

LORD GANESHA



Idol of Lord Ganesha at V.S.T. TILLERS TRACTORS LTD.,

31st ANNUAL REPORT

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**TILLERS
TRACTORS LTD.,**



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TILLERS TRACTORS LIMITED

BOARD OF DIRECTORS	MR. V. K. SURENDRA	<i>Chairman</i>
	MR. V. T. VELU	
	MR. S. HASHIMOTO	
	MR. K. HARADA	
	MR. K. TERAU	
	MR. SHASHIKANT VENSON	<i>Alternate to Mr.S.Hashimoto</i>
	MR. M. UDOGUCHI	<i>Alternate to Mr.K.Terao</i>
	MR. K. HAYASHI	<i>Alternate to Mr.K.Harada</i>
	MR. M. K. BANNERJEE	
	MR. S. LOGANADAN	
	MR. R. SUBRAMANIAN	
	MR. V. V. VIJAYENDRA	
	MR. V. P. MAHENDRA	<i>Managing Director</i>
	MR. A. T. NAHENDER	<i>Director (Operations)</i>

COMPANY SECRETARY MR. A. S. KESHAVAMURTHY

AUDITORS M/S. BRAHMAYYA & COMPANY
10/2, Khivraj Mansion,
Kasturba Road, Bangalore 560 001.

BANKERS M/s. Canara Bank
M/s. State Bank of India
M/s. State Bank of Indore

FACTORS M/s. Canbank Factors Limited

LEGAL ADVISERS M/s. N. Jayaraman, Advocates
112/12, First Floor, (5th Main Road Corner),
XI Cross Road, Malleswaram,
BANGALORE 560 003.

REGD. OFFICE & FACTORY Plot No.1, Dyavasandra Industrial Layout,
P. B. No. 4801, Whitefield Road,
Mahadevapura Post, Bangalore 560 048.

INFORMATION

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

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NOTICE

Notice is hereby given that the **Thirtyfirst Annual General Meeting of V.S.T. TILLERS TRACTORS LIMITED** will be held on Friday the 6th August 1999 at 3.00 p.m. at the Institution of Engineers (India), No.3, Dr. B. R. Ambedkar Veedhi, Bangalore 560 001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance sheet as at 31st March 1999 and Profit and Loss Account for the year ended 31st March 1999 together with Schedules from 1 to 19 along with the Reports of the Directors and the Auditors.
2. To declare a dividend
3. To elect a Director in place of Mr. K. Terao who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Mr. S. Hashimoto who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in place of Mr. M. K. Bannerjee who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company and fix their remuneration

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without amendment the following resolution as an Ordinary Resolution :

RESOLVED that pursuant to Section 198, 269, 309, 310, 311 and other applicable provisions if any and Schedule XIII to the Companies Act, 1956, Mr. V. P. Mahendra be and is hereby re-appointed as Managing Director of the Company for a further period of five years with effect from 20th February 1999 upon the terms and conditions as stated below :

SALARY

Rs.31,000 per month in the scale of Rs.31,000 - 1,500

PERQUISITES

In addition to salary, the following perquisites are allowed and classified into four categories "A", "B", "C" and "D" as follows :-

CATEGORY - A

- a) Medical Reimbursement - Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary over a period of three years.
- b) Leave Travel Allowance - for self and family once in a year not exceeding two months salary. However, the payment of LTA is as per the policy guidelines of the Company.
- c) Club Fees - Fees for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.



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- d) Insurance Premium - Premium not exceeding Rs.2,400 per annum for self and family.

Note : For the purpose of this Part, "family" means the spouse, dependent children and dependent parents of the Managing Director.

CATEGORY - B

- a) Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income-tax Act.
- b) Gratuity payable shall not exceed one half month's salary for each completed year of service subject to a ceiling specified in the Gratuity Act.
- c) Earned/Privilege leave of 37 days shall be allowed to avail on full pay and allowances for every 12 months of service. However, leave accumulated but not availed off will be allowed to be encashed.

CATEGORY - C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

CATEGORY - D

COMMISSION

1 percent on the net profit of the company subject to a maximum of 50 percent of the annual salary

RESOLVED FURTHER that in the event of any amendment/modification in the Companies Act, 1956 and enactment thereof coming into force, or issue of notification by Central Government relating to Managerial Remuneration, the approval of the Shareholders be and is hereby accorded by authorising the Board to determine the total remuneration (including perquisites, benefits and amenities) to be paid or allowed to Mr.V.P. Mahendra, the Company's Managing Director, in accordance with the provisions of the amended or modified provisions of the Companies Act, or any re-enactment hereof or issue of notification by Central Government in this regard.

RESOLVED further that the draft agreement made between Mr. V.P. Mahendra and the Company placed before the meeting and initialled by the Chairman for the purpose of identification be and is hereby approved.

By order of the Board of Directors
for **VST TILLERS TRACTORS LIMITED**

Place : Bangalore
Dated : 31st May 1999

A.S. Keshavamurthy
Company Secretary

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1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself on a " POLL " and A PROXY NEED NOT BE A MEMBER.** The proxy form is annexed hereto. Proxies in order to be effective must be received at the Company's Registered Office not later than fortyeight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 4.08.99 to 6.08.99 (both days inclusive).
3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. Documents relating to any of the items mentioned in the Notice and the accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on any working day during business hours.
5. Members are requested to notify immediately any change in their address to the Company.
6. Members are requested to bring their copy of the Annual Report with them to the meeting.
7. The dividend on the equity shares as recommended by the Directors when declared at the Annual General Meeting will be made payable to those Shareholders whose names stand in the Register of Members of the Company as on 3rd August 1999
8. The dividend will be paid to the entitled shareholders within 42 days from the date of declaration of the dividend.
9. Members desirous of obtaining any information on the Annual Accounts to be explained at the meeting are requested to write to the Company at an early date to facilitate computation of information.



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**EXPLANATORY STATEMENT
UNDER SECTION 173 (2) OF
THE COMPANIES ACT, 1956**

The following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice of the 31st Annual General Meeting of the Company to be held on Friday, the 6th August 1999.

ITEM NO.7

Mr.V.P.Mahendra was appointed by the Shareholders as Managing Director of the Company initially during November 1988 and re-appointed for a second term of 5 years during July 1994. The Shareholders in their 28th Annual General Meeting held on 21st August 1996 approved the revised scale of pay to Mr.V.P. Mahendra at Rs.26,500 in the

grade of Rs.25,000-1,500-29,500 per month with effect from 1st April 1996 upto 19th February 1999.

His term of office expired on 19th February 1999. The Board of Directors were of the opinion that it would be in the best interest of the Company to reappoint Mr.V.P.Mahendra for a further period of five years. Hence, the Board at its Meeting held on 29th January 1999 re-appointed him for a further period of five years effective 20th February 1999 subject to the approval of the shareholders in the General Meeting and thus recommend the resolution for approval.

None of the Directors except Mr.V.P.Mahendra is interested in this subject/resolution.

By order of the Board of Directors
for **VST TILLERS TRACTORS LIMITED**

Place : Bangalore
Dated : 31st May 1999

A.S. Keshavamurthy
Company Secretary

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DIRECTORS REPORT

The Directors have pleasure in presenting their 31st Annual Report with the audited Accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

The Company's performance during the year is summarised below :

(Figures in rupees in lacs)

	Year 1998-99	Year 1997-1998
Gross Income	6955	7254
Profit before depreciation & taxation	830	851
Interest	236	217
Depreciation	107	84
Profit before taxation	487	550
Taxation	129	145
Profit after taxation	358	405
Balance b/f	155	85
Surplus available for appropriation to :	513	490
Proposed Dividend	97	85
General Reserve	250	250
Profit & Loss A/C	166	155

OPERATIONS

The income during the year marginally declined due to sales of Power Tiller coming down to 6037 as compared to the previous year's sale of 6532 units - a reduction of 495 units. The Tractor sales during the fiscal year however increased to 933 units from 842 units.

Though the Power Tillers Industry was not seriously affected by the general

recessionary trend in the engineering industry, the loss of sale of Power Tillers can be directly attributed to the increased number of players in the market. This would include a number of traders importing Power Tillers from China, as well as capacity increases of domestic manufacturers. Consequently, your Company has marginally lost its market share in certain pockets. The general economic slow down, resulted in increased inventory which caused high carryover interest on the finished goods.

Despite the income falling by 4%, your Company was able to increase its operating profit by closely monitoring material cost etc. You may note from the annexure to the Balance Sheet that the method of valuation of finished stocks at the end of the year was changed, to fall in line with the accepted convention. Your Directors felt that it would be prudent to value the finished stocks excluding Administrative and General Overhead costs in anticipation of the mandatory accounting standards which are expected to follow soon.

SUBSIDIARY COMPANY

Consequent to change in the shareholding pattern, VST Precision Components Limited has ceased to be a subsidiary company.

INCREASE IN CAPITAL

During the year, the Paidup Equity Capital of the Company increased by Rs.191.99 lacs consequent to the issue of Bonus Shares in the ratio of 1:2. The additional shares are eligible for a



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dividend on pro-rata basis from the date of allotment, i.e., 19th December, 1998.

DIVIDEND

The Directors recommend a Dividend of Rs.2.00 per share with Dividend on bonus shares being on pro-rata basis.

INDUSTRIAL RELATION

Relations between employees and the management have remained cordial through the year. The Triannual Wage Agreement expired as at the year end and preliminary discussions with the Employees Union has since commenced. Your Directors are confident that the employees will understand the fast changing industrial and economic scenario all over which would be an underlining factor in determining the new wage pact. Your Directors wish to place on record their appreciation for the co-operation and support received from employees at all levels.

DIRECTORS

The Board of Directors appointed the following Directors during the year :-

- 1) Mr.K.Hayashi Alternateto Mr.K.Harada
- 2) Mr.M.Udoguchi Alternate to Mr.K.Terao

Your Directors place on record their sincere appreciation of the services rendered by Mr. K. Fuse and Mr. Jin Eda who relinquished their office during the year.

Directors retiring by rotation are Mr. K. Terao, Mr. S. Hashimoto and

Mr. M. K. Bannerjee. They being eligible, offer themselves for re-appointment.

FIXED DEPOSITS

During the year under report, your Company did not accept any Fixed Deposits from the public.

AUDITORS

M/s.Brahmayya & Company, Auditors of your Company will retire at the conclusion of the 31st Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

Information in accordance with Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rule 1975 and as amended there under is nil.

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

Information as required under Section 217(1)(e) of the Companies Act 1956, is appended as Annexure-I.

DISCLOSURE UNDER CLAUSE-49 OF LISTING AGREEMENT

The following information has been furnished as required under Clause-49 of the Listing Agreement :-

1. The Company's securities have not been de-listed by any of the Stock Exchanges during the year.

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2. The securities of the Company are presently listed with the following Stock Exchanges :-

a) **THE BANGALORE STOCK EXCHANGE**

" Exchange Towers "

No.51, 1st Cross, J.C.Road
BANGALORE 560 027.

b) **THE MADRAS STOCK EXCHANGE LTD.**

Post Box No.183

11, Second Line Beach
MADRAS 600 001.

c) **THE STOCK EXCHANGE, MUMBAI**

Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI 400 001.

3) Listing fee for the above stock exchanges have been paid.

INFORMATION TECHNOLOGY, YEAR 2000 COMPLIANCE (Y2K)

Your Company has been in a state of preparedness to face the likely impact arising out of the millinium bug problem by ensuring that the new MRP programme developed by it is Y2K compliant. It is expected that your Company will be Y2K compliant by September 1999.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the confidence reposed in your Company by the Members, Banks, Financial Institutions, our Joint Venture Partners, namely, Mitsubishi Heavy Industries Limited, Mitsubishi Corporation and Mitsubishi Agricultural Machinery Company Limited, Japan.

By order of the Board of Directors
for **VST TILLERS TRACTORS LIMITED**

Place : Bangalore
Dated : 31st May 1999

V.K. Surendra
Chairman