

BOARD OF DIRECTORS

Thiru T. Kannan
Thiru K.Thiagarajan
Thiru RM. Somasundaram
Thiru L.N.V. Subramanian
Thiru A. Mariappan
Thiru M.Murugesan
Thiru PL.Subbiah

CHAIRMAN

Thiru T. Kannan

COMPANY SECRETARY

Thiru S. Paramashivan

AUDITORS

M/s. Peri Thiagraj & Co.,
Madurai.

BANKERS

State Bank of India
IDBI Bank Ltd.
Standard Chartered Bank

REGISTERED OFFICE

Sulakarai,
Virudhunagar.

CIN: L17111TN1946PLC003270

NOTICE OF ANNUAL GENERAL MEETING:

NOTICE is hereby given that the Sixty Seventh 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 25th day of June, 2014 at 12.00 Noon to transact the following business:

AGENDA:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri.T.Kannan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Peri Thiagaraj & Co., Chartered Accountants (ICAI Regn.No.002636S) as Statutory Auditors of the Company and fix their remuneration.

AS SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution:

RESOLVED that Sri.K.Thiagarajan (DIN 03638370) who was co-opted as a Director of the Company with effect from 23.8.2013 in terms of Section 260 (corresponding to Section 161(1)) of the Companies Act, 1956 whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company liable to determination by retirement of directors by rotation.

6. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution:

RESOLVED that Sri.PL.Subbiah (DIN 00381561) who was co-opted as a Director of the Company with effect from 18.10.2013 in terms of Section 260 (corresponding to Section 161(1)) of the Companies Act, 1956 whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company liable to determination by retirement of directors by rotation.

7. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution:

RESOLVED that Sri M.Murugesan (DIN 06711683) who was co-opted as a Director of the Company with effect from 11.10.2013 in terms of Section 260 (corresponding to Section 161(1)) of the Companies Act, 1956 whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company.

FURTHER RESOLVED that pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereon read with Schedule-IV to the Companies Act, 2013, Sri. M.Murugesan, Director of the Company be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019.

8. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution:

RESOLVED that pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereon read with Schedule-IV to the Companies Act, 2013, Sri.A.Mariappan, Director of the Company be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019.

9. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution:

RESOLVED that pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereon read with Schedule-IV to the Companies Act, 2013, Sri.RM. Somasundaram, Director of the Company be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019.

10. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution:

RESOLVED that pursuant to provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereon read with Schedule-IV to the Companies Act, 2013, Sri.L.N.V.Subramanian, Director of the Company be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years for a term up to 31st March 2019.

11. To consider and if thought fit to pass with or without modification(s), the following resolution as a special resolution:

RESOLVED that in supersession of the Ordinary Resolution adopted at the 59th Annual General Meeting held on 9th June, 2006 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereon, the consent of the Company be and is hereby accorded to the Board of Directors to borrow monies in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/ to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.320 Crores (Rupees Three hundred and Twenty Crores) over and above the aggregate of the paid up share capital and free reserves of the Company.

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 12th June, 2014 to 25th June, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the dividend for year ended 31.3.2014.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy / Proxies to attend and vote instead of himself. Such a Proxy / Proxies need not be a member of the Company.

The Instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy Form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company,

5. Pursuant to Sec. 205A and 205C of the Companies Act, 1956, the dividend for the Financial Year 2006-2007 which is remaining unclaimed for seven years will be transferred to the Investors Education and Protection Fund on or before 06.07.2014, being the due date for such transfer; the other dividends are lying in the Unpaid Dividend Account of the Company.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN 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.
7. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for the appointment/re-appointment.
8. Electronic copy of the Annual Report for the year 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository participant(s) for communication purposes unless any member has requested for a hard copy of the same.
9. Electronic copy of the Notice of the 67th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 67th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
10. Members may also note that the Notice of the 67th Annual General Meeting and the Annual Report for the year 2013-14 will also be available on the Company's website www.vtmill.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Sulakarai, Virudhunagar for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: complianceofficer@vtmill.com

11. Voting Through Electronic Means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 67th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by M/s. Karvy Computershare Private Limited.

The instructions for e-voting are as under:-

- (i) Use the following URL for e-voting:

Karvy Website : <http://evoting.karvy.com>

- (ii) Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
- (iii) Enter the login credentials i.e., User ID and password mentioned in the Notice of the AGM. Your Folio No. / DP ID Client ID will be your user ID.
- (iv) After entering the details appropriately, click on LOGIN.
- (v) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) You need to login again with the new credentials.
- (vii) On successful login, the system will prompt you to select the EVENT i.e., VTM Limited.
- (viii) On the voting page, enter the number of shares as on the cut off date under FOR / AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR / AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- (ix) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (x) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm, else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- (xi) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (xii) The Portal will be open for voting from 9.00 A.M. on 19th June, 2014 to 6.00 P.M. on 21st June, 2014.
- (xiii) Mr. I.B. Hari Krishna, Company Secretary (C.P. No. 5302) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xiv) The results shall be declared on or after the AGM of the Company. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.vtmill.com.

- (xv) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 A.M. to 5.00 P.M.) on all working days except Sundays, up to and including the date of the Annual General Meeting of the Company.
- (xvi) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt.Ltd. at Tele. No. 1800 345 4001 (Toll Free).

I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No.5

Sri. K. Thiagarajan was co-opted as a Director of the Company on 24th August, 2013. He holds a Bachelor Degree in Engineering and Business Management from Warwick University, UK.

He is the Executive Director of M/s. Thiagarajar Mills Private Limited from November, 2011.

He is also the Executive Committee Member of the Cotton Textile Export Promotion Council, Mumbai. As such he possesses knowledge and experience in the field of textile industry for the past three years.

Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) Sri.K.Thiagarajan holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Sri. K.Thiagarajan as a candidate for the office of Director of the Company.

Sri.K.Thiagarajan holds by himself 153,600 equity shares in the Company.

The Board considers that the appointment of Sri. K.Thiagarajan as a Director of the Company would be of immense benefit to the Company.

Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Sri K. Thiagarajan and Sri. T.Kannan as relative of Sri. K.Thiagarajan, none of the Directors of the Company and their relatives is concerned or interested, in the resolution set out at Item No.5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No.6

Sri PL. Subbiah, was co-opted as a Director of the Company on 18th October, 2013. He has been in service in textile industries for several decades and as such possesses knowledge and experience in the field of textile industry for the past several years.

Under Section 161(1) of the Companies Act , 2013 (corresponding to Section 260 of the Companies Act, 1956) Sri. PL.Subbiah holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing him as a candidate for the office of Director of the Company.

Sri PL. Subbiah does not hold by himself or for any other person on a beneficial basis any shares in the Company.

The Board Considers that the appointment of Sri PL.Subbiah as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Sri. PL.Subbiah, being an appointee, none of the Directors of the Company and their relatives is concerned or interested, in the resolution set out at Item No.6. This Explanatory Statement may also be regarded as disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No.7

Sri. M.Murugesan, was co-opted as a Director of the Company on 11th October, 2013. He is holding Bachelor Degree in Science with banking qualification (CAIIB) and he has worked and retired as Assistant General Manager, State Bank of India and been in service in the field of banking and finance for several decades and as such possesses knowledge and experience in the field of banking and finance for the past several years.

Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) Sri. M.Murugesan holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing him as a candidate for the office of Director of the Company.

Sri. M.Murugesan does not hold by himself or for any other person on a beneficial basis any shares in the Company.

Except Sri. M.Murugesan, being an appointee, none of the Directors of the Company and their relatives is concerned or interested, in the resolution set out at Item No.7.

Item No.8

Sri. A.Mariappan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year 1999. He is Member of the Audit Committee and Nomination & Remuneration Committee of Board of Directors of the Company.

Sri. A. Mariappan is a Master of Business Administration and having very long and valuable experience in textile industry and he is also in the boards of Thiagarajar Mills Private Ltd. and other Companies.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Sri. A.Mariappan, being an appointee, none of the Directors of the Company and their relatives is concerned or interested in the resolution set out at Item No.8

Item No.9

Sri. RM. Somasundaram is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 1984. He is Chairman of the Audit Committee, Member of Corporate Social Responsibility Committee and Nomination & Remuneration Committee of the Board of Directors of the Company.

Sri. RM. Somasundaram is a Commerce Graduate and having very long and valuable experience in textile industry and he is also a Director in the board of M/s. Sree Kannathal Mills (P) Ltd.

He holds 60,000 shares by himself in the Company.

Except Sri. RM. Somasundaram, being an appointee, none of the Directors of the Company and their relatives is concerned or interested in the resolution set out at Item No.9.

Item No.10

Sri.L.N.V. Subramanian is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in the year February 1984. He is Member of the Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Sri. L.N.V.Subramanian is an Advocate having very long and valuable experience in the field of Civil and Labour Laws for several decades and he is not a Director in any other Company.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Sri L.N.V.Subramanian, being an appointee, none of the Directors of the Company and their relatives is concerned or interested in the resolution set out at Item No.10.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, M/s. M.Murugesan, A. Mariappan, RM. Somasundaram and L.N.V. Subramanian are proposed to be appointed as Independent Directors for five consecutive years for a term upto 31st March, 2019.

In the opinion of the Board, all the above said directors fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are Independent of the management. Copy of the draft letter for appointment as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of all the above said Directors as Independent Directors. Accordingly, the Board recommends the resolution in Item No.7 to 10 in relation to their appointment as Independent Directors, for the approval by the shareholders of the Company.

This Explanatory Statement for the above said Directors may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No.11

The members of the Company at their 59th Annual General Meeting held on 9th June, 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.320 Crores (Rupees Three hundred and twenty crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.11 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs.320 Crores (Rupees Three hundred and twenty crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors of the Company and their relatives is concerned or interested in the resolution set out at Item No.11.

By Order of the Board,

T. KANNAN

Chairman

Kappalur, Madurai.

April 25, 2014.

DIRECTORS' REPORT

To the Members of VTM Limited

Your Directors have pleasure in presenting their 67th Annual Report along with the audited statements of accounts for the year ended 31st March, 2014.

PROFITS, DIVIDENDS & RETENTION :

	(Rs. in Lakhs)	
	2013 - 2014	2012 - 2013
Turnover:	16915	14318
Profit before Depreciation (after interest)	2475	2472
Less : Depreciation	895	866
Profit after Depreciation	1580	1606
Less : Provision for Taxation:		
Current year	579	405
Deferred Tax	(-) 97	(-) 90
Taxation for earlier years	(-) 33	59
	<u>449</u>	<u>374</u>
Profit after tax	1131	1232
Add : Amount brought forward	283	188
Available for appropriation	1414	1420
Appropriation :		
Transfer to General Reserve	810	810
Interim Dividend @ Rs.0.70 per Share		282
Income Tax on Interim Dividend		45
		<u>327</u>
Dividend @ Rs.0.70 per Share	282	-
Income Tax on Dividend	48	-
	<u>330</u>	<u>-</u>
Retained profit carried forward to the following year	<u>274</u>	<u>283</u>

DIVIDEND:

The Board propose a Dividend of Rs.0.70 per Share (i.e., 70%) on Equity Share Capital for the year 2013-14.

PERFORMANCE OF THE YEAR AND FUTURE PROSPECTS:

The Slowdown in the Indian economy continued during the year under review too. Your Company's Sales Turnover for the year 2013-14 increased from Rs.143.18 Crores to Rs.169.15 Crores. However the Gross Profit before depreciation was stagnant at Rs.24.75 Crores. The textile markets witnessed strong demand during the first two quarters of the year under review. There was a marked slowdown in demand thereafter. The Year's performance must be considered satisfactory under these circumstances.

Though the power shortage continues, the Company has been able to mitigate the same with a mix of Wind energy and purchase of power from third parties.

Your Directors hope that the new Government at the centre will usher the country into a new era of stability and economic growth. Therefore we look forward to the year with optimism.

FUTURE PLANS:

Your Company continues to be debt free and has adequate resources to embark on new projects. Your Directors are evaluating a plan to invest in a spinning plant as it appears commercially attractive.

AUDITORS:

The present Auditors of the Company M/s. Peri Thiagraj & 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 ended 31.03.2014.

For the year ended 31.03.2013, the due date of filing the Cost Audit Report was 30.09.2013 and the actual date of filing the Cost Audit Report was 21.09.2013.

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 2014 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, 2014 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 two Stock Exchanges:

- 1) Bombay Stock Exchange Ltd.,
Regd. Office: Floor 25, P.J. Towers,
Dalal Street,
Mumbai - 400 001.
- 2) Madras Stock Exchange Ltd.,
Exchange Buildings,
11, Second Line Beach,
Chennai - 600 001.

The Company has paid listing fee to both stock exchanges for the Financial Year 2014-2015.

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.
April 25, 2014.

T. KANNAN
Chairman

ANNEXURE-I TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Corporate Governance policy of the Company seek to focus on enhancement of shareholder value without compromising on social obligations and regulatory compliances.

The Company is committed to good Corporate Governance and has complied in all material aspects with the requirements specified in Listing Agreement with stock exchanges.

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

I. Board of Directors:

During the year under review the strength of the Board has gone up from four to Seven Directors; Out of the total strength of whom four 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), in the present Board, Sri. T.Kannan, Chairman & Director and Sri.K.Thiagarajan 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 4 Board Meetings were held on 24th April 2013, 18th July 2013, 18th October 2013 and 22nd January 2014. 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 and Number of Directorship:

Name of the Directors	Category	No. of Board Meetings attended	Attendance at the last AGM held on 5.6.2013	No. of other Directorships in Companies other than VTM	No. of other memberships in Board Committees	Whether Chairman/Member
Sri. T. Kannan		4	✓	8*	2	Chairman
				2		Member
Sri. K.Thiagarajan	ID	2	✓		-	-
Sri. RM. Somasundaram		3		2	-	-
Sri. L.N.V. Subramanian		3		-	-	-
Sri. A.Mariappan		4	✓	7	-	-
Sri. M.Murugesan		2		1	-	-
Sri. PL.Subbiah		1			-	-

ID: Independent Director; VTM - VTM Limited.

Notes: * includes Directorship in 2 Companies coming under Section 8 of the Companies Act 2013;

Sri. T. Kannan, Chairman and Director, Sri. RM. Somasundaram and Sri. A. Mariappan, Directors have attended the Annual General Meeting held on 5th June, 2013.

Sri. K.Thiagarajan Director, Sri. M.Murugesan, and Sri. PL.Subbian, Director were inducted at Directors on 23.8.2013, 11.10.2013, and in 18.10.2013 respectively.

Details of Directors retiring by rotation and seeking re-appointment:

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. The following directors have been identified as Independent Directors under the Listing Agreement.

Sri. A. Mariappan.

Sri. M. Murugesan.

Sri. RM. Somasundaram.

Sri. L.N.V. Subramanian.

In terms of Section 152 of the Companies Act 2013, they are non retiring Directors. Further three directors who have been co-opted during the year have to be appointed as directors in the ensuing Annual General Meeting of the Company.

Accordingly, Sri. 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	Sri. T. Kannan
Age	60 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., Colour Yarns Ltd., TVS Motor Company Ltd., Sundaram Brake Linings Ltd., Sundaram Textiles Ltd., SIMA Textile Processing Centre Ltd., Confederation of Indian Textile Industry.
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

2. Audit Committee:

The Company constituted Audit Committee during the financial year 2001-02, and reconstituted during the years 2010-11. The constitution of Audit Committee is as per the Listing Agreements with Stock Exchanges. The EXISTING Audit committee satisfies the provisions of the Companies Act 2013. The Audit Committee comprises of three Independent Directors.

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, recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditors Independence and performance, and effectiveness of audit process, examination of the financial statement and the auditor's report thereon; approval or any subsequent modification of transactions of the company with related parties, scrutiny of inter-corporate loans and investments valuation of undertakings or assets of the company, wherever, it is necessary, evaluation of internal financial controls and risk management systems, disclosures made under the CEO/CFO certification to the Board, and to consider other topics as defined by the Board.

The following Directors are the members of the Audit Committee:

Director	Category
Sri. RM. Somasundaram	Chairman
Sri. L.N.V. Subramanian	Member
Sri. 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 four meetings of the Audit Committee during the year and the dates and attendance of the same are as under:

Dates: 24.04.2013, 18.07.2013, 18.10.2013 & 22.01.2014

Name of the Director	No. of Audit Committee Meetings attended
Sri. RM. Somasundaram	3
Sri. L.N.V. Subramanian	3
Sri. A. Mariappan	4

Remuneration to Directors:

Name of the Director	Sitting Fees (For Board & Committee Meetings)
Sri. T. Kannan (Chairman)	Rs. 12,000/-
Sri. K. Thiagarajan	Rs. 6,000/-
Sri. RM. Somasundaram	Rs. 18,000/-
Sri. L.N.V. Subramanian	Rs. 18,000/-
Sri. A. Mariappan	Rs. 24,000/-
Sri. M. Murugesan	Rs. 6,000/-
Sri. PL. Subbiah	Rs. 3,000/-

Besides Sitting Fees, Sri. T. Kannan, Chairman and Sri. K.Thiagarajan, Director are to be paid Profit Commission of Rs.40.00 Lakhs and Rs.8.00 Lakhs, respectively in terms of Section 197 of the Companies Act, 2013 for the year ended 31st March, 2014.

Shares held by Non-Executive Directors:

Name of the Director	Number of Shares (Re.1 Face Value)
Sri. T. Kannan	585600
Sri. RM. Somasundaram	60000
Sri. K.Thiagarajan	153600

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, 2013	5 th June 2013 at 11.30 A.M.
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

Special Resolution passed in the three previous Annual General Meeting:

Annual General Meeting	Special Resolution
64 th AGM	- -
65 th AGM	Approval of the Members for: 1) Subdivision of the Equity Shares from Rs.10/- in to Re.1/- 2) Amendment of capital clause of Memorandum & Article in Articles of Association for subdivision of shares from Rs.10/- in to Rs.1/-
66 th AGM	- -

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 accounts section (Point No.3) 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 twelve 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 2007, due to be transferred on 06.07.2014 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 31.03.2014:

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto - 5000	1530	82.26	2132231	5.30
5001 - 10000	156	8.39	1072276	2.67
10001 - 20000	84	4.51	1130610	2.81
20001 - 30000	35	1.88	880965	2.19
30001 - 40000	8	0.43	297594	0.74
40001 - 50000	8	0.43	362180	0.90
50001 - 100000	16	0.86	1091717	2.71
100001 - above	23	1.24	33260027	82.68
Total	1860	100%	40227600	100%

Shareholding pattern as on 31st March, 2014:

Shareholders	No. of Shares held	% of total shares held
Promoters	30169700	75.00
Financial Institutions	0	0.00
Corporate Bodies	563991	1.40
Public	9452002	23.50
NRI's	41907	0.10
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. | : 25 th June, 2014 at 12.00 Noon at the Registered Office at Sulakarai, Virudhunagar. |
| 2. Dates of Book Closure/Record date for Financial Year 2013-2014. | : Register of Members will be closed from 12 th June to 25 th June 2014. |
| 3. Results for Quarter ending June 30, 2014 (Provisional) | : 3 rd week of July, 2014 |
| Results for Quarter ending September 30, 2014 (Provisional) | : 3 rd week of October, 2014 |
| Results for Quarter ending December 31, 2014 (Provisional) | : 3 rd week of January, 2015. |
| Financial Calendar - 1 st April, 2014 to 31 st March 2015 (Audited) | : 4 th week of April, 2015. |

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 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 90.68% of the total shares have been dematerialised.
The Shares held by the promoters have all been dematerialised.

Listing at Stock Exchanges:**1. Bombay Stock Exchange Ltd., Code : 532893**

Regd. Office : Floor 25,
PJ Towers,
Dalal Street,
MUMBAI - 400 001.

2. Madras Stock Exchange Ltd.,

- -

Under NSE trading platform

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

TRADING SYMBOL AT BSE : VTM

Demat ISIN No. : INE222F01029

Share Price movements:

Market Price data : Exchange : BSE

Month	High Rs.	Low Rs.
April '13	18.15	14.40
May '13	16.85	13.55
June '13	17.40	13.80
July '13	17.70	15.05
August '13	15.75	13.50
September '13	15.00	13.50
October '13	17.30	13.60
November '13	17.00	14.75
December '13	16.80	14.50
January '14	18.00	14.45
February '14	16.00	14.00
March '14	17.55	14.70

The share quotations are stated for the Re.1/- Face value of the company's equity share. The Company's shares were traded in the NSE segment under the Madras Stock Exchange platform.

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. No item of business relating to matters requiring voting by Postal Ballot is included in the Notice convening the 67th 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 2014, 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 25, 2014.

Management Discussion & Analysis:

Financial Performance:

There has been an increase in Sales Turnover from Rs.143.18 Crores to Rs.169.15 Crores. The Gross Profit has marginally gone up during the year 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 few 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.

1. 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 :

	31.03.2014	31.03.2013
Electricity		
a) Purchased:		
Units	2040402	446898
Total Amount	Rs. 2,62,43,415	Rs. 1,40,08,699
Rate per unit	Rs. 12.86	Rs. 31.35
b) Own Generation:		
Through Diesel Generator:		
Units	509899	3832201
Units per litre of oil	3.38	3.51
Cost per unit	Rs. 15.66	Rs. 12.01
c) Through Windmill :		
Produced Units	5697619	9036962
Availed Units	5697619	8834739
d) Through an Independent power producer:		
Units	8136395	995613
Rate per unit	Rs. 6.09	Rs. 6.96

B. CONSUMPTION PER UNIT OF PRODUCTION OF CLOTH :

Electricity per metre of production of cloth	Rs. 4.99	Rs. 4.80
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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.1231.52 Lakhs (FOB value of exports) through direct exports.

The foreign exchange outgo during the period is Rs.187.44 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 25, 2014,

T. KANNAN

Chairman

INDEPENDENT AUDITORS' REPORT

To the Members of VTM LIMITED, Sulakarai, Virudhunagar.

We have audited the accompanying financial statements of **VTM Limited**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements:

Management is responsible for the preparation of these financial statements 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 (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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

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 judgement, including the assessment of the risks of materials misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider 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 but not for the purpose of expressing as opinion on the effectiveness of the companies internal control. 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.

Report of Other Legal and Regulatory Requirements:

As required by Section 227(3) of the Act, we report that:

- 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 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.
 - ii)
 - a) 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 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) No discrepancies have been noticed on such verification of stock 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, and for sale of goods. 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 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.
- 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, Customs Duty, Excise Duty, Cess, Service Tax and there were no amounts outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
b) The Company has disputed Tax and other liabilities as at March 31, 2014 as stated in Note No.2.
- x) The Company has no accumulated losses. The Company has not incurred cash losses in the Financial Year under report and in the immediately preceeding 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.
- 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) The Company has not issued Shares and hence requirements of reporting in respect of Shares issued does not arise.
- xix) The Company has not issued Debentures and hence requirement of reporting regarding creation of securities in respect of Debenture 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.
- xxi) 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.

Opinion:

- 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, 2014.
 - b) In the case of the Statement of Profit and Loss, 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) We are of the opinion based on the information and explanations furnished to us that none of the Directors is disqualified from being appointed as a Director of the Company in terms of Section 274(1)(g) of the Companies Act, 1956.
- 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 Statement of Profit and Loss and Balance Sheet and Cash Flow Statement complies with the accounting standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs respect of Section 133 of the Companies Act, 2013 (referred to in sub-section (3C) of Section 211 of the Companies Act, 1956).
- 7) The Balance Sheet, Statement of Profit and Loss 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 25, 2014.

BALANCE SHEET as at 31st March, 2014

	Note No	As at 31.03.2014	(Rs. in Lakhs) As at 31.03.2013
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds :			
(a) Share Capital	1	402.28	402.28
(b) Reserves & Surplus	2	10945.31	10144.13
		<u>11347.59</u>	<u>10546.41</u>
2. Non - Current Liabilities			
(a) Long Term borrowings	3	163.40	179.07
(b) Deferred tax liabilities (Net)	4	480.64	577.46
(c) Other long term liabilities	5	-	-
(d) Long term provisions	6	13.73	9.78
		<u>657.77</u>	<u>766.31</u>
3. Current Liabilities :			
(a) Short term borrowings	7	16.94	1.21
(b) Trade Payables	8	313.29	219.37
(c) Other current liabilities	9	95.64	111.65
(d) Short term provisions	10	442.11	110.56
		<u>867.98</u>	<u>442.79</u>
Total		<u>12873.34</u>	<u>11755.51</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible assets	11	4925.40	5582.49
(ii) Capital work in progress		200.34	200.34
		<u>5125.74</u>	<u>5782.83</u>
(b) Non-current investments	12	37.87	36.96
(c) Long term loans and advances	13	54.18	130.28
		<u>5217.79</u>	<u>5950.07</u>
(2) Current Assets			
(a) Current Investments	14	1700.00	-
(b) Inventories	15	2343.48	1737.08
(c) Trade receivables	16	1595.22	2067.69
(d) Cash and Cash equivalents	17	1625.73	1598.62
(e) Short term loans and advances	18	391.12	402.05
		<u>7655.55</u>	<u>5805.44</u>
Total		<u>12873.34</u>	<u>11755.51</u>

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

For and 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 25, 2014.

T. KANNAN Chairman
RM. SOMASUNDARAM Director
S.PARAMASHIVAN Company Secretary

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2014

(Rs. in Lakhs)

	Note No	Year Ended 31.03.2014	Year Ended 31.03.2013
I Revenue from Operations	19	16915.82	14318.42
II Other Income	20	251.06	308.95
III Total Revenue (I+II)		<u>17166.88</u>	<u>14627.37</u>
IV Expenses			
Cost of materials consumed	21	12768.55	10018.05
Changes in inventories of finished goods, work in progress	22	(630.76)	194.15
		<u>12137.79</u>	<u>10212.20</u>
Employees benefits expense	23	800.18	650.75
Finance costs	24	25.06	8.38
Depreciation and amortisation expense	25	895.21	865.70
Other expenses	26	1728.36	1283.90
Total Expenses		<u>15586.60</u>	<u>13020.93</u>
V Profit/(Loss) before tax (III-IV)		1580.28	1606.44
VI Tax Expenses:			
(1) Current Tax		579.00	405.00
(2) Tax in respect of earlier years		(32.80)	59.57
(3) Deferred tax		(96.82)	(90.01)
		<u>449.38</u>	<u>374.56</u>
VII Profit/(Loss) for the period		<u>1130.90</u>	<u>1231.88</u>
VIII Earning per equity share:			
Face Value per share		1.00	1.00
(1) Basic		2.81	3.06
(2) Diluted		2.81	3.06

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

For and behalf of the Board

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

Kappalur,

Madurai.

April 25, 2014.

T. KANNAN

Chairman

RM. SOMASUNDARAM

Director

S.PARAMASHIVAN

Company Secretary

T. KALAIRAJ

Partner

Membership No.023840

CASH FLOW STATEMENT for the year ended 31st March, 2014

Particulars	Year Ended 31.03.2014	(Rs. in Lakhs) Year Ended 31.03.2013
Cash Flows from operating activities		
Profit before taxation	1580	1606
Adjustments for:		
Depreciation and amortisation expense	895	866
Interest received	(208)	(238)
Dividends received	(1)	(36)
Interest expenses	25	8
	<u>711</u>	<u>600</u>
	2291	2207
(Increase)/ decrease in Long Term Borrowings	(16)	78
Increase/ (decrease) in Trade Payables	94	(20)
(Increase)/ decrease in Other Current Liabilities	(16)	53
(Increase)/ decrease in Short Term provisions	2	20
(Increase)/ decrease in Current Investments	(1700)	-
(Increase)/ decrease in Inventories	(606)	(229)
(Increase)/ decrease in Trade and other receivables	472	(616)
(Increase)/ decrease in Other Current Assets	11	(136)
Sale of Investments	0	300
	<u>(1759)</u>	<u>- 549</u>
	532	1658
Income taxes paid	<u>542</u>	<u>498</u>
Net Cash from operating activities	(10)	1160
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(240)	(1338)
Proceeds from sale of Property, plant and equipment	2	4
Purchase of Investments	-	-
Interest received	208	238
Dividend received	<u>1</u>	<u>36</u>
Net Cash from investing activities	(30)	(1060)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	-	-
Repayment of short term borrowings	(16)	0
(Increase)/ decrease in Long Term Loans & Advances	(76)	(162)
Interest paid	25	8
Dividend paid	<u>0</u>	<u>514</u>
Net cash from financing activities	(67)	360
Net Increase/(decrease) in Cash and Cash Equivalents	27	(260)
Cash & Cash equivalent at beginning of reporting period	<u>1599</u>	<u>1859</u>
Cash & Cash equivalent at the end of reporting period	<u>1626</u>	<u>1599</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	1626	1599
Short term investments	-	-
Cash and cash equivalents as reported	1626	1599
Effect on exchange rate changes	-	-
Cash and cash equivalents as restated	<u>1626</u>	<u>1599</u>

In Accordance with our Report attached

For PERI THIAGRAJ & Co.,

Chartered Accountants

Firm Registration No.002636S

T. KALAIRAJ

Partner

Membership No.023840

For and behalf of the Board

Kappalur,

Madurai.

April 25, 2014.

T. KANNAN

Chairman

RM. SOMASUNDARAM

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, 2014. 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 25th April, 2014 to the members of the Company.

Madurai,
April 25, 2014

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

T. KALAIRAJ
Partner
Membership No.023840

NOTES TO FINANCIAL STATEMENTS

1. SHARE CAPITAL

	As at 31.03.2014		(Rs. in Lakhs) As at 31.03.2013	
Authorised:	Number	Value	Number	Value
Equity Shares of Re.1/- each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, Subscribed and fully Paid up:				
Equity Shares of Re.1/- each	40,227,600	402.28	40,227,600	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	40,227,600	402.28
Add: Additional shares issued during the year	-	-	-	-
Less: Redeemed/Bought back during the year	-	-	-	-
	40,227,600	402.28	40,227,600	402.28

Other Information:

- The company has issued only one class of shares referred to as equity shares having paidup 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 proportionate to the number 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.
- The Company splitted its Rs.10/- paid up shares into Re.1/- paid up shares in last five years.
- Equity Shares include:

Particulars of equity shareholders holding more than 5% of the total number of equity shares:

S.No.	Shareholders	Financial Year 2014		Financial Year 2013	
		No. of Shares	Amount	No. of Shares	Amount
a)	T.Kannan, Partner, Guruvayoorappan Investments	7,520,000	7520000.00	7,520,000	7520000.00
b)	T.Kannan, Partner, Avittam Investments	7,500,000	7500000.00	7,500,000	7500000.00
c)	T.Kannan, Partner, Karumuttu Investments	6,190,000	6190000.00	6,190,000	6190000.00
d)	M/s. Thiagarajar Mills Private Limited	2,678,000	2678000.00	2,678,000	2678000.00

2. RESERVES & SURPLUS:

Particulars	(Rs. in Lakhs)	
	As at 31.03.2014	As at 31.03.2013
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	51.30	51.61
Add: Addition during the year	-	-
Less: Utilized during the year	0.28	0.31
Balance at the end of the year	51.02	51.30
General Reserve:		
Balance as per beginning of the year	9,810.00	9,000.00
Add: Addition during the year	810.00	810.00
Less: Utilized during the year	-	-
Balance at the end of the year	10,620.00	9,810.00
Surplus in the Statement of Profit and Loss:		
Balance as per beginning of the year	282.21	187.60
Add: Profit for the year	1,130.90	1,231.88
	1,413.11	1,419.48
Less: Appropriation		
Transfer to General Reserve	(810.00)	(810.00)
Dividend @ Re 0.70 per Re.1/-share	(281.59)	-
Interim Dividend @ Re 0.70 per Re.1/-share	-	(281.59)
Tax on Dividend	(47.85)	(45.68)
Net Surplus in the statement of profit and Loss	273.67	282.21
TOTAL RESERVES & SURPLUS	10,945.31	10,144.13

3. LONG TERM BORROWINGS:

Particulars	(Rs. in Lakhs)	
	As at 31.03.2014	As at 31.03.2013
1. Secured Loan:		
a) Term Loans		
- from Banks	62.70	78.37
	<u>62.70</u>	<u>78.37</u>
2. Unsecured Loans:		
Lease Rent Advance	100.70	100.70
	<u>100.70</u>	<u>100.70</u>
3. Total long term borrowings (1+2):	163.40	179.07
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:		
On account of depreciation on fixed assets	480.64	577.46
Total	480.64	577.46
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)	13.73	9.78
Total	13.73	9.78
7. Short Term Borrowings:		
1. Secured Loans:		
a) Loans repayable on demand		
- from Working Capital Loans from a Bank	-	-
- Term Loans from Banks	15.67	0.00
	<u>15.67</u>	<u>0.00</u>
2. Unsecured Loans:		
a) Other Loans and advances		
-Security Deposit	1.27	1.21
	<u>1.27</u>	<u>1.21</u>
Total	16.94	1.21

Particulars	(Rs. in Lakhs)	
	As at 31.03.2014	As at 31.03.2013

Additional Information:

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

8. Trade Payables:

Other than Micro, Small and Medium Enterprises	313.29	219.37
Total	313.29	219.37

9. Other Current Liabilities:

a) Unpaid Dividends	46.32	60.73
b) Lease Rent Advance	1.32	1.32
c) Remuneration Payable to Non-Whole time Directors	48.00	49.60
Total	95.64	111.65

10. Short Term Provisions:

a) Provisions for employee benefits	112.18	109.39
b) Others - Audit & Cost Audit Fees & rent payable	0.49	1.17
Proposed Dividend	281.59	0.00
Dividend Distribution Tax	47.85	0.00
Total	442.11	110.56

Additional Information:

There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2014 which is on the basis of such parties having been identified by the management.

11. FIXED ASSETS:

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions for the year	Deductions during the year	As at 31.03.2014	As at 01.04.2013	For the Year	Withdrawn	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Own assets										
Land	90.39			90.39	0.00			0.00	90.39	90.39
Buildings	1351.71	110.37		1462.08	634.01	75.67		709.68	752.40	717.70
Plant & Machinery	14027.52	109.51	27.94	14109.09	9447.19	796.50	27.05	10216.64	3892.45	4580.33
Furniture & Fixtures	87.03	0.00	0.81	86.22	80.45	2.84	0.73	82.56	3.66	6.58
Vehicles	149.05	12.18	9.51	151.72	95.90	18.33	8.52	105.71	46.01	53.15
Office equipment	10.75	8.30	0.00	19.05	4.55	2.15	0.00	6.70	12.35	6.20
Assets taken on finance lease										
Land	128.14			128.14	0.00			0.00	128.14	128.14
TOTAL	15844.59	240.36	38.26	16046.69	10262.10	895.49	36.30	11121.29	4925.40	5582.49
Capital Work-in-Progress	200.34			200.34					200.34	200.34
Total for the year	16044.93	240.36	38.26	16247.03	10262.10	895.49	36.30	11121.29	5125.74	5782.83

Less :Transfer to Revaluation Reserve

0.28

895.21

12. NON CURRENT INVESTMENTS:

(Rs. in Lakhs)				
Details of Investments	Name of the Company	No of Shares	As at 31-03-2014	As at 31-03-2013
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				
Fully paid up – Quoted	Integrated Hi-Tech Limited	1800	0.18	0.18
	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 Limited	20000	2.00	2.00
Additions During the Year :				
	Suryadev Alloys and Power Private Ltd.,	500	0.54	-
	Suryadev Alloys and Power Private Ltd.,	275	0.37	-
	Total		37.87	36.96
Additional Information:				
1. Aggregate Value of quoted investments:				
Cost			3.74	3.74
Market Value			1.04	1.23
2. Aggregate Value of unquoted investments:				
Cost			34.13	33.22

13. LONG TERM LOANS AND ADVANCES:

i) Security Deposits	52.81	128.91
ii) Loans and advances other than related parties	1.37	1.37
	54.18	130.28
Additional Information:		
1) Breakup of above:		
i) Secured, considered good	-	-
ii) Unsecured, considered good	54.18	130.28
iii) Doubtful	-	-
Total	54.18	130.28
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:

Details of Investments	No of Units	(Rs. in Lakhs)	
		As at 31-03-2014	As at 31-03-2013
1) HDFC FMP 371 D December 2013 (1) Series 28-Regular Growth	1000000	100.00	-
2) HDFC FMP 371 D December 2013 (1) Series 29-Regular Growth	2000000	200.00	-
3) HDFC FMP 371 D January 2014 (2) Series 29-Regular Growth	3000000	300.00	-
4) Birla Sunlife fixed Term Plan Series JQ 368 Days Growth	3000000	300.00	-
5) Tata Fixed Maturity Plan Series 45 Scheme C - Plan A Growth	3000000	300.00	-
6) Reliance Fixed Horizon Fund XXV Series 2 Growth	3000000	300.00	-
7) ICICI Prudential Mutual Fund FMP Series 369 Days Growth	1000000	100.00	-
8) UTI Fixed Term Income Fund Series XVII - II 369 Days Growth	1000000	100.00	-
		<u>1700.00</u>	<u>-</u>

Additional Information:

I. Aggregate Value of quoted investments:

Cost	1700.00	-
Market Value	1745.07	-

15. INVENTORIES:

i) Raw materials - Yarn	824.66	948.89
ii) Work in progress - Yarn	404.02	356.66
Work in progress - Cloth	47.86	47.63
iii) Finished goods - Cloth	906.01	279.39
- Waste	5.91	2.00
iv) Stores and Spares	155.01	102.50
v) Loose Tools	0.01	0.01
	<u>2343.48</u>	<u>1737.08</u>

16. TRADE RECEIVABLES:

i) Trade receivables exceeding six months	97.17	160.67
ii) Others	1498.05	1907.02
	<u>1595.22</u>	<u>2067.69</u>

(Rs. in Lakhs)

	As at 31.03.2014	As at 31.03.2013
Additional Information:		
1) Breakup of above		
i) Secured, considered good	-	-
ii) Unsecured, considered good	1595.22	2067.69
iii) Doubtful	-	-
Total	<u>1595.22</u>	<u>2067.69</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
17. CASH AND CASH EQUIVALENTS:		
i) Balances with banks		
- in Current Accounts	478.86	184.73
- in unpaid Dividend Accounts	46.32	60.73
- in deposit accounts not exceeding 12 months maturity	1100.00	1350.00
ii) Cash on hand	0.55	3.16
	<u>1625.73</u>	<u>1598.62</u>
18. SHORT TERM LOANS AND ADVANCES:		
Loans and advances - other than related parties	391.12	402.05
	<u>391.12</u>	<u>402.05</u>
19. REVENUE FROM OPERATIONS:		
i) Sale of Products:		
Cloth	16715.27	13864.93
Yarn and Cloth Waste	27.49	24.43
Total	<u>16742.76</u>	<u>13889.36</u>
ii) Sale of services	122.86	383.56
iii) Other operating revenues	50.20	45.50
	<u>16915.82</u>	<u>14318.42</u>

20. OTHER INCOME:

(Rs. in Lakhs)

	As at 31.03.2014	As at 31.03.2013
i) Interest income	207.73	238.29
ii) Dividend Income		
From Long Term Investments	-	29.48
From Current Investments	0.93	6.03
iii) Profit on sale of the fixed assets (Net)	3.96	10.43
iv) Profit on sale of investments	0.35	-
v) Other non operating income	38.09	24.72
	<u>251.06</u>	<u>308.95</u>

21. COST OF MATERIALS CONSUMED:

i) Consumption of raw materials	11997.08	9217.80
ii) Consumption of stores and spare parts	707.50	729.01
iii) Conversion charges - Cloth	0.00	0.00
iv) Bleaching and processing charges - Cloth	63.97	71.24
	<u>12768.55</u>	<u>10018.05</u>

**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	47.86	47.63
Total	<u>47.86</u>	<u>47.63</u>
ii) Finished goods		
Cloth	906.01	279.39
Waste	5.91	2.00
Total	<u>911.92</u>	<u>281.39</u>
	<u>959.78</u>	<u>329.02</u>

Stocks at the beginning of the year:

i) Work in progress:		
Cloth in process	47.63	81.89
Total	<u>47.63</u>	<u>81.89</u>
ii) Finished goods		
Cloth	279.39	438.09
Waste	2.00	3.19
Total	<u>281.39</u>	<u>441.28</u>
	<u>329.02</u>	<u>523.17</u>

**Changes in inventories of finished goods,
work in progress:**

(630.76)	194.15
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23. EMPLOYEE BENEFIT EXPENSES:

(Rs. in Lakhs)

	As at 31.03.2014	As at 31.03.2013
i) Salaries and Wages	600.18	459.47
ii) Contribution to Gratuity fund	0.00	23.51
iii) Contribution to provident and other funds	44.22	36.44
iv) Staff welfare expenses	155.78	131.33
	<u>800.18</u>	<u>650.75</u>

24. FINANCE COSTS:

i) Interest expense on Term Loan	9.08	8.18
ii) Interest - Banks	1.99	0.20
iii) Interest - Others	13.99	-
iv) Net (gain)/Loss on foreign currency transaction	-	-
	<u>25.06</u>	<u>8.38</u>

25. DEPRECIATION AND AMORTIZATION:

i) Depreciation	895.21	865.70
ii) Amortization of intangible assets	-	-
	<u>895.21</u>	<u>865.70</u>

26. OTHER EXPENSES:

i) Power and fuel	895.76	694.92
ii) Rent	12.96	9.48
iii) Repairs to buildings	98.39	38.72
iv) Repairs to machinery	230.40	123.06
v) Insurance	11.92	13.18
vi) Rates and taxes	8.77	12.40
vii) Payment to the auditors		
- as auditor	0.27	0.23
- for Certification & other services	0.27	0.23
- for reimbursement of expenses	0.10	0.10
viii) Selling expenses	112.82	60.69
ix) Brokerage expenses	174.17	148.08
x) Loss on Sale of fixed assets	0.01	0.00
xi) Donations	63.25	52.50
xii) Legal and professional charges	13.00	11.97
xiii) Directors sitting fees & Travelling expenses	0.89	1.10
xiv) Commission to non whole time Directors	48.00	49.60
xv) Miscellaneous Expenses	57.38	67.64
	<u>1728.36</u>	<u>1283.90</u>

27. ADDITIONAL INFORMATION:

(Rs. in Lakhs)

	As at 31.03.2014	As at 31.03.2013
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a) Value of imports calculated on CIF basis:

i) Raw materials	0.00	0.00
ii) Components and spare parts	124.92	202.02
iii) Packing Materials	0.00	0.00
iv) Capital goods	31.64	737.69

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

i) Other matters - Commission	28.88	19.11
- Travelling Expenses	2.00	0.00

c) <u>Sl.No.</u>	<u>Particulars</u>	<u>Amount</u>	<u>% to</u> <u>Total</u>	<u>Amount</u>	<u>% to</u> <u>Total</u>
i)	Value of raw materials consumed				
a)	Imported	0.00		0.00	
b)	Indigenous	11997.08	100.00%	9254.34	100.00%
ii)	Value of Stores and Spares consumed				
a)	Imported	166.43	23.52%	245.67	33.70%
b)	Indigenous	541.07	76.48%	483.34	66.30%
		12704.58		9983.35	

d) Details of non-resident shareholding:

i) Number of non-resident shareholders	13	13
ii) Number of shares held by non-resident Shareholders	41907	42900
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).	120610	29430

e) Earnings in foreign exchange:

i) Export of goods calculated on FOB basis	1231.52	786.84
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28. EARNING PER SHARE:

Profit for the year after tax	1130.90	1231.88
Number of equity shares	40227600	40227600
Face Value per share (Re/Rs.)	1.00	1.00
Earning per share Rs.	2.81	3.06

29. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

		(Rs. in Lakhs)	
		As at 31.03.2014	As at 31.03.2013
a)	Contingent Liabilities		
i)	Letters of credit	0.00	0.00
ii)	disputes	254.43	1.61

The management believes, based on internal assessment and / or legal advice, that the ultimate adverse decision and outflow of resources of the Company is not probable and 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 :

	Amount per Re.1/- share	Total Rs.	Amount per Re.1/- share	Total Rs.
a) Amount of dividends proposed to be distributed to equity share holders	0.70	28,159,320	-	-
b) Interim Dividend paid to shareholders	-	-	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 31.03.2014, 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, 2014 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.

The disclosures in respect of the Defined Benefit Gratuity Plan are given below:

		(Rs. in Lakhs)	
		As at 31.03.2014	As at 31.03.2013
(i)	Changes in present Value of Obligations		
	Present value of obligations as at the beginning of the year	81.85	64.67
	Interest Cost	6.44	5.28
	Current Service Cost	5.96	5.65
	Benefits paid	(-) 2.70	(-) 6.36
	Actuarial (Gain) / Loss on obligation	(-) 6.19	12.60
	Present Value of obligations as at the end of the year	85.36	81.85
(ii)	Changes in Fair Value of Plan Assets		
	Fair value of Plan Assets as at the beginning of the year	8.00	7.47
	Expected Return of Plan Assets	0.64	0.61
	Contributions	2.70	6.56
	Benefits paid	(-) 2.70	(-) 6.36
	Actuarial Loss/ (Gain) on Plan Assets	(-) 0.25	(-) 0.27
	Fair Value of Plan Assets as at the end of the year	8.39	8.00
(iii)	Amounts to be recognized in the Balance Sheet		
	Present Value of obligations as at the end of the year	85.36	81.85
	Fair value of Plan Assets as at the end of the year	8.39	8.00
	Funded Status	(-) 76.97	(-) 73.85
	Net Asset / (Liability) recognized in the Balance Sheet	(-) 76.97	(-) 73.85
(iv)	Expense recognized in the Statement of Profit and Loss:		
	Current Service Cost	5.96	5.65
	Interest Cost	6.44	5.29
	Expected Return on Plan Assets	(-) 0.64	(-) 0.61
	Net Actuarial (Gain) / Loss on Plan Assets for the period	(-) 5.94	12.87
	Expense recognized in the Statement of Profit and Loss	5.82	23.20
(v)	Percent of major category of Plan Assets to total Plan Assets as at the end of the year:		
	Bank Balance	9.84%	9.77%
	Others	90.16%	90.23%
(vi)	Assumptions :		
	Discount Rate	9.10%	8.00%
	Rate of increase in compensation	4.00%	4.00%
	Rate of Return (expected) on Plan Assets	8.00%	8.00%
	Attrition Rate	1.00%	1.00%

The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotions and other relevant factors.

Provident Fund, Employees' State Insurance Scheme and defined contribution 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:

The Company has disputed Tax and other liabilities as on 31st March, 2014 as detailed below:

Sl. No.	Name of the Statute	Nature of Dues	Amount Rs.	Assessment Year	Forum where dispute is pending
1.	TN VAT Act	Penalty	1,60,568/-	2001-02	STAT, Tamil Nadu
2.	TN VAT Act	Rejection of Refund claim	54,428/-	2012-13 (March 13)	Joint Commissioner, Tirunelveli
3.	Income Tax Act	Tax Demand	1,04,30,581/-	2011-12	CIT Appeals, Madurai
4.	Income Tax Act	Tax Demand	48,60,200/-	2011-12	CIT Appeals, Madurai
5.	Provident Fund Act	Demand on Inspection	62,37,813/-	Various Years	Madurai Branch of Madras High Court
6.	Service Tax	Business Auxiliary Service	20,95,468/-	2006-07 to 2011-12	CESTAT, Chennai
7.	Service Tax	Penalty	16,07,956/-	2006-07 to 2011-12	CESTAT, Chennai

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) :

Sri. T. Kannan

Sri. K.Thiagarajan

(B) Relatives of Key Management Personnel:

Smt. Uma Kannan

Smt. Lakshmi Murugesan

(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. Madurai Celebrate 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	48.00
b. Sitting Fees	0.87

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

-Nil-

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

(Rs. in Lakhs)

a. Purchase of Materials	2788.62
b. Sale of Materials	219.00
c. Availing of Services	49.21
d. Lending of Services	119.10

4. Donations includes contributions to political parties and persons for political purposes u/s 182 of the Companies Act, 2013:-

1. Bharatiya Janata Party	- Rs. 10.00 Lakhs
2. Mr.S.Rethinavelu, Dravida Munnetra Kazhagam	- Rs. 2.00 Lakhs

5. 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 31.03.2013	During the year	As at 31.03.2014
Deferred Tax Liabilities : Difference between book and Tax depreciation	577.46	(96.82)	480.64

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

		(Figures in Lakhs)			
		31.03.2014		31.03.2013	
		Value		Value	
		Rs.		Rs.	
(i)	Sales :				
	Cloth	Mtrs.	169.22	1671.52	138.93
	Yarn Waste	Kgs.	0.83	27.49	0.69
(ii)	Raw Materials consumed :				
	Yarn	Kgs.	39.92	11997.08	31.91
(iii)	Opening stock of finished goods :				
	Cloth	Mtrs.	3.02	279.39	6.23
	Yarn Waste	Kgs.	0.08	2.00	0.07
(iv)	Closing stock of finished goods :				
	Cloth	Mtrs.	10.68	906.01	3.02
	Yarn Waste	Kgs.	0.19	5.91	0.08
(v)	Purchases				
	Cloth	Mtrs.	0.74	113.03	0.70
(vi)	Licensed and installed capacities :				
	(Number of Looms)				
	Licensed Capacity		Not applicable		Not applicable
	Installed Capacity		270 Nos.		270 Nos.
(vii)	Actual Production :				
	Cloth (on own account)	Mtrs.	176.28		135.02
	Cloth (on others)	Mtrs.	2.91		9.67
	Production by outside establishment from cotton yarn supplied by the Co.				
	Cloth	Mtrs.	-		-
(viii)	CIF Value of Imports :				
	Spare Parts		124.92		202.02
	Capital Goods		31.64		737.69
	Raw Materials		-		-
	Packing Materials		-		-
(ix)	Expenditure in foreign currency :				
	Commission (accrual basis)		28.88		19.11
	Travelling Expenses		2.00		-
	Other matters		-		-
(x)	Value of raw materials consumed :				
	Imported		-		-
	Indigenous		11997.08 (100%)		9254.34 (100%)
(xi)	Value of stores and spares consumed :				
	Imported		166.43 (23.52%)		245.67 (33.70%)
	Indigenous		541.07 (76.48%)		483.34 (66.30%)
(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)		1231.52		786.84
	Merchant Exports		-		-

7. 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 25, 2014.

T. KANNAN

Chairman

RMSOMASUNDARAM

Director

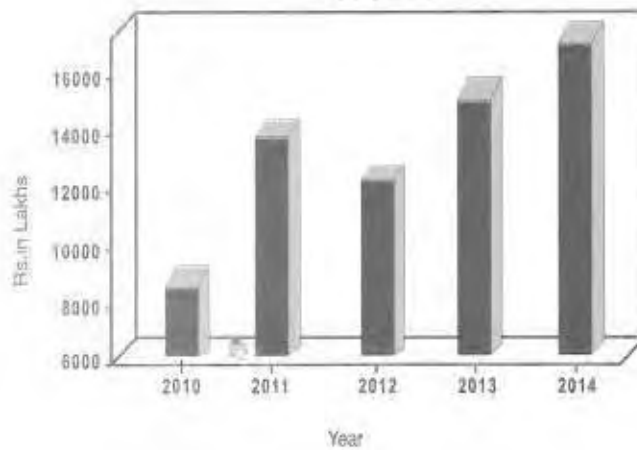
S. PARAMASHIVAN

Company Secretary

VTM LIMITED

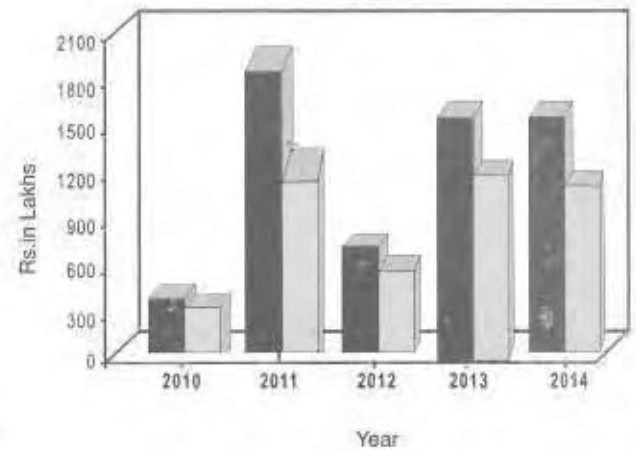
FINANCIAL HIGHLIGHTS

TURNOVER



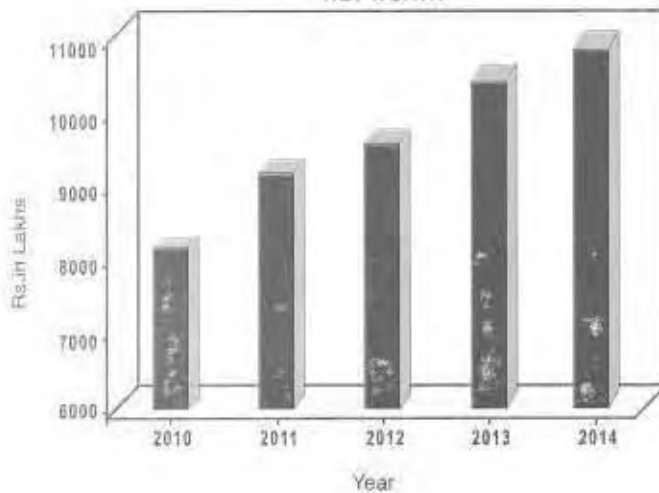
■ TURNOVER

PROFIT

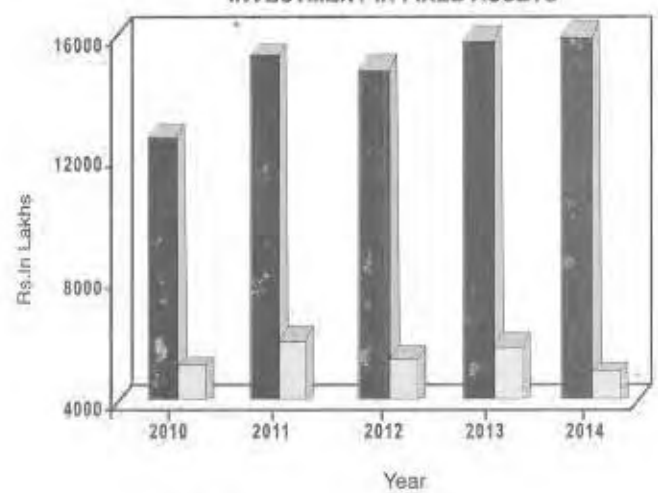


■ Profit before Tax □ Profit after Tax

NET WORTH



INVESTMENT IN FIXED ASSETS



■ Gross Block □ Net Block

VTM LIMITED

(CIN: L17111TN1946PLC003270)

Regd. Office: SULAKARAI, VIRUDHUNAGAR - 626 003

Website: www.vtmill.com

Phone : (04562) 234800/234801

PROXY FORM

Form No.MGT-II

Name of the Member(s) :
 Registered Address :
 E.mail ID :
 Folio /DP ID - Client ID No :

I/We being the member(s) of shares of the above named Company hereby appoint:

- (1) Name Address:.....
 Email ID Signature or failing him;
 (2) Name Address:.....
 Email ID Signature

As my/our proxy to attend and vote (on a poll) for me /us and on my / our behalf at the 67th Annual General Meeting of the Company, to be held on Wednesday, 25th June, 2014 at 12.00 Noon at Sulakarai, Virudhunagar and at any adjournment thereof in respect of such resolution as are indicated below:-

Resolution No.	RESOLUTIONS	Optional*	
Ordinary Business		For	Against
1.	Adoption of Financial Statements for the year ended 31 st March, 2014		
2.	Approval of final dividend for 2013-14		
3.	Re-appointment of Sri. T.Kannan, who retires by rotation		
4.	Appointment of M/s. Peri Thigaraj & Co, Chartered Accountants, as Auditors and fixing their remuneration		
Special Business			
5.	Appointment of Sri. K.Thiagrajan as Director		
6.	Appointment of Sri. P.L.Subbiah as Director		
7.	(a) Appointment of Sri. M.Murugesan as Director (b) Appointment of Sri. M.Murugesan as Independent Director		
8.	Appointment of Sri. A.Mariappan as Independent Director		
9.	Appointment of Sri. R.M.Somasundaram as Independent Director		
10.	Appointment of Sri. L.N.V. Subramanian as Independent Director		
11.	Special Resolution under Section 180 (1) (c) of the Companies Act, 2013.		

Signed this..... Day of 2014

Signature of Shareholder

Signature of Proxy holder(s).....

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 67th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



FORM A

Format of covering letter of the annual audit report to be Filed with the stock exchanges:

1.	Name of the Company	VTM LIMITED
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit observation	Un-Qualified opinion.
4.	Frequency of observation	Whether appeared first time . . / repetitive . – No qualificatory remarks in Audit Report.
5.	To be signed by- <ul style="list-style-type: none"> Chairman & Director Auditor of the Company Audit Committee Chairman 	<p>for VTM LIMITED</p> <p>(T. Kannan) Chairman</p> <p>For PERI THIAGRAJ & CO., CHARTERED ACCOUNTANTS Firm Registration No. 002636S</p> <p>Partner T. KALAIRAJ Chartered Accountant Membership No: 023840</p> <p><i>[Signature]</i> R. M. S. NARAYAN</p>

Chairman's Office : Thiagarajar Mills Premises, **KAPPALUR** - 625 008. Madurai. India.
Regd. Office : **SULAKARAI**, Virudhunagar - 626 003.

Internal Area Code No. 297
TIN No. 33495800034
CST No. 493901 Dt. 05.10.1957
PAN No. AAACV3775E

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