

# 36<sup>th</sup> Annual Report 2003-2004

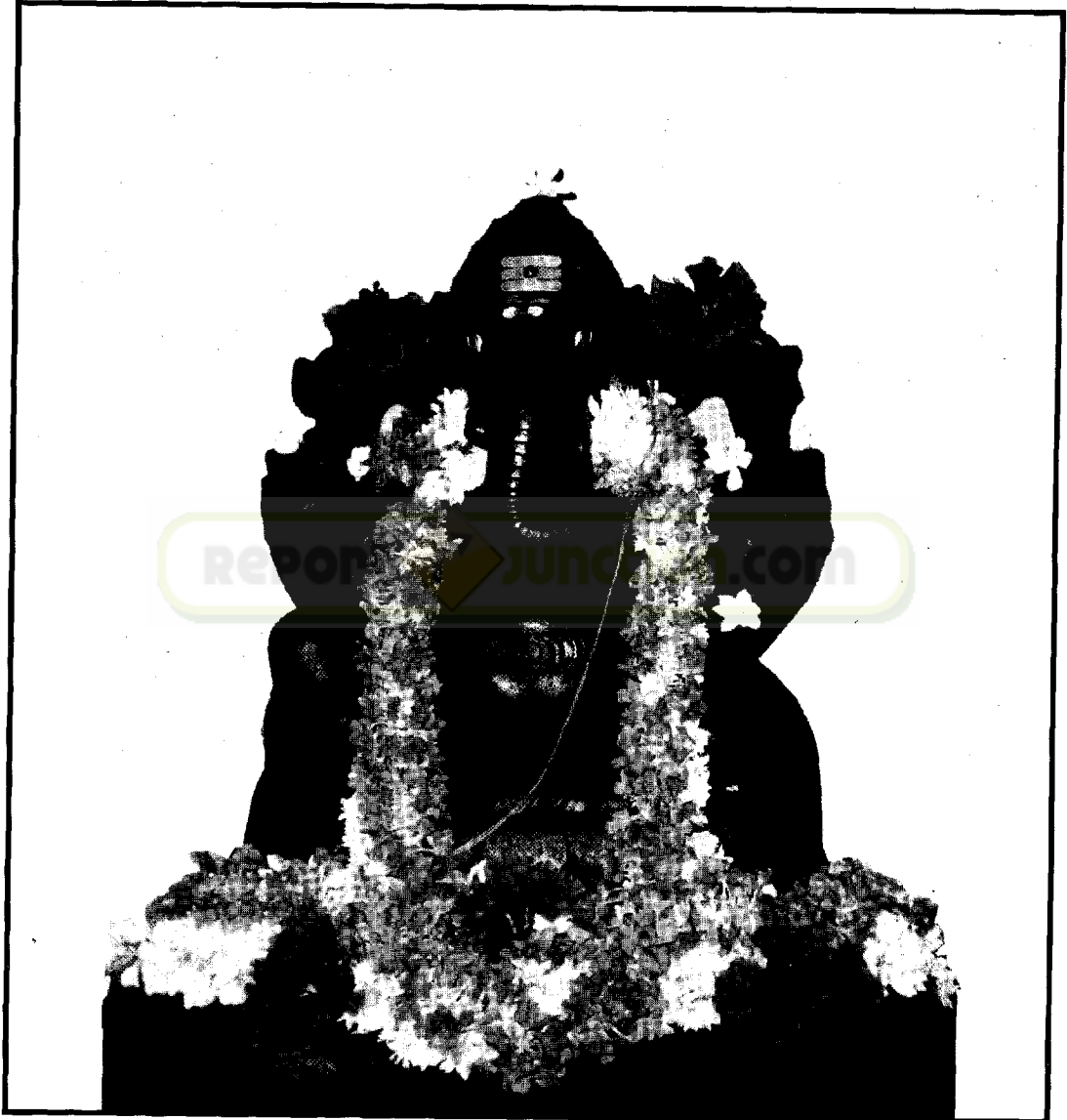
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**V.S.T. TILLERS TRACTORS LIMITED**



## **LORD GANESHA**



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

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**BOARD OF DIRECTORS :** Mr. V.K.Surendra *Chairman*  
Mr. V.T.Velu  
Mr. M. Tanaka  
Mr. A. Hishikawa  
Mr. M.Udoguchi *Alternate to A. Hishikawa*  
Mr. M.K.Bannerjee  
Mr. R.Subramanian  
Mr. V.V.Vijayendra  
Mr. V. Ramachandran  
Mr. V.P.Mahendra *Managing Director*  
Mr. A.T.Nahender *Director (Operations)*

**COMPANY SECRETARY :** Mr.B.L.Akshara

**AUDITORS :** M/s. Brahmayya & Company  
10/2, Khivraj Mansion,  
Kasturba Road, Bangalore - 560 001

**COST AUDITORS :** M/s. Rao, Murthy & Associates  
No.23/33, Surveyor's Street  
Basavanagudi, Bangalore - 560 004

**BANKERS :** M/s. Canara Bank  
M/s. State Bank of India  
M/s. Canbank Factors Limited

**LEGAL ADVISERS :** M/s. AZB & Partners  
67-4, 4th Cross, Lavelle Road  
Bangalore - 560 001

**REGD. OFFICE :** 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 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.



## **N O T I C E**

Notice is hereby given that the **THIRTYSIXTH** Annual General Meeting of **V.S.T. TILLERS TRACTORS LIMITED** will be held on Friday the 3rd September 2004 at Sri Satya Kalyana Mantapa, 1A, Whitefield Main Road, Mahadevpura, Bangalore - 48, to transact the following business :

### **ORDINARY BUSINESS**

1. To consider and adopt the audited Balance Sheet as at 31st March 2004, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of **Mr.V.T.Velu** who retires by rotation and being eligible, offered himself for re-appointment.
4. To appoint a Director in place of **Mr.V.K.Surendra** who retires by rotation and being eligible, offered himself for re-appointment.
5. To appoint a Director in place of **Mr.V.V.Vijayendra** who retires by rotation and being eligible, offered himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting untill the conclusion of the next Annual General Meeting and fix their remuneration. The retiring Auditors **M/s.Brahmayya & Company**, Chartered Accountants, being eligible, offered themselves for re-appointment.

### **SPECIAL BUSINESS**

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

RESOLVED that **Mr.V.Ramachandran** be and is hereby appointed as a Director of the Company.

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

RESOLVED that **Mr.M.Tanaka** be and is hereby appointed as a Director of the Company.

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special 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 2004** upon the terms and conditions as stated below with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the remuneration Committee, if any, constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or agreement including the limits specified in the resolution:

**SALARY**

Rs.65,000 per month in the scale of Rs.65,000-2,500

**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 basic salary.
- c) Club Fees - Annual / Monthly Subscription for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- d) Mediclaim Insurance Premium not exceeding Rs.5,000 per annum for self and family.
- e) Furnishing & Other Allowance - Reimbursement upto Rs.50,000 (Rupees fifty thousand only) per annum or Rs.2,00,000 (Rupees two lakhs only) over a period of four years towards furnishing/ repair/ maintenance of own house.

**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 shall be allowed to the Managing Director on full pay and allowances according to the rules of the Company but not more than 37 (thirty seven) days leave for every 12 (twelve) months service. However, leave accumulated but not availed of will be allowed to be en-cashed.

**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 made on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

**CATEGORY - D****COMMISSION**

One percent of the net profit of the Company subject to an amount equal to the annual salary drawn.

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

Sd/-

**(B.L.Akshara)**

*Company Secretary*

Place: Bangalore

Dated: 29th July 2004

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and vote instead of himself/herself on a " POLL " and the PROXIES NEED NOT BE MEMBERS. The proxy form is annexed hereto. Proxies in order to be valid must be deposited at the Company's Registered Office not less than forty eight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 26-08-2004 to 02-09-2004 (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 are open for inspection at the Registered Office of the Company on any working day during business hours.
5. The dividend on the equity shares as recommended by the Directors, if declared at the Annual General Meeting will be disbursed within 30 days from the date of this meeting.
6. 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.

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

Sd/-

**(B.L.Akshara)**

*Company Secretary*

Place: Bangalore

Dated: 29th July 2004

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

### **ITEM NO.7**

Mr.V.Ramachandran joined the Board of Directors of erstwhile VST Precision Components Limited during September 1997 and continued to be on the Board until the amalgamation of VST Precision Components Limited with the Company, i.e. up to 18th July 2003.

Consequent to the demise of Mr.S.Loganadan, Director of the Company on 14th January 2004, the Board of Directors felt it appropriate to fill the vacancy so caused and accordingly appointed Mr.V.Ramachandran as a Director of the Company with effect from 29th January 2004.

Mr.V.Ramachandran is the Vice Chairman and Managing Director of M/s. Kar Mobiles Limited, Bangalore. He is an engineering graduate aged about 56 years and has over 3 decades of experience in industry and business.

The Company has received notice from a member under Section 257 of the Companies Act 1956, signifying his intention to propose the name of Mr.V.Ramachandran 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.V.Ramachandran as a Director and accordingly recommend the resolution for approval of the Shareholders.

Except Mr.V.Ramachandran, no other Director is interested in the resolution.

### **ITEM NO.8**

Mitsubishi Agricultural Machinery Co.Ltd., Tokyo withdrew the nomination of Mr.R.Obata from the post of Director of the Company with effect from 24th June 2004 and proposed the appointment of Mr.M.Tanaka in his place. The Board in its meeting held on 29th July 2004 appointed Mr.M.Tanaka as an Additional Director with effect from 29th July 2004. To continue as Director he has to be re-appointed as Director in this Annual General Meeting.

Mr.M.Tanaka, aged about 51 years is currently the Deputy General Manager of Overseas Department, Mitsubishi Agricultural Machinery Co., Ltd., Japan.

The Company has received notice from a member under Section 257 of the Companies Act 1956, signifying his intention to propose the name of Mr.M.Tanaka for appointment as a Director at this Annual General Meeting.

Your Directors are of the opinion that it would be in the best interests of the Company to appoint Mr.M.Tanaka as a Director and accordingly recommend the resolution for approval of the Shareholders.

Except Mr.M.Tanaka, no other Director is interested in the resolution.

### **ITEM NO.9**

Mr.V.P.Mahendra (62 years) was initially appointed by the Shareholders as Managing Director of the Company for 5 years during November 1988. Subsequently, he was re-appointed on two terms of five years each during July 1994 and August 1999. His last term of office expired on 19th February 2004.



**V.S.T. TILLERS TRACTORS LIMITED**

The Board in its Meeting held on 29th January 2004 re-appointed him for five years effective 20th February 2004 subject to the approval of the Shareholders in the General Meeting on the terms and conditions as per above resolution.

Mr.V.P.Mahendra is an Electrical Engineering Graduate from the Bangalore University and has worked in various capacities in the Company since its inception and has contributed significantly towards the growth of the Company.

The Board of Directors are of the opinion that it would be in the best interest of the Company to re-appoint Mr.V.P.Mahendra for another term of 5 years and thus recommend the resolution for approval.

Except Mr.V.P.Mahendra, no other Director is interested in this subject / resolution.

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

Place: Bangalore  
Dated: 29th July 2004

Sd/-  
**(B.L.Akshara)**  
Company Secretary

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## DIRECTORS' REPORT

Dear Shareholder,

Your Directors are pleased to present a report on the performance of your Company along with audited accounts for the year ended 31st March 2004.

### FINANCIAL HIGHLIGHTS

The financial results are summarized below:

(Rupees in lacs)

	Year 2003-04	Year 2002-03
TURNOVER	10314	6841
OTHER INCOME	124	58
TOTAL INCOME	10438	6899
PROFIT BEFORE DEPRECIATION & INTEREST	1285	761
INTEREST	153	156
DEPRECIATION	225	194
PROFIT BEFORE TAX	907	411
INCOME TAX	170	10
DEFERRED TAX	158	(16)
PROFIT AFTER TAX	579	417
BALANCE B/F	428	403
SURPLUS AVAILABLE FOR APPROPRIATION TO:	1007	820
DIVIDEND	144	115
TAX ON DIVIDEND	19	15
TRANSFER TO GENERAL RESERVE	300	260
PROVISION FOR DIMINUTION IN INVESTMENTS	(31)	2
BALANCE CARRIED FORWARD	575	428

### COMPANY'S PERFORMANCE

During the year under review the company achieved a record turnover by surpassing the Rs.100 crore mark. This is significant in the background of the fact that the operations at main plant at Bangalore was disrupted for about 45 days on account of labour unrest. Despite the set back which had adverse impact on the Tractor production, the Power Tiller recorded highest production and sales of 8070 and 8083 Tillers respectively. The exports from the Precision Component Division increased from Rs.203 to Rs.503 lakhs. Consequently the income during the year registered an increase of 51% from Rs. 6898 lakhs to Rs.10437 lakhs. Favourable market condition, prudent working capital management and falling interest rate have helped the company to contain the interest burden. Over all, the profit before tax has more than doubled from Rs.411 lakhs to Rs.906 lakhs. The tax incidence was higher during the year under review since the benefit of setting off past losses incurred by erstwhile VST Precision Components Limited was not available. In spite of this, the net profit for the year was higher by 39% and the return on equity rose to 15.16% from 13.05%.