

Board of Directors

*Thiru T. Kannan
Thiru RM. Somasundaram
Thiru L.N.V. Subramanian
Thiru A. Mariappan*

Chairman

Thiru T. Kannan

Company Secretary

Thiru S. Paramashivan

Auditors

*Messrs. Peri Thiagraj & Co.,
Madurai.*

Bankers

*State Bank of India
IDBI Bank Ltd.
Standard Chartered Bank*

Registered Office

*Sulakarai,
Virudhunagar.*

NOTICE OF ANNUAL GENERAL MEETING:

NOTICE is hereby given that the Sixty Sixth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Sulakarai, Virudhunagar on Wednesday, the 5th day of June, 2013 at 11.30 A.M. to transact the following business:

AGENDA

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri.T.Kannan, who retires by rotation, and is eligible for re-appointment.
3. To appoint a Director in the place of Sri.RM.Somasundaram, who retires by rotation, and is eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board,

T.KANNAN

Chairman

Kappalur, Madurai,
April 24, 2013.

NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member of the Company.
2. Pursuant to Sec.205A and 205C of the Companies Act, 1956, the dividend for the financial year 2005-2006 which is remaining unclaimed for seven years will be transferred to the Investors Education and Protection Fund on or before 09.07.2013, being the due date for such transfer. The other dividends are lying in the Unpaid Dividend Account of the Company.

DIRECTORS' REPORT

To the Members of VTM Limited

Your Directors present their 66th Annual Report along with the audited statements of accounts for the year ended 31st March, 2013.

PROFITS, DIVIDENDS & RETENTION :

	(Rs. in Lakhs)	
	2012 - 2013	2011 - 2012
Turnover:	14318	11665
Profit before Depreciation (after interest)	2472	1603
Less : Depreciation	866	846
Profit after Depreciation	1606	757
Less : Provision for Taxation:		
Current year	405	300
Deferred Tax	(-90)	(-178)
Taxation for earlier years	59	8
	374	130
Profit after tax	1232	627
Add : Amount brought forward	188	238
Available for appropriation	1420	865
Appropriation :		
Transfer to General Reserve	810	490
Interim Dividend @ Rs.0.70 per Share	282	-
Income Tax on Interim Dividend	45	-
	327	-
Final Dividend	-	161
Income Tax on Final Dividend	-	26
	-	187
Retained profit carried/forward to the following year	283	188

DIVIDEND:

The Company paid a Dividend of Rs.0.70 per Share (i.e., 70%) on Equity Equity Share Capital for the year 2012-13. This is to be considered as Final Dividend.

PERFORMANCE OF THE YEAR AND FUTURE PROSPECTS:

There was a perceptible slowdown in India's economic growth during the year under review. This has set in motion a decelerating trend in demand for various products. However your Company's Sales Turnover for the year 2012-13 increased to Rs.14,318 Lakhs as against Rs.11,665 Lakhs year-on-year. The Gross Profit before depreciation for 2012-13 grew to Rs.2,472 Lakhs from Rs.1,603 Lakhs registering an increase of 54% over the last year. This was possible because of an optimal product mix and installation of additional 30 Airjet looms with ancillary equipments estimated at a cost of Rs.1.014 Lakhs.

The industry continues to face severe power shortage and the cost of generated power out of H.S. Diesel is very prohibitive. Your Company mitigated this high cost with a mix of Wind energy and purchase of power from third parties. As a long term solution we have secured a direct feeder line from TANGEDCO sub station.

The offtake of fabric in the domestic market is encouraging and your Directors hope to obtain better working results in the ensuing year.

FUTURE PLANS:

Your Directors have a proposal to add additional looms to augment production capacity. They are planning to revisit the project on fabric dyeing plant.

AUDITORS:

The present Auditors of the Company M/s.Peri Thiagaraj & Co., retire at the ensuing Annual General Meeting and are eligible for re-appointment.

COST AUDITOR:

In conformity with the directives of the Central Government, the Company has appointed Shri M.Kannan, Cost Accountant, IV-B, Akshaya Homes, 9-B-20/Tagore Nagar, Bharathiyar 4th Street, S.S. Colony, Madurai- 625 016 as the Cost Auditor of the Company u/s. 233B of the Companies Act, 1956 for the audit of cost accounts for the cloth manufactured by the Company for the year ending 31.03.2013.

For the year ended 31.03.2012, the due date of filing the Cost Audit Report was 28.02.2013 and the actual date of filing the Cost Audit Report was 27.12.2012.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that:-

- i) in the preparation of Annual Accounts for the year ended 31st March 2013 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments 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 ended 31st March, 2013 and of the profit of the Company for that year;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

The report on Corporate Governance is attached as *Annexure-I*.

The Company has obtained a Certificate from the Statutory Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated in the Clause 49 of the listing agreement and a copy of the same is annexed.

GENERAL:

The additional particulars required to be given in the Directors' Report pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in the *Annexure-II* which forms part of this report. With regard to particulars of Employees under Section 217(2A) there is no employee drawing salary of more than Rs.5,00,000/- per month or Rs.60,00,000/- per annum.

LISTING:

The Company's shares are listed with the following three Stock Exchanges:

- 1) Bombay Stock Exchange Ltd.,
Regd. Office: Floor 25, P.J. Towers,
Dalal Street,
Mumbai - 400 001.
- 2) Coimbatore Stock Exchange Ltd.,
CSX Towers,
683-686, Trichy Road,
Singanallur, Coimbatore - 641 008.
- 3) Madras Stock Exchange Ltd.
Exchange Buildings,
11, Second Line Beach,
Chennai - 600 001.

The Company has paid listing fee to all the three stock exchanges for the Financial Year 2013-2014.

The Directors place on record their appreciation of the continued co-operation received from its Staff, Employees and the Bankers.

For and on behalf of the Board of Directors,

Kappalur, Madurai.

T.KANNAN

April 24, 2013.

Chairman

ANNEXURE-I TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company adheres to good Corporate practices and is constantly striving to improve them and adopt best practices. Adherence to business ethics and commitment to corporate social responsibility are the enablers for a company to maximize the value for all its stake holders.

The Company in addition to compliance with regulatory requirements, also endeavours to ensure high standards of ethical conduct in the organization.

A Report on Corporate Governance is given below and Auditors certificate in compliance with the provisions of Corporate Governance is enclosed separately.

1. Board of Directors:

The Board consists of four Directors, of whom two Directors are Independent Directors who satisfy the conditions provided in the Clause 1(B)(iii) of the Revised Clause 49 of the Listing Agreement. In terms of Clause 49 (IV) (G) (ia), none of the Directors are related to each other.

None of the Directors on the Board is a member on more than ten committees as per the requirements of Clause 49 of the Listing Agreement. Necessary disclosures have been made by the Directors in this regard.

The Board meets at least once in a quarter to review the performance of the Company and also meets as and when to transact any special business that may arise.

During the year under review 6 Board Meetings were held on 25th April 2012, 30th July 2012, 13th September 2012, 25th October 2012, 25th January 2013 and 14th February 2013. Details of attendance at Board Meetings, Directorship and Membership in other Companies for each Director of the Company are as follows:

Composition and category of Directors and their attendance at Board Meetings and at last Annual General Meeting:

Names of the Directors	Category	No. of Board Meetings attended	Attendance at the last AGM held on 11.6.2012	*No. of other Directorships in Companies other than VTM	No. of other memberships in Board Committees	Whether Chairman/ Member
Thiru T. Kannan		6	✓	11	2	Chairman
Thiru RM. Somasundaram	ID	5	✓	2	2	Member
Thiru L.N.V. Subramanian	ID	5				-
Thiru A. Mariappan		6	✓	7		-

ID: Independent Director; VTM - VTM Limited.

* includes 3 Directorship in Section 25 Companies.

Thiru T. Kannan, Chairman and Director, Thiru RM. Somasundaram and Thiru A. Mariappan, Directors have attended the Annual General Meeting held on 11th June, 2012.

Details of Directors retiring by rotation and seeking reappointment:

As per the statute, two-third of the Directors should be retiring Directors. One-third of these Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

Accordingly, Thiru T.Kannan, Director retires by rotation at the ensuing Annual General Meeting.

A brief resume of the Director is as follows:

Name of the Director	Thiru T.Kannan
Age	59 Years
Expertise in functional area	Equipped with long and varied experience in the field of Textiles; Also headed Leading Textile bodies in the country.
List of other Directorship held	He is on the Boards of - Thiagarajar Mills (P) Ltd., Thiagarajar Telekom Solutions Ltd., TVS Motor Company Ltd., Sundaram Brake Linings Ltd., Sundaram Textiles Ltd., ATC Tires (P) Ltd., and in SIMA Textile Processing Centre Ltd;
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	Chairman in 2 committees Member in 2 committees

Name of the Director	Thiru RM.Somasundaram
Age	61 Years
Expertise in functional area	Has a long and valuable experience in Textile field;
List of other Directorship held	He is on the Boards of - Sree Kannathal Mills Ltd., SK.AR.SM, Textiles Pvt. Ltd., J.Balabai & Co.Pvt. Ltd.,
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	Nil

The retiring Directors are not related to each other.

2. Audit Committee:

The Company constituted Audit Committee during the financial year 2001-02, and reconstituted during the year 2010-11. The constitution of Audit Committee is as per the listing agreements with Stock Exchanges, which stipulates formation of such committee when the net worth exceeds Rs.25 Crores. The Audit Committee comprises of two Independent Directors and a Non-Independent Director.

The broad terms of reference of the Audit Committee include focusing / overseeing of the Company's financial reporting process, to review the results announcement and the report and accounts at the end of a quarter, half year and the full year before submission to the Board, recommending the appointment of external auditors, reviewing with management the annual financial statements, financial and risk management policies, to review the effectiveness of the system of internal financial control and internal audit functions, its adequacy and discuss the same periodically with the statutory auditors, disclosures made under the CFO certification to the Board, and to consider other topics as defined by the Board.

The Audit Committee satisfies the conditions as provided in the Revised Clause 49 of the Listing Agreement.

The following Directors are the members of the Audit Committee:

Director	Category
Thiru RM. Somasundaram	Chairman
Thiru L.N.V. Subramanian	Member
Thiru A. Mariappan	Member

The Secretary of the Company is the Secretary of the Audit Committee.

The Company has got built in internal audit system which covers all functional areas. The management reporting systems is comprehensive on all the aspects of the Company's operation and it is periodically reviewed by senior management headed by the Chairman and a Director.

Audit Committee Meetings and the attendance during the year:

There were five meetings of the Audit Committee during the year and the dates and attendance of the same are as under:

Dates: 25.04.2012, 30.07.2012, 25.10.2012, 25.01.2013 & 14.02.2013;

Name of the Director	No. of Audit Committee Meetings attended
Thiru RM. Somasundaram	4
Thiru L.N.V. Subramanian	5
Thiru A. Mariappan	5

Remuneration to Directors:

Name of the Director	Sitting Fees (For Board & Committee Meetings)
Thiru T. Kannan (Chairman)	Rs.18,000/-
Thiru RM. Somasundaram	Rs.27,000/-
Thiru L.N.V. Subramanian	Rs.30,000/-
Thiru A. Mariappan	Rs.33,000/-

Besides the Sitting Fees, Thiru T. Kannan, Chairman and Thiru A. Mariappan, Director are to be paid Profit Commission of Rs.44.60 Lakhs and Rs.5.00 Lakhs, respectively in terms of Section 309 of the Companies Act, 1956 for the year ended 31st March, 2013.

Shares held by Non-Executive Directors:

Name of the Director	Number of Shares (Re.1 face value)
Thiru T. Kannan	585600
Thiru RM. Somasundaram	60000

3. General Body Meetings:

Details of the last three Annual General Meetings (AGM):

AGM for the Financial Year ended	Date & Time of AGM
31 st March, 2012	11 th June 2012 at 12.00 Noon.
31 st March, 2011	1 st June 2011 at 11.30 A.M.
31 st March, 2010	21 st June 2010 at 12.05 P.M.

Special Resolution Passed in the three previous Annual General Meeting:

Annual General Meeting	Special Resolution
63 rd AGM	Approval of the Members for payment of commission to Directors in the manner laid down in Section 198(2) of the Companies Act 1956.
64 th AGM	—
65 th AGM	Approval of the Members for : 1) Subdivision of the Equity shares from Rs.10/- into Re.1/- 2) Amendment of capital clause of Memorandum & Article in Articles of Association for subdivision of shares from Rs.10 into Re.1/-

All the resolutions set out in the respective Notices were passed by the Shareholders. All the AGMs were held at the Registered Office of the Company.

4. Disclosure:

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board.

Transactions with the related parties are disclosed in Notes on Schedule No.6 to the Accounts in the Annual Report.

In the preparation of financial statements, generally accepted accounting principles and policies were followed, including the mandatory accounting standards prescribed by the Institute of Chartered Accountants of India.

There were no penalties imposed either by SEBI or by the Stock Exchanges or by any statutory authority for non-compliance of any matter related to the capital markets.

The Quarterly and Half Yearly results are published in dailies "Trinity Mirror" in English and "Malai Murasu" in Tamil.

5. Listing Agreements:**CFO Certification:**

The Company is a Board managed Company and there is no CEO. However, the Directors have authorised a Committee consisting of the Chairman of the Board of Directors and another Director of the Company, to discharge the obligations expected of a CEO under the Corporate Governance Guidelines prescribed by SEBI [Clause 49(v)].

The Committee has given the Certificate to the Board which has been taken on record.

Certificate on Code of Conduct:

As required under Clause 49 of the Listing Agreement, we have laid down Code of Conduct for Directors and senior management. They have affirmed compliance with the Code.

6. Shares:**Shares Transfer Procedure:**

The Share Transfer and Demat and Shareholder's Grievances Committee has been constituted as per listing agreement requirements, laid out by the stock exchanges. Through Circular Resolutions, the Committee approves the transfers, transmission and demat requests. The Share Transfer Demat, and Shareholder Grievances Committee comprise of Thiru T. Kannan, Chairman and Director, besides Thiru L.N.V. Subramanian, Director, and Thiru S. Paramashivan, Secretary of the Company who is also the Secretary and Compliance Officer for the Committee. During the year ten grievances regarding non-receipt of shares applied for transfer, non-receipt of dividend and related matters were received from the shareholders, and all the grievances were redressed. There were no transfer of shares pending for transfer at the close of the year.

Information on Unclaimed Dividend:

Pursuant to provisions of the Companies Act 1956, Company is committed in making timely payment of dividend. Pursuant to provisions of Section 205A of the Companies Act 1956, dividend that remained unpaid or unclaimed for financial year ended 31st March 2006, due to be transferred on 09/07/2013 to The Investor Education and Protection Fund (IEPF), constituted by Central Government under Section 205C of the Companies Act 1956 will be transferred within the time prescribed.

Distribution of shareholding as on 31.03.2013:

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto - 5000	1535	81.48	2176036	5.41
5001 - 10000	168	8.93	1150600	2.86
10001 - 20000	90	4.77	1216953	3.03
20001 - 30000	36	1.91	889875	2.21
30001 - 40000	7	0.37	257620	0.64
40001 - 50000	11	0.58	502661	1.25
50001 - 100000	14	0.74	913493	2.27
100001 - above	23	1.22	33120362	82.33
Total	1884	100%	40227600	100%

Shareholding pattern as on 31st March, 2013:

Shareholders	No. of Shares held	% of total shares held
Promoters	30169700	75.00
Financial Institutions	0	0
Corporate Bodies	552161	1.37
Public	9462839	23.52
NRI's	42900	0.11
Total	40227600	100%

1. The Promoters have not pledged any of the shares held in the Company.
2. The Company has not issued any ESOP to its Employees/Directors.

General Information for Shareholders:

1. Date, Time and Venue of the Annual General Meeting.	: 5 th June, 2013 at 11.30 A.M at the Registered Office at Sulakarai, Vrudhunagar.
2. Dates of Book Closure/Record date for Financial Year 2012-2013.	: Register of Members will be closed from 27 th May to 5 th June 2013.
3. Results for Quarter ending June 30, 2013 (Provisional)	: 3 rd week of July, 2013
Results for Quarter ending September 30, 2013 (Provisional)	: 3 rd week of October, 2013
Results for Quarter ending December 31, 2013 (Provisional)	: 3 rd week of January, 2014.
Financial Calendar - 1 st April, 2013 to 31 st March 2014 (Audited)	: 4 th week of April, 2014.

Means of communication:

The Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per the requirements of the Listing Agreements.

The Quarterly and Half Yearly results are published in dailies "Trinity Mirror" in English and "Malai Murasu" in Tamil.

The Company's quarterly results are made available at the website of the Company www.vtmill.com

No special resolution was passed through postal ballot during the financial year, under the Provisions of Section 192A of the Companies Act 1956 and the Companies (passing of resolutions by Postal Ballot) Rules 2001.

The Company has not made any formal presentation to the institutional investors or to the analysts during the year.

The Management Discussion and Analysis Report forming part of the Annual Report is enclosed. [Clause 49(IV)(F) of the Listing Agreement].

Dematerialisation of Shares:

The Shares of the Company have been dematerialised and the unique ISIN number allotted for the Company as under:

ISIN : INE222F01029

Currently 90.36% of the total shares have been dematerialised.
The Shares held by the Promoters have all been dematerialised.

Listing at Stock Exchanges:

Bombay Stock Exchange Ltd.,
Regd. Office - Floor 25,
PJ Towers,
Dalal Street,
MUMBAI - 400 001.

Madras Stock Exchange Ltd.,
Exchange Building,
11, Second Line Beach,
CHENNAI - 600 001.

Coimbatore Stock Exchange Ltd.,
CSX Towers, 683-686,
Trichy Road,
Singanailur,
COIMBATORE - 641 008.

Stock Code:

Scrip Code at BSE	:	532893
TRADING SYMBOL AT BSE	:	VTM
Demat ISIN No.	:	INE222F01029

Share Price movements:**Market Price data : Exchange : BSE**

Month	High Rs.	Low Rs.
April '12	138.00	107.40
May '12	133.50	116.70
June '12	132.40	116.10
July '12	136.45	117.65
**August '12	140.00	12.35
September '12	13.94	12.40
October '12	17.45	13.07
November '12	16.95	14.45
December '12	16.60	15.25
January '2013	16.45	14.75
February '2013	17.48	15.25
March '2013	18.95	14.30

** The equity shares of the company have been subdivided in the month of August 2012. Accordingly the share quotations are stated for the Re.1/- face value from that period onwards.

There was no official trading in the shares of the Company in the year in Madras Stock Exchange and in the Coimbatore Stock Exchange.

Stock options : Nil

Plant Location : Sulakarai, Virudhunagar - 626 003

Address for correspondence:

Registrar & Transfer Agent:

Karvy Computershare Pvt. Ltd. (Unit: VTM Limited)

Karvy House, 46 Avenue-4,

Street No.1, Banjara Hills, Hyderabad-500 034, Phone : 040-23326591

Contact Person - Mr.V.K. Jeyaraman, General Manager - RIS.

The shareholders may also address their correspondence to:

VTM Limited.

Sulakarai, Virudhunagar - 626 003.

Phone : 04562-234801.

VTM Limited.

Chairman's Office:

Thiagarajar Mills Premises.

Kappalur, Madurai - 625 008, Phone : 0452-2482595

Non-Mandatory Requirements :

1. The Chairman is provided with an Office at Kappalur, Madurai and the expenses thereon are borne by the Company.
2. The Board has not set up a Remuneration Committee as the need for the same has not arisen.
3. No item of business relating to matters requiring voting by Postal Ballot is included in the Notice convening the 66th Annual General Meeting of the Company.

Auditors' Certificate on compliance of the provisions of the code of Corporate Governance in the Listing Agreement :

To

The Shareholders of **VTM LIMITED**, Sulakarai, Virudhunagar.

We have examined the compliance of conditions of Corporate Governance by **VTM LIMITED**, Sulakarai, Virudhunagar for the year ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievances Committee.

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

For PERI THIAGRAJ & Co.,
Chartered Accountants
Firm Registration No.002636S

T. KALAIRAJ
Partner

Membership No.023840

Madurai,
April 24, 2013.

Management Discussion & Analysis:**Financial Performance:**

There has been an increase in Sales Turnover from Rs.11665 Crores to Rs.14318 Crores. The Gross Profit has increased by 54%, as set out in the Directors' Report.

Industry Structure and Developments:

Our Company has presence in the domestic and international markets. Its reputation and goodwill are ever on the increase. The opportunities being thrown up by the expanding Indian economy will be fully availed of by the Company though there is always the element of competition from others similarly placed. The business of the Company over the last 4 years has a growing domestic component and exports are on the decline. This is a reflection of the opportunities that are growing domestically and shrinking externally.

Internal Control Systems and their Adequacy:

Internal Control Systems which are already in place with regard to purchase of raw materials, stores, plant & machinery, other items and for the sale of finished products are ever being strengthened. There is a good system of Internal Audit which is reviewed by the Audit Committee periodically and suggestions given by the Committee are being implemented.

Human Resources:

The Company has a recruitment and training policy to meet its HR needs. The Company's performance on the Industrial Relations front continues to be quite satisfactory.

Cautionary Statement:

Certain statements in the "Management Discussion and Analysis Report" may be forward looking and are as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook – the ever present risk factors.

ANNEXURE-II TO THE DIRECTORS' REPORT

Additional particulars furnished pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY :

The Company has been making all-out efforts to conserve energy. The Company is periodically conducting power audit to check the energy consumption and to improve the maintenance of machinery in order to conserve the energy. Power factor improvement capacitors and fuel efficiency motors have been installed, with the result the power factor is maintained at optimum level.

A. POWER AND FUEL CONSUMPTION :

	31.03.2013	31.03.2012
Electricity		
a) Purchased:		
Units	446898	3196756
Total Amount	Rs. 1,40,08,699	Rs. 2,41,26,033
Rate per unit	Rs. 31.35	Rs. 7.55
b) Own Generation:		
Through Diesel Generator:		
Units	3832201	2277356
Units per litre of oil	3.51	3.30
Cost per unit	Rs. 12.01	Rs. 11.27
c) Through Windmill :		
Produced Units	9036962	6649708
Availed Units	8834739	6303693
d) Through an Independent power producer:		
Units	995613	3730280
Rate per unit	Rs. 6.96	Rs. 4.29

B. CONSUMPTION PER UNIT OF PRODUCTION OF CLOTH :

Electricity per metre of production of cloth	Rs. 4.80	Rs. 4.78
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- Note :
1. No standard rate of consumption is available.
 2. As the Company is producing numerous varieties or sorts of cloth, separate details for each variety or sort are not given.

II. TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT :

Constant efforts are being made to improve the quality and productivity by adopting latest technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has earned during the year under report foreign exchange equivalent to Rs.787 Lakhs (FOB value of exports) through direct exports.

The foreign exchange outgo during the period is Rs.958.82 Lakhs.

The Company is striving to expand the export market segment by broadening its geographical sweep.

For and on behalf of the Board of Directors.

Kappalur, Madurai.
April 24, 2013.

T. KANNAN
Chairman

AUDITORS' REPORT

To the Members of VTM LIMITED

We have audited the accompanying financial statements of **VTM Limited**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- 1) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- 2) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) Amendment Order 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us, we state that:
 - i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b) According to the information and explanations given to us, the Fixed Assets have been physically verified by the Management during the year and no serious discrepancies between the book records and physical inventory have been noticed.

- c) The Company has not disposed of a substantial part of the Fixed Assets during the year and therefore does not affect the going concern assumption.
- ii) a) The Company has maintained proper records and the Stocks of finished goods, stores and spare parts and raw materials have been physically verified by the Management at reasonable periods.
- b) In our opinion, the records and procedures of physical verification of the aforesaid stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) According to the records, no discrepancies have been noticed on such verification of stocks of finished goods and raw materials. The discrepancies noticed on such verification of stores and spare parts were not material as compared to Book Stock and the same have been properly dealt within the books of Account.
- iii) a) The Company has not granted any loans secured or unsecured to Companies, Firms or other parties as listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or the Companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- b) The Company has accepted deposit for leased land from Company as listed in the Register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, during the course of the audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of raw materials, stores, plant and machinery, equipment and other assets, for sale of goods and payment of expenses. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- v) According to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods have been made with other parties.
- vi) The Company has not accepted any deposits from the Public during the year.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- viii) The cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been made and maintained by the Company.
- ix) a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales - Tax, Wealth-Tax, Service-Tax, Customs Duty, Excise Duty, Cess and there were no amounts outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.
- b) The Company has disputed Tax liability as at March 31, 2013 as stated in Note No.2(b).
- x) The Company has no accumulated losses. The Company has not incurred cash losses in the Financial Year under report and in the immediately preceding Financial Year.
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a Financial Institution or Bank or Debenture Holder.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, and in our opinion, adequate documents and records are maintained.
- xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit Fund Company, Nidhi or Mutual Benefit Society.
- xiv) According to the information and explanations given to us, proper records have been maintained in respect of transactions and contracts in shares, securities, debentures and other investments and timely entries have been made therein. The shares, securities, debentures and other investments, have been held by the Company in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
- xvi) According to the information and explanations given to us, Term Loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us, funds raised on Short-term basis have not been used for long-term investment. Similarly, no funds raised on long term basis have been used for short-term investments.
- xviii) According to the information and explanations given to us, no shares has been allotted by the Company during the year.
- xix) The Company has not issued Debentures and hence requirement of reporting regarding creation of securities in respect of Debentures issued does not arise.
- xx) According to the records of the Company and information and

explanations given to us, the Company has not raised any money through public issue during the year.

- xxii) According to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year nor have been informed on such case by the Management.
- 3) In our opinion and to the best of our information and according to the explanations given to us, the financial statements together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2013.
 - b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date:
- and
- c) In the case of the cash flow statement, of the cash flows for the year ended on that date.
- 4) On the basis of written representations received from the Directors, as on March 31, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2013 from being appointed as a Director of the Company in terms of Section 274(i)(g) of the Companies Act, 1956 on the said date.
- 5) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- 6) In our opinion, the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement complies with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- 7) The Balance Sheet and Statement of Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- 8) Since the Central Government has not issued any notification as to the rate at which cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For PERI THIAGRAJ & Co.,
Chartered Accountants
Firm Registration No.002636S

T. KALAIRAJ
Partner

Membership No.023840

Madurai,
April 24, 2014

BALANCE SHEET
 as at 31st March, 2013

	Note Number	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012	(Rs. in Lakhs)
I. EQUITY AND LIABILITIES:				
1. Shareholders' Funds :				
(a) Share Capital	1	402.28	402.28	
(b) Reserves & Surplus	2	10144.13	9219.83	9642.11
		10546.41		
2. Non - Current Liabilities				
(a) Long Term borrowings	3	179.07	100.30	
(b) Deferred tax liabilities (Net)	4	577.46	667.47	
(c) Other long term liabilities	5	-	-	
(d) Long term provisions	6	9.78	42.72	
		766.31		810.89
3. Current Liabilities :				
(a) Short term borrowings	7	1.21	1.16	
(b) Trade Payables	8	219.37	289.27	
(c) Other current liabilities	9	111.65	59.02	
(d) Short term provisions	10	110.56	277.37	
		442.79		576.82
Total		11755.51		11029.82
II. ASSETS				
(1) Non-Current Assets				
(a) Fixed Assets				
(i) Tangible assets	11	5582.49	5297.01	
(ii) Capital work in progress		200.34	18.13	
		5782.83	5315.14	
(b) Non-current investments	12	36.96	16.98	
(c) Long term loans and advances	13	130.28	292.34	
		5950.07		5644.42
(2) Current Assets				
(a) Current Investments	14	0.00	100.00	
(b) Inventories	15	1737.08	1508.19	
(c) Trade receivables	16	2067.69	1431.68	
(d) Cash and Cash equivalents	17	1598.62	1859.05	
(e) Short term loans and advances	18	402.05	360.46	
		5805.44		5385.38
Total		11755.51		11029.82

The notes attached form an integral part of the Balance Sheet.

For and on behalf of the Board

In Accordance with our Report attached
For PERITHIAGRAJ & Co.,
 Chartered Accountants
 Firm Registration No.002636S
T. KALAIRAJ
 Partner
 Membership No.023840

Kappalur,
 Madurai,
 April 24, 2013.

T. KANNAN
 Chairman

A. MARIAPPAN
 Director

S.PARAMASHIVAN
 Company Secretary

STATEMENT OF PROFIT & LOSS ACCOUNTfor the year ended 31st March, 2013

(Rs. in Lakhs)

	Note Number	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012
I Revenue from Operations	19	14318.42	11664.95
II Other Income	20	308.95	282.15
III Total Revenue (I+II)		<u>14627.37</u>	<u>11947.10</u>
IV Expenses			
Cost of materials consumed	21	10018.05	8775.01
Changes in inventories of finished goods work in progress	22	<u>194.15</u>	<u>(287.43)</u>
		10212.20	8487.58
Employees benefits expense	23	650.75	582.01
Finance costs	24	8.38	11.82
Depreciation and amortisation expense	25	865.70	843.60
Other expenses	26	1283.90	1262.95
Total Expenses		<u>13020.93</u>	<u>11189.98</u>
V Profit/(Loss) before tax (III-IV)		1606.44	757.12
VI Tax Expenses:			
(1) Current Tax		405.00	300.00
(2) Tax in respect of earlier years		59.57	8.34
(3) Deferred tax		<u>(90.01)</u>	<u>(178.25)</u>
		374.56	130.09
VII Profit/(Loss) for the period		<u>1231.88</u>	<u>627.03</u>
VIII Earning per equity share:			
Face Value per Share		1.00	10.00
(1) Basic		3.06	15.59
(2) Diluted		3.06	15.59

The notes attached form an integral part of the Statement of Profit and Loss

For and on behalf of the Board

In Accordance with our Report attached

For PERI THIAGRAJ & Co.,

Chartered Accountants

Firm Registration No.002636S

T. KALAIRAJ

Partner

Membership No.023840

Kappalur,
Madurai,
April 24, 2013.T. KANNAN
ChairmanA. MARIAPPAN
DirectorS.PARAMASHIVAN
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

— (Rs. in Lakhs)

Particulars	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before taxation	1606	757
Adjustments for		
Depreciation and amortisation expense	866	845
Interest received	(238)	233
Dividends received	(36)	18
Interest expenses	8	12
	<u>600</u>	<u>1108</u>
	2207	1865
(Increase)/ decrease in Long term Borrowings	78	
Increase/ (decrease) in Trade Payables	(20)	24
(Increase)/ decrease in Other Current Liabilities	53	
(Increase)/ decrease in Short Term provisions	20	4
(Increase)/ decrease in Inventories	(229)	698
(Increase)/ decrease in trade and other receivables	(616)	830
(Increase)/ decrease in Other Current Assets	(136)	1
Sale of Investments	300	
	<u>(549)</u>	<u>1557</u>
	1658	3422
Income taxes paid	498	318
Net Cash from operating activities	<u>1160</u>	<u>3104</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(1338)	234
Proceeds from sale of Property, plant and equipment	4	(53)
Purchase of Investments	-	301
Interest received	238	233
Dividend received	36	18
Net Cash from investing activities	<u>(1060)</u>	<u>733</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	-	12
Repayment of short term borrowings	(0)	320
(Increase)/ decrease in Long Term Loans & Advances	(162)	7
Interest paid	8	11
Dividend paid	514	126
Net cash from financing activities	<u>360</u>	<u>677</u>
Net Increase/(decrease) in Cash and Cash Equivalents	<u>(260)</u>	<u>1694</u>
Cash & Cash equivalents at beginning of reporting period	<u>1859</u>	<u>165</u>
Cash & Cash equivalents at the end of reporting period	<u>1599</u>	<u>1859</u>
Cash & Cash equivalents:		
Cash and Cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments.		
Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet.		
Cash on hand and bank balances	1599	1859
Short term investments	-	-
Cash and cash equivalents as reported	<u>1599</u>	<u>1859</u>
Effect on exchange rate changes	-	-
Cash and cash equivalents as restated	<u>1599</u>	<u>1859</u>

For and on behalf of the Board

In Accordance with our Report attached
For PERLTHIAGRAJ & Co.,
Chartered Accountants
Firm Registration No.002636S

T. KALAIRAJ

Partner

Membership No.023840

Kappalur

Madurai

April 24, 2013

T. KANNAN

Chairman

A. MARIAPPAN

Director

S. PARAMASHIVAN

Company Secretary

To

The Board of Directors,

VTM Limited

We have examined the above cash flow statement of VTM Limited for the year ended 31st March, 2013. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 24th April, 2013 to the members of the Company.

5

For PERI THIAGRAJ & Co.,

Chartered Accountants

Firm Registration No.002636S

T. KALAIRAJ

Partner

Membership No.023840

Madurai,

April 24, 2013.

NOTES TO FINANCIAL STATEMENTS

				(Rs. in Lakhs)	
I. SHARE CAPITAL	As at end of current reporting Period 31.03.2013		As at end of previous reporting Period 31.03.2012		
Authorised	Number	Value	Number	Value	
Equity Shares of Re.1/- each(Prev.Year Rs.10/-each)	100,000,000	1000.00	10,000,000	1000.00	
Issued, Subscribed and fully Paid up					
Equity Shares of Re.1/- each (Prev.Year Rs.10/-each)	40, 227,600	402.28	4,022,760	402.28	
Reconciliation of Equity shares outstanding at the beginning and at the end of the year:					
No. of shares	40,227,600	402.28	4,022,760	402.28	
Add: Additional shares issued during the year	-	-	-	-	
Less: Redeemed/Bought back during the year	-	-	-	-	
	40,227,600	402.28	4,022,760	402.28	

Other Information

- During the year, the company splitted/sub-divided Rs.10/- paid up per share into Re.1/-paid up per share
- The company has issued only one class of shares referred to as equity shares having paid up value of Re.1/- per share and each shareholder is entitled to one vote per share.
- The company declares dividend on equity shares. In the event of declaration of interim dividend, the same is as per decision of the Board of Directors. Final dividend is proposed by Board of Directors and approved by the shareholders of the company at the Annual General Meeting.
- In the event of liquidation, shareholder will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the no. of equity share held by the shareholder.
- The company has no Holding nor any Subsidiary Company.
- During the last five years immediately preceding the date of Balance Sheet, the company has neither issued any shares as Bonus shares nor for consideration other than cash and has not bought back any shares.
- Equity Shares include :

Particulars of equity share holders holding more than 5% of the total number of equity shares

a) T.Kannan, Partner, Guruvayoorappan Investments	7,520,000	7520000.00	752,000	7520000.00
b) T.Kannan, Partner, Avittam Investments	7,500,000	7500000.00	750,000	7500000.00
c) T.Kannan, Partner, Karumuttu Investments	6,190,000	6190000.00	619,000	6190000.00
d) M/s. Thiagarajar Mills Private Limited	2,678,000	2678000.00	267,800	2678000.00

2. RESERVES & SURPLUS

Particulars	Balance as on 31.03.2013	Balance as on 31.03.2012
Capital Reserve :		
Balance as per beginning of the year	0.62	0.62
Add : Addition during the year	-	-
Less : Utilized during the year	-	-
Balance at the end of the year	0.62	0.62
Revaluation Reserve :		
Balance as per beginning of the year	51.61	51.95
Add : Addition during the year	-	-
Less : Utilized during the year	0.31	0.34
Balance at the end of the year	51.30	51.61
General Reserve :		
Balance as per beginning of the year	9,000.00	8,510.00
Add : Addition during the year	810.00	490.00
Less : Utilized during the year	-	-
Balance at the end of the year	9,810.00	9,000.00
Surplus in the statement of Profit and Loss account		
Balance as per beginning of the year	187.60	237.58
Add : Profit for the year	1,231.88	627.03
Less : Appropriations		
Transfer to General Reserve	810.00	490.00
Interim Dividend @Re.0.70 per Re.1/- share	281.59	-
Final Dividend @Rs.4.00 per Rs.10/- share	-	160.91
Tax on Dividend	45.68	26.10
Net Surplus in the Statement of Profit and Loss account	282.21	187.60
TOTAL RESERVES & SURPLUS	10,144.13	9,239.83

(Rs. in Lakhs)

As at end of current reporting
Period 31.03 2013As at end of previous reporting
Period 31.03 2012**3. LONG TERM BORROWINGS****1. Secured Loan:**Term Loans
- from Banks

	78.37	
Total	<u>78.37</u>	<u>-</u>

2. Unsecured Loan:

Lease Rent Advance

	100.70	= 100.70
Total	<u>100.70</u>	<u>100.70</u>

3. Total long term borrowings (1+2)	179.07	100.70
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Additional information:

Term loan under TUF Scheme availed from State Bank of India by Securing first charge on the specific assets procured/to be procured under TUF Scheme repayable in 5 years commencing from October, 2014 with a moratorium period of two years.

4. Deferred Tax Liability / Asset:

Deferred Tax Liability:

On account of depreciation on fixed assets	577.46	667.47
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Total	<u>577.46</u>	<u>667.47</u>
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5. Other Long term liabilities

Trade Payables

-	-
<u>-</u>	<u>-</u>

6. Long term Provisions

a) Provisions for employee benefits

b) Others - provisions for taxation (Net of Taxes)	9.78	42.72
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Total	<u>9.78</u>	<u>42.72</u>
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7. Short term Borrowings:**1. Secured Loans:**

Loans repayable on demand

- from Workings Capital Loans from a Bank
- from others

-	-
-	-
<u>-</u>	<u>-</u>

(Rs. in Lakhs)

	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012
2. Unsecured Loans:		
Other Loans and advances		
-Security Deposit	1.21	1.16
	<u>1.21</u>	<u>1.16</u>
Total	1.21	1.16

Additional Information:

- a) Cash Credit and other facilities are secured against hypothecation of stock of raw materials, goods in process, finished goods, stores.
- b) No loans have been Guaranteed by Directors or Others.

8. Trade Payables:

Other than Micro, Small and Medium Enterprises	219.37	239.27
Total	<u>219.37</u>	<u>239.27</u>

9. Other current Liabilities:

a) Unpaid dividends	60.73	37.70
b) Lease Rent Advance	1.32	1.32
c) Remuneration Payable to Non-Whole time Directors	49.60	20.00
Total	<u>111.65</u>	<u>59.02</u>

10. Short term Provisions:

a) Provisions for employee benefits	109.39	90.09
b) Others- Audit & Cost Audit Fees and Rent payable	1.17	0.27
Proposed Dividend	0.00	160.91
Dividend Distribution Tax	0.00	26.10
Total	<u>110.56</u>	<u>277.37</u>

Additional Information :

There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2013 which is on the basis of such parties having been identified by the management.

(Rs. in Lakhs)

11. FIXED ASSETS:

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at beginning of current reporting period 01.04.2012	Additions for the year	Deductions during the year	As at end of current reporting period 31.03.2013	As at beginning of current reporting period 01.04.2012	For the Year	Deductions	As at end of current reporting period 31.03.2013	As at end of current reporting period 31.03.2013	As at end of previous reporting period 31.03.2012
Tangible Assets										
Own assets										
Land	90.39			90.39					90.39	90.39
Buildings	1217.83	133.88		1351.71	564.06	69.95		634.01	717.70	653.77
Plant & Machinery	13035.19	1013.82	21.49	14027.52	8693.72	771.13	17.66	9447.19	4580.33	4341.47
Furniture & Fixtures	79.59	7.44		87.03	77.21	3.24		80.45	6.58	2.38
Vehicles	149.05			149.05	75.06	20.84		95.90	53.15	73.99
Office equipment	10.57	0.18		10.75	3.70	0.85		4.55	6.20	6.87
Assets taken on finance lease										
Land	128.14			128.14					128.14	128.14
TOTAL	14710.76	1155.32	21.49	15844.59	9413.78	866.01	17.66	10262.10	5582.49	5297.01
Capital Work-in-progress	18.13	182.21		200.34					200.34	18.13
Total for the year	14728.89	1337.53	21.49	16044.93	9413.78	866.01	17.66	10262.10	5782.83	5315.14

Less :Transfer to Revaluation Reserve

0.31

865.70

12. NON CURRENT INVESTMENTS:

(Rs. in Lakhs)				
Details of Investments	Name of the Company	No of Shares	As at end of current reporting period 31-03-2013	As at end of previous reporting period 31-03-2012

a) Investments in Equity Instruments:

i) Associates - Trade				
Fully paid up	Thiagarajar Mills Private Limited	70140	4.22	4.22
	Colour Yarns Limited	270000	27.00	27.00
ii) Others-Non-trade	Integrated Hi-Tech Limited	1800	0.18	0.18
Fully paid up-Quoted	Telesys Software Limited	19000	2.85	2.85
	Multi Commodity Exchange of India Ltd.,	69	0.71	0.71
iii) Fully paid up -Unquoted	SIMA Textile Processing Centre Ltd.	20000	2.00	2.00
Total			36.96	36.96

Additional Information:

1. Aggregate value of quoted investments		
Cost	3.74	3.74
Market value	1.23	1.55
2. Aggregate value of unquoted investments		
Cost	33.22	33.22

(Rs. in Lakhs)

As at end of current reporting Period 31.03.2013 As at end of previous reporting Period 31.03.2012

13. LONG TERM LOANS AND ADVANCES:

i) Security Deposits	128.91	89.46
ii) Loans and advances to related parties	1.37	202.88
	130.28	292.34

Additional Information:

i) Breakup of above:		
i) Secured, considered good	-	-
ii) Unsecured, considered good	130.28	292.34
iii) Doubtful	-	-
Total	130.28	292.34

(Rs. in Lakhs)

	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012
2) a) Debts due by Directors or other officers of the company	-	-
b) Debts due by firm or private company in which any director is a partner or a Director	-	-
14. CURRENT INVESTMENTS:		
Investments in Mutual Funds:		
IDFC Money Manager Fund	-	100.00
BIRLA Sunlife Short Term FMP-Series 29	-	200.00
Total	<u>-</u>	<u>300.00</u>
Additional Information:		
Aggregate value of quoted investments:		
Cost	-	300.00
Market value	-	302.41
15. INVENTORIES:		
i) Raw materials - Yarn	948.89	550.09
ii) Work in progress - Yarn	356.66	308.91
- Cloth	47.63	81.90
iii) Finished goods - Cloth	279.39	438.09
- Waste	2.00	3.19
iv) Stores and Spares	102.50	126.00
v) Loose tools	0.01	0.01
	<u>1,737.08</u>	<u>1,508.19</u>
16. TRADE RECEIVABLES:		
i) Trade receivables exceeding six months	160.67	244.04
ii) Others	1,907.02	1,207.64
	<u>2,067.69</u>	<u>1,451.68</u>
Additional information :		
i) Breakup of above :		
i) Secured, considered good	-	-
ii) Unsecured, considered good	2,067.69	1,451.68
iii) Doubtful	-	-
Total	<u>2,067.69</u>	<u>1,451.68</u>
2) a) Debts due by Directors or other officers of the Company	NIL	NIL
b) Debts due by firm or private company in which any Director is a partner or a Director	NIL	NIL

(Rs. in Lakhs)

	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012
17. CASH AND CASH EQUIVALENTS:		
i) Balance with banks		
- in Current Accounts	184.73	100.31
- in unpaid dividend accounts	60.73	57.70
- in deposit accounts not exceeding 12 months maturity	1,350.00	1,720.00
ii) Cash on hand	3.16	1.04
	<u>1,598.62</u>	<u>1,879.05</u>
18. SHORT TERM LOANS AND ADVANCES:		
Loans and advances – other than related parties	402.05	266.46
	<u>402.05</u>	<u>266.46</u>
19. REVENUE FROM OPERATIONS:		
i) Sale of Products		
Cloth	13864.93	11146.80
Yarn and Cloth Waste	24.43	23.03
Total	<u>13889.36</u>	<u>11169.83</u>
ii) Sale of services	383.56	404.34
iii) Other operating revenues	45.50	90.78
	<u>14318.42</u>	<u>11664.95</u>
20. OTHER INCOME:		
i) Interest income	238.29	232.34
ii) Dividend Income		
from Long Term Investments	29.48	12.62
from Current Investments	6.03	4.98
iii) Profit on sale of the fixed assets (Net)	10.43	0.12
iv) Other non operating income	24.72	11.89
	<u>308.95</u>	<u>282.15</u>
21. COST OF MATERIALS CONSUMED:		
i) Consumption of raw materials	9217.80	8031.57
ii) Consumption of stores and spare parts	729.01	544.00
iii) Conversion charges - Cloth	0.00	93.65
iv) Bleaching and processing charges - Cloth	71.24	105.79
	<u>10018.05</u>	<u>8775.01</u>

(Rs. in Lakhs)

As at end of current reporting
Period 31.03.2013As at end of previous reporting
Period 31.03.2012**22. CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK IN PROGRESS AND STOCK IN TRADE:**

Stocks at the end of the year :

i) Work in progress:

Cloth in process

47.63

81.90

Total

47.63

81.90

ii) Finished goods:

Cloth

279.39

= 438.09

Waste

2.00

3.19

Total

281.39

441.28

329.02

523.18

Stocks at the beginning of the year :

i) Work in progress:

Cloth in process

81.89

32.99

Total

81.89

32.99

ii) Finished goods:

Cloth

438.09

201.36

Waste

3.19

1.40

Total

441.28

202.76

523.17

235.75

Changes in inventories of finished goods, work in progress

194.15

(287.43)

23. EMPLOYEE BENEFIT EXPENSES:

i) Salaries and Wages

459.47

408.72

ii) Contribution to Gratuity fund

23.51

15.81

iii) Contribution to provident and other funds

36.44

34.85

iv) Staff welfare expenses

131.33

122.65

650.75

582.03

24. FINANCE COSTS:

i) Interest expense on Term loan

8.18

0.00

ii) Other borrowing costs

0.20

11.82

iii) Net (gain)/Loss on foreign currency transaction

-

8.38

11.82

25. DEPRECIATION AND AMORTIZATION:

i) Depreciation

865.70

845.60

ii) Amortization of intangible assets

865.70

845.60

(Rs. in Lakhs)

	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012
26. OTHER EXPENSES:		
i) Power and fuel	694.92	662.54
ii) Rent	9.48	10.31
iii) Repairs to buildings	38.72	44.75
iv) Repairs to machinery	123.06	72.77
v) Insurance	13.18	16.26
vi) Rates and taxes	12.40	1.87
vii) Payment to the auditors		
- as auditor	0.23	0.17
- for Certification	0.23	0.39
- for reimbursement of expenses	0.10	0.10
viii) Selling expenses	60.69	150.50
ix) Brokerage expenses	148.08	163.94
x) Loss on Sale of fixed assets	0.00	7.73
xi) Donations to Charitable Institutions	52.50	25.00
xii) Legal and professional charges	11.97	14.79
xiii) Directors sitting fees & Travelling expenses	1.10	1.03
xiv) Commission to non whole time directors	49.60	20.00
xv) Miscellaneous Expenses	67.64	70.80
	<u>1283.90</u>	<u>1262.95</u>

27. ADDITIONAL INFORMATION:

a) Value of imports calculated on CIF basis:

i) Raw materials	-	-
ii) Components and spare parts	202.02	105.05
iii) Packing Materials	0.00	9.68
iv) Capital goods	737.69	14.37

b) Expenditure in foreign currency (net of withholdings tax)

Other matters - Commission & Travelling Expenses	19.11	10.55
--	-------	-------

c) SLNo.	Particulars	Amount	% to Total	Amount	% to Total
i) Value of raw materials consumed					
a) Imported	-	-		-	
b) Indigenous	9254.34	100.00%		8093.50	100.00%
ii) Value of Stores and Spares consumed					
a) Imported	245.67	33.70%		125.59	23.08%
b) Indigenous	483.34	66.30%		418.41	76.92%
	<u>9983.35</u>			<u>8637.50</u>	

(Rs. in Lakhs)

	As at end of current reporting Period 31.03.2013	As at end of previous reporting Period 31.03.2012
d) Details of non-resident shareholdings:		
i) Number of non-resident shareholders	13	12
ii) Number of shares held by non-resident shareholders (Previous Year Rs.10/- per share)	42900	3315
iii) Amount remitted during the year in foreign currency on account of dividends – as directed by the non-resident shareholders the amount of dividend has been remitted into bank account of the NRI in India. The amount so remitted in Rs. (excluding the amount transferred to unpaid dividend account).	29430	5549
e) Earnings in foreign exchange:		
Export of goods calculated on FOB basis	786.84	1543.63

28. EARNINGS PER SHARE :

Profit for the year after tax	1231.88	627.03
Number of equity shares	40,227,600	4,022,760
Face Value per share (Rs./Rs.)	1.00	10.00
Earning per share - Rs.	3.06	15.59

29. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

a) Contingent Liabilities

i) Letters of credit	0.00	557.40
ii) Tax demands under disputes	1.61	1.61

The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary.

b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

0

0

Additional Information:**1) Proposed dividends**

a) Amount of dividends proposed to be distributed to equity share holders

As at March 31, 2013

As at March 31, 2012

b) Interim Dividend paid to shareholders

Amount Per
Rs.1/-share

Total

Amount per
Rs.10/- share

Total

0.00

0.00

4.00

16,091,040

0.70

28,159,320

30. NOTES ON ACCOUNTS

1. Statement of Significant Accounting Policies:

Basis of preparation of Financial Statements:

AS-1 Disclosure of Accounting Policies

The financial statements have been prepared on the basis of going concern, under the historic cost convention, to comply in all the material aspects with applicable accounting principles in India, the accounting standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provision of the said Act.

AS-2 Valuation of Inventories

- a) Raw materials, components, stores and spares are valued at cost determined on weighted average basis. Work in process includes material cost and applicable direct overheads. Finished goods are valued at the aggregate of material cost and applicable direct and indirect overheads or market value whichever is lower.
- b) The Excise Duty is exempt on finished grey goods.
- c) There is no goods lying in customs bonded warehouses and hence the provision of duty does not arise.

AS-3 Cash Flow Statements

Cash flow statement has been prepared under "Indirect Method".

AS-4 Contingencies and Events occurring after the Balance Sheet Date

There are no contingencies and events after the Balance Sheet date that affect the financial position of the company. Contested liabilities are disclosed by way of a note.

AS-5 Net Profit or Loss for the Year, Prior Period Items and Changes in Accounting Policies:

This is not applicable as there is no change in accounting policies.

AS-6 Depreciation Accounting

Depreciation has been provided in the accounts on the following basis, at the rates prescribed in Schedule XIV to the Companies Act, 1956:

- a) Plant and Machinery other than Windmill:
 - (i) On additions till 31st December 1977.
Under the written down value method.
 - (ii) On additions from 1st January 1978.
Under straight line method at the rates specified in Clause (II) (i) (a).
- b) On all other Assets:
Under the written down value method.
- c) Windmill:
Under straight line method at the rates specified in Clause (II) (i) (b).
- d) In respect of additions during the year, full depreciation has been provided irrespective of the period of use. Similarly no depreciation to be provided on assets disposed off during the year.

AS-7 Accounting for Construction Contracts

The Company is not engaged in any construction business covered by this Standard.

AS-8 Accounting for Research and Development

This Standard stands withdrawn from the date of Accounting Standard 26- Intangible Assets becoming mandatory.

AS-9 Revenue Recognition

- a) Income and expenditure are accounted on a going concern basis.
- b) Sales are recognized at the time of despatches of the goods to the customers and recorded net of sales returns and includes export benefits.
- c) Interest Income is recognized on a time proportion basis taking into account the amount of outstanding and rate applicable.
- d) Dividend Income: The company has derived income during the current year out of its investment and is recognized when the Company's right to receive dividend is established.
- e) Lease rentals in respect of assets given on "lease" are taken to Profit & Loss Account under the head of Non-Operative Income on the basis of the terms and conditions specified in the lease agreement.

AS-10 Accounting for Fixed Assets

Fixed Assets are stated at cost of acquisition which includes expenditure incurred upto the date the asset is put to use, less accumulated depreciation. Land is stated at cost or revaluation. Building is stated at cost or revaluation less depreciation. Plant and Machinery etc., are stated at cost less depreciation.

AS-11 Accounting for effects in foreign exchange rates

- a) Purchase of imported components and spare parts are accounted based on retirement memos from banks.
- b) In respect of exports of cloth made on or before 31.03.2013, the amount due have been accounted at the rate at which the export bills were tendered to the Bank for Collection / Discounting.
- c) There is no year end foreign currency denominated liabilities and receivables.
- d) Derivative Transactions:

The Company uses forward exchange contracts to hedge its exposure in foreign currency.

As on 31st March, 2013 there is no Foreign Exchange Contracts outstanding exposure.

The amendment introduced to AS11 by Government of India on 31st March 2009 allowing the loss/profit on restatement of External Commercial Borrowings made for acquisition of Capital assets to be deducted from or added to cost of capital asset is not applicable to the company as it has no External Commercial Borrowings.

No Mark to Market component arises as the Company do not have any outstanding contract as at the end of the year.

AS-12 Accounting for Government Grants

The Company has not received any Government grants during the current accounting year.

AS-13 Accounting for Investments

Investments are stated at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature.

AS-14 Accounting for Amalgamation

This standard is not applicable to the company for the year under review.

AS-15 Accounting for Retirement Benefits

Gratuity with respect to defined benefit schemes are accrued based on actuarial valuations, carried out by an independent actuary as at the balance sheet date and being paid to Gratuity Fund.

Provident Fund, Employees' State Insurance Scheme and defined plans are charged to the Profit and Loss Account when incurred.

AS-16 Borrowing Cost

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalized. During the year under review there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalized.

AS-17 Segment Reporting

The Company operates in only one business segment viz., Textiles.

AS-18 Related Party Disclosure

Disclosure is made as per the requirements of the standard and as per the clarifications issued by the Institute of Chartered Accountants of India.

AS-19 Leases

This standard is not applicable as the Company does not have any finance lease agreement in force.

AS-20 Earning per Share

The disclosure is made in the Profit and Loss account as per requirement.

AS-21 Consolidated Financial Statements

There is no subsidiary company and hence this is not applicable.

AS-22 Accounting for Taxes on Income

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income Tax Act, 1961.

Deferred tax resulting from timing differences between book and tax profits is accounted for under liability method, at the current rate of tax.

Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

AS-23 Accounting for Investments in Associates in Consolidated Financial Statements

This standard is not applicable to the company for the year under review.

AS-24 Discontinuing Operations

This is not applicable to the Company.

AS-25 Interim Financial Reporting

Quarterly financial results are published in accordance with the requirement of listing agreement with Stock Exchanges. The recognition and measurement principle as laid down in the standard have been followed in the preparation of these results.

AS-26 Intangible Assets

The Company has no intangible assets. Hence this is not applicable.

AS-27 Financial Reporting of Interest in Joint Ventures

This standard is not applicable to the Company as the company does not have any joint venture.

AS-28 Impairment of Assets

As on the Balance Sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of such assets. Hence there is no impairment loss on the assets of the Company.

AS-29 Provisions, Contingent Liabilities and Contingent Assets

Contingent Liabilities are disclosed in Note No.2.

AS-30 Financial Instruments: Recognition and Measurement

This standard is not applicable to the company for the year under review.

AS-31 Financial Instruments: Presentation

This standard is not applicable to the Company for the year under review.

AS-32 Financial Instruments : Disclosures

This standard is not applicable to the company for the year under review.

2. Taxes:

- a) The Company does not have any disputed Income Tax liability as on 31st March, 2013.
- b) The Company has disputed Sales Tax liability as on 31st March, 2013 as detailed below:

Sl. No.	Name of the Statute	Nature of Dues	Amount Rs.	Assessment Year	Forum where dispute is pending
I	TN VAT Act	Penalty	1,60,568/-	2001-2002	STAT, Tamil Nadu

3. Related Party disclosures as required by Accounting Standard No.18 are given below:**I Where Control Exists:**

Subsidiary Company Nil

II Other related parties with whom transactions have been entered into during the year:

(A) Key Management Personnel (Chairman)
Thiru T. Kannan

(B) Relatives of Key Management Personnel:

1. Tmt. Uma Kannan
2. Tmt. Lakshmi Murugesan
3. Sri K. Thiagarajan

(C) Enterprises in which Key Management Personnel have significant influence:

1. Thiagarajar Mills (P) Ltd.
2. Colour Yarns Ltd.
3. Tamaraiselvi Finance Pvt. Ltd.
4. Thiagarajar Telekom Solutions Ltd.
5. Sree Devi Karumari Finance Pvt. Ltd.
6. Sree Thiagaraja Finance Pvt. Ltd.
7. Thirumagal Finance Pvt. Ltd.
8. Thiagarajar Leasing Pvt. Ltd.
9. Thiagarajar Rubbers Pvt. Ltd.
10. Karumuttu Farms Pvt. Ltd.
11. Kannappan Traders Pvt. Ltd.
12. Sivakami Textile Traders Pvt. Ltd.
13. SIMA Textile Processing Centre Ltd.
14. Sri T. Kannan (HUF)
15. Thiagarajar Knitters
16. Guruvayoorappan Investments
17. Avittam Investments
18. Thirumagal Investments
19. Karumuttu Investments
20. Celebrate Madurai Committee

(D) The following transactions were carried out with the related parties in the ordinary course of business:

i) Details relating to parties referred in item I above:

-Nil-

ii) Details relating to parties referred in item II-A above:

	(Rs. in Lakhs)
a. Remuneration	44.60
b. Sitting Fees	0.18

iii) Details relating to parties referred in item II-B above:

-Nil-

iv) Details relating to parties referred in item II-C above:

a. Purchase of Materials	2559.94
b. Sale of Materials and Licenses	52.62
c. Availing of Services	37.41
d. Lending of Services	353.74
e. Contributions	2.50

4. The Deferred Tax liabilities in pursuance of Accounting Standard 22 issued by the Institute of Chartered Accountants of India is as stated below:

(Rs. in Lakhs)

	As on 31.03.2012	During the year	As at 31.03.2013
Deferred Tax Liabilities			
Difference between book and Tax depreciation	667.47	(-)90.01	577.46

5. Information required to be furnished by notification of Department of Company Affairs dated 30th October, 1973.

		(Figures in Lakhs)		31.03.2013	31.03.2012
				Value	Value
				Rs.	Rs.
(i)	Sales :				
	Cloth	Mtrs.	138.93	13864.94	135.07
	Yarn Waste	Kgs.	0.69	24.43	0.64
(ii)	Raw Materials consumed :				
	Yarn	Kgs.	31.91	9125.05	29.79
(iii)	Opening stock of finished goods :				
	Cloth	Mtrs.	6.23	438.09	1.74
	Yarn Waste	Kgs.	0.07	3.19	0.04
(iv)	Closing stock of finished goods :				
	Cloth	Mtrs.	3.02	279.39	6.29
	Yarn Waste	Kgs.	0.08	2.00	0.07
(v)	Purchases				
	Cloth	Mtrs.	0.70	92.75	
(vi)	Licensed and Installed capacities :				
	(Number of Looms)				
	Licensed Capacity		Not applicable	Not applicable	
	Installed Capacity		270 Nos.	240 Nos.	
(vii)	Actual Production :				
	Cloth (on own account)	Mtrs.	135.02	138.62	
	Cloth (on others)	Mtrs.	9.67	10.88	
	Production by outside establishment from cotton yarn supplied by the Co.				
	Cloth	Mtrs.	-	11.94	
(viii)	CIF Value of Imports :				
	Spare Parts		202.02		105.05
	Capital Goods		737.69		14.37
	Raw Materials		-		-
	Packing Materials		-		9.68
(ix)	Expenditure in foreign currency :				
	Commission (accrual basis)		19.11		7.83
	Travelling Expenses		-		0.77
	Other matters		-		1.95
(x)	Value of raw materials consumed :				
	Imported		-		-
	Indigenous		9254.34(100%)		8093.50(100%)
(xi)	Value of stores and spares consumed :				
	Imported		245.67(33.70%)		125.59(23.08%)
	Indigenous		483.34(66.30%)		418.41(76.92%)
(xii)	Amount remitted during the year in foreign currency on account of Dividends		-		-
(xiii)	Earnings in foreign exchange :				
	On account of export of goods:				
	Direct Export (FOB value)		786.84		1543.63
	Merchant Exports		-		-

6. Previous year's figures have been regrouped wherever necessary
Signatures to Schedules and Notes

To be read with our Report annexed
For PERI THIAGRAJ & Co.,
Chartered Accountants
Firm Registration No.002636S

T. KALAIRAJ

Partner

Membership No.023840

Kappalur,
Madurai,
April 24, 2013.

T. KANNAN
Chairman

A.MARIAPPAN
Director

S. PARAMASHIVAN
Company Secretary