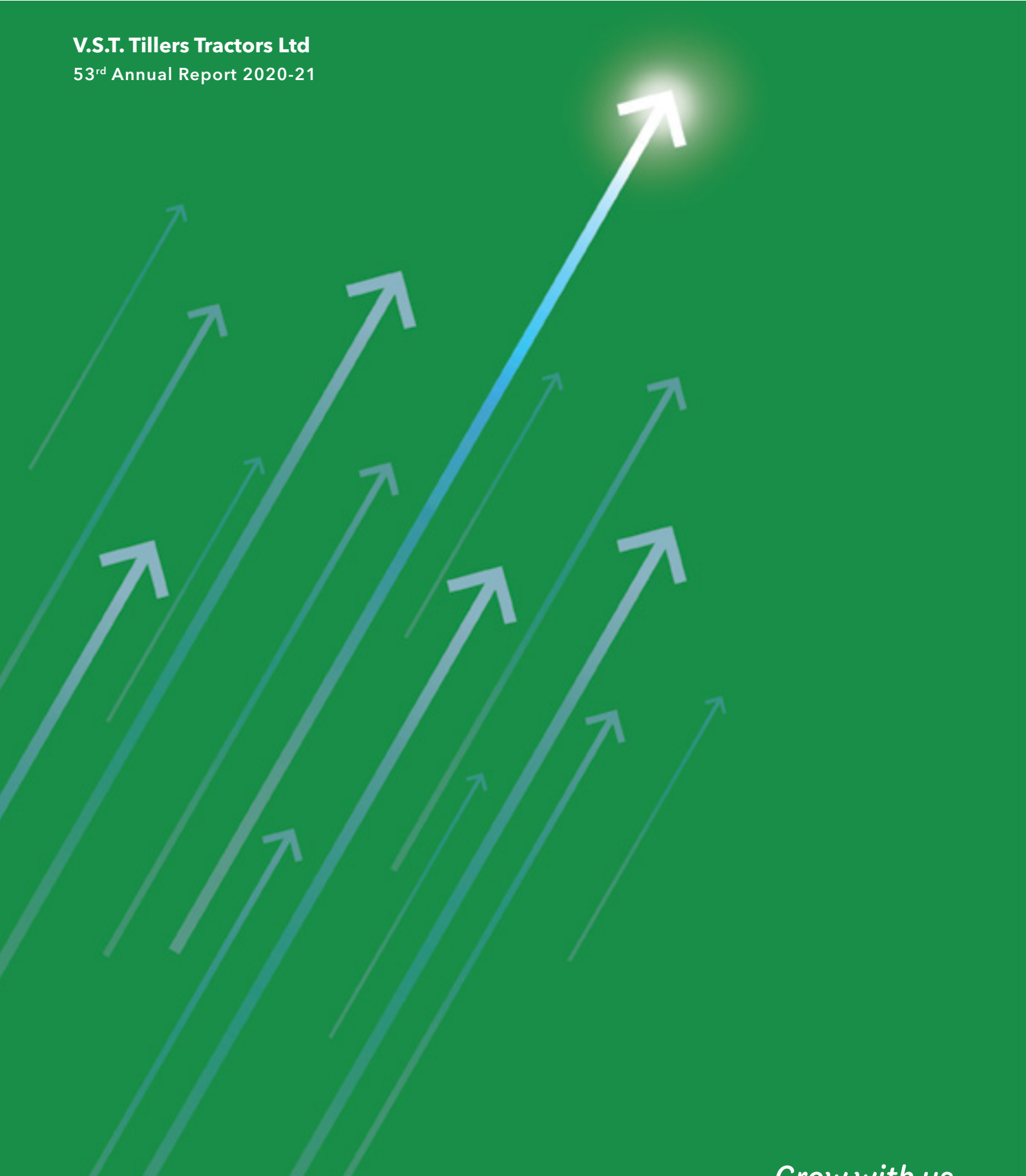


V.S.T. Tillers Tractors Ltd
53rd Annual Report 2020-21



Grow with us

LORD GANESHA



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

Corporate Information

Board of Directors

Mr. V.K. Surendra
Chairman

Mr. R. Subramanian
Independent Director

Mr. M.K. Bannerjee
Independent Director

Mr. K.M. Pai
Independent Director

Ms. Siva Kameswari Vissa
Independent Director

Dr. Nandakumar Jairam
Independent Director
(From June 21, 2021)

Mr. B. Jagannath
Independent Director
(Upto June, 14, 2021)

Mr. V.P. Mahendra
Vice Chairman & Non-Executive
Director

Mr. V.V. Pravindra
Non-Executive Director

Mr. V.T. Ravindra
Managing Director

Mr. Arun V Surendra
Non-Executive Director

Chief Executive Officer

Mr. Antony Cherukara

Chief Financial Officer

Mr. Pankaj Khemka

Company Secretary and Compliance Officer

Mr. Chinmaya Khatua

Statutory Auditors

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

Internal Auditors

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

Cost Auditors

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

Secretarial Auditors

Thirupal Gorige & Associates LLP,
Bengaluru, Practising Company
Secretaries

Bankers

Canara Bank
State Bank of India
HDFC Bank
SCB Bank

Regd. Office

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

Factory Addresses

PLANT LOCATIONS

HOSUR

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

MYSORE

No.20, Plot No.42/43, Metagalli
Industrial Area, Mysuru -570016.
Karnataka

MALUR

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

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For additional information about the company log on to: www.vsttractors.com

Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward looking statement, whether as a result of new information, future events, or otherwise.

Transforming an idea into action requires sustained focus and concerted effort. We realise, it is these steps that mark our way forward.

We continue to aid the growth of small and marginal farmers with innovative, exceptional products, and consistently increase our presence in new territories.

Resting on our robust R&D capabilities, our modern

manufacturing plants and a portfolio of globally validated products, we are creating a differentiated product pipeline to meet the diverse needs of consumers around the world. We are now determined to carve a

niche in highly specialised markets and provide farmers and all Stake holders the opportunity to be a part of our journey and inspire them to grow with us.

About V.S.T. Tillers Tractors Limited

V.S.T Tillers Tractors Limited (VST) is the largest manufacturers of power tillers and 4 wheel drive compact tractors in India.

VST was established in the year 1967 by the VST Group of companies. With a legacy of more than 53 years, VST continues to drive farm mechanization and empowerment of Indian farmers. The organization is the largest Indian manufacturer of Tillers, 4WD Compact Tractor and amongst the leading producers of the other category Tractors, Engines, Transmission, Power Reaper and Precision Components. VST also exports products to European, Asian, and African markets.

Our state-of-the-art production plants and globally validated products enabled us to sustain our position in domestic and international markets. VST's contemporary testing and R&D facilities, along with differentiated

product pipeline and extensive distribution network enable us to meet stringent performance standards.

To further strengthen our product portfolio and offer world class technology customized to match the needs of Indian customers, VST has entered strategic alliances with Pubert from France for Power Weeders and product development agreement with Zetor from the Czech Republic for Higher Horse Power Tractors. We have also signed supply agreement with Farm Mech Taiwan and MTD, USA.

VST has invested in Zimeno inc, California, USA, Manufacturer of driver optional born electric tractor in the brand name of Monarch



Vision

We aspire to be a ₹3000 Crores global brand in diversified farm mechanization products and solutions by 2025.



Mission

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

Values



Customer Centricity

Make every interaction count, even the smallest one



Integrity

Doing the right thing, even when no one is watching



Synergy

Together we achieve more



Speed

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



Stretch

Go the extra mile, it is never crowded



Go Green

Conserve to serve

4

Key Highlights for FY2020-21**27,318**Power Tillers sold in
FY2020-21 (41.6% growth
over previous year)**8,835**Total Tractor Volume
(23.6% growth over
previous year)**Largest
manufacturer**of Power Tillers in India – over
54% of market share**10%**Market share in
compact tractor
segment**₹60 Crores**Investment in
Capex**404%**YoY growth in
PAT**1st year**in line with vision growth
target 2025

Certifications

- ISO 14001:2015 – Environmental (Hosur Plant -2020 to 2023)
- ISO 45001:2018 - Health & Safety (Hosur Plant - 2020 to 2023)
- ISO 9001 : 2015 – Quality Management System for all plants (2018 to 2021)

Awards

- Received Indian Tractor of the Year (ITOTY) award for 30 HP Tractor (21 to 30 HP Segment)
- Received Indian Power Tiller of the Year for 16 HP power tiller
- Won 1st and 3rd prize in EHS competition conducted by ABK AOTS DOSOKAI (Alumni Association of ABK AOTS, Japan) in Tamil Nadu
- Our Hosur Plant received Confederation of Indian Industry (CII) - BE STAR RECOGNITIONS AWARD 2020
- Our Malur Plant received CII - BE STAR RECOGNITIONS AWARD 2020



Our Presence



3

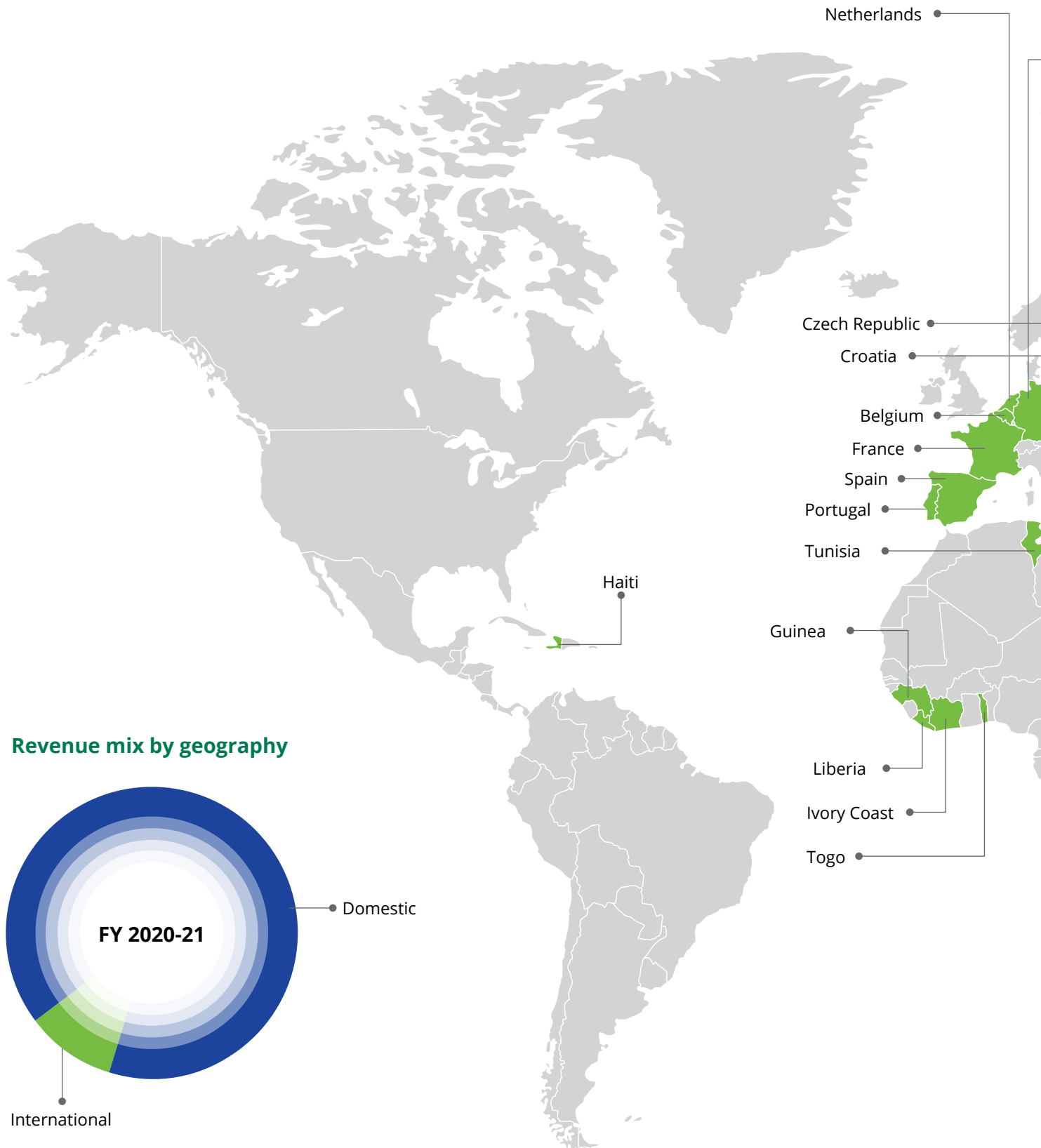
 Manufacturing Units

15

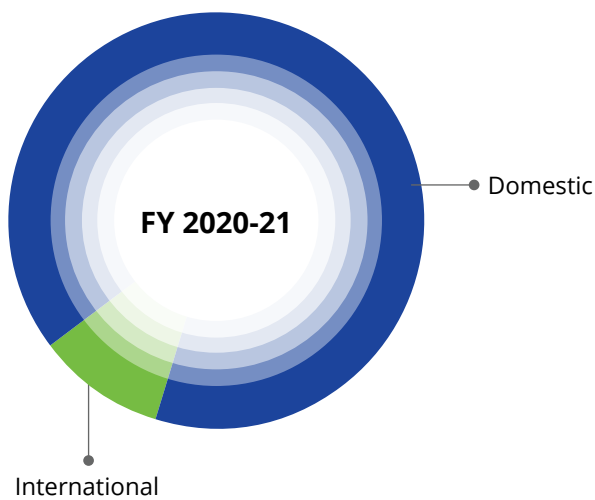
 Sales Offices

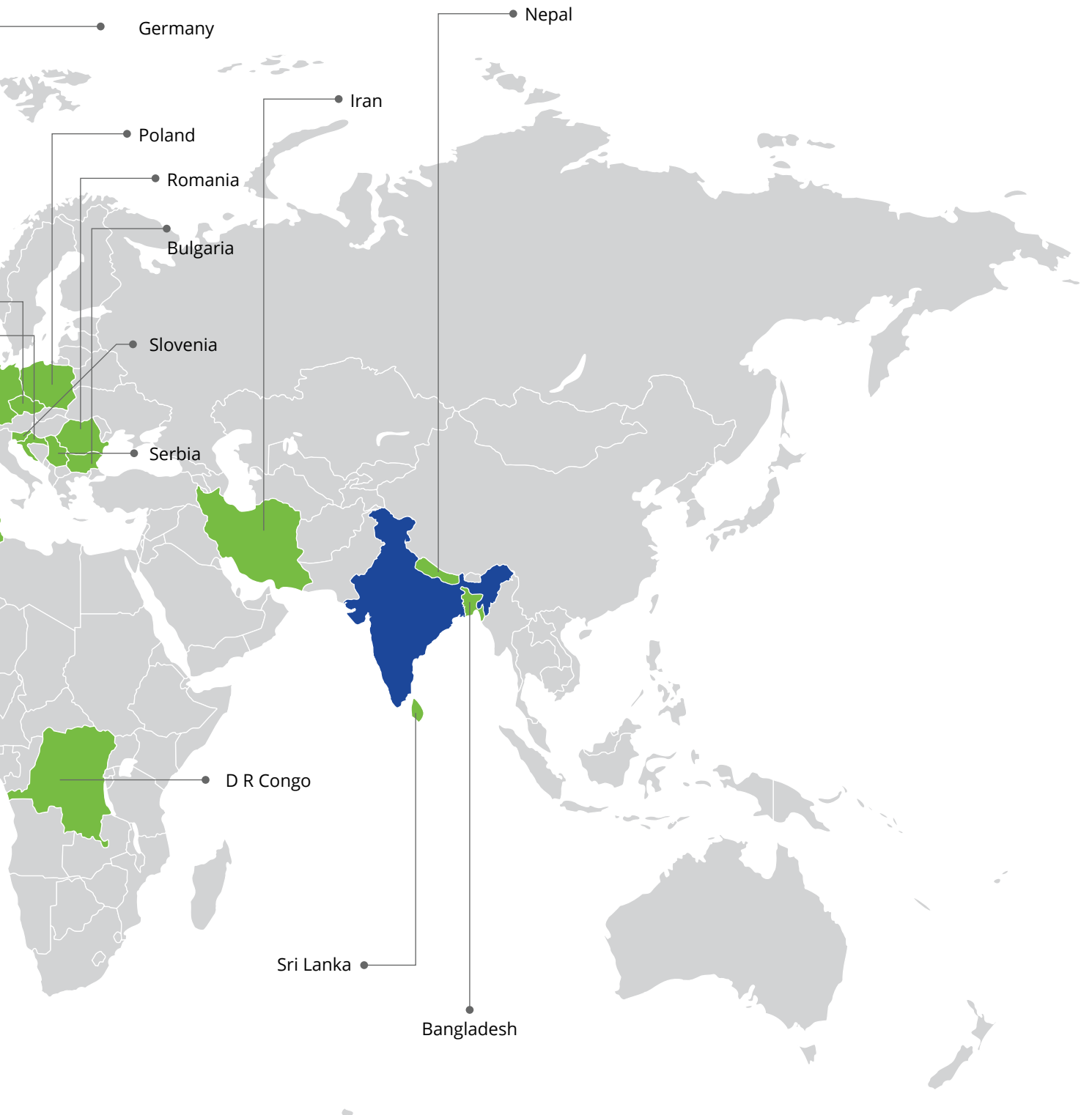


Global Presence



Revenue mix by geography





Our Diverse Portfolio

At VST, we offer a wide range of products that have been developed with rigorous focus on quality standards.

We have a legacy of tirelessly innovating and improving our product portfolio with the aid of sophisticated technologies. We continue to significantly invest in research and development to introduce new and advanced products that satisfy the needs of our customers across the globe.

Power Tillers

Power tillers are affordable farm mechanisation equipment, extremely useful for small and marginal farmers.

Our offerings

- 🌀 Power Tillers – VST Kisan (12 HP), 135 DI (13HP), 135 DI Ultra (13 HP), 165 DI Power Plus (16HP)
- 🌀 Weeders: 5-6 HP: VST-Pubert Aro pro, VST-Pubert Maestro, VST Josh FT50, VST Josh FT70, VST PG 50, VST-Pubert W4.
- 🌀 Multi Corp Reaper 5 HP: VST Shakti 5PR, VST Shakti 5PR WSC
- 🌀 Brush cutter: VST Pubert Brush cutter.

Key Highlights

- 🌀 Tillers volume grew by 42% YoY from 19257 units in FY20 to 27318 in FY21

- 🌀 We achieved highest yearly volume for weeder & reaper variants
- 🌀 Product range introduction in small farm mechanization (Reapers, Brush Cutters, Weeders)
- 🌀 Expansion of dealer network of small farm mechanization to 450+
- 🌀 Removing fatigue and drudgery for small and marginal farmer with introduction of 16 HP light weight tiller with seat
- 🌀 Establishing OEM accounts for supply of power tillers
- 🌀 Increased focus on retail finance to reduce subsidy dependency
- 🌀 Wider range of product offering for penetrating the Weeder segment
- 🌀 Post the outbreak of Covid-19, we maintained all the safety norms at our manufacturing units as per government guidelines and smoothly transited into work-from-home module for our corporate office employees.

More than
155
dealers added
in FY 21



Tractors

We offer a variety of compact and HHP tractors through our 'VST' and 'VST FIELDTRAC' brands, for domestic as well as international markets.

Key Highlights

- 🔄 Sold 8835 nos. of tractors which is 24% growth as compared to last year
- 🔄 Upgraded the customer from 2WD to 4WD in 18HP Segment in Gujarat
- 🔄 Expanded our dealership network by addition of 110+ dealers
- 🔄 Increase our brand outreach to more than 22000 farmers and served them through CHSC (custom hiring service centres) during the pandemic

Our offerings

Series



HT series – classic model



NGT series



Viraaj Series



Power series – 30

Precision Components

VST Tillers Tractors supplies precision components to the automotive as well as tractor industry. Our portfolio includes crank shafts, HP cylinder blocks, connecting rods, main cam shafts and transmission case. Further to grow operations at Mysore, we will start focussing on manufacturing precision implements

Key Highlights

- 🔄 Separate precision implement division with a Vision of ₹300 crores Turnover by FY 25.

- 🔄 Started separate assembly line at Mysore for Precision Implements manufacturing (Compact Series Rotavators - 3ft and 3.5ft)
- 🔄 Tiller Rotary assembly undertaken & capacity installed to 2000/month
- 🔄 New Customer Added – LISTER PETTER – for components supply
- 🔄 New Export Avenue – MHI FIP Cams Export to Japan approved

International Business

In the overseas market, we are offering the complete range of VST Tractors and VST FIELDTRAC. Our focus has been on Europe, Africa & Asia. We have significant presence in Europe with distribution in France, Germany, Netherland, Spain, Portugal, Poland, Romania, Bulgaria Etc.,

Key Highlights

- 🔄 Achieved over 10% market share in France in the <30hp segment
- 🔄 New distributors appointed across Europe, Asia and Africa
- 🔄 Launch of new products with modern styling in the European market

Evaluating Performances

Operational Income

(₹ in lakhs)



PAT

(₹ in lakhs)



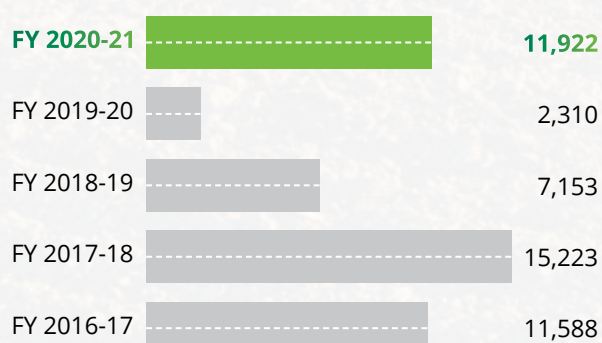
PAT Margin

(in %)



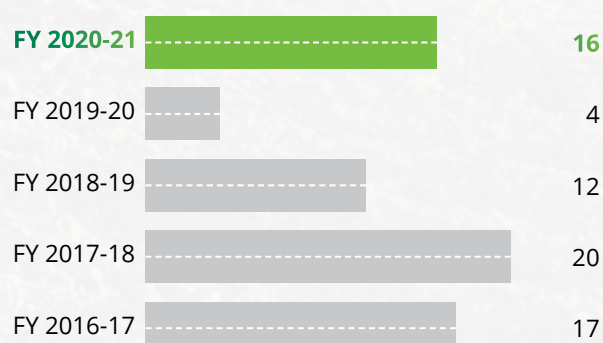
PBT

(₹ in lakhs)



PBT Margin

(in %)



EPS

(in ₹)

FY 2020-21	105.06
FY 2019-20	20.83
FY 2018-19	53.32
FY 2017-18	129.61
FY 2016-17	95.73

Net Worth

(₹ in lakhs)

FY 2020-21	66,757
FY 2019-20	57,691
FY 2018-19	58,990
FY 2017-18	59,637
FY 2016-17	50,002



Chairman's Message



VST today is one of the finest brands for compact and Higher HP tractors, power tillers, weeders and reapers, along with precision components for the automobile and tractor industries.



Dear Members,

I am speaking to you at the end of yet another challenging but, successful fiscal year. The year has been marked by multiple headwinds on account of the worldwide pandemic and commodity inflation at the end of the FY21 and in Q1 of the current financial year. I am delighted to convey that despite all adversities, our business has achieved a revenue growth of over 43%.

VST today is one of the finest brands for compact and Higher HP tractors, power tillers, weeders and reapers, along with precision components for the automobile and tractor industries. With over 54% market share in the power tiller segment, 10% + market share in compact tractors and over 1000 higher HP Tractor sales, we continue to secure our position in the industry. VST is the only company in India offering Farm mechanisation solutions from 3Hp to 50 Hp.

For us, innovation, trust, and dependability are key factors determining the strength of

our brand. We are preferred by generations of farmers and our small farm mechanized solutions have reshaped farming in India. Now, we have strong global partners like Zetor in the higher HP tractor space, Monarch in the electric tractor and Pubert in the power weeder space to support our growth endeavours. A strategic road map has also been put in place to achieve our vision.

This past year, we also took the decision of redesigning our brand logo to represent the boldness of our vision, our confidence, and our dedication to growth.

Financial Highlights

In the year 2020-21, we strengthened our financial position further. The revenue from power tillers and tractors sales stood at ₹387 crores and ₹289 crores respectively. The revenue for the year stood at ₹810 crores, registering a growth of 43% over the previous year. Our EBIDTA margin increased to 17.01% from 7.2% in FY 2019-20. The PBT stands

at ₹119.22 Crores, up by 416% year-on-year and profit after tax is ₹90.77 Crores, which is up by 404% year-on-year.

Since we aspire to expand our business, cash flows are being extensively spent for product development and market expansion. We continued to solidify our market position during the financial year, with 54 percent and 10 percent shares in the power tiller and compact tractor segments, respectively. This was largely due to our initiatives to improve the distribution network and build stronger relationships with customers.

Strategic roadmap

We continue to make sustained development through our operations, supported by empirical strategic planning. We've identified certain areas that will provide the necessary impetus to the business and help us to reach new heights of success.

We envision to become a ₹3000 crores business in the next five years. To accomplish this objective, we are relying on four major strategies. First, we are evolving from a power tillers company to an established small farm mechanization company. Second, we are focused on strengthening our leadership in the compact tractor category with greater coverage and a broader range of products. Third, we are focusing on utilising our capacities in the higher HP segment. And lastly, we are developing our precision component business for the Mysore plant, to ensure precision in farm mechanization products.

Taking the advantage of import restrictions from China, we started supplying products to various new brands who were previously dependent on the Chinese market. It gives me great pleasure to announce that this year, we have added 155 new dealers so far, in the power tiller segment and 110 new dealers in the tractor segment.

Several new additions have also been made to our existing product line this year. We have introduced various new products, including the 27 HP high torque compact tractor and a 16 HP power tiller. The 30 HP VST 932 compact tractor has also been launched this year, a first-of-its-kind product in this segment, equipped with advanced features. Besides, we have launched a range of power weeders as well.

Apart from focusing on the domestic business, we have also scaled up our international business. Collaborations with eminent global partners like Monarch, Pubert France and Zetor have proved to be extremely fruitful for our business.

These partnerships will empower us to accelerate our growth and efficiently utilise emerging technologies.

Continued Focus on Innovation and People Development

Our ongoing investment in digitalization and human capital development empowers our long-term growth strategy. It provides us with a strategic advantage and allows us to efficiently adapt to a dynamic business environment.

Our innovative portfolio of goods and solutions help us to increase farm productivity and efficiency. We are constantly working to create remarkable products by utilizing cutting-edge technologies and modern approaches. Effectively optimizing digital as well as offline platforms, we intend to establish the global identity of our brand 'VST' through a series of hybrid marketing initiatives. Furthermore, we continue to manufacture novel products that meet the highest quality standards by relying on our strong R&D skills.

Our human resource is the foundation of our business and one of the key foundations of our success. We seek to create an environment that attracts great talents and provides opportunity for continual skill development. We provide opportunities for training and development to stimulate professional and personal growth and empower every individual within the organization.

We are constantly assessing rapidly changing circumstances to ensure the safety of our personnel. We were able to quickly adopt a coordinated Covid

response plan with a primary focus on readiness, mitigation, response, and recovery due to our excellent health and safety culture. To ensure the safety of our people, we also undertook vaccination drives for our employees, their spouses and our dealers. Provision for term as well as medical insurance was also made for our employees and dealers.

Outlook

The agriculture and allied sector happens to be the silver lining to the pandemic that the country is grappling with. There is immense room for future growth in the domestic tractor and farm machinery industry market. Further, the government has also consistently prioritized this sector and announced several initiatives for rural development and farm mechanization, which are likely to contribute to the increase of sales volume of tractors in the long run.

In the international front, we plan to expand into newer geographies including Eastern Europe, Africa, Indonesia, and several others. In Europe, we are growing our brand 'VST' through various social media campaigns that increase our reach in existing and new markets.

In conclusion, I would like to extend my sincere gratitude to the board of directors, management, our customers, and, most importantly, the diligent employees for their steadfast support and devotion to VST. We look forward to many more such successful years ahead.

Regards,

Mr. V K Surendra
Chairman

Strengthening our brand

As we flourish and our brand value grows around the world, it is imperative for us to give a clear and concise message of who we are and what we stand for.

We are planning to build the identity of our brand "VST" globally with a series of online and offline marketing campaigns. In Europe, we are growing our brand "VST" through various social media campaigns that increase our reach in existing and new markets.

Revamping our brand image

To achieve this in an efficient and effective way we have taken a conscious call to gradually move away from the sub brands like Shakti, Fieldtrac, Viraaj, Viraat etc. and focus on the core brand "VST".

Over the past 50 years, V.S.T Tillers Tractors Limited has grown significantly and has become synonymous with innovation, trust and reliability. While maintaining these Brand characteristics, We have revamped our brand identity

to reflect the boldness of our vision, our confidence, and our commitment towards growth.

Key elements associated with VST since its inception like the "Chakra" are being retained as an integral part of our identity, denoting the continuity of the brand and values we stand for. The new logotype has been designed to reflect our focus on Agility, Growth, and Innovation.

Our new brand identity and retail guidelines will safeguard our Brand's

reputation, inspire confidence in our capabilities and enhance visibility across our dealership network, corporate offices, and our clientele.

Join us as we look ahead and Grow with us!



Key Marketing Highlights for FY 2020-21



First ever strategic tie up with a private bank for exclusive retail finance of small and marginal farmers - Jana Small Finance Bank.



Offline and online marketing activities carried out in key markets of Odisha, Assam & Maharashtra to further strengthen brand value.



Product displays, demos and campaigns on mobile vans have been conducted to improve brand awareness and recall. Digital marketing tools were also used to reach out to a larger audience.



Strategic Tie-Up with Pubert France for introducing the Weeder range in the small farm mechanization market



Strategic Tie-Up with Zetor for Higher HP Tractor and working with Monarch for driver optional electric tractor.



Improved market reach by further expansion of dealer network in key markets.

Strengthening Capabilities

At VST, we are renowned as pioneers for manufacturing tillers and compact tractors. Our innovative products & solutions for the agricultural sector help to enhance farm productivity and enable efficiency.

We are continuously striving to develop exceptional products with the use of latest technology & advanced methodologies. Moreover, resting on our robust Research & Development capabilities, we continue to produce innovative products that abide by the highest standards of quality.

Collaboration with Zimeno Inc

In line with our endeavour to further strengthen our product portfolio, VST has invested in Zimeno Inc. It is a driver optional electric tractor Company based in the USA. Zimeno Inc is engaged in development of Electric Driver Optional Tractor in the brand name of Monarch Tractors. The main moto of the investment is to be at the forefront of technology evolution in the Agri mechanizationI in future.

Collaboration with Zetor

As informed last year, the Company had entered MOU with Zetor, Czech Republic to develop higher HP tractors. Both the companies have finalized the plan & road map for development of Higher HP Tractors for India and export markets. The product development is underway. Both the Companies are also exploring to set up a joint venture company in India to market the products.



New Products

Successful transition to Small Farm Mechanization business with the introduction of:



Power Tiller - Kisan



Power tiller - 16 HP



Power Weeder-Josh FT50



Power Weeder-FT70



Power Reaper



Brush Cutters

Tractor Market Product Introduction



17 HP



24HP (Puddling, Spraying)



27 HP (High Torque Variant)



30 HP Tractor

International Business



VST FIELDTRAC 927 (NGT) seeding volumes offered to the market and will be launched officially during 2021-22.

Precision Components segment



Gear Drive Variants in 3feet (900 mm) Rotavator series and S blade variant in complete 3ft and 3.5 ft series in FY21.



1000 mm Compact Rotary model

Our Pillars of Success

At VST, the cornerstone of our business is our human resource – one of the key pillars of our success. We strive to build an establishment that attracts the best talent and creates opportunities for continuously improving skill sets.

To empower every individual within the organisation, we create platforms for training and development to foster professional as well as personal growth. We also aim to encourage an inclusive and diverse work culture that appreciates talent and nurtures productivity.

During the year under review, we resumed our operations post few days of shutdown with highest level of EHS standards and continued thereafter with zero fatality rate. we had offered VRS to 71 employees of Bangalore Plant. The process was completed in a mutually respectable and cordial way with 100% VRS acceptance. Post implementation of VRS scheme, the Bangalore tractor operation was shifted to Hosur Plant for better productivity.

Diversified product portfolio, extended dealer network and customer satisfaction are always our focus area. These are also form part of our growth & success.

Combating Covid together

We created a Business continuity Leadership to assess the situation during the pandemic and take necessary action. We organised alternate day working, in 2 batches, to break the chain of infection and ensured social distancing across offices and factories. Wherever possible, we allowed work from home (WFH) and for essential employees, we mandated thermal screening at entry gates. Sanitizers were also used frequently to prevent infection. For WFH employees, we provided laptops or desktops to ensure business continuity. Instead of face-to-face meetings, we are using Microsoft Team Meetings or conference calls, and have also started online training of frontline employees.

We organised Covid-19 awareness campaigns to ensure the health and safety of our people. We circulated cautionary & advisory emails across the organisation and put up Posters at the office and factories to increase awareness about the infectious disease. We also undertook regular sanitisation of our premises and employees including contract employees, house-keeping

and security staff were trained in small groups to handle the situation efficiently.

Further, our employees, who faced difficulties in staying at rented accommodations, were allowed to move to residential apartments and offered necessary support to manage day-to-day requirements. We had also established a single point of contact for employees and their families, to offer medical assistance. The Company has completed vaccination for all the employees including contract employees.



Caring for Communities

As a responsible organisation, we strive to make meaningful differences to communities and lives.

To fulfil this objective, we have been actively involved in social and economic development projects within communities in which we operate. We propose to improve the standard of living of people from the marginalised sections of society through equal opportunities to food, education and livelihood generation. We also engage in programs that promote gender equality and women empowerment.

₹ **195** lakhs

CSR funds were utilized to promote education and to enhance livelihood of the physically disabled.



Nurturing Sustainability

For us, business profit alone does not define success. What remain relevant is our endeavours to enable sustainable development.

To reduce the impact of our operations on the natural ecosystem and the communities in which we operate, we continue to undertake measures to ensure sustainability across our operations. We aim to minimise environmental impacts through positive contributions to ensure water conservation, energy efficiency and increased use of renewable energy. Besides, we also strive to reduce air pollution and encourage responsible waste management to reduce our carbon footprint.

Our Focus Areas



Water Conservation



Reduction of Air Pollution



Energy Efficiency



Increased use of Renewable Energy



Efficient and responsible waste disposal and management



Key Statistics for FY2020-21

577,300+ KW

Of solar units produced

5.5 lakhs

Installed capacity for rainwater harvesting

50

Stacks installed to reduce air pollution

Reused
82%

Water Through installation of water treatment system

192,000 ltrs

Solar panel waste water reused for gardening

LED Lights, solar street light and LED street lights

Installed in and around our manufacturing units as a part of our energy conservation initiative

Management Discussion and Analysis (MDA)

Global Economy

The global economy contracted by 3.3% in FY2020¹ due to the covid 19 pandemic resulting in lockdowns and subsequent breakdown of the global supply chain. The pandemic caused worldwide infections to cross 95 million in one year since the first case was reported, taking the global fatality rate to average at 2.1 %. The output loss was not uniform and depended on pre-existing vulnerabilities in individual economies and strength of their macroeconomic fundamentals. While agriculture remained largely unaffected, industrial sectors and service sectors such as tourism, airlines and commodity exports were hit the most. Companies across the globe resorted to cost containment strategy amidst the twin shocks from slump in demand and supply hurdles. The social and economic loss, especially for the vulnerable sections such as youth, women and children have been severe with losses in income, job and learning.

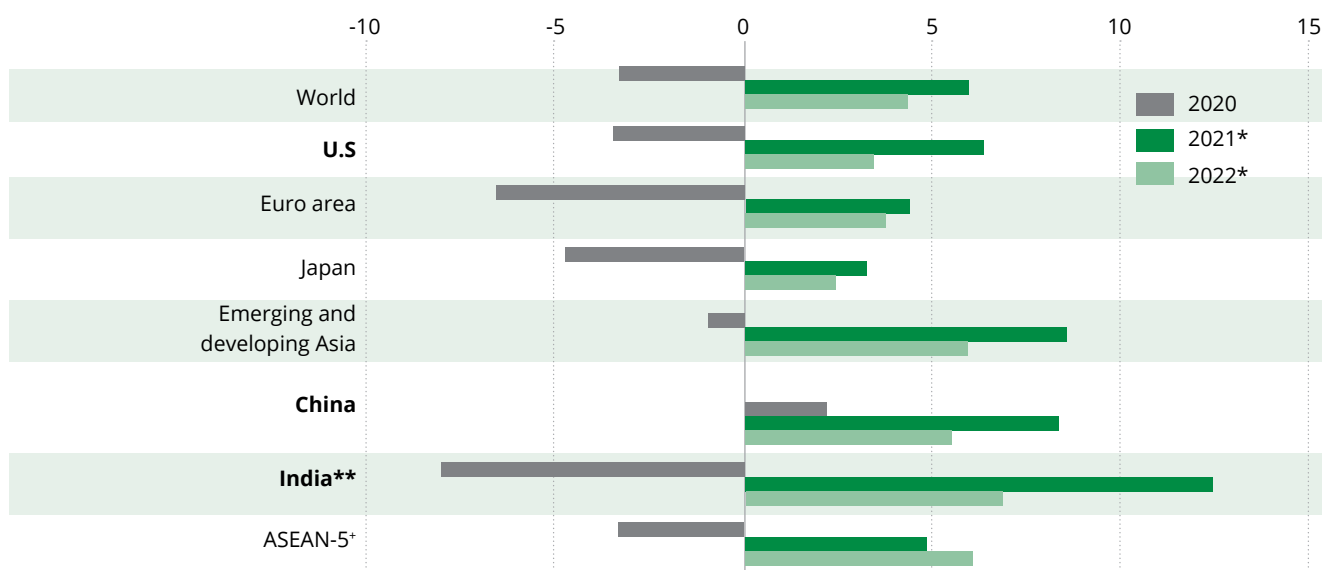
While industries were impacted by the disruption in the global supply chain and production networks, impact on the contact intensive sectors such as travel and tourism, airlines continue. The labor market shock hit the youth

and lower skilled workers the hardest, while household suffered severe financial stress due to loss of jobs. The monetary easing policy was adopted by most of the central banks, which enabled the governments to provide fiscal stimulus to cushion the economy. As per estimates, the fiscal stimulus exceeded more than one fifth of GDP for 9 countries led by Japan, while US was the largest contributor in absolute terms.²

Indian Economy

The Indian economy witnessed a contraction in GDP by 7.3% in FY21.³ The restrictions on mobility and social distancing impacted lives and livelihood of the households due to drastic reduction in economic activities across the globe. While industrial activities and services sector took a huge blow, agricultural activities remained comparatively unaffected.

The GDP declined sharply by 23.9% in the first quarter which witnessed the peak in lockdown and a sudden fall



*projections **Data for fiscal year ending March
+Indonesia, Malaysia, Philippines, Thailand, Vietnam

Source: IMF WEO

¹ IMF World Economic Outlook 2021, April

² Washington post - <https://www.washingtonpost.com/world/2021/03/10/coronavirus-stimulus-international-comparison/>

³ IMF World Economic Outlook 2021

in almost all the high frequency indicators of the Indian economy. The unlocking in phases since Q2FY21 witnessed gradual rise in economic output with indicators racing towards the inflection point. The economy registered a 0.4% GDP growth in Q3FY21 riding on the back of pent-up demand driven by festive season. The FY21 also witnessed good monsoons for the third consecutive year leading to a good harvest although prices played spoilt sport.

The Indian economy is projected to grow by 10.5% (RBI) in FY22 based on a broad consensus on increasing normalization in the economy post Q3, availability of vaccines and a low base effect. However, the optimism is susceptible to the negative fallouts from a second, third wave of infections, frequent lockdowns and a weak medical infrastructure to contain the virus. Inflationary trends will depend on the south west monsoon and energy prices especially petrol and diesel due to its spillover effects on almost all the sectors of the economy.

The Indian Agriculture Equipment Industry

Agriculture is a primary source of livelihood in India and plays a crucial role in the growth and development of the nation. Farm productivity relies heavily on the availability and the prudent use of farm power by the farmers. Agricultural implements and equipment enable farmers to use farm power judiciously, increasing land and labour productivity in farm operations. Thus, mechanized farming has become extremely popular in recent years.

The agricultural equipment market in India has grown at a fast pace over the past few years. Farmers have also shown interest in adopting mechanization processes for various farming operations such as tillage, sowing,

irrigation, plant protection, threshing, etc. A variety of equipment ranging from tractors, power tillers, trailers, harvesters to planting equipment, irrigation and crop processing equipment, spraying equipment and hay and forage equipment are gradually growing its market share.

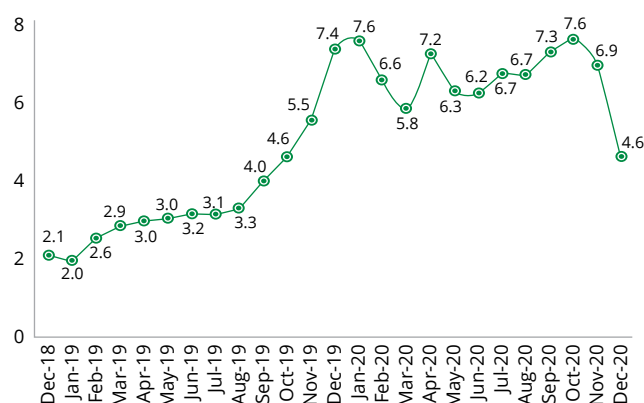
The agriculture equipment industry in India continues to be driven by social, economic as well as several macroeconomic factors such as growing population, burgeoning food demand, rapid urbanization, easy availability of agricultural credit and government initiatives aimed at improving farm production. Although farm mechanization in India has become quite popular in the states of Uttar Pradesh, Haryana and Punjab, its usage is comparatively lower in comparison to developed economies of United States, Brazil and China.

On the other hand, the tractor industry in India registered a strong growth trajectory in FY 2021 despite the downturn in other sectors of the country. The tractor market has picked up since May, after facing a brief headwind in the month of April. The industry reported a huge sales growth of 41.8 percent by selling 60,717 units in December 2020⁴. This spur in growth can be attributed to various positive factors including a better monsoon, good rabi and kharif crop harvest, easy availability of finance, higher Minimum Support Prices (MSPs), increased government spending on agriculture and rural development and better price realizations.

Power Tiller industry saw marginal growth of 5 % Similarly, after facing an initial downturn, the market for power tillers picked up gradually in the second half of FY 2021. The market largely benefitted from the various agricultural schemes deployed by the government. As the lockdowns continued to be lifted, the rural agricultural sector bounced back faster than its urban counterpart.

CPI based inflation

Consumer Price Index (CPI)¹



Source: MOSPI

Opportunities and Threats

Opportunities:

- Scarcity of labour: Scarcity of farm labour has compelled many farmers to resort to mechanized farming in India. This further gives a boost to the equipment industry in India.
- Increasing availability of farm power: Availability of farm power in India is rising at a rapid rate and is expected to increase further in the coming years, creating tremendous opportunities of growth in the agriculture machinery industry.

⁴ <https://krishijagran.com/agriculture-world/tractor-industry-records-42-growth-in-the-month-of-december/>

- **Unprecedented sale of tractors and power tillers:** The sale of tractors and power tillers have gone up significantly and it is expected to be quite promising for the future of the industry.
- **Government initiatives:** The Government of India is introducing various initiatives to drive the growth of the farm equipment market in India.
- **Innovative Technology:** With technology taking centerstage in the agricultural sector, increased application of innovative technology for the development of self-driving autonomous tractors and other products is expected to be profitable for farmers.
- **Rise in purchasing power:** Economic growth and improved productivity has increased the income of farmers. This offers greater purchasing power to farmers to adopt advanced agricultural mechanization procedures.
- **Growth of contract farming:** Contract farming ensures better quality production and also provides technical and financial assistance to farmers. It continues to offer a ray of hope for farmers and is expected to spur the equipment market in India.
- **Availability of better financing options:** Credit facilities for farmers are improving constantly and it has greatly contributed to the growth of the industry in the past few years.

Threats:

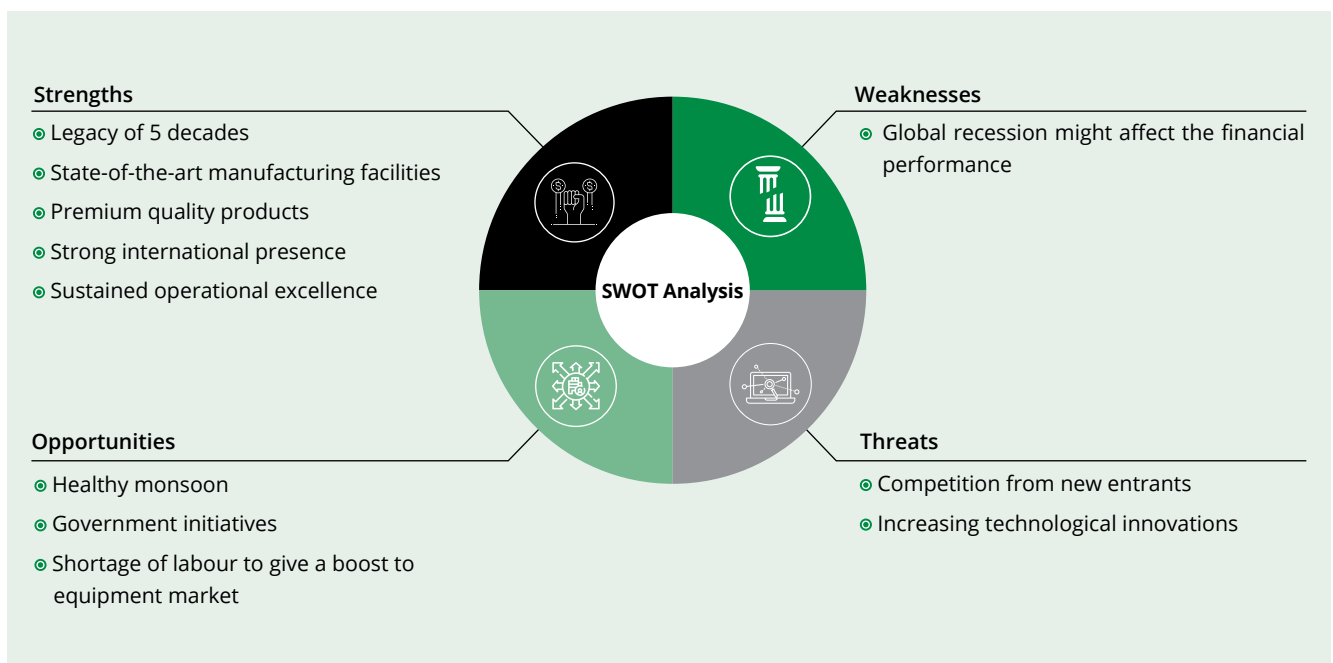
- **Rural infrastructure:** The lack of proper infrastructure in rural areas act as an impediment for the development of the agriculture industry in India.
- **Availability of retail finance is still scarce** for small farm mechanization such as power tillers.

Outlook:

The agriculture machinery market in India is forecast to cross INR 901.41 billion by 2024, growing at a Compound Annual Growth Rate (CAGR) of approximately 10.70 percent from 2019 to 2024⁵. The growth of a sharing economy and the prominence of tech-driven startups is expected to transform the agricultural equipment industry in India.

Company Overview

The Company is the largest producer of power tillers in India and "VST" is the most renowned power tiller brand in India. "VST Mitsubishi", which was earlier a pioneer in the compact four-wheel drive tractors space has now been incorporated under VST, along with a range of compact agricultural tractors. The company has state-of-the-art plants in India, at Malur, Mysore & Hosur and produces superior quality products that comply with global standards. The Company is recognized as the most preferred brand for compact tractors and offers its premium quality products in more than 20 countries around the world



⁵ Agricultural Machinery Market in India 2019

Business Segment Overview

Small Farm Machinery

The company continued to strengthen its brand value by successfully transitioning to the Small Farm Mechanization business from being present only in power tillers. To facilitate the transition, the company introduced range of products such as power weeders, brush cutters, power reapers with multi-application suitability and 16 HP power tiller in higher HP segment. The company established a strategic tie-up with Pubert, France for introducing the weeder range of product in small farm mechanization market.

The company established a first ever strategic tie up with a private bank, Jana Small Finance Bank for exclusive retail finance of small and marginal farmers. To improve market reach, the dealer network was expanded across

key markets. Above the Line (ATL) and Below the line (BTL) marketing activities were carried out across key markets in Orrisa, Assam & Maharashtra to further strengthen its reach especially in Tier 2 & 3 cities. Digital marketing was integrated along with promotional activities such as product displays, demos and van campaign for improving brand awareness and recall along with increasing the customer reach in an efficient and targeted manner.

To improve customer satisfaction during the ongoing pandemic situation the company initiated home deliveries to overcome the mobility challenges. Strategic stocking at key locations was undertaken to reduce the lead time for delivery of products. The company also established digital engagement with dealers for quick response. Brand recall for VST was phenomenally higher in the tiller segment with brand visibility improving further through digital outreach.



Tractors

During the year under review, the company focused on strengthening its product portfolio by launching new products such as 27 HP High torque, Viraj Face lift, 30 HP and NGT. The company also transitioned to digital marketing from the traditional methods and our digital presence improved significantly.

The company expanded its network by addition of 100+ dealers in FY 2020-21 which enabled it to improve its coverage. To increase customer satisfaction, the company, through its dealers, offered home services during the pandemic and over 22000 farmers were served through CHSC centers. Consequently, VST grew at 24% YoY in sales in FY21. To increase the customer satisfaction, the company focused on compulsory product-based training for new dealers and ensured compulsory stocking of parts for effective servicing of customer complaints.

International Business

The company shifted towards online channel for network expansion and appointed new distributors in the overseas market. The company strengthen its distributor network across various countries including Germany, Hungary, Nepal, Bangladesh, Sri Lanka, Guinea, Tunisia, Liberia and Congo. The company also focused on building its secondary distribution network under the new distributors. During the year under review, the company added 42 new dealers in Europe and 10 new dealers in Asia & Africa.

The company plans to build the VST brand and bring awareness in international markets in FY22 by undertaking online and offline marketing activities. Social media campaigns were also undertaken for FILEDTRAC brand in Europe to increase reach in existing and new markets.

Standing tall against Covid 19 pandemic

The government mandated restrictions and voluntary social distancing measures adopted by individuals impacted the production and distribution operations of farm machinery sector. The farm machinery market improved post lockdown driven by bumper rabi and kharif crop production, good rainfall and timely procurement of crops by the Government, which ensured money circulation in the rural economy. Tractor industry, being declared as essential activity, resumed production earlier than other industries and provided relief to various players in the value chain. The company took upon the challenge head on to rethink business strategy without compromising on customer satisfaction and ensuring the safety of employees and stakeholders. The company integrated digital strategy to increase visibility, brand awareness and coordinate with the dealer network. We sanitised our facilities, offices, equipment and practically

all human interfacing surfaces multiple times a day. We altered our processes in our offices, facilities and cafeterias to adhere to distancing norms.



Financial Review

Particular	(₹ in crore)		
	2020-21	2019-20	YoY Change (in %)
Revenue from Operation	76,424	54,368	40.56
PBT	11922	2310	416
PAT	9077	1800	404
Net Worth	66,757	57,691	16

Key Ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to provide details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor. The key financial ratios are given below:

Ratios	2020-21	2019-20	Explanation
Debtors Turnover Ratio (No. of days)	9.34	5.65	Due to Increase cash sales
Inventory Turnover Ratio (No. of days)	7.15	5.32	Due to Increase in sales and lower stock
Interest Coverage Ratio (In times)	89.35	27.87	Due to Increase in EBDITA
Current ratio (In times)	3.16	4.08	Due to Decrease in Current Assets (GST)
Gross Profit margin (In %)	33%	36%	Due to Increase in COGS and Net Sales
Net Profit margin (In %)	12%	3.31%	Due to Increase in sales and earning
Debt Equity ratio (In %)	Nil	Nil	No Debt
Return on Net Worth (in %)	18.09%	4.26%	Increase in operational profit and sales

Risk and Concern

Purchasing power

The small and marginal farmers, by virtue of their farm holding size and financial strength, are generally skeptical of farm machineries. A high initial capital investment in equipment's coupled with crop seasonality and perceived complexity in advanced technologies acts as a barrier to entry for the small and marginal farmers.

Mitigation

The Company has joined hands with NBFCs and small size banks such as Small Finance Banks to ensure easy

availability of credit to its customers. Further, the company has also diversified its product offering to various value added products independent of government subsidies.

Specific product offering

Farm ownership and structure in India is quite different to that of some of the developed economies. The land is highly fragmented and land degradation is rapidly increasing in India. Farming in India varies spatially, crops wise and by virtue of agricultural infrastructure in a region. This requires design and development of products which can be easily adapted to specific requirements and conditions.

Mitigation

The company constantly monitors field inputs from the customer and aligns the product development accordingly. The company is offering new products and agricultural attachments based on the crops and geographical areas. The company also organizes training sessions by leveraging its distributor network to impart product information, demos and various other applications.

Competition

The Company faces stiff competition from both domestic as well as international players in the tractor segment. This may result in stress on profit margin or loss of sales to peers.

Mitigation

On the back of its rich experience, expertise and technical know-how, it has established a strong market position and brand loyalty for its products in domestic and international market. Further, its ability to offer unique, innovative and cutting-edge technology products gives it a competitive edge over its competitors. The company has launched several products in tractor segment and has lined up more launches that will happen in the future.

Outlook

The domestic economic environment continues to be marked with uncertainty amid increasing tendency towards lockdown in the wake of rising infections. However, markets in developed countries are expected to maintain their momentum in tackling the infection and reviving the economy. The predictions for the monsoon welcoming, structural reforms in the agriculture sector is likely to boost the demand for farm machineries. Maneuvering in an uncertain environment, the company is revisiting the branding strategy to make VST a single and modern brand to enhance the brand recall in small farm mechanization market. The new brand identity will be a strong indication of the transformation of the company to becoming more agile, innovative, mutual growth oriented and partnership driven organization. The brand VST aims to improve the coverage in FY22 by expanding the network and become a leader in compact tractor segment. The company has the potential to revolutionize small farm mechanization by leveraging its strong position in 3-50 HP mechanization solutions. Leveraging the advantage of new state-of-the-art factories, producing a full range of agri-machinery, the company is poised to expand its reach in international market. The tie up with global partners such as Zetor, Monarch and Pubert will expand its offerings and capacity utilisation. Expanded capacity at Hosur will be utilised to grow the Higher HP Tractor business

Human Resources

The Company considers its people strategy, capabilities and well-being of its employees as a key enabler to achieve organizational goals. It strives to create a work culture that is open, inclusive and promotes diversity. It also significantly invest towards training and development of new as well as existing employees in order to upgrade their skills in line with changing business environment. As on 31st March 2021, the employee strength of the company was 1,107 employees.

Internal control systems and their adequacy

The Company has put in place adequate internal financial controls over financial reporting Systems commensurate to the nature of its business and complexity of its operations. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors. The Company periodically conducts physical verification of inventory, fixed assets and cash on hand and matches them with the books of account. Explanations are sought for any variance noticed from the respective functional heads. The Significant observations made by the Auditors and follow up actions there on reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's Internal

Control Environment and monitors the implementation of the Audit recommendations.

Disclaimer

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Board's Report

Dear Members,

Your directors are pleased to present 53rd Annual Report together with the Audited Financial Statements for the Financial Year ended March 31, 2021.

FINANCIAL PERFORMANCE

(₹ in lakhs except EPS)

Particulars	Year 2020-21	Year 2019-20
Operating Income	76,424	54,368
Non-Operating Income	4,608	2,358
Total Income	81,032	56,726
Finance Cost	154	147
Depreciation	1,708	1,635
Total Expenses	69,110	54,416
Exceptional Item	-	-
Profit Before Tax	11,922	2,310
Tax	2,845	510
Profit After Tax	9,077	1,800
Other Comprehensive Income	-11	25
Total Comprehensive Income	9,066	1,825
Earning Per Share (Basic and Diluted)	105.06	20.83

PERFORMANCE HIGHLIGHTS

During the year under review FY 2021-21, your Company's Operating income is ₹ 76424 lakhs as against ₹ 54368 lakhs in the previous year FY 2019-20 and the Profit Before Tax (PBT) for the FY 2020-21 is ₹ 11922 lakhs as against ₹ 2310 lakhs in the previous year FY 2019-20. Profit after Tax (PAT) for the FY 2020-21 is ₹ 9077 lakhs as against ₹ 1800 lakhs in the previous year FY 2019-20. With respect to volumes, your Company has done 27318 Nos of tillers against the previous year of 19302 Nos and on tractors, 8835 Nos against previous year of 7147 Nos of tractors.

Despite challenging market conditions, your Company's Compact Tractor market share stood at 10% and power tiller market share at 54% in FY21.

COVID 19 IMPACT

Due to the volatile nature of the pandemic and its direct impact on the health and safety of people, numerous businesses found themselves in deep waters. The unprecedented spread of novel Covid-19 disrupted lives, livelihoods and communities worldwide. VST as a global company with operation, teams and customers present across the world, we worked together to help our stakeholders, prepare and respond to the pandemic.

VST has faced several critical challenges during the pandemic and One of the key functions affected is the supply chain management. Few other challenges that could seem to be unnoticed, but these are notice and we are all grateful for the efforts of all the VSTians, who had put their optimum efforts to balance and work during this critical situation and for achieving an incredible results for the company.

No sector has escaped from the impact of Covid -19 and agriculture being a priority sector the impact is lesser than the other sectors. Company has been always adopting all the Government norms in its manufacturing activities such as social distancing and proper sanitization. For some time due the COVID-19, we have adopted work from home policy also.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

DIVIDEND

Based on Profits during the FY 2020-21 and continuing the tradition of rewarding the members your Board of

Directors recommended a dividend of ₹ 20 /- per equity share of face value of ₹ 10 each i.e. @ 200 %, payable to those members whose names appear in the Register of Members as on the Book Closure / Record Date. The Dividend will be disbursed on or after August 31, 2021, if approved by the members at the 53rd AGM. The total outflow will be ₹ 17.28 Crores

TRANSFER TO RESERVES

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

QUALITY INITIATIVES

The Company continues to sustain its commitment to the highest levels of quality. The year under reference, the Company successfully completed the annual ISO surveillance audit and retained the ISO certification for ISO 9001:2015, ISO14001:2015 & ISO 45001:2018

DETAILS OF DIRECTORS AND KMP APPOINTMENT/ REAPPOINTMENT

Mr. V P Mahendra (DIN-00033270), retired from the post of Managing Director on close of business hours of February 19, 2021 and he is continuing as Vice Chairman and Non-executive Director w.e.f. February 20, 2021. Mr. V.T. Ravindra (DIN-00396156) has been appointed as Managing Director of the Company w.e.f February 20, 2021.

Ms. Siva Kameswari Vissa (02336249), Independent Director is completing her 1st term of 5 years on July 28, 2021. The Board had recommended the reappointment of Ms. Siva Kameswari Vissa as an Independent Director for 2nd term of 5 years effective from July 29, 2021 and same was approved by members by postal ballot.

Mr. Bijanki Jagannath (DIN-00396161), Independent Director has resigned from Directorship of the Company on June 14, 2021, due to his personal reason. There was no material reason other than those mentioned in the resignation letter. His tenure was expiring on December 26, 2021.

The Board at its meeting held on June 21, 2021 has appointed Dr. Nandakumar Jairam (DIN- 00321693) as an additional independent director w.e.f June 21, 2021, for five years. His appointment as Director of the Company forms part of the 53rd AGM notice.

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

Mr. V.P. Mahendra and Mr. V.V. Pravindra, Directors will retire at the ensuing AGM and they are eligible for reappointment.

Mr. Mahadevan GV, resigned from the post of CFO on June 15, 2020. Mr. Pankaj Khemka, was appointed as CFO & KMP of the company w.e.f November 10, 2020.

KEY MANAGERIAL PERSONNEL (KMP)

The following persons are Key Managerial Personnel (KMP) of the Company under section 203 of the Companies Act, 2013, during the year 2020-21.

1. Mr. V.T. Ravindra - Managing Director
2. Mr. Antony Cherukara - Chief Executive Officer
3. Mr. Pankaj Khemka - Chief Financial Officer
4. Mr. Chinmaya Khatua - Company Secretary

CORPORATE GOVERNANCE

As per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company is provided in this Report. A report of the Statutory Auditors of the Company confirming the compliance of conditions of Corporate Governance as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this report.

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year on March 31, 2021 and of the profit and loss of the company for that period;

- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the annual accounts have been prepared on a going concern basis;
- (e) That the internal financial controls to be followed by the company have been laid down and that such internal financial controls are adequate and are operating effectively;
- (f) That proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors including the audit of internal financial controls over financial reporting by the Internal Auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020-21.

AUDITORS

M/s. K.S. Rao & Co, Chartered Accountants (Firm Regn No. 003109S), were appointed as Statutory Auditors of the Company from the financial year 2016-17 at the Annual General Meeting ("AGM") held during 2016 for a term of five financial years commencing from financial year 2016-17 and until financial year 2020-21. Considering the performance and experience of M/s. K.S. Rao & Co a resolution for re-appointing M/s. K.S. Rao & Co, Chartered Accountants, as Statutory Auditors, for a second term of five financial years has been proposed by the Board of Directors on the recommendation of the Audit Committee and the said Re-appointment is included in notice of 53rd AGM for the approval of the members.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the Board of Directors, on the recommendation of the Audit Committee have appointed

M/s. Rao, Murthy & Associates (Firm Registration No-00065), Practising Cost Accountant, as the Cost Auditor of the Company for the Financial Year 2021-22. The remuneration payable to the Cost Auditor is subject to ratification of members at the ensuing AGM and same is included in 53rd AGM Notice.

The Company has made and maintained cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

INTERNAL AUDITORS

M/s. Brahmayya & Co, Chartered Accountant were appointed as Internal Auditors under section 138 of the Companies Act, 2013 for the financial year 2020-21.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and read with Rules made there under, the Board had appointed Thirupal Gorige & Associates LLP, Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report is enclosed herewith as Annexure-4.

PARTICULARS OF EMPLOYEES

As required by provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The salary details of designated employees are given in Annexure-1.

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

Information under Section 134 Companies Act, 2013 read with rule 8 (3) of the Companies (Accounts) Rules, 2014 is enclosed as Annexure-2.

DEPOSITS

Your Company has not accepted any deposits within the meaning of Chapter- V of the Companies Act, 2013 and rules made thereunder.

INDUSTRIAL RELATION

Industrial relations have been cordial at the Bengaluru, Mysore, Malur and Hosur plants during the year.

There were 588 of permanent employees on roll as on March 31, 2021.

SAFETY, HEALTH AND ENVIRONMENT

V.S.T. considers its people as the most valuable assets and upholding their mental and physical health is top priority. V.S.T. is a safe workplace and the Safety & Health of our employees as per the requirement of the Factories Act are ensured. Our motto is "Zero Accident". Our commitment is to protect the environment as per the policy. The Company has been taking all its adequate safety measures for prevention of COVID 19 at all our work locations. The Company has worked tirelessly to extend vaccination drive for all the employees.

INFORMATION TECHNOLOGY

Your Company's operations are supported by a full-fledged Data Centre. Your company has a well-planned Business Continuity Plan Set-up for all critical applications with near real-time data replication.

The delivery centers meet the Information Security Management System and CIA (Confidentiality, Integrity and Availability) Standards. To cater to the ever-changing customer needs, the IT infrastructure is being constantly upgraded with new / enhanced features to facilitate smooth functioning of operations and deliver customer satisfaction. We are using industry best standard mailing solutions with compliance and availability of mails which controls various spam mails.

The Company has fully implemented new ERP system (SAP) during the year 2020-21 to further strengthen the internal control system of the Company. Along with 24*7 availability of critical application and standard business analytical tools. The Company has also implemented many cost saving projects during the year 2020-21.

During the year under review, we fully implemented SAP, NFA System, created paperless environment, SRM (Supplier Resource Management) and WMS (Warehouse Management system). We have also taken up New DMS (Dealer Management System) which is under implementation and also implemented travel management system.

BOARD MEETING

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

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS

Mr. V.K. Surendra, V.P. Mahendra, Mr. V.V. Pravindra, Mr. V.T. Ravindra and Mr. V S Arun are promoters. Apart from the promoter directors, none of the other Directors are related to each other.

DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all Independent directors as mentioned in sub-section (6) of section 149 of the Companies Act, 2013, Schedule- IV of the Act and relevant provision of SEBI (LODR) Regulations 2015. The online proficiency self-assessment test conducted by Indian Institute of Corporate Affairs, will be undertaken by the Independent Director who is not exempted to do so.

COMMITTEES

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

VIGIL MECHANISM CUM-WHISTLE BLOWER POLICY

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect employees wishing to raise a concern about serious irregularities within the Company.

The Company has vigil mechanism cum whistle blower policy to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism are explained in the Corporate Governance Report and also posted on the website <http://www.vsttractors.com/investors/policies> of the Company. The Company has not received any complaint during the financial year 2020-21.

AUDITORS QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER

There was no qualification, reservation or adverse remark or disclaimer from Statutory & Secretarial Auditors.

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

LOANS, GUARANTEE & INVESTMENT

The Company has made investment during the financial year 2020-21. The investments details forms part of the notes to the financial statements provided in this Annual Report. The company has not given any Loan or Guarantee during the financial year 2020-21.

RELATED PARTY TRANSACTIONS

All related party transactions that are entered into during the financial year were on an arm's length basis. There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also before the Board for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their information and approval. The policy on dealing with Related Party Transactions as approved by the Board can be accessed at <http://www.vsttractors.com/investors/policies>.

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There are no material changes and commitments affecting the financial position of the company which have occurred between end of the financial year of the company to which the financial statements relate and the date of the report.

NOMINATION AND REMUNERATION COMMITTEE

The company has formed Nomination and remuneration committee and the policy is available in the company website i.e. www.vsttractors.com. For more details, please refer Corporate Governance section of the Annual Report

RISK MANAGEMENT

The Company has formulated risk management committee & policy and same is available in Company website. The risk pertaining to business of the Company is discussed at the Risk Management Committee, Audit Committee and at the Board Meetings on regular basis. For more details, please refer Corporate Governance section of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has formed CSR policy and Committee details as required by the Act are available in Company website i.e. <http://www.vsttractors.com/investors/policies>. The Company has earmarked ₹ 1.93 crores unspent amount for the ongoing projects as approved by the Board. Same will be spent within three financial years. During the financial year 2021-22 the Company needs to spend ₹ 1.59 crores in CSR Activities. The CSR details forms part of annexure -3 to the Board's Report. For more details, please refer Corporate Governance section of the Annual Report.

EVALUATION OF BOARD PERFORMANCE

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

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

Details of subsidiary, Associate or joint Venture Company.

The company has no subsidiary company.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

The ratio of the remuneration of each Director and KMP to the median remuneration of the employees of the company for the financial year as follows:

Sl. No.	Name	Designation	Remuneration 2020-21 (in ₹)	Remuneration 2019-20 (in ₹)	Increase / Decrease in Remuneration (in ₹)	Increase / Decrease in Remuneration (%)	Ratio/Times per Median of employee remuneration
1	*Mr. V.P Mahendra	Vice Chairman & Non-Executive Director	98,88,946	88,50,000	10,38,946	11.74	22.7
2	**Mr. V.T. Ravindra	Managing Director	65,89,804	63,00,000	2,89,804	4.60	15.14
3	Mr. Antony Cherukara	CEO	1,33,72,163	1,13,12,000	20,60,163	18.21	30.74
4	***Mr. Pankaj Khemka	CFO	17,12,667	-	-	-	3.93
5	Mr. Chinmaya Khatua	Company Secretary	19,20,648	19,28,450	-7802	-0.40	4.41
6	Mr. V K Surendra	Chairman	3,00,000	8,00,000	-5,00,000	-62.50	0.69
7	Mr. R. Subramanian	Director	6,00,000	5,50,000	50,000	9	1.38
8	Mr. M.K. Bannerjee	Director	10,50,000	11,50,000	-1,00,000	-9	2.41
9	Mr. K M Pai	Director	9,50,000	10,50,000	-1,00,000	-9.5	2.18
10	Ms. Siva KameswariVissa	Director	6,00,000	4,00,000	2,00,000	50	1.38
11	Mr. B. Jagannath	Director	3,50,000	2,50,000	1,00,000	40	0.80
12	Mr. V V Pravindra	Director	1,50,000	3,50,000	-2,00,000	-57	0.34
13	Mr. V S Arun	Director	1,00,000	2,00,000	-1,00,000	-50	0.23
14	*V P Mahendra	Director	1,00,000	-	-	-	0.22
15	Mr. Mahadevan GV#	CFO	17,32,862	37,54,952	-20,22,090	-117%	4

Note:

* Mr. V P Mahendra retired from the post of Managing Director on close on business hour of February 19, 2021 and he is continuing as Vice Chairman and Non-executive Director w.e.f. February 20, 2021. The sitting fees of ₹ 100,000 was paid to Mr. V.P. Mahendra as non-executive Director of the company.

**Mr. V.T.Ravindra appointed as Managing Director w.e.f. February 20, 2021.

*** Mr. Pankaj Khemka appointed as CFO of the Company w.e.f November 10, 2020.

#Mr. Mahadevan GV resigned from the post of CFO on June 15, 2020.

The Company's PAT has increased from ₹ 1800 lakhs to ₹ 9077 lakhs. The increase in KMP remuneration is in line with the current market scenario and with Company's policy. However, salary of Managing Director was approved by the shareholders.

The Company has given about 6% average increase in salaries to the employees keeping in view the overall industry standard and interest of the employees. The unionized employees of the Company are eligible for salary increment as per the terms and conditions of their

wage settlement. There is no exceptional circumstances of increase in the managerial remuneration.

The Company has 588 Nos permanent employees on roll as on March 31, 2021. The Company fixes salary of the employees on the basis of Remuneration Policy of the Company. The average increase in median remuneration of employees during the year 2020-21 is about 5%.

Payment of Commission to Managing Director and Whole time Director - The Managing Director and whole time director are being paid commission on net profit of the Company as approved by the Members.

Name	Designation	Commission
Mr. V.P. Mahendra	Vice Chairman (retired from the post of Managing Director on February 19, 2021 and he is continuing as Vice Chairman & Non-executive Director w.e.f February 20, 2021)	One percent on the net profit of the Company subject to a maximum of one and half times of annual basic salary drawn (upto the tenure of Managing Director)
Mr. V T Ravindra	Managing Director (Previously appointed as Executive Director and w.e.f February 20, 2021 appointed as Managing Director).	One percent on the net profit of the Company subject to a maximum of one and half times of annual basic salary drawn

Mr Antony Cherukara, CEO received remuneration in excess of the highest paid director during the year considering his salary for the full year, the details are given in Page No. 37.

VARIATION IN MARKET CAPITALISATION

Date	Paid up Capital (in ₹)	Closing Market Price per shares	EPS	PE Ratio	Market Capitalisation (₹ in crore)
31.03.2020	86395280	672.05	20.83	32.26	580
31.03.2021	86395280	1782.45	105.06	16.96	15400
Increase/Decrease	NIL	1110.4	84.23	-12.3	14820
% Increase/Decrease	NIL	165	404	-38	2555
No of issue of shares during the year	-	-	-	-	-

Data Source: BSE Ltd.

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

The Company has formed Internal Complaint Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint was received during the financial year 2020-21.

OTHER DISCLOSURES

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

- The issue of equity shares with differential rights as to dividend, voting or otherwise.
- The issue of shares to the employees of the company under any scheme (sweat equity or stock options). There is no change in the Share Capital Structure during the year under review.
- The company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefits of employees.
 - Redemption of shares/debentures
 - Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status as at the end of the financial year.

- The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.]

Annual Return

Annual Return of the Company is available in Company website i.e. www.vsttractors.com.

Secretarial Standards

The mandatory Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) have been duly complied by the Company.

Investor Education and Protection Fund

Company has transferred ₹714501 unpaid and unclaimed dividend to Investor Education and Protection Fund and 5179 Nos of shares to IEPF Authority as per IEPF Rules. As per said rule, any benefits such as dividend shall be transferred to IEPF with respect to shares transferred to IEPF and accordingly dividend of the corresponding shares transferred to IEPF, has also been transferred to IEPF. The details of such Dividends and shares are available in Company website at www.vsttractors.com. Mr. Chinmaya Khatua has been appointed as nodal officer under IEPF Rule.

The details of unclaimed dividends as on 31/03/2021 is given below:

Sl. No.	Financial Year	Unclaimed Dividend Amount (in ₹)	No of corresponding Shares	Due date of Transfer to IEPF
1	2013-14	1122030	74802	15/09/2021
2	2014-15	1012860	67524	11/09/2022
3	2015-16(Interim)	999645	66643	28/04/2023
4	2016-17	1045485	69699	11/09/2024
5	2017-18	2258750	45175	11/09/2025
6	2018-19	643815	42921	12/09/2026
7	2019-20(Interim)	659955	43997	17/04/2027

Details of Nodal officer:

Name- Mr. Chinmaya Khatua, Company Secretary

Email- investors@vsttractors.com

Phone No- 080-67141111

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

Company's Bankers, Selling Agents, Vendors, Central and State Governments for their valuable assistance.

The Directors wish to place on record their appreciation for the cooperation and contribution made by the employees at all levels towards the progress of the Company.

for **V.S.T. TILLERS TRACTORS LTD.**

ACKNOWLEDGEMENTS

Your directors thank all customers' for their continued support and patronage. The Directors also thank the

Place: Bengaluru
Date: 21/06/2021

V. K.Surendra
Chairman

ANNEXURE-1

Information as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Designation	Remuneration for year 2020-21 (in ₹)	Remuneration for year 2019-20 (in ₹)	Qualification	Date of Commencement of employment at VST	Age	Last employment	% of equity share held	Whether relative of Director or Manager
*V.P. Mahendra	Vice Chairman	98,88,946	8850000	BE (Electrical)	20.02.1984	79	NA	7.4%	No
**V T Ravindra	Managing Director	65,89,804	6300000	Graduate, PGDM	27.05.2016	52	NA	0.32%	No
Mr. Antony Cherukara	CEO	1,33,72,163	11312000	BE (Mechanical) Adv. Dip. in Business Management	25.04.2019	48	Kirloskar Oil Engines Ltd	0.001%	No

* Mr. V P Mahendra retired from the post of Managing Director on close of business hour of February 19, 2021.

**Mr. V.T. Ravindra appointed as Managing Director w.e.f. February 20, 2021.

Note:

- All the appointments are permanent in nature & as per the service contract of the Company and can be terminated by giving notice by either party.
- Mr. V.P. Mahendra & Mr. V.T. Ravindra belongs to promoter and promoter group.

The information required under Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the Annexure (s) forming part of the Annual Report. In terms of the first proviso to Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the members excluding the aforesaid full Annexure (s). Any member interested in obtaining the same may write to the Company Secretary at vstagn@vsttractors.com.

Sitting fees paid to Non-Executive / Independent Directors during the year 2020-21 :

Name of the Director	Category	Sitting Fees (in ₹)
Mr. V. K. Surendra	Chairman	3,00,000
Mr. R. Subramanian	Independent Director	6,00,000
Mr. M. K. Bannerjee	Independent Director	10,50,000
Mr. K.M. Pai	Independent Director	9,50,000
Ms. Siva KameswariVissa	Independent Director	6,00,000
Mr. Bijanki Jagannath #	Independent Director	3,50,000
Mr. V.V. Pravindra	Non-Executive Director	1,50,000
Mr. V S Arun	Non-Executive Director	1,00,000
Mr.V P Mahendra	Vice Chairman & Non-Executive Director	1,00,000

Note:

* Mr. V P Mahendra retired from the post of Managing Director on February 19, 2021 and the above sitting fees was paid as Non-Executive Director of the Company.

Mr. Bijanki Jagannath resigned from the post of Independent Director on June 14, 2021.

ANNEXURE-2

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

1. CONSERVATION OF ENERGY:

a. MALUR PLANT:

- i. Installed 250 KW of Solar Power Opex model and on Nett metering.
- ii. Installed Water treatment system which allows us to re-use 64 to 70% of water requirement per day.

b. MYSORE:

- i. Installed 450 KW of Solar Power Opex model and on Nett metering.
- ii. Installed Water treatment system which allows us to re-use 60 to 65% of water requirement per day.

c. HOSUR:

- i. Installed 52kW of Solar Power and on Nett metering.
- ii. Installed Water treatment system which allows us to re-use about 82% of water requirement per day.

2. RESEARCH AND DEVELOPMENT (R&D):

a) TRACTORS:

1) Higher HP Tractors 45HP &49HP:

The Product Portfolio has been expanded with the introduction of Higher HP series of Tractors. These tractors are designed and developed Indigenously and are released to Market.

New Aesthetic design conceptualized and introduced in the product.

2) 30 HP TRACTOR:

New series of 30HP Tractor Released to Market.

The New premium version of 30 HP Tractor with latest technological features such as High torque engine, 9+3 synchromesh gearbox, 1250 Kg hydraulic, Mid PTO and Reverse PTO -This tractor proto successfully

validated in the actual field conditions and production batches are rolled out and released to Market. Product has a very high customer acceptance.

3) 17 HP TRACTOR :

17 HP Tractor with Indigenously designed & developed single cylinder engine released for test market and will be productionised shortly.

4) EXISTING TRACTOR SERIES 18, 22, 24 & 27 HP:

a. Conceptualized, developed New Generation Tractors of 24 & 27 HP with completely New aesthetics and best ergonomics. These tractors are productionised and released to Market.

b. Conceptualized New Electronic Hitch control version of 24 & 27 HP Tractors as a premium technology variant wherein the implement depth control is monitored and controlled through a microprocessor based control unit which will totally eliminate manual intervention of depth adjustment.

c. Existing Tractors of 18/22 and 27 HP tractors were upgraded with Higher Back Up torque. Min. Back up torque requirement was made evaluative, through New release of IS Std which was made mandatory.

b) POWER TILLERS & OTHERS:

1) Higher HP Power Tiller:

Higher HP Power Tiller 16HP with New engine developed, tested successfully. This 16HP engine power tiller is now Productionised and released to Market.

2) 9HP Power Tiller :

Conceptualised a Mini power tiller /weeder with 9 HP engine for intercultivation and row farming under small farm mechanization. This tiller is prototyped and presently testing and validation is under progress.

3) Self Propelled Reaper:

New variant of self propelled weeder for multicrop application conceptualized and the prototype is under testing and validation.

c) DIESEL ENGINES

- a. 18.5HP, 22HP and 27 HP engines were upgraded to meet the Higher Back up torque requirements as mandated by the Govt.

d) TECHNOLOGY ABSORPTION:

- a. New R&D Engine testing facility for Testing engines to Stage 5 Emission Standards with Base Emission setup is being established.
- b. New PLM implementation in Design center has been completed this will enhance the capability of design of New variants of existing products as well as New Products.
- c. FEA analysis and Adams (for load extraction with linkages) Introduced for validation of design before release.
- d. Higher HP Tractor PTO Dynamometer installed. Which will support testing of the higher hp tractors for PTO and validation for certification.

3. BENEFITS DERIVED:

- a. New dynamometers facility will improve the optimization capabilities as well as New product quality.
- b. New PLM software will systematize the design and drawing release process which will reduce the drawing release lead time as well as streamline the release process thereby protecting the intellectual property.

4. APPLICATION ENGINEERING:

- a. Validation of New attachments mounted on our Tractors and Tillers has been taken up on

a) on continual basis like Tractor mounted combine harvester, Laser leveler, Trenchers etc. on all models of tractors etc. which will enable the Company to provide total crops solutions to the farming community.

- b. Validation of different models of Rotavators has been taken up for establishing the performance standards which will be the input for attachment division.

5. FUTURE PLANS:**a. TRACTOR**

- i. New Technology based Electronic Hitch control system for Tractor.
- ii. Transient dynamometer planned to test higher HP engines to Transient cycle.
- iii. Introduction New Variants in the Higher HP Tractor segment with additional features.
- iv. New technology Hydrostatic Transmission (HST) Tractor development.

b. Procurement of new Software for R&D

- i. Additional licenses of design software has been procured for design process.
- ii. Software procured for creating sheet metal design and A class surfaces in 3D.
- iii. Software procured for Kinematic study of linkages and load analysis.

Expenditure on R&D:

The Companies expenditure on R&D during the year was ₹ 22.26 Crores

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

Foreign exchange earnings: ₹ 35.75 Crores

Foreign exchange outgo : ₹ 4.17 Crores

ANNEXURE-3

Format For the Annual Report on CSR Activities to be Included in the Board's Report For Financial Year Commencing on or After 1st Day of April, 2020

- Brief outline on CSR Policy of the Company. Details are available in Company website www.vsttractors.com.
- Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. V.K. Surendra,	Chairman-Non executive Director	2	2
2	Mr. M.K. Bannerjee	Member-Independent Director	2	2
3	Mr. V.P. Mahendra	Member-Non executive Director	2	2
4	Mr. V V Pravindra	Member-Non executive Director	2	2
5	Mr. Mr.K.M.Pai (Appointed as CSR committee member on 26.03.2021)	Member-Independent Director	2	0

- The following are the weblinks for CSR Policy is <https://www.vsttractors.com/investors/policies> and weblinks for Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://www.vsttractors.com/investors/corporate-governance>
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, : **Not applicable.**
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : Nil
- Average net profit of the company as per section 135(5). 2020-21: ₹ 88.23 crores
- (a) Two percent of average net profit of the company as per section 135(5) : ₹ 1.76 crores
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : ₹ 17.36 lakhs
(c) Amount required to be set off for the financial year, if any : Nil
(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 1.93 crores
- (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year. (in ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount. (in ₹)	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
1.95 crores (from previous year unspent amount)	1.93 crores	April 29, 2021	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year : Nil

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year :

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in ₹).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State.	District.			Name	CSR Registration number.
1.	To Provide scholarships to deserving students of Technical, Medical, Engineering, Diploma courses etc.	Promoting education	Yes	Bengaluru,	Karnataka	75 lakhs	No	V S Tiruvengadaswamy Mudaliar Memorial Trust	
2.	To support all activities related to education	Promoting education	Yes	Bengaluru,	Karnataka	1 crore	No	Smt.Kamala Bai Education Trust	
3.	To enhance livelihood of the physically disabled	To enhance livelihood of the physically disabled	Yes	Bengaluru,	Karnataka	20 lakhs	No	The Association of People with Disability	
Total									

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 1.95 crores (from previous year unspent CSR amount)

(g) Excess amount for set off, if any : Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years : Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) : Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year : Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). : Not applicable

Sd/-
(Managing Director)

Sd/-
(Chairman CSR Committee)

Place: Bengaluru
Date: 21th June 2021

ANNEXURE-4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

VST TILLERS TRACTORS LIMITED

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not applicable during the audit period**);
 - (d) Securities and Exchange Board of India (Shares Based Employee Benefits) Regulations, 2014; (**Not applicable during the audit period**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable during the audit period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable during the audit period**) and
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018 (**Not applicable during the audit period**).

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

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

- (ii) The Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulations 2015 (LODR Regulations).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. as mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company:

- (i) NIL

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and

clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period there are no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

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

CS Thirupal Gorige

Designated Partner

Place: Bengaluru FCS No. 6680; CP No.6424

Date: June 21, 2021 UDIN: F006680C000489811

Note: This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE-A

To
The Members

VST TILLERS TRACTORS LIMITED

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

Our report of even date is to be read along with this letter.

- (1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management as conducted the affairs of the company

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

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680C000489811

Place: Bengaluru
Date: June 21, 2021

ANNEXURE-5

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1 Details of contracts or arrangements or transactions not at arm's length basis: V.S.T. Tillers Tractors Ltd (the Company) has not entered into any contract/arrangement/transaction with its related parties which is not at arm's length during FY 2020-21.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts / arrangements/ transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date(s) of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis - the company has not entered into any material related party transactions:

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

on behalf of Board of Directors

Place: Bengaluru
Date: 21st June 2021

V. K. Surendra
Chairman

ANNEXURE-6

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTOR

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

To

The Members

VST TILLERS TRACTORS LIMITED

Regd.Off.: Plot No-1, Dyavasandra Indl. Layout,

Whitefield Road, Mahadevapura Post, Bengaluru - 560048, Karnataka.

In pursuance of Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have examined the relevant registers, records, forms, returns and disclosures received from the Directors of VST TILLERS TRACTORS LIMITED having CIN L34101KA1967PLC001706 and having registered office at Plot No-1, Dyavasandra Indl. Layout, Whitefield Road, Mahadevapura Post, Bengaluru - 560048, Karnataka (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate.

On the basis of the written disclosures/declaration received from the Directors of the Company and according to the verifications (including view Director Master Data & DIN status at the portal www.mca.gov.in) as considered necessary and to the best of our information, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	Name of the Director	DIN	Designation	Date of appointment in Company
1	Mr. V K Surendra	00459069	Chairman, Non Executive Director	29/09/1980
2	Mr. V P Mahendra	00033270	Vice Chairman & Non Executive Director	20/02/1984
3	Mr. V V Pravindra	00239888	Non Executive Director	28/07/2008
4	Mr. V T Ravindra	00396156	Managing Director	27/05/2016
5	Mr. V S Arun	01617103	Non Executive Director	11/05/2018
6	Mr. M K Bannerjee	00219178	Independent Director	12/06/1990
7	Mr. R Subramanian	00357153	Independent Director	12/10/1990
8	Mr. Kashinath M Pai	01171860	Independent Director	05/08/2015
9	Mrs. Siva Kameswari Vissa	02336249	Independent Director	29/07/2016
10	Mr. Bijanki Jagannath	00396161	Independent Director	27/12/2018

For **ThirupalGorige & Associates LLP**
Practising Company Secretaries

Place: Bengaluru

Date: June 21, 2021

CS ThirupalGorige

Designated Partner

FCS No. 6680

CP No.6424

UDIN: F006680C000489833

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

To,

The Board of Directors

V.S.T. TILLERS TRACTORS LTD

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of V.S.T. Tillers Tractors Limited ("the Company"), certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading.
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violate of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee wherever applicable:
- (1) Significant changes in internal control over financial reporting during the year;
 - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal controls stem over financial reporting.

Antony Cherukara
Chief Executive Officer

Pankaj Khemka
Chief Financial Officer

Place : Bengaluru

Date : June 21 2021

Auditors' Certificate on Corporate Governance

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

1. We have examined the compliance of conditions of Corporate Governance by V.S.T. Tillers Tractors Limited ("the Company"), for the year ended on March 31, 2021, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31,2021.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s K. S. Rao & Co**
Firm Reg. No. : 003109S
Chartered Accountants

Place : Bengaluru
Date : June 21 2021

Hitesh Kumar P
Partner
Membership No.233734
UDIN: 21233734AAAAJQ7609

Corporate Governance Report

Philosophy on Corporate Governance

V.S.T. Tillers Tractors Limited is committed to good Corporate Governance practices aimed at increasing value for all stakeholders. The 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. The Company also endeavour to enhance long term shareholders value and also respect minority shareholders value. The Company has a well-informed and Independent Board for ensuring the same.

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

BOARD OF DIRECTORS

The Board of Directors along with various Committees provides guidance to the management and directs,

supervises and controls the performance of the Company. Information provided to the Board includes quarterly and yearly results of the Company, Minutes of Audit and other Committees, information on recruitment and remuneration of senior officers just below the Board, review of annual operating plans and compliance report etc.

The composition of the Board of Directors of the Company is governed by the provisions of the Companies Act, 2013, ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time

(a) Composition of the Board

Listing Regulations mandate that for a Company with non-executive Chairman, who is a Promoter, at least half of the Board should be Independent Directors. The composition and category, shareholdings, the attendance at Board Meetings and last AGM, number of Directorships in other Public Companies is as follows:

Name of the Director	Share Holdings	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Public Limited Companies in which Director	Chairman/ Member of the committees
Mr. V. K. Surendra	1862034*	Non-Executive	6	Yes	0	2
Mr. R. Subramanian	Nil	Independent	6	Yes	1	2
Mr. M. K. Bannerjee	Nil	Independent	6	Yes	-	2
Mr. K.M. Pai	Nil	Independent	6	No	1	3
Ms. Siva Kameswari Vissa	Nil	Independent	6	Yes	2	7
Mr. Bijankijagannath	Nil	Independent	6	No	-	-
Mr. V. P. Mahendra	627020*	Non-Executive	5	Yes	2	6
Mr. V. V. Pravindra	224146*	Non-Executive	4	Yes	-	-
Mr. V.T. Ravindra	27852*	Managing Director	6	Yes	-	-
Mr. V S Arun	217130*	Non-Executive	4	Yes	-	-

*holding individually / jointly. Mr.V K Surendra, Mr.V P Mahendra, Mr.V V Pravindra, Mr.V.T. Ravindra & Mr.V S Arun are belong to promoter group.

Note :

Committee Membership / Chairman of Audit Committee and Stake Holders Relationship Committee of Public Companies are considered.

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director.

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

- Apart from Mr. V.K. Surendra, V.P. Mahendra, Mr. V.V. Pravindra, Mr. V.T. Ravindra and Mr. V S Arun none of the other Directors are related to each other.

List of other listed Companies in which Directors holding Directorship.

Name of the Director	Name of the other Listed Company	Category of Directorship
Mr. R.Subramanian	Lotus Eye Hospital & Institute Ltd	Independent Director
Mr. K M Pai	Oriental Bell Limited	Non-Executive Director
Ms. Siva Kameswari Vissa	GMR Infrastructure Limited	Independent Director
Mr. V P Mahendra	Kirloskar Electric Company Limited	Independent Director

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

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

Finance & Taxation.

Governance:

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

Integrity and ethical standards:

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

Leadership:

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

Directors expertise and skills:

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

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

(b) Details of Board Meetings:

During the year under review the Board met 6 times on 18/06/2020, 11/08/2020, 10/11/2020, 09/02/2021, 27/02/2021 & 26/03/2021.

(c) Code of Conduct:

The Company has formulated and implemented Code of Conduct for Board Members and Senior Management of the Company in compliance with SEBI (LODR) Regulation, 2015 and same is available in Company website i.e. www.vsttractors.com.

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

To,
The Board of Directors,
V.S.T. TILLERS TRACTORS LTD

It is hereby confirmed that the Directors and Senior Management have duly complied with the code of conduct laid down by the Company during the financial year ended March 31, 2021.

Place: Bengaluru
Date: June 21, 2021

Antony Cherukara
Chief Executive Officer

COMMITTEE MEETINGS :**Audit Committee Composition**

At present the Audit Committee comprises of four independent Directors of the Company. All the members of Audit Committee are financially literate.

Terms of Reference:

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

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement are correct, sufficient and credible;
2. Recommend appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings, if any.
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report, if any.
5. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
6. Approval or/and any subsequent modification of transactions of the Company with related parties;
7. Scrutiny of inter-corporate loans and investments;
8. Valuation of undertakings or assets of the Company, wherever it is necessary;
9. Evaluation of internal financial controls and risk management systems;
10. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems;
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

Details of Audit Committee Meetings:

During the year under review the Audit Committee met five times on 18/06/2020, 11/08/2020, 10/11/2020, 09/02/2021 & 27/02/2021. Required quorum was present for all the meetings.

Sl. No.	Name of the Member	Designation	Attended
1	Mr. R. Subramanian	Chairman	5
2	Mr. M. K. Bannerjee	Member	5
3	Mr K M Pai	Member	5
4	Ms. Siva Kameswari Vissa	Member	5

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

Corporate Social Responsibility (CSR) Committee

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

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

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

Composition

Mr. V.K. Surendra, Chairman

Mr. M.K. Bannerjee, Member

Mr. V.P. Mahendra, Member

Mr. V V Pravindra, Member

Mr.K.M. Pai, Member (appointed on March 26 2021.)

During the year under review the Committee meeting held on 10/11/2020 & 11/03/2021 with presence of all the members.

NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act. The Key Objectives of the Committee includes 1. Formulate a criteria for determining qualifications, positive attributes and independence of a director. 2. Recommend to the Board a policy, relating to the

remuneration of the directors, key managerial personnel and other employees. 3. Reviewing and recommending to the Board, the remuneration, payable to Directors of the Company; and 4. Undertake any other matters as the Board may decide from time to time. The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Senior Management. The Policy is available on the website of the Company at <http://www.vsttractors.com/investors/policies>. The details of the remuneration paid to directors mentioned in page No. 37.

Composition

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

Mr. M.K. Bannerjee, Chairman (Independent Director)

Mr. V.K. Surendra, Member

Mr. K.M. Pai, Member (Independent Director)

During the year under review the Committee met on 18/06/2020, 03/11/2021 & 08/02/2021 attended by all the members.

Performance Evaluation Criteria for Independent Directors:

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Composition

The Stakeholders Relationship Committee comprises of three Directors of the Company.

Mr. K.M. Pai, Chairman

Mr. M. K. Bannerjee, Member

Mr. V.K. Surendra, Member

During the year under review the Committee met on 12/11/2020 attended by all the members.

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

The details of the shareholder's complaints mentioned in page No 55 the Annual Report

RISK MANAGEMENT COMMITTEE

The Company has risk management policy. The risk pertaining to business of the Company is discussed at the Risk Management Committee, Audit Committee and at the Board Meetings on regular basis.

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

There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms a part of this report.

composition

Mr. M.K. Bannerjee, Chairman, Mr. V. K. Surendra, Member, Mr. K.M. Pai, Member, Mr. V.P. Mahendra, Member. Mr. V S Arun, Member.

The Risk Management Policy is available on the Company's website <http://www.vsttractors.com/investors/policies> During the year under review the committee met on 24/07/2020, 03/11/2020 & 02/02/2021 attended by all the members.

INDEPENDENT DIRECTORS MEETING

The Independent Directors held their meeting on 09/02/2021 without presence of any body from management side.

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

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

VIGIL MECHANISM

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

CONTACT DETAILS OF COMPLIANCE OFFICER

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

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

INSIDER TRADING REGULATIONS:

The Company has prescribed code of conduct and disclosure practice to prevent insider trading. No violation of Insider trading was reported during the year 2020-21.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

The policy on dealing with related party transactions can be accessed at <http://www.vsttractors.com/investors/policies>

DIVIDEND DISTRIBUTION POLICY:

The dividend distribution policy was formulated pursuant to SEBI Regulations and same is available on website of the Company at. <https://www.vsttractors.com/investors/policies>

OTHER POLICIES

The Company has formulated other policies as required under Companies Act, 2013 and SEBI (LODR) Regulation 2015 and the same have been disclosed in Company Website: <http://www.vsttractors.com/investors/policies>

DIRECTORS REMUNERATION

The non-executive Directors are not paid any remuneration other than the sitting fees which is within the limits prescribed under Companies Act,2013.

During 2020-21, the Company has not given any loan to any of its Directors. The remuneration paid to the Managing Director/ Executive Director for the year 2020-21 is given below:

Name of the Director	Category	(In ₹)		
		Salary	Commission	Total
Mr. V.P Mahendra	Vice Chairman & Non-executive Director	42,84,928	40,50,000	83,34,928
Mr, V T Ravindra	Managing Director	37,41,143	27,00,000	64,41,143

* Mr. V P Mahendra retired from the post of Managing Director on close of business hour of February 19, 2021 and the above remuneration pertaining to his tenure as Managing Director.

**Mr. V.T.Ravindra was appointed as Executive Director of the Company and subsequently appointed as Managing Director w.e.f. February 20, 2021.

Sitting fees paid to Non-Executive Directors during the year 2020-21 :

Name of the Director	Category	Sitting Fees (in ₹)
Mr. V. K. Surendra	Chairman	3,00,000
Mr. R. Subramanian	Independent Director	6,00,000
Mr. M. K. Bannerjee	Independent Director	10,50,000
Mr. K.M. Pai	Independent Director	9,50,000
Ms. Siva Kameswari Vissa	Independent Director	6,00,000
Mr. Bijanki Jagannath	Independent Director	3,50,000
Mr. V.V. Pravindra	Non-Executive Director	1,50,000
Mr. V S Arun	Non-Executive Director	1,00,000
Mr. V P Mahendra	Vice Chairman & Non-Executive Director	1,00,000

* The non-executive promoter directors have not taken sitting fees for the meetings held between March, 2020 to December 2020.

During the year, no non-executive director had any pecuniary relationship or transactions with the Company other than the sitting fees and reimbursement of expenses incurred by them for attending meetings of the Company.

MEANS OF COMMUNICATION

The outcome of the Board Meeting, quarterly and annual financial results are sent to Stock Exchanges immediately after the Board approval. The quarterly and annual financial results are also available in Company web-site i.e., www.vsttractors.com.

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

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2021

Category	No. of Shareholders	% to total No. of shareholders	Shares Amount (₹)	% to total shares amount
Upto 5,000	19593	96.09	9267460	10.73
5,001 - 10, 000	371	1.82	2708470	3.13
10,001 - 20,000	220	1.08	3128080	3.62
20,001 - 30,000	62	0.30	1534970	1.78
30,001 - 40,000	34	0.17	1178220	1.36
40,001 - 50,000	16	0.08	752850	0.87
50,001 - 1,00,000	34	0.17	2497900	2.89
1,00,001 and above	60	0.29	65327330	75.61
	20390	100.00	86395280	100.00

DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2020-21

Nature of Request	OB	Received	Attended	Pending
Change of Address	-	1	1	-
Bank Mandate	-	33	33	-
Revalidation of Warrants	-	81	81	-
Duplicate Share Certificates	-	8	8	-
Transfer/Transmission	-	5 Tm	5 Tm	-
Dematerialisation	-	39	39	-
Rematerialisation	-	-	-	-

SHAREHOLDING PATTERN AS ON 31ST MARCH 2021

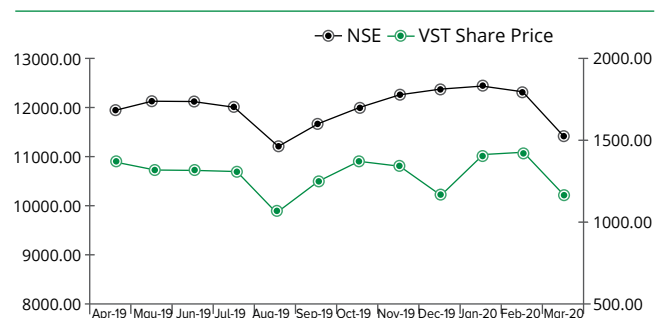
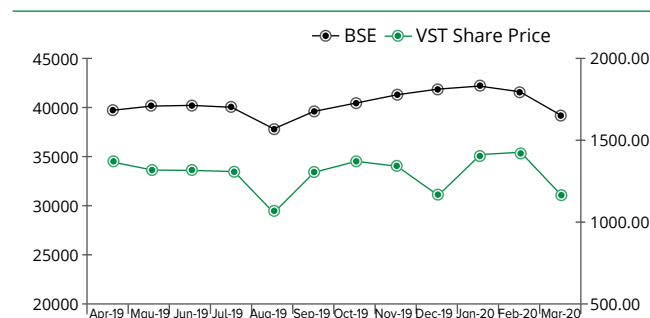
Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	40	4478665	51.84
Foreign Promoters	1	253125	2.93
Bodies Corporate	205	153228	1.77
Mutual Funds	10	1048874	12.14
Alternate Investment Funds	2	12015	0.14
Banks	3	1763	0.02
Financial Institutions	1	225	0.00
Foreign Financial Institutions	39	567587	6.57
Non-Resident Indians	1023	113721	1.32
Clearing Members	70	11188	0.13
Public/Others	18996	1999137	23.14
Total	20390	8639528	100.00

Market Price Data Information(BSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-20	971.95	610.00	Oct-20	1,768.35	1,504.30
May-20	984.00	847.90	Nov-20	2,009.20	1,556.80
Jun-20	1,429.30	901.00	Dec-20	1,970.95	1,760.75
Jul-20	1,499.00	1,279.50	Jan-21	2,036.45	1,795.70
Aug-20	1,756.80	1,334.95	Feb-21	2,044.90	1,721.55
Sep-20	1,949.30	1,609.55	Mar-21	1,976.90	1,650.00

Market Price Data Information(NSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-20	953.95	608.00	Oct-20	1749.00	1505.00
May-20	949.95	851.00	Nov-20	1984.70	1552.25
Jun-20	1369.00	911.20	Dec-20	1960.00	1762.00
Jul-20	1481.50	1284.95	Jan-21	2039.90	1797.00
Aug-20	1750.00	1351.00	Feb-21	2049.00	1690.50
Sep-20	1924.00	1560.00	Mar-21	1975.00	1720.00



Source: Web-sites of BSE and NSE

Dematerialization of Shares and Liquidity

Trading in equity shares of the Company became mandatory in dematerialized form. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these NSDL and CDSL. Shareholders can open their accounts with any of the Depository Participants to hold their shares in dematerialized form. About 98.53% of the Equity Shares of the Company are held in the dematerialized form.

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

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2021, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

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

DETAILS OF UNCLAIMED SHARES

Particulars	As on 31.03.2020		Transferred during the Year		As on 31.03.2021	
	No. of S/h's	No. of Shares	No. of S/h's	No. of Shares	No. of S/h's	No. of Shares
Unclaimed Shares	26	1996	10	1568	16	428

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

but have not been transferred. The details of the unpaid and unclaimed dividend are available in the company website i.e. www.vsttractors.com and IEPF website.

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

During the year 2020-21, ₹7,14,501 unclaimed dividend has been transferred to Investors Education & Protection Fund (IEPF) and ₹4,35,585 was transferred to IEPF towards dividend for the shares transferred to the IEPF authority. There is no amount which were to be transferred to IEPF

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

During the year 5179 Nos of shares have been transferred to IEPF to comply with IEPF Rules. The details of the such shares is available in Company website at www.vsttractors.com.

GENERAL SHARE HOLDER INFORMATION

Date, Time and Venue of the 53 rd Annual General Meeting	August 27, 2021 At 11:00 A.M. Through Video Conferencing / OAVM deemed to be held At Registered Office: Plot No.1, DyvasandraIndl Layout, Mahadevapura Post, Whitefield Road, Bangalore – 560 048
Book Closure Dates	August 21, 2021 to August 27, 2021
Dividend Payment	Final Dividend of ₹ 20 per equity share will be paid on or after August 31 2021 for the financial year 2020-21.
Financial Year	1 st April to 31 st March
E-voting date	24-08-2021 (from 9 a.m IST) to 26-08-2021 (upto 5 pm IST)
E-voting cutoff date	20-08-2021

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

June 30, 2021 - Second week of August, 2021

September 30, 2021 - Second week of November, 2021

December 31, 2021 - Second week of February, 2022

March 31, 2022 - Last week of May, 2022

Payment of Listing Fees : Annual listing fee for the year 2021-22 has been paid by the Company to BSE &NSE.

Payment of Depository Fees: Annual Custody/Issuer fee for the year 2021-22 has been paid by the Company to NSDL &CDSL.

SHARE TRANSFER SYSTEM

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

The Company has appointed M/s. Integrated Registry Management Services Private Limited, Registrar & Share Transfer Agents for handling all matters relating to share transfers including transfer/transmission of shares, de-materialization of share certificates, sub division / consolidation of share certificate etc.

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.

M/s. Integrated Registry Management Services Private Limited

30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003

Phone Nos. 080-23460815-18,

Fax: 080-23460819

e-mail : irg@integratedindia.in

Stock Exchanges Address

National Stock Exchange of India Ltd,

Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E)
MUMBAI – 400 051

Tel No- 022-26598235

BSE Limited

25 Floor, P. J. Towers,

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

STOCK CODE

BSE Ltd : 531266

**National Stock Exchange of India Ltd. : VSTILLERS
ISIN : INE 764D01017.**

CIN- L34101KA1967PLC001706

ADDRESS FOR CORRESPONDENCE

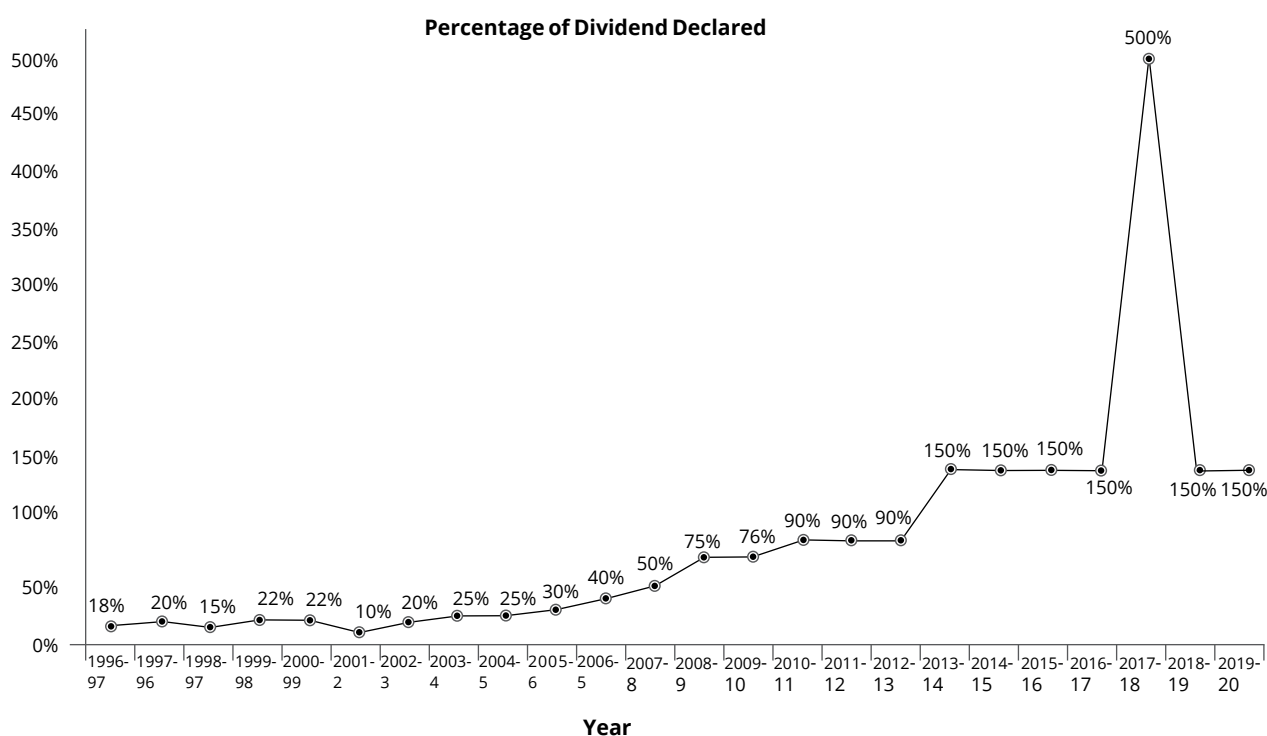
The Company Secretary

M/s. V.S.T. Tillers Tractors Ltd,

Plot No-1, DyavasandraInDl Layout, Whitefield Road,
Mahadevapura Post, Bengaluru- 560048.

Ph : 080-67141111

E-mail : investors@vsttractors.com



Particulars of last 3 Annual General Meetings

Date/Time	Location	Summary of Special Resolutions
24.09.2020 11 a.m.	AGM held through VC & Vanue deemed to be at Plot No-1, DyavasandraIndl. Layout, Whitefield Road, Mahadevapura Post, Bengaluru-560048,	NA
09.08.2019 3.30 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	<ul style="list-style-type: none"> • Re-appointment of Mr. R. Subramanian as an Independent Director of the Company. • Re-appointment of Mr. M.K. Bannerjee as an Independent Director of the Company • Re-appointment of Mr. K.M. Pai as an Independent Director of the Company.
11.08.2018 3:30 p.m.	"Rohini Hall", Hotel Ajantha, 22-A, Mahatma Gandhi Bengaluru - 560 001.	<ul style="list-style-type: none"> • NA

During the year following resolutions were passed through postal ballot.

1. Continuation of Mr. V. P. Mahendra (DIN No. 00033270), as a Non-Executive Director & Vice Chairman of the Company (special resolution).
2. Appointment of Mr. V. T. Ravindra (DIN: 00396156), as Managing Director of the Company (Ordinary Resolution)

Mr. Thirupal Gorige & Associates LLP, practicing company secretaries had conducted the postal ballot process. The reappointment of Ms Siva Kameswari Vissa for second term of 5 years was approved by the members in special resolution through postal ballot. The procedure of postal ballot as specified by the Companies Act is available in the Company website : www.vsttractors.com

PLANT LOCATIONS:		
HOSUR	MYSORE	MALUR
Plot No:39, Sipcot – Phase I, Mookandapalli Post, Hosur – 635 126, Tamil Nadu	No.20, Plot No.42/43, Metagalli Industrial Area, Mysuru -570016. Karnataka	Plot No-222-224 & 229-232, KIADB Industrial Area, Malur III Phase, Malur -563130, Karnataka

DISCLOSURES

- During the year under review, besides the transactions mentioned under note no. 107 of Annual Report, there were no materially significant related party transactions that may have potential conflict with the interest of the company at large. The policy is available at <http://www.vsttractors.com/investors/policies>
- There are no instances of non-compliance on any matter relating to the capital market during the last three years and no penalty was levied.
- The Company has formulated whistle-blower policy and vigil mechanism and no person has been denied access to the Audit Committee with regard to whistle-blower policy.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial statements. The Company has not adopted a treatment different from that prescribed in the Accounting Standard.
- The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:

- The auditors' report on statutory financial statements of the Company are unmodified.
- The Company has appointed separate persons to the post of chairperson and managing director or chief executive officer.
- The internal auditor reports directly to the audit committee.
- The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses(b) to(i) of sub-regulation (2) of regulation 46 of SEBI (Listing Regulation and Disclosure Requirement) Regulations, 2015.
- Credit rating - The Company has not obtained any credit rating during the financial year 2020-21.
- The Company has taken a certificate from Thirupal Gorige & Associates LLP practicing company secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies

by the SEBI/Ministry of Corporate Affairs or any such statutory authority (Please refer Annexure-6).

- During the financial year 2020-21, the Board has accepted all the recommendations of its Committees.
- The company's share has not been suspended for trading at any time during the Financial Year 2020-21.

Fees paid to statutory Auditors:

Type of Service	For the Financial Year (in ₹)
Audit Fees	17,50,000
Tax Audit Fees	4,00,000
Reimbursement of expenses	1,10,000
Total	22,60,000

For **V.S.T. TILLERS TRACTORSLTD**

Place: Bengaluru
Date: June 21, 2021

V K Surendra
Chairman

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company : L34101KA1967PLC001706 & DOI: 18/12/1967
- Name of the Company : **V.S.T. TILLERS TRACTORS LTD.**
- Registered address : Plot No- 1, Dyavasandra Indl. Layout, Whitefield Road, Mahadevapura Post, Bangalore-560048
- Website: www.vsttractors.com
- E-mail id: investors@vsttractors.com
- Financial Year reported: 1st April 2020 to 31st March 2021
- Sector(s) that the Company is engaged in (industrial activity code-wise)

Manufacturing of Agricultural Machineries

Products	NIC Code of the product
Power Tiller	2821
Tractor	2821

- List three key products/services that the Company manufactures/provides (as in balance sheet)
 - Power Tiller
 - Tractors
 - Diesel Engines
- Total number of locations where business activity is undertaken by the Company
 - Number of International Locations: Nil
 - Number of National Locations: 4 Locations (i.e. Bangalore, Malur, Hosur & Mysore)
- Markets served by the Company – Local/State/ National/International National / International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (INR) : ₹ 86395280
- Total Turnover (INR) : ₹ 764.21 Crores
- Total profit after taxes (INR) : ₹ 90.77 Crores
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : Please refer Annexure-2 of the Annual Report.

- List of activities in which expenditure in 4 above has been incurred:- Please refer Annual Report on CSR Activities

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? : No
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) : NA
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] : No

SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR
 - Details of the Director/Director responsible for implementation of the BR policy/policies
 - DIN Number: 00396156
 - Name: Mr. V.T Ravindra
 - Designation: Managing Director
 - Details of the BR head

No	Particulars	Details
1	DIN Number (if applicable)	00396156
2	Name	Mr. V.T Ravindra
3	Designation	Managing Director
4	Telephone number	91-80-67141111
5	e-mail id	investors@vsttractors.com

- Principle-wise (as per NVGs) BR Policy/policies

Principles to assess compliance with environmental, social and governance norms

 - Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.
 - Businesses should provide goods and services in a manner that is sustainable and safe and contribute to sustainability throughout their life cycle.

3. Businesses should respect and promote the well-being of all employees.
4. Businesses should respect the interests of, and be responsive to all their stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
5. Businesses should respect and promote human rights.
6. Businesses should respect and make efforts to protect and restore the environment.
7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
8. Businesses should support inclusive growth and equitable development.
9. Businesses should engage with and provide value to their consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

Sl. No.	Question	Business ethics	Product responsibility	Well being of employees	Stakeholder engagement	Human rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	-	-	Y	-	Y	-
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	-	-	Y	-	-	-
3	Does the policy conform to any national / international standards? If yes, specify? (50 words) The company has formulated the policy as per the requirement.	Y	-	Y	-	-	Y	-	-	-
4	Has the policy being approved by the Board?	Y	-	Y	-	-	Y	-	Y	-
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	-	-	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	-	-	-	-	-	-	-	www.vstractors.com	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	-	-	Y	-	-	-
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	-	-	Y	-	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Yes	Y	Y	-	-	Y	-	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	-	-	-	-	-	-	-	-	-

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles The company has not understood the Principles	---	---	---	---	---	---	---	---	---
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	---	---	---	---	---	---	---	---	---
3	The company does not have financial or manpower resources available for the task	---	---	---	---	---	---	---	---	---
4	It is planned to be done within next 6 months	---	---	---	---	---	---	---	---	---
5	It is planned to be done within the next 1 year	---	---	---	---	---	---	---	---	---
6	Any other reason (please specify):	Other policies will be implemented as per the requirement of the company in future								

Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

There is no defined frequency. Assessment is an on going exercise and is an inherent part of corporate functions.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

No.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

The Company's policy relating to ethics, bribery and corruption extends to employees and representatives which include dealers, distributors, agents,

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. Nil

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities - No risk/concern

(a). Tractor

(b). Power Tillers

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?- NA

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?- NA

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.:

The Company has been sourcing indirect materials which are recyclable.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors? The Company is procuring materials from local vendor if they meet quality standard. Continuous interaction with them to increase their capabilities.

Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. The Company has the water treatment system. please refer Annual Report.

Principle 3: Businesses should promote the well-being of all Employees

1. Please indicate the Total number of employees. 1107
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. -519
3. Please indicate the Number of permanent women employees. - 14
4. Please indicate the Number of permanent employees with disabilities -2
5. Do you have an employee association that is recognized by management. - Yes
6. What percentage of your permanent employees is members of this recognized employee association? – 25%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees- 588

(b) Permanent Women Employees-14

(c) Casual/Temporary/Contractual Employees- 519

(d) Employees with Disabilities- 2

Principle 4: Businesses should respect the interests of, and be responsive towards all Stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders? Yes/No- NA
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.- NA
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?- NA
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?- Nil

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.- Internal Company Policy
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.- No
3. Does the company identify and assess potential environmental risks? Y/N- Yes
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?- No
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.- Please refer the Annual Report

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?- Yes
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.- No

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

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a). CII
 - (b). FKCCI
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)- No

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.- provide education facility, livelihood of physically disabled.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?- Through Registered Trusts

3. Have you done any impact assessment of your initiative?- Yes
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.- Please refer our Annual Report
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so -NA.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Number of complaints pending as on the end of financial year.- About 6 consumer cases.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)- Yes

Yes, apart from the mandated declarations, additional declarations are furnished on the products/labels relating to the products and their usage.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. No
4. Did your company carry out any consumer survey/ consumer satisfaction trends? Yes

Financial Statements

INDEPENDENT AUDITOR'S REPORT

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

Report on audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of V.S.T. Tillers Tractors Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cashflows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (herein after referred to as "Financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements for the year ended March 31, 2021 give the information required by the Companies Act, 2013 as amended (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion:

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under

section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

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

Key Audit Matters	How the matter was addressed in our Audit
<p>Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment: The company has incurred total cost ₹ 53.99 crores on property, plant and equipment (PPE - representing land, plant & machinery, roads & building) for future expansion of its manufacturing facilities and product development at Hosur unit.</p> <p>This cost needs to be capitalised and depreciated once the assets are ready for use as intended by the management. Inappropriate timing of capitalisation of the cost and/ or inappropriate classification of categories of items of PPE could result in material misstatement PPE with a consequent impact on depreciation charged.</p> <p>Owing to the above factors, we have identified this as a key audit matter for current year audit due to the significance of the capital expenditure incurred during the year.</p>	<p>Our audit procedures to assess appropriate capitalization of such expenditure includes, but were not limited to the following:</p> <ul style="list-style-type: none"> • Assessed the design and implementation and tested the operating effectiveness of key controls surrounding the capitalization of costs. • Reviewed management's capitalization policy, including application of the aforesaid policy, to assess consistency with the requirements set out by Ind AS 16, Property, Plant and Equipment. • Compared the additions with the budgets and the orders given to the vendors. • Tested the additions on a sample basis for their nature and purpose to ensure that the capitalization is as per company's accounting policy.

Key Audit Matters**How the matter was addressed in our Audit**

- Assessed the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable Indian accounting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the financial statements does not cover other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management's Responsibility for the Financial Statements:

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate

internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Report on Other Legal and Regulatory Requirements:**
15. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
16. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

- e) On the basis of written representations received from the directors as on March 31, 2021 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2021 from being appointed as directors in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financials controls with reference to financial statements.
- g) With respect to the matter to be included in the Auditor's Report as per the requirements of section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,

2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – (Refer Note 41 of the financial statements).
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Hitesh Kumar P
Partner

Place: Bengaluru
Date: June 21, 2021

Membership No. 233734
UDIN: 21233734AAAAJO3006

Annexure - A to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended March 31, 2021 we report that:

- (i) In respect of the Company's fixed assets
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) The Company has the program of physical verification of fixed assets to cover all the items of Property, Plant and Equipment of the Company in a phased manner over a period of three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and any material discrepancies noticed have been properly dealt in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses from (iii) (a) to (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grants of loans, making investment and providing guarantees and securities as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, in respect of the Company's services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. However, we have not conducted a detailed examination of the same.
- (vii) a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.
- b) According to the information and explanations given to us, there were no undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues which were outstanding, as at March 31, 2021 for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Wealth Tax, Service Tax, Excise Duty, and Cess which have not been deposited on account of dispute except for the below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates to	Amount involved in ₹
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income.	Income Tax Appellate Tribunal	2010-11	3,41,988
The Income Tax Act, 1961	Disallowance of Marketing Expenses	Income Tax Appellate Tribunal	2011-12	3,44,94,802

Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates to	Amount involved in ₹
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income.	Commissioner of Income Tax (Appeals)	2011-12	1,96,68,882
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income.	Income Tax Appellate Tribunal	2012-13	4,05,486
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income.	Income Tax Appellate Tribunal	2013-14	16,45,492
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income.	Commissioner of Income Tax (Appeals)	2015-16	2,32,90,910
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income.	Commissioner of Income Tax (Appeals)	2016-17	59,20,917
The Customs Act, 1962	Disallowance of Concessional Custom Duty availed under Customs Notification No.12/2012 for Reaper Combinder	Appellate Tribunal	2014-2017	25,68,156

(viii) The Company has not taken any loan or borrowings from a financial institution or bank and the Government. The Company has not issued any debentures during the year. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, we report that managerial remuneration has been paid/provided in accordance with the Sec 197 read with Schedule V of the Act.

(xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Hitesh Kumar P
Partner

Place: Bengaluru
Date: June 21, 2021

Membership No. 233734
UDIN: 21233734AAAAJO3006

Annexure - B to the Independent Auditors' Report

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

We have audited the internal financial controls with reference to financial statements of V.S.T. Tillers Tractors Limited ("the Company") as at March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements.

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that,

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,

and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements.

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

Hitesh Kumar P

Partner

Place: Bengaluru
Date: June 21, 2021

Membership No. 233734
UDIN: 21233734AAAAJO3006

Balance Sheet

as at March 31, 2021

(Amount in ₹.)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A ASSETS			
1. Non-current assets			
a) Property, plant and equipment	4(a)	2,14,76,22,870	1,71,94,47,761
b) Capital work-in-progress	4(b)	25,38,00,778	47,67,61,866
c) Right-of-use assets	4(c)	44,94,100	-
d) Investment property	5	22,07,25,298	22,32,36,217
e) Intangible assets	6	10,79,72,583	11,97,04,430
f) Financial assets			
i) Investments	7	54,77,03,141	35,34,58,678
ii) Loans	8	9,87,235	34,87,773
iii) Other financial assets	9	3,00,00,203	2,64,14,444
g) Deferred tax Asset (net)	19	56,58,447	-
h) Other non-current assets	10	3,00,20,349	11,09,24,063
Total non-current assets		3,34,89,85,004	3,03,34,35,232
2. Current assets			
a) Inventories	11	1,06,93,45,296	1,02,26,96,874
b) Financial assets			
i) Investments	7	2,57,48,10,785	1,21,11,04,634
ii) Trade receivables	12	81,80,72,650	96,15,76,534
iii) Cash and cash equivalents	13	28,81,58,794	23,15,35,599
iv) Bank balances other than (iii) above	14	3,11,29,898	2,67,60,959
v) Loans	8	13,91,924	38,75,776
vi) Other financial assets	9	1,02,14,947	4,29,12,154
c) Other current assets	10	55,71,79,317	54,77,93,882
d) Current tax asset (net)		15,42,17,650	20,47,24,761
Total current assets		5,50,45,21,260	4,25,29,81,174
Total assets		8,85,35,06,264	7,28,64,16,406
B EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	15	8,63,95,280	8,63,95,280
b) Other equity	16	6,58,93,09,337	5,68,26,93,707
Total Equity		6,67,57,04,617	5,76,90,88,987
2. Liabilities			
Non current liabilities			
a) Financial liabilities			
i) Other financial liabilities	17	43,43,42,522	40,37,74,591
b) Deferred tax liabilities (net)	19	-	1,35,41,952
c) Other Non current liabilities	20	1,15,097	6,61,412
Total Non current liabilities		43,44,57,619	41,79,77,955
Current liabilities			
a) Financial liabilities			
i) Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		20,09,00,263	10,22,40,330
- total outstanding dues of creditors other than micro enterprises and small enterprises		63,05,24,996	47,54,71,708
ii) Other financial liabilities	17	61,64,23,111	40,44,59,311
b) Provisions	18	4,72,26,085	1,68,43,411
c) Other current liabilities	20	24,82,69,574	10,03,34,704
Total Current liabilities		1,74,33,44,029	1,09,93,49,464
Total Liabilities		2,17,78,01,647	1,51,73,27,419
Total Equity and Liabilities		8,85,35,06,264	7,28,64,16,406

See accompanying notes forming part of financials statements

As per our report of even date
For K.S. Rao & Co.,
Chartered Accountants
Firm Registration No. 0031095

Hitesh Kumar. P
Partner
Membership No:233734

V.T.Ravindra
DIN:00396156
Managing Director

K.M. Pai
DIN:01171860
Director

Antony Cherukara
Chief Executive Officer

Pankaj Khemka
Chief Financial Officer

Chinmaya Khatua
ACS - 21759
Company Secretary

Place : Bengaluru
Date : June 21, 2021

Place : Bengaluru
Date : June 21, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

(Amount in ₹.)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I Revenue from operations	22	7,64,24,32,937	5,43,67,62,300
II Other income	23	46,07,77,096	23,58,41,068
III Total Revenue (I+II)		8,10,32,10,033	5,67,26,03,368
IV Expenses			
a) Cost of materials consumed		4,99,07,81,764	3,47,66,64,722
b) Change in inventories of finished goods, work in progress and Stock in Trade	24	10,32,83,094	24,66,40,739
c) Employee benefit Expenses	25	81,95,18,853	68,29,53,327
d) Finance costs	26	1,54,27,352	1,46,83,746
e) Depreciation and amortisation expenses	27	17,07,68,106	16,34,99,020
f) Other expenses	28	81,11,82,563	85,71,28,119
Total Expenses		6,91,09,61,732	5,44,15,69,673
V Profit before exceptional items and tax (III-IV)		1,19,22,48,301	23,10,33,695
VI Exceptional Items		-	-
VII Profit before tax (V+VI)		1,19,22,48,301	23,10,33,695
VIII Tax expense:			
Current tax		30,33,00,000	10,80,00,000
Deferred tax		(1,88,14,557)	(5,70,25,357)
IX Profit for the Period (VII-VIII)		90,77,62,858	18,00,59,052
X OTHER COMPREHENSIVE INCOME			
A (i) Items that will be reclassified to the profit or loss		-	-
B (i) Items that will not be reclassified to the statement of profit or loss			
a) Remeasurement of Defined employee benefit plans	29	(15,33,071)	30,57,614
(ii) Income tax on items that will not be reclassified to the profit or loss		3,85,843	(5,60,270)
Total Other Comprehensive Income (net of taxes)		(11,47,228)	24,97,344
Total Comprehensive Income for the year		90,66,15,630	18,25,56,396
XI Earnings per Equity share-Basic and diluted	30	105.07	20.83
See accompanying notes forming part of financials statements			

As per our report of even date

For K.S. Rao & Co.,

Chartered Accountants

Firm Registration No. 003109S

Hitesh Kumar. P

Partner

Membership No:233734

V.T.Ravindra

DIN:00396156

Managing Director

K.M. Pai

DIN:01171860

Director

Antony Cherukara

Chief Executive Officer

Pankaj Khemka

Chief Financial Officer

Chinmaya Khatua

ACS - 21759

Company Secretary

Place : Bengaluru

Date : June 21, 2021

Place : Bengaluru

Date : June 21, 2021

Cash Flow Statement

for the year ended March 31, 2021

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
I Cash flow from operating activities:		
A. Profit before tax	1,19,22,48,301	23,10,33,695
B. Adjustment for:		
a. Depreciation and amortisation	17,07,68,106	16,34,99,020
b. Interest income	(3,49,79,730)	(1,80,37,019)
c. Dividend Income	(44,59,829)	(3,58,84,102)
d. (Profit)/Loss on sale of fixed assets	2,40,062	(56,19,983)
e. Provisions for bad and doubtful debts	9,75,49,790	8,16,02,774
f. Rent received	(1,32,76,435)	(1,18,75,400)
g. (Profit)/Loss on Sale of Investment	(3,44,830)	20,37,965
h. Provisions Written back	(10,41,20,955)	(14,17,03,884)
i. Unrealized foreign exchange (gain)/loss	(8,74,531)	37,99,139
j. Finance cost	1,51,43,045	1,40,46,376
k. Interest income on security deposit given	(3,345)	(1,29,178)
l. Deferred rental income on security deposits received	(14,51,419)	(6,63,448)
m. Unrealised (gain)/Loss on Investments	(28,85,24,702)	12,29,88,569
n. Interest expense on security deposit	2,38,826	6,37,370
n. Amortisation of Prepaid lease rentals	2,889	1,08,361
o. Finance cost on lease rentals	45,481	-
	1,02,82,00,723	40,58,40,255
C. Adjustment for movements in Working capital		
a. Trade payables, Other liabilities and Provisions (Net of fair value adjustment on deposits)	77,31,84,861	13,55,75,932
b. Trade receivables	4,68,28,625	(8,30,08,353)
c. Inventories	(4,66,48,422)	21,38,97,312
d. Financial and other current assets	(18,32,770)	14,98,63,481
D. Cash generated from Operations	1,79,97,33,018	82,21,68,626
Less: Direct taxes Paid	(25,27,92,889)	(9,87,38,609)
Net cash flow from operating activities (I)	1,54,69,40,129	72,34,30,017
II Cash flows from investing activities		
a. Purchase of fixed assets, including CWIP	(28,24,74,693)	(35,62,62,038)
b. Proceeds from sale of fixed assets	15,94,380	1,33,12,196
c. Redemption/maturity of bank deposits	(43,68,939)	(36,54,545)
d. Sale/(Purchase) of investments	(1,26,94,25,911)	(3,50,95,685)
e. Interest received	6,14,77,877	58,75,045
f. Income from investment	44,59,829	3,58,84,102
g. Rent Received	1,32,76,435	1,18,75,399
h. Profit on sale of Investment	3,44,830	(20,37,965)
Net cash flow from/ (used in) investing activities (II)	(1,47,51,16,192)	(33,01,03,491)

Cash Flow Statement

for the year ended March 31, 2021

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
III Cash flows from financing activities		
a. Interest paid	(1,51,43,045)	(1,40,46,376)
b. Dividends paid on equity shares	(57,697)	(25,97,11,070)
c. Tax on equity dividend paid	-	(5,32,76,031)
Net cash flow from/ (used in) financing activities (III)	(1,52,00,742)	(32,70,33,477)
IV Net (decrease) in cash and cash equivalents (I + II + III)	5,66,23,196	6,62,93,049
Cash and cash equivalents at the beginning of the period	23,15,35,599	16,52,42,550
V Cash and cash equivalents at the end of the period	28,81,58,795	23,15,35,599
VI Components of cash and cash equivalents:		
a. Cash on hand	28,239	77,002
b. With banks		
i. FD with Bank	7,30,65,500	-
ii. on current account	21,50,65,055	23,14,58,597
Total cash and cash equivalents	28,81,58,794	23,15,35,599

As per our report of even date

For K.S. Rao & Co.,

Chartered Accountants

Firm Registration No. 003109S

Hitesh Kumar. P

Partner

Membership No:233734

Place : Bengaluru

Date : June 21, 2021

For and on behalf of the Board of Directors of

V.S.T. Tillers Tractors Limited

V.T.Ravindra

DIN:00396156

Managing Director

Place : Bengaluru

Date : June 21, 2021

K.M. Pai

DIN:01171860

Director

Pankaj Khemka

Chief Financial Officer

Antony Cherukara

Chief Executive Officer

Chinmaya Khatua

ACS - 21759

Company Secretary

Statement of changes in Equity

for the Year ended March 31, 2021

I Equity Share capital

Particulars	(Amount in ₹.)		
	At the beginning of the year	Changes during the year	At the end of the year
For the year ended March 31, 2020	8,63,95,280	-	8,63,95,280
For the year ended March 31, 2021	8,63,95,280	-	8,63,95,280

II Other Equity

Particulars	(Amount in ₹.)				
	Capital Reserve	General reserve	Surplus in Statement of Profit and Loss	Other comprehensive Income	Total
As at March 31, 2019	2,64,04,870	3,00,00,00,000	2,80,85,44,586	(2,23,50,274)	5,81,25,99,182
Profit for the year	-	-	18,00,59,052	-	18,00,59,052
Other comprehensive income	-	-	-	24,97,344	24,97,344
Total comprehensive income	-	-	18,00,59,052	24,97,344	18,25,56,396
Dividends	-	-	25,91,85,840	-	25,91,85,840
Dividend distribution tax	-	-	5,32,76,031	-	5,32,76,031
As at March 31, 2020	2,64,04,870	3,00,00,00,000	2,67,61,41,767	(1,98,52,930)	5,68,26,93,707
Profit for the year	-	-	90,77,62,858	-	90,77,62,858
Other comprehensive income	-	-	-	(11,47,228)	(11,47,228)
Total comprehensive income	-	-	90,77,62,858	(11,47,228)	90,66,15,630
Dividends	-	-	-	-	-
Dividend distribution tax	-	-	-	-	-
As at March 31, 2021	2,64,04,870	3,00,00,00,000	3,58,39,04,625	(2,10,00,158)	6,58,93,09,337

The accompanying notes form an integral part of Financial Statements

As per our report of even date
For K.S. Rao & Co.,
 Chartered Accountants
 Firm Registration No. 003109S

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

Hitesh Kumar. P
 Partner
 Membership No:233734

V.T.Ravindra
 DIN:00396156
 Managing Director

K.M. Pai
 DIN:01171860
 Director

Antony Cherukara
 Chief Executive Officer

Pankaj Khemka
 Chief Financial Officer

Chinmaya Khatua
 ACS - 21759
 Company Secretary

Place : Bengaluru
 Date : June 21, 2021

Place : Bengaluru
 Date : June 21, 2021

Notes to the Financial Statements

for the year ended March 31, 2021

01. Corporate information:

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

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

The company was incorporated for the purpose of manufacture and to deal with Tractors, Tillers, Diesel Engines, Harvesters, Reapers, Binders, Transplanters/ planters, Trench Cutters, Front end Loaders and all kinds of allied agricultural, plantation and horticultural machinery including attachments, components, accessories, spares implement and other equipments required for the satisfactory functioning of the agricultural equipment.

02. Basis of preparation:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the section 133 of the Companies Act ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

These Financial Statements were approved by the Company's Board of Directors and authorized for issue on June 21, 2021.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

03. Significant Accounting policies:

a) Significant accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts

of revenues, expenses, assets, liabilities and the disclosures of contingencies at the end of each reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The assumptions and estimates made by the company based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Impairment of non-current assets:

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposals and its value in use. The fair value less costs of disposal is calculated based on available data from binding sales transactions, conducted at arm's length price, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The value in use is sensitive to the discount rate (generally weighted average cost of capital) used for the DCF model as well as the expected future cash-inflows and the growth rate used for exploration purposes.

ii. Defined Benefit Plans:

The present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various

Notes to the Financial Statements

for the year ended March 31, 2021

assumptions that may differ from actual developments in the future. These include the determination of the discount rate, rate of increment in salaries and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

iii. Fair Value measurement of financial instruments:

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques i.e., the DCF model. The inputs to these models are taken from observable markets.

iv. Contingencies:

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claim/litigations against the company/by the company as it is not possible to predict the outcome of pending matters with accuracy.

v. Property, Plant and Equipment:

Based on evaluations done by technical assessment team, the management has adopted the useful life and residual value of its Property, Plant and Equipment. Management believes that the assigned useful lives and residual value are reasonable.

vi. Intangibles:

Internal technical or user team assesses the useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

vii. Income Taxes:

Management judgment is required for the calculation of provision for income taxes and deferred tax assets/liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/

liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

viii. Provision for Warranty expenditure:

Due to the nature of industry the company operates, it needs to incur warranty expenditure on regular basis. Company applies rational judgement and past experience in determining the extent of provision to be created at the end of each reporting period.

b) Current Vs Non-current classifications:

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it satisfies below criteria:

- i. Expected to be realized or is intended to be sold or consumed in its normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when it satisfies below criteria:

- i. Expected to settle the liability in its normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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for the year ended March 31, 2021

All other liabilities are classified as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

c) Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost net of GST input credit, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price, any attributable cost of bringing the asset to its working condition for its intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

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

Direct expenditure incurred and other attributable costs on projects under construction or in the process of installation are termed as Capital work in progress and shown at cost in the Balance Sheet.

Depreciation is provided on the straight-line method as per the useful life prescribed in the schedule II to the Companies Act, 2013 except in respect of the following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance supports etc.

Type of the Asset	Method of Depreciation	Useful life considered
Buildings	Straight line Method	3 - 60 Years
Plant and Machinery	Straight line Method	2 - 15 Years

Type of the Asset	Method of Depreciation	Useful life considered
Data processing equipment	Straight line Method	3 - 6 Years
Furniture and fixtures	Straight line Method	5-10 Years
Vehicles	Straight line Method	8 Years
Office Equipment	Straight line Method	5 Years

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from the books of account and the carrying value if any is charged to Statement of Profit and Loss.

d) Intangible Assets:

Intangible assets are carried at cost, net of accumulated amortisation expenses and impairment losses, if any. Cost of an intangible asset comprise of purchase price and attributable expenditure on making the asset ready for its intended use.

Computer software:

Costs incurred towards purchase of computer software are amortised over the useful life as estimated by the Management which is about 3 years for all of the intangible computer software assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognised.

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e) Investment Properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight – line method over their estimated useful lives. The estimated useful life of buildings, classified as investment properties, ranges from 30 - 60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of Profit and Loss in the period of derecognition.

f) Impairment of tangible and intangible assets:

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future

cash flows are discounted to their present value using appropriate discounting factor. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

ii. When there is an indication previously recognised impairment losses no longer exists or may have decreased such reversal of impairment loss is recognised in the profit and loss account.

g) Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

h) Leases:

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

Company as a Lessee:

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

Right-of-Use Assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

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

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

Lease Liabilities:

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

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

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

i) Inventories:

i. Stock-in-Trade:

Stock-in-Trade are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price of inventories less estimated costs of completion and costs necessary to make the sale. Cost is determined on weighted Average basis.

ii. Stores and Spares:

Spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory. Spare parts, stand-by equipment and servicing equipment classified as inventory are stated at the lower of cost or net realisable value. Cost is determined on Weighted Average basis.

j) Fair Value Measurement:

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these financials statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2, or value in use in Ind AS 36.

Notes to the Financial Statements

for the year ended March 31, 2021

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- ii. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- iii. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

k) Revenue recognition:

i. Revenue from operations:

Revenue is recognized only when it can be reliably measured, and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods and services, net of Goods and Service Tax (GST) and trade discounts, cash discounts and other discounts.

- ii. **Interest/dividend:** Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

- iii. **Rental income from Investment Property:**

Rental income is recognised on accrual basis, based on agreements entered by the company as on the reporting date.

l) Foreign currency transactions:

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

m) Retirement and other employee benefits:

- i. Employer's contribution to Provident Fund, Employee State Insurance and Labour Welfare Fund which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.
- ii. Gratuity liability is in the nature of defined benefit obligation. The company's Plant Assets comprise of Gratuity fund maintained by Life Insurance Corporation of India and liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each reporting period as per the requirements of Ind AS 19 on "Employee Benefits".

Actuarial gain/(loss) in the valuation are recognised as other comprehensive income for the period.

- iii. Compensated absences which are in the nature of defined benefit obligation are provided for based on estimates and provided for on the basis of independent actuarial valuation on projected unit credit

Notes to the Financial Statements

for the year ended March 31, 2021

method made at the end of each financial year as per the requirements of Ind AS 19 on "Employee Benefits".

Termination Benefits:

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

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

n) Earnings Per Share:

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions:

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

p) Contingencies:

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of balance sheet and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible outcomes on obligations/rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

q) Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations

Notes to the Financial Statements

for the year ended March 31, 2021

where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company can write-off the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-off is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

r) Prior period items:

In case prior period adjustments are material in nature the company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". In case of immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

s) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash as are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft (if any) as they being considered as integral part of the company's cash management.

t) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets:

A. Initial recognition and measurement:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets

are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

B. Subsequent measurement:

For subsequent measurement, financial assets are classified into following categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through profit and loss
- c. Equity instruments at fair value through profit and loss

a. Debt Instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or

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loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

b. Debt instrument at fair value through profit and loss (FVTPL):

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

c. Equity Instruments at fair value through profit and loss (FVTPL):

Equity instruments/Mutual funds in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the statement of profit and loss.

C. Derecognition:

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under

a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement.

D. Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet it is shown as reduction from the specific financial asset.

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for the year ended March 31, 2021

Financial liabilities:

A. Initial recognition and measurement:

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

B. Subsequent measurement:

a. Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognised in the statement of profit and loss.

The company doesn't designate any financial liability at fair value through profit or loss.

b. Financial liabilities at amortised cost:

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss.

Financial liability with maturity of less than one year is shown at transaction value.

C. Derecognition:

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss as other income or finance costs.

t) Warranty:

The company periodically assesses and provides for the estimated liability on warranty given on sale of its products based on past experience of claims.

u) Segment reporting:

The Company has only one reportable business segment, which is manufacturing and trading of agriculture machinery and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.

v) Exceptional Items

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

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for the year ended March 31, 2021

4(a) Tangible assets

Particulars	Land	Buildings	Plant & Machinery	Computer Equipments	Office Equipments	Vehicles	Furniture & Fixtures	Total
Gross Block								
At April 01, 2019	48,89,25,717	79,85,79,344	1,18,11,39,127	7,35,31,618	2,03,84,718	1,09,00,509	2,54,38,352	2,59,88,99,385
Additions	-	56,58,376	11,08,01,246	1,53,56,265	7,20,049	40,06,790	8,78,461	13,74,21,186
Disposals	-	21,13,616	2,74,39,635	51,500	-	11,03,849	-	3,07,08,600
At March 31, 2020	48,89,25,717	80,21,24,104	1,26,45,00,738	8,88,36,383	2,11,04,766	1,38,03,450	2,63,16,813	2,70,56,11,971
Additions	3,29,37,470	12,35,52,932	40,95,80,085	3,38,250	2,35,200	11,50,502	-	56,77,94,439
Less: Disposals	-	-	19,57,413	97,231	-	42,60,746	-	63,15,389
At March 31, 2021	52,18,63,187	92,56,77,036	1,67,21,23,410	8,90,77,402	2,13,39,966	1,06,93,206	2,63,16,813	3,26,70,91,020
Accumulated Depreciation								
At April 01, 2019	-	16,73,10,107	62,71,60,859	5,72,25,335	1,22,47,477	63,56,249	77,82,879	87,80,82,906
Charge for the year	-	3,06,57,504	8,47,99,964	94,80,922	23,67,605	13,52,753	24,38,961	13,10,97,708
Disposals	-	1,94,617	2,16,86,195	31,742	-	11,03,849	-	2,30,16,403
At March 31, 2020	-	19,77,72,994	69,02,74,628	6,66,74,515	1,46,15,082	66,05,153	1,02,21,840	98,61,64,212
Charge for the year	-	3,00,50,346	9,40,60,342	76,66,536	22,18,745	13,14,973	24,73,943	13,77,84,885
Disposals	-	-	13,25,504	97,231	-	30,58,213	-	44,80,947
At March 31, 2021	-	22,78,23,340	78,30,09,466	7,42,43,820	1,68,33,827	48,61,913	1,26,95,783	1,11,94,68,150
Net Block								
At March 31, 2020	48,89,25,717	60,43,51,110	57,42,26,110	2,21,61,869	64,89,684	71,98,297	1,60,94,974	1,71,94,47,761
At March 31, 2021	52,18,63,187	69,78,53,696	88,91,13,943	1,48,33,582	45,06,139	58,31,293	1,36,21,030	2,14,76,22,870

4.2 Capital Work-in-Progress

Particulars	(Amount in ₹.)	
	As at March 31, 2021	As at March 31, 2020
Capital Work In progress	25,38,00,778	47,67,61,866
	25,38,00,778	47,67,61,866

Notes to the Financial Statements

for the year ended March 31, 2021

4(c) Right-of-use Assets

Particulars	(Amount in ₹.)	
	Leasehold Assets	
Gross Block		
At April 01, 2019		-
Additions		-
Disposals		-
At March 31, 2020		-
Additions		46,89,496
Less: Disposals		-
At March 31, 2021		46,89,496
Accumulated Depreciation		
At April 01, 2019		-
Charge for the year		-
Disposals		-
At March 31, 2020		-
Charge for the year		1,95,396
Disposals		-
At March 31, 2021		1,95,396
Net Block		
At March 31, 2020		-
At March 31, 2021		44,94,100

5. Investment Property

Particulars	(Amount in ₹.)		
	Land	Buildings	Total
Gross Block			
At April 01, 2019	13,89,17,710	9,88,08,869	23,77,26,579
Additions	-	-	-
Less: Disposals	-	-	-
At March 31, 2020	13,89,17,710	9,88,08,869	23,77,26,579
Additions	-	-	-
Less: Disposals	-	-	-
At March 31, 2021	13,89,17,710	9,88,08,869	23,77,26,579
Depreciation			
At April 01, 2019	-	1,18,75,459	1,18,75,459
Charge for the year	-	26,14,902	26,14,902
Disposals	-	-	-
At March 31, 2020	-	1,44,90,361	1,44,90,361
Charge for the period	-	25,10,920	25,10,920
Disposals	-	-	-
At March 31, 2021	-	1,70,01,281	1,70,01,281
Net Block			
At March 31, 2020	13,89,17,710	8,43,18,508	22,32,36,217
At March 31, 2021	13,89,17,710	8,18,07,588	22,07,25,298

Notes to the Financial Statements

for the year ended March 31, 2021

6. Intangible assets

(Amount in ₹.)

Particulars	Technical Knowhow	Software	Total
Gross Block			
At April 01, 2019	12,31,31,000	79,32,728	13,10,63,728
Additions	19,00,000	3,77,22,974	3,96,22,974
Less: Disposals	-	-	-
At March 31, 2020	12,50,31,000	4,56,55,702	17,06,86,702
Additions	-	1,85,45,056	1,85,45,056
Less: Disposals	-	-	-
At March 31, 2021	12,50,31,000	6,42,00,758	18,92,31,758
Amortisation			
At April 1, 2019	2,05,03,110	6,92,752	2,11,95,862
Charge for the year	2,22,83,042	75,03,368	2,97,86,410
Less: Disposals	-	-	-
At March 31, 2020	4,27,86,152	81,96,120	5,09,82,272
Charge for the period	2,24,92,313	77,84,592	3,02,76,905
Less: Disposals	-	-	-
At March 31, 2021	6,52,78,465	1,59,80,712	8,12,59,177
Net Block			
At March 31, 2020	8,22,44,848	3,74,59,582	11,97,04,430
At March 31, 2021	5,97,52,535	4,82,20,046	10,79,72,583

7. Financial Assets - Investments

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Investments consists of the following		
Non - Current Investments		
a) Investments carried at fair value through profit or loss		
- Fully paid Equity shares (quoted)	18,14,75,746	9,97,95,552
- Fully paid Equity shares (unquoted)	5,55,12,395	5,36,63,127
- Convertible Preference shares (Zemen Inc)	11,07,15,000	-
b) Investments carried at Amortised Cost		
- Non Convertible Debentures	20,00,00,000	20,00,00,000
	54,77,03,141	35,34,58,678
Current Investments		
a) Investments carried at fair value through profit or loss		
- Mutual funds (quoted)	2,57,48,10,785	1,21,11,04,634
	2,57,48,10,785	1,21,11,04,634
Aggregate amount of Quoted Investments and market value thereof	2,75,62,86,532	1,31,09,00,186
Aggregate amount of Un-Quoted Investments	36,62,27,394	25,36,63,126

Notes to the Financial Statements

for the year ended March 31, 2021

8 Financial Assets - Loans

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured Loans consists of the following		
Non - Current		
Considered , good		
- Loans to employees	9,87,235	34,87,773
	9,87,235	34,87,773
Current		
Considered , good		
- Loans to employees	13,91,924	38,75,776
	13,91,924	38,75,776

9 Financial Assets - Others

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Other financial assets consists of the following		
Non - Current		
a) Deposits with Original maturity more than 12 months	1,50,000	1,50,000
b) Security Deposits	2,98,50,203	2,62,64,444
	3,00,00,203	2,64,14,444
Current		
a) Accrued Income	5,33,469	2,70,31,616
b) CHSC Deposit	96,81,478	1,58,80,538
	1,02,14,947	4,29,12,154

10 Other Assets

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Non - Current		
Considered good		
a) Capital advances	3,00,20,349	11,09,24,063
	3,00,20,349	11,09,24,063
Current		
Considered good		
a) Advance to suppliers	1,78,78,741	7,45,49,012
b) Advances to employees	34,49,704	39,36,463
c) Prepaid expense	2,62,58,316	2,37,47,410
d) Indirect tax recoverable	50,95,92,556	44,55,58,107
e) Prepaid Lease Rentals	-	2,890
	55,71,79,317	54,77,93,882

Notes to the Financial Statements

for the year ended March 31, 2021

11. Inventories

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Raw material and Components	62,12,77,962	47,47,42,858
b) Work-in-Progress	11,24,33,898	11,46,64,506
c) Finished Goods	19,52,57,099	32,46,30,671
d) Stock in Trade	7,47,14,660	4,63,93,574
e) Loose Tools	5,19,84,962	4,83,89,065
f) Machinery Spares and Others	1,36,76,715	1,38,76,201
	1,06,93,45,296	1,02,26,96,874

12. Trade Receivables

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured :-		
a) Secured, Considered Good	25,33,00,153	19,34,78,044
b) Unsecured, Considered Good	56,47,72,497	76,80,98,490
c) Unsecured, Considered Doubtful	20,01,27,176	10,25,77,386
Total	1,01,81,99,826	1,06,41,53,920
Less: Allowance for Expected Credit Loss	20,01,27,176	10,25,77,386
Trade Receivables (Net)	81,80,72,650	96,15,76,534

13 Cash and Cash Equivalent

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Balances with Banks		
- On Current Accounts	21,50,65,055	23,14,58,597
- Deposits with original maturity of less than 3 months	7,30,65,500	-
b) Cash on Hand	28,239	77,002
	28,81,58,794	23,15,35,599

14 Other Bank Balances

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Earmarked balances with banks (unpaid dividend)	77,42,540	76,84,843
b) Marginal money deposits	2,33,87,358	1,90,76,116
	3,11,29,898	2,67,60,959

Notes to the Financial Statements

for the year ended March 31, 2021

15 Share Capital

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Authorised:		
1,00,00,000 Equity Shares of ₹10/- each.	10,00,00,000	10,00,00,000
(b) Issued, Subscribed and Paid-up :		
86,39,528/- Equity Shares of ₹10/- each paid up.	8,63,95,280	8,63,95,280

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

(Amount in ₹.)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	Amount	Nos.	Amount
Equity Shares				
At the beginning of the period	86,39,528	8,63,95,280	86,39,528	8,63,95,280
Movement during the period	-	-	-	-
At the end of the period	86,39,528	8,63,95,280	86,39,528	8,63,95,280

(d) Terms / Rights attached to equity shares

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

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

(Amount in ₹.)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	Amount	Nos.	Amount
Equity shares of ₹ 10/- each fully paid				
V.P.Mahendra	6,27,020	7.26%	6,38,901	7.40%
V.K.Surendra	18,62,034	21.55%	18,62,034	21.55%
	24,89,054	28.81%	25,00,935	28.95%

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

16 Other Equity

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Capital Reserve :		
Opening Balance	2,64,04,870	2,64,04,870
Add: Current period Transfers	-	-
Less: Written back in current period	-	-
Closing Balance	2,64,04,870	2,64,04,870
(B) General Reserve		
Opening Balance	3,00,00,00,000	3,00,00,00,000
Add: Current period Transfers	-	-

Notes to the Financial Statements

for the year ended March 31, 2021

16 Other Equity (Contd..)

Particulars	(Amount in ₹.)	
	As at March 31, 2021	As at March 31, 2020
Less: Written back in current period	-	-
Closing Balance	3,00,00,00,000	3,00,00,00,000
(C) Balance in Statement of Profit and Loss		
Opening Balance	2,67,61,41,767	2,80,85,44,586
Add: Profit/(loss) for the period	90,77,62,858	18,00,59,052
	3,58,39,04,625	2,98,86,03,638
Less: Appropriations		
Dividend on Equity Share	-	25,91,85,840
Tax on dividend distributed	-	5,32,76,031
	3,58,39,04,625	2,67,61,41,767
(D) Other comprehensive income		
On Actuarial Gain/(loss) on post employment benefits		
At the beginning of the period	(1,98,52,930)	(2,23,50,274)
Add: Actuarial Gain/(loss) for the period	(11,47,228)	24,97,344
At the end of the period	(2,10,00,158)	(1,98,52,930)
Closing balance in the Profit and Loss	6,58,93,09,337	5,68,26,93,707

17 Financial Liabilities - Others

Particulars	(Amount in ₹.)	
	As at March 31, 2021	As at March 31, 2020
Other financial liabilities consists of the following		
Non-Current		
a) Rental Deposit	73,18,693	60,48,799
b) Dealer Deposits	42,35,88,507	39,77,25,792
c) Lease Liability	34,35,322	-
	43,43,42,522	40,37,74,591
Current		
a) Unclaimed Dividends	77,42,540	76,84,784
b) Rental Deposits	-	46,890
c) Outstanding expense	33,69,10,848	31,89,24,311
d) Incentives and marketing expenses payable	5,20,99,848	6,37,62,980
e) Employee cost payable	19,92,59,879	1,40,40,346
f) Lease Liability	10,79,129	-
g) CSR Payable	1,93,30,867	-
	61,64,23,111	40,44,59,311

18 Provisions

Particulars	(Amount in ₹.)	
	As at March 31, 2021	As at March 31, 2020
Provisions consists of the following		
Current		
a) Provision for gratuity	1,40,84,781	56,58,982
b) Provision for leave benefits	1,49,01,315	17,36,104
c) Provision for warranty	1,82,39,989	94,48,325
	4,72,26,085	1,68,43,411

Notes to the Financial Statements

for the year ended March 31, 2021

19. Deferred tax balances

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
a) Employee Benefits	4,29,16,787	43,92,543
b) Provision for credit losses	5,83,58,064	3,38,06,733
	10,12,74,851	3,81,99,276
Deferred tax liabilities		
a) Depreciation and amortisation	7,68,93,810	7,08,08,631
b) Fair valuation of financial assets	1,87,22,594	(1,90,67,403)
	9,56,16,404	5,17,41,228
Net Deferred tax Liability/(Asset)	(56,58,447)	1,35,41,952

20 Other Liabilities

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
a) Deferred Rental Income	1,15,097	6,61,412
	1,15,097	6,61,412
Current		
a) Statutory dues	15,79,74,173	7,54,33,152
b) TDS & TCS Payable	1,29,14,815	1,23,99,651
c) Deferred Rental Income	4,52,209	4,66,057
d) Advance Received-Customers	7,69,28,376	1,16,41,169
e) Advance Received-Others	-	3,94,675
	24,82,69,574	10,03,34,704

21 Trade Payables

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Trade Payable		
- Dues to enterprises covered under MSMED Act, 2006	20,09,00,263	10,22,40,330
- Others	63,05,24,996	47,54,71,708
	83,14,25,259	57,77,12,038

22 Revenue from Operations

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Sale of Products	7,60,78,79,862	5,41,71,92,632
b) Sale of Services	25,61,780	57,24,572
c) Other Operating Revenues	3,19,91,295	1,38,45,095
Revenue from Operations	7,64,24,32,937	5,43,67,62,300

Notes to the Financial Statements

for the year ended March 31, 2021

23 Other Income

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Dividend	44,59,829	3,58,84,102
b) Income from Investment		
i. Change in Fair Value	28,85,24,702	-
ii. Gain on Sale of Investments	3,44,830	-
c) Rent Received		
i. Rental Income	1,32,76,435	1,18,75,400
ii. Deferred Rental Income	14,51,419	6,63,448
d) Interest		
i. From investments	3,02,25,047	1,80,37,019
ii. Others	3,345	1,29,178
e) Gain on Sale of Property, Plant and Equipment (Net)	-	56,19,983
f) Insurance claims	19,11,717	14,92,357
g) Sundry credit balances written back	10,41,20,955	14,17,03,884
h) Interest Income (Overdue Interest from Dealers)	47,54,683	1,32,09,309
i) Gain on Foreign Exchange Fluctuations (Net)	8,74,531	-
j) Bill Discounting	72,84,107	59,59,263
k) Miscellaneous Receipts	35,45,495	12,67,125
	46,07,77,096	23,58,41,068

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

(Amount in ₹.)

Particulars	For the year ended March 31, 2021"	For the year ended March 31, 2020
a) Inventory at the beginning of the year		
- Finished goods	32,46,30,671	42,75,18,474
- Stock in Trade	4,63,93,574	22,23,37,251
- Work in progress	11,46,64,506	8,24,73,765
	48,56,88,751	73,23,29,490
b) Inventory at the end of the year		
- Finished goods	19,52,57,099	32,46,30,671
- Stock in Trade	7,47,14,660	4,63,93,574
- Work in progress	11,24,33,898	11,46,64,506
	38,24,05,657	48,56,88,751
(Increase)/Decrease in stock	10,32,83,094	24,66,40,739

25 Employee Benefit Expenses

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Salaries, Wages and Bonus	63,04,99,549	63,11,95,085
b) Contribution to Funds (Refer Note No. 32)	3,27,66,145	3,10,22,771
c) Welfare Expenses	2,13,23,290	2,07,35,470
d) Provision for Voluntary Separation Scheme (Refer Note 48)	13,49,29,869	-
	81,95,18,853	68,29,53,327

Notes to the Financial Statements

for the year ended March 31, 2021

26 Finance Cost

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Interest	1,54,27,352	1,46,83,746
	1,54,27,352	1,46,83,746

27 Depreciation and Amortisation Expenses

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Depreciation of Tangible assets	13,77,84,886	13,10,97,708
b) Amortisation of intangible Assets	3,02,76,905	2,97,86,410
c) Depreciation on Right of use Assets	1,95,396	-
d) Depreciation on Investment Property	25,10,920	26,14,902
	17,07,68,106	16,34,99,020

28 Other Expenses

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Power and Fuel	3,11,14,061	2,70,76,292
b) Stores & Tools Consumed	5,12,61,496	4,64,90,570
c) Warranty Expenses	2,23,67,134	27,39,247
d) Consultancy and Legal Charges	7,00,57,159	3,35,98,594
e) Payment to Statutory Auditors (excluding GST)		
- Audit Fee	17,50,000	17,50,000
- Tax Audit Fee	4,00,000	4,00,000
- GST Audit Fee	-	6,00,000
- Reimbursement of expenses	1,10,000	1,60,000
f) Donation	2,00,000	-
g) Fees, Rates and Taxes	77,49,274	43,73,681
h) Directors sitting fees	42,00,000	47,50,000
i) Insurance	92,53,629	82,57,778
j) Rental expenditure		
- Rent	1,34,19,073	1,49,98,302
- Amortisation of Lease Rental	2,889	1,08,361
k) Warehousing Services	1,21,04,255	1,27,06,738
l) Repairs and maintenance		
- Buildings	29,93,816	8,38,392
- Machinery	1,69,60,411	2,45,83,034
- Others	3,41,75,636	2,87,50,795
m) Research and Development	1,20,87,458	1,22,82,711
n) Bank Charges	39,97,433	16,02,616
o) Travelling and Conveyance	4,24,84,832	7,06,17,095
p) Communication expenses	1,29,45,308	1,61,14,181
q) Loss on sale of Assets	2,40,062	-
r) Advertisement & Promotion	3,68,37,180	5,83,67,775
s) Freight and Distribution	17,04,72,599	15,33,78,343
t) Selling Expenses	4,04,37,756	4,36,45,801
u) Service Expenses	3,43,13,040	4,37,87,450

Notes to the Financial Statements

for the year ended March 31, 2021

28 Other Expenses (Contd..)

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
v) Allowance for Expected Credit Loss	9,75,49,790	8,16,02,774
w) Interest on Over due & Unsecured (Written off)	2,46,32,748	-
x) Loss on Fair valuation of Investments at FVTPL	-	12,29,88,569
y) Unrealised Gain/Loss On Forex Fluctuation	-	37,99,139
z) Loss on sale of investments (Net)	-	20,37,965
aa) CSR Expenditure	3,88,30,867	1,18,13,963
ab) Miscellaneous Expenses	1,82,34,656	2,29,07,953
	81,11,82,563	85,71,28,119

29 Other Comprehensive Income

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial Gain/(Losses) on Gratuity Expense for the period	(15,33,071)	30,57,614
Taxes on above	3,85,843	(5,60,270)
	(11,47,228)	24,97,344

30 Earnings per Equity Share

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the period attributable to equity share holders	90,77,62,858	18,00,59,052
Weighted average number of equity shares of ₹ 10/-each	86,39,528	86,39,528
Earnings per equity share (Basic and Diluted) = (a/b)	105.07	20.83

31. Financial Assets (Investments):

(Amount in ₹.)

Particulars	Face value	As at March 31, 2021		As at March 31, 2020	
		No. of Shares/units	Fair Value	No. of Shares/units	Fair Value
Non-Current Investments:					
I Investment in Equity Shares					
<i>Investments in Equity instruments (trade - quoted)</i>					
1. Rane Holdings Limited	10	86,686	5,11,66,412	86,686	2,79,47,566
2. Asian Paints Limited	1	5,000	1,26,87,000	5,000	83,32,500
3. Infosys Limited	5	17,000	2,32,56,850	12,000	76,98,000
4. Larsen & Toubro Limited	2	9,000	1,27,70,100	9,000	72,76,500
5. Sundaram Finance Limited	10	6,000	1,54,22,700	6,000	72,19,500
6. TATA Consultancy Services Limited	1	7,000	2,22,44,950	7,000	1,27,82,700
7. CIPLA Limited	2	10,000	81,51,000	10,000	42,28,500
8. Pidilite Industries Limited	1	6,900	1,24,84,860	6,900	93,59,160
9. HDFC Bank Limited	2	3,750	93,67,875	3,750	61,24,125

Notes to the Financial Statements

for the year ended March 31, 2021

31. Financial Assets (Investments): (Contd..)

(Amount in ₹.)

Particulars	Face value	As at March 31, 2021		As at March 31, 2020	
		No. of Shares/ units	Fair Value	No. of Shares/ units	Fair Value
10. HDFC Life Insurance Co. Ltd.	10	20,000	1,39,24,000	20,000	88,27,000
Sub-Total			18,14,75,747		9,97,95,551
<i>Investment in Equity instruments (unquoted)</i>					
1. MHI - VST Diesel Engines Private Limited	10	41,50,000	5,55,12,395	41,50,000	5,36,63,127
Total (I)			23,69,88,142		15,34,58,678
II Investment in Convertible Preference Shares					
1. Zemeno Inc		2,82,119	11,07,15,000	-	-
III Investment in Non-Convertible Debentures					
1. VST Motors Private Limited	1,00,000	2,000	20,00,00,000	2,000	20,00,00,000
Total of Non-Current Investments (I+II+III)			54,77,03,142		35,34,58,678
Current Investments:					
I. Investment in Mutual Funds					
(a) Investments in Balanced and Equity Mutual funds					
1. IDFC Low Duration Fund-Daily Dividend-Regular Plan		38,44,235	11,62,66,569	38,44,235	10,98,18,634
2. Nippon India Money Market Fund		6,348	2,02,89,278	6,348	1,92,49,610
3. HDFC Floating Rate Income Fund Short Term Plan		82,82,690	31,40,11,688	55,67,054	19,54,73,748
4. ICICI Prudential Savings Fund-Growth		6,54,878	27,24,31,220	2,10,033	8,13,56,037
5. SBI Magnum Ultra Short Duration Fund-Growth		49,896	23,34,04,554	16,934	7,53,25,230
6. ICICI Prudential Money Market Fund-Growth		-	-	11,48,232	11,49,71,907
7. HDFC Liquid Fund - Growth		18,522	7,44,15,483	18,522	7,19,32,459
8. Kotak Savings fund-Growth		16,23,862	5,47,73,842	16,23,862	5,21,15,418
Sub-Total (a)			1,08,55,92,634		72,02,43,043
(b) Investments in Debt Mutual funds					
1. HDFC Credit Risk Debt Fund		-	-	50,79,596	8,45,55,456
2. ICICI Medium Term Bond Fund		-	-	9,22,743	2,88,98,475
3. Kotak Medium Term Plan		-	-	17,16,930	2,79,72,392
4. IDFC Corporate Bond Fund Regular Plan-Growth		68,32,266	10,26,41,137	-	-
5. ICICI Prudential Money Market Fund - Growth		4,13,389	12,11,52,757	-	-
6. Axis Short term Fund		87,06,292	20,80,22,048	-	-
7. Kotak Low Duration Fund Standard Growth		82,898	21,78,56,517	-	-
8. Aditya Birla Sun Life Savings Fund - Growth - Regular Plan		1,19,190	5,03,82,473	-	-

Notes to the Financial Statements

for the year ended March 31, 2021

31. Financial Assets (Investments): (Contd..)

(Amount in ₹.)

Particulars	Face value	As at March 31, 2021		As at March 31, 2020	
		No. of Shares/units	Fair Value	No. of Shares/units	Fair Value
9. HDFC Ultra Short Term Fund - Regular Growth		2,07,09,222	24,53,25,588	-	-
Sub-Total (b)			94,53,80,520		14,14,26,323
(c) Investments in Equity Mutual funds					
1. ICICI Prudential Blue Chip Fund		8,89,926	4,77,26,713	8,89,926	2,82,90,736
2. Kotak Standard Multi Cap Fund		10,78,445	4,84,87,976	10,78,445	2,91,28,805
3. HDFC Equity Fund		43,626	3,47,89,254	43,626	1,99,68,950
4. L & T India Value Fund		-	-	3,70,463	91,71,934
5. Aditya BSL MNC Fund		8,843	81,21,079	8,843	56,42,645
6. IDFC Core Equity Fund - Growth (Regular Plan)		-	-	3,77,692	1,20,59,707
7. HDFC Small Cap Fund		5,58,619	2,95,24,147	5,58,619	1,45,19,632
8. DSP Blackrock India Enhanced Equity Fund		-	-	5,00,000	5,80,90,000
9. ICICI Prudential Value Discovery Fund - Growth		69,686	1,34,23,693	69,686	73,67,247
10. Kotak Blue chip fund		38,965	1,22,41,991	38,965	71,56,851
11. Franklin India Bluechip Fund		25,489	1,52,04,073	25,489	85,90,582
12. SBI Large & Mid Cap Fund Regular Growth		48,717	1,40,38,074	48,717	80,00,394
13. DSP Equity Mutual Fund		2,97,442	1,63,48,007	2,97,442	96,44,854
14. Axis Multicap Fund - Regular Growth		9,02,334	1,39,77,152	-	-
15. Canara Robeco Equity Diversified Fund Regular Growth		98,007	1,79,96,020	-	-
16. Tata Flexicap Fund - Regular Plan - Growth		9,22,310	1,23,97,506	-	-
17. Axis Corporate Debt Fund - Regular Growth		77,07,100	10,15,44,127	-	-
Sub-Total (c)			38,58,19,812		21,76,32,337
(d) Investments in Balanced Mutual funds					
1. HDFC Balanced Fund		-	-	1,34,387	57,05,000
Sub-Total (d)			-		57,05,000
(e) Investments in Arbitrage Mutual funds					
1. Kotak Equity Arbitrage Fund		18,99,189	5,51,77,526	9,45,559	2,65,20,861
2. Nippon India Arbitrage Fund		12,80,539	2,66,65,948	12,80,539	2,57,55,740
3. HDFC Arbitrage Fund		10,91,179	2,61,63,192	10,91,179	2,53,77,543
4. IDFC Arbitrage Fund		19,63,155	5,00,11,153	19,63,155	4,84,43,787
Sub-Total (e)			15,80,17,819		12,60,97,931
Total of Investment in Mutual Funds (a+b+c+d+e)			2,57,48,10,785		1,21,11,04,634
Grand total of Current Investments (I)			2,57,48,10,785		1,21,11,04,634

Notes to the Financial Statements

for the year ended March 31, 2021

32. Retirement Benefit Obligations:

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Defined Contribution Plan (Expenses):		
Contribution to Provident Fund	2,29,94,628	2,24,17,912
Contribution to Employee State Insurance	7,95,199	9,46,359
Contribution to Labor Welfare Fund	83,590	71,980
B. Defined Benefit Plans (Gratuity):		
1. Movement in Obligation – Gratuity:		
Present Value of Obligation at the beginning of year	8,61,13,344	8,67,62,067
Current Service Cost	65,02,257	78,68,013
Interest Cost	59,41,821	66,19,946
Benefits Paid	(4,55,45,332)	(1,11,55,091)
Past Service Cost (Vested and Non-Vested)		-
Actuarial (Gain)/Loss on Obligation	10,81,100	(39,81,591)
Present Value of Obligation at the end of year	5,40,30,190	8,61,13,344
2. Movement in Plan Assets – Gratuity:		
Fair Value of Planned assets at the beginning of the year	8,04,54,362	8,56,31,991
Return of Plan Assets (excl. int. income)	55,51,351	65,33,721
Actuarial Gain/(Loss)	(5,14,972)	(9,23,977)
Contributions during the year	-	3,67,718
Benefits Paid during the year	(4,55,45,332)	(1,11,55,091)
Fair Value of Planned assets at the end of the year	3,99,45,409	8,04,54,362
3. Expenses recognized in Profit and Loss Statement:*		
Gratuity: -		
Current Service Cost	65,02,257	78,68,013
Net Interest Cost	3,90,470	86,225
Past Service Cost	-	-
Expense for the year	68,92,727	79,54,328
*During the period the company has incurred expenses of ₹ 20,00,000 against un-funded gratuity liability. Accordingly, the same has been recognized as expense in current year in note no. 25 "Employee Benefit Expenses".		
4. Recognized in Other Comprehensive Income:		
Actuarial (Gain)/Loss for the year	15,33,071	(30,57,614)
5. Actuarial Assumptions for estimating Company's Defined Benefit Obligation:		
a. Attrition Rate		1.00%
b. Discount Rate	6.90%	6.90%
c. Expected Rate of Increase in Salary	7%	7.00%
d. Expected Rate of return on Plan Assets	6.90%	7.63%
e. Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
f. Decrement Adjusted Future Service	22.46	20.67

Notes to the Financial Statements

for the year ended March 31, 2021

32. Retirement Benefit Obligations: (Contd..)

6. Sensitivity Analysis:

Sensitivity	Change	Effect on obligations
Salary Escalation Rate	+1%	70,79,204
	-1%	(59,57,186)
Withdrawal Rate	+1%	11,959
	-1%	67,725
Discount Rates	+0.5%	(30,82,676)
	-0.5%	33,91,192

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognized in the Balance Sheet.

7. Expected Payout - Gratuity:	Amount in ₹
Expected payments - 1 st Year	41,78,964
Expected payments - 2 nd Year	5,22,579
Expected payments - 3 rd Year	24,73,157
Expected payments - 4 th Year	48,78,709
Expected payments - 5 th Year	48,94,746
Expected payments - 6 th year to 10th Year	13,51,24,059

8. Other Information:

i. The company has invested planned assets with Life Insurance Corporation of India. Expected Return on Assets is based on rate of return declared by fund managers.

ii. Present value of defined benefit obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit method (PUC Method). Under the PUC method a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

C. Compensated absences amounting to ₹ 77,52,540 (March 31, 2020: ₹ 83,19,940) is recognized as expense and included in the Note 25 'Employee Benefit Expenses'.

33. Income tax expense and Deferred Taxes:

Particulars	(Amount in ₹.)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Income Tax Expense: -		
a. Current Tax	30,33,00,000	10,80,00,000
b. Deferred Tax (arising on temporary differences)	(1,88,14,557)	(5,70,25,357)
Total Tax Expense for the year	28,44,85,443	5,09,74,643
Effective Tax Reconciliation: -		
a. Net Profit/(Loss) before taxes	1,19,22,48,301	23,10,33,695
b. Tax rate applicable to the company as per normal provisions	25.168%	25.168%
c. Tax expense on net profit (c = a*b)	30,00,65,052	5,81,46,560

Notes to the Financial Statements

for the year ended March 31, 2021

33. Income tax expense and Deferred Taxes: (Contd..)

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
d. Increase/(decrease) in tax expenses on account of:		
i. Effect of Unrealized Income	(7,66,40,333)	1,87,34,277
ii. Effect of expenses not deductible in determining taxable profits	9,12,86,198	5,39,06,716
iii. Effect for deduction for expenses earlier disallowed	(8,68,932)	(28,82,372)
iv. Effect of Income not forming part of Business income	(94,11,233)	(1,69,64,507)
v. Effect of Concessions (Research and Development)	-	-
vi. Net effect of deductible temporary differences recognized as deferred tax liabilities and assets	(1,88,14,556)	(5,70,25,357)
vii. Other adjustments	(11,30,753)	(29,40,675)
Net Increase/(decrease) in tax expenses	(1,55,79,609)	(71,71,917)
e. Income Tax Expense as reported in Statement of Profit and Loss (c + d)	28,44,85,443	5,09,74,643
Deferred Tax Expenses/(Income) Recognized for the year ended:		
A. Deferred tax recognized in Profit and Loss	(1,88,14,556)	(5,70,25,357)
B. Deferred tax recognized in Other comprehensive income	(3,85,843)	5,60,270
C. Deferred tax recognized in Total comprehensive income	(1,92,00,400)	(5,64,65,087)

34. Fair Value of Financial Instruments:

The management assessed that cash and cash equivalents, trade receivables, trade payables, and other current assets and liabilities approximate to their carrying amount largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is reported at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments are based on the Net Asset Value provided by the Management as on the date of reporting.
- Fair value of Interest free Security deposits are calculated by discounting future cash flows using rates currently available for debt on similar terms credit risk and remaining maturities.

Description of significant observable inputs to valuation:

- Interest free Security Deposits (assets & liabilities):

Interest Rate factor has been considered at a rate of 6.06% p.a. by the company for discounting the amount receivable at the time of maturity.

Notes to the Financial Statements

for the year ended March 31, 2021

34. Fair Value of Financial Instruments: (Contd..)

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair values.

(Amount in ₹.)

Particulars	Carrying Value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial Assets				
At Fair value through profit & loss A/c				
Investments	2,92,25,13,927	1,36,45,63,312	2,92,25,13,927	1,36,45,63,312
At Amortised cost				
	At Amortised cost	At Amortised cost	At Amortised cost	At Amortised cost
Investments	20,00,00,000	20,00,00,000	20,00,00,000	20,00,00,000
Loans	23,79,159	73,63,549	23,79,159	73,63,549
Trade receivables	81,80,72,650	96,15,76,534	81,80,72,650	96,15,76,534
Cash and Bank Balances	31,92,88,692	25,82,96,558	31,92,88,692	25,82,96,558
Other Financial assets	4,02,15,150	6,93,26,598	4,02,15,150	6,93,26,598
Total Financial Assets	4,30,24,69,578	2,86,11,26,551	4,30,24,69,578	2,86,11,26,551
Financial Liabilities				
At Amortised cost				
Trade Payables	83,14,25,260	57,77,12,032	83,14,25,260	57,77,12,030
Other Financial liabilities	1,05,07,65,633	80,82,33,902	1,05,07,65,633	80,82,33,902
Total Financial liabilities	1,88,21,90,893	1,38,59,45,934	1,88,21,90,893	1,38,59,45,934

35. Fair Value hierarchy:

The following table provide the fair value measurement hierarchy of the company's financial assets and liabilities. Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2021:

Particulars	Total Value	Fair Value measurement using		
		Quoted prices in active markets (Level - 1)	Significant observable inputs (Level - 2)	Significant unobservable inputs (Level- 3)
Financial Assets: -				
Designated at Fair Value through profit or loss:				
Investments in quoted instruments (Equity & Mutual Funds)	2,75,62,86,532	2,75,62,86,532		
Investments in unquoted instruments	16,62,27,395			16,62,27,395
Designated at Amortized Cost:				
Investments in unquoted instruments	20,00,00,000			20,00,00,000
Loans	23,79,159			23,79,159

Notes to the Financial Statements

for the year ended March 31, 2021

35. Fair Value hierarchy: (Contd..)

Quantitative disclosures of fair value measurement hierarchy for financial instruments as at March 31, 2020:

Particulars	Total Value	Fair Value measurement using		
		Quoted prices in active markets (Level - 1)	Significant observable inputs (Level - 2)	Significant unobservable inputs (Level- 3)
Financial Assets: -				
Designated at Fair Value through profit or loss:				
Investments in quoted instruments (Equity & Mutual Funds)	1,31,09,00,186	1,31,09,00,186	-	-
Investments in unquoted instruments	5,36,63,127	-	-	5,36,63,127
Designated at Amortized Cost:				
Investments in unquoted instruments	20,00,00,000	-	-	20,00,00,000
Loans	73,63,549	-	-	73,63,549

36. Related Party Transactions:

During the year under reference the Company has entered following transactions with Related Parties:

Names of the Related parties and description of relationship:

i) Key Management Personnel

Name of the Key Managerial Personnel	Description of Relationship
Mr. V. K. Surendra	Chairman
Mr. V. P. Mahendra ¹	Vice Chairman
Mr. Antony Cherukara ²	Chief Executive Officer
Mr. Pankaj Khemka ³	Chief Financial Officer
Mr. Chinmaya Khatua	Company Secretary
Mr. V. V. Pravindra	Non-Executive Director
Mr. V. T. Ravindra ⁴	Managing Director
Mr. V. S. Arun	Non-Executive Director
Mr. K. M. Pai	Independent Director
Mr. M. K. Bannerjee	Independent Director
Mr. R. Subramanian	Independent Director
Mrs. Siva Kameswari Vissa	Independent Director
Mr. Bijanki Jagannath	Independent Director

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

1. VST Motors Private Limited
2. VST & Sons
3. Gove Finance Limited

Notes to the Financial Statements

for the year ended March 31, 2021

36. Related Party Transactions: (Contd..)

4. Automobile Service Centre
5. Anand & Associates
6. Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.
7. India Garage

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

(Amount in ₹.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Enterprises over which the Shareholders of the Company, KMP/relatives of KMP exercise Control or significant influence:		
Services Rendered – Renting of Immovable property		
Automobile Service Centre	-	26,60,000
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	64,64,400	64,64,400
India Garage	26,40,000	-
Purchase of Diesel Engines		
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	3,05,38,596	26,42,613
Services Rendered – Job Work		
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	20,76,725	62,10,386
Services Availed – Payment of royalty		
VST & Sons	7,66,121	5,68,848
Interest Received		
VST Motors Private Limited (Debentures)	1,57,54,923	1,80,37,019
Architectural professional services		
Anand Associates	5,52,750	17,34,480

Remuneration to Key Managerial Personnel

(Amount in ₹.)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Short-term Benefits	Sitting Fee	Short-term Benefits	Sitting Fee
Mr. V.K. Surendra	-	3,00,000	-	8,00,000
Mr. V.P. Mahendra ¹	98,88,946	1,00,000	88,50,000	-
Mr. V. T. Ravindra ⁴	65,89,804	-	63,00,000	-
Mr. G.V. Mahadevan ⁵	17,32,862	-	37,54,952	-
Mr. Keshava P M ⁶	-	-	15,87,941	-
Mr. Chinmaya Khatua	19,20,648	-	19,28,450	-
Mr. Pankaj Khemka ³	17,12,667	-	-	-
Mr. Antony Cherukara ²	1,33,72,163	-	1,13,12,000	-
Sitting Fees paid to Independent and non-executive directors	-	38,00,000	-	39,50,000

Notes to the Financial Statements

for the year ended March 31, 2021

36. Related Party Transactions: (Contd..)

(Amount in ₹.)

Particulars	As at March 31, 2021	As at March 31, 2020
Amounts due to related parties		
VST & Sons	7,66,121	5,68,792
Key Managerial Personnel	64,52,679	62,25,000
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	1,02,45,138	-
Amounts due from related parties		
Automobile Service Centre	31,38,000	31,38,000
Mitsubishi Heavy Industries-VST Diesel Engines Pvt.Ltd.	-	35,31,329
India Garage	31,15,200	-
Deposits with related parties		
VST Motors Private Limited	20,00,00,000	20,00,00,000

- Mr. V.P. Mahendra has been retired Managing Director from close of business hour of February 19, 2021 and continued as Non-Executive Director & Vice Chairman.
- Mr. Antony Cherukara has been appointed as CEO with effect from April 25, 2019.
- Mr. Pankaj Khemka has been appointed as CFO with effect from November 10, 2020.
- Mr. V.T. Ravindra has been appointed as Managing Director from February 20, 2021
- Mr. G.V. Mahadevan has been appointed as CFO with effect from August 09, 2019 and has resigned as CFO with effect from June 15, 2020.
- Mr. P M Keshava has retired as CFO from August 31, 2019.

37. Financial Risk Management objectives and policies:

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimize potential and guidelines and there has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risks or the manner in which it manages and measures the risks.

The following sections provide the details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

i. Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and advances, deposits, investments in debt securities, mutual funds, and other equity funds.

a. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the investment in debt securities, investment in debt mutual funds and cash and cash equivalents.

Notes to the Financial Statements

for the year ended March 31, 2021

37. Financial Risk Management objectives and policies: (Contd..)

The company's policy is to manage its interest rate risk by investing in fixed deposits, debt securities and debt mutual funds. Further, as there are no borrowings, the company's policy to manage its interest cost does not arise.

b. Foreign Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from Exports or imports that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The following table demonstrates the sensitivity in the USD and GBP to the Indian Rupee with all other variables held constant. The impact on the company's profit before tax due to changes in the fair value of monetary assets is given below:

Particulars	Change in Rate	(Amount in ₹.)	
		For the year ended March 31, 2021	For the year ended March 31, 2020
USD	+5.00 %	(1,83,007)	(7,15,503)
	-5.00 %	1,83,007	7,15,503
GBP	+5.00 %	3,66,533	4,91,982
	-5.00 %	(3,66,533)	(4,91,982)
Euro	+5.00 %	(43,500)	(42,459)
	-5.00 %	43,500	42,459

ii. Credit risk:

Credit risk is the risk of loss that may arise on outstanding financial instruments when a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposit), the Company minimizes the credit risk by dealing exclusively with high credit rating counterparties. The Company's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, Outstanding customer receivables are regularly monitored and any credit to new customers are generally covered by appropriate security in the form of deposits.

a. Exposure to credit risk:

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognized in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

b. Credit risk concentration profile:

At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposures to credit risk in relation to each class of recognized financial assets is represented by the carrying amount of each financial assets as indicated in the balance sheet.

Notes to the Financial Statements

for the year ended March 31, 2021

37. Financial Risk Management objectives and policies: (Contd..)

c. Financial assets that are neither past due nor impaired:

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and short-term deposits, investment securities that are neither past due nor impaired are placed with or entered with reputable banks, financial institutions or companies with high credit ratings and no history of default.

d. Financial assets that are either past due or impaired:

Trade receivables that are past due or impaired at the end of the reporting period, for which lifetime expected credit loss has been provided by the company according to its policy. These are shown in the balance sheet at carrying value less impairment/expected credit loss (information provided in note no. 12).

iii. Liquidity risk:

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company ensures that it has sufficient cash on demand to meet expected operational demands, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	(Amount in ₹.)			
	Less than 12 months	1 to 3 years	More than 3 years	Total
As at March 31, 2021				
Trade Payables	83,14,25,260			83,14,25,260
Security Deposits		43,43,42,522		43,43,42,522
Other Financial Liabilities	61,64,23,111			61,64,23,111
As at March 31, 2020				
Trade Payables	57,77,12,032			57,77,12,032
Security Deposits	46,890	40,37,74,591		40,38,21,481
Other Financial Liabilities	40,44,12,421			40,44,12,421

38. Investment Property:

The company as at the end of reporting period recognizes the income earned from renting of Investment property under the head other income with all the incidental expenditure in relation to the property under their respective sub-heads in other expenses.

Summary of Net Income recognized in Statement of Profit and Loss from Investment Property generating rental income

Particulars	(Amount in ₹.)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Rental Income	1,32,76,435	1,18,75,400
Less: Direct operating expenses incurred		
i. Repairs and Maintenance	15,53,957	1,66,729
ii. Property Taxes Paid	5,14,424	10,23,651
(B) Total expenses	20,68,381	11,90,381
Net Income / (expense) from Investment Property (A-B)	1,12,08,054	1,06,85,019

Notes to the Financial Statements

for the year ended March 31, 2021

38. Investment Property: (Contd..)

Fair Valuation of Investment Property:

(Amount in ₹.)

Particulars	As at	
	March 31, 2021	March 31, 2020
a) Land	80,35,53,390	75,73,61,226
b) Building	13,40,85,916	13,92,04,475

Note: The fair values of investment properties have been determined by independent valuers. The main inputs used are the rental growth rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

Depreciation and Useful Life: Depreciation method used by the entity for Investment Property is Straight line method. Useful life of buildings is considered as 30-60 years.

39. Capital Management:

Capital includes equity attributable to the equity holders of the parent. The primary objective of the capital management is to ensure that it maintain an efficient capital structure and healthy capital ratios in order to support its business and maximize shareholder's value.

The company manages its capital structure and make adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, company may adjust the dividend payment to shareholders return capital to shareholders or issue new shares.

Currently the company does not have any borrowings and maintains the entire capital in form of equity share capital.

40. Unhedged Foreign Currency Exposure:

(Amount in ₹.)

Particulars	As at March 31, 2021			As at March 31, 2020		
	#	Foreign Currency	Amount (₹)	#	Foreign Currency	Amount (₹)
Trade Receivables	\$	82,921	60,40,774	\$	259	19,539
	£	73,453	73,30,655	£	1,05,223	98,39,634
Trade Payables	\$	1,33,163	97,00,906	\$	1,90,237	1,43,29,609
	€	10,233	8,70,010	€	10,233	8,49,175

#denotes currency symbol

41. Contingencies and Commitments:

(Amount in ₹.)

Particulars	As at	
	March 31, 2021	March 31, 2020
Contingent Liabilities		
a. Cases filed by customers in various consumer courts not acknowledged as debts	51,06,813	46,14,135
b. Appeals filed by the company in respect of Income tax matters	9,68,52,072	9,64,48,964
c. Appeals filed by the company in respect of Customs matters	25,68,155	25,68,155
d. Bank guarantees issued to Government agencies by way of security	2,58,95,350	1,73,67,120

Notes to the Financial Statements

for the year ended March 31, 2021

41. Contingencies and Commitments:

(Amount in ₹.)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
e. Possible claim against company, not acknowledged as debt	4,37,68,606	4,37,68,606
Commitments		
a. Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	18,18,03,074	39,94,54,287

42. Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

The Ministry of Micro, small and medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amount payable to such enterprises as at March 31, 2021 has been made in the financial statements based on the information received and available with the company. The company has not received any claim for interest from any supplier under the said acts. Further in view of the Management, the impact of interest, if any, that may be applicable in accordance with provisions of the Act is not expected to be material.

(Amount in ₹.)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Principal	Interest	Principal	Interest
Amount due to vendor	20,09,00,263	-	10,22,40,328	-
Principal amount paid (includes unpaid) beyond appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-

43. Leases

Operating Lease Commitments:

Company as Lessee:

The company has taken Equipment on operating lease having a term of 48 months (i.e., 4 years).

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

(Amount in ₹.)

Particulars	Category of ROU Asset	Total
	Equipment	
Balance as at March 31, 2020	-	-
Add: Additions	46,89,496	46,89,496
Less: Deletions	-	-
Depreciation	1,95,396	1,95,396
Balance as at March 31, 2021	44,94,100	44,94,100

The depreciation expenses on ROU assets is included under depreciation and amortization expense in the statement of profit and loss.

Notes to the Financial Statements

for the year ended March 31, 2021

43. Leases (Contd..)

The following is the break-up of current and non-current lease liability as at March 31, 2021:

Particulars	As at March 31, 2021
Current Lease liability	10,79,129
Non-current lease liability	34,35,322
Total	45,14,451

The following is the movement in lease liabilities during the year ended March 31, 2021:

Particulars	Amount (₹)
Opening Lease liability	-
Additions	46,89,496
Finance cost accrued during the year	45,481
Deletions	-
Payment of lease liabilities	2,20,526
Balance at end (March 31, 2021)	45,14,451

Following amount has been recognized in the statement of profit & loss:

Particulars	For the year ended March 31, 2021
Depreciation/Amortization on right to use asset	1,95,396
Interest on lease liability	45,481
Total amount recognized in the statement of profit and loss	2,40,877

44. Corporate Social Responsibility (CSR) Expenditure:

CSR amount required to be spent by the Company during the year is ₹ 1,76,46,643/- (Previous year ₹ 2,12,36,045). Further, during the year company has spent an amount ₹ 1.95 crores related to liability of previous years (till March 31, 2021), details of which are as follows:

Amount Spent During the Year	Paid	Yet to be paid	Total
On construction or acquisition of any asset	-	-	-
On Purpose other than above	1,95,00,000	-	1,95,00,000
Total	1,95,00,000	-	1,95,00,000

Details of amount spent on each head:

Head	Paid in Cash	Yet to be paid in Cash	Total
Corpus Fund for CSR activities (Kamalabai Education Trust)	1,00,00,000	-	1,00,00,000
Corpus Fund for CSR activities (V.S.Thiruvengadaswamy Mudaliar Memorial Trust)	75,00,000	-	75,00,000
Enhancing livelihood of disabled (Association of people for disability)	20,00,000	-	20,00,000
Total	1,95,00,000	-	1,95,00,000

Notes to the Financial Statements

for the year ended March 31, 2021

44. Corporate Social Responsibility (CSR) Expenditure:

Details of amount spending on CSR activities:

Particulars	(Amount in ₹.)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening unspent amount*	2,11,84,224	4,57,48,179
Amount required to be spent as per section 135(5) of companies Act, 2013	1,76,46,643	2,12,36,045
Less: Amount spent during the year	1,95,00,000	4,58,00,000
Balance amount to be spent	1,93,30,867	2,11,84,224
Amount to be transferred to separate bank account within 6 months#	1,93,30,867	NA
Amount transferred to separate bank account (Kotak Bank) as on April 29, 2021.	1,93,30,867	NA
Balance amount to be transferred to separate bank account.	-	NA

*Opening unspent amount is the difference between the amount to be incurred as per Sec 135(5) of the Act and the actual amount incurred till the beginning of the financial year.

#As the Companies (Corporate Social Responsibility Policy) amended Rules 2021 are effective from January 21, 2021 requirement of transferring unspent amount to separate bank account was not applicable for FY 2019-20.

45. Disclosure pursuant to Indian Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets"

a) Movement in provision for warranty

Particulars	(Amount in ₹.)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Carrying amount as at the beginning of the year	94,48,323	1,05,82,193
Add: Additional provision made during the year	1,91,38,022	88,83,324
Less: Provision used during the year	87,02,911	1,00,17,194
Less: Unused amounts reversed during the year	-	-
Carrying amount as at the end of the year	1,82,39,989	94,48,323

b) Nature of Obligation

The company gives warranties for its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision made as at 31 March 2021 represents the amount of expected cost of meeting such obligations on account of rectification / replacement. The timing of outflow is expected to be within a period of one year from the end of the reporting period.

The company generally offers 12 months warranties for tiller products except 135DI tiller, 17HP-30HP tractors which are offered 24 months warranties. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims.

Notes to the Financial Statements

for the year ended March 31, 2021

46. Disclosure pursuant to Ind AS 115 – Revenue from contracts with customers

1. Disaggregation of Revenue

Particulars	(Amount in ₹.)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Revenue by type of goods & Services		
Revenue from Products		
- Tractors	288,00,82,881	2,13,47,01,364
- Tillers	385,02,45,895	2,65,27,01,822
- Others	129,40,90,170	89,86,12,351
Revenue from Services		
- Job Works	24,28,130	57,24,572
Total	802,68,47,076	5,69,17,40,109
b) Revenue by geographical region		
Domestic Sales	765,97,83,724	5,46,85,84,395
Export Sales	36,70,63,353	22,31,55,714
Total	802,68,47,076	5,69,17,40,109
c) Revenue by sales Channel		
Dealer Sales	690,39,17,798	4,90,51,64,694
End Customer Sales	99,98,94,134	69,31,65,852
Others	12,30,35,144	9,34,09,564
Total	802,68,47,076	5,69,17,40,109

2. Contract Balance:

Customer advance of ₹ 1,16,41,169 as at March 31, 2020 (₹ 8,08,10,805 as at March 31, 2019), has been recognized as revenue during current the financial year.

3. Reconciliation of Revenue recognized in the statement of Profit & Loss with contract Price:

Particulars	(Amount in ₹.)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract Price	802,68,47,076	5,69,17,40,109
Less:		
Dealer Discount – Products	3,81,86,150	5,03,51,600
Dealer Discount – Spares	3,63,77,685	2,10,71,000
Special Discount	22,43,20,097	12,69,98,975
Cash Discount	8,55,30,207	5,65,56,235
Transaction Price	764,24,32,937	5,43,67,62,300

47. The Company is engaged only in business of manufacturing and trading of agriculture machinery and accordingly the business activity falls within a single business segment in terms of Ind AS 108 on Operating Segments.

48. Voluntary Separation Scheme: During the year, the Company has shifted its higher tractors manufacturing from Bengaluru unit to Hosur unit. Accordingly, the company has introduced Voluntary Separation Scheme-2021 dated March 18, 2021 for the Workmen working at Bengaluru unit, and thereby a provision of ₹ 13.49 crores has been provided during the year.

Notes to the Financial Statements

for the year ended March 31, 2021

- 49.** The Board had recommended dividend of ₹ 20 per equity share having face value of ₹ 10 each for the financial year 2020-2021.
- 50.** The Company has assessed the possible effects that may arise from the COVID-19 pandemic on the business. As on the current date, based on the assessment, the Company has concluded that the impact of COVID - 19 pandemic is not material on the carrying value of the assets of the business, however this has affected the operation of the company and has impacted the supply chain management among others. Due to the nature of the pandemic and the resultant operational guidelines that may be announced by the governments in future, the Company will continue to monitor the developments to identify significant impact, if any in the future period.
- 51.** Corresponding previous year figures have been reclassified / regrouped wherever necessary.

As per our report of even date
For K.S. Rao & Co.,
Chartered Accountants
Firm Registration No. 003109S

Hitesh Kumar. P
Partner
Membership No:233734

Place : Bengaluru
Date : June 21, 2021

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

V.T.Ravindra
DIN:00396156
Managing Director

K.M. Pai
DIN:01171860
Director

Pankaj Khemka
Chief Financial Officer

Antony Cherukara
Chief Executive Officer

Chinmaya Khatua
ACS - 21759
Company Secretary

Place : Bengaluru
Date : June 21, 2021

NOTICE of the 53rd Annual General Meeting

Notice is hereby given that the 53rd Annual General Meeting (the "AGM") of the Members of V.S.T. Tillers Tractors Limited (the "Company") will be held on Friday, August 27, 2021, at 11 am (IST) through Video Conferencing ("VC") or Other Audio Visual Means (OAVM), to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2021, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare final dividend of ₹ 20/- per equity share for the Financial Year ended March 31, 2021.
3. To consider appointment of a Director in place of Mr. V.V. Pravindra (DIN:00239888), who retires by rotation and being eligible, offers himself for reappointment.
4. To consider appointment of a Director in place of Mr. V.P. Mahendra (DIN:00033270), who retires by rotation and being eligible offers, himself for reappointment.
5. To consider re-appointment of the Statutory Auditors of the Company and to fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to section 139, 142 and other applicable provisions of the Companies Act, 2013, if any and Rules made thereunder and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and on the recommendation of the Audit Committee and the Board of Directors of the Company M/s K S Rao & Co, Chartered Accountants, Bengaluru (Firm Regd. No- 003109S), be and are hereby reappointed as Statutory Auditors of the Company for the second term of 5 (Five) years to hold office from the conclusion of this 53rd Annual General Meeting until the conclusion of 58th Annual General Meeting to be held in the year 2026 and at a remuneration of ₹20,50,000/- (Rupees Twenty Lakhs Fifty Thousand Only) excluding applicable GST and other out of pocket expenses incurred in connection with the audit for the financial year 2021-22.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to fix the statutory audit fees as recommended by the

Audit Committee and as they may deem fit for the remaining tenure of their reappointment and do all such acts to give effect to the above resolution."

SPECIAL BUSINESS

6. To ratify the remuneration of the Cost Auditors payable for the financial year ending March 31, 2022.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Rao, Murthy & Associates, Cost Auditors (Firm Regd. 00065) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2022, on a remuneration of ₹2.5 lakhs (Exclusive of applicable GST) per annum plus out of pocket expenses, be and is hereby ratified.

RESOLVED FURTHER THAT that the Board of Directors of the Company be and they are hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution."

7. Appointment of Dr. Nandakumar Jairam as an independent director

To consider and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT Dr. Nandakumar Jairam (DIN: 00321693), who was appointed as an additional and independent director by the Board, pursuant to Sections 149, 152 and 161 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Articles of Association of the Company, and on the recommendations of the nomination and remuneration committee, be and is hereby appointed as a director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Act read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, Dr. Nandakumar Jairam (DIN: 00321693) who has submitted the declaration to the Company that he meets the criteria of independence provided under the Act and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements)

Regulations, 2015 and being recommended by the Nomination and Remuneration Committee and the Board of Directors and who is eligible to be appointed as an Independent Director, be and is hereby appointed as an Independent Director for a term of 5 (five) consecutive years commencing from June 21, 2021 to June 20, 2026, not liable to retire by rotation.

RESOLVED FURTHER THAT that the Board of Directors be and are hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board
for **V.S.T. TILLERS TRACTORS LTD.**

Chinmaya Khatua

Place: Bengaluru
Date: August 04, 2021

Company Secretary
Membership No. ACS-21759

NOTES:

1. Pursuant to the General Circular nos. 20/2020, 14/2020, 17/2020, 02/2021 issued by the Ministry of Corporate Affairs ("MCA") and Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the above Circulars, the AGM of the Company is being held through VC.

Central Depository Services (India) Limited will provide facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 24 below.

2. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
3. The Company encourages the Members of the Company under the category of Institutional Members to attend and participate in this AGM through VC/OAVM.
4. Since this AGM is being held through VC/OAVM pursuant to MCA Circulars and SEBI Circulars, physical attendance of the Members has been dispensed with and accordingly, the facility for appointment of proxies by the Members is not available for this AGM. Hence Proxy Form, Attendance Slip and route map are not attached hereto.
5. The Board of Directors have decided to include the Item Nos. 6 & 7 of this Notice as it is unavoidable in nature.
6. In accordance with the Secretarial Standard -2 on General Meetings issued by the Institute of Company

Secretaries of India, the proceedings of this Annual General Meeting will be deemed to be conducted at the Registered Office of the Company situated at Plot No-1, Dyavasandra Industrial Layout, Whitefield Road, Mahadevapura Post, Bengaluru - 560 048.

7. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice calling AGM along with Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and Annual Report have also been uploaded on the website of the Company at www.vsttractors.com. The same can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. www.evotingindia.com).
8. The Register of Members and Share Transfer Books of the Company will be closed from August 21, 2021 to August 27, 2021 (both days inclusive) in connection with Annual General Meeting scheduled to be held on August 27, 2021 and payment of Dividend.
9. The Board has recommended Final Dividend of ₹20/- i.e. 200% per share of ₹10/- each for the financial year 2020-21 and the same will be paid on or after August 31, 2021 if approved by the Members at 53rd AGM. The dividend if declared shall be payable to all those Members whose names appear in the Register of Members or the beneficial owners as per the records of depositories, as at the closing of business hours on August 20, 2021.
10. Unpaid/Unclaimed dividend details.

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof or the time being in force) any dividends unpaid or unclaimed for seven years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund established by the Central Government. The Members are requested to claim their dividends who have not claimed so far. During the year 2020-21 the Company has transferred unpaid dividend of ₹ 7,14,501/- to Investor Education and Protection Fund. The details of the unclaimed dividend are uploaded in IEPF website and as well as website of the Company.

Accordingly, during the financial year 2021-22, the Company would be transferring unclaimed final dividend

amount for the financial year ended March 31, 2014, on or after 15th September 2021 The Company has already sent notice to all such Members to claim their unclaimed dividend before due date of transfer to IEPF.

Share Transfer to IEPF:

In accordance with Section 124(6) of the Companies Act, 2013 read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for 7 (seven) consecutive years or more are required to be transferred to the Demat Account of the IEPF Authority. The Company has transferred 5179 Nos of shares to IEPF during the financial year 2020-21 after following the procedure.

The Company has already sent notices to all such Members for the shares due for transfer to IEPF during the year 2021-22. In case the Company receives no communication from the Members, necessary steps will be initiated by the Company to transfer shares held by the Members to the IEPF without further notice. Please note that no claim shall lie against the Company in respect of the shares so transferred to the IEPF.

The shares and dividends transferred to the IEPF can be claimed back by the concerned Members from IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

11. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of August 20, 2021.
12. In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM. In this Notice and Annexure(s) thereto the terms "Shareholders" and "Members" are used interchangeably.
13. Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
14. Members holding shares in electronic form are requested to update their E-mail ID with their respective depository participants and Members holding shares in physical form are requested to update their E-mail ID with the Company's registrar and transfer agent (RTA) to enable dispatch the communication in electronic form from time to time.
15. Members holding shares in electronic form are requested to update their Bank Details with their respective depository participants and Members holding shares in physical form are requested to update their Bank Details with the Company's registrar and transfer agent (RTA) to receive the dividends by bank transfers.
16. Rule 3 of Companies (Management and Administration) Rules, 2014 (as amended) prescribes that Register of Members should include details pertaining to e-mail, PAN/CIN, UID, Occupation, Status and Nationality. We request all the Members of the Company to update the said details with their respective depository participants in case of shares held in electronic form and with the Company's Registrar and Transfer Agents in the case of physical holding.
17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other related documents, will be available for inspection electronically. Members seeking to inspect such documents during the AGM can send their request at the mail Id vstagn@vsttractors.com.
18. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item No. 5, 6 & 7 of the Notice, is annexed hereto.
19. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN). Members holding shares in electronic form are, therefore, requested to submit the PAN details to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar & Transfer Agent.
20. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings into dematerialized form. Members can contact the Company or Company's Registrars & Transfer Agents for assistance in this regard.
21. The relevant details, pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/re-appointment at this AGM is also annexed.

22. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members electronically by writing an e-mail to vstagn@vsttractors.com.
23. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For the prescribed rates for various categories, the Members are requested to refer to the Finance Act, 2020 and amendments thereof. The Members are requested to update their PAN with the Company / Registrar and Transfer Agent (in case of shares held in physical mode) and with the Depository Participants (in case of shares held in Demat mode).

A Resident individual Member with PAN and who is not liable to pay income tax, can submit a declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source.

Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident Members can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents.

The Company with M/s. Integrated Registry Management Services Private Limited, Company's Registrar and Transfer Agent has enabled a shareholder web portal for submission of tax exemption forms/ requested documents. Shareholders can submit their tax exemption forms and supporting documents directly on portal for purposes of tax deduction at source by Clicking the below link and selecting 'VST Tillers Tractors Limited' in the company drop down: <https://www.integratedindia.in/ExemptionFormSubmission.aspx> We request shareholders to upload the relevant documents at aforementioned link on or before 20.08.2021. No communication on the tax determination/deduction received post 20.08.2021 shall be considered for payment of dividend.

24. Voting through electronic means

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, and Regulation 44 of the listing Regulation, the Company is pleased to provide Members facility to exercise their right to vote in respect of resolutions which are being considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

Mr. Shylendrakumar T.R. Practicing Company Secretary (C P No-2453) has been appointed as scrutinizer for remote e-voting and e-voting at the AGM.

A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e. August 20, 2021 only shall be entitled to avail the facility of remote e-voting / voting at AGM and a person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

Procedure / Instructions for **Members voting electronically and attending the AGM through VC/OAVM** are as under:

- (i) The remote e-voting facility will be available during the following period:

Start of remote e-voting: From 9.00 a.m. (IST) on Tuesday, August 24, 2021.

Ends on remote e-voting: Up to 5.00 p.m. (IST) on Thursday, August 26, 2021.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of aforesaid period. Members who have already voted prior to the meeting date would not be entitled to vote at the meeting.

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, under Regulation 44 of SEBI Listing Regulations, listed entities are required to provide remote e-voting facility to its members, in respect of all Members' resolutions.

In order to increase the efficiency of the voting process, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the e-voting service providers (ESPs), thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual Members holding securities in Demat mode** is given below:

Type of Members	Login Method
Individual Members holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login, the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KFINTECH/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/ EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Members holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Members (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Members holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Members holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(i) Login method for e-Voting and joining virtual meetings for **Members other than individual Members & Members holding shares in physical form.**

(ii) The Members should log on to the e-voting website www.evotingindia.com

(i) Click on "Shareholders" module.

(ii) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

(iii) Next enter the Image Verification as displayed and Click on Login.

(iv) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

Financial Year	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for Members holding shares in demat as well as physical mode) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their names and the 8 digits of the sequence number in the PAN field. For sequence number, please write to RTA at irg@integratedindia.in .
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (ii).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required

to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password

with any other person and take utmost care to keep your password confidential.

- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of VST TILLERS TRACTORS LTD on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

Note for Non – Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity

should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (iii) Alternatively Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; vstagm@vsttractors.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (iv) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Rakesh Dalvi (022-23058542 /43).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

- (v) Any person, who acquires shares of the Company and become a member after dispatch of the notice and holding shares as on the cut-off date i.e., August 20, 2021 may follow the same procedure as mentioned above for e-Voting.

PROCESS FOR THOSE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Members holding shares in physical form, please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company on vstagn@vsttractors.com /RTA on irg@integratedindia.in
2. For Members holding shares in demat form -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company on vstagn@vsttractors.com / RTA on irg@integratedindia.in

INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

The procedure for attending Meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

The link for VC/OAVM to attend Meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Facility of joining the AGM through VC / OAVM shall open 30 (thirty) minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
3. Members may note that the VC / OAVM Facility, provided by CDSL, allows participation of atleast 1,000 Members on a first-come-first-served basis. The large Members (i.e.

Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship & Grievance Committee, Auditors, etc. can attend the 53rd AGM without any restriction on account of first-come-first-served principle.

4. Members are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
6. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at vstagn@vsttractors.com from August 20, 2021 (09:00 am IST) to August 24, 2021 (05:00 pm IST). The Members who do not wish to speak during the AGM but have queries may send their queries in advance i.e. up-to August 24, 2021 mentioning their name, demat account number/folio number, email id, mobile number at vstagn@vsttractors.com Members who will participate in the AGM through VC/OAVM can also pose question/feedback through question box option. These queries will be replied by the Company suitably depending on the availability of time at the AGM. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the AGM.
8. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending up on the availability of time at the AGM.

INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those Members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.
4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
25. The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website, i.e. www.vsttractors.com and on the website of CDSL within two working days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
26. Corporate/ Institutional Members are entitled to appoint authorized representatives to attend the AGM through VC/OAVM on their behalf and cast votes through remote e-voting or at the AGM. Corporate/ Institutional Members intending to authorize their representatives to participate and vote at the Meeting are requested to send a certified copy of the Board Resolution / Authorization letter to the Company at vstagm@vsttractors.com, authorizing its representative(s) to attend and vote through VC/OAVM on their behalf at the Meeting, pursuant to section 113 of the Act.

ANNEXURE TO THE NOTICE

Explanatory Statement in terms of Section 102 of the Companies Act, 2013

Item No. 5 (as per SEBI Requirement)

M/s. K.S. Rao & Co, Chartered Accountants, were appointed as Statutory Auditors of the Company for the first term of Five years at the 48th Annual General Meeting till the conclusion of the 53rd Annual General Meeting to be held in the year 2021. M/s. K S Rao & Co, Chartered Accounts have given their consent and eligibility to continue as Statutory Auditors of the Company from the conclusion of ensuing 53rd Annual General Meeting till the conclusion of the 58th Annual General Meeting to be held in the year 2026 as per the Companies Act 2013.

The Audit Committee and the Board of Directors of the Company have considered the following credentials of M/s. K S Rao & Co., Chartered Accountants while considering their re-appointment:

- Client base of the firm and availability of well trained and experienced professionals in the industry.
- Availability of expertise in accounting procedures/processes, Audit, Direct/Indirect Taxation and Corporate Laws.
- Professional integrity and independence.

The Board of Directors has proposed to pay a fee of ₹20,50,000/- (Rupees Twenty Lakhs Fifty Thousand only) per annum, exclusive of GST and other out of pocket expenses incurred in connection with the audit, to the Statutory Auditors for the Financial Year 2021-22. The terms of appointment of the Statutory Auditors will be as specified by the Audit Committee & the Board of Directors of the Company.

The Audit Committee and Board have recommended M/s. K.S. Rao & Co, Chartered Accountants as Statutory Auditors of the Company. The reappointment of Statutory Auditors is included as Item No-5 of the notice of the 53rd Annual General Meeting for Members' approval. The Board recommends the Resolution at item No. 5 for approval of the Members as ordinary resolution.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution at Item No. 5 of the accompanying Notice.

Item No. 6

The Board, on the recommendation of the Audit

Committee, has approved the appointment of M/s. Rao, Murthy & Associates, Cost Auditors (Firm Registration No.000065) to conduct the audit of the cost records of the Company for the financial year ending March 31,2022.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014 the remuneration of ₹2.5 lakhs (Two Lakhs Fifty Thousand only)(Exclusive of applicable GST) per annum plus out of pocket expenses payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2022.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested (financially or otherwise) in the resolution asset out at Item No.6 of the Notice.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the Notice for the approval of the Members.

Item no. 7

The Board, based on the recommendation of the nomination and remuneration committee, appointed Dr. Nandakumar Jairam as an additional and independent director of the Company with effect from June 21, 2021, pursuant to Section 161 of the Companies Act, 2013 and he will hold the office as Additional Director of upto 53rd AGM i.e. August 27, 2021. The Company has received from him all statutory disclosures / declarations including, (i) consent in writing to act as director in Form DIR-2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules"), (ii) intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act (iv) registration certificate for registration in Directors' data base. The Company has also received a notice under Section 160 of the Companies Act, 2013 from a member, intending to nominate Dr. Nandakumar Jairam as director of the Company.

In the opinion of the Board, Dr. Nandakumar Jairam's vast

experience in the realm of corporate administration will benefit the Company. Further, he possesses integrity, expertise and experience (including the proficiency) which will bring immense value to the Board and to the Company the details of skill and capabilities mentioned in the Board Report.

He fulfils the conditions for independence specified in the Act, the Rules made thereunder and the LODR Regulations and such other laws / regulations for the time being in force, to the extent applicable to the Company. A copy of the draft letter for the appointment of Dr. Nandakumar Jairam as an independent director setting out the terms and conditions is available for electronic inspection without any fee by the members.

The resolution seeking the approval of members for the appointment of Dr. Nandakumar Jairam as an independent director of the Company for five years from June 21,2021

up to June 20,2026 pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and his office shall not be liable to retire by rotation.

Dr. Nandakumar Jairam will be entitled to receive remuneration by way of sitting fees as approved by the Board of Directors, reimbursement of expenses for participation in the Board/Committee meetings.

No director, key managerial personnel, or their relatives except Dr. Nandakumar Jairam, to whom the resolution relates, is interested in or concerned with the resolution in Item no. 7.

The Board of Directors recommends the Special Resolution set out at Item No. 7 of the Notice for the approval of the Members.

Annexure A

Brief Resume of Directors seeking appointment / re-appointment at the ensuing AGM (Retiring by Rotation)

Name	Mr. V. P. Mahendra	Mr. V. V. Pravindra	Dr. Nandakumar jairam
Designation	Vice Chairman	Director	Director
Date of Birth	16/07/1942	11/05/1966	26/09/1952
Age	79 Years	56 Years	69 years
DIN	00033270	00239888	00321693
Date of first appointment in Board	20-02-1984	28/07/2008	21/06/2021
Relationship with Other Directors/ Managers / KMP	Mr. V.K. Surendra Mr. V.T. Ravindra Mr. V.V. Pravindra Mr. V.S. Arun	Mr. V.K. Surendra Mr. V.P. Mahendra Mr. V.T. Ravindra Mr. V.S. Arun	NA
Qualification	B.E Electrical	Commerce Graduate	MBBS.MS.,FICS.,FRCS.
Expertise	Having three decades Vast Experience in Management & Business Administration	Having two decades experience in the company in various capacities encompassing business development finance and operations. Presently managing Automobile business in VST Group.	Dr. Nandakumar Jairam, a qualified surgeon, has ample experience in Corporate Administration, and board functioning. He was the CEO, Chairman and Group Medical Director of Columbia Asia Hospitals - India. He was the Chairman of the NABH under the auspices of QCI (Quality Council of India), and Past Chairman of the health services committee of FICCI. He was a member of the health insurance forum of IRDA and FICCI.
Directorship in Other Companies	<ul style="list-style-type: none"> • Gove Finance Limited • Lakshmi Ring Travellers (Coimbatore) Pvt Limited • Kirloskar Electric Company Ltd • Hotel Pearls Private Limited • Crest Constructions Private Limited • Pearls Estates Private Limited • V.S.T. Auto Ancillaries Private Limited • V.S.T. Motors Private Limited • V.S.T. & Sons Private Limited • V.S.T. Auto Parts Private Limited • Bangalore Motors Private Limited • Mitsubishi Heavy Industries-VST Diesel Engines Private Limited • VST Holdings Private Limited 	<ul style="list-style-type: none"> • V.T.Velu Investment Pvt Ltd • Vijayendra Brothers Agency Pvt Ltd • V.S.T. Auto Ancilleries Pvt Ltd • Crest Construction Pvt Ltd • Bangalore Motors Pvt Ltd • VST Motors Pvt Ltd • VST Holdings Pvt Ltd • Chennai auto Agency Pvt Ltd 	<ul style="list-style-type: none"> • Columbia Pacific Communities Pvt Ltd.

Name	Mr. V. P. Mahendra	Mr. V. V. Pravindra	Dr. Nandakumar jairam
Shareholding in the Company	627020 Nos	224146 Nos	50 Nos
Chairmanship of Committees of other Board	Nil	Nil	Nil
Membership of Committees of other Board	• Audit, CSR and Stakeholder's Committee of Kirloskar Electric Company Limited.		Nil
No of Board Meeting attended	5	4	NA
Salary/Sitting fees paid during the year 2020-21.	Salary of ₹98,88,946 paid to Mr. V. P. Mahindra as Vice Chairman & Managing Director upto February 19, 2021. Same was approved by the Members. w.e.f 20/02/2021 As Vice Chairman and non-executive director sitting fees paid is ₹1,00,000/-	1,50,000 (sitting fees)	Appointed as additional Independent Director on June 21 2021.

Note : For committee details please refer annual report.

By Order of the Board
for **V.S.T. TILLERS TRACTORS LTD.**

Chinmaya Khatua
Company Secretary
Membership No. ACS-21759

Place: Bengaluru
Date: August 04, 2021



V.S.T. TILLERS TRACTORS LTD.

CIN-L34101KA1967PLC001706

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