

THIRTY
SECOND
ANNUAL
REPORT
1999-2000

Report  Junction.com



**TILLERS
TRACTORS LTD.**





VST TILLERS TRACTORS LIMITED

BOARD OF DIRECTORS	:	Mr. V.K.Surendra Mr. V.T.Velu Mr. S.Hashimoto Mr. R.Obata Mr. K.Terao Mr. Shashikant Venson Mr. K.Hayashi Mr. M.Udoguchi Mr. M.K.Bannerjee Mr. S.Loganadan Mr. R.Subramanian Mr. V.V.Vijayendra Mr. V.P.Mahendra Mr. A.T.Nahender	<i>Chairman</i> <i>Alternate to Mr.S.Hashimoto</i> <i>Alternate to Mr.R.Obata</i> <i>Alternate to Mr.K.Terao</i> <i>Managing Director</i> <i>Director (Operations)</i>
COMPANY SECRETARY	:	Mr.B.L.Akshara	
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

REQUEST TO MEMBERS

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

NOTICE

Notice is hereby given that the **Thirtysecond Annual General Meeting of V.S.T. TILLERS TRACTORS LIMITED** will be held on Friday the 28th July 2000 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 2000 and Profit and Loss Account for the year ended 31st March 2000 together with Schedules from 1 to 19 along with the Reports of the Directors and the Auditors.
2. To elect a Director in place of Mr.V.T.Velu who retires by rotation and being eligible, offers himself for re-appointment.
3. To elect a Director in place of Mr.S.Loganadan who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Mr.V.V.Vijayendra who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration

SPECIAL BUSINESS

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

RESOLVED that Mr.R.Obata be and is hereby appointed as a Director of the Company.

7. To consider and if thought fit to pass with or without modification the

following resolution as an Ordinary Resolution :

RESOLVED that pursuant to the provisions of Section 269, 198, 309 and other applicable provisions of the Companies Act, 1956 and Schedule XIII thereto, the re-appointment of Mr.A.T.Nahender as Director (Operations) for a period of 5 years commencing 27th November 2000 on the salary, perquisites and benefits set out hereinbelow be and is hereby approved.

It is further resolved that subject to the overall limits of managerial remuneration fixed by the Companies Act, 1956, the Managing Director be and is hereby authorised on behalf of the Shareholders to revise the remuneration of Mr. A. T. Nahender suitably as he deems fit whenever the remuneration is revised to the Management Staff of the Company.

Basic Salary - Rs.28,000 per month in the scale of Rs.27,250-750

PERQUISITES

In addition to the salary, the following perquisites are allowed and classified into the following categories :-

- i. HOUSE RENT ALLOWANCE : Rs.7,500 per month.
- ii. MEDICAL REIMBURSEMENT: Actuals subject to a limit of one month basic salary per annum
- iii. LEAVE TRAVEL ASSISTANCE: Two months basic salary per annum
- iv. MEDICAL INSURANCE FOR SPOUSE & CHILDREN : Actuals subject to a limit of Rs.2,400 per annum


VST TILLERS TRACTORS LIMITED

- v. **FURNISHING ALLOWANCE :**
Reimbursement upto a maximum of Rs.25,000 per annum
- vi. **CLUB SUBSCRIPTION :** Upto Rs.200 per month
- vii. **Fuel Allowance for car :** To & Fro actuals (residence - office)

COMMISSION

One percent of the net profit of the Company subject to a maximum of 50 percent of the annual basic salary

GENERAL

- 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:** Earned/Privilege leave shall be allowed on full pay and allowances according to the rules of the Company but not more than one month's leave for every 11 months service. However, leave accumulated but not availed of will be allowed to be encashed.
 - d) 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 Director.
8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :

RESOLVED that in partial modification to the resolution with regard to the appointment of the Managing Director under item No.7 passed at the 31st Annual General Meeting held on 6th August 1999 and in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Members be and is hereby accorded for the revision in remuneration as set out below to Shri V.P.Mahendra, Managing Director, with effect from 1st April 2000 upto 19th February 2004 with all other terms and conditions remaining unchanged.

SALARY

Rs. 40,000 per month in the scale of Rs.40,000 - 1500

PERQUISITES

Additional perks :-

FURNISHING & OTHER ALLOWANCE :
Reimbursement upto Rs.50,000 (Rupees fifty thousand only) per annum or Rs.2,00,000 (Rupees two lacs only) over a period of four years towards furnishing/repair/maintenance of own house.

Insurance Premium - Premium not exceeding Rs.3,000 per annum for self and family

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

(B.L.Akshara)
Company Secretary

Place: Bangalore
Dated: 29th May 2000

32nd ANNUAL REPORT

NOTES

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 valid must be deposited 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 24-7-2000 to 28-7-2000 (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. 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.
8. The dividend warrants of 22% as recommended by the Board of Directors for the year 1999-2000 have already been mailed to those Shareholders whose names appeared in the Register of Members of the Company as on 4th May 2000.

The logo for Report Junction.com is centered on the page. It features the word "Report" in a light blue font, followed by a yellow diamond shape containing a blue upward-pointing arrow, and then the word "junction.com" in a light green font. The entire logo is enclosed within a light green rounded rectangular border.



VST TILLERS TRACTORS LIMITED

EXPLANATORY STATEMENT PURSUANT TO 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.

ITEM NO.6

Mitsubishi Agricultural Machinery Co.Ltd., Japan, had withdrawn the nomination of Mr.Koryo Harada from the post of Director of the Company with effect from 6th August 1999 and appointed Mr.R.Obata as Director with effect from the same date.

Mr.R.Obata is the General Manager of Overseas Sales Department, Mitsubishi Agricultural Machinery Co.Ltd., Tokyo, Japan.

The Company has received a notice along with a deposit of Rs.500 from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose the name of Mr.R.Obata for appointment as a Director at this Annual General Meeting.

Your Directors are of the opinion that it would be in the best interest of the Company to appoint Mr.R.Obata as a Director and accordingly commend the resolution for approval of the Shareholders.

Except Mr.R.Obata, no other Director is interested in the resolution.

ITEM NO.7

The Board in its 153rd Meeting held on 27th November 1995 appointed Mr.A.T.Nahender as Director (Operations) for a period of five years effective from 27th November 1995 under the authority vested in it under Article No.55 of the Articles of Association of the Company. Thereafter, the Shareholders of the Company in their General Meeting held on 21st August 1996 approved his appointment and remuneration.

The term of appointment of Mr.A.T.Nahender will expire on 26th November 2000.

The Board in its meeting held on 29th May, 2000 re-appointed him subject to the approval of Shareholders in the General Meeting for a further period of 5 years commencing 27th November 2000 on the terms and conditions set out in the resolution.

The Board of Directors are of the opinion that it would be in the best interest of the Company to reappoint Mr.A.T.Nahender for a further period of five years and thus recommend the resolution for approval.

None of the Directors except Mr.A.T.Nahender are interested in this subject/resolution.

ITEM NO.8

The Shareholders of the Company in their Annual General Meeting held on 6th August 1999 approved the re-appointment and remuneration of Mr.V.P. Mahendra as Managing Director of the Company for a further period of 5 years effective 20th February 1999.

In view of the recent increase in salary to the Executives of the Company, the Board of Directors in their meeting held on 29th May 2000 felt it appropriate to enhance the salary and perquisites payable to the Managing Director with effect from 1st April 2000 to the remaining period of his tenure; subject to the approval of the Members as set out in the resolution.

No other Director except Mr.V.P.Mahendra is interested in this subject/resolution.

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

(B.L.Akshara)
Company Secretary

Dated : 29th May 2000
Place : Bangalore

32nd ANNUAL REPORT

DIRECTORS' REPORT

Your Directors take pleasure in presenting the report on the business and performance of your Company alongwith audited accounts for the year ending 31st March 2000. It is heartening to note that with a robust growth of nearly 15% both in volume and income, your Company has achieved an all time record increase of 85% in profit before tax.

You will recall that your Directors had reported earlier on the need to sacrifice short term gains, reducing overheads and focus on increasing the market share of our products. The Management has emphasised on those objectives in its Corporate Plans as could be seen by the financial results.

FINANCIAL RESULTS

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

(Figures in Rupees in lacs)

	Year 1999-2000	Year 1998-99
TURNOVER	7870	6915
OTHER INCOME	119	39
TOTAL INCOME	7989	6954
PROFIT BEFORE DEPRECIATION & INTEREST	1142	872
INTEREST	123	278
DEPRECIATION	117	107
PROFIT BEFORE TAX	902	487
TAX	318	129
PROFIT AFTER TAX	584	358
BALANCE B/F	166	155
SURPLUS AVAILABLE FOR	750	513
APROPRIATION TO :		
FINAL DIVIDEND	NIL	97
INTERIM DIVIDEND (Including tax on dividend)	141	NIL
TOTAL	141	97
TRANSFER TO GENERAL RESERVE	250	250
BALANCE CARRIED FORWARD	359	166

ON A BRIEF ANALYSIS

The year witnessed a buoyant demand for Powertillers which was a healthy contrast to the previous year marked by demand being at a low ebb resulting in piling up of inventories. The Company has sold 7299 numbers as against 6037 numbers in the previous year.

Non-availability of critical components hampered the Tractor production, the sales of which otherwise could have kept pace with the growth of Powertillers. Sale of Tractors during the year amounted to 777 units as against 933 units during the previous year.



VST TILLERS TRACTORS LIMITED

The Management had set a target for profitability and growth to be achieved by holding the cost of raw materials and inputs, taking advantage of the sluggish industrial growth and declining prices in the buyer's market. Improved inventory and working capital management combined with adequate control on overheads has also contributed to a healthy bottom line. The exception however was increase in wage cost as a result of the triannual wage settlement. The Current Assets and Working Capital requirements with the Bank was managed judiciously with low level borrowings. In addition, the outstanding Term Loan was repaid in advance using internal accruals. Prudent Financial Management aided by favourable demand, and falling interest rates have all contributed to a remarkable reduction in interest costs thereby achieving a strong growth in profit. The surplus cash generation which had been invested earlier in selected portfolios appreciated to optimum levels and your Company had made a timely decision to partly disinvest which has yielded substantial capital gains.

ACCOUNTING STANDARDS - CORPORATE GOVERNANCE

Your Company has always adopted a conservative approach towards accounting policies to reflect a true and fair view by providing for all known losses and liabilities. Compliance with the revised Accounting Standard (AS-2) of the Institute of Chartered Accountants of India on valuation of inventories was made last year. In continuation of this policy, to provide transparency and as a step towards good Corporate Governance, the Company has made provision for the following during the year :

- a. Notional liability of leave salary encashment to employees as on 31st March 2000 - Rs.36,09,625 (AS-15)
- b. Gratuity liability on actuarial basis as on 31st March 2000 - Rs. 69,17,000 (AS-15)
- c. Warranty provisions for estimated liability for sales during the year - Rs.20,02,000 (AS-4)

LABOUR RELATION

The year brought yet another triannual wage settlement which was due from 1.4.1999. But for a minor disruption in the operations, the labour relations remained cordial. The increase in employees compensation was largely linked to growth and productivity. The employees responded admirably well to the market needs and rose to the occasion to bring about a record increase in production during the last quarter. As a gesture, the Management has considered it appropriate to cover all the employees under LIC Group Gratuity Trust. This welfare measure has costed at an additional amount of Rs.69 lacs as mentioned above.

DIVIDEND

Inview of the good performance and comfortable cash flow, your Directors deemed it appropriate to declare an interim dividend of 22 percent in the interest of shareholders. Your Directors do not propose any final dividend.

RICE TRANSPLANTERS & COMBINE HARVESTERS

You will recall that the Directors have reported earlier on our pioneering efforts in the introduction of Rice Transplanters in the Indian Agriculture. Our experience as a pioneer in the Power Tiller Industry has taught us that patience and perseverance through extensive field demonstrations is a precursor for changing the rural life style particularly in farm mechanisation. Our relentless efforts on the Rice Transplanter has

32nd ANNUAL REPORT

started yielding results. Your Company has in its market survey has found a need for Combine Harvesters and it is confident of slow but improved performance in the coming years.

Having found a need, the Company recently ventured to introduce Combine Harvesters at an affordable price to the agricultural sector. Consequently, several models were imported and after extensive trials, it has finally shortlisted a Korean made machine and placed an initial order for few numbers in the introductory phase. This is a state of the art technology machine which does harvesting, threshing, winnowing & bagging handled by a single person without depending on farm labour which is becoming scarce and expensive.

Y2K COMPLIANCE

Your Company has managed the information systems very well to ensure a smooth transition to the new millenium. The preparation and implementation of the Year 2000 compliance covered all assets including inventory, computers, machineries, R & D etc., and also accounting of all transactions and resources. As such there was no adverse impact on the operations of the Company due to the changeover to Year 2000.

DIRECTORS

The Board of Directors appointed Mr.R.Obata as Director of the Company during the year.

Your Directors place on record their sincere appreciation of the services rendered by Mr. K.Harada who relinquished his office during the year.

The Directors retiring by rotation are Mr.V.T.Velu, Mr.S.Loganadan and Mr.V.V.Vijayendra 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 32nd 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 appended as Annexure-1.

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-2.

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.
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

**VST TILLERS TRACTORS LIMITED**

- b) THE MADRAS STOCK EXCHANGE LTD.
Post Box No.183
11, Second Line Beach
MADRAS 600 001
- c) THE STOCK EXCHANGE, BOMBAY
Phiroze Jeejeebhoy Towers
Dalal Street
BOMBAY 400 001
- 3) Listing fee for the above stock exchanges have been paid.
- the Members, Banks, Financial Institutions, our Joint Venture Partners, namely, Mitsubishi Heavy Industries Limited, Mitsubishi Corporation and Mitsubishi Agricultural Machinery Company Limited, Japan, Vendors and Dealers and all the employees of the Company.
- By order of the Board
for VST TILLERS TRACTORS LIMITED

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the confidence reposed in your Company by

Dated: 29th May 2000
Place: Bangalore

(V.K.Surendra)
Chairman

