-	-

* Amount which is "Not due" is considered in less than 1 year.

C) Ageing schedule of Trade Receivables

(Amount in Lakhs)

As at March 31, 2023	Outstanding from the due date of Receipt						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
a) Undisputed trade receivables – considered good	6,210.05	4,867.69	2,007.00	603.88	990.45	175.34	14,924.43
b) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	71.42	294.85	1,192.56	1,558.83
c) Disputed trade receivables – credit impaired	-	-	-	-	68.35	1,174.85	1,243.20
Gross Trade Receivables	6,210.05	4,867.69	2,007.00	675.30	1,353.65	2,542.75	17,726.46
Less: Allowance for Expected credit loss							2,802.03
Net Trade Receivables							14,924.43

Notes to the Financial Statements

for the Year ended March 31, 2023

As at March 31, 2023	Outstanding from the due date of Receipt						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
a) Undisputed trade receivables – considered good	2,801.08	449.00	522.22	2,508.13	498.75	-	6,779.18
b) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	468.51	468.51
c) Disputed trade receivables – credit impaired	-	-	-	153.34	802.27	911.20	1,866.80
Gross Trade Receivables	2,801.08	449.00	522.22	2,661.47	1,301.02	1,379.71	9,114.49
Less: Allowance for Expected credit loss							2,357.25
Net Trade Receivables							6,757.24

50. Shareholding of promoters:

S. No	Name of the Promoter	As on March 31, 2023			As on March 31, 2022		
		No. of Shares	% of Share holding	% change during the year	No. of Shares	% of Share holding	% change during the year
1	V K Surendra	19,34,534	22.39%	0.37%	19,02,034	22.02%	0.46%
2	V P Mahendra	6,27,020	7.26%	-	6,27,020	7.26%	-
3	V V Pravindra	2,24,146	2.59%	-	2,24,146	2.59%	-
4	V S Arun	2,20,630	2.55%	-	2,20,630	2.55%	0.04%
5	V P Tiruvengadaswamy	1,99,692	2.31%	-	1,99,692	2.31%	-
6	V V Vijayendra	1,65,888	1.92%	-	1,65,888	1.92%	-
7	S Mahalakshmi	35,375	0.41%	-	35,375	0.41%	-0.46%
8	V V Sujay	72,664	0.84%	-	72,664	0.84%	-
9	M Bharathi	61,200	0.71%	-	61,200	0.71%	-
10	P Jayalakshmi	33,750	0.39%	-	33,750	0.39%	-
11	V Lakshmi	33,007	0.38%	-	33,007	0.38%	-
12	V V Anjali	30,123	0.35%	-	30,123	0.35%	-
13	V T Ravindra	28,852	0.33%	-	28,852	0.33%	0.01%
14	V P Rahul	18,076	0.21%	-	18,076	0.21%	-
15	V M Anand	16,195	0.19%	-	16,195	0.19%	-
16	V M Vishnu	16,056	0.19%	-	16,056	0.19%	-
17	V P Karan	15,714	0.18%	-	15,714	0.18%	-
18	Amritha V M Ward	14,330	0.17%	-	14,330	0.17%	-
19	V T Anusuya	2,250	0.03%	-	2,250	0.03%	-
20	Sita Rajgopal	1,500	0.02%	-	1,500	0.02%	-
21	Vst Motors Private Limited	3,88,885	4.50%	0.37%	3,56,385	4.13%	-
22	Mitsubishi Heavy Industries Engine And Turbocharger Limited	2,53,125	2.93%	-	2,53,125	2.93%	-
23	Padmanaban Motors LLP	1,36,311	1.58%	-	1,36,311	1.58%	-
24	K S And Sons LLP	85,690	0.99%	-	85,690	0.99%	-
25	V T Velu Investments Private Limited	67,725	0.78%	-	67,725	0.78%	-
26	Gove Finance Limited	66,082	0.76%	-	66,082	0.76%	-
27	Vijayendra Brothers Investments Private Limited	52,470	0.61%	-	52,470	0.61%	-
Total Promoter Holding		48,01,290	55.57%		47,36,290	54.82%	

Notes to the Financial Statements

for the Year ended March 31, 2023

51. Reconciliation of monthly information filed with Lender:

The Company has availed working capital facility from HDFC Bank Limited which is paid within the Financial Year. As per the terms & conditions of the sanction letter, the Company is required to file monthly statement of inventory, trade receivables and trade payables. On reconciliation of books of account and periodical submissions made with the banker, there are no significant variances.

52. Ratios

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% of Change	Remarks
Current ratio	Current assets	Current liabilities	3.28	3.44	-4.67%	
Return on equity ratio	Profit after tax	Average of total equity	11.74%	14.02%	-16.27%	
Inventory turnover ratio	Costs of goods sold	Average inventories	6.76	5.57	21.32%	
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	9.28	11.43	-18.79%	
Trade payables turnover ratio	Purchases	Average trade payables	6.62	6.99	-5.35%	
Net capital turnover ratio	Revenue from operations	Working capital	2.00	2.01	-0.70%	
Net Profit Ratio	Profit after tax	Revenue from operations	9.18%	11.63%	-21.10%	
Return on capital employed	Earnings before interest and tax	Capital Employed	15.13%	17.73%	-14.68%	
Return on investment	Profit after tax	Equity share capital + Instruments entirely equity in nature + Securities premium	8.19	8.80	-7.00%	

53. The disclosure on the following matters required under Schedule III as amended, same are not covered above:

- The Company has not traded or invested in crypto currency or virtual currency during the financial year
- No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- The Company has not entered into any scheme of arrangement.
- No registration and/or satisfaction of charges are pending to be filed with ROC.
- There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- The Company does not have any relationship with struck off companies.
- The Company does not have any subsidiary, associate or joint venture. Hence disclosure w.r.t compliance with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of layers) Rules, 2017, is not applicable.

Notes to the Financial Statements

for the Year ended March 31, 2023

54. The Company is engaged only in business of manufacturing and trading of agriculture machinery and accordingly the business activity falls within a single business segment in terms of Ind AS 108 on Operating Segments.

55. The Board had recommended dividend of ₹ 25 per equity share having face value of ₹ 10 each for the financial year 2022-2023.

56. Corresponding previous year figures have been reclassified / regrouped wherever necessary.

As per our report of even date
for **K.S. Rao & Co.,**
Chartered Accountants
F.R. Number: 003109S

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

Hitesh Kumar. P
Partner
Membership No:233734

V.T. Ravindra
DIN: 00396156
Managing Director

K.M. Pai
DIN:01171860
Director

Antony Cherukara
Chief Executive Officer

Nitin Agrawal
Chief Financial Officer

Chinmaya Khatua
ACS - 21759
Company Secretary

Place: Bengaluru
Date: May 12, 2023.

Place: Bengaluru
Date: May 12, 2023.

NOTICE of the 55th Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting (the "AGM") of the Members of V.S.T. Tillers Tractors Limited (the "Company") will be held on Friday, September 01, 2023 at 11:00 am IST through Video Conferencing ("VC") or Other Audio-Visual Means (OAVM), to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare final dividend of ₹ 25 /- per equity share for the Financial Year ended March 31, 2023.
3. To consider appointment of a director in place of Mr. V.V Pravindra (DIN: 00239888), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible offers, himself for re-appointment.

SPECIAL BUSINESS

4. To ratify the remuneration of the Cost Auditors for the Financial Year ending March 31, 2024.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 148 and any other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or amendment (s) thereto or re-enactment(s) thereof, for the time being in force), consent of the members is hereby accorded to ratify remuneration of ₹ 2.5 Lakhs (Exclusive of applicable GST) per annum plus out of pocket expenses payable to M/s. Rao, Murthy & Associates, Cost Accountants having Firm Registration No. 000065 appointed by the Board of Directors as Cost Auditors of the Company to conduct the audit of cost records of the Company for the financial year 2023-24.

RESOLVED FURTHER THAT that Board of Directors the Company be and are hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution."

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

Chinmaya Khatua
Company Secretary
Membership No. ACS-21759

PLOT NO.1, DYAVASANDRA INDL.LAYOUT WHITEFIELD ROAD,
MAHADEVAPURA POST BANGALORE KA 560048

Place: Bengaluru
Date: August 04, 2023,

NOTES:

1. Pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021 and General Circular No. 10/2022 and General Circular No. 11/2022, dated December 28, 2022 and all other relevant circulars issued from time to time (collectively referred to as "MCA Circulars"), MCA has permitted holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

Central Depository Services (India) Limited will provide facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 27 below.

2. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013.
3. The Company encourages the Members of the Company under the category of Institutional Members to attend and participate in this AGM through VC/OAVM.
4. Since this AGM is being held through VC/OAVM pursuant to MCA Circulars and SEBI Circulars, physical attendance of the Members has been dispensed with and accordingly, the facility for appointment of proxies by the Members is not available for this AGM. Hence Proxy Form, Attendance Slip and route map are not attached hereto.
5. The Board of Directors have decided to include the Item No. 4 of this Notice as it is unavoidable in nature.
6. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, the proceedings of this AGM will be deemed to be conducted at the Registered Office of the Company situated at Plot No-1, Dyavasandra Industrial Layout, Whitefield Road, Mahadevapura Post, Bengaluru – 560 048.
7. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice calling AGM along with Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The Notice calling the AGM and Annual Report have also been uploaded on the website of the Company at www.vsttractors.com. The same can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
8. The Register of Members and Share Transfer Books of the Company will be closed from August 26, 2023 to September 01, 2023 (both days inclusive) in connection with Annual General Meeting scheduled to be held on September 01, 2023 and payment of Dividend.
9. The Board has recommended a Final Dividend of ₹ 25 /- i.e. 250% per share of ₹10/- each for the financial year 2022-23 and the same will be paid on or after September 01, 2023 if approved by the Members at 55th 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 25, 2023.
10. 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 re-enactment(s) thereof or 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 2022-23 the Company has transferred ₹ 9,09,330/- to Investor Education and Protection Fund. The details of the unclaimed dividend are uploaded in IEPF website as well as website of the Company.

Accordingly, during the financial year 2023-24, the Company transferred unclaimed final dividend amount for the financial year ended March 31, 2016, on May 11, 2023. 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 3,118 Nos of shares to IEPF during the financial year 2022-23 after following the procedure.

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.

11. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of August 25, 2023.
12. In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members 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.
14. 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 dispatch of the communications in electronic form from time to time.
15. 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.
16. Rule 3 of Companies (Management and Administration) Rules, 2014 (as amended) prescribes that Register of Members should include details pertaining to e-mail, PAN/CIN, UIDAI, Occupation, Status and Nationality. We request all the Members of the Company to update the said details with their respective depository participants in case of shares held in electronic form and with the Company's Registrar and Transfer Agents in the case of physical holding.
17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other related documents, will be available for inspection electronically. Members seeking to inspect such documents during the AGM can send their request at the mail Id vstagn@vsttractors.com.
18. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item No. 4 of the Notice, is annexed hereto.
19. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN). Members holding shares in electronic form are, therefore, requested to submit the PAN details to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar & Transfer Agent.
20. As per Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), securities of listed companies can be transferred only in dematerialised form with effect from 1st April, 2019, except in case of transmission or transposition of securities. Further, SEBI vide its Circular dated 25th January, 2022, has mandated that securities shall be issued only in dematerialised mode while processing duplicate/

unclaimed suspense/ renewal/ exchange/ endorsement/ sub-division/ consolidation/ transmission/ transposition service requests received from physical securities holders. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings into dematerialized form. Members can contact the Company or Company's Registrars & Transfer Agents for assistance in this regard.

21. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/ re-appointment at this AGM is also annexed.
22. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members electronically by writing an e-mail to vstagn@vsttractors.com.
23. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For the prescribed rates for various categories, the Members are requested to refer to the Finance Act, 2020 and amendments thereof. The Members are requested to update their PAN with the Company / Registrar and Transfer Agent (in case of shares held in physical mode) and with the Depository Participants (in case of shares held in Demat mode).

A Resident individual Member with PAN and who is not liable to pay income tax, can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source.

Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident Members can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents.

The Company with M/s. Integrated Registry Management Services Private Limited, Company's Registrar and Transfer Agent has provided the web portal for submission of tax exemption forms/ requested documents. Shareholders can submit their tax exemption forms and supporting documents directly on portal for purposes of tax deduction at source by Clicking the below link and selecting 'VST Tillers Tractors Limited' in the company drop down: <https://www.integratedindia.in/ExemptionFormSubmission.aspx> The company had already sent a communication in this regard We once again request shareholders to upload the relevant documents at aforementioned link on or before August 25, 2023. No communication on the tax determination/deduction received post August 25, 2023 shall be considered for payment of dividend.

24. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.:
 - a. For shares held in electronic form: to their Depository Participants (DPs)
 - b. For shares held in physical form: to the Company/Registrar and Transfer Agent in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 & SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37

The Company has already sent communication to shareholders in this regard.

25. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal / Exchange of securities certificate, Endorsement, Sub-division / Splitting of securities certificate, Consolidation of securities certificates/folios, Transmission, Transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed hard copy of Form ISR - 4 to the Company's Registrar and Transfer Agents, Integrated Registry Management Services Private Limited No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560003. It may be noted that any service request can be processed only after the folio is KYC Compliant.

26. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or Integrated Registry Management Services Private Limited for any assistance in this regard.

27. 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 Regulation 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 Jayavant B. Bhave, (FCS- 4266) CP No-3068) ,Proprietor of M/s. J B Bhave & Co., Practicing Company Secretaries, has been appointed as scrutinizer for remote e-voting and e-voting at the AGM

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 25, 2023 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 Members voting electronically and attending the AGM through VC/OAVM 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 August 29, 2023

End of remote e-voting: Up to 5:00 p.m. (IST) on August 31, 2023

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. Members who have already voted prior to the meeting date would not be entitled to vote at the meeting.

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, under Regulation 44 of SEBI Listing Regulations, listed entities are required to provide remote e-voting facility to its members, in respect of all Members' resolutions.

In order to increase the efficiency of the voting process, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the e-voting service providers (ESPs), thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process. Members are advised to update their mobile number and email id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and for joining virtual meetings for Individual Members holding securities in Demat mode is given below:

Type of Members	Login Method
Individual Members holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasinew/Home/Login or visit HYPERLINK "http://www.cdslindia.com/www.cdslindia.com" and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Members holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at the above mentioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Members holding securities in Demat mode with CDSL	Members facing any technical issue in logging in, can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Members holding securities in Demat mode with NSDL	Members facing any technical issue in logging in can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 022-4886 7000 and 022-2499 7000

Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) Login method for e-Voting and joining virtual meetings for Members other than individual Members & Members holding shares in physical form.
- (ii) The Members should log on to the e-voting website www.evotingindia.com
 - (i) Click on "Shareholders" module.
 - (ii) 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.
 - (iii) Next enter the Image Verification as displayed and Click on Login.
 - (iv) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
 - (v) If you are a first-time user follow the steps given below:

Financial Year	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> • 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.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) 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.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (ix) Click on the EVSN of **VST TILLERS TRACTORS LTD** on which you choose to vote.
- (x) 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.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the 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.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(iii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 linked in the login will be mapped automatically & can be delinked in case of any wrong mapping.
 - It is Mandatory that, 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.
 - Alternatively Non Individual shareholders are required mandatorily to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; vstagn@vsttractors.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (iv) If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to HYPERLINK "mailto:helpdesk.evoting@cdslindia.com"helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

- (v) Any person, who acquires shares of the Company and become a member after dispatch of the notice and holding shares as on the cut-off date i.e., August 25, 2023 may follow the same procedure as mentioned above for e-Voting.

PROCESS FOR THOSE MEMBERS WHOSE EMAIL ADDRESSES / MOBILE NO. ARE NOT REGISTERED WITH THE DEPOSITORIES / COMPANY FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company on vstagm@vsttractors.com /RTA on irg@integratedindia.in.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

The procedure for attending Meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for Remote e-voting.

The link for VC/OAVM to attend Meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Facility of joining the AGM through VC / OAVM shall open 30 (thirty) minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
3. Members may note that the VC / OAVM Facility, provided by CDSL, allows participation of atleast 1,000 Members on a first-come-first-served basis. The large Members (i.e. Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship & Grievance Committee, Auditors, etc. can attend the 55th AGM without any restriction on account of first-come-first-served principle.
4. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further Members will be required to allow Camera access and use Internet with a good speed to avoid any disturbance during the Meeting.
6. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connections via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at vstagm@vsttractors.com from August 24, 2023 (9:00 am IST) to August 28, 2023 (5:00pm IST). The Members who do not wish to speak during the AGM but have queries may send their queries in advance i.e. up-to August 28, 2023 mentioning their name, demat account number/folio number, email id, mobile number at vstagm@vsttractors.com. Members who will participate in the AGM through VC/OAVM can also pose question / feedback through question box option. These queries will be replied by the Company suitably depending on the availability of time at the AGM. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the AGM.
8. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
 2. Only those Members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
 3. If any votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.
 4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
28. The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website, i.e. www.vsttractors.com and on the website of CDSL within 2 working days 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.
 29. Corporate/ Institutional Members are entitled to appoint authorized representatives to attend the AGM through VC/OAVM on their behalf and cast votes through remote e-voting or at the AGM. Corporate/ Institutional Members intending to authorize their representatives to participate and vote at the Meeting are requested to send a certified copy of the Board Resolution / Authorization letter to the Company at vstagm@vsttractors.com, authorizing its representative(s) to attend and vote through VC/OAVM on their behalf or at the Meeting, pursuant to section 113 of the Act.

ANNEXURE TO THE NOTICE

Explanatory Statement in terms of Section 102 of the Companies Act, 2013

Item No. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Rao, Murthy & Associates, Cost Auditors (Firm Registration No.000065) to conduct the audit of the cost records of the Company for the financial year ending March 31,2024.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014 the remuneration of ₹ 2.5 Lakhs/- (Exclusive of applicable GST) per annum plus out of pocket expenses payable to the Cost Auditors, as approved by Board of Directors, has to be ratified by the Members of the Company.

The Cost Audit is undertaken by the Cost auditors covering only the manufactured products and not for the traded products, as per the Companies Act, 2013. Even under the manufactured products, not all the products are covered under the Cost Audit. The products which are covered for the Cost Audit are "Power Tiller & Diesel Engine". The remuneration to cost auditors is as per the scope and market standard and not for the overall turnover.

Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out in item No. 4 of the notice for approving the remuneration payable to the Cost Auditors for the financial year ending March 31, 2024.

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 in item No.4 of the Notice.

The Board of Directors recommends the Ordinary Resolution set out in item No. 4 of the notice for the approval of the Members.

Annexure A

Additional information on Director(s) recommended for appointment/re-appointment as required under Listing Regulations and applicable Secretarial Standards:

Mr. V. V. Pravindra				
DIN No.	Date of Birth	Age	Date of first Appointment on Board	Qualification
00239888	11/05/1965	58	28/07/2008	Commerce Graduate
Brief resume of the director with Expertise in specific functional areas			Having two decades experience in the company in various capacities encompassing business development finance and operations. Presently managing Automobile business in VST Group.	
Terms & Conditions of appointment			Non-executive & Non-Independent Director	
Directorship held in other companies including listed companies			<ul style="list-style-type: none"> • CREST CONSTRUCTIONS PRIVATE LIMITED • VST SUPERCARS PRIVATE LIMITED • BANGALORE MOTORS PRIVATE LIMITED • V.S.T. AUTO ANCILLARIES PRIVATE LIMITED • CHENNAI AUTO AGENCY PRIVATE LIMITED • V T VELU INVESTMENTS PRIVATE LIMITED • VST HOLDINGS PRIVATE LIMITED • VIJAYENDRA BROTHERS AGENCY PRIVATE LIMITED • INNOVED K-12 TECHNOLOGIES PRIVATE LIMITED 	
Chairmanship / Membership in the Committees of the Boards of other companies in which he is Director.			NIL	
Chairmanship/Membership in the committees of Board of VST.			Member of CSR Committee	
Shareholding in the Company (in Number)			224146	
Number of Board Meetings attended during FY23			5	
Inter-se Relationship with other directors and Key Managerial Personnel			Related to: <ul style="list-style-type: none"> • Mr. V.K. Surendra • Mr. V.T. Ravindra • Mr. V.S. Arun 	
Remuneration sought to be paid			Sitting fees	
Last drawn remuneration (sitting fees only) for FY23			₹ 350,000 /-	
Names of listed entities from which Director has resigned in the past three years			NA	

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

Chinmaya Khatua
Company Secretary
Membership No. ACS-21759

Place: Bengaluru
Date: August 04, 2023



V.S.T. TILLERS TRACTORS LTD.

CIN-L34101KA1967PLC001706

Regd. Office: Plot No. 1, Dyavasandra Indl. Layout, Whitefield Road,
Mahadevapura Post, Bangalore 560 048 Phone: 91 80671 41111

E-mail: vstgen@vsttractors.com

Website: www.vsttractors.com

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Toll Free No: 18004 190136

