

Board of Directors : Mr. V.K. Surendra - *Chairman*
Mr. A. Hishikawa
Mr. R. Subramanian
Mr. M.K. Bannerjee
Mr. V. Ramachandran
Mr. K.K. Rai
Mr. V.P. Mahendra - *Managing Director*
Mr. B.C.S. Iyengar - *Executive Director*
Mr. V.V. Pravindra - *Dy. Managing Director*

**Company Secretary
and Compliance Officer** : Mr. Subash B.K.

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

Legal Advisers : M/s. J. Sagar Associates
Advocates & Solicitors
2, Frontline Grandeur
14, Walton Road, Bangalore - 560 001

Regd. Office : Plot No.I, 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.

Information as required under clause 49 (IV)(G) of the Listing Agreement
Brief resume of Directors seeking Appointment / Re-appointment

Particulars	Mr. V.K. Surendra	Mr. V. Ramachandran
Date of Birth & Age	18-05-1941 & 69 Years	26/01/1948 & 62 Years
Appointment on	29-10-1980	29-01-2004
Qualifications	Commerce Graduate	Bachelor of Engineering
Expertise in specific functional Areas	Automobile Distribution Management and Directorship of Companies	34 years of experience in Auto Component Industry, evolving long-term strategies and plans, investment decisions and formulating management policies. He was Vice Chairman and Managing Director of Kar Mobiles Ltd., Bangalore. He is Chairman, Southern Region of Auto Component Manufacture's Association.

By the Order of the Board
for **VST TILLERS TRACTORS LTD.**

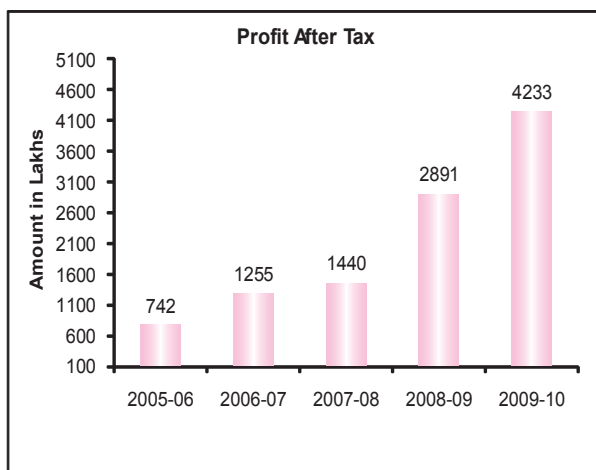
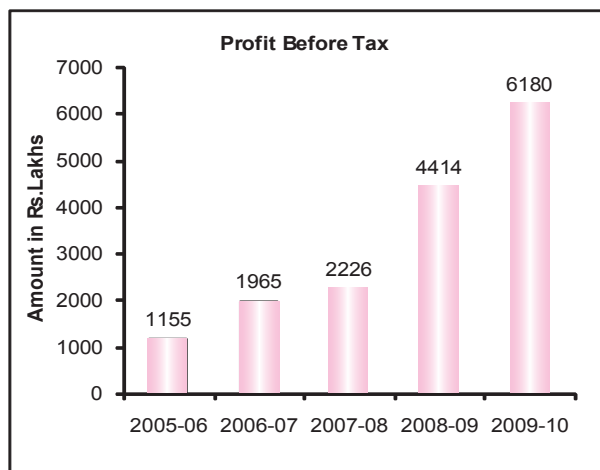
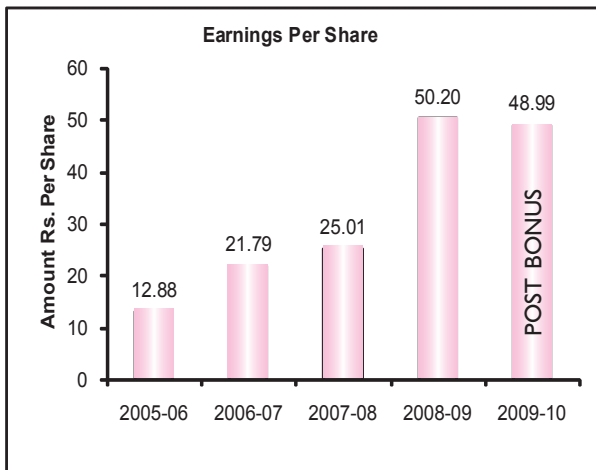
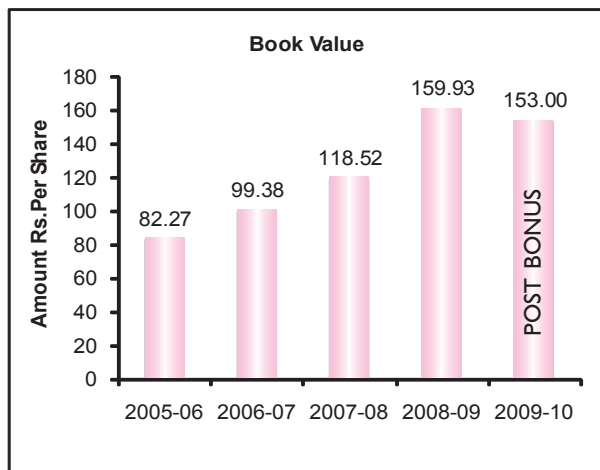
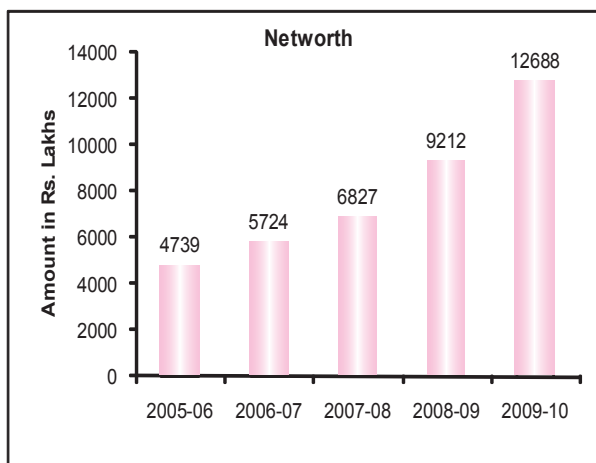
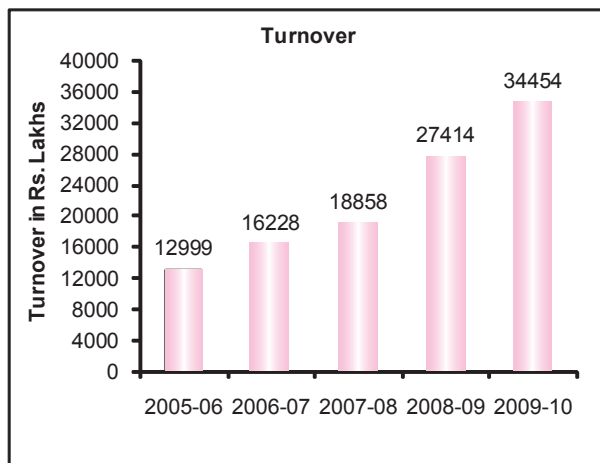
Place: Bangalore
Date: May 28, 2010

Subash B K
Company Secretary

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FINANCIAL INDICATORS



Dear Shareholders,

Your Directors record with deep sadness, the demise of founder Managing Director, Shri V.T.Krishnamoorthy. His guidance to your Company in the above capacity and subsequently as Chairman during the formative and difficult years was invaluable. We pay our respect and homage to the departed soul.

Your Directors are pleased to present the 42nd Annual Report and the audited statement of accounts for the year ended March 31, 2010.

FINANCIAL PERFORMANCE

(Rupees in lacs)

Period	Year 2009-10	Year 2008-09
TURNOVER	34454	27414
OTHER INCOME	277	482
TOTAL INCOME	34731	27896
PROFIT BEFORE DEPRECIATION & INTEREST	6506	4748
INTEREST	67	53
DEPRECIATION	259	281
PROFIT BEFORE TAX	6180	4414
INCOME TAX	1947	1523
PROFIT AFTER TAX	4233	2891
BALANCE B/F	1016	880
SURPLUS AVAILABLE FOR APPROPRIATION TO:	5249	3771
DIVIDEND	648	432
TAX ON DIVIDEND	108	73
TRANSFER TO GENERAL RESERVE	2000	2250
BALANCE CARRIED FORWARD	2493	1016

COMPANY'S PERFORMANCE

During the year under review your company continued to improve upon the progress made during the previous year by selling over 19000 Tillers which helped the Company to consolidate its position as market leader in the power tiller industry. The sale of tractors also increased significantly by over 3700 nos. Both these figures are a milestone.

The turnover for the year registered an increase by 26% from Rs 274 crores in 2008-09 to Rs.344 crores while the operating profit increased to Rs. 59 crores compared to Rs.39 crores. This was mainly due to higher growth and operating efficiency. Profit after tax amounted to Rs. 42 crores, an increase of 46% over the previous year. Consequently, earnings per share increased from Rs. 50.20 to Rs. 68.69 and

your company continues to remain debt free while short term borrowings were limited to only need based working capital requirements. Power Tillers and Tractors contributed 62% and 24% of the sales during the year. Export revenue from Precision Component Division declined by 58% due to the global recession in the component business.

The sale of power tillers during the year increased to 19068 units as against the previous year's sales of 16691 units, an increase of 14%. The company's tractor sales also accelerated to 3758 units as against 2327 units in the previous year. As a result of an aggressive plan to market Rice Transplanters, 858 units were sold mainly in the paddy growing belts of Punjab, Tamil Nadu and Kerala. This steadily shift towards mechanization has been due to acute shortage of labour and cost effectiveness of these machines.

The performance of the Component Division went through a difficult time due to the global economic slowdown and profits from exports declined on a standalone basis. During the second half of the year, export margins were impacted due to higher raw material prices. This apart, the strengthening of the Rupee against the Sterling and Euro compounded the problems as realizations declined. Despite these conditions, increase in production of components for captive consumption enabled this division to record a moderate increase in top line and sustain its operations.

DIVIDEND:

Your Directors have pleasure in recommending a dividend of Rs.7.50/- per equity share of Rs.10/- each for approval at the Annual General Meeting. The dividend if declared will result in an outflow of Rs.756 lacs including the distribution tax.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Mr. V K Surendra and Mr. V Ramachandran Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE:

The Company strives to ensure highest standards in Corporate Governance and levels of transparency and has been compliant with all the provisions of Clause-49 of the Listing Agreement. A certificate from the Auditors to this effect forms part of Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to sec 217(2AA) of the Companies Act 1956, amended as per Companies (Amendment) Act 2000, the Directors confirm that:

In preparation of the Annual Accounts of your Company the Accounting Standards laid down by the Institute of Chartered accountants of India from time to time have been followed.

Appropriate Accounting policies have been selected and applied consistently, and reasonable and prudent judgment and estimates have been made so as to ensure that the accounts give a true and fair view of affairs of your company as at March 31, 2010 and the profits of your company for the year ended March 31, 2010.

Proper and sufficient care has been taken for the maintenance of appropriate accounting records in accordance with the provisions of the act for safeguarding the assets of your company and for preventing and detecting frauds and other irregularities.

The annual accounts have been prepared on a going concern basis.

The observations of Auditors in their report to Members have been adequately dealt with in the relevant notes to accounts. Hence no additional explanation is considered necessary.

AUDITORS:

M/s. Brahmayya & Company, Chartered Accountants, retire as Auditors of the Company at the conclusion of 42nd Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, details of employee who was employed throughout the financial year and was in receipt of remuneration aggregating to not less than 24 lacs p.a. is as follows :

Mr. V P Manendra - Managing Director

Aged - 68 years

Gross Remuneration received - Rs. 35,39,518/-

Qualification - B.E. - Electrical

Experience - 30 Years

Date of Employment - 01/10/1980

Last position held - as Deputy Managing Director of the Company

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

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010 is enclosed as Annexure.

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

MANAGEMENT DISCUSSION AND ANALYSIS**Industry structure and developments:**

After witnessing a slowdown in the fiscal year ended 31st March 2009 India's economy was estimated to grow by 7.2% in 2009-10 after clocking an annual growth of over 6.8% in the preceding year. A large share of this growth is broad based with the recovery of the industrial sector which has now consolidated. The agriculture sector was an exception recording a growth of only 0.2% primarily due to widespread drought. This sector had grown by 1.6% in the previous year.

The agricultural sector which contributes over 20% of India's GDP has in the recent past been given emphasis by the government through farm mechanization to enhance food production. In addition, the shortage of labour has also encouraged farm mechanization, consequent to which the demand for tractors, power tillers and other farm equipments has grown substantially. The power tiller industry which relies substantially on government subsidy is constantly exposed to higher levels of credit, as release of the subsidy in many states takes a considerable period of time. On the fiscal front, the RBI has ensured sufficient liquidity in the market and effected various monetary rate changes during the latter part of the year in view of the double digit inflation and rising agricultural commodity prices. It is expected that the support prices for crops being enhanced by the government, would also improve the capability of the farmer to buy agricultural machinery.

OPPORTUNITIES

Agriculture which contributes a major portion of the rural sector will continue to play a leading role in the growth of the economy.

The Agriculture sector is slated to register a growth of around 4% during the year 2010-11 through schemes such as National Food Security Mission, The Rashtriya Krishi Vikas Yojana (RKVY), Macro Management Scheme and other schemes. These schemes in addition to giving a thrust for higher mechanization also encourages farmers to make use of the power tillers and small tractors for other field operations. The opportunity for Rice transplanters to be used in larger numbers is now far greater than earlier as the transplanters are able to cover a larger area within available time frame for transplanting. These initiatives are expected to help this industry post steady growth.

RISKS AND CONCERNS

The Monsoons play a significant role in agriculture and the sale of our products could get impacted by deficiency in rainfall pattern. Credit availability and quick processing of bank loans to farmers is a key issue, as many farmers still lack access to finance due to reluctance of banks to process loans especially on account of various loan waiver schemes. As the industry is highly dependent on subsidy, allocation by the government is a key driver for the power tiller sector to perform in a robust manner. The industry has experienced undue delay in release of subsidy by various state governments and this phenomenon brings about periodic financial stress. Increase in prices of commodity items like steel, non ferrous metals and rubber could have a negative bearing on the demand. These cost escalations are difficult to be fully passed on to the customer through price increases particularly in the face of competition from low cost Chinese tillers.

The exports from the Components Division are exposed to global currency fluctuations and the impact of currency movements coupled with adverse changes in raw material price could affect profitability. This sector also has to face major challenges from auto component industry in China and Thailand and there is constant pressure to maintain prices from our overseas customers.

CURRENT YEAR OUTLOOK

The Indian economy has strongly recovered and is on the path to achieve around 8% growth with the Government targeting over 4% growth for agriculture. Various measures to accelerate reforms to increase agricultural production to ensure food security will augur well for our industry and we are cautiously optimistic in the current year. Additional infrastructure is also being planned to upgrade the facilities both in Bangalore and Mysore. This will enable your company to reach the higher anticipated targets. On the organization front, the management has found it necessary to strengthen the marketing structure and will to do so through the year. Besides the above, your company continues to take measures to improve quality and productivity and to make changes in the assembly layout and improve logistics.

At the Components Division, your company is consolidating its business with the existing customers. However, there is a concern to accept further orders in the long term due to frequent changes in the projection being made by the companies to whom we are exporting.

Internal Control Systems

Your Company maintains adequate internal control system, which provides reasonable assurance that transactions in significant areas are monitored to prevent any misuse. To strengthen this area your Company continued to strengthen its IT capabilities particularly in inventory management function. The ERP system will improve integration with vendors for better flow of information. Internal Audits are conducted and critical observations are reviewed by the Audit Committee on a quarterly basis.

Industrial Relation

Industrial relations have been cordial across all the plants. During the year your company entered into a 3 year wage settlement with its Union at Bangalore through amicable process of negotiation. With a view strengthen the organization in line with the company's expansion, various initiatives for building organizational capabilities and enhancing people productivity is being carried out.

Forward-Looking Statements

Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those either expressed or implied due to factors such as Raw material prices, Government policies, Competition, tax regime, market acceptance of new products and services, continued acceptance of existing products and services, changes in licensing programs, product price discounts, delays in product development and related product release schedules, sales channel disruption.

All information in this release is as of May 28, 2010. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.

ACKNOWLEDGEMENTS:

The Directors wish to convey their gratitude for the faith reposed in your Company by Mitsubishi Heavy Industries Limited, the financial institutions, employees and the customers at large.

for VST TILLERS TRACTORS LTD.

Sd/-

Place: Bangalore
Date : May 28, 2010

V. K. Surendra
Chairman

ANNEXURE

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2010.

I. Conservation of energy :

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

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

- a. Technology up-gradation of VST 130DI Power tiller Engine to meet the prevailing as well as next emission norms is completed and is under productionisation.
- b. Small weeder for deweeding in Rice transplanted fields developed successfully, productionising is under progress.
- c. Conceptualization of Rice transplanting attachment to MT180D Tractor is in progress.
- d. Completed Conceptualization of seat for Power Tiller.
- e. The new Dragon Shakti 150DI tiller successfully completed approval tests and is available to Market under subsidy scheme

B. Technology Absorption:

- a. Technology absorption through upgradation of Existing CAD station with latest versions of software for both 3D and 4D configurations.

C. Benefits derived :

- a. Upgradation of CAD station has enhanced the product development capabilities.

D. Expenditure on R&D :

- a. The Company's expenditure on R&D (including capital expenditure) during the year was Rs. 42,35,887/-

E. Future plan of action :

- a. Existing K3C Engine of tractor, upgradation to next emission norm effective from October 2010.
- b. Higher horsepower tractor pilot lot release to Market.
- c. New Aesthetic for Tractor for higher power category.
- d. New light weight engine of 11 HP for Power Tiller.

3. Foreign exchange earnings and outgo:

- a) Complete information about exports, which have contributed towards foreign exchange earnings, is given in Para 6(f) of the Schedule 19 to the Audited Accounts annexed to this Report. Similarly, details of foreign exchange outgo on account of imports, expenditure on traveling, dividend etc. are shown in Para No.5(e), 5(f) and 5(h) respectively in Schedule 19, i.e., in Notes forming part of Accounts.
- b) Total foreign exchange used and earned :
 Foreign exchange earnings : Rs. 10,21,63,887.00
 Foreign exchange outgo : Rs. 10,08,29,773.00

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors
VST TILLERS TRACTORS LTD

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of VST Tillers Tractors Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2010 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company's code of conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

V. P. Mahendra
Managing Director & CEO
Bangalore, May 28, 2010

R. Thiyagarajan
V P Finance - & CFO

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the listing agreement(s)

To the Members,
VST Tillers Tractors Limited

We have examined the Compliance conditions of Corporate Governance of **V.S.T Tillers Tractors Limited** for the year ended on 31st March, 2010, as stipulated in clause 49 of the listing agreement of the said Company with stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our responsibility has been limited to 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Brahmaya & Co.,

Firm Reg. No. : 000515S
Chartered Accountants

Sd/-

G. Srinivas
(Partner)

Membership No. 086761

Place : Bangalore
Date : 28th May, 2010

CORPORATE GOVERNANCE

Your Company believes that, corporate governance is the relationship between corporate managers, directors, and the providers of equity, people, and institutions who save and invest their capital to earn a return.

It ensures that the board of directors is accountable for the pursuit of corporate objectives and that the corporation itself conforms to the law and regulations.

The keys to creating wealth and maintaining a free society lie primarily in the same direction. Both require that broad based systems of accountability be built into the governance structures of corporations themselves.

More vigilant shareowners are also more likely to be “socially responsible,” in the true meaning have that term, increasing triple bottom line returns (adding economic, environmental and social value). Actively involved owners are likely to help find solutions to many corporate challenges.

BOARD OF DIRECTORS:

(a) Composition of the Board:

The Board comprises of nine Directors is headed by a Non-Executive Chairman, three whole-time Directors and five Non-Executive Directors out of which four are Independent Directors. The composition and category, the attendance at Board Meetings and last AGM, number of Directorships and Chairmanship / Membership of Committees in other Public Limited Companies is as follows: -

Name of the Director Messers.	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Public Limited Companies in which Director	No. of other Board committee in which member
Mr. V. K. Surendra	Non-Executive	5	Yes	2	-
Mr. A. Hishikawa	Non-Executive	Nil	-	-	-
Mr. R. Subramanian	Non-Executive / Independent	5	Yes	2	2
Mr. M. K. Bannerjee	Non-Executive/ Independent	6	Yes	-	-
Mr. V. Ramachandran	Non-Executive/ Independent	6	Yes	3	2
Mr. K. K. Rai	Non-Executive/ Independent	6	Yes	4	5
Mr. V. P. Mahendra	Managing Director	6	Yes	5	5
Mr. B. C. S. Iyengar	Executive Director	5	Yes	-	-
Mr. V. V. Pravindra	Dy Managing Director	6	Yes	-	-

Details of Board Meetings:

During the year under review the Board met six times on May 26, 2009, June 26, 2009, July 29, 2009, August 21, 2009, October 29, 2009 and January 29, 2010.

(b) Board Procedures:

The Chairman of the Board, in consultation with the other members of the Board, shall determine the timing and length of the meetings of the Board. The Board expects that five regular meetings at appropriate intervals are in general desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company.

The Chairman shall establish the agenda for each Board meeting. Each Director shall be entitled to suggest the inclusion of items on the agenda, request the presence of or a report by any member of the Company's senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The agendas for Board meetings shall provide opportunities for the operating heads of all

the departments of the Company to make presentations to the Board during the course of the year. At one meeting each year the Board shall be presented the long-term strategic plan for the Company and the principal issues that the Company expects to face in the future. Sufficient time shall be allocated for this presentation to allow for questions by and full discussion with the members of the Board.

Information provided to the Board includes amongst others quarterly 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.

(c) Code of Conduct:

The Company has a formulated and implemented Code of Conduct for Board Members and Senior Management of the Company in compliance with Clause 49 (I) (D) of the Listing Agreement.

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

To,
The Board of Directors,
VST 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 ending March 31, 2010.

Place: Bangalore
Date: May 28, 2010

V P Mahendra
Managing Director

Committee Meetings

Each Committee Chair, after consultation with the Chairman of the Board, shall establish agendas and set meetings at the frequency and length appropriate and necessary to carry out the Committee's responsibilities.

Any Director who is not a member of a particular Committee may attend any Committee meeting with the concurrence of the Committee Chair or a majority of the members of the Committee.

COMMITTEES OF THE BOARD:

Audit Committee

A key element in the corporate governance process of any organization is its audit committee. The battle for financial statement integrity and reliability depends on balancing the pressures of multiple stakeholders, including management, regulators, investors, and the public interest.

Composition

The membership of the Committee consists of at least three directors, all of whom shall meet the

independence requirements established by the Securities and Exchange Board of India and applicable laws, regulations and listing requirements. Each member shall in the judgment of the Board have the ability to read and understand fundamental financial statements. At least one member of the Committee shall in the judgment of the Board be an “audit committee financial expert”.

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

Terms of Reference:

The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company,

and such other duties as directed by the Board. The Committee’s purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company’s financial statements, the qualifications of the Statutory Auditors engaged as the Company’s independent auditor to prepare or issue an audit report on the financial statements of the Company, and the performance of the Company’s internal and independent auditors. The Committee’s role includes a particular focus on the qualitative aspects of financial reporting to shareholders, the Company’s processes to manage business and financial risk, and compliance with significant applicable legal, ethical, and regulatory requirements. The Committee is directly responsible for the appointment, compensation, retention, and oversight of the Company’s independent auditor.

Details of Audit Committee Meetings:

During the year under review the Audit Committee met four times on June 26, 2009, July 29, 2009, October 29, 2009 and January 29, 2010.

Sl.No.	Name of the Member	Designation	Attended
1	Mr. R. Subramanian	Chairman	3
2	Mr. V. Ramachandran	Member	4
3	Mr. M. K. Bannerjee	Member	4
4	Mr. K. K. Rai	Member	4

SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

The current composition of the Committee is Mr. V. Ramachandran (Chairman) and Mr. V V Pravindra. The Committee meets to approve transfer / transmission of shares and issue of duplicate share certificates. The Committee also looks into investor complaints like non-receipt of Annual Report, Dividend revalidation etc. The Committee met 13 times during the year under review.

Mr. Subash B K, Company Secretary and Compliance Officer can be contacted:

Subash B K,
No.1, Dyavasandra Indl. Layout,
P.B. No.4801, Whitefield Road,
Mahadevapura Post,
Bangalore – 560 048
Ph. No.28510805 / 6 / 7
Fax No.28510221

INSIDER TRADING REGULATIONS:

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

DIRECTORS REMUNERATION

The non-executive Directors are not paid any remuneration other than the sitting fees which is within the limits prescribed by Rule 10B of Companies (Central Governments) General Rules and Forms.

The details of remuneration paid to executive Directors are provided under Clause L of Schedule 20 of the Notes forming part of accounts.

MEANS OF COMMUNICATION:

The outcome of the Board Meeting, quarterly and annual financial results are sent to Stock Exchanges immediately after the Board approves these.

The intimation of date of Board Meeting and quarterly and annual financial results are also published in leading newspapers.

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2010

Category	No. of Shareholders	% to total No. of shareholders	Shares Amount (Rs.)	% to total shares amount
Upto 5,000	5359	81.97	7380310	8.54
5,001 10,000	555	8.49	3880000	4.49
10,001 20,000	319	4.88	4439360	5.14
20,001 30,000	122	1.87	3113850	3.60
30,001 40,000	30	0.46	1026730	1.19
40,001 50,000	27	0.41	1222090	1.41
50,001 1,00,000	52	0.80	3888580	4.50
1,00,001 and above	74	1.13	61444360	71.12
	6538	100.00	86395280	100.00

DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2009 – 10.

Nature of Request	OB	Received	Attended	Pending
Change of Address	-	3	3	-
Bank Mandate	-	-	-	-
Revalidation of Warrants	-	4	4	-
Duplicate Share Certificates	-	24	24	-
Transfer/Transmission	-	12	12	-
Dematerialization	-	147	147	-
Rematerialisation	-	1	1	-

SHAREHOLDING PATTERN AS ON 31ST MARCH 2010

Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	41	4409939	51.04
Foreign Promoters	2	326947	3.78
Bodies Corporate	241	491134	5.68
Banks	2	300150	3.47
Financial Institutions	7	4687	0.05
Foreign Financial Institutions	6	136529	1.58
Non-Resident Indians	175	82346	0.95
Public/Others	6064	2887796	33.43
Total	6538	8639528	100.00

Market Price Data Information

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-09	155.00	125.50	Oct-09	467.00	386.00
May-09	249.00	142.00	Nov-09	447.80	400.00
Jun-09	284.40	220.00	Dec-09	580.00	430.10
Jul-09	467.00	269.00	Jan-10	575.00	467.00
Aug-09	462.15	340.00	Feb-10	538.00	260.80
Sep-09	425.00	368.00	Mar-10	314.95	277.50

GENERAL SHARE HOLDER INFORMATION

Investor Services

AGM date,

time and venue : 13th August 2010 at 3.00 P.M.
Wood Lands Hotel Pvt., Ltd.
No.5, Rajaram Mohan Roy Road
Bangalore - 560 025

Financial year : 1st April - 31st March

Book Closure : August 7, 2010 to August 12,
2010 (Both Days inclusive)

Dividend: Dividend if declared would be payable on
August 14, 2010.

The Company has appointed M/s. Alpha Systems Pvt. Ltd., Registrar & Share Transfer Agents for handling all matters relating to share transfers including transfer/transmission of shares, de-materialization of

share certificates, sub division / conversion of share certificate etc.

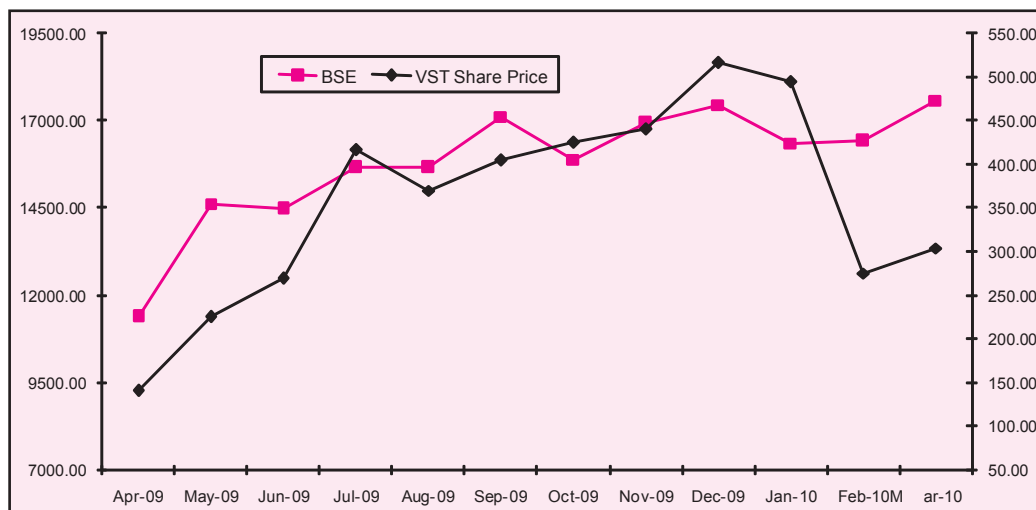
Share Holders desiring to communicate on any matter relating to the shares of the Company may either visit in person or write to the Company's Share Transfer Agent quoting their Folio No./ DP ID & Client ID number at the following address.

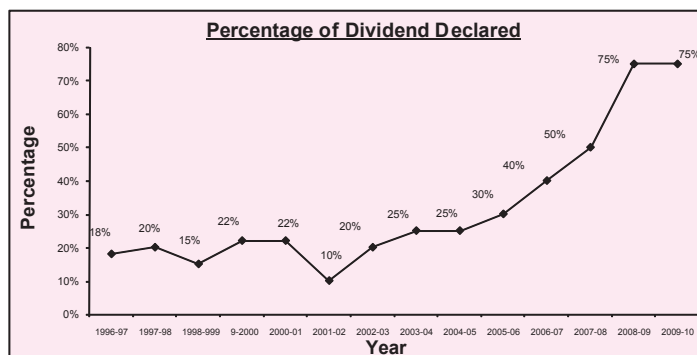
ALPHA SYSTEMS PVT. LTD.,
30, Ramana Residency,
Ground Floor, 4th Cross,
Sampige Road, Malleswaram,
Bangalore - 560 003
Phone Nos. 080-23460815 - 818
Fax: 080-23460819
e-mail : alfint@vsnl.com

Stock code:

Bombay Stock Exchange Ltd : 531266
Bangalore Stock Exchange Ltd :
ISIN : INE 764D01017

Market Price Data





Particulars of last 3 Annual General Meetings

Date/Time	Location	Summary of Special Business
21.08.2009 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	1. Appointment of Mr. K. K. Rai as Director, 2. Re-appointment of the Managing Director, 3. Increase in Authorised Capital, 4. Insertion of New Article 22(b), 5. Issue of bonus shares.
29.08.2008 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	Mr.B.C.S.Iyengar and Mr.V.V.Pravindra appointed as Whole Time Directors
28.08.2007 3.00 p.m.	Wood Lands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bangalore - 560 025	Nil

Dividend Payment Date : August 14, 2010

PLANT LOCATIONS:

Plot No.1 Dyavasandra Indl. Layout Whitefield Road Mahadevapura PO. BANGALORE 560 048, Karnataka	Plot No. 39, Phase I SPICOT Industrial Complex Mookandapalli HOSUR 635 126 Tamil Nadu	Precision Component Division, Plot No.42/43, Survey No.20, Metagalli Indl. Area, Mysore – 570 016 Karnataka
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DISCLOSURES

- ❖ During the year under review, besides the transactions mentioned under schedule 19, page no. 36 of Annual Report, there were no other related party transactions by the Company with its promoters, directors and management that had a potential conflict with the interest of the Company at large.
- ❖ There are no instances of non-compliance on any matter relating to the capital market during the last three years.
- ❖ The Company has not adopted the non-mandatory requirements as stated in Annexure

I D of clause 49 of the Listing Agreement. However, the Company had moved towards a regime of unqualified financial statements since many years.

- ❖ 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.

For **VST TILLERS TRACTORS LTD**

Place: Bangalore
Date: May 28, 2010

V K Surendra
Chairman

**TO THE MEMBERS OF
V.S.T TILLERS TRACTORS LIMITED**

We have audited the attached Balance sheet of M/s.V.S.T. TILLERS TRACTORS LIMITED ('the Company') as at 31st March 2010, Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and based on such checks as we considered appropriate and according to the information and explanations given to us, we state our comments on the matters specified in paragraphs 4 and 5 of the said order in the Annexure enclosed.
3. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act. 1956 and
- f. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon give 'the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on the date.

For Brahmayya & Co.,
Firm Reg. No. : 0005155
Chartered Accountants

Sd/-
Place : Bangalore
Date : 28th May, 2010

G. Srinivas
(Partner)
Membership No. 086761

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 2 of our report of even date

- i) (a) The Company has maintained proper records showing full Particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year as per programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, in our opinion, the Company has not disposed off any major part of fixed assets and there by does not affects the going concern status of the Company.
- ii) (a) The inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt within the books of accounts.
- iii) (a) The Company has not granted any loans secured or unsecured, to Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under section 301 of the Companies Act, 1956, paragraphs (iii)(b),(c) and (d) of the Order, are not applicable.
- (b) The Company has not taken any loans secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the Register maintained under section 301 of the Companies Act, 1956, paragraphs (iii) (f) and (g) of the Order, are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the companies Act 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakh in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public ; as such the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of Cost records has been prescribed under clause (d) of sub section (1), of section 209 of the Companies Act, 1956, and are of the opinion that *prima-facie*, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of records with a view to determine whether they are accurate or complete.
- ix) (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, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it. There are no arrears of outstanding statutory dues as at 31st March, 2010 for a period of more than six months from the date they became payable.

Further, since the Central Government has till date not prescribed the amount of

cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the records of the Company and information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty/Cess which have not been deposited on account of dispute except the following:

Name of the Statue	Nature of the dues	Amount in (Rs.)	Period to which the amount relates	Forum where pending
The Central Excise Act, 1944	Central Excise	Rs.4,18,564/-	2005-06	The Revision Authority, Dept. of Revenue, Ministry of Finance New Delhi

- x) The Company does not have accumulated losses as at 31st March, 2010 and has not incurred any cash losses during the financial year covered by our Audit or in the immediately preceding financial year.
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has no dues to Financial Institutions and banks at the balance sheet date and the Company has not issued any Debentures.
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to Chit Fund / Nidhi / Mutual Benefit Fund / Societies are not applicable to the Company.
- xiv) In our opinion and according to explanations given to us, the Company is not a dealer or a trader in Securities.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, In our opinion, there are

no funds raised on short term basis which have been used for long term purposes.

- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year and therefore paragraph 4 Clause (xviii) of the order is not applicable to the Company.
- xix) The Company has not issued debentures during the year and therefore paragraph 4 (xix) of the Order is not applicable.
- xx) The Company has not raised any money by public issues during the year and therefore paragraph 4 (xx) of the Order is not applicable.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of the fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Brahmayya & Co.,
Firm Reg. No. : 0005155
Chartered Accountants
Sd/-

Place : Bangalore
Date : 28th May, 2010

G. Srinivas
(Partner)

Membership No. 086761

BALANCE SHEET



As at

PARTICULARS	Sch No.	31st March, 2010		31st March, 2009	
		Details Rs.	Total Rs.	Details Rs.	Total Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	863,95,280		575,96,850	
Reserves and Surplus	2	118,24,05,917	126,88,01,197	86,35,62,433	92,11,59,283
Loan Funds					
Secured Loans	3	230,99,328		56,47,104	
Unsecured Loans	4	849,22,100	10,80,21,428	657,29,850	713,76,954
Deferred Tax Liability		159,65,686		369,94,194	
Deferred Tax Asset		28,88,582		27,63,611	
Deferred Tax (Net)			130,77,104		342,30,583
TOTAL		138,98,99,729		102,67,66,820	
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		79,41,22,524		69,23,58,476	
Accumulated Depreciation		28,36,07,311		30,94,66,616	
Net Block		51,05,15,213		38,28,91,860	
Capital Work-in-Progress		170,68,938	52,75,84,151	35,65,074	38,64,56,934
Investments	6		435,40,941		500,00,000
Current Assets, Loans and Advances					
Inventories	7	44,47,59,503		51,14,38,308	
Receivables	8	67,44,23,784		36,23,14,806	
Cash and Bank Balances	9	14,98,51,326		18,73,87,909	
Loans and Advances	10	962,00,098		850,05,185	
Sub-Total (A)		136,52,34,711		114,61,46,208	
Current Liabilities and Provisions,					
Current Liabilities	11	44,51,36,231		48,81,98,992	
Provisions	12	10,13,23,843		711,61,106	
Sub-Total (B)		54,64,60,074		55,93,60,098	
Net Current Assets (A-B)			81,87,74,637		58,67,86,110
Miscellaneous Expenditure to the extent not written off	13		-		35,23,776
TOTAL		138,98,99,729		102,67,66,820	

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Firm Reg. No. : 0005155
Chartered Accountants

Place : Bangalore
Dated : 28th May, 2010

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

PROFIT AND LOSS ACCOUNT



for the year ended

PARTICULARS	Sch No.	31st March, 2010		31st March, 2009	
		Details Rs.	Total Rs.	Details Rs.	Total Rs.
INCOME					
Sales	14	344,53,65,242		274,13,60,356	
Other Income	15	276,71,014		482,26,975	
TOTAL			347,30,36,256		278,95,87,331
EXPENDITURE					
Materials consumed	16	225,69,20,469		184,02,65,762	
Personnel & Other Expenses	17	56,64,08,449		47,48,70,031	
Finance Charges	18	67,37,210		52,97,747	
Depreciation	5	258,51,037		281,49,745	
TOTAL			285,59,17,165		234,85,83,286
PROFIT FOR THE YEAR			61,71,19,091		44,10,04,045
ADD/(LESS) : Prior Year's Adjustment			892,262		370,448
PROFIT BEFORE TAX			61,80,11,353		44,13,74,493
PROVISION FOR INCOME TAX					
Current tax		21,59,00,000		15,02,00,000	
Deferred Tax		(211,53,479)		352,762	
Fringe Benefit Tax		-		17,10,497	
			19,47,46,521		15,22,63,259
PROFIT AFTER TAX			42,32,64,832		28,91,11,234
ADD: Balance brought forward			10,16,07,419		880,35,261
AMOUNT AVAILABLE FOR APPROPRIATION			52,48,72,251		37,71,46,495
APPROPRIATIONS :					
Dividend			647,96,460		431,97,638
Tax on Distributed Dividends			107,61,882		73,41,438
Transfer to General Reserve			20,00,00,000		22,50,00,000
BALANCE IN PROFIT and LOSS ACCOUNT			24,93,13,908		10,16,07,419
			52,48,72,251		37,71,46,495
EPS - Basic			48.99		50.20
EPS - Diluted			48.99		50.20

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Firm Reg. No. : 0005155
Chartered Accountants

Place : Bangalore
Dated : 28th May, 2010

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2010		31st March, 2009	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
01. SHARE CAPITAL				
Authorised				
Nil Redeemable (Previous year:10,00,000)		-		100,00,000
Preference Shares of Rs.10/- each				
100,00,000 Equity Shares of Rs.10/- each		10,00,00,000		600,00,000
(Previous year: 60,00,000)		<u>10,00,00,000</u>		<u>700,00,000</u>
Issued, Subscribed & Paid-up :				
86,39,528 Equity Shares (Previous year :		863,95,280		575,96,850
57,59,685) of Rs.10 each fully paid.				
TOTAL		863,95,280		575,96,850
02. RESERVES AND SURPLUS				
Capital Reserve :				
Profit on reissue of forfeited shares	8,250		8,250	
Share Premium Account				
Per Last Balance Sheet	551,95,050		551,95,050	
LESS : Capitalised for issue of Bonus Shares	<u>287,98,430</u>		<u>-</u>	
	263,96,620		551,95,050	
		264,04,870		552,03,300
Revaluation Reserve :				
Per Last Balance Sheet	67,51,715		68,16,290	
LESS: Depreciation for the Year	<u>64,575</u>		<u>64,575</u>	
		66,87,140		67,51,715
General Reserve:				
Per last Balance Sheet	70,00,00,000		47,50,00,000	
ADD: Transfer from Profit and Loss Account	<u>20,00,00,000</u>		<u>22,50,00,000</u>	
		90,00,00,000		70,00,00,000
Surplus in Profit and Loss Account		24,93,13,907		10,16,07,418
TOTAL		118,24,05,917		86,35,62,433
03. SECURED LOANS				
I) Working Capital Loans				
A) From Commercial Banks	230,99,328		56,47,104	
B) From Others	<u>-</u>		<u>-</u>	
		230,99,328		56,47,104
TOTAL		230,99,328		56,47,104
04. UNSECURED LOANS				
Deposits from Dealers		849,22,100		657,29,850
TOTAL		849,22,100		657,29,850

forming part of the Balance Sheet

05. FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01-04-2009	Additions	Deletions	As at 31-03-2010	Upto 31-03-2009	For the year	Upto 31-03-2010	As at 31-03-2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND	12,39,56,096	15,89,22,000		28,28,78,096				12,39,56,096
BUILDINGS	845,09,711	21,81,140	66,599	866,24,252	252,18,557	14,05,774	266,04,196	592,91,154
PLANT & MACHINERY	43,50,65,884	50,47,360	432,95,307	39,68,17,937	25,72,17,608	210,74,054	24,42,21,670	17,78,48,276
COMPUTER SYSTEMS	233,54,441	58,050	126,63,721	107,48,770	161,64,651	16,41,494	62,04,384	71,89,790
OFFICE EQUIPMENTS	41,67,816	50,050	20,16,785	22,01,081	19,84,431	194,264	10,12,535	21,83,385
VEHICLES	130,19,320		271,151	127,48,169	33,11,379	12,11,076	42,64,775	97,07,941
FURNITURE & FIXTURES	82,85,208		61,80,989	21,04,219	55,69,990	3,88,950	12,99,751	27,15,218
	69,23,58,476	16,62,58,600	644,94,552	79,41,22,524	30,94,66,616	259,15,612	28,36,07,311	51,05,15,213
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES	35,65,074			170,68,938				
PREVIOUS YEAR	56,26,38,721	13,52,98,628	55,78,873	69,23,58,476	28,37,62,441	282,14,320	30,94,66,616	27,88,76,280
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES	1,78,89,997			35,65,074				

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2010		31st March, 2009	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
06. INVESTMENTS AT COST				
LONG TERM INVESTMENTS:				
Trade - Unquoted				
41,50,000 Equity Shares of Rs.10 each of Mitsubishi -VST Diesel Engines Private Limited, a joint venture company	415,00,000	415,00,000	415,00,000	415,00,000
		415,00,000		415,00,000
Non Trade - Unquoted				
i) Reliance Mutural Fund Reliance Regular Savings Fund - Equity 111,469.796 (Nil) Units of Rs.22.43 each	-		25,00,000	
ii) HSBC Mutual Fund HSBC Equity Fund 26,473.236 (Nil) Units of Rs.93.63 each	-		25,00,000	
iii) Principal Asset Management Co. P Ltd. Principal Global Opportunities Fund 129,323.277 (Nil) Units of Rs.19.33 each	25,00,000		25,00,000	
iv) Franklin Templeton Investments Templeton India Growth Fund 10,588.554 (Nil) Units of Rs.94.44 each	-	25,00,000	10,00,000	85,00,000
		440,00,000		500,00,000
Less : Provision for diminution in investments		459,059		-
TOTAL		435,40,941		500,00,000
Market Value of Quoted Investments as on 31-03-2010 Rs.Nil (Previous year Nil)				
07. INVENTORIES				
i. Rawmaterial and Components Add : Goods-in-Transit	14,18,75,760		20,36,79,158	
	-		423,090	
		14,18,75,760		20,41,02,248
ii. Work-in-Progress		451,75,444		204,00,286
iii. Finished Goods		14,37,91,024		19,39,46,046
iv. Stock of Spares and Attachments		739,12,602		562,32,042
v. Stock of Trading goods		129,10,103		157,44,887
vi. Loose Tools		174,46,615		170,09,417
vii. Machinery Spares and Others		96,47,955		40,03,383
TOTAL		44,47,59,503		51,14,38,309

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2010		31st March, 2009	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
08. RECEIVABLES				
Unsecured Considered Good :-				
Debts outstanding for a period exceeding six months	62,43,827		62,50,201	
Other Debts	63,81,79,957	67,44,23,784	35,60,64,604	36,23,14,805
TOTAL		67,44,23,784		36,23,14,805
09. CASH AND BANK BALANCES				
Cash on hand		175,587		137,106
Cheques on hand and in transit		-		844,93,295
Balances with Scheduled Banks				
On Current Accounts	14,94,36,939		190,14,129	
On Margin and Other Accounts	138,800		8,34,83,379	
Balances on Deposit Account with others	100,000		260,000	
		14,96,75,739		10,27,57,508
TOTAL		14,98,51,326		18,73,87,909
10. LOANS AND ADVANCES				
(Unsecured Considered Good)				
Advances recoverable in Cash or in Kind or for value to be received :-				
Advances against Supplies	94,48,974		155,90,272	
Sundry Advances and Deposits	144,99,430		128,60,793	
Income Accrued but not due	509,727		567,324	
		244,58,131		290,18,389
Deposits with Government Departments		717,41,967		559,86,796
TOTAL		962,00,098		850,05,185
11. CURRENT LIABILITIES				
Trade Creditors				
Dues to Micro, Small and Medium Enterprises {Refer to Note (2) (E) of Schedule 19}	-		-	
Dues to others	26,60,77,631		33,58,75,618	
		26,60,77,631		33,58,75,618
Accrued Expenses and Other Creditors		16,23,70,924		13,54,16,087
Advances from Customers and Dealers		148,70,935		153,62,474
Unclaimed Dividend		18,16,741		15,44,813
TOTAL		44,51,36,231		48,81,98,992

SCHEDULES



forming part of Balance Sheet as at

	31st March, 2010		31st March, 2009	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
12. PROVISIONS				
Proposed Dividend		647,96,460		431,97,638
Tax on dividend		107,61,882		73,41,438
Provision for taxation		99,71,267		64,64,411
Provision for Warranties		46,12,417		42,62,868
Provision for Employee Benefits		111,81,817		98,94,751
TOTAL		10,13,23,843		711,61,106
13. MISCELLANEOUS EXPENDITURE				
Voluntary Separation scheme				
Balance brought forward	35,23,776		70,47,551	
Payments during the year	-		-	
	<u>35,23,776</u>		<u>70,47,551</u>	
Less: Expenditure written off	<u>35,23,776</u>		<u>35,23,775</u>	
Balance carried forward		-		35,23,776
TOTAL		-		35,23,776

forming part of Profit & Loss Account for the year ended

	31st March, 2010		31st March, 2009	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
14. SALES				
Domestic Sales Less Returns	331,05,69,570		259,83,38,918	
Less: Excise Duty Recovered	<u>33,27,033</u>		<u>72,24,339</u>	
	330,72,42,537		259,11,14,579	
Export Sales	13,81,22,705		15,02,45,777	
TOTAL		344,53,65,242		274,13,60,356
15. OTHER INCOME				
Miscellaneous Receipts	48,28,745		56,61,282	
Profit on Foreign Exchange Fluctuation	16,19,524		-	
Export Incentives	36,45,944		49,01,052	
Profit on sale of Investments	112,822		-	
Insurance claims	19,04,697		15,67,624	
Interest (T.D.S. Rs.7,84,214 [p.y. Rs.7,79,420])	42,67,848		67,68,260	
Dividend	82,824		42,99,716	
Rent Received (T.D.S. Rs.4,26,332)(p.y.Rs.2,16,441)]	26,31,388		23,49,700	
Sale of Scrap	85,77,222		110,13,040	
Sundry credit balances written back	-		116,66,301	
TOTAL		276,71,014		482,26,975

forming part of Profit & Loss Account for the year ended

	31st March, 2010		31st March, 2009	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
16. MATERIAL CONSUMED AND COST OF GOODS SOLD				
Opening Stock		20,36,79,157		17,88,25,464
ADD: Purchases during the period		218,45,82,984		201,54,54,882
LESS: Closing Stock		14,18,75,760		20,36,79,157
Material Consumed		224,63,86,381		199,06,01,189
LESS: INCREASE / (DECREASE) IN STOCK				
Opening Stock				
Work in Progress	204,00,286		119,27,198	
Finished Goods and Stock in Trade	26,59,22,975		12,40,60,636	
	28,63,23,261		13,59,87,834	
Less: Closing Stock				
Work in Progress	451,75,444		2,04,00,286	
Finished Goods and Stock in Trade	23,06,13,729		26,59,22,975	
	27,57,89,173		28,63,23,261	
Increase / (Decrease) in Stock		(105,34,088)		15,03,35,427
TOTAL		225,69,20,469		184,02,65,762
17. PERSONNEL AND OTHER EXPENSES				
Personnel				
Salaries, Wages and Bonus	18,80,70,375		16,40,22,267	
Welfare Expenses	52,10,923		54,24,957	
Contribution to Funds	124,15,526		111,93,571	
Leave Salary	13,00,395		10,46,846	
		20,69,97,219		18,16,87,641
Factory & Manufacturing Expenses				
Power and Fuel	204,84,442		196,22,206	
Stores & Tools Consumed	359,60,819		293,83,054	
		564,45,261		490,05,260
General & Administrative Expenses				
Consultancy and Legal Charges	63,08,851		55,09,177	
Fees, Rates and Taxes	88,35,235		51,86,387	
Insurance	21,79,262		30,03,194	
Miscellaneous Expenses	205,55,043		116,65,307	
Rent	32,84,155		30,20,120	
Repairs to Buildings	20,24,272		16,89,842	
Repairs to Machinery	69,34,003		128,12,732	
Repairs & Maintenance	59,46,402		34,28,411	
Research and Development	33,67,133		34,88,730	
Bank Charges	30,07,299		27,95,715	
Travelling and Conveyance	128,72,570		98,57,669	
		753,14,224		624,57,283

SCHEDULES



forming part of Profit & Loss Account for the year ended

	31st March, 2010		31st March, 2009	
	Details Rs.	Total Rs.	Details Rs.	Total Rs.
17. PERSONNEL AND OTHER EXPENSES (Contd.)				
Sales and Marketing Expenses				
Advertisement & Publicity	48,04,814		25,06,229	
Freight and Forwarding	824,51,926		639,33,154	
Selling Expenses	10,64,20,051		861,85,616	
Service and Warranty Expenses	177,51,774		197,45,016	
		21,14,28,565		17,23,70,015
Assets Discarded / Written Off	111,45,529		-	
Bad debts written off	-		18,47,157	
Loss on sale of Assets	10,94,815		22,74,220	
Provision for diminution in Investments	459,059		-	
Sundry balances written off	-		13,18,038	
Loss of Foreign exchange fluctuations	-		386,643	
Employee seperation expenses written off	35,23,776		35,23,775	
		162,23,180		93,49,833
TOTAL		56,64,08,449		47,48,70,032
18. FINANCE CHARGES				
Interest on Other Loans		67,37,210		52,97,747
TOTAL		67,37,210		52,97,747

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Firm Reg. No. : 000515S
Chartered Accountants

Place : Bangalore
Dated : 28th May, 2010

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

SCHEDULE 19

NOTES FORMING PART OF ACCOUNTS

I) Significant Accounting Policies

A) Conventions

The Financial Statements are prepared under historical cost conventions in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant disclosure requirements of the Companies Act, 1956.

B) Fixed Assets and Depreciation

i) Fixed Assets are capitalised net of Cenvat credit availed.

ii) Land, Building, Plant and Machineries have been revalued as at 31st December, 1985. Other Fixed Assets in the Gross Block are stated at original cost. Additions to Fixed Assets are stated at cost of acquisition and all costs relating to the acquisition and installation up to the date the asset is put into use are capitalised.

iii) Depreciation has been charged under the Straight Line Method (SLM) at the rates prescribed in Schedule XIV of the Companies Act, 1956.

C) Investments

Long term investments are stated at cost. Provision is made when permanent diminution in value has arisen in the opinion of the management.

D) Inventories

i) Raw material and components are valued at Weighted Average Cost, after adjustment of Cenvat credit availed or to be availed, wherever applicable.

ii) Work in progress and finished goods are valued at lower of cost or net realisable value. Finished goods lying in the factory premises are valued inclusive of Excise Duty. This has no impact on the profit of the company.

iii) Consumable stores and machinery spares are valued at cost. Loose tools under use are valued at 50% of the cost and unused at cost.

iv) Unsold Scrap at the end of the year is taken at estimated realisable value.

E) Foreign exchange transaction

i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.

ii) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are determined by the respective contracts.

iii) Premium for forward contract is recognised as income or expenditure over the life of the contract.

iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

F) Revenue / Expenditure recognition

Sales of products are recognised on despatch to customers and are exclusive of excise duty, trade discounts, sales tax and other taxes. Income accruing in the accounting year and ascertainable/realisable with reasonable certainty on the date of financial statements is taken into account.

Expenses accruing in the accounting year and ascertainable with reasonable accuracy on the date of financial statement are provided in the accounts.

G) Retirement benefits to employees

i) Company's contribution to recognised funds, such as Provident Fund, Employees State Insurance, etc. are charged to Profit and Loss Account.

ii) Gratuity liability is covered by a policy with Life Insurance Corporation of India. Annual contribution to the fund is charged to revenue. Liability on the basis of actuarial valuation by an independent actuary has been provided which has been charged to revenue.

iii) Leave encashment is provided on the basis of actuarial valuation at the balance sheet date carried out by an independent actuary.

H) Research and Development

Revenue expenditure on Research and Development are included under respective heads of expenditure. Capital expenditure on Research and Development are treated in the same manner as expenditure on other fixed assets.

- I) Warranty
The company periodically assesses and provides for the estimated liability on warranty given on sale of its products based on past performance of such products.
 - J) Voluntary Separation Scheme for Employees
Compensation paid to employees who took retirement under the Voluntary Separation Scheme is amortised over a period of five years.
 - K) Taxes on Income
Current tax is determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profits and tax profits is accounted for under the liability method, at the rate prescribed by Accounting Standard, to the extent that timing differences are expected to crystallise.
 - L) Impairment of Assets
Consideration is given at the balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use.
- 2) Notes
- A) Share capital
 - i) Issued, Subscribed and Paid-up Capital includes 1,50,000 (Previous year 1,50,000) equity shares of Rs.10 each, which were allotted as fully paid pursuant to a contract for consideration other than cash.
 - ii) Issued, Subscribed and Paid-up Capital includes 28,79,843 (Previous year 19,19,895) equity shares of Rs.10 each, which were allotted as fully paid up by way of bonus shares by capitalisation of share premium.
 - B) Secured Loans
 - i) Working Capital loans sanctioned by Commercial Banks are secured by way of first charge on hypothecation of inventories, bills receivable and other current assets and a second charge on all fixed assets of the company, ranking *pari passu* basis with other members of the consortium
 - C) Receivables
Other debts includes amounts due from firms in which Directors of the company are partners of Rs.43,04,897 (previous year Rs.26,53,123)
 - D) The Company has applied to Central Government for approval under section 297 of the Companies Act, 1956 for the execution of contracts in which Directors are interested, pending approval from Central Government the company has executed the contracts with such parties. The Company is confident of getting the approval from the concerned authorities from the date of filing of application.
 - E) Cash and Bank balance
Bank balance with others on deposit account includes deposit with West Bengal State Rural Co-operative Bank Limited of Rs.1,00,000 (previous year Rs.1,00,000). Maximum amount outstanding at any time during the year was Rs.1,00,000 (previous year Rs.1,00,000). None of the Directors are interested in the Bank and none of the Directors are relatives of the Directors of the Bank.
 - F) Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)
Based on the information available with the Company, there are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.
 - G) Depreciation on Research and Development assets amounting to Rs.8,68,754 (Previous year Rs.8,99,372) has been charged off during the current year. Capital expenditure on Research and Development Rs.Nil (Previous year Rs.3,60,164) is shown as addition to fixed assets.
 - H) Depreciation on the revalued assets amounting to Rs.64,575 (Previous year Rs. 64,575) has been deducted from the Revaluation Reserve.
- 3) Contingent Liabilities not provided for
- A) Cases filed by the customers in various consumer courts not acknowledged as debt Rs.41,85,000 (previous year Rs.37,12,000).

- B) Demands raised by Central Excise Department not acknowledged as debt Rs.4,18,564. The Company has filed appeals before The Revision Authority, Department of Revenue, Ministry of Finance, New Delhi challenging the demands raised by the department.
- 4) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs.1,12,34,822 (previous year Rs.34,05,617)
- 5) Figures for the previous year have been re-grouped wherever necessary for comparison purposes.

6 STATEMENT OF ADDITIONAL INFORMATION

A. INFORMATION ON CAPACITY AND PRODUCTION (Figures in Numbers)

PARTICULARS	Licensed Capacity		Installed Capacity	
	01-04-2009-31-03-2010	01-04-2008-31-03-2009	01-04-2009-31-03-2010	01-04-2008-31-03-2009
Tillers & Tractors	13,000	13,000	13,000	13,000
Diesel Engines	3,000	3,000	3,000	3,000
Precision Components	236,000	236,000	216,000	216,000
	Production		Captive Use	
	01-04-2009-31-03-2010	01-04-2008-31-03-2009	01-04-2009-31-03-2010	01-04-2008-31-03-2009
Power Tillers	18,617	17,673	1	-
Tractors	3,752	2,451	3	-
Diesel Engines	294	252	-	-
Precision Components	119,582	209,897	79,420	78,124

Production includes units captively consumed as mentioned above.

B. PARTICULARS OF STOCK

CLASS OF GOODS	As at 01-04-2009		As at 01-04-2008	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
OPENING STOCK				
Power Tillers	1,854	15,78,67,987	872	557,59,562
Tractors	167	313,89,448	43	72,63,623
Diesel Engines	57	26,74,083	37	14,05,605
Precision Components	3,521	20,14,528	958	882,035
		<u>19,39,46,046</u>		<u>653,10,825</u>
CLASS OF GOODS	As at 31-03-2010		As at 31-03-2009	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
CLOSING STOCK				
Power Tillers	1,402	11,06,82,315	1,854	15,78,67,987
Tractors	158	291,98,502	167	313,89,448
Diesel Engines	82	36,02,780	57	26,74,083
Precision Components	265	307,427	3,521	20,14,528
		<u>14,37,91,024</u>		<u>19,39,46,046</u>

C. PARTICULARS OF MANUFACTURED AND TRADED GOODS TURNOVER

CLASS OF GOODS	01-04-2009 - 31-03-2010		01-04-2008 - 31-03-2009	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Power Tillers	19,068	212,00,44,749	16,691	178,06,28,219
Tractors	3,758	81,10,37,556	2,327	49,72,77,325
Diesel Engines	269	97,14,498	232	94,24,357
Rice Transplanters	858	12,65,74,991	460	653,19,630
Precision Components	43,418	636,47,214	1,29,210	13,49,03,017
Others		31,43,46,234		25,38,07,808
		<u>344,53,65,242</u>		<u>274,13,60,356</u>

D. TRADED GOODS

CLASS OF GOODS	As at 01-04-2009		As at 01-04-2008	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
OPENING STOCK				
Combine Harvestors	3	18,64,110	1	10,64,082
Rice Transplanters	155	118,75,284	27	16,69,361
Others		20,05,493		20,10,478
		<u>157,44,887</u>		<u>47,43,921</u>
CLASS OF GOODS	As at 31-03-2010		As at 31-03-2009	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
CLOSING STOCK				
Combine Harvestors	3	18,64,110	3	18,64,110
Rice Transplanters	149	98,81,130	155	118,75,284
Others		11,64,864		20,05,493
		<u>129,10,104</u>		<u>157,44,887</u>

E. PARTICULARS OF RAWMATERIALS, COMPONENTS AND TRADED GOODS CONSUMED

	01-04-2009 - 31-03-2010	01-04-2008 - 31-03-2009
	Amount - Rs.	Amount - Rs.
Manufactured Goods	215,77,42,872	185,43,57,157
Traded Goods	8,86,43,509	9,36,43,328
	<u>224,63,86,381</u>	<u>194,80,00,485</u>

F. VALUE OF IMPORTS ON CIF BASIS

	01-04-2009 - 31-03-2010 Amount - Rs.	01-04-2008 - 31-03-2009 Amount - Rs.
1 Components & Spares	950,75,184	869,26,245
2 Capital Equipments	-	-
	<u>950,75,184</u>	<u>869,26,245</u>

G. EXPENDITURE IN FOREIGN CURRENCY

	01-04-2009 - 31-03-2010 Amount - Rs.	01-04-2008 - 31-03-2009 Amount - Rs.
Travelling Expenditure	905,684	267,598
Others	32,14,167	23,28,848
	<u>41,19,851</u>	<u>25,96,446</u>

H. EARNINGS IN FOREIGN CURRENCY

	01-04-2009 - 31-03-2010 Amount - Rs.	01-04-2008 - 31-03-2009 Amount - Rs.
Export of Goods on FOB Basis	994,38,081	15,02,45,777
Others (Freight, Insurance etc.)	27,25,816	15,01,409
	<u>10,21,63,897</u>	<u>15,17,47,186</u>

I. REMITTANCE IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF DIVIDEND

	01-04-2009 - 31-03-2010 Rs.	01-04-2008 - 31-03-2009 Rs.
1 Amount Remitted (Net of Tax)	Rs. 16,34,738	Rs. 10,89,825
2 No. of Non Resident Shareholders	2	2
3 No. of Shares on Which Dividend was due	217,965	217,965
4 Year to which dividend was related	March 31, 2009	March 31, 2008

J. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS AND TRADED GOODS

CONSUMED	01-04-2009 - 31-03-2010 Amount - Rs.	Percentage	01-04-2008 - 31-03-2009 Amount - Rs.	Percentage
1 Imported	10,03,84,883	4.47%	11,01,12,241	5.65%
2 Indigenous	214,60,01,498	95.53%	183,78,88,244	94.35%
	<u>224,63,86,381</u>		<u>194,80,00,485</u>	

K. DIRECTORS REMUNERATION INCLUDED IN SALARIES AND WAGES

Amount - Rs.

Remuneration to Managing Director/Wholetime Directors:

	2009-10	2008-09
Annual Salary	24,84,107	20,30,999
Other Allowances	14,08,252	12,93,584
Company's Contribution to P.F. etc.	298,093	243,720
Commission	31,17,411	25,84,303
	73,07,863	61,52,606

L. COMPUTATION OF NET PROFITS IN ACCORDANCE WITH SECTION 198 AND SECTION 349 OF THE COMPANIES ACT, 1956 AND THE COMMISSION PAYABLE TO THE DIRECTORS.

Amount - Rs.

	01-04-2009 - 31-03-2010	01-04-2008- 31-03-2009
Profit before tax as per Profit & Loss Account	61,80,11,353	44,13,74,493
Add:		
Loss on sale of Assets	10,94,815	22,74,220
Directors Remuneration	73,07,863	61,52,605
Directors Sitting fees	360,000	360,000
	87,62,678	87,86,825
	62,67,74,031	45,01,61,318
Less:		
Profit on sale of Investments	112,822	-
Excess Credit balances/Provision written back	-	1,16,66,302
	62,66,61,209	43,84,95,017
1. Commission payable to Managing Director @ 1% of the Net profit subject to an amount equal to one and half times of annual salary drawn whichever is Lower	1% of the Net Profit One and half times annual salary drawn	
	62,66,612	43,84,950
	18,99,911	16,59,911
2. Commission payable to Deputy Managing Director @ 1% of the Net profit subject to an amount equal to annual salary drawn whichever is Lower	1% of the Net Profit Annual Salary	
	62,66,612	43,84,950
	572,500	362,500
3. Commission payable to Executive Director @ 1% of the Net profit subject to an amount equal to annual salary drawn whichever is Lower	1% of the Net Profit Annual Salary	
	62,66,612	43,84,950
	645,000	561,892

7 Consultancy and Legal charges includes:

Amount - Rs.

	01-04-2009 - 31-03-2010	01-04-2008 - 31-03-2009
1 Statutory Auditor's Remuneration		
Audit Fees	400,000	400,000
Reimbursement of Expenses	49,440	49,440
	449,440	449,440
2 Cost Auditor's Remuneration		
Audit Fees	75,000	75,000
Certification	-	-
Reimbursement of Expenses	21,237	21,237
	96,237	96,237

8 DEFERRED TAXATION

Amount - Rs.

	01-04-2009 - 31-03-2010	01-04-2008 - 31-03-2009
Breakup of Deferred tax assets and Deferred tax liabilities arising on account of timing differences		
a) Deferred Tax Assets		
Share Issue Expenses	-	-
Amalgamation expenses	-	-
Expenses inadmissible	-	-
Provision for Gratuity / Leave encashment dis-allowed u/s 43B	28,88,582	27,63,611
Unabsorbed Depreciation	28,88,582	27,63,611
b) Deferred Tax Liabilities		
Provision for depreciation	159,65,686	369,94,194
c) Net deferred tax liability (b-a)	130,77,104	342,30,583

9 EARNINGS PER SHARE

Amount - Rs.

	01-04-2009 - 31-03-2010	01-04-2008 - 31-03-2009
Net Profit After Tax	42,32,64,832	28,91,11,234
No. of Equity shares outstanding	86,39,528	57,59,685
Basic Earning Per Share	48.99	50.20
Diluted Earning Per Share	48.99	50.20

10 RELATED PARTY TRANSACTIONS

a) Related Parties with whom transactions have taken place during the year

Associates :

- 1 VST Auto Ancillaries Pvt. Limited
- 2 Vinay Industries
- 3 India Garage Service Station
- 4 India Garage Petrol Pump
- 5 MHI-VST Diesel Engines Private Limited
- 6 Anand & Associates
- 7 Rama Infotech

Key Management Personnel :

- 1 Mr. V.P. Mahendra
- 2 Mr. V.V. Pravindra
- 3 Mr. B.C.S. Iyengar

Transactions with Related parties

	ASSOCIATES	KEY MANAGEMENT PERSONNEL	TOTAL
Machining of Components	154,34,873	-	154,34,873
Sales of Products and Spares	475,72,649	-	475,72,649
Supply of machined components and provide facilities for inspection of components	58,121	-	58,121
Purchase of fuel for company vehicles and computer software & maintenance services	15,93,952	-	15,93,952
Architectural Profession Services	12,99,887	-	12,99,887
Purchase of Spares	8,729	-	8,729
Rental Income from Leasing of Immovable Property	19,85,400	-	19,85,400
Remuneration paid	-	73,07,863	73,07,863

Details of transactions with related parties during the period 01.04.2009 - 31.03.2010

Party	Nature of Transaction	Amount of Transaction	Outstanding as on 31-03-2010
1. VST Auto Ancillaries Pvt. Limited	Availing of services of machining of components	153,82,600	13,40,201 Credit
2. Vinay Industries	Availing of services of machining of components	52,273	22,644 Credit
3. India Garage Service Station	Sale of power tillers, tractors, diesel engines, attachments and spare parts etc.	475,72,649	39,15,592 Debit
4. India Garage Petrol Pump	Purchase of fuel for company vehicles	228,461	21,611 Credit
5. MHI-VST Diesel Engines Pvt. Limited	Supply of machined components and provide facilities for inspection of components	58,121	284,012 Credit
	Purchase of Spares	8,729	Nil
	Renting of Immovable property	19,85,400	Nil
6. Anand & Associates	Architectural Profession Services	12,99,887	408,942 Credit
7. Rama Infotech	Availing computer software and maintenance services	13,65,491	3,984 Credit

11 PROVISIONS

	Opening Balance	Paid/Reversed during the year	Provision during the year	Closing Balance
1 Employee Benefits	98,94,751	59,27,361	49,13,348	88,80,738
2 Warranty	42,62,868	42,62,868	46,12,417	46,12,417
	141,57,619	101,90,229	95,25,765	134,93,155

12 EMPLOYEE BENEFITS

Consequent upon adoption of Accounting Standard on “ Employee Benefits” (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made:

Defined Contribution Plan:
Amount - Rs.

Contribution to Defined Contribution Plan recognised as an expense for the year as under

	2009-10	2008-09
Employer's Contribution to Provident Fund	73,37,765	63,00,222

Defined Benefit Plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Obligation as at the beginning of the year	405,75,241	374,21,373	74,51,524	77,29,366
Current Service Cost	40,62,753	36,25,431	950,673	10,35,267
Interest Cost	31,64,547	25,62,374	490,243	521,136
Actuarial Gain/(Loss)	(357,841)	(14,01,890)	(149,005)	(12,65,119)
Benefits paid	(20,36,809)	(16,32,047)	(896,095)	(569,126)
Obligations as at the end of the year	454,07,891	405,75,241	78,47,340	74,51,524

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Change in plan assets				
Plan assets as at the beginning of the year	402,35,418	365,48,101	-	-
Expected return on plan assets	32,39,617	27,75,464	-	-
Actuarial Gain/(loss)	379,859	519,653	-	-
Contributions	25,56,408	61,26,047	896,095	569,126
Benefits Paid	(20,36,809)	(16,32,047)	(896,095)	(569,126)
Plan assets as at the end of the year	443,74,493	402,35,418	-	-

Reconciliation of present value of the obligation and the fair value of plan assets

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Fair value of plan assets at the end of the year	443,74,493	402,35,418	-	-
Present value of the defined benefit obligations at the end of the year	454,07,891	405,75,241	78,47,340	71,73,682
Amount recognised in the Balance Sheet	10,33,398	339,823	78,47,340	71,73,682
Actual return on plan assets	36,19,476	24,50,789	-	-
Cost for the year				
Current service cost	40,62,753	36,25,431	950,673	10,35,267
Interest cost	31,64,547	25,62,374	490,243	521,136
Expected return on plan assets	(32,39,617)	(27,75,464)	-	-
Actuarial (Gain)/Loss	(737,700)	(19,21,543)	(149,005)	(12,65,119)
Net cost recognised in the Profit and Loss Account	32,49,983	14,90,798	291,284	291,284

The gratuity and leave encashment expenses have been shown in contribution to funds under Schedule 17.

Actuarial assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Mortality Table(LIC)	1994-96	1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Interest rate	8%	7%	7%	7%
Estimated rate of return on plan assets	8%	8%	8%	8%
Expected rate of increase in salary	5%	5%	5%	5%

Note: 1. The estimates of future salary increases considered in actuarial valuations take account of inflation, seniority, promotions and other relevant factors such as supply and demand factors in the employment market.

2. Gratuity Liability in case of employees of Precision Components Division, Mysore are unfunded and the gratuity liability for the year was Rs.2,19,796 and the cumulative liability as on 31st March 2010 was Rs.16,50,091.

13 DETAILS JOINT VENTURE

1. Name of Joint Venture MHI-VST Diesel Engines Private Limited
2. Description of Interest Jointly Controlled Entity
3. Financial Interest in Jointly Controlled Entity(*)

	Amount in Rs.
a. Assets	45,55,00,000
b. Liabilities	45,55,00,000
c. Income	11,78,77,521
d. Expenditure	23,47,96,337
e. Capital Commitments	-
f. Contingent Liabilities	-

(*) The above is as per the information furnished by the Joint Venture Company.

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Firm Reg. No. : 000515S
Chartered Accountants

Place : Bangalore
Dated : 28th May, 2010

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

I. REGISTRATION DETAILS

Registration No	1706	State Code	08
Balance Sheet Date	31/03/2010		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	28,798	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities	13,89,900	Total Assets	13,89,900
Sources of Funds			
Paidup Capital	86,395	Reserves and Surplus	11,82,406
Secured Loans	23,100	Unsecured Loans	84,922
Deferred Tax Liability	13,077		
Application of Funds			
Net Fixed Assets	527,584	Investments	43,541
Net Current Assets	818,775	Miscellaneous Expenditure	-

IV. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	34,45,365	Total Expenditure	28,55,025
Profit Before Tax	618,011	Profit After Tax	423,265
Earning per Share (Rs.)	48.99	Dividend	

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(as per monetary terms)

Item Code No (ITC Code)	84328090	Item Code No (ITC Code)	84099990
Product Description	POWER TILLER	Product Description	DIESEL ENGINE-COMPONENTS
Item Code No (ITC Code)	87019010		
Product Description	TRACTOR		

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYYA & CO.**
Firm Reg. No. : 0005155
Chartered Accountants

Place : Bangalore
Dated : 28th May, 2010

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

CASHFLOW STATEMENT



for the year ended

A. CASH FLOW FROM OPERATING ACTIVITIES

	31-03-2010	31-03-2009
Net Profit/(Loss) Before Tax	61,80,11,353	44,13,74,493
Adjustments for Extraordinary items :		
Employee seperation expenses written off	35,23,776	35,23,775
Assets Discarded / Scrapped	111,45,529	-
Bad debts / Sundry balances written off	-	18,47,157
Loss on sale of Investments / Assets	10,94,815	22,74,220
Provision for diminution of investments	459,059	-
Sundry credit balances written back	-	(116,66,302)
Profit on sale of Investments / Assets	(112,822)	-
Net Profit/(Loss) Before Tax and Extraordinary items	63,41,21,710	43,73,53,343
Depreciation	258,51,037	281,49,745
Investments / Interest / Dividend Income	(43,50,672)	(110,67,976)
Interest	67,37,210	52,97,747
	282,37,575	223,79,516
Operating Profit Before Working Capital Changes	66,23,59,285	45,97,32,859
Adjustments for :		
Trade and Other Receivables	(32,33,61,488)	(961,09,018)
Inventories	666,78,806	(17,57,20,750)
Trade and Other Payables	(416,98,074)	13,73,13,576
	(29,83,80,756)	(13,45,16,192)
Cash Generated from Operations	36,39,78,529	32,52,16,667
Direct Taxes Paid	(21,23,93,144)	(14,63,58,350)
Cash Flow Before Extraordinary Items	15,15,85,385	17,88,58,317
Net Cash from Operating Activities (A)	15,15,85,385	17,88,58,317

CASH FLOW FROM INVESTING ACTIVITIES

B. Purchase of Fixed Assets	(17,97,62,464)	(12,09,73,705)
Sale of Fixed Assets	479,293	794,509
Purchase of Investments	-	(85,00,000)
Sale of Investments	61,12,822	33,54,400
Interest Received	44,08,269	108,31,921
Net Cash used in Investing Activities (B)	(16,87,62,080)	(11,44,92,875)

CASH FLOW FROM FINANCING ACTIVITIES

C. Proceeds from Issue of Share Capital	-	-
Proceeds from Short and Long Term Borrowings	366,44,474	(78,19,938)
Interest Paid	(67,37,210)	(52,97,747)
Dividend Paid	(502,67,148)	(335,34,433)
Net Cash used in Financing Activities (C)	(203,59,884)	(466,52,118)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(375,36,579)	177,13,324
CASH AND CASH EQUIVALENTS-OPENING BALANCE	18,73,87,909	16,96,74,585
CASH AND CASH EQUIVALENTS-CLOSING BALANCE	14,98,51,326	18,73,87,909

V.P. Mahendra
Managing Director & CEO

V. Ramachandran
Director

As per our report of even date
For **BRAHMAYA & CO.**
Firm Reg. No. : 0005155
Chartered Accountants

Place : Bangalore
Dated : 28th May, 2010

Subash B.K.
Company Secretary

G.Srinivas
Partner
Membership No.086761

“NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of VST TILLERS TRACTORS LTD will be held at Woodlands Hotel Pvt. Ltd. No.5, Rajaram Mohan Roy Road, Bangalore – 560 025 on August 13, 2010 at 3.00 P.M. to transact the following business.

Ordinary Business:

1. To receive, consider, approve, and adopt the audited Balance Sheet as at March 31, 2010, Profit and Loss account and Cash Flow Statement for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. V K Surendra, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. V Ramachandran, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from August 7, 2010 to August 12, 2010 (both days inclusive) in connection with Annual General Meeting.
3. Dividend if declared shall be payable to all those members whose names appear in the register of members or to the beneficial owners as per the records of the depositories, at the closing of business hours on August 6, 2010.
4. Members desirous of obtaining any information on the annual accounts are requested to write to the Company at an early date to facilitate compilation and dissemination of the same at the AGM.

By the Order of the Board
for **VST TILLERS TRACTORS LTD.**

Sd/-

Place: Bangalore
Date: May 28, 2010

Subash B K
Company Secretary



V.S.T. TILLERS TRACTORS LIMITED

Regd. Office : Plot No.1, Dyavasandra Industrial Layout
P.B. No.4801, Whitefield Road, Mahadevapura Post,
Bangalore - 560 048

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Name of
Proxy

Attendance Slip 42nd

Annual General Meeting

Friday, the 13th August, 2010

at Woodlands Hotel Pvt. Ltd.
No.5, Rajaram Mohan Roy Road
Bangalore - 560 025

Folio No.	
CLIENT ID No.	
DP ID No.	
No. of Shares	

Signature of Member / proxy



V.S.T. TILLERS TRACTORS LIMITED

Regd. Office : Plot No.1, Dyavasandra Industrial Layout
P.B. No.4801, Whitefield Road, Mahadevapura Post,
Bangalore - 560 048

<h3>Proxy Form</h3>	Folio No.	
	CLIENT ID No.	
Proxy No.	DP ID No.	
Date of Receipt	No. of Shares	
<p>I/We</p> <p>of.....in the district of.....being a member / members of V.S.T. Tillers Tractors Limited hereby appoint..... of.....in the district of.....or failing himof.....in the district of.....as my / our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at "Krishna Hall", Hotel Woodlands Hotel Pvt. Ltd., No.5, Rajaram Mohan Roy Road, Bangalore - 560 025 on Friday, the 13th August, 2010 at 3.00 P.M. and at any adjournment thereof.</p> <p>Date :</p> <p style="text-align: center;">Signature of member</p>		
<p>Affix Re. 1-00. Revenue Stamp</p>		<p>The Proxy form duly completed must reach the Registered Office atleast 48 hours before the commencement of the meeting.</p>