VTM LTD.

Ref: VTM /AR 18 01.06.2018

Corporate Relationship Dept - CRD
Bombay Stock Exchange Limited
Regd. Office: Floor 25, PJ Towers
Dalal Street
MUMBAI – 400 001.

Dear Sirs,

Sub: Listing agreement – Sending Scan copy of Annual report for YE 31.3.2018 along with Unmodfied & unqualified opinion of Auditor-reg.

Ref: Our Scrip code: 532893.

- - - -

With reference to the above, we enclose herewith the Scan copy of the Annual report for the year ended 31.03.2018. Also find enclosed in page in the Form –A,for unqualified opinion on financials for year ended 31.3.18.This is for your records.The physical copy has already been sent by post.

This is for your kind information please.

Thanking you,

Yours faithfully,

Ps: copy of Form-A ENCLOSED.

for VTM LIMITED

S. PARAMASIVAM
Company Secretary

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

CIN No. : L17111TN1946PLC003270
TIN No. : 33495800034
CST No. : 493901 Dt. 05.10.1957
PAN No. : AAACV3775E

Phone : 91-452-2482595 (4 lines)
91-4549-280591 / 280620
Fax : 91-452-2482590 / 2486085
Email : office@tmills.com
vtac@vtmill.com

VTM LTD.

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	31st March 2018
3.	Type of Audit observation	Un modified & Unqualified opinion.
4.	Frequency of observation	Whether appeared first time . . / repetitive. – **No Qualificatory remarks in Audit Report**.
5.	To be signed by- • Chairman & Managing Director • C F O • Auditor of the Company • Audit Committee Chairman	For VTM LIMITED (T. Kannan) Chairman & Managing Director For VTM LIMITED R. Krishnan C F O CNGSN & ASSOCIATES, LLP (Chartered Accountants) CNGSN & ASSOCIATES LLP CHENNAI CHARTERED ACCOUNTANTS Chinnsamy Ganesan partner M.No.027501 For VTM LIMITED RM. Somasundaram Audit Committee Chairman

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

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Fax : 91-452-2482590 / 2486085
E-mail : office@tmills.com
: vtac@vtmill.com

BOARD OF DIRECTORS
Thiru T. Kannan
Dr. (Smt) Uma Kannan
Thiru K. Thiagarajan
Thiru RM. Somasundaram
Thiru L.N.V. Subramanian
Thiru A. Mariappan
Thiru M. Murugesan
Thiru K. Vethachalam

CHAIRMAN & MANAGING DIRECTOR
Thiru T. Kannan

CHIEF FINANCIAL OFFICER
Thiru R.Krishnan

COMPANY SECRETARY
Thiru S. Paramasivam

AUDITORS
M/s. CNGSN & ASSOCIATES LLP
Chartered Accountants - Chennai.

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 Seventy-first Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Sulakarai, Virudhunagar on Friday, 22nd day of June, 2018 at 3.00 p.m to transact the following business:

AGENDA

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2018 and the Profit & Loss Statement for the year ended on that date and the reports of the Directors and the Auditors thereon.

2. To declare a dividend on equity shares.

3. To appoint a Director in the place of Sri.K.Vethachalam who retires by rotation and being eligible offers himself for re-appointment.

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

RESOLVED that the appointment of M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (ICAI Firm Regn. No.004915S/ S200036), as Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors be and is hereby ratified.

SPECIAL BUSINESS:

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

RESOLVED that pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and the Regulation 23 of the SEBI (LODR) Regulations applicable to Listed Companies and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contracts or agreements for transactions of sale, purchase or supply of goods or materials with M/s. Thiagarajar Mills (P) Ltd., upto an estimated transaction value of not exceeding Rupees One Hundred Crore on behalf of the Company, for each of the Five (5) financial years commencing from 1st April, 2019.

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

   RESOLVED that pursuant to the provisions of section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions thereon, the payment of remuneration of Rs.30,000/- plus applicable service tax and out of pocket expenses actually incurred during the course of audit to Mr.M. Kannan, Cost Accountant (Regn. No.9167) for auditing the cost records and furnishing of Report thereon for the Financial Year 2018-19 as approved by the Board of Directors of the Company be and is hereby ratified.

NOTES :

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Resolutions at the meeting, is annexed hereto.

2. 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.

3. Electronic copy of the Notice of 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, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

4. Members may also note that the Notice of the Annual General Meeting 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.

I. IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 13th June, 2018 to 22nd June, 2018 (both days inclusive) for annual closing.

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. Members are requested to note that the dividends not encashed or remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred u/s. 124 of the Companies Act, 2013 to the Investor Education and Protection Fund (IEPF) established under Section 125 of the Companies Act, 2013. Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the MCA.

6. The Members/Claimants whose shares, unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fee as decided by it from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

7. Members who have not encashed their dividend warrants for the financial year ended 31.03.2011 are requested to make their claim on or before 15.07.2018 being the due date for such transfer. The members can make a claim with the company in respect of the dividends of subsequent years that are lying in the Unpaid Dividend Account of the Company.

8. Members are requested to note that pursuant to the provisions of the Companies Act, 2013, SEBI Listing Regulations and the IEPF Rules, all such shares in respect of which dividends have not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF. The company is taking steps for sending individual notices to the concerned shareholders and for publishing of a public notice to shareholders under the IEPF Rules in this regard.

9. 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.

10. Details required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 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 their appointment/re appointment.

11. Electronic copy of the Annual Report for the year 2017-18 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.

12. Electronic copy of the Notice of the 71st 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 Participants(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 71st 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.

13. Members may also note that the Notice of the 71st Annual General Meeting and the Annual Report for the year 2017-18 will also be available on the Company's website www.vtmill.com for their download.

14. 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.

15. 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 71st Annual General Meeting (AGM) by electronic means and the business may be transacted through e -Voting Services provided by Karvy.

Instructions and other information relating to e-voting are as under:

A) In case a Member receives an email from Karvy (for Members whose email Ids are registered with the Company/Depository Participant(s):

i) Launch internet browser by typing the URL: https://evoting.karvy.com in the address bar and click on "Enter". The Home screen will be displayed then click on shareholders icon in the homepage.

ii) Enter the login credentials (i.e.User ID and password mentioned overleaf). Your Folio No.DPID – Client ID will be your User ID. However, if you are already registered with Karvy for E-voting, you can use your existing User ID and password for casting your vote.

iii) After entering these details appropriately, click on "LOGIN".

iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0 -9) and a special character (@#s.etc). The system will prompt you to change your password and update your contact details like mobile number, email ID. etc., on first login. You may also enter a secret question and answer of your choice to retrieve password and that you take utmost care to keep your password confidential.

v) You need to login again with the new credentials.

vi) On successful login, the system will prompt you to select the E-Voting Event Number for VTM Limited.

vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off Date under each of the heading of the resolution and cast your vote by choosing the "FOR/ AGAINST" option or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned overleaf. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head. Option "FOR" implies assent to the resolution and "AGAINST" implies dissent to the resolution.

viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.

ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

x) You may then cast your vote by selecting an appropriate option and click on "Submit".

xi) 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, Members can login any number of times till they have voted on the Resolution(s).

xii) Corporate/Institutional Members (i.e other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID:vtmlimited.scrutinizer@Karvy.com. They may also upload the same in the E -voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

B) In case a Member receives physical copy of the Annual General Meeting Notice by post (for members whose email Ids are not registered with the Company/Depository Participant(s) can also vote using e-voting method.

i. User ID and initial password are provided overleaf.

ii. 1. Please follow all steps from Sr.No.(i) to (xii) as mentioned in (A) above, to cast your vote.

2. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting.

3. In case of any query pertaining to E-voting, please visit Help & FAQ's section available at Karvy's **website https://evoting.karvy.com.**

4. The facility for voting through electronic means (Ballot) shall be made available at the Annual General Meeting (AGM) and the members attending AGM who have not cast their vote by remote E-voting shall be able to vote at the AGM through "Ballot".

5. The members who have cast their vote by remote E-voting may also attend AGM, but shall not be entitled to cast their vote again.

6. The Board of Directors has appointed Mr.I.B. Harikrishna, Practising Company Secretary (Membership No.5302) as a Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.

7. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date), being, 30th May, 2018.

8. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories at the close of business hours on June 15 , 2018 shall be entitled to avail the facility of remote E-voting/ballot.

The e-voting period starts on 18th June 2018(9.00 am) and ends on 21st June 2018(6.00 pm)

9. Any person who becomes member of the Company after despatch of the Notice of the meeting and holding shares as on the cut-off date may obtain the User Id and password in the manner as mentioned below :

   a. If the mobile number of the Member is registered against Folio No./ DPID - Client ID, the member may send SMS:

      MYEPWD<space> E-Voting Event Number+Folio No. or DPID - Client ID to +91-9212993399 Example for NSDL: MYEPWD<SPACE>IN12345612345678

      Example for CDSL: MYEPWD<SPACE>1402345612345678

      Example for Physical: MYEPWD<SPACE> XXXX1234567890

   b. if e-mail address or mobile number of the Member is registered against Folio No./DPID-Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DPID - Client ID and PAN to generate a password.

   c. Member may Call Karvy's Toll free number 1-800-3454-001

   d. Member may send an e-mail request to evoting@karvy.com

10. However, if you are already registered with Karvy for E-voting, you can use your existing User ID and password for casting your vote.

11. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of AGM shall unblock the votes cast by remote E-voting and Ballot, in the presence of at least two (2) witnesses not in the employment of the Company and will make a Consolidated Scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the meeting.

12. The Results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.

13. The Results declared along with the Scrutinizer's Report(s) will be available on website of the Company (www.vtmill.com) and on Karvy's website (https://evoting.karvy.com). The results shall simultaneously be communicated to Stock Exchanges.

14. 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 am to 5.00 pm) on all working days except Sundays, up to and including the date of the Annual General Meeting of the Company

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

Item No. 5:

The provisions of Section 188 of the Companies Act 2013 read with the Rule 15 Companies (Meetings of Board and its powers) Rules 2014 govern the related party transactions and require a company to obtain prior approval of the shareholders by way of resolution for entering into contract or agreement for transactions with related parties for such sale, purchase or supply of goods or material and other items of transactions exceeding the limits specified therein. In the case of transactions with M/s.Thiagarajar Mills Private Limited, Kappalur, Madurai, the transaction for a year may exceed the limits specified under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. Accordingly, the resolution under Item No.5 is placed before the members of the company for their approval.

In the light of the provisions of the Companies Act 2013 and the notification issued as stated above, the Board of Directors of the company has approved proposed transactions along with annual limits that your company may enter into with related party for the maximum value of transactions as mentioned in the resolutions for each financial year.

All prescribed disclosures as required pursuant to Rule 15 of Companies (Meetings of Board and its powers) Rules, 2014, are given here-in-below for the perusal of members:-

1. Name of the Related Party : Thiagarajar Mills (P) Ltd.
2. Name of the Director or Key Managerial Personnel who is related, if any:-

   Sri. T. Kannan, Chairman and Managing Director.

   Dr. (Smt) Uma Kannan, Director.

   Sri. K. Thiagarajan, Director.

   Sri. A. Mariappan, Director.

3.

3. Nature of Relationship: Companies under Common Control.
4. Nature, Duration, Material Terms, Monetary Value and Particulars of Contract:-

   On arm's length basis and in tune with market parameters. Monetary Value as mentioned in the resolution set out in the Notice.
5. Any advance paid or received for the contract or arrangement, if any: NIL

6. Manner of determining the pricing and other commercial terms both included as part of contract and not considered as part of the contract. All proposed transactions would be carried out as part of the business requirements of the Company and are ensured to be on arm's length basis. Further, the Company is also subject to transfer pricing norms prevalent in the country.

7. Any other information relevant or important for the Board to take a decision on the proposed transactions: NIL

The Board has approved this item in the Board Meeting held on 27.04.2018, and recommends this ordinary Resolution set out in the Notice for approval by the members of the company as an ordinary Resolution.

Except Sri.T. Kannan, Chairman & Managing Director, Dr.(Smt.) Uma Kannan, Sri.K. Thiagarajan and Sri.A. Mariappan, Directors of the Company, no other Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the resolution.

Item No. 6:

The Board, at its meeting held on 27th April, 2018 appointed Mr.M. Kannan, Practicing Cost Accountant, having Membership No.9167, as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act) and fixed a sum of Rs.30,000/- as remuneration payable to him, for the financial year 2018-19.

The remuneration, as recommended by the Audit Committee and approved by the Board, is required to be ratified by the shareholders of the Company, as per the requirements of Section 148(3) of the Companies read with the Companies (Audit and Auditors) Rules 2014.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6.

Accordingly, the Board recommends the ordinary resolution, as set out in Item No.6, for ratification by the shareholders of the Company.

Kappalur, Madurai
April, 27, 2018

By order of the Board

Chairman

DIRECTORS' REPORT

FOR THE YEAR ENDED ON 31ST MARCH, 2018.

To the Members of VTM Limited

Your Directors have pleasure in presenting their 71st Annual Report along with the Audited statement of accounts for the year ended 31st March, 2018.

Adoption of Financial Statements under Ind AS:

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015 the Company has adopted "Ind AS" with effect from 1st April, 2017. Accordingly, the Financial Statements for the year 2017-18 have been prepared in compliance with the Companies (Indian Accounting Standards) Rules, 2015.

Operating & Financial Performance Profits, Dividends & Retention

		2017-18		2016-17
Turnover :-		16463		15043
Profit before Depreciation (after interest)		1888		2654
Less: Depreciation		683		729
Profit after Depreciation		1205		1925
Less: Exceptional item		0		680
Profit after exceptional item		1205		1245
Less: Provision for Taxation:				
Current Year	432		146	
Deferred Tax	(5)		278	
		427		424
Profit after Tax		778		821
Add: Amount brought forward		4567		3747
Available for appropriation		5345		4568
Appropriation:-				
Transfer to General Reserve		4500		
Income Tax Refund of earlier years		(59)		
Dividend @ Re.0.75 per share	302			
Income Tax on Dividend	61	363		
Transfer from Other Comprehensive Income		11		1
Retained profit carried forward to the following year		530		4567

During the year under review, the Company's performance improved at the operational level and the Company recorded a higher profit from the manufacturing activities of Rs.773.92 lakhs (against Rs.397.52 lakhs last year). The turnover has also increased by about 10%. During the year, exports were at Rs.3,824.51 lakhs representing 23.41% of the total turnover. Trading conditions were volatile throughout the year. Textile exports out of India registered a negative trend, however the domestic consumption is showing some positive trends.

Appropriation to General Reserve

Considering the profitability and the available surplus, the Board of Directors desires to appropriate a sum of Rs.4500 lakhs to General Reserve.

Dividend

Considering the profits for the year and as recommended by the Audit Committee, the Board of Directors are pleased to recommend a dividend of Re.0.75 per share i.e.75% on Equity Shares of Re.1/- each. The dividend together with dividend tax entails a cash outflow of Rs.363.71 lakhs in the current year (previous year Rs.363.42 lakhs). If this is approved at the forthcoming Annual General Meeting, dividend will be deposited with the bank within the time prescribed and dividend will be paid to those who are Members of the Company as on record date specified in this regard. The Book Closure period being 13th June, 2018 to 22nd June, 2018 (Both days inclusive) in respect of shares held electronically, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories.

Extract of Annual Return:

The Extract of Annual Return is furnished in Form MGT-9 as per Annexure III.

Associate Company:

The company does not have any body corporate as its Associate.

Change in the Nature of Business

There is no change in the nature of the business of the Company.

Orders by Regulators or Courts

There were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Material Changes Affecting the Financials

There were no material changes and commitments affecting the financial position of the Company occurring between March 31, 2018 and the date of this Report of the Directors.

Internal Control System

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. Code on Internal Control which require that the Directors to review the effectiveness of internal controls and compliance controls, financial and operational risks, risk assessment and management systems and related party transactions, have been complied with. Self certification exercises are also conducted by which senior management certifies effectiveness of the internal control system, their adherence to Code of Conduct and Company's policies for which they are responsible, financial or commercial transactions, if any, where they have personal interest or potential conflict of interest. Internal Audit has been conducted on periodical basis.

Company's Policies

Company's Policies on Corporate Social Responsibility, Remuneration, Employee Concern (Whistle Blowing), the Code of Conduct applicable to Directors and Employees of the Company and policies such as Insider Trading Code, Insider Trading Fair Disclosure Code and Policy on Materiality of and dealing with Related Party Transactions required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Prohibition of Insider Trading) Regulations, 2015 have been complied with.

These Policies, the Code of Conduct and other policies/codes as referred above are available on the Company's website www.vtmill.com

ISO and 5S Certification

The Company's factory at Sulakarai, Virudhunagar, Tamil Nadu has been certified ISO for Quality Management System Standard and also holds a 5S Certification from AOTS Alumni 5S Forum of India and GOTS Certification for the manufacture of organic cotton fabrics.

Segmentwise performance

The Company is primarily a manufacturer of textile products and is managed organizationally as a single unit. Accordingly, the Company is a single business segment company. Geographical (secondary) segment has been identified as domestic sales and exports as detailed below:

Particulars	Amount (Rs. lacs)	% of Turnover
Export Sales	3,824.51	23.41%
Domestic Sales	12,509.78	76.59%

Industry Structure & Developments, Opportunities & Threats, Outlook, Risks & Concerns

The introduction of GST was a major reform. But the markets took a longer time than expected to adjust to this change. The small traders and manufacturers have just come on line. The advent of GST has enabled the Company to take Input Tax Credit [ITC] a feature which was hitherto not available to your Company. Tax evasion is expected to vanish and as a result bring in more compliance across the chain.

During the year under review, export of clothing and textile from India showed a dismal growth. Indian manufacturers are faced with higher cost as compared to the neighbouring countries and other competing countries.

While Government is taking a number of steps to address these concerns, your Company is also concentrating on eliminating inefficiencies and saving cost.

The power situation continues to be comfortable on a Pan India basis and we are able to source competitively priced power.

The Company is taking steps for development and implementation of risk management policies. The element of risk that may threaten the company is the uncertainty in the overseas market on which the company depends for its exports.

Further, in the domestic market there is a risk of competition from a large number of textile units and the uncertainty of monsoon and its consequential impact on the demand scenario.

Your Directors look forward to the current year with hope and optimism as there are good indications for a normal monsoon. This will boost the rural economy and help in increasing demand. It will also help to boost the Indian cotton crop. These factors may improve your company's business prospects and the profitability.

Board of Directors:

The Board consists of 8 Directors with one Chairman and Managing Director, four Non -Executive Independent Directors, two Non-Executive Directors and one Woman Non -Executive Director.

Section 203 of the Companies Act, 2013 requires a listed company to have a Managing Director/CEO/Whole Time Director as one of the Key Managerial Personnel. In terms of the provisions, Sri T. Kannan, the Chairman of the Company has been appointed as Chairman and Managing Director duly recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. He is already the Chairman and Managing Director of M/s. Thiagarajar Mills Private Limited and accordingly his remuneration is fixed in such a way that the total remuneration from both companies put together does not exceed the limits as prescribed u/s.197 of the Companies Act, 2013.

The details of number and dates of meetings held by the Board and its Committees, attendance of Directors and remuneration paid to them is given separately in the attached Corporate Governance Report.

The sitting fees paid to the Non-Executive Directors are within the limits prescribed under the Companies Act, 2013 and Rules thereon.

Retirement of Directors by Rotation

Sri. K. Vethachalam, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment as a Director of the Company. Being eligible, he is proposed to be re-appointed as Director of the Company.

Non-Executive Independent Directors

The Non-Executive Independent Directors have confirmed and declared that they are not disqualified to act as a Non-Executive Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 and the Board is also of the opinion that the Non -Executive Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Non-Executive Independent Directors. The Non Executive Independent Directors have convened a meeting on 28th February, 2018.

Code of Conduct

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company. The Code of Conduct is available on the Company's website www.vtmill.com. All Directors have confirmed compliance with provisions of Section 164 of the Companies Act, 2013.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 and the provisions as referred in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the preparation of the annual accounts for the year ended on 31st March, 2018 and state that :

i in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii. the Directors have 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 and of the profit of the Company for that period;

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

iv. the Directors have prepared the annual accounts on a going concern basis;

v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and the Company has adopted proper policies and procedures for ensuring orderly and efficient conducting of the business:

a) The management designed and implemented policies with respect to adherence to accounting standards as a general requirement applied by a Company in preparing and presenting financial statements.

b) The management evolved a sound system for regular evaluation of the nature and extent of the risks to which the Company is exposed and to control risk appropriately.

c) The board ensured the effective financial controls, including the maintenance of proper accounting records and the Company is not unnecessarily exposed to avoidable financial risks. They also contribute to the safeguarding of assets, including the prevention and detection of fraud. The financial information used within the business and for publication is reliable.

vi. the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key Managerial Personnel

The following persons have been appointed as Key Managerial Personnel of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013:

a) Sri T. Kannan, Chairman and Managing Director

b) Sri V. Sundaramoorthy, Chief Financial Officer (upto 03.06.2017) and

c) Sri R. Krishnan, Chief Financial Officer (from 01.04.2018)

d) Sri S. Paramasivam, Company Secretary

Corporate Governance

The Company has in place the SEBI guidelines pertaining to Corporate Governance. During the year under consideration the Company had an Eight member Board of Directors consisting of one Chairman and Managing Director, four Non-Executive Independent Directors, three Non-Executive Directors of which one is a Woman Director.

The Corporate Governance Report giving the details as required under Regulation 34(3) read with Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given separately as Annexure I and forms part of this Report of the Directors. The Corporate Governance Certificate for the year ended on March 31, 2018 issued by M/s.CNGSN & Associates LLP, Auditors of the Company, is also attached as part of Annexure I and forms a part of this Report of the Directors.

The Company has formulated Insider Trading Code and Insider Trading Fair Disclosure Code in terms of Regulation 9 read with Schedule B and Regulation 8 read with Schedule A of SEBI (Prohibition of Insider Trading) Regulations, 2015 respectively and provided in the company's website at www.vtmill.com. Mr S. Paramasivam, Company Secretary, is the Compliance Officer responsible for compliance with the Insider Trading procedures. As there was no insider trading in the securities of the company, the company has not reported any Insider Trading details to the Stock Exchange.

Sri T. Kannan, Chairman and Managing Director of the Company has given his certificate under Regulation 17(8) read with part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the annual financial statements for the year ended on 31st March, 2018 to the Board of Directors. The Chairman has given his certificate under Regulation 34(3) read with Part D of Schedule V of the above said Regulations in compliance with the Code of Conduct of the Company for the year ended March 31, 2018, which is attached as Annexure VIII and forms a part of this Report of the Directors.

Audit Committee

The Audit Committee consists of three Independent Directors and satisfies the provisions of Section 177(2) of the Companies Act, 2013. The Committee now comprises Mr.RM. Somasundaram as Chairman and Mr.A. Mariappan and Mr.L.N.V. Subramanian who are all Independent Directors. The Company Secretary is the Secretary of the Committee. The details of all related party transactions are placed periodically before the Audit Committee. During the year there were no instances where the Board had not accepted the recommendations of the Audit Committee. The Company has in place a vigil mechanism, details of which are available on the Company's website www.vtmill.com

The Audit Committee has also been delegated the responsibility for monitoring and reviewing risk management assessment and minimization procedures, implementing and monitoring the risk management plan and identifying, reviewing and mitigating all elements of risks which the Company may be exposed to.

The Audit Committee is empowered with monitoring the appointment of Key Managerial Personnel.

The details of terms of reference of the Audit Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

Evaluation of the Board of its own performance, Committees of the Board and Individual Directors:

The Board reviewed and evaluated its own performance from the following angles:

- Company Performance
- Strategy and Implementation
- Risk Management
- Corporate ethics
- Performance of the Individual Directors
- Performance of the Committees viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee

The Board also evaluated the performance of the above referred Committees and concluded that the Committees continued to operate effectively, with full participation from all members and executive management of the Company.

The Board upon evaluation considered that the Board is well balanced in terms of diversity of experience. The Board noted that all Directors have understood the opportunities and risks to the Company's strategy, and are supportive of the direction articulated by the management team towards improvement. Corporate responsibility, ethics and compliance are taken seriously, and there is a good balance between the core values of the Company and the interests of shareholders.

The Directors also expressed their satisfaction in all the above areas considering the Company's performance in all fronts viz., New Product Development, Sales and Marketing, International business, Employee relations and compliance with statutory requirements.

Related Party Transactions:

During the year 2014-15 and in 2015-16, the company has entered into contracts or arrangements with such number of related parties with the approval by the Board of Directors in respect of the following:

1. Sale, purchase or supply of any goods or materials
2. Selling or otherwise disposing of, or buying, property of any kind
3. Leasing of property of any kind
4. Availing or rendering of any services
5. Obligations

The details in respect of the material contracts or arrangements or transactions on arm's length basis carried on with the related parties have been furnished in ANNEXURE V.

As the contracts or agreements entered into with the related parties are expiring on 31.03.2019, the Board proposes to consider renewal of the contracts to be entered into with related parties for the consent of the Board of Directors and the approval of the Members of the Company at the ensuing Annual General Meeting wherever necessary.

Corporate Social Responsibility Committee

A Corporate Social Responsibility Committee was constituted on April 24, 2014 with Sri T.Kannan as Chairman and M/s. K. Thiagarajan and RM. Somasundaram, Directors of the Company as Members.

The Committee met once during the year on 28th February, 2018, to review the CSR policies, recommend for contributions for CSR Activities carried out during the year and recommend for balance amounts to be spent for the Financial Year 2017-18.

The Committee considered the social activities as referred in Schedule VII to the Companies Act and recognizes that its operations impact a wide community of the public for promoting health care including preventive health care and imparting education for uplifting the social status of the public. In structuring its approach to various aspects of Corporate Social Responsibility, the Company takes account of guidelines and statements issued by various regulatory bodies. Social, environment and ethical matters are reviewed by the Committee including the impact of such matters that may have on the Company's management of risk.

The Company finalized the manner of implementation of the CSR Policy and spent a sum of Rs.0.66 lakh towards conducting eye camp for the public nearby the mills as a preventive health care activity and contributed a sum of Rs.27.86 lakhs to a leading educational institution for development of infrastructure facilities in the Institution. The details of the project, amount of estimates and the contribution to the implementing agency has been shown in Annexure VII.

The CSR policy is available on the Company's website www.vtmill.com

The terms of reference of the Corporate Social Responsibility Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

Prevention of Sexual Harassment:

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee with three employees and a NGO representative and Smt. Uma Kannan, Director of the Company is the Adviser to the Committee. The Board also has approved the prevention of Sexual Harassment Policy and all employees especially women employees were made aware of the Policy and the manner in which complaints could be lodged. The Committee has submitted its Annual Report and the same has been approved by the Board.

The following is reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (prevention, Prohibition and Redressal) Act, 2013:

1.	No. of Complaints of sexual harassment received	NIL
2.	No. of Complaints disposed off during the year	NIL
3.	No. of cases pending for more than ninety days	NIL
4.	No. of awareness programme conducted	1
5.	Nature of action taken by the employer	Not Applicable

Nomination and Remuneration Committee

A Nomination and Remuneration Committee was constituted on April 24, 2014 and as on 31st March, 2018 Sri RM. Somasundaram is the Chairman and M/s. T. Kannan, K. Thiagarajan and A. Mariappan are Members of the Committee. The constitution satisfies the provisions of Section 178 of the Companies Act, 2013. The Company Secretary is the Secretary of this Committee.

During the year, the Committee met twice on 30.04.2017 and 02.08.2017, the first one for reviewing the Nomination and Remuneration Policy and the second one for considering and accepting the resignation of Mr.V. Sundaramoorthy as Chief Financial Officer.

The Company's Remuneration Policy is available on the Company's website www.vtmill.com and annexed as forming part of this report as ANNEXURE X.

The details of terms of reference of the Nomination and Remuneration Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

Stakeholders Relationship Committee

The Shareholders and Investors Grievance Committee was constituted earlier on 26.06.2004. To comply with the requirements of the Companies Act, 2013 and the listing agreements with Stock Exchanges, the name of the Committee was changed to Stakeholders Relationship Committee effective from April 25, 2014. As on 31st March, 2017, the Members of the Committee are Sri L.N.V. Subramanian as Chairman and Sri T. Kannan as Member. The Company Secretary is the Secretary of the Committee. The Committee has delegated the responsibility for share transfers and other routine share maintenance work to the Company Secretary and to M/s.Karvy Computer Share Private Limited, the Registrars and Share Transfer Agents of the Company. All requests for dematerialisation and rematerialisation of shares, transfer or transmission of shares and other share maintenance matters are completed within 30 days of receipt of valid and complete documents. The Committee approved all activities through Circular Resolutions and all those Circular Resolutions were placed and discussed at the Board meetings. The Committee also reports to the Board on matters relating to the shareholding pattern, shareholding of major shareholders, insider trading compliances, movement of share prices, redressal of complaints, Reports on SCORES of SEBI and all compliances under the Companies Act, 2013 and the listing agreement with Stock Exchanges.

The shares of the Company are listed on the Bombay Stock Exchange. The Company's shares are compulsorily traded in the dematerialized form. The ISIN number allotted is INE222F01029. The details of shareholding pattern, distribution of shareholding and share prices are mentioned separately in the attached Corporate Governance Report.

Auditors

In terms of Section 139 of the Companies Act and the rules made thereon, M/s CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Regn. No. 004915S/S200036) have been appointed as Auditors of the Company by the members at their meeting held on 23rd June, 2017 and the Auditors have been appointed for a period of five years from the conclusion of 70th Annual General Meeting till the conclusion of the 75th Annual General Meeting. The Auditors have already submitted certification u/s. 141 of the Companies Act and Peer Review Certificate in respect of their appointment as Auditors of the Company.

Secretarial Audit

A Secretarial Audit was conducted during the year by the Secretarial Auditor, Mr.M.K.Bashyam, Practicing Company Secretary, in accordance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is attached as Annexure II and forms a part of this Report of the Directors. There are no qualifications or observations or remarks made by the Secretarial Auditor in his Report.

Fixed Deposits

The Company has not accepted any deposits from the public and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

The company does not have any deposit which is not in compliance with the Companies Act, 2013.

Loans, guarantees and investments

The Company has not granted any inter-corporate loan, given guarantee or provided security for availing loan by any other company. However the company has invested its funds in such number of companies and in such number of shares in other bodies corporate as referred to in Notes No. 11 and 13 of the Balance Sheet.

In compliance with Section 186 of the Companies Act, 2013, loans to employees bear interest at applicable rates.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure IV and forms a part of this Report of the Directors.

Particulars of Employees

The prescribed particulars of Employees required under Section 134(3)(q) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure VI and forms a part of this Report of the Directors. There are no employees drawing remuneration more than Rs.102 Lakhs per annum or Rs.8,50,000/- per month.

Annexures forming a part of this Report of the Directors

The Annexures referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors :

I. Corporate Governance Report along with Certificate on Corporate Governance by the Auditor of the Company.

II. Secretarial Audit Report.

III. Extract of the Annual Return in Form MGT-9.

IV. Particulars on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

V. Form AOC-2 for material contracts with Related Parties.

VI. Ratio of remuneration and Particulars of Employees.

VII. Annual Report on CSR spending.

VIII. Chairman & Managing Director's Certificate under Regulation 34(3) read with Part D of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on compliance of Code of Conduct.

IX. Certificate by Chairman and Managing Director and Chief Financial Officer under Regulation 17(8), of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Financial Statements.

X. Remuneration Policy.

Appreciation

Your Directors record their sincere appreciation of the dedication and commitment of all employees in achieving and sustaining excellence in all areas of the business. Your Directors thank the Shareholders, customers, suppliers and bankers and other stakeholders for their continuous support to the Company.

For and on behalf of the Board of Directors,

Kappalur, Madurai.
April 27, 2018

T. KANNAN
CHAIRMAN AND MANAGING DIRECTOR

Management Discussion & Analysis:

Financial Performance:

The company's Sales Turnover has gone up by Rs.1420 lakhs from Rs.15,043 Lakhs to Rs.16,463 Lakhs, registering an increase of 9.44%. The Profit after depreciation has been marginally down from Rs.1,245 Lakhs to Rs.1,205 Lakhs. Also despite an increase in tax provision from Rs.144 Lakhs to Rs.432 Lakhs, the Profit after tax has been only marginally down from Rs.820 Lakhs to Rs.774 Lakhs, as set out in the Directors' Report.

Industry Structure and Developments:

Industry structure and developments has been elaborately stated in the Director's Report.

Internal Control Systems and their Adequacy:

Internal Control Systems has been elaborately stated in the Director's Report.

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 I: Corporate Governance Report 2017-18

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company believes in continuous good corporate governance and always strives to follow the highest standards of ethics, transparency and integrity to improve the performance at all levels, besides in achieving the company's objective of enhancing shareholder value and discharge of social responsibility.

In VTM Corporate Governance philosophy stems from the belief that Corporate Governance is an integral element in improving efficiency.

The company is committed to good Corporate governance and has complied in all material aspects with the requirements specified in Listing agreement with stock exchange.

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

2. BOARD OF DIRECTORS

2.1 Composition and Category of Directors The Board of Directors as on 27th April 2018 consists of eight Directors of which there are One Executive Director, Three Non Executive Directors and Four Independent Directors, and thus it is in compliance with SEBI Regulations.

The details of the composition of the Board of Directors are as follows:

Name of the Director	Category	Particulars
Sri T. Kannan	Chairman and Managing Director	Executive Director
Dr.(Smt) Uma Kannan	Director	Non -Executive Woman Director
Sri K.Thiagarajan	Director	Non -Executive Director
Sri RM. Somasundaram	Director	Independent Director
Sri L.N.V. Subramanian	Director	Independent Director
Sri A. Mariappan	Director	Independent Director
Sri M.Murugesan	Director	Independent Director
Sri K.Vethachalam	Director	Non -Executive Director

2.2. Details of the Directors

The current composition of the Board of Directors complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the provisions of Companies Act, 2013.

In the present Board, Sri T.Kannan, Chairman & Managing Director,

Dr. (Smt.) Uma Kannan 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 Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015. 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.

In accordance with the provisions of Section 149(10) of the Companies Act 2013, the current tenure of Independent Directors of the Company has been fixed for a period of 5 consecutive years from the date of AGM held on 25th June 2014 upto the conclusion of Annual General Meeting to be held in 2019.Sri.K.Vethachalam Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment as a Director of the Company. He is proposed to be re-appointed as a Director of the Company. The personal information about Sri.K.Vethachalam is given as below:

Sri.K.Vethachalam was appointed as Director of the Company on 15th October, 2015. He is well experienced in Textiles & allied fields. He is the Director in six other Companies, and possesses varied experience in textiles.

Sri.K.Vethachalam does not hold any equity shares in the Company.

All Directors have certified that the disqualifications mentioned under sections 164, 167 and 169 of the Companies Act, 2013 do not apply to them. Independent Directors have confirmed that they have complied with the Code for Independent Directors mentioned in Schedule IV of the Companies Act, 2013 and that they are not disqualified to act as an Independent Directors in compliance with the provisions of section 149 of the Companies Act, 2013.

2.3. **Code of Conduct**

The Code of Conduct laid down by the company, which has been adopted by the Board of Directors, is applicable to the Directors and all employees of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is available on the website of the Company www.vtmill.com under heading 'Investor Information'.All Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations of compliance to the Code of Conduct. The declaration signed by Chairman and Managing Director, is given separately in the Annual Report.

2.4 Shareholding of Directors and Key Managerial Personnel

As on March 31, 2018 following shares of the Company were held by Directors:

Name	Designation	No. of shares
Sri.T. Kannan	CMD	585600
Sri.K. Thiagarajan	Director	153600
Sri RM. Somasundaram	Director	60000

No other Director or Key Managerial Personnel holds any shares in the Company.

2.5 Board Meetings, Annual General Meeting and Attendance

During the year under review five Board Meetings were held and sitting fees have been paid to the Directors as detailed herein:-

Director Name	Date of Meeting					
	30.04.17 (Rs.)	02.08.17 (Rs.)	25.10.17 (Rs.)	22.01.18 (Rs.)	28.02.18 (Rs.)	Total (Rs.)
Uma Kannan	3000	3000		3000		9000
K. Thiagarajan	3000	3000	3000	3000	3000	15000
RM.Somasundaram	3000	3000		3000	3000	12000
A. Mariappan	3000	3000	3000	3000		12000
L.N.V.Subramanian		3000	3000	3000		9000
M. Murugesan	3000					3000
K.Vethachalam	3000		3000	3000	3000	12000
TOTAL	18000	15000	12000	18000	9000	72000

No sitting fees paid to Sri T. Kannan as he is the Chairman and Managing Director.

The Company Secretary is the Secretary to the Board of Directors and attended all meetings of the Board of Directors.

2.6. Board Committees

In line with the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations (LODR) 2015, the Company has constituted Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

The composition, terms of reference, attendance and other details of these Committees are mentioned later in this Report.

2.7. Directorships and Committee membership in other companies

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees [as specified in Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015] across all listed companies in India of which he is a Director.

Independent Directors do not serve in more than 7 listed companies. None of the Independent Directors are whole-time directors in any listed Company.Directorships and Membership of Committees in other companies held by Directors as on March,31, 2018 and the Attendance of the Directors at the Board meetings and the Annual General Meeting is given below:

Names of the Directors	Category	No. of Board Meetings attended	Attend-ance at the last AGM held on 23.6.2017	No. of Other Director-ships in companies other than VTM	No. of memberships in Board Commit-tees	Whether Chairman/ Member
Thiru T. Kannan	ED	5	√	8*	5 3	Chairman Member
Thiru K.Thiagarajan	NED	5	√	3*	3	Member
Dr.(Smt.) Uma Kannan	NED	3		2	-	
Thiru RM. Somasundaram	NEID	4	√	4	2 1	Chairman Member
Thiru L.N.V. Subramanian	NEID	3		-	1 1	Chairman Member
Thiru A. Mariappan	NEID	4		7	1 3	Chairman Member
Thiru M. Murugesan	NEID	1		2	-	-
Thiru K. Vethachalam	NED	4		6	-	

ID: Independent Director VTM – VTM LIMITED

NED-Non Executive Director. NEID-Non Executive Independent Director.

Note: * includes Directorship in 1 Company coming under Section 8 of the Companies Act, 2013.

Thiru T. Kannan, Chairman and Managing Director, Thiru K.Thiagarajan Director and Thiru. RM. Somasundaram, Director have attended the Annual General Meeting held on 23.06.2017.

3. AUDIT COMMITTEE

3.1. Constitution and Composition: The Audit Committee was constituted during the financial year 2001-2002, and reconstituted during the years 2010-11. The Audit Committee now consists of following Directors as the members :

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

The Chairman and Managing Director is permanent invitee in all meetings. The Company Secretary is the Secretary to the Audit Committee. All Directors are financially literate and Mr. A. Mariappan has accounting and related financial management expertise. Besides Mr. RM. Somasundaram also has sound technical knowledge and has finance expertise. The Statutory Auditors are invited to the meetings to discuss with the Directors the scope of audit, their comments and recommendation on the accounts, records, risks, internal procedures and internal controls of the Company.

3.2. Terms of Reference: The terms of reference of the Audit Committee cover all the areas mentioned under Part C of the Schedule II to the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 and section 177 of the Companies Act, 2013. The Board has also included in the terms of reference of the Audit Committee the monitoring, implementing and review of risk management plan as required under Regulation 18 and as per Part C (Role of Audit committee) of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015. The broad terms of reference of the Audit Committee therefore include review of financial reporting process and all financial results, statements and disclosures and recommending the same to the Board, reviewing the internal audit reports and discussing the same with the internal auditors, reviewing internal control systems and procedures, to meet the statutory auditors and discuss their findings, their scope of audit, post audit discussion, adequacy of internal audit functions, audit qualifications, if any, appointment / removal and remuneration of auditors, changes in accounting policies and practices, reviewing approval and disclosure of all related party transactions, reviewing with the management the performance of the statutory and internal auditors and their remuneration, compliance with listing agreements and other legal requirements and the Company's financial and risk management plan and policies and its implementation, disaster recovery policies and compliance with statutory requirements.

3.3. Internal Audit: The Internal Audit Department of the Company is carrying the internal audit periodically.

3.4 Attendance: During the financial year ended March 31, 2018, four meetings of the Audit Committee were held :

Director Name	Date of Meeting				
	30.04.17 (Rs.)	02.08.17 (Rs.)	25.10.17 (Rs.)	22.01.18 (Rs.)	Total (Rs.)
RM.Somasundaram	3000	3000		3000	9000
A. Mariappan	3000	3000	3000	3000	12000
L.N.V.Subramanian		3000	3000	3000	9000
TOTAL	6000	9000	6000	9000	30000

4. **Remuneration to Directors:**

Total Remuneration paid to Non-Executive Directors for attending meetings of the Board and Committees during the year ended March 31, 2018 is given below :

Name of the Director	Sitting Fees (For Board & Committee Meetings)
Thiru T. Kannan (Chairman and Managing Director)	-
Thiru K.Thiagarajan	Rs.24000/-
Thiru RM. Somasundaram	Rs.33000 /-
Thiru L.N.V. Subramanian	Rs.21000/-
Thiru A. Mariappan	Rs.33000/-
Thiru M. Murugesan	Rs. 3000/-
Dr.(Smt.) Uma Kannan	Rs. 9000/-
Thiru K.Vethachalam	Rs.12000/-

5a. **NOMINATION AND REMUNERATION COMMITTEE**

Constitution and Composition: The Nomination and Remuneration Committee was constituted on April 25, 2014 in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Sri.RM. Somasundaram an Independent Director, is the Chairman of the Committee. The other members are Sri.T.Kannan, and Sri.A.Mariappan.

Terms of Reference: The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Schedule II Part D of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 and Section 178 of the Companies Act, 2013. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating to remuneration and employment, terms of whole time directors and senior management personnel, adherence to the remuneration/employment policy as finally approved by the Board of Directors, preparing the criteria and identify persons who may be appointed as directors or senior management of the Company, preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances to the Board of Directors, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014 which will form part of the Directors Report to Shareholders, monitor loans to employees and any other matters which the Board of Directors may direct from time to time.

Attendance: During the financial year ended March 31, 2018, two meetings of the Nomination and Remuneration Committee was held on 30.04.2017 and on 02.08.2017 which were attended by all members. The sitting fee has been paid to the members of the Committee as under:

The Attendance of the Directors at the Committee meetings and remuneration paid to them are as under:

Name of the Director	Sitting Fees (Committee Meeting)
Thiru RM.Somasundaram-Chairman	Rs.6,000
Thiru T.Kannan-Member	-
Thiru A.Mariappan-Member	Rs.6,000
Thiru K.Thiagarajan – Member	Rs.6,000

Remuneration Policy: During the year, the Committee reviewed the Nomination and Remuneration Policy and as recommended by the Nomination and Remuneration Committee, the policy has been approved by the Board of Directors.

The terms of reference of the Committee inter alia, include the following:

Succession planning of the Board of Directors, and Senior Management Employees;

Identifying and selection of candidates for appointment as Directors/ Independent Directors based on certain laid down criteria; identifying potential individuals for appointment as Key Managerial Personnel, and to other Senior Management positions;

Formulate and review from time to time, the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;

Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

Remuneration to Directors:

Sri T. Kannan, the Chairman and Managing Director of the company is entitled to a remuneration not exceeding 5% of the Net Profits as computed u/s. 198 of the Companies Act, 2013 and accordingly a sum of Rs.55.00 lakhs has been provided as remuneration for the year 2017-18.

The Non-Executive Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the net profits of the Company.

5b. Corporate Social Responsibility Committee:

As required under section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee was constituted on April 25, 2014 with Sri T.Kannan as Chairman and Sri. K. Thiagarajan and Sri. RM. Somasundaram as Members.

The terms of reference of this Committee is to comply with the requirements of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and all other relevant compliances.

The Committee met once during the year on 28th February, 2018 which was attended by Sri.T.Kannan, CMD, Sri.K.Thiagarajan and RM. Somasundaram, Directors of the Company, for approval of the CSR spending and excepting Sri.T.Kannan, other Directors received a sitting fee of Rs.3,000/- for the meeting.

The CSR Policy, which was approved by the Board, is available on the Company's website.

Separate Meeting of Independent Directors:

The Independent Directors of the company M/s. RM. Somasundaram, A.Mariappan and L.N.V. Subramanian met on 22nd January 2018 without the attendance of Non-Independent Directors and members of management. They deliberated and reviewed the performance of the Non-Independent Directors and the Board as a whole. Besides they assessed the quality, quantity and timeliness of flow of information between the Company management and the Board members that is necessary and essential for the Board to effectively and reasonably perform their duties.

SHARES:

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

6.1 Constitution and Composition: The Share Transfer Committee was constituted on 2004, reconstituted on 2011 and was renamed as Stakeholders relationship committee in the financial year 2014-15.

The Shareholders and Investor Grievance Committee was constituted earlier in 2004. In order to comply with the requirements of Companies Act, 2013 and the Clause 49 of Listing agreement with Stock exchange, the name of the Committee was changed as Stakeholders' Relationship committee with effect from 25.04.2014, to specifically look into the redressal of investors' complaints. It consists of two Directors namely Sri.T.Kannan as Member and Sri.L.N.V.Subramanian as Chairman of the Committee.

The Stakeholders' Relationship Committee has through Circular resolutions, approves the transfers, transmissions and demat requests. Mr.S. Paramasivam, Secretary of the Company, who is also the Secretary and Compliance Officer for the Committee.

During the year nine grievances regarding non-receipt of shares applied for transfer, non-receipt of dividend, Balance Sheet and related matters were received from the shareholders and all were redressed. There was no transfer of shares pending for transfer at the close of the year.

Information on Unclaimed Dividend:

Pursuant to provisions of the Companies Act 2013, Company is committed in making timely payment of dividend. Pursuant to provisions of Section 124 of the Companies Act 2013, dividend that remained unpaid or unclaimed for financial year ended 31st March 2011, due to be transferred on 17.07.2018 to The Investor Education and Protection Fund (IEPF), constituted by Central Government under Section 125 of the Companies Act 2013 will be transferred within the time prescribed.

Distribution of Shareholding as on 31.03.2018:

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to 5000	3143	90.01	2857307	7.10
5001 – 10000	154	4.41	1049631	2.619
10001 - 20000	93	2.66	1311330	3.28
20001 - 30000	43	1.23	1092090	2.75
30001 - 40000	15	0.43	539575	0.91
40001 - 50000	7	0.20	308703	0.67
50001 – 100000	19	0.54	1460854	3.82
100001 – above	18	0.52	31608110	78.84
Total	3492	100.00	40227600	100.00

Shareholding pattern as on 31st March 2018:

Shareholders	No. of Shares held	% of total shares held
Promoters	30169700	75.00
Corporate Bodies	263952	0.66
Public	9565226	23.78
NRI's	228722	0.56
Total	40227600	100.00

The Company has not issued any ESOP to its Employees / Directors.

Dematerialisation of shares:

The shares of the Company have been dematerialized and the unique ISIN number allotted for the Company as under:

ISIN : INE222F01029

Currently 92.72% of the total shares have been dematerialised.

The Shares held by Promoters have all been dematerialised.

Listing at Stock Exchanges:

Sl.No	Name of the Exchange	Code	Address
1	Bombay Stock Exchange Ltd	532893	Regd. Office: Floor 25, PJ Towers Dalal Street, MUMBAI - 400 001

TRADING SYMBOL AT BSE : VTM

Demat ISIN No. : INE222F01029

Share Price movements :

Market price data : Exchange : BSE

Month	HIGH Rs.	LOW Rs.
APRIL '17	38.00	30.50
MAY '17	34.65	30.30
JUNE '17	34.65	29.25
JULY '17	33.70	30.50
AUGUST '17	32.95	27.50
SEPTEMBER '17	31.95	29.20
OCTOBER '17	33.75	29.75
NOVEMBER '17	33.00	30.10
DECEMBER '17	35.15	29.65
JANUARY '2018	36.00	31.10
FEBRUARY '18	33.40	29.00
MARCH '18	30.45	26.05

The share quotations are stated for the Re 1/- Face value of the company's equity share.

Stock Options: Nil.

Plant Location: Sulakarai, Virudhunagar, Pin: 626 003

6.2 Compliance Officer : Mr.S. Paramasivam Company Secretary, is the Secretary of this Committee and the Compliance Officer and his contact details are given below :

Mr.S. Paramasivam,

Company Secretary

VTM Limited

Sulakarai, Virudhunagar, INDIA

Phone : 0452 -2482595-Ext 549

Email : complianceofficer@vtmill.com

6.3 Details of Complaints from Shareholders:

No. of complaints remaining unresolved as on 31.03.2017	:	0
No. of complaints/Requests received during the year	:	9
No. of complaints/Requests resolved during the year	:	9
No. of complaints unresolved as on 31.03.2018	:	0

7. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings are given below

AGM for the Financial Year ended	Date & Time of AGM
31st March, 2017	23rd June 2017 at 12.00 Noon
31st March, 2016	27th June 2016 at 10.00 am
31st March, 2015	17th June 2015 at 11.00 am

EGM / Postal Ballot meetings:

NIL

All the resolutions set out in the AGM Notices were passed by the Shareholders (e-voting).

The General Meeting was held at the Registered Office of the Company.

7.1 Pledge of shares held by Promoters: No pledge has been created by the Promoters on the equity shares held as on March 31, 2018.

7.2 Special resolutions:
The company has neither passed special resolution nor resolution requiring postal ballot in the Annual General Meeting held on June 23, 2017.

At the ensuing 71th Annual General Meeting to be held on 22nd June, 2018 no resolution is proposed to be passed by postal ballot.

7.2.1 Pursuant to section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 71st Annual General Meeting will be made through electronic voting. The electronic voting period commences on 18th June, 2018 (9:00 am) and ends on 21st June, 2018 (6:00 pm) both days inclusive.

7.2.2 Scrutinizer for electronic voting : Mr. I.B. Harikrishna, of Akshaya Corporate Solutions Private Limited, Practising Company Secretaries (C.P No 5302) has been appointed as the Scrutinizer to scrutinize the electronic voting process in a fair and transparent manner and to give his report to the Chairman.

8. DISCLOSURES:

8.1 Details of transactions with related parties have been reported in the Notes to Accounts. All the transactions with related parties are at arm's length basis. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and as per Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis.

There were no materially significant transactions with the related parties during the year, which were in conflict with the interests of the company and that require approval of the company in terms of SEBI (LODR) Regulations.

The Transactions with the related parties of routine nature have been reported as per Ind AS 24 notified under Companies (Indian Accounting Standards) Rules, 2015.

8.2 Disclosure of Accounting Treatment: Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015 the Company has adopted "Ind AS" with effect from 1st April, 2017. Accordingly, the Financial Statements for the year 2017-18 have been prepared in compliance with the Companies (Indian Accounting Standards) Rules, 2015.

8.3 Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Ind AS Financial Statements.

8.4 There were no instances of non-compliance by the Company or any penalties or strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

8.5 The Company has in place an Employee Concern (Whistle Blower) which is also available on the Company's website. No personnel has been denied access to the Audit Committee to lodge their grievances.

8.6 All mandatory requirements have been appropriately complied with.

8.7 The Management Discussion and Analysis Report forms a part of the Directors' Report.

8.8 No presentations were made to institutional investors and analysts during the year.

8.9 The Company does not have any subsidiary or Associate.

8.10 There have been no public issues, rights issues or other public offerings during the past five years. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

9. MEANS OF COMMUNICATION :

9.1 Quarterly results are published in the Business Standard and the Tamil version thereof in Malai Malar the day after the Board Meeting where the results are approved. These financial results and quarterly shareholding pattern are electronically transmitted to the stock exchanges and are also uploaded on the Company's website www.vtmill.com.

9.2 Shareholder communication including Notices and Annual Reports are being sent to the email addresses of Members available with the Company and the Depositories. Annual Accounts are sent to Members at least 25 days before the date of Annual General Meeting.

The Management Discussion and Analysis Report forming part of the Annual Report is enclosed. [Regulation 34 and Schedule V of the Listing SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.]

9.3 The Company's website:

www.vtmill.com makes online announcements of Board Meeting results of the quarterly financial results, announcement of the date of Annual General Meeting and proposed dividend, and other announcements. Copies of Notices sent to Shareholders are also available on the website.

9.4 Address for communication :

All communication regarding share transactions, change of address, bank mandates, nominations etc. should be addressed to the Registrars and Share Transfer Agents of the Company at the following address :

Registrar & Transfer Agent:

Karvy Computershare Pvt. Ltd.
(Unit: VTM LIMITED)
Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli,
Financial District,
Nanakramguda, Serilingampally, Hyderabad – 500 008
Ph : +91 040 67161518
Contact Person: Mr.D.SURESH BABU- 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

Grievances, if any, may also be addressed to the Company Secretary at email at complianceofficer@vtmill.com

Shareholders are requested to mention their folio nos., DP-ID and Client ID in case of demat shares, phone and mobile nos. and their Email ID so that the Company/Compliance Officer can contact them and redress their complaints immediately. However, for instructions like change of bank mandate, change of address, transfers & transmission of shares etc. letters duly signed by the Shareholders concerned should be sent otherwise such requests cannot be processed by the Registrars.

Email ID of Shareholders will have to be registered with the Company to enable the Company or the Registrars to communicate electronically.

GENERAL SHAREHOLDER INFORMATION

1. Date, Time and Venue of the Annual General Meeting.	:	22nd June, 2018 at 3.00 PM at the Registered Office at Sulakarai, Virudhunagar.
2. Dates of Book Closure/Record date for Financial Year 2017-18	:	Register of Members will be closed from 13th June to 22nd June, 2018.
3. Results for Quarter ending June 30, 2018 (Provisional)	:	3rd Week of July, 2018.
Results for Quarter ending September 30, 2018 (Provisional)	:	3rd Week of October, 2018.
Results for Quarter ending December 31, 2018 (Provisional)	:	3rd Week of January, 2019.
Financial Calendar – 1st April 2018 To 31st March 2019 (Audited)	:	4th Week of April, 2019.

Auditors' Certificate on Corporate Governance

To

The Members of VTM Limited

We have examined the compliance of conditions of Corporate Governance by VTM Limited ('the Company') for the year ended March 31, 2018 as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 ('Listing Regulations').

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

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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 specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

(CHINNSAMY GANESAN)
Partner
Membership No. 027501

Place: Madurai
Date: April 27, 2018

Annexure II

M.K.BASHYAM
Company Secretary in Practice
FCS 600 - CP.NO 3837

43 (9A), Palmal Cross Street
Madurai - 625001
Phone :2338121

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2018.

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

To,

The Members,
VTM LIMITED
Virudhunagar

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VTM LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of VTM LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by VTM LIMITED ("the Company") for

M.K.BASHYAM
Company Secretary in Practice
FCS 600 - CP.NO 3837

43 (9A), Palmal Cross Street
Madurai -625001
Phone :2338121

the financial year ended on 31st March 2018 according to the provisions of:

(I) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) SEBI(LODR)Regulations 2015.

(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(e) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Taxation Laws, Labour Laws and Environmental Laws.

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

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

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Listing Agreements entered into by the Company with Bombay Stock Exchange

M.K.BASHYAM
Company Secretary in Practice
FCS 600- CP.NO 3837

43 (9A), Palmal Cross Street
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(iii) SEBI (Prohibition of Insider Trading) Regulations, 2015 and all other regulations of SEBI as applicable to the Company.

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

I further report that

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

Adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions of the Board have been unanimously passed.

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

I further report that during the audit period the company has convened the Annual General Meeting along with e-voting facility after giving required notices to the members of the Company duly complied with the provisions of the Companies Act 2013.

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

Signature: Sd/- M.K.Bashyam
Name of Company Secretary
in practice / Firm:
FCS 600- CP.NO 3837

Place: Madurai
Date: April 14, 2018

M.K.BASHYAM
Company Secretary in Practice
FCS- CP.NO 3837

43 (9A), Palmal Cross Street
Madurai -625001
Phone :2338121

'Annexure A'

(To the Secretarial Audit Report of M/s. VTM Limited for the financial year ended 31/03/2018)

To,
The Members,
VTM Limited,
Sulakarai,
Virudhunagar.

My Secretarial Audit Report for the financial year ended 31/03/2018 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

14.04.2018
Madurai-625001

Annexure – III

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L17111TN1946PLC003270
ii)	Registration Date	:	27-07-1946
iii)	Name of the Company	:	VTM LIMITED
iv)	Category / Sub-Category of the Company	:	
v)	Address of the Registered office and contact details	:	SULAKARAI, VIRUDHUNAGAR
vi)	Whether listed companyYes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008 Phone : 91 040 67161518 Fax : 91 40 23420814

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Fabrics	17115	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
		NIL			

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31st March 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				% change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
- Individuals */ HUF	585600	-	585600	1.46	585600	-	585600	1.46	-
- Central Govt/ State Govt..	-	-	-	-	-	-	-	-	-
- Bodies Corp.	5518300		5518300	13.72	5518300		5518300	13.72	-
- Banks/FIIs									
- Any other (specify) Partnership Firms	23038000		23038000	57.27	23038000		23038000	57.27	-
Sub-total (A) (1)	**29141900**		**29141900**	**72.45**	**29141900**		**29141900**	**72.45**	-
(2) Foreign									
- Individuals (Non Resident)	874200	-	874200	2.17	874200	-	874200	2.17	-
- Individuals / Foreign individuals)	153600	-	153600	0.38	153600	-	153600	0.38	-
- Bodies Corporate	-	-	-	-	-	-	-	-	-
- Institutions	-	-	-	-	-	-	-	-	-
- Any other (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**1027800**		**1027800**	**2.55**	**1027800**		**1027800**	**2.55**	
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**30169700**		**30169700**	**75.00**	**30169700**		**30169700**	**75.00**	-
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
f) Insurance Cos	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	263648	47300	310948	0.77	216652	47300	263952	0.66	-0.11
ii) Overseas									
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31st March 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				% change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5372531	2597860	7970391	19.31	5548559	2514060	8062619	20.04	0.23
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1091555	453000	1544555	3.83	1136007	288000	1424007	3.54	-0.29
c) Others (specify) NRIs	153406	12600	166006	0.41	228722	12600	241322	0.60	0.19
Firms	-	66000	66000	0.16	-	66000	66000	0.16	-
Sub-total (B)(2):-	**6881140**	**3176760**	**10057900**	**25.00**	**7129940**	2927960	**10057900**	25.00	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	**6881140**	**3176760**	**10057900**	**25.00**	**7129940**	2927960	**10057900**	25.00	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	37050840	**3176760**	40227600	**100.00**	37050840	2927960	40227600	**100.00**	-

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the endof the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	T. Kannan	585600	1.46	-	585600	1.46	-	-
2	Radha Kannan	874200	2.17	-	874200	2.17	-	-
3	K.Thiagarajan	153600	0.38	-	153600	0.38	-	-
4	Thiagarajar Mills Pvt Ltd	2678000	6.66	-	2678000	6.66	-	-
5	T.Kannan, Partner, Guruvayoorappan Investments	7520000	18.69	-	7520000	18.69	-	-
6	T.Kannan, Partner, Avittam Investments	7500000	18.64	-	7500000	18.64	-	-
7	T.Kannan, Partner, Karumuttu Investments	6190000	15.39	-	6190000	15.39	-	-
8	T.Kannan, Partner, Thirumagal Investments	1828000	4.54	-	1828000	4.54	-	-
9	Sree Thiagaraja Finance Pvt Ltd	1504000	3.74	-	1504000	3.74	-	-
10	Sree Devi Karumari Finance Pvt Ltd	1336300	3.32	-	1336300	3.32	-	-
		30169700	**75.00**	**0**	**30169700**	**75.00**	**0**	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change) –

There is no change in promoters' Shareholding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.		Share holding at beginning		Cumulative share holding during the Year	
		No. of shares	% of Total Sh capital of company	No. of shares	% of Total Sh capital of company
1. Anil Kumar Goel					
At the beginning of year		400443	1.00		
Date wise Inc/Dec during the year		-	-		
Date					
At the end of the year				400443	1.00
2. L.RM.K. Valliappan					
At the beginning of year		183000	0.45		
Date wise Inc/Dec during the year					
Date		Buy/(Sell)			
At the end of the year				183000	0.45
3. Vinay Kumar Gupta		165000	0.41		
At the beginning of year					
Date wise Inc/Dec during the year					
At the end of the year				165000	0.41
4.Lalitha Narayanan					
At the beginning of year		159500	0.40		
Date wise Inc/Dec during the year					
At the end of the year				159500	0.40
5.K.S.Gopalaswamy & Ranjani Gopalswamy					
At the beginning of year		150000	0.37		
Date wise Inc/Dec during the year					
At the end of the year				150000	0.37

6. S.Kasi Viswanathan				
At the beginning of year	150000	0.37		
Date wise Inc/Dec during the year				
At the end of the year			150000	0.37

7. L.R.M.K.Subramanian				
At the beginning of the year	120000	0.30		
Date wise Inc/Dec during the year				
At the end of the year			120000	0.30

8. S.N. Rajan					
At the beginning of year		216612	0.54		
Date wise Inc/Dec during the year					
Date	Buy/(Sell)				
07.04.2017	(Sell)	(98565)	-0.24	118047	0.30
28.10.2017	(Sell)	(14130)	0.03	103917	0.27
23.03.2018	Buy	6550	0.01	110467	0.28
At the end of the year				110467	0.28

9.Vinod Chandra Mansukhlal Parekh				
At the beginning of the year	92335	0.23		
Date wise Inc/Dec during the year				
At the end of the year			92335	0.23

10. Amit Aravind Gunderia				
At the beginning of the year	0	0		
Date wise Inc/Dec during the year				
At the end of the year			90759	0.23

(v) Shareholding of Directors and Key Managerial Personnel:

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
T. KANNAN	585600	-	-	-	-	-	-	585600	1.46
K. THIAGARAJAN	153600	-	-	-	-	-	-	153600	0.38
UMA KANNAN	-	-	-	-	-	-	-	-	-
RM. SOMASUNDARAM	60000	-	-	-	-	-	-	60000	0.15
L.N.V. SUBRAMANIAN	-	-	-	-	-	-	-	-	-
A. MARIAPPAN	-	-	-	-	-	-	-	-	-
M. MURUGESAN	-	-	-	-	-	-	-	-	-
K. VETHACHALAM	-	-	-	-	-	-	-	-	-
S. PARAMASIVA M-CS	-	-	-	-	-	-	-	-	-
V.SUNDARAMOORTHY-CFO *	-	-	-	-	-	-	-	-	-

-*V.SUNDARAMOORTHY-CFO was employed for part of the year till 03.06.2017.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	104631893	-	-	104631893
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	104631893			104631893
Change in Indebtedness during the financial year		-	-	
· **Addition**	41965506			41965506
· **Reduction**	(34833779)			(34833779)
Net Change	7131727			7131727
Indebtedness at the end of the financial year		-	-	
i) Principal Amount	111763620			111763620
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	111763620	-	-	111763620

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

Sl.No	Particulars of Remuneration	Name of Managing Director				Total Amount
		T.Kannan	--	----	----	
1.	Gross salary (a) Salary as per prov isions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NA				
2.	Stock Option	NA				
3.	Sweat Equity	NA				
4.	Commission - as % of profit - others, specify	55,00,000				55,00,000
5.	Others, please specify					
	Total (A)	55,00,000				55,00,000
	Ceiling as per the Act	60,02,000				60,02,000

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors				Total Amount
	RM.Somasundaram	LN.V.Subramanian	A.Mariappan	M.Murugesan	
1. Independent Directors					
· Fee for attending Board meeting	12000	9000	12000	3000	36000
. Committee Meetings	21000	12000	21000	-	54000
· Commission	-	-	-	-	-
· Others, please specify	-	-	-	-	-
Total (1)	33000	21000	33000	3000	90000
	T.Kannan	K.Thiagarajan	Uma Kannan	K.Vethachalam	
2. Other Non-Executive Directors					
· Fee for attending . Board meeting	--	15000	9000	12000	36000
Committee Meetings	-	9000	-	-	9000
· Commission		-	-	-	-
· Others, please specify		-			
Total (2)		24000	9000	12000	45000
Total (B)=(1+2)		45000	42000	15000	135000
Total Managerial Remuneration					
Overall Ceiling as per the Act					6002000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl.No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	1,97,256 Till 03.06.2017	4,12,052	6,09,308
2.	Stock Option	-	-	-	
3.	Sweat Equity	-	-	-	
4.	Commission - as % of profit - others, specify	-	-	-	
5.	Others, please specify			-	
	Total		1,97,256	4,12,052	6,09,308

- Mr.V.Sundaramoorthy CFO was employed for part of the year.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
B. Directors					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				

ANNEXURE-IV TO THE DIRECTORS' REPORT

Particulars furnished pursuant to the Companies (Accounts) Rules, 2014.

1. **STEPS TAKEN FOR CONSERVATION OF ENERGY:**

a) Installation of Energy Efficient Air Compressor:

During the year, the company has proposed to undertake an air audit in compressor air system at an estimated cost of Rs.40.00 lakhs, the benefits of it is expected to save the cost of power in the coming years.

b) Improvement in working of Humidification Plant:

Last year, the company optimized the supply and exhaust of airflow systems by fine tuning the Humidification. This had a good effect in power saving benefit and such power saving during the year is better.

During the year, the company replaced the Humidification Ducts made of GI Sheets by FRP ducts at a cost of Rs.23.81 lacs. By this modernization of Humidification Plant, the leakage in air has been curtailed and by this method, the humidity control is better.

2. **STEPS TAKEN FOR ALTERNATE SOURCES OF ENERGY & CONSERVATION OF EQUIPMENTS.**

a) The company has constantly taken efforts for Green Energy by installation of 4 Nos. Wind Turbine Generator at a Capital Outlay of Rs.2325 Lakhs during the last ten years which saves substantial power cost.

A. POWER AND FUEL CONSUMPTION

1. Electricity		31.3.2018		31.3.2017
a) Purchased:				
Units		9,34,409		11,88,037
Total amount	Rs.	2,06,04,627	Rs.	2,26,75,975
Rate per unit (Including Maximum demand charges)	Rs.	22.05	Rs.	19.09
b) Own Generation:		2018		2017
Through Diesel Generator				
Units		1,64,512		2,20,077
Units per litre of oil		3.02		3.05
Cost per unit	Rs.	17.57	Rs.	14.80
c) Through Windmill:				
Produced Units		73,78,745		66,61,463
Availed Units		73,78,745		66,61,463
d) Through an Independent Power Producer				
Units		97,32,366		83,91,776
Rate per unit	Rs.	5.05	Rs.	5.64
B. CONSUMPTION PER UNIT OF PRODUCTION OF CLOTH:				
Electricity per Metre of production of cloth	Rs.	3.72	Rs.	4.49

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 :

The company has proposed to install one number Karl Mayer Warping and Sizing Machine at an estimated cost of Rs.678.67 lakhs and the work is in progress and the same will be fully installed in the Financial Year 2018-19. This would help in achieving higher productivity and is cost efficient.

Further, in order to have improved value added product, the company has installed 16 Nos. Pattern Makers at a total cost of Rs.38.24 lakhs. The benefits will be seen in the future years.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The company has earned during the year under report foreign exchange equivalent to Rs.3789.16 Lakhs (FOB value of exports) through direct exports.

The foreign exchange outgo during the period is Rs.838.53 Lakhs.

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

Kappalur, Madurai
27th April, 2018

For and on behalf of the Board of Directors,
CHAIRMAN

ANNEXURE V
FORM NO. AOC-2
Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

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

1. Details of material contracts or arrangements or transactions at arm's length basis:

Name of the party with which contract is entered into	Name of the Director interested	Relation with Director/ Company/ Nature of concern or interest	Duration	Salient Terms including value if any	Date of Board approval	Advance paid if any
1		2	3	4	5	6
Thiagarajar Mills P. Ltd.	T. Kannan Uma Kannan K. Thiagarajan A. Mariappan	Director Director Director Director	Five Years from 01.04.2014	At arm's length price and in tune with market rates	25.04.2014 and 01.09.2014	NIL

The Company has obtained consent from members at the EGM held on 29.09.2014 for entering into contracts exceeding the limits specified in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014

ANNEXURE VI

PARTICULARS OF REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL IN TERMS OF RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014.

<table>
<tr><th>S.No</th><th>Particulars</th><th>Details</th></tr>
<tr><td>1.</td><td>The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year;</td><td>Rs. in lakhs
<table><tr><td>Name of the Director</td><td>Designation</td><td>Remuneration</td><td>Ratio to Median Remuneration</td></tr><tr><td>Sri T. Kannan</td><td>Chairman & Managing Director</td><td>55.00</td><td>52.88</td></tr></table></td></tr>
<tr><td>2.</td><td>The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;</td><td><table><tr><td rowspan="2">Name of the Director (M/s.)</td><td rowspan="2">Designation</td><td colspan="2">Remuneration</td><td rowspan="2">Percentage increase in Remuneration</td></tr><tr><td>2016-17</td><td>2017-18</td></tr><tr><td>Sri T. Kannan</td><td>Chairman & Managing Director</td><td>55.00</td><td>55.00</td><td>---</td></tr><tr><td>Mr. V. Sundaramoorthy (upto 03.06.2017)</td><td>Chief Financial Officer</td><td>7.42</td><td>1.97</td><td>(-) 73.45%</td></tr><tr><td>Sri S. Paramasivam</td><td>Company Secretary</td><td>3.93</td><td>4.13</td><td>05.09%</td></tr></table></td></tr>
<tr><td>3.</td><td>The percentage increase in the median remuneration of employees in the financial year;</td><td><table><tr><td>Year</td><td>2016-17</td><td>2017-18</td><td>Increase</td></tr><tr><td>Median Remuneration</td><td>1.06</td><td>1.04</td><td>(-)1.89%</td></tr></table></td></tr>
<tr><td>4.</td><td>The number of permanent employees on the rolls of company;</td><td>503</td></tr>
<tr><td>5.</td><td>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;</td><td><table><tr><td>Details</td><td>2016-17</td><td>2017-18</td><td>Increase</td></tr><tr><td>Employee cost (Excluding remuneration to Directors)</td><td>1035.95</td><td>1157.20</td><td>11.70 %</td></tr><tr><td>Remuneration to Directors</td><td>55.00</td><td>55.00</td><td>---</td></tr></table></td></tr>
<tr><td>6.</td><td>Affirmation that the remuneration is as per the remuneration policy of the company.</td><td>Yes at all times.</td></tr>
</table>

Particulars of employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

NIL

ANNEXURE VII

Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Act, 2013

1. A brief outline of the Company's CSR policy:

   This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.

2. Overview of projects or programs proposed to be undertaken:

   Focus areas relating to eradication of hunger and poverty, economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure.

3. Web-link to the CSR policy and projects or programs - http://www.vtmill.com/CSR -Policy.pdf

4. Composition of the CSR Committee.

#	Name of the Director (M/s.)	Designation	Status
1.	Sri T. Kannan	Chairman and Managing Director	Chairman
2.	Sri K. Thiagarajan	Non-Executive Director	Member
3.	Sri RM. Somasundaram	Independent Director	Member

5. Average net profit of the Company for last three financial years — Rs.1425.84 lakhs
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 28.52 lakhs
7. Details of CSR spent during the financial year
   (a) Total amount to be spent for the financial year — Rs.28.52 lakhs
   (b) Amount unspent, if any — Not Applicable

(c) Manner in which the amount spent during the financial year is detailed below:

S.No.	Name of the Implementing Agency: 1. Project No.1 2. Project No.2 - Corpus Contribution to an Educational Institution	Direct - Public eye camp at Virudhunagar. Thiagarajar College, Madurai
1	CSR Project or activity identified - Reference to Item No. to Schedule VII	(i) Eradicating hunger, poverty, promoting preventive health care and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; (v) rural development projects
2	Sector in which the Project is covered	Project I – Promoting preventive Health Care by conducting Eye Campnear Mills Premises. Project II- Promotion of Education by Conservation of buildings, renovation of class -rooms and construction of auditorium in the college premises.
3	Areas in which Projects / Programmes undertaken:	
4	Local Area / Others:	Project I - Local Area Project II - Other Area
	State & district :	Project I - Tamil Nadu: Virudhunagar Dt Project II – Tamil Nadu: Madurai District
	Amount outlay (budget) project or program-wise:	Project I - Rs. 0.66 lakh Project II - Rs.27.86 lakhs
5	Amount spent on the projects or programmes:	Project I - Rs. 0.66 lakh Project II - Rs.27.86 lakhs
6	Sub-heads:	
	Direct expenses On projects / programs:	Project I - Rs. 0.66 lakh Project II - Rs. 27.86 lakhs
	Overheads:	
7	Cumulative expenditure upto the reporting period:	Project I - Rs. 0.66 lakh Project II - Rs. 53.07 lakhs

8. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not applicable

9. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   To discharge the duties cast under provisions of the Act, members of the CSR Committee visit the place where the project is undertaken. Chairman also has regular reviews of the progress made and the work done.

For and on behalf of the Board

Chairman & Managing Director and
Chairman of CSR Committee

Annexure VIII

Chairman & Managing Director's Certificate

Annual Certificate under Regulation 34(3) read with Part D of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015

DECLARATION

As required under Regulation 34(3) read with Part D of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015, I hereby declare that all the Board members and Senior Management Personnel of the Company have complied with the Code of Conduct of the Company for the year ended March 31, 2018.

T. Kannan
Chairman & Managing Director

Annexure IX

Compliance Certificate under Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

We, T. Kannan, Chairman and Managing Director and R. Krishnan, Chief Financial Officer of the Company certify that -

A. We have reviewed Financial Statements and Cash Flow Statement for the year ended 31.3.2018, and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify those deficiencies.

D. We have indicated to the Auditors and the Audit Committee that:

(i) there are no significant changes in internal control over financial reporting during the year.

(ii) the company has adopted Indian Accounting Standards (Ind AS) in terms of Companies (Indian Accounting Standards) Rules, 2015 for the current financial year and the same have been disclosed in the notes to the financial statements; and

(iii) there are no instances of fraud of which we became aware and the involvement therein if any of the management or an employee having a significant role in the company's internal control system over financial reporting.

T. KANNAN
CHAIRMAN AND MANAGING DIRECTOR

Date: 27.04.2018
Place: Madurai

R. Krishnan
Chief Financial Officer

Annexure X : Remuneration Policy

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the Chairperson and Non-Executive Directors of the Company out of which at least one-half are Independent Directors and as such complies with the obligations of the Companies Act, 2013 and the corporate governance requirements of the Listing Agreement with stock exchanges. The Chairperson of this Committee is an Independent Director. The Chairperson of the Board of Directors is a member of this Committee but will not Chair this Committee.

The Committee operates under formal terms of reference which were approved by the Board on April 29, 2014. These terms of reference have been prepared in a manner to generally maintain overall continuity with the nomination and remuneration policies of the company while complying with the Companies Act, 2013 and the Listing Agreements with stock exchanges.

Role and Responsibilities

The Committee's foremost priorities are to ensure that the Company has the best possible leadership and maintains a clear plan for both Executive and Non-executive Director succession. The Committee also reviews senior management succession. Its prime focus is therefore on the strength of the Board and the senior management team and ensuring that appointments are made on merit, against objective criteria, selecting the best candidate for the post. The Committee advises the Board on the appointments, retirements and resignations from the Board and its Committees. It also advises the Board on similar changes to the senior management of the Company.

The Committee and its members are empowered to obtain outside legal or other independent professional advice, at the cost of the Company, in relation to its deliberations and to secure the attendance at its meetings of any employee or other parties it considers necessary.

Criteria for appointments and independence of Directors

When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee will draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements. The Company believes that diversity underpins the successful operation of an effective Board and embraces diversity as a means of enhancing the business.

The recruitment process then focuses on appointing candidates who meet the criteria, who have the relevant professional knowledge, professional qualifications and experience. Successful candidates are likely to have demonstrable leadership qualities and interpersonal communication skills, act with integrity and have international business exposure.

Care is taken to ensure that all proposed appointees have sufficient time available to devote to the role, are compliant with the rules, policies and values of our Company and do not have any conflicts of interest.

On appointments or promotions the Committee will typically use the Remuneration Policy of the Company to determine ongoing remuneration. However, the Committee retains the discretion to make appropriate remuneration decisions outside the Standard Policy to meet specific circumstances.

Remuneration Policy

The overarching philosophy for remuneration within the company is to attract, retain and motivate individuals of the caliber necessary to successfully implement the Company's business strategy. In particular, this means ensuring that incentive plans are appropriate to encourage enhanced performance and to avoid rewarding underperformance. In viewing and setting Company's remuneration policy, the Committee seeks to balance the interests of its employees and those of its stakeholders, to support Company strategy and foster a high performance culture, where a meaningful portion of remuneration is performance linked.

Remuneration Policy for Managing Director:

An appropriate level of remuneration may be set to ensure that the Company can appoint Managing Director of the necessary skill and experience by offering him market competitive remuneration reflecting his individual experience, role and contribution. The appointment may be for a tenure of such years from the date of his appointment not exceeding the period in terms of Section 196 and as prescribed under Schedule V to the Companies Act, 2013. The individual's performance will be reviewed annually by the Nomination and Remuneration Committee and recommended to the Board enabling it to decide the remuneration payable to the Managing Director.

The total remuneration package may be designed to provide an annual remuneration payable by way of commission and other perquisites as decided by the Board of Directors however, not exceeding 5% of the net profits of the company computed in accordance with the provisions of Sections 198 of the Companies Act, 2013 and as determined by the Board of Directors of the Company for each financial year within the maximum permissible limit. Further, in the event of his being Managing Director in any other company, such remuneration shall not exceed the higher maximum limit admissible from any one of these companies, in terms of Schedule V to the Companies Act, 2013.

The Managing Director is not entitled to sitting fees for attending meetings of Director or the Committees where he will be the Chairman/Member. He is entitled to have Chairman's Office at his convenience at company's expenses.

Remuneration Policy for Non-Executive Directors

Non-Executive Directors are entitled to sitting fees for attending meetings of the Board or its Committees at rates which are within the limits prescribed under the Companies Act, 2013. They are also entitled to commission on net profits, as determined by the Board from time to time, not exceeding 1% of the net profits of the Company for that year. The level of remuneration is set to attract and retain Non-Executive Directors of the necessary skill and experience by offering them market competitive remuneration.

Non-Executive Directors do not participate in Board discussions which relate to their own remuneration. They receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other ad hoc meetings.

None of the Non-Executive Directors is entitled to receive compensation for loss of office at any time or participate in any retirement plans.

Non-Executive Independent Directors are appointed in compliance with the provisions of the Companies Act 2013 and must adhere to the Code for Independent Directors laid down under Schedule IV to the Companies Act, 2013 and retain their independence during the entire tenure of appointment as an Independent Director. The terms of service of Non-Executive Independent Directors are contained in letters of appointment issued to them after their appointment at a general meeting of the Company. The current policy for Non-Executive Independent Directors of the Company is to serve for a maximum period of two terms of five years each, with review at the end of the first five year term, subject always to mutual agreement and annual performance evaluation.

Remuneration is paid subject to deduction of Income Tax at source and payment of applicable Service Tax / GST.

Remuneration to Senior Management Personnel

An appropriate level of remuneration is set to ensure that the Company is able to recruit and retain senior management with the necessary skills, professional qualifications, experience, international exposure and compliance with the rules and policies of the Company. Market competitive remuneration is offered to individuals reflecting their experience, role and contribution within the Company. The individual's performance is reviewed from time to time with changes in remuneration normally. In considering any increase in base salary the Committee will mainly consider the role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. Total remuneration package is designed to provide an appropriate balance between fixed and variable components with a focus on long term variable pay so that strong performance is incentivised but without encouraging excessive risk taking.

Remuneration arrangements of Senior Management Personnel consist of the same elements as those of other employees i.e. Basic Salary, HRA and other allowances, retirement benefits (i.e. Provident Fund and Gratuity as per the Company's Schemes applicable to all employees) and perquisites as per Rules of the Company applicable to all employees according to their seniority including corporate club membership, insurance, car and fuel perquisites.

As applicable to all employees, Senior Management Personnel are entitled to avail themselves of 30 days leave in a year and un-availed leave can be accumulated as per the rules of the Company up to a maximum of 30 days.

Independent Auditor's Report to the members of VTM Limited

Report on the Financial Statements

We have audited the accompanying financial statements of VTM Limited, ("the Company"), which comprise of the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's board of directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of thefinancial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on thefinancial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended as on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, based on our audit we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

g) with respect to the other matters to be included in the auditors' report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note no.;

   ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the Company.

Other matters

The financial statements of the Company for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated April 30, 2017, expressed an unmodified opinion on those financial statements

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

(CHINNSAMY GANESAN)
Partner
Membership No. 027501

Place: Kappalur, Madurai
Date: April 27, 2018

Annexure "A" to theIndependent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of VTM Limited of even date)

1. In respect of the Company's fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company.

2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.

4. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security to which the provision of section 185 of the companies Act are applicable. In respect of investments made by the Company, the Company had complied with the provisions of section 186 of the Companies Act, 2013.

5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits and accordingly paragraph 3 (v) of the order is not applicable.

6. In our opinion and according to the information and explanations given to us, the Company had maintained cost records under section 148 (1) (d) of the Companies Act, 2013 and the relevant rules prescribed. However, we have not carried out a detailed examination of the same.

7. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, includingProvident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

   (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax and Goods and Service Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
TN VAT Act	Penalty	1,60,568	2001-02	STAT, Tamil Nadu
Service Tax	Auxiliary Service	9,78,499	2006-07 to 2011-12	CESTAT, Chennai
Service Tax	Penalty	16,07,956	2006-07 to 2011-12	CESTAT, Chennai

8. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to its bankers during the year. According to the information and explanations given to us, the company has no outstanding dues to any financial institutions or any government or any debenture holders during the year.

9. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were

raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

(CHINNSAMY GANESAN)
Partner
Membership No. 027501

Place: Kappalur, Madurai
Date: April 27, 2018

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of VTM Limited of even date)

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

We have audited the internal financial controls over financial reporting of VTM Limited ("the Company") as of March 31, 2018, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CNGSN & Associates LLP
Chartered Accountants
Firm Registration No.004915S/ S200036

(CHINNSAMY GANESAN)
Partner
Membership No. 027501

Place: Kappalur, Madurai
Date: April 27, 2018

Statement of cash flows for the year ended March 31, 2018
(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flow From Operating Activities		
Profit before income tax	1,205.35	1,244.72
Adjustments for		
Depreciation and amortisation expense	682.93	729.15
(Profit)/ Loss on sale of fixed asset	(48.44)	(548.88)
(Profit)/ Loss on sale of investment	(344.96)	495.93
Finance costs	77.90	51.36
Fair value changes of investments considered to profit and loss	(1.59)	(1.67)
Interest income	(42.87)	(13.43)
Dividend income	(37.91)	(793.41)
Deferred income on government grants	-	(43.83)
	1,490.41	1,119.94
Change in operating assets and liabilities		
(Increase)/ decrease in loans and advances	(62.72)	(42.40)
(Increase)/ decrease in other financial assets	23.91	(33.10)
(Increase)/ decrease in other assets	(63.30)	0.34
(Increase)/ decrease in inventories	(195.78)	212.12
(Increase)/ decrease in trade receivables	(515.99)	304.31
Increase/ (decrease) in provisions and other liabilities	(19.70)	140.02
Increase/ (decrease) in trade payables	(108.89)	230.37
Cash generated from operations	547.94	1,931.60
Less : Income taxes paid (net of refunds)	(406.89)	(192.35)
Net cash from operating activities (A)	141.05	**1,739.25**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(812.31)	(2,160.08)
Sale proceeds of PPE (including changes in CWIP)	87.33	673.90
(Purchase)/ disposal proceeds of Investments (non-current)	5.67	(4.81)
(Purchase)/ disposal proceeds of Investments (current)	4,644.96	(5,395.93)
(Investments in)/ Maturity of fixed deposits with banks	(3,497.70)	21.31
Dividend income	37.91	793.41
Interest income	32.56	11.45
Net cash used in investing activities (B)	498.62	**(6,060.75)**
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	77.67	444.24
Finance costs	(77.67)	(51.16)
Dividend paid	(363.14)	-
Net cash from/ (used in) financing activities (C)	(363.14)	**393.08**
Net decrease in cash and cash equivalents (A+B+C)	276.53	**(3,928.42)**
Cash and cash equivalents at the beginning of the financial year	78.77	4,007.19
Cash and cash equivalents at end of the year	355.30	**78.77**

Notes : 1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".

2. Components of cash and cash equivalents

Balances with banks		
- in current accounts	353.55	76.93
Cash on hand	1.75	1.84
	355.30	78.77

For and on behalf of the board

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

R Krishnan
Chief Financial Officer

S. Paramasivam
Company Secretary

Place : Kappalur, Madurai
Date : April 27, 2018

As per our report of even date attached
For CNGSN & Associates LLP
Chartered Accountants
(Firm Registration No.004915S/ S200036)
Chinnsamy Ganesan
Partner
Membership No.027501

Balance Sheet as at March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	8,546.71	9,134.89	7,828.98
Capital work in progress	5	678.67	-	-
Financial assets				
Investments	6	1,937.71	1,950.92	1,720.41
Loans	7	10.01	8.47	38.23
Other financial assets	8	80.11	104.02	70.92
Other non-current assets	9	61.24	27.25	-
Total non-current assets		11,314.45	**11,225.55**	**9,658.54**
Current assets				
Inventories	10	2,328.10	2,132.32	2,344.44
Financial assets				
Investments	11	603.26	4,901.67	-
Trade receivables	12	2,560.61	2,044.62	2,348.93
Cash and cash equivalents	13	355.30	78.77	4,007.19
Bank balances other than above	14	3,571.12	73.42	94.73
Loans	15	597.26	536.08	463.92
Other current assets	16	70.67	0.01	0.35
Total current assets		10,086.32	**9,766.89**	**9,259.56**
Total Assets		21,400.77	**20,992.44**	**18,918.10**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	402.28	402.28	402.28
Other equity	18	18,194.49	17,478.76	16,507.80
Total equity		18,596.77	**17,881.04**	**16,910.08**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	19	775.91	698.24	254.00
Other financial liabilities	20	95.50	98.22	143.83
Deferred Tax Liabilities (net)	21	987.93	1,252.68	899.82
Total non-current liabilities		1,859.34	**2,049.14**	**1,297.65**
Current liabilities				
Financial liabilities				
Trade payables	22	333.67	442.56	212.19
Other financial liabilities	23	1.93	2.03	2.12
Other current liabilities	24	493.83	502.13	375.35
Short Term Provisions	25	115.23	115.54	120.71
Total current liabilities		944.66	**1,062.26**	**710.37**
Total liabilities		2,804.00	**3,111.40**	**2,008.02**
Total Equity and Liabilities		21,400.77	**20,992.44**	**18,918.10**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For CNGSN & Associates LLP
Chartered Accountants
(Firm Registration No.004915S/ S200036)
Chinnsamy Ganesan
Partner
Membership No.027501

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

R Krishnan
Chief Financial Officer

S. Paramasivam
Company Secretary

Place : Kappalur, Madurai
Date : April 27, 2018

Statement of profit and loss for the year ended March 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
A Income			
Revenue from operations	26	16,462.82	15,042.81
Other income	27	519.52	1,614.74
Total income		16,982.34	**16,657.55**
B Expenses			
Cost of materials consumed	28	11,786.63	10,374.91
Changes in inventories of work-in-progress, stock in trade and finished goods	29	(247.58)	124.23
Employee Benefits Expense	30	1,157.20	1,035.95
Finance costs	31	77.90	51.36
Depreciation and amortisation expense	32	682.93	729.15
Other expenses	33	2,319.91	2,416.87
Total expenses		15,776.99	**14,732.47**
C Profit before exceptional items and tax		1,205.35	**1,925.08**
Exceptional items	34	-	(680.36)
D Profit/ (Loss) before tax from continuing operations		1,205.35	1,244.72
Income tax expense	35		
Current tax		432.00	143.57
Deferred tax charge/ (credit)		(5.35)	280.66
Profit/ (Loss) for the year		778.70	**820.49**
E Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(10.99)	(0.88)
Fair value gain on equity instruments		(7.34)	225.70
Income tax adjustment relating to these items		2.49	(74.35)
Other comprehensive income for the year, net of tax		(15.84)	**150.47**
Total comprehensive Income/ (Loss) for the year		762.86	**970.96**
Earnings per share	36		
Basic earnings per share		1.94	2.04
Diluted earnings per share		1.94	2.04

The accompanying notes form an integral part of the financial statements

For and on behalf of the board

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

R Krishnan
Chief Financial Officer

S. Paramasivam
Company Secretary

Place : Kappalur, Madurai
Date : April 27, 2018

As per our report of even date attached
For CNGSN & Associates LLP
Chartered Accountants
(Firm Registration No.004915S/ S200036)

Chinnsamy Ganesan
Partner
Membership No.027501

VTM Limited

Statement of Changes in Equity for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	402.28
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	402.28
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	402.28

(B) Other Equity

Particulars	General Reserve	Other comprehensive income	Retained Earnings	Total
Balance as at April 1, 2016	11,625.66	1,134.72	3,747.42	16,507.80
Additions/ (deductions) during the year	-	0.88	(0.88)	-
Total Comprehensive Income for the year	-	150.47	820.49	970.96
Balance as at March 31,2017	**11,625.66**	**1,286.07**	**4,567.03**	**17,478.76**
Transfer to General Reserve	4,500.00	-	(4,500.00)	-
Additions/ (deductions) during the year	-	10.99	(10.99)	-
Dividend paid	-	-	(363.14)	(363.14)
Income tax refund for earlier years	-	-	59.10	59.10
Changes in deferred tax recognised directly in equity	-	-	256.91	256.91
Total Comprehensive Income for the year	-	(15.84)	778.70	762.86
Balance as at March 31,2018	16,125.66	1,281.22	787.61	18,194.49

The accompanying notes form an integral part of the financial statements

As per our Report of even date attached
For CNGSN & Associates LLP
Chartered Accountants
(Firm Registration No.004915S/ S200036)
Chinnsamy Ganesan
Partner
Membership No.027501

For and on behalf of the board

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

R Krishnan
Chief Financial Officer

S. Paramasivam
Company Secretary

Place : Kappalur, Madurai
Date : April 27, 2018

Notes to Financial Statements for the year ended March 31, 2018

1. Corporate Information

VTM Limited was established in 1946 with the founding principles of setting standards in weaving by ensuring that the best of weaving technology was always available. Today, the Company is well-established with unique capabilities that allows to cater to exotic constructions in weaving. It has also expanded the capabilities to include special weaves and combinations. 270 state-of-the-art looms take pride of place in the manufacturing unit. 132 Sulzer machines, 135 Air jets and 3 Jacquard machines work in tandem to produce 1 million meters of fabric every month. It is also equipped with adequate equipment to cater to special fabric manufacturing in fine counts and complex specifications.

2. Basis of preparation of financial statements

Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards(Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 49 for information on how the Company adopted Ind AS.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

"These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on April 27, 2018."

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE)

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/

recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment assessment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets (PPE)

The impairment assessment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term employee benefits

"The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B Recent accounting pronouncements

Standards issued but not yet effective

"The following standards have been notified by Ministry of Corporate Affairs

a. Ind AS 115 – Revenue from Contracts with Customers (effective from April 1, 2018)

b. Ind AS 116 – Leases (effective from April 1, 2019)

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated."

3. Significant Accounting Policies

a) Current versus non-current classification

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

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 3 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability;

ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

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

"Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities. "

"Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and "

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue Recognition

Sale of goods

"Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Power Generation

Power generated from windmills that are covered under wheeling and banking arrangement with the State Electricity Board/ Electricity Distribution Companies are consumed at factories. The monetary values of such power generated that are captively consumed are not recognised as revenue.

Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Sale of scrap

Scrap sale is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods including excise duty excluding applicable taxes on sale.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Rental Income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, plant and equipment and capital work in progress Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), the property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The company has elected to fair value its land as the deemed cost as at the date of transition, viz.,1 April 2016 and applied Ind AS 16 retrospectively for all other classes of Property, Plant and Equipment.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred. "Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress. "

Component Cost

All material/ significant components have been identified for our plant and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

(i) Raw materials, packing materials and consumables: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.

(ii) Work-in-process and intermediates: At material cost, conversion costs and appropriate share of production overheads "

(iii) Finished goods: At material cost, conversion costs and an appropriate share of production overheads. Excise Duty is exempted on finished grey goods.

g) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

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

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given to employees and others, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets that are debt instruments and are measured at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS17.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized asincome/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation of ECL for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at air value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the profit or loss
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Foreign currency transactions and translations

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

i) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

"Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur

"Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

j) Government Grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

k) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

As per the policy of the Company, compensated absences are not entitled to be carried forward to the subsequent financial year and lapse at the end of the reporting period. Accordingly, no liability towards compensated absences are recognised in these financial statements.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

n) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

o) Provisions, contingent liabilities and contingent asset

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

q) Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

r) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment

Particulars	Tangible Assets							
	Land - Freehold	Land - Leasehold	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Total
Deemed Cost as at April 1, 2016	3,487.37	128.14	1,000.88	3,132.28	18.65	47.31	14.35	7,828.98
Additions	-	-	192.98	1,871.24	1.61	93.04	1.21	2,160.08
Disposals	-	-	-	(1,303.34)	-	(76.99)	-	(1,380.33)
Cost as at March 31, 2017	**3,487.37**	**128.14**	**1,193.86**	**3,700.18**	**20.26**	**63.36**	**15.56**	**8,608.73**
Additions	-	-	0.37	124.16	1.26	6.37	1.48	133.64
Disposals	-	-	-	(485.31)	-	(3.87)	(0.33)	(489.51)
Cost as at March 31, 2018	3,487.37	128.14	1,194.23	3,339.03	21.52	65.86	16.71	8,252.86
Depreciation/Amortisation								
Charge for the year	-	-	53.93	654.31	2.50	16.12	2.29	729.15
Disposals	-		-	(1,204.99)		(50.32)	-	(1,255.31)
As at March 31, 2017	-	-	**53.93**	**(550.68)**	**2.50**	**(34.20)**	**2.29**	**(526.16)**
Charge for the year	-	-	53.45	607.73	2.57	16.87	2.31	682.93
Disposals	-	-	-	(446.72)	-	(3.68)	(0.22)	(450.62)
As at March 31, 2018	-	-	107.38	(389.67)	5.07	(21.01)	4.38	(293.85)
Net Block								
As at April 1, 2016	3,487.37	128.14	1,000.88	3,132.28	18.65	47.31	14.35	7,828.98
As at March 31, 2017	3,487.37	128.14	1,139.93	4,250.86	17.76	97.56	13.27	9,134.89
As at March 31, 2018	3,487.37	128.14	1,086.85	3,728.70	16.45	86.87	12.33	8,546.71

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Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5	**Capital Work-in-progress**			
	Capital work in progress	678.67	-	-
		678.67	-	-
6	**Non-current investments**			
	Investment in other companies at FVTOCI			
	Quoted			
	Multi Commodity Exchange of India Ltd [69 (previous year 69) equity shares of Rs.10 each fully paid]	0.46	0.83	0.57
	Unquoted *			
	Thiagarajar Mills Private Limited [70,140 (previous year : 70,140) equity shares of Rs.10 each fully paid]	1,592.66	1,592.67	1,372.88
	Colour Yarns Limited [106,000 (previous year 106,000) equity shares of Rs.10 each fully paid]	15.90	15.90	15.90
	Integrated Hi-Tech Limited [1,800 (previous year 1,800) equity shares of Rs.10 each fully paid]	0.08	0.08	0.08
	Telesys Software Limited [19,000 (previous year 19,000) equity shares of Rs.10 each fully paid]	0.63	0.63	0.63
	SIMA Textile Processing Centre Ltd [19,840 (19,840) equity shares of Rs.10 each fully paid]	324.25	324.25	324.25
	OPG Power Generation Limited [32, 300 (previous year 22,700) equity shares of Rs.10 each fully paid]	3.73	2.62	3.23
	Goyal MG cases Pvt Ltd [Nil (previous year 69,700) equity shares of Rs.10 each fully paid]	-	13.94	-
	Saheli Exports Private Limited [Nil (previous year Nil) equity shares of Rs.10 each fully paid]	-	-	2.87
		1,937.71	1,950.92	1,720.41
	* Fair values have been determined to the extent information available with the Company in respect of the investments in unlisted companies. In the opinion of the management, the impact of fair value changes , if any, is not considered to be material			
	Total non-current investments			
	Aggregate amount of quoted investments	0.46	0.83	0.57
	Aggregate market value of quoted investments	0.46	0.83	0.57
	Aggregate cost of unquoted investments	23.43	22.33	22.91
	Aggregate amount of impairment in value of investments	-	-	-
7	**Non-current Loans (at amortised cost)**			
	(Unsecured, considered good)			
	Loans and advances - other than related parties	10.01	8.47	38.23
		10.01	8.47	38.23
8	**Other non-current financial assets**			
	(Unsecured, considered good)			
	Fixed deposit with banks expected to mature after 12 months from the reporting date (earmarked in favour of ACCT)	1.61	1.61	-
	Security deposits	78.50	102.41	70.92
		80.11	104.02	70.92
9	**Other non-current assets**			
	(Unsecured, considered good)			
	Advance income tax (net of provision for tax)	61.24	27.25	-
		61.24	27.25	-
10	**Inventories**			
	Raw Materials - Yarn	721.60	774.24	875.00
	Work-in-progress			
	Yarn	310.81	408.70	331.61
	Cloth	85.62	85.16	71.71
	Finished Products			
	Cloth	1,070.02	725.53	937.03
	Waste	1.25	0.73	4.00
	Stores and spares	138.79	137.95	125.08
	Loose tools	0.01	0.01	0.01
		2,328.10	2,132.32	2,344.44

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Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
11	**Investments**			
	Investment in Mutual Funds			
	Quoted:			
	DHFL Pramerica Mutual Fund	603.26	-	-
	Franklin India Low Duration Fund	-	625.35	-
	Franklin India Ultra Short Bond Fund	-	4,276.32	-
		603.26	4,901.67	-
12	**Trade receivables**			
	(Unsecured, considered good)			
	Outstanding for a period exceeding six months from the date they are due for payment	47.40	43.41	40.05
	Other debts	2,513.21	2,001.21	2,308.88
		2,560.61	2,044.62	2,348.93
	Allowance for expected credit loss	-	-	-
		2,560.61	2,044.62	2,348.93
13	**Cash and cash equivalents**			
	Cash on Hand	1.75	1.84	1.58
	Balances with Banks			
	- In Current Account	353.55	76.93	4,005.61
		355.30	78.77	4,007.19
14	**Other bank balances**			
	In Fixed Deposits (due to mature within 12 months from end of the reporting period)	3,500.00	-	-
	In Ear-marked accounts			
	- Unpaid Dividend Account	71.12	73.42	94.73
		3,571.12	73.42	94.73
15	**Current financial assets - Loans**			
	Balances with government authorities:	224.97	452.45	331.91
	Loans and advances - other than related parties	372.29	83.63	132.01
		597.26	536.08	463.92
16	**Other current assets**			
	Interest receivable on fixed deposits	7.36	-	-
	Advance to suppliers	45.98	0.01	0.35
	Prepaid expenses	17.33	-	-
		70.67	0.01	0.35
17	**Capital**			
	Authorised Share Capital			
	10,00,00,000 Equity shares of Re. 1 each	1,000.00	1,000.00	1,000.00
		1,000.00	1,000.00	1,000.00
	Issued Share Capital			
	4,02,27,600 Equity shares of Re. 1 each	402.28	402.28	402.28
		402.28	402.28	402.28
	Subscribed and fully paid up share capital			
	4,02,27,600 Equity shares of Re. 1 each	402.28	402.28	402.28
		402.28	402.28	402.28

Notes:

1)	**Reconciliation of number of equity shares subscribed**			
	Balance as at the beginning of the year	4,02,27,600	4,02,27,600	4,02,27,600
	Add: Issued during the year	-	-	-
	Balance at the end of the year	4,02,27,600	4,02,27,600	4,02,27,600

2) The Company has no Holding or Subsidiary Companies.

3) 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.

4) The Company had split its Rs. 10/- paid up shares into Re. 1/- paid up shares in October 2012.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

5) **Rights, preferences and restrictions in respect of equity shares issued by the Company**

a. The company has issued only one class of equity shares having a par value of Re. 1 each. The equity shares of the company having par value of Re.1/- rank pari-passu in all respects including voting rights and entitlement to dividend.

b. The Company declares dividend on equity shares. In the event of declaration of interim dividend, the same is as per the 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. During the year, the Company proposed a dividend of INR 0.75 per equity share held (Previous year INR 0.75 per equity share held)

c. In the event of liquidation, shareholders will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholder.

6) **Shareholders holding more than 5% of the total share capital**

Name of the share holder	March 31, 2018		March 31, 2017		April 1, 2016	
	No. of shares held	% of holding	No. of shares held	% of holding	No. of shares held	% of holding
T.Kannan, Partner, Guruvayoorappan Investments	75,20,000	18.69	75,20,000	18.69	75,20,000	18.69
T.Kannan, Partner, Avittam Investments	75,00,000	18.64	75,00,000	18.64	75,00,000	18.64
T.Kannan, Partner, Karumuttu Investments	61,90,000	15.39	61,90,000	15.39	61,90,000	15.39
M/s. Thiagarajar Mills Private Limited	26,78,000	6.66	26,78,000	6.66	26,78,000	6.66

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
18 Other Equity			
General Reserve	16,125.66	11,625.66	11,625.66
Other Comprehensive Income	1,281.22	1,286.07	1,134.72
Profit and Loss Account	787.61	4,567.03	3,747.42
	18,194.49	17,478.76	16,507.80
a) General reserve			
Balance at the beginning of the year	11,625.66	11,625.66	11,125.66
Additions during the year	4,500.00	-	500.00
Deductions/Adjustments during the year	-	-	-
Balance at the end of the year	16,125.66	11,625.66	11,625.66
b) Other comprehensive income			
Balance at the beginning of the year	1,286.07	1,134.72	1,134.72
Additions during the year	(15.84)	150.47	-
Deductions/ Adjustments during the year	10.99	0.88	-
Balance at the end of the year	1,281.22	1,286.07	1,134.72
c) Profit and loss account			
Balance at the beginning of the year	4,567.03	3,747.42	4,247.42
Net profit for the period	778.70	820.49	-
Dividend paid	(363.14)	-	-
Income tax refund received for earlier years	59.10	-	-
Changes in deferred tax recognised directly in equity	256.91		
Transfer from Other Comprehensive Income	(10.99)	(0.88)	-
Transfer to General Reserve	(4,500.00)	-	(500.00)
Balance at the end of the year	787.61	4,567.03	3,747.42
19 Non-Current Liabilities - Financial Liabilities: Borrowings			
Secured			
From Banks **	775.91	698.24	254.00
	775.91	698.24	254.00

**** Terms of loan and security details**

1) Term loan under TUF Scheme availed from State Bank of India by securing first charge on the specific assets procured under TUF Scheme - repayable in 5 years on half yearly basis, commencing from October 2014.

2) Term loan under ATUF Scheme availed from Exim Bank of India by securing first charge on the specific assets procured under ATUF Scheme - repayable in 5 years on half yearly basis, commencing from December 2016.

3) Term loan under ATUF Scheme availed from Exim Bank of India by securing first charge on the specific assets procured under ATUF Scheme - repayable in 5 years on half yearly basis, commencing from September 2018.

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Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
20	**Other non-current financial liabilities**			
	Deferred Government Grant - TUF Subsidy	-	-	43.83
	Lease rent advance	2.42	2.19	1.99
	Lease prepayment liability	93.08	96.03	98.01
		95.50	98.22	143.83
21	**Deferred Tax Liability**			
	On Fixed Assets	359.95	651.05	412.16
	Remeasurement of financial assets	668.25	636.70	527.65
		1,028.20	1,287.75	939.81
	Deferred Tax Asset			
	Gratuity and leave encashment	40.27	35.07	39.99
	Others	-	-	-
		40.27	35.07	39.99
	Net deferred tax liability	987.93	1,252.68	899.82
	MAT credit entitlement	-	-	-
		987.93	1,252.68	899.82
22	**Trade payables**			
	Trade payables **	333.67	442.56	212.19
		333.67	442.56	212.19

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises. There are no interest due and outstanding as at the reporting date. Please refer note 42.

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
23	**Other current financial liabilities**			
	Security Deposits	1.93	2.03	2.12
		1.93	2.03	2.12
24	**Other current liabilities**			
	Current maturities of long-term debt	341.74	348.06	172.00
	Unpaid Dividend	67.44	71.75	94.66
	Statutory Dues Payable	-	4.72	4.45
	Employee payables	29.65	22.60	44.24
	Remuneration payable to Chairman and MD	55.00	55.00	60.00
		493.83	502.13	375.35
25	**Provisions**			
	Provision for tax (net of advance tax)	-	-	19.38
	Provision for Gratuity and Compensated absence	115.23	115.54	101.33
		115.23	115.54	120.71

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		For the year ended March 31, 2018	For the year ended March 31, 2017
26	**Revenue from operations**		
	Sale of Products		
	Cloth	15,985.16	14,865.73
	Yarn and cloth waste	349.13	30.75
		16,334.29	14,896.48
	Other Operating Revenue		
	Foreign exchange gain (net)	46.12	2.26
	Duty drawback	82.41	144.07
		16,462.82	15,042.81
27	**Other income**		
	Interest Income	42.87	13.43
	Dividend Income		
	From Long Term Investments	37.90	-
	From Current Investments	0.01	793.41
	Income on fair valuation of investment in mutual funds	1.59	1.67
	Deferred income on Government Grants	-	43.83
	Profit on sale of fixed assets	48.57	549.73
	Profit on sale of Investments	344.96	184.43
	Other non operating income	43.62	28.24
		519.52	1,614.74
28	**Cost of materials consumed - Yarn**		
	Opening stock	774.24	875.00
	Add : Purchases	11,733.99	10,274.15
	Less : Closing Stock	721.60	774.24
		11,786.63	10,374.91
29	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening Balance		
	Work-in-progress		
	Yarn	408.70	331.61
	Cloth in Process	85.16	71.71
	Finished goods		
	Cloth	725.53	937.03
	Waste	0.73	4.00
		1,220.12	1,344.35
	Closing Balance		
	Work-in-progress		
	Yarn	310.81	408.70
	Cloth in Process	85.62	85.16
	Finished goods		
	Cloth	1,070.02	725.53
	Waste	1.25	0.73
		1,467.70	1,220.12
	(Increase)/ Decrease in inventories	(247.58)	124.23
30	**Employee benefits expense**		
	Salaries and wages	896.67	779.48
	Contribution to provident and other funds	82.86	77.13
	Staff workmen welfare expenses	177.67	179.34
		1,157.20	1,035.95

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		For the year ended March 31, 2018	For the year ended March 31, 2017
31	**Finance Cost**		
	Interest on Term Loans	75.65	51.36
	Other borrowing cost	2.25	-
		77.90	**51.36**
32	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	682.93	729.15
		682.93	**729.15**
33	**Other expenses**		
	Power and fuel	726.28	732.73
	Consumption of stores and spare parts	644.93	847.44
	Bleaching and Processing charges - Cloth	129.82	56.39
	Rent	7.89	11.23
	Repairs to buildings	67.66	73.68
	Repairs to machinery	124.22	159.26
	Insurance	16.03	14.08
	Rates and taxes	6.32	19.67
	Payment to Auditors	-	-
	- as Auditors	5.00	0.25
	- for Certification & Other Services *	3.56	0.05
	- for Reimbursement of expenses *	0.34	0.10
	Selling expenses	171.41	124.96
	Brokerage expenses	203.02	165.58
	Loss on sale of fixed assets	0.13	0.85
	Donations	25.00	25.00
	Corporate social responsibility expenditure	28.52	26.53
	Legal and Professional charges	13.19	11.13
	Directors sittings fees and travelling expenses	1.41	1.61
	Commission to Chairman and Managing Director	55.00	55.00
	Miscellaneous expenses	90.18	91.33
		2,319.91	**2,416.87**
	* represents fees paid to erstwhile auditors		
34	**Exceptional items**		
	Loss on sale of investments	-	680.36
		-	**680.36**
35.	**Income tax expense**		
	Current tax		
	Current tax on profits for the year	432.00	115.00
	Adjustments for current tax of prior periods	-	28.57
	Total Current tax expense	432.00	143.57
	Deferred Tax		
	Deferred tax adjustments	(5.35)	280.66
	Total deferred tax expense (benefit)	(5.35)	280.66
	Income tax expense	426.65	424.23

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	1,205.35	1,244.72
Income tax expense calculated at 34.608% (2017-18: 34.608%)	417.15	430.77
Profit on sale of fixed assets/ investments - considered separately for tax purposes	-	(254.08)
Additional tax paid as per assessments	-	(28.57)
Effect of expenses/ (income) that are not treated diferenly for tax purposes	14.85	(4.55)
Income tax expense	432.00	**143.57**
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation and equity instruments	2.49	(74.35)
Total income tax recognised in other comprehensive income	2.49	(74.35)

d) Movement of deferred tax expense during the year ended March 31, 2018

Deferred tax (liabilities)/assets in relation to:	**Opening balance**	**Recognised in profit or loss**	**Recognised in Other comprehensive income/ Equity**	**Closing balance**
Property, plant, and equipment and Intangible Assets	(651.05)	291.10	-	(359.95)
Expenses allowable on payment basis under the Income Tax Act	35.07	5.13	0.07	40.27
Remeasurement of financial instruments	(638.85)	(290.88)	259.33	(670.40)
Other temporary differences	2.15			2.15
	(1,252.68)	5.35	259.40	(987.93)
MAT Credit entitlement	-	-		-
Total	(1,252.68)	5.35	259.40	(987.93)

e) Movement of deferred tax expense during the year ended March 31, 2017

Deferred tax (liabilities)/assets in relation to:	**Opening balance**	**Recognised in profit or loss**	**Recognised in Other comprehensive income/ Equity**	**Closing balance**
Property, plant, and equipment and Intangible Assets	(412.16)	(238.89)		(651.05)
Expenses allowable on payment basis under the Income Tax Act	39.99	(5.20)	0.28	35.07
Remeasurement of financial instruments	(527.65)	(36.57)	(74.63)	(638.85)
Other temporary differences	-	-	-	2.15
	(899.82)	(280.66)	(74.35)	(1,252.68)
MAT Credit entitlement	-	-	-	-
Total	(899.82)	(280.66)	(74.35)	(1,252.68)

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		For the year ended March 31, 2018	For the year ended March 31, 2017
36	**Earnings per share**		
	Profit for the year attributable to owners of the Company	778.70	820.49
	Weighted average number of ordinary shares outstanding	4,02,27,600	4,02,27,600
	Basic earnings per share (Rs)	1.94	2.04
	Diluted earnings per share (Rs)	1.94	2.04
37	**Earnings in foreign currency**		
	FOB value of exports	3,789.16	3,370.72
38	**Expenditure in foreign currency: (net of withholding tax)**		
	Commission	64.86	40.46
	Travelling expenses	1.63	-
		66.49	**40.46**
39	**Value of Imports calculated on C.I.F basis**		
	Components and spare parts	77.22	195.02
	Capital goods	694.82	1,463.11
		772.04	**1,658.13**

40 **Value of imported and indigenous Raw Materials and Stores and Spares consumed during the financial year and the percentage of each to the total consumption**

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs.in Lakhs	Percentage (%)	Rs.in Lakhs	Percentage (%)
Value of raw materials consumed				
Imported	-	-	-	-
Indigenous	11,786.63	100.00	10,374.91	100.00
	11,786.63	100.00	**10,374.91**	**100.00**
Value of Stores and Spares Consumed				
Imported	102.33	15.87	245.54	28.97
Indigenous	542.60	84.13	601.90	71.03
	644.93	100.00	**847.44**	**100.00**

41 **Commitments and contingent liability**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contingent Liabilities **		
Letters of Credit	-	-
Tax demands & PF Arrears under dispute	58.66	120.05
Bills discounted	403.90	319.03
Commitments	-	-

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

42 **Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under**

(a) The principal amount remaining unpaid at the end of the year	-	-
(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
(c) Interest actually paid under Section 16 of MSMED Act	-	-
(d) Normal Interest due and payable during the year, for delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and remaining unpaid	-	-

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

43 Operating Segments

The company is engaged in the business of "Textiles" and therefore, has only one reportable segment in accordance with Ind AS 108 'Operating Segments'.

Information relating to geographical areas

(a) Revenue from external customers

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
India	12,509.78	11,502.95
Rest of the world	3,824.51	3,393.53
Total	**16,334.29**	**14,896.48**

(b) Non current assets

The manufcaturing facilities of the Company are situated in India and no non-current assets are held outside India.

(c) Information about major customers

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Number of external customers each contributing more than 10% of total revenue	4	3
Total revenue from the above customers	2,543.62	1,716.83

44 Operating lease arrangements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As Lessor		
The Company has entered into operating lease arrangements for certain surplus facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Total lease income recognised in the Statement of Profit and Loss	6.50	2.62
As Lessee		
The Company has entered into operating lease arrangements for certain facilities. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties.		
Lease payments recognised in the Statement of Profit and Loss	7.89	11.23

45 Government Grants

The details of Government Grants received by the Company are as follows :

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Subsidies for project	-	43.83
Duty Drawack on exports	82.41	144.07
Interest subvention on export finance	9.50	10.47

There are no unfulfilled conditions and other contingencies attached to government assistance that has been recognised in the financial statements.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

46 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Categories of Financial Instruments	March 31, 2018	March 31, 2017	April 1, 2016
Financial assets			
a. Measured at amortised cost			
Loans (non-current)	10.01	8.47	38.23
Other non-current financial assets	80.11	104.02	70.92
Trade receivables	2,560.61	2,044.62	2,348.93
Cash and cash equivalents	355.30	78.77	4,007.19
Bank balances other than above	3,571.12	73.42	94.73
Loans (current)	597.26	536.08	463.92
b. Measured at fair value through other comprehensive income (FVTOCI)			
Investments (non-current)	1,937.71	1,950.92	1,720.41
c. Mandatorily measured at fair value through profit or loss (FVTPL)			
Investments (current)	603.26	4,901.67	-
Derivative instruments	-	-	-
Financial liabilities			
a. Measured at amortised cost			
Borrowings (non-current)	775.91	698.24	254.00
Other non-current financial liabilities	95.50	98.22	143.83
Trade payables	333.67	442.56	212.19
Other financial liabilities	1.93	2.03	2.12
b. Mandatorily measured at fair value through profit or loss (FVTPL)			
Derivative instruments	-	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018 (all amounts are in equivalent Rs. in lakhs)

Particulars	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
Trade receivables	-	-	-	349.91	-	349.91	349.91

As on March 31, 2017 (all amounts are in equivalent Rs. in lakhs)

Particulars	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
Trade receivables	-	-	-	349.51		349.51	349.51

As on April 1, 2016 (all amounts are in equivalent Rs. in lakhs)

Particulars	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
Trade receivables			-	301.10	-	301.10	301.10

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

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Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Investments of surplus funds are made only with approved Financial Institutions/Counterparty. Investments primarily include investment in units of quoted Mutual Funds, quoted Bonds, Non-Convertible Debentures issued by Government/Semi-Government Agencies/PSU Bonds/High Investment grade Corporates etc. These Mutual Funds and Counterparties have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the loan agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Borrowings	341.74	775.91	-	1,117.65
Trade payables	333.67	-	-	333.67
	675.41	**775.91**	**-**	**1,451.32**

March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Borrowings	348.06	698.24		1,046.30
Trade payables	442.56	-	-	442.56
	790.62	**698.24**	**-**	**1,488.86**

April 1, 2016	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Borrowings	172.00	254.00		426.00
Trade payables	212.19	-	-	212.19
	384.19	**254.00**	**-**	**638.19**

	March 31, 2018	**March 31, 2017**	**April 1, 2016**
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil	Nil

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

47 Related party disclosure

a) List of parties having significant influence

Holding company	The Company does not have any holding company
Subsidiaries, associates and joint ventures	The Company does not have any subsidiaries, associates and joint ventures
Key Management Personnel and their Relatives	
Sri T.Kannan	Chairman and Managing Director
Dr.(Smt) Uma Kannan	Director
Sri. K.Thiagarajan	Director
Sri V Sundaramoorthy	Chief Financial Officer (upto June 03, 2017)
Sri R Krishnan	Chief Financial Officer (from April 1, 2018)
Sri S Paramasivam	Company Secretary

Enterprises in which Key Management Personnel and their Relatives have significant influence

Sivakami Textile Traders (P) Ltd.
Thiagarajar Mills (P) Ltd.
Tamaraiselvi Finance (P) Ltd.
Kalaithanthai Karumuttu Thiagaraja Chettiar Memorial Charitable Trust
Thiagarajar College of Engineering
Thiagarajar College
Colour Yarns Limited.
Samy Automobile
Sundaram Textiles
Karamuthu Investments

b) Transactions during the year

S.No.	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	Thiagarajar Mills (P) Ltd.		
	Purchase of Materials	2,505.26	2,212.70
	Sale of Materials	362.70	132.33
	Availing of Services	20.63	24.76
	Rendering of Services	1.18	1.15
2	Tamaraiselvi Finance (P) Ltd.		
	Availing of Services	4.80	4.80
3	Kalaithanthai Karumuttu Thiagaraja Chettiar Memorial Charitable Trust		
	Contributions	25.00	25.00
4	Thiagarajar College of Engineering		
	Availing of Services	0.26	0.20
5	Thiagarajar College		
	Contributions	27.86	25.21
6	Colour Yarns Limited.		
	Availing of Services	1.55	4.24
7	Sivakami Textile Traders (P) Ltd.		
	Availing of Services	1.11	-

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

S.No.	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
8	Sundaram Textiles		
	Purchase of Materials	-	209.96
9	Samy Automobile		
	Availing of Services	-	0.15
10	Sri T. Kannan		
	Remuneration	55.00	55.00
	Availing of Services	-	2.19
11	Dr.(Smt) Uma Kannan		
	Sitting Fees	0.09	0.15
12	Sri. K.Thiagarajan		
	Sitting Fees	0.24	0.21
13	Sri V Sundaramoorthy (CFO) *		
	Remuneration	1.93	7.19
	Contribution to PF and Other Funds	0.04	0.23
14	Sri S Paramasivam (CS)		
	Remuneration	3.96	3.77
	Contribution to PF and Other Funds	0.16	0.16

*Sri V.Sundaramoorthy (CFO) for part of the Year

c) Balances at the end of the year

S.No.	Name of the related party	As at March 31, 2018	As at March 31, 2017
1	Sri T. Kannan		
	Remuneration payable	55.00	55.00

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

48 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident fund as well as Employee State Insurance Fund.

The total expense recognised in profit or loss of Rs. 66.66 lakhs (for the year ended March 31, 2017: Rs. 61.80 lakhs) represents contribution payable to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Particulars	March 31, 2018	March 31, 2017
Discount Rate	7.71% p.a.	7.50% p.a.
Rate of increase in compensation level	5.00% p.a.	4.00% p.a.
Attrition Rate	1.00% p.a.	1.00% p.a.
Expected Rate of Return on Plan Assets	7.71% p.a.	7.50% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2018 Rs. in Lakhs	**March 31, 2017 Rs. In Lakhs**
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	8.56	7.41
Net interest expense	7.98	8.30
Return on plan assets (excluding amounts included in net interest expense)	(0.35)	(0.38)
Components of defined benefit costs recognised in profit or loss	16.19	**15.33**
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	10.99	0.88
Components of defined benefit costs recognised in other comprehensive income	10.99	**0.88**
Total	27.18	**16.21**

i. Current service cost and the net interest expense for the year are included in the 'Employee Benefits Expense' in profit or loss.
ii. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	121.61	118.47
Fair value of plan assets	(6.38)	(2.93)
Net liability arising from defined benefit obligation	115.23	**115.54**
Funded	115.23	115.54
	115.23	**115.54**

The above provisions are reflected under 'Provision for employee benefits' (short-term provisions) [Refer note 25].

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	118.47	107.97
Current service cost	8.56	7.41
Interest cost	7.98	8.30
Actuarial (gains)/losses	10.64	0.50
Benefits paid	(24.04)	(5.71)
Closing defined benefit obligation	121.61	**118.47**

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	2.93	6.64
Interest Income	-	-
Expected return on plan assets (excluding amounts included in net interest expense)	0.35	0.38
Contributions	27.50	2.00
Benefits paid	(24.05)	(5.71)
Actuarial gains/(loss)	(0.35)	(0.38)
Closing fair value of plan assets	6.38	**2.93**

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences

As per the policy of the Company, compensated absences are not entitled to be carried forward to the subsequent financial year and lapse at the end of the reporting period. Accordingly, no liability towards compensated absences are recognised in these financial statements.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

49 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (The company's date of transition).

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for PPE and Intangibles

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the company has elected to fair value its land as on the date of transition and retrospectively applied Ind AS 16 for other classes of property, plant and equipment.

A.1.2. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

A.1.3. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/ arrangements.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

B. Notes to first-time adoption

B.1 Trade receivables

As per Ind AS 109, The company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Accordingly, the Company has developed an assessment for allowance for expected credit loss. The same has been considered in the opening and comparative period financial statements.

B.2 Transaction costs in respect of financial instruments

Under the previous GAAP, transaction costs in relation to financial liabilities are charged to the profit and loss in the year in which they are incurred.

As per Ind AS 109, transaction costs in relation to financial liabilities are to be reduced from the related financial liabilities and amortised over the repayment period of the said liability. The same has been considered in the opening and comparative period financial statements.

B.3 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications.

B.4 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.5 Government Grants

Under Ind AS, Government grants related to assets, including non-monetary grants at fair value, is presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.. The Company has remeasured the capital grants as aforesaid and accounted in the Ind AS financial statements.

B.6 Deferred tax

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach. The Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

VTM Limited

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

50 Key reconciliation required as per Ind AS 101 on transition to Ind AS

(a) Reconciliation of equity

	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	**13,488.04**	**12,485.36**
Ind AS Adjustments		
Gain on fair valuation of land as per deemed cost option under Ind AS 101	3,396.98	3,396.98
Gain on fair valuation of investments	1,922.58	1,695.21
Remeasurement of financial instrumens	1.78	-
Allowance for expected credit loss on financial assets	(2.50)	(2.50)
Reclassification of TUF subsidy as deferred government grant	-	(43.83)
Remeasurement of property, plant and equipment	(318.42)	(318.42)
Remeasurement of Deferred Tax Asset as per Ind AS	(605.84)	(287.40)
Deferred tax impact	(1.58)	(15.32)
Total equity/ shareholders' funds as per Ind AS	**17,881.04**	**16,910.08**

(b) Reconciliation of Profits

	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	**1,002.81**
Ind AS Adjustments	
Gain on fair valuation of investments	227.37
Remeasurement of financial instrumens	1.78
Income on reclassification of TUF subsidy as deferred government grant	43.83
Reversal of depreciation transfer to revaluation reserve	(0.13)
Remeasurement of Deferred Tax Asset as per Ind AS	(318.44)
Deferred tax impact	13.74
Total comprehensive income as per Ind AS	**970.96**

For and on behalf of the board

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

R Krishnan
Chief Financial Officer

S. Paramasivam
Company Secretary

Place : Kappalur, Madurai
Date : April 27, 2018

As per our report of even date attached
For CNGSN & Associates LLP
Chartered Accountants
(Firm Registration No.004915S/ S200036)

Chinnsamy Ganesan
Partner
Membership No.027501

VTM LIMITED
FINANCIAL HIGHLIGHTS