VTM LTD.

Ref: VTM /AR.19

25.05.2019

Corporate Relationship Dept - CRD
Bombay **S**tock **E**xchange **Limited**
Regd. Office: Floor 25, PJ Towers
Dalal Street.,
MUMBAI – 400 001.

Dear Sirs,

Sub: Listing agreement – **Sending Physical copy of Annual report for Year ended 31.3.2019** -reg.

Ref: Our Scrip code: **532893**.

- - - -

With reference to the above, we enclose herewith the Physical copy – in Scan form of our Annual report for the year ended 31.03.2019. This is for your records. The Form A has already been filed electronically in listing.bseindia.com.

This is for your records please

Thanking you,

Yours faithfully,

Ps: Physical copy Annual report
SCAN

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

BOARD OF DIRECTORS

Thiru T. Kannan
Dr. (Smt) Uma Kannan
Thiru K. Thiagarajan
Thiru RM. Somasundaram
Thiru A. Mariappan
Thiru M. Murugesan
Thiru T.N. Ramanathan
Thiru K. Vethachalam

CHAIRMAN & MANAGING DIRECTOR

Thiru T. Kannan

CHIEF FINANCIAL OFFICER

Thiru M. Ramanathan

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 Second Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Sulakarai, Virudhunagar on Monday, 17th day of June, 2019 at 12.00 Noon to transact the following business:

AGENDA

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2019 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. Thiagarajan, who retires by rotation and being eligible offers himself for re-appointment.

AS SPECIAL BUSINESS :

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr.T.N. Ramanathan, (DIN 02561794), who was appointed as an Additional Director of the company on and from April 01, 2019, whose office expires at the ensuing Annual General Meeting and in respect of whom the company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company".

   "FURTHER Resolved that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re enactment(s) thereof for the time being in force, Mr.T.N.Ramanathan, (DIN 02561794), be and is hereby appointed as an Independent Director of the Company for an initial term of 5 years commencing from 01.04.2019 and he is not liable to retire by rotation".

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

RESOLVED that subject to 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 fees of Rs.40,000/- payable to the Cost Auditor for auditing the cost records and furnishing of Report thereon for the Financial Year 2019-20 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 06.06.2019 to 15.06.2019 (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.

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.

6. Members who have not encashed their dividend warrants for the financial year ended 31.03.2012 are requested to make their claim on or before 20.07.2019 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.

7. 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.

8. 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.

9. 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.

10. Electronic copy of the Annual Report for the year 2018-19 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.

11. Electronic copy of the Notice of the 72nd 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 72nd 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.

12. Members may also note that the Notice of the 72nd Annual General Meeting and the Annual Report for the year 2018-19 will also be available on the Company's website www.vtmill.com for their download.

13. 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 72nd 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 (@#$.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. 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, 10th June, 2019.

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 10th June, 2019 shall be entitled to avail the facility of remote E-voting/ballot.

   The e-voting period starts on 12th June, 2019 (9.00 am) and ends on 15th June, 2019 (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. 4:

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company vide its circular resolution dated 01.04.2019, appointed Mr.T.N. Ramanathan (DIN 02561794), as an Additional Director (Non-Executive Independent) on Board of the Company. In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr.T.N.Ramanathan holds office up to the date of the ensuing Annual General Meeting of the Company.

Brief Resume and other details of Mr.T.N. Ramanathan:

Mr.T.N. Ramanathan, son of Mr.T.B. Nagasamy, aged 65 years, a post graduate in Commerce (M.Com) from Madurai University. He is M.B.A with specialization in Marketing. He completed B.L from Madras University with First Rank. He is a retired IAS Officer having served in various Government Posts in and out of Tamilnadu. Mr.T.N. Ramanathan does not hold any equity shares in the Company.

He has given his consent to act as a Director of the Company, along with a certificate stating that he is not disqualified from being appointed as a Director in the Company in terms of Section 164 of the Companies Act, 2013. Further, he has submitted the declaration as required pursuant to the Section 149(7) of the Act stating that he meets the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013. Mr.T.N. Ramanathan has also declared that he is not debarred from holding the office of the director by virtue of any SEBI order or any other such authority.

As per the proviso to Sec. 160 which is made effective from 09.02.2018 the requirements of deposit of amount shall not apply in case of appointment of Independent Director/Director. Since Mr.T.N. Ramanathan is an Independent Director of the Company, there is no requirement of submission of requisite deposit.

The Board considers that his experience and expertise would be of immense benefit to the Company and that it is desirable to avail services of Mr.T.N.Ramanathan as an Independent Director of the Company.

The Board of Directors, therefore, recommend the Ordinary Resolution as set out in Item No. 4 of the Notice for the approval of the shareholders, as in the opinion of the Board, Mr.T.N. Ramanathan, (DIN 02561794), fulfils the conditions for appointment as an Independent Director for a term of five years commencing from 01.04.2019 and in terms of Section 149(13), he is not liable for retirement by rotation.

Except Mr.T.N. Ramanathan, none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item No.4.

Item No. 5:

The Board, at its meeting held on 22nd April 2019, appointed Mr.M. Kannan, Practising 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.40,000/- as remuneration payable to him, for the financial year 2019-2020.

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 the Companies (Audit and Auditors) Rules, 2014 read with Section 148(3) of the Act.

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.5.

Accordingly, the Board recommends the ordinary resolution, as set out in item No.5, for ratification by the shareholders of the Company.

Kappalur, Madurai.
April 22, 2019.

By order of the Board
T. Kannan
Chairman

* * * * *

DIRECTORS' REPORT

FOR THE YEAR ENDED ON 31ST MARCH, 2019.

To the Members of VTM Limited

Your Directors have pleasure in presenting their 72nd Annual Report along with the Audited statement of accounts for the year ended 31st March, 2019.

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 2018-19 have been prepared in compliance with the Companies (Indian Accounting Standards) Rules, 2015.

Operating & Financial Performance Profits, Dividends & Retention

Rs. in Lakhs.

		2018-19		2017-18
Turnover		15980		16463
Profit before Depreciation (after interest)		2082		1888
Less: Depreciation		682		683
Profit after Depreciation		1400		1205
Less: Provision for Taxation:				
Current Year	347		432	
Deferred Tax	32	379	(5)	427
Profit after Tax		1021		778
Add: Amount brought forward		788		4567
Available for appropriation		1809		5345
Appropriation:-				
Transfer to General Reserve		600		4500
Income Tax Refund of earlier years		----		(59)
Dividend @ Re.0.75 per share	302		302	
Income Tax on Dividend	62	364	61	363
Changes in Deferred Tax recognized directly in Equity		----		(257)
Transfer from Other Comprehensive Income		(7)		11
Retained profit carried forward to the following year		852		787

During the year under review, the Company's performance has improved with a higher net profit of Rs.1400 lakhs against Rs.1205 lakhs (16% increase) even though there is a marginal decrease in Turnover. The Company was able to register export turnover of Rs.5644.49 lakhs representing 35.32% of the total turnover. The textile industry in the country witnessed stable trading conditions during the year. Your Company was able to report better results as a result of improved working efficiencies and waste minimization.

Appropriation to General Reserve

Considering the profitability and the available surplus, the Board of Directors desires to appropriate a sum of Rs.600 lakhs to General Reserve.

Dividend

Considering the profits for the year and as recommended by the Audit Committee, the Board of Directors is pleased to recommend a dividend of Re.0.90 per share i.e.90% on Equity Shares of Re.1/- each. The dividend together with dividend tax entails a cash outflow of Rs.436.47 lakhs in the current year (previous year Rs.364 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 6th June, 2019 to 15th June, 2019 (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, 2019 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	5644.49	35.32%
Domestic Sales	10,335.51	64.68%

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

The Trade and Industry has fully tuned to the new GST regime and the initial hiccups seen during the year of implementation have all been ironed out. The GST regime has brought in much needed compliance discipline to the trade channels.

During the year under review, export of grey fabrics from the country increased by 20%.

The Government is taking number of steps to improve the export competitiveness of the textile industry. Your Company is concentrating in increasing its operational efficiency thus leading to cost savings.

The power situation continues to be comfortable.

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, they expect the reform process in the economy will be accelerated by the Government which in turn will prove positive for trade & industry.

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.

Mr. L.N.V. Subramanian who was appointed as an Independent Director for a period of five years from 01.04.2014 retired from the Board on and from 01.04.2019 on the expiry of his term of appointment on 31.03.2019.

Subject to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 and subject to approval by the members of the company at the ensuing Annual General Meeting, the Board appointed one Mr.T.N.Ramanathan as an Additional Director and also as Independent Director of the Company as recommended by Nomination and Remuneration Committee on and from 01st April 2019 for a period of five years as an Independent Director. He will not be liable to retire by rotation under the provision 149(13) of the Companies Act.

Re-appointment of Independent Directors:

The shareholders at the EGM held on 13.03.2019 had re-appointed Sri.A.Mariappan, Sri.M.Murugesan and Sri.RM.Somasundaram as Independent Directors of the company for another term of five years commencing from 01.04.2019. They are not liable to retire by rotation.

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. Thiagarajan, 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.

Sri K. Thiagarajan holds a Bachelor Degree in Engineering and Business Management from Warwick University, UK. He is the Executive Director of M/s. Thiagarajar Mills Private Limited. He is also the Executive Committee Member of the Cotton Textile Export Promotion Council, Mumbai. He is having experience in Textile Industry for a period of 8 years. As such, he possesses knowledge and experience in the field of textile industry.

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 31.01.2019.

To comply with the amended regulations as provided in Regulation 17(10) of the SEBI (LODR) Regulations, the Board reviewed the evaluation process by applying the provisions of Section 149 and Schedule IV to the Companies Act and the regulations as provided under the SEBI Regulations in respect of the Independent Directors of the Company with the following criteria:

- the performance of the Independent Directors
- fulfillment of the independence criteria as specified under the Companies Act, 2013 and regulations under SEBI Regulations.

The Independent Directors who attended the meeting of the Board did not participate in the discussion in respect of the evaluation of the Independent Director. There was sufficient quorum excluding the Independent Directors during the time of evaluation.

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, 2019 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 cost accounts and records as specified by the Central Government under sub -section (1) of section 148 of the Companies Act, 2013, and as required by the Company are made and maintained,

vii. 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 R. Krishnan, Chief Financial Officer (upto 31.01.2019) and

c) Sri.M.Ramanathan, Chief Financial Officer (from 01.02.2019)

d) Sri S. Paramasivam, Company Secretary

During the Financial Year, Mr.R.Krishnan, Chief Financial Officer (CFO) of the company resigned on January 31, 2019 and one Mr.M.Ramanathan has been appointed as Chief Financial Officer (CFO) of the Company and his appointment has been made as recommended by the Audit Committee and Nomination and Remuneration Committee and approved by the Board of Directors.

Corporate Governance

The Company has in place the SEBI guidelines pertaining to Corporate Governance. During the year under consideration, the Company had an Eight members 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, 2019 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, 2019 to the Board of Directors which is attached as Annexure IX. 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, 2019, 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.M.Murugesan as Members.

Sri L.N.V. Subramanian who was a member of Audit Committee ceased to be a Director from the Board on and from 01.04.2019.

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 2018-19, the company has entered into contracts or arrangements for a period of five years from 01.04.2019 to 31.03.2024 with such number of related parties with the approval by the Board of Directors and the members of the company at the Annual General Meeting wherever necessary 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.

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 twice during the year on 19.10.2018 and 31.01.2019, to review the CSR policies, recommend for contributions for CSR Activities carried out during the year and recommend for accumulation of balance amount to be spent in subsequent years in view of the larger projects to be undertaken by the educational institution to which the company is contributing for CSR activities.

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. 1.18 lakhs towards conducting eye camp for the public nearby the mills as a preventive health care activity and accumulated a sum of Rs. 28.27 lakhs as unspent in view of undertaking infrastructure enhancement projects by the educational institution to which the company is contributing for CSR activities. The details of the project, amount of estimates and the amount spent for the projects undertaken and the unspent amounts 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, 2019, Sri RM. Somasundaram is the Chairman, an Independent Director 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 as well as the SEBI Regulations. The Company Secretary is the Secretary of this Committee.

During the year, the Committee met twice on 27.04.2018 and 31.01.2019, the first one for reviewing the Nomination and Remuneration Policy and the second one for considering and accepting the resignation of Mr.R.Krishnan as Chief Financial Officer and appointment of Mr.M.Ramanathan as Chief Financial Officer of the Company.

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 Stakeholders Relationship Committee was constituted on 25.04.2014 consisting of Sri L.N.V. Subramanian as Chairman and Sri T. Kannan as Member. The Company Secretary is the Secretary of the Committee.

Sri L.N.V. Subramanian ceased to be a Director of the company on and from 01.04.2019.

The Regulation 20 of the SEBI (LODR) Regulations, 2015 has been amended to have three Directors as Members of the Committee with one Independent Director Member. Accordingly, the Committee has been reconstituted consisting of Sri.T.N.Ramanathan as Chairman and Sri.T.Kannan and Sri K. Vethachalam as members 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 Fintech 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 along with Secretarial Compliance Report (as required under the amended SEBI Regulations) 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 and securities in other bodies corporate as referred to in Notes No. 06 and 11 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 forms 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 and Secretarial Compliance 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.

Kappalur, Madurai.
April 22, 2019.

For and on behalf of the Board of Directors,

T. KANNAN

CHAIRMAN AND MANAGING DIRECTOR

* * * * *

Management Discussion & Analysis:
Financial Performance:

The company's Sales Turnover has marginally come down by 483 lakhs from Rs.16,463 Lakhs to Rs.15,980 Lakhs registering a decrease of 2.93%. The Profit after depreciation has increased by Rs.196 lakhs from Rs.1,205 Lakhs to Rs.1,401 Lakhs. In spite of increase in profit, the current tax provision (including deferred tax liability) has come down from 427 lakhs to 378 lakhs in view of lower rate of tax as applicable under the Income Tax Act. Accordingly, the Profit after tax has increased from Rs. 779 lakhs to 1022 lakhs as set out in the Directors' Report.

Key Financial Ratios:

Ratios	2017-18	2018-19	% Change
Debtors Turnover	99 days	113 days	14%
Inventory Turnover - Days	60	72	20%
Interest Coverage Ratio-times	16.47	13.33	-19%
Current Ratio	10.68	13.64	27.71%
Debt Equity Ratio	0.06	0.04	-33.33%
Operating Margin	7.79	9.48	21.55%
Net Profit Margin	4.59	6.13	55%
Return on Net Worth	5.17	4.18	23.52%

1) Increase in Current Ratio is due to increase in Inventories and Interest income receivable.
2) The Debt Equity Ratio has come down due to repayment of Long Term Liabilities and the addition of retained earnings of current year to Shareholders Equity.
3) Increase in Net Profit ratio is due to marginal decrease in Turnover and increase in other income.

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 2018-19

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Good corporate governance is about maximizing shareholder value on a sustainable basis while ensuring fairness to all stakeholders, customers, vendors, investors, employees, government and society.

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.

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 22nd April 2019 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 A. Mariappan	Director	Independent Director
Sri M.Murugesan	Director	Independent Director
Sri T.N.Ramanathan*	Director	Independent Director
Sri K. Vethachalam	Director	Non-Executive Director

* With effect from 01.04.2019

Sri L.N.V. Subramanian, an Independent Director ceased to be a Director of the Company on and from 01.04.2019 on completion of his tenure of appointment as Independent Director. His retirement was at the end of his tenure.

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 10 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 following independent directors were reappointed for a period of five years on and from 01.04.2019 as Independent Directors of the company by the members of the company at their Extraordinary General Meeting held on 13th March, 2019:

1. Sri R.M. Somasundaram
2. Sri A. Mariappan
3. Sri M. Murugesan

Sri T.N. Ramanathan, Retd. IAS., has been recommended and appointed as Director of the Company on and from 01.04.2019 subject to the approval by the Members of the Company at the ensuing Annual General Meeting as Independent Director for a period of Five Years on and from 01.04.2019.

Sri.K.Thiagarajan 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.Thiagarajan given as below:

Sri.K.Thiagarajan was appointed as Director of the Company on 23rd August, 2013. He holds a Bachelor Degree in Engineering and Business Management from Warwick

University, UK. He is the Executive Director of M/s. Thiagarajar Mills Private Limited. He is also the Executive Committee Member of the Cotton Textile Export Promotion Council, Mumbai. He is having experience in Textile Industry for a period of 8 years. As such he possesses knowledge and experience in the field of Textile industry.

Sri.K.Thiagarajan holds 153600 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.

Independent Directors' Criteria :

The Board of Directors confirms that the Independent Directors fulfill the criteria in respect of their independency as referred under the provisions of Section 149 and Schedule IV to the Companies Act, 2013 and under the regulations referred in the SEBI (LODR) Regulations as amended from time to time.

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. **List of skills/expertise or competence of Board of Directors:**

- The Board comprises of Members who have varied skills, experience and knowledge to effectively govern and direct the organisation. The skills and attributes of the Board can be broadly categorised as follows:
- Governance skills (skills directly relevant to performing the Board's key functions);
- Industry skills (skills relevant to the textile industry);
- Financial skills (Skills relevant to Treasury and Banking Management)
- Accounting skills (Skills relevant to Accounting Functions)
- Administrative skills (Skills relevant to Administrative functions)

Details of listed entities where the Directors of the Company are Directors and category of Directorship:

Directors	Listed Entities	Category of Directorship
Sri.T.Kannan	TVS Motor Company Limited	Independent Director
Sri.T.Kannan	Sundaram Brake Linings Limited	Independent Director

2.5. *Shareholding of Directors and Key Managerial Personnel*

As on March 31, 2019 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.

2.6. *Board Meetings, Annual General Meeting and Attendance*

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

Director Name	27.04.18 (Rs.)	01.08.18 (Rs.)	19.10.18 (Rs.)	31.01.19 (Rs.)	Total (Rs.)
Uma Kannan	3000	3000	3000	3000	12000
K. Thiagarajan	3000	3000	3000	3000	12000
RM.Somasundaram	3000	3000	3000	3000	12000
A. Mariappan	3000	3000	3000	3000	12000
L.N.V.Subramanian	3000	3000	-	-	6000
M. Murugesan	3000	-	3000	3000	9000
K.Vethachalam	3000	-	3000		6000
TOTAL	21000	15000	18000	15000	69000

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.

2.7. 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.

2.8. 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, 2019 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 22.6.2018	No. of Other Director-ships in companies other than VTM	No. of memberships in Board Commit-tees	Whether Chairman/ Member
Thiru T. Kannan	ED	4	√	8*	5	Chairman
					3	Member
Thiru K.Thiagarajan	NED	4	√	3*	3	Member
Dr.(Smt.) Uma Kannan	NED	4		3	-	
Thiru RM. Somasundaram	NEID	3	√	3	2	Chairman
					1	Member
Thiru L.N.V. Subramanian (upto 31.03.2019)	NEID	2		-	1	Chairman
					1	Member
Thiru A. Mariappan	NEID	4		7	1	Chairman
					3	Member
Thiru M. Murugesan	NEID	3		1	-	-
Thiru K. Vethachalam	NED	3		6	-	-

3. AUDIT COMMITTEE

3.1. Constitution and Composition: The Audit Committee was constituted during the financial year 2001-2002, and reconstituted in view of the retirement of Sri L.N.V. Subramanian as director of the company. Accordingly, the Audit Committee consists of following Directors as the members :

Director	Category
Thiru RM. Somasundaram	Chairman
Thiru M.Murugesan	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/ SEBI(LODR)Regulations, 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, 2019, four meetings of the Audit Committee were held :

Director Name	Date of Meeting				
	27.04.18 (Rs.)	01.08.18 (Rs.)	19.10.18 (Rs.)	31.01.19 (Rs.)	Total (Rs.)
RM.Somasundaram	3000	3000	3000	3000	12000
A. Mariappan	3000	3000	3000	3000	12000
L.N.V.Subramanian		3000	3000		6000
TOTAL	6000	9000	9000	6000	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, 2019 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.39000/-
Thiru L.N.V. Subramanian	Rs.12000/-
Thiru A. Mariappan	Rs.33000/-
Thiru M. Murugesan	Rs.12000/-
Dr.(Smt.) Uma Kannan	Rs.12000/-
Thiru K.Vethachalam	Rs. 6000/-

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, Sri.K.Thiagarajan, 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, 2019, two meetings of the Nomination and Remuneration Committee was held on 27.04.2018 and on 31.01.2019 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

<u>Remuneration Policy</u>: 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 Personnel 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.56.00 lakhs has been provided as remuneration for the year 2018-19.

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 twice during the year on 19th October 2018, and on 31st January, 2019 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.

The Board has accepted all the recommendations of all Committees.

Separate Meeting of Independent Directors:

The Independent Directors of the company M/s. RM. Somasundaram, A.Mariappan and M.Murugesan met on 31st January 2019 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

The Committee considered and reviewed the Terms of Reference of the Committee taking into account the additional role of SRC as amended under Schedule II Part D(B) of the SEBI (LODR) Regulations

Constitution and Composition: The Stakeholders Relationship Committee has been reconstituted in terms of Regulation 20 of the SEBI (LODR) Regulations duly amended consisting of Sri T.N. Ramanathan an Independent Director as Chairman and Sri T. Kannan and Sri K. Vethachalam as Members 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 Twenty grievances regarding non-receipt of shares applied for transfer/transmission, non-receipt of dividend, Balance Sheet and related matters were received from the shareholders and out of excepting one case all others 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 2012, due to be transferred on 20.07.2019 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 31.03.2019:

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to 5000	2998	89.98	2751384	6.84
5001 - 10000	143	4.29	966672	2.40
10001 - 20000	88	2.64	1248313	3.10
20001 - 30000	42	1.26	1073449	2.67
30001 - 40000	14	0.42	507486	1.26
40001 - 50000	6	0.18	278988	0.70
50001 - 100000	22	0.66	1654427	4.11
100001 - above	17	0.57	31746881	78.92
Total	3330	100.00	40227600	100.00

Shareholding pattern as on 31st March 2019:

Shareholders	No. of Shares held	% of total shares held
Promoters	30169700	75.00
Corporate Bodies	172126	0.43
Public	9661071	24.01
NRI's	224703	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 93.15% 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 '18	31.45	27.20
MAY '18	29.85	26.20
JUNE '18	30.00	25.90
JULY '18	29.70	25.20
AUGUST '18	29.55	26.25
SEPTEMBER '18	28.90	25.25
OCTOBER '18	30.45	24.80
NOVEMBER '18	31.00	26.80
DECEMBER '18	32.00	26.00
JANUARY '2019	29.00	26.30
FEBRUARY '19	27.30	24.05
MARCH '19	28.00	23.00

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

6.1 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

6.2 Details of Complaints from Shareholders:

No. of complaints remaining unresolved as on 31.03.2018	:	0
No. of complaints/Requests received during the year	:	0
No. of complaints/Requests resolved during the year	:	9
No. of complaints unresolved as on 31.03.2019	:	1

7. *GENERAL BODY MEETINGS*

Particulars of last three Annual General Meetings are given below
Details of the last three Annual General Meetings (AGM).

AGM for the Financial Year ended	Date & Time of AGM
31st March, 2018	22nd June 2018 at 3.00 pm
31st March, 2017	23rd June 2017 at 12.00 Noon
31st March, 2016	27th June 2016 at 10.00 am

EGM / Postal Ballot meetings:

One Extraordinary General Meeting was held on 13.03.2019 for the reappointment of the Independent Directors and for the consent of the members for continuance of the Directorship of the Directors who have crossed the age of 75 Years.

All the resolutions set out in the AGM Notice & EGM notice were passed by the Shareholders (e-voting).

Both the Annual General Meeting, and the Extraordinary General Meeting were 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, 2019.

7.2 Special resolutions:

The company has neither passed special resolution nor resolution requiring postal ballot in the Annual General Meeting held on June 22, 2018.

The resolutions placed before the members of the Company at the EGM were passed as special resolutions.

At the ensuing 72^{nd} Annual General Meeting to be held on 17^{th} June, 2019 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 72^{nd} Annual General Meeting will be made through electronic voting. The electronic voting period commences on 12^{th} June, 2019 (9:00 am) and ends on 15^{th} June, 2019 (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) Regulations, 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 16^{th} February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015 the Company has adopted "Ind AS" with effect from 1^{st} April, 2017. Accordingly, the Financial Statements for the year 2018-19 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 Fintech Pvt. Ltd.
(Unit: VTM LIMITED)
Karvy Selenium Tower B, Plot No 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500 032.
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.	:	17th June, 2019 at 12.00 NOON at the Registered Office at Sulakarai, Virudhunagar.
2. Dates of Book Closure/Record date for Financial Year 2018-19	:	Register of Members will be closed from 6th June to 15th June, 2019
3. Results for Quarter ending June 30, 2019 (Provisional)	:	3rd Week of July, 2019.
Results for Quarter ending September 30, 2019 (Provisional)	:	3rd Week of October, 2019.
Results for Quarter ending December 31, 2019 (Provisional)	:	3rd Week of January, 2020.
Financial Calendar – 1st April 2019 To 31st March 2020 (Audited)	:	4th Week of April, 2020.

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, 2019 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.

Place: Madurai
Date: April 22, 2019

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

(CHINNSAMY GANESAN)
Partner
Membership No. 027501

Annexure II

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

43(9A), Palmal Cross Street
Madurai - 625001.
Phone : 9994110512

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019.

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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 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 31.03.2019 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 : 9994110512

the financial year ended on 31st March,2019 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 & 2018.

(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;

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

(f) 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
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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 No.600 C P No.:3837

Place : Madurai -625 001.
Date : 12.04.2019

'Annexure A'
(To the Secretarial Audit Report of M/s. VTM Limited for the financial year ended 31/03/2019)

To
The Members,
VTM Limited,
Sulakarai,
Virudhunagar.

My Secretarial Audit Report for the financial year ended 31/03/2019 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.

Place : Madurai -625 001.
Date : 12.04.2019

Signature : **Sd/- M.K.Bashyam**
Name of Company Secretary
in practice / Firm:
FCS No.600 C P No.:3837

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

43 (9A), Palmal Cross Street
Madurai – 625001.
Phone : 9994110512

'Annexure B'

(To the Secretarial Audit Report of M/s. VTM Limited for the financial year ended 31/03/2019)

SECRETARIAL COMPLIANCE REPORT

[Pursuant to Regulation 24A of SEBI (LODR) Regulations]

I have examined:

(a) all the documents and records made available to me and explanation provided by (VTM Limited) ("the listed entity"),

(b) the filings/submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/filing, as may be relevant, which has been relied upon to make this certification,

for the year ended ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and based on the above examination, I hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/circulars/ guide lines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
	Not applicable	Nil	NA

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder insofar as it appears from my examination of those records.

(c) The following are the details of actions taken against the listed entity/ its Promoters/Directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc.	Observations/ Remarks of the Practicing Company Secretary
	Not applicable	Nil	Nil	-

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

43 (9A), Palmal Cross Street
Madurai – 625001.
Phone : 9994110512

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended.... *(The years are to be mentioned)*	Actions taken by the list ed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	Not applicable	Nil	NA	

Note:

1. Provide the list of all the observations in the report for the previous year along with the actionstaken by the listed entity on these observations.

2. Add the list of all observations in the reports pertaining to the periods prior to the previous year in case the entity has not taken sufficient steps to address the concerns raised/observations.

E.g. In the report for the year ended 31st Mar, 2021, the PCS shall provide a list of

- all the observations in the report for the year ended 31st March, 2020 along with the actions taken by the listed entity on those observations.
- the observations in the reports pertaining to the year ended 31st March, 2020 and earlier, in case the entity has not taken sufficient steps to address the concerns raised/observations in those reports).

Signature : **Sd/- M.K.Bashyam**
Name of Company Secretary in practice / Firm:
FCS No.600 C P No.:3837

Place : Madurai -625 001.
Date : 12.04.2019

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

43 (9A), Palmal Cross Street
Madurai – 625001.
Phone : 9994110512

Annexure 'C'

(To the Secretarial Audit Report of M/s. VTM Limited for the financial year ended 31/03/2019)

(Pursuant to Clause 2 (10) h of Part C of the SEBI (LODR) (Amendment) Regulations 2018)

This is to certify that none of the Directors on the Board of VTM Limited, Sulakarai, Virudhunagar (CIN No. L17111TN1946PLC003270) has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board Of India /Ministry of Corporate Affairs or any such statutory authority.

Place : Madurai -625 001.
Date : 12.04.2019

Signature : **Sd/- M.K.Bashyam**
Name of Company Secretary
in practice / Firm:
FCS No.600 C P No.:3837

Annexure – III

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

[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 company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Fintech Pvt.Ltd., Karvy Selenium, Tower B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032. 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	Hold ing / 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 2018)				No. of Shares held at the end of the year (as on 31st March 2019)				% 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	216652	47300	263952	0.66	124826	47300	172126	0.43	-0.23
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	5548559	2514060	8062619	20.04	5688661	2325210	8013871	19.92	-0.12
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1136007	288000	1424007	3.54	1269181	288000	1577181	3.92	0.38

c) Others (specify) NRIs	228722	12600	241322	0.60	216122	12600	228722	0.57	-0.03
Firms	-	66000	66000	0.16	-	66000	66000	0.16	-
Sub-total (B)(2):-	**7129940**	**2927960**	**10057900**	**25.00**	**7303790**	2754110	**10057900**	25.00	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**7129940**	**2927960**	**10057900**	**25.00**	**7303790**	2754110	**10057900**	25.00	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	37299640	**2927960**	40227600	**100.00**	37473490	2927960	40227600	**100.00**	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name (M/s.)	Shareholding at the beginning of the year			Shareholding 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 shareholding 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		110467	0.28		
Date wise Inc/Dec during the year					
Date	Buy/(Sell)				
02.11.2018	Buy	5000	0.01	115467	0.29
07.12.2018	Buy	20000	0.05	135467	0.34
15.02.2019	Buy	4000	0.01	139467	0.35
At the end of the year				139467	0.35

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 year		90759	0.23		
Date wise Inc/Dec during the year					
Date	Buy/(Sell)				
24.8.2018	(Sell)	-500	0.00	90259	0.22
16.11.2018	Buy	2000	0.00	92259	0.23
21.12.2018	Buy	18459	0.05	110718	0.28
28.12.2018	Buy	524	0.00	111242	0.28
31.12.2018	Buy	516	0.00	111758	0.28
04.01.2019	(Sell)	-2887	-0.01	108871	0.27
20.03.2019	(Sell)	-2453	-0.01	106418	0.26
At the end of the year				106418	0.26

(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. PARAMASIVAM-CS	-	-	-	-	-	-	-	-	-
M.RAMANATHAN-CFO*	-	-	-	-	-	-	-	-	-

-*M.RAMANATHAN-CFO was employed for part of the year – From 01.02.2019.

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	111763620	-	-	111763620
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	111763620			111763620
Change in Indebtedness during the financial year		-	-	
• Addition				
• Reduction	34780590			34780590
Net Change	(34780590)			(34780590)
Indebtedness at the end of the financial year		-	-	
i) Principal Amount	76983030			76983030
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	76983030	-	-	76983030

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 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	NA				
2.	Stock Option	NA				
3.	Sweat Equity	NA				
4.	Commission - as % of profit - others, specify	56,00,000				56,00,000
5.	Others, please specify					
	Total (A)	56,00,000				56,00,000
	Ceiling as per the Act	63,85,000				63,85,000

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors				Total Amount
	RM.Somasundaram	L.N.V.Subramanian	A.Mariappan	M.Murugesan	
1. Independent Directors					
· Fee for attending Board meeting	12000	6000	12000	9000	39000
. Committee Meetings	27000	6000	21000	3000	57000
· Commission				-	-
· Others, please specify	-	-	-		-
	-	-	-	-	
Total (1)	39000	12000	33000	12000	96000
	T.Kannan	K.Thiagarajan	Uma Kannan	K.Vethachalam	
2. Other Non-Executive Directors					
· Fee for attending Board meeting	--	12000	12000	6000	36000
· Committee Meetings	-	12000	-		12000
			-	-	-
· Commission		-	-	-	-
· Others, please specify		-			
Total (2)		24000	12000	6000	42000
Total (B)=(1+2)		36000	45000	18000	138000
Total Managerial Remuneration					57,38,000
Overall Ceiling as per the Act					63,85,000

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

Sl.No	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CFO*	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	-	1227324 Till 31.1.2019	132214 from 01.02.2019	424440	1783978
2.	Stock Option	-	-	-	-	
3.	Sweat Equity	-	-	-	-	
4.	Commission - as % of profit - others, specify	-	-	-	-	
5.	Others, please specify		-	.	-	
	Total		1227000	132000	424000	1783000

* Mr.R.Krishnan, previous CFO was in employment till 31.01.2019.
** Mr.M.Ramanathan, present CFO is in employment since 01.02.2019

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 Inverter for CFM Air Compressor:

   In order to save power, the company installed inverters in Kaeser Compressor at a total cost of Rs.3.83 lakhs which considerably reduced per day unit consumption in power.

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

   a) The company has already installed 4 Nos. Wind Turbine Generator at a Capital Outlay of Rs.2325 Lakhs for Green Energy and these Wind Turbine Generator saves substantial power cost.

A. POWER AND FUEL CONSUMPTION

	31.3.2019	31.3.2018
1. Electricity		
a) Purchased:		
Units	21,80,234	9,34,409
Total Amount	Rs.3,13,55,544	Rs.2,06,04,627
Rate Per Unit (Including Maximum demand charges)	Rs.14.61	Rs.22.05
b) Own Generation: Through Diesel Generator		
Units	4,80,575	1,64,512
Units per litre of oil	3.29	3.02
Cost Per Unit	Rs.21.42	Rs.17.57
c) Through Windmill:		
Produced Units	62,19,473	73,78,745
Availed Units	62,19,473	73,78,745
d) Through Independent Power Producers and through Power exchange:		
Units	78,25,507	97,32,366
Rate per Unit	Rs.5.58	Rs.5.05

B. CONSUMPTION PER UNIT OF PRODUCTION OF CLOTH:

Electricity per Metre of production of cloth	Rs.4.43	Rs.3.72

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 :

As stated in last year, the company installed Karl Mayer Warping Machines and Sizing Machine along with one No. Benninger Sizing Machine at a total cost of about Rs.782.91 lakhs which has resulted in better performance of looms with considerable savings in manpower, energy, steam and sizing chemicals.

Further, a Savio Automatic Cone Winder with 40 drums capacity has also been installed at a cost of Rs.114.65 lacs to rewind the baby cones by which 50 to 60% of rewounded cones were used as captive consumption instead of disposing it off at throw away price.

The company is installing a Humidification Plant at a cost of Rs.90 lakhs in Warping and Auto cone winding machine shed to improve the working performance of these machines and to collect the fluff generated in the process and to maintain the work environment clean.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The company has earned during the year under report, foreign exchange equivalent to Rs.5362.47 Lakhs (FOB value of exports) through direct exports.

The foreign exchange outgo during the period is Rs.246.98 Lakhs.

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

Kappalur, Madurai
22nd April, 2019.

For and on behalf of the Board of Directors,

T. Kannan
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 01.04.2019	At arm's length price and in tune with market rates	27.04.2018	NIL

The Company has obtained consent from members at the AGM held on 22.06.2018 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 OF MANAGERIAL PERSONNEL) 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><th>Name of the Director</th><th>Designation</th><th>Remuneration</th><th>Ratio to Median Remuneration</th></tr>
<tr><td>Sri T. Kannan</td><td>Chairman & Managing Director</td><td>56.00</td><td>53.84</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><th rowspan="2">Name of the Director</th><th rowspan="2">Designation</th><th colspan="2">Remuneration</th><th rowspan="2">Percentage increase in Remuneration</th></tr>
<tr><th>2017-18</th><th>2018-19</th></tr>
<tr><td>Sri T. Kannan</td><td>Chairman & Managing Director</td><td>55.00</td><td>56.00</td><td>1.82%</td></tr>
<tr><td>Mr. R.Krishnan (upto 31.01.2019)</td><td>Chief Financial Officer</td><td></td><td>12.27</td><td></td></tr>
<tr><td>Mr. M. Ramanathan (from 01.02.2019)</td><td>Chief Financial Officer</td><td>--</td><td>1.32</td><td></td></tr>
<tr><td>Sri S. Paramasivam</td><td>Company Secretary</td><td>4.13</td><td>4.24</td><td>2.66%</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><th>Year</th><th>2017-18</th><th>2018-19</th><th>Increase</th></tr>
<tr><td>Median Remuneration</td><td>1.04</td><td>1.04</td><td>0%</td></tr>
</table></td></tr>
<tr><td>4.</td><td>The number of permanent employees on the rolls of Company;</td><td>540</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</td><td>
<table>
<tr><th>Details</th><th>2017-18</th><th>2018-19</th><th>Increase</th></tr>
<tr><td>Employee cost</td><td>1157.20</td><td>1131.93</td><td>-2.18%</td></tr>
</table></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	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.1472.72 lakhs

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 29.45 lakhs

7. Details of CSR spent during the financial year
   - (a) Total amount to be spent for the financial year — Rs.29.45 lakhs
   - (b) Amount unspent, if any — Rs.28.27 lakhs

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	Direct - Public eye camp at Sulakarai, Virudhunagar.
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 Camp near Mills Premises.
3	Areas in which Projects / Programmes undertaken:	
4	Local Area / Others:	Project I - Local Area
	State & district :	Project I - Tamil Nadu: Virudhunagar Dt.
	Amount outlay (budget) project or program-wise:	Project I - Rs. 1.18 lakh
5	Amount spent on the projects or programmes:	Project I - Rs. 1.18 lakh
6	Sub-heads:	
	Direct expenses On projects / programs:	Project I - Rs. 1.18 lakh
	Overheads:	
7	Cumulative expenditure upto the reporting period:	Project I - Rs. 1.18 lakh

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.

   The Company has decided to contribute to M/s. Thiagarajar College of Engineering, an educational institution, which has proposed to undertake infrastructure enhancement projects with a projected cost of Rs.700 lakhs for which the funds have to be accumulated. In order to accumulate the funds for the above project, the Company has not spent a sum of Rs.28.27 lakhs during the year.

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

T. Kannan
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, 2019.

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 M. Ramanathan, Chief Financial Officer of the Company certify that -

A. We have reviewed Financial Statements and Cash Flow Statement for the year ended 31.3.2019, 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.

Date : 22.04.2019
Place : Madurai

T. Kannan
Chairman & Managing Director

M. Ramanathan
Chief Financial Officer

Annexure X : Remuneration Policy
Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of four Directors of which two are Independent Directors and one Non-Executive Director and Chairperson (Executive) as the Members of the Committee 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 Section 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 the Board 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.

Remuneration to Senior Management Personnel

Senior Management Personnel include one level below the Managing Director. Accordingly, the Personnel such as Chief Financial Officer, Company Secretary, Vice President / General Manager / Deputy General Manager but not including Administrative Staff. 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 unavailed leave can be accumulated as per the rules of the Company up to a maximum of 30 days.

INDEPENDENT AUDITORS' REPORT

To the Members of VTM Limited

Report on the audit of the financial Statements

Opinion

We have audited thefinancial statements of VTM Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaidfinancial statements give the information required by the Companies Act 2013 ("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, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended as on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Details of the Key Audit Matter	Auditors' Response to the Key Audit Matter
New Revenue Standard The Company adopted Ind AS 115 "Revenue from Contracts with Customers" with effect from April 1, 2018. The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and point of recognition of revenue. Ind AS 115 also requires extensive disclosures.	**Principal Audit Procedures** We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard (Ind AS 115). Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: (a) Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. (b) Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. (c) Selected a sample of continuing and new contracts and performed the following procedures: • Read, analysed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. • Performed analytical procedures for reasonableness of revenue recognition as per Ind AS 115.

Information other than the financial statements and auditors'report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performanceincluding 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 from time to time, 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 of 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.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give inAnnexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, 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 specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 40 to the financial statements;

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

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

(CHINNSAMY GANESAN)
Partner
Membership No. 027501

Place : Madurai
Date:April 22 ,2019

Independent Auditors' Report
on quarter and year to date financial results for the quarter and year ended March 31, 2019 of M/s VTM Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors
VTM Limited
Kappalur, Madurai

1. We have audited the quarterly financial results of VTM Limited (the "Company") for the quarter andyear ended March 31, 2019which are included in the accompanying 'Statement of Audited Financial Results for the quarter and year ended March 31, 2019' together with the notes thereon (the "Statement" or "Interim Financial Information"). The Statement has been prepared by the Company's Management pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") and SEBI Circular dated July 5, 2016, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's Management and has been approved by its Board of Directors. This Statement has been prepared by the management in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India. Further, the Management is also responsible toensure that the accounting policies used in preparation ofthis Statement are consistent with those used in the preparation of the annual financial statements prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognisedaccounting practices and policies.

   Our responsibility is to express an opinion on the financial results based on our audit of the aforesaid Statement/ interim financial information

2. We conducted our audit of the Statement/ interim financial information 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 Statement/ interim financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement/ interim financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement/ interim financial information, 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 Statement/ interim financial information 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 the Statement/ interim financial information.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Statement/ interim financial information.

3. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement of audited financial results for the quarter and year ended March 31, 2019

   (a) are presented in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated July 5, 2016; and

   (b) give a true and fair view, in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, of the net profit and other financial information for the quarter and year ended March 31, 2019

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

(CHINNSAMY GANESAN)
Partner
Membership No. 027501
Place: Madurai
Date: April 22, 2019

Balance Sheet as at March 31, 2019

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

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,759.96	8,546.71
Capital work in progress	5	24.43	678.67
Financial assets			
Investments	6	2,219.27	1,937.71
Loans	7	7.30	10.01
Other financial assets	8	111.03	78.50
Other non-current assets	9	34.37	61.24
Total non-current assets		**11,156.36**	**11,312.84**
Current assets			
Inventories	10	2,804.48	2,328.10
Financial assets			
Investments	11	4,691.31	603.26
Trade receivables	12	2,404.14	2,560.61
Cash and cash equivalents	13	274.88	355.30
Bank balances other than above	14	79.25	3,572.73
Loans and advances	15	336.35	597.26
Other financial assets	16	7.25	-
Other current assets	17	201.04	70.67
Total current assets		**10,798.70**	**10,087.93**
Total Assets		**21,955.06**	**21,400.77**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	402.28	402.28
Other equity	19	19,347.77	18,194.49
Total equity		**19,750.05**	**18,596.77**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	503.76	775.91
Other financial liabilities	21	93.30	95.50
Deferred Tax Liabilities (net)	22	816.53	987.93
Total non-current liabilities		**1,413.59**	**1,859.34**
Current liabilities			
Financial liabilities			
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	23	212.13	333.67
Other financial liabilities	24	2.13	1.93
Other current liabilities	25	455.69	493.83
Short Term Provisions	26	121.47	115.23
Total current liabilities		**791.42**	**944.66**
Total liabilities		**2,205.01**	**2,804.00**
Total Equity and Liabilities		**21,955.06**	**21,400.77**

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors of VTM Limited

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

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

M Ramanathan
Chief Financial Officer

S. Paramasivam
Company Secretary

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Kappalur, Madurai
Date : April 22, 2019

Statement of profit and loss for the year ended March 31, 2019

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

	Notes	As at March 31, 2019	As at March 31, 2018
Continuing Operations			
A Income			
Revenue from operations	27	15,979.84	16,462.82
Other income	28	682.79	519.52
Total income		16,662.63	16,982.34
B Expenses			
Cost of materials consumed	29	11,247.76	11,786.63
Changes in inventories of work-in-progress, stock in trade and finished goods	30	(395.74)	(247.58)
Employee Benefits Expense	31	1,130.36	1,157.20
Finance costs	32	113.59	77.90
Depreciation and amortisation expense	33	681.65	682.93
Other expenses	34	2,484.40	2,319.91
Total expenses		15,262.11	15,776.99
C Profit before exceptional items and tax		1,400.52	1,205.35
Exceptional items		-	-
D Profit/ (Loss) before tax from continuing operations		1,400.52	1,205.35
Income tax expense	35		
Current tax		347.10	432.00
Deferred tax charge/ (credit)		31.89	(5.35)
Profit/ (Loss) for the year		1,021.53	778.70
E Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		6.90	(10.99)
Fair value gain on equity instruments		285.28	(7.34)
Income tax adjustment relating to these items		(51.22)	2.49
Other comprehensive income for the year, net of tax		240.96	(15.84)
Total comprehensive income/ (Loss) for the year		1,262.49	762.86
Earnings per share	36		
Basic earnings per share		2.54	1.94
Diluted earnings per share		2.54	1.94

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors of VTM Limited

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

M Ramanathan
Chief Financial Officer

S. Paramasivam
Company Secretary

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

Place : Kappalur, Madurai
Date : April 22, 2019

Statement of cash flows for the year ended March 31, 2019

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash Flow From Operating Activities		
Profit before income tax	1,420.52	1,205.35
Adjustments for		
Depreciation and amortisation expense	661.65	682.93
(Profit)/ Loss on sale of fixed asset	(133.37)	(48.44)
(Profit)/ Loss on sale of investment	(134.44)	(344.96)
Finance costs	113.59	77.90
Fair value changes of investments considered to profit and loss	(52.23)	(1.59)
Interest Income	(266.86)	(42.87)
Dividend income	(44.20)	(37.91)
Mark to market gain on forward contracts	(7.25)	-
	1,557.41	1,490.41
Change in operating assets and liabilities		
(Increase)/ decrease in loans and advances	263.64	(62.72)
(Increase)/ decrease in other financial assets	(32.53)	23.91
(Increase)/ decrease in other assets	(31.03)	(63.30)
(Increase)/ decrease in inventories	(476.38)	(195.78)
(Increase)/ decrease in trade receivables	156.47	(515.99)
Increase/ (decrease) in provisions and other liabilities	(27.00)	(19.70)
Increase/ (decrease) in trade payables	(121.54)	(108.89)
Cash generated from operations	1,289.04	547.94
Less : Income taxes paid (net of refunds)	(320.23)	(406.89)
Net cash from operating activities (A)	**968.81**	**141.05**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(311.66)	(812.31)
Sale proceeds of PPE (including changes in CWIP)	204.39	87.33
(Purchase)/ disposal proceeds of Investments (non-current)	(281.56)	5.87
(Purchase)/ disposal proceeds of Investments (current)	(3,616.10)	4,644.96
(Investments in)/ Maturity of fixed deposits with banks	3,493.47	(3,497.70)
Dividend income	44.20	37.91
Interest income	167.52	32.56
Net cash used in investing activities (B)	**(299.76)**	**498.62**
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	(272.15)	77.67
Finance costs	(113.59)	(77.67)
Dividend paid	(363.72)	(363.14)
Net cash from/ (used in) financing activities (C)	**(749.46)**	**(363.14)**
Net decrease in cash and cash equivalents (A+B+C)	(80.41)	**276.53**
Cash and cash equivalents at the beginning of the financial year	355.30	78.77
Cash and cash equivalents at end of the year	274.89	**355.30**

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	72.24	353.55
- In fixed deposit (with original maturity of less than 3 months)	200.00	-
Cash on hand	2.65	1.75
	274.89	355.30

The accompanying notes form an integral part of the financial statements
For and on behalf of the Board of Directors of VTM Limited

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

M Ramanathan
Chief Financial Officer

S. Paramasivam
Company Secretary

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

Place : Kappalur, Madurai
Date : April 22, 2019

Statement of Changes in Equity for the year ended March 31, 2019

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

(A) Equity Share Capital

Balance at the end of April 1, 2017	402.28
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	402.28
Changes in equity share capital during the year	-
Balance at the end of March 31, 2019	402.28

(B) Other Equity

Particulars	General Reserve	Other comprehensive income	Retained Earnings	Total
Balance as at April 1, 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**
Dividend paid	-	-	(363.72)	(363.72)
Changes in deferred tax recognised directly in equity	-	254.51	-	254.51
Additions/ Deductions during the year	600.00	(6.90)	(593.10)	-
Total Comprehensive Income for the year	-	240.96	1,021.53	1,262.49
Balance as at March 31,2019	16,725.66	1,769.79	852.32	19,347.77

The accompanying notes form an integral part of the financial statements

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors of VTM Limited

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Chairman & Managing Director

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

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Kappalur, Madurai
Date : April 22, 2019

Notes to Financial Statements for the year ended March 31, 2019

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. 254 state-of-the-art looms take pride of place in the manufacturing unit. 92 Sulzer machines, 147 Air jets , 9 Jacquard and 6 Rapier machines work in tandem to produce 1.65 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.

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 22, 2019.

2A. Critical accounting estimates and management judgements

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.

Recent accounting pronouncements
Standards issued but not yet effective

Ind AS 116 Leases: On March 30,2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The Company has evaluated the requirements of the above standards and the effect on the financial statements is not considered to be significant.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The effect on adoption of Ind AS 12 Appendix C is not considered to be significant.

Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement: On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.The amendments require an entity: to use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

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

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 written down value method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold. Additions to fixed assets, costing Rs.5,000 each or less are fully depreciated retaining 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 measurementAll 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 measurementFor 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 costThe 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

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 FVTOCIc)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 AS 17

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 as income / 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 fair 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 lifeti me. 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 rec lassification 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 year end 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, are adjusted in the carrying amount of the related assets.

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.

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.

Notes to Financial Statements for the year ended March 31, 2019

(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
Cost as at April 1, 2017	**3,487.37**	**128.14**	**1,193.86**	**3,780.18**	**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**
Additions	-	-	45.31	886.23	30.52	-	3.86	965.92
Disposals	-	-	-	(102.78)	-	-	-	(102.78)
Cost as at March 31, 2019	3,487.37	128.14	1,239.54	4,122.48	52.04	65.86	20.57	9,116.00
Depreciation as at March 31, 2018	-	-	107.38	(389.67)	5.07	(21.01)	4.38	(293.85)
Charge for the year	-	-	51.26	607.06	4.78	16.19	2.36	681.65
Disposals	-	-	-	(31.76)	-	-	-	(31.76)
Depreciation as at March 31, 2019	-	-	158.64	185.63	9.85	(4.82)	6.74	356.04
Net Block								
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
As at March 31, 2019	3,487.37	128.14	1,080.90	3,936.85	42.19	70.68	13.83	8,759.96

VTM LIMITED

Notes to Financial Statements for the year ended March 31, 2019

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

		As at March 31, 2019	As at March 31, 2018
	Capital work in progress	24.43	678.67
		24.43	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]	0.56	0.46
	Unquoted *		
	Thiagarajar Mills Private Limited	1,801.41	1,592.66
	[70,140 (previous year : 70,140) equity shares of Rs.10 each fully paid]		
	Colour Yarns Limited	15.21	15.90
	[106,000 (previous year 106,000) equity shares of Rs.10 each fully paid]		
	Integrated Hi-Tech Limited	0.20	0.08
	[1,800 (previous year 1,800) equity shares of Rs.10 each fully paid]		
	Telesys Software Limited	3.06	0.63
	[19,000 (previous year 19,000) equity shares of Rs.10 each fully paid]		
	SIMA Textile Processing Centre Ltd	398.83	324.25
	[19,840 (19,840) equity shares of Rs 10 each fully paid]		
	OPG Power Generation Limited	-	3.73
	[Nil (previous year 22,700) equity shares of Rs.10 each fully paid]		
		2,219.27	1,937.71
	* Fair values have been determined to the extent of 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	0.56	0.46
	Aggregate market value of quoted investments	0.56	0.46
	Aggregate cost of unquoted investments	19.63	23.43
	Aggregate amount of impairment in value of investments		-
7	**Non-current Loans (at amortised cost)**		
	Secured - considered good	-	-
	Unsecured - considered good	7.36	10.01
	Loans which have significant increase in credit risk	-	-
	Loans - Credit impaired	-	-
		7.36	10.01
8	**Other non-current financial assets**		
	(Unsecured, considered good)		
	Security deposits	111.03	78.50
		111.03	78.50
9	**Other non-current assets**		
	(Unsecured, considered good)		
	Advance income tax (net of provision for tax)	34.37	61.24
		34.37	61.24
10	**Inventories**		
	Raw Materials - Yarn	517.26	721.60
	Work-in-progress		
	Yarn	132.49	310.81
	Cloth	97.63	85.62
	Finished Products		
	Cloth	1,132.11	1,070.02
	Waste	1.21	1.25
	Stores and spares	[illegible]	138.79
	Loose tools	0.01	0.01
		2,8[illegible].48	2,328.10

Notes to Financial Statements for the year ended March 31, 2019

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

		As at March 31, 2019	As at March 31, 2018
11	**Current Investments**		
	Investments carried at fair value through profit or loss		
	Investment in Mutual Funds - Quoted		
	DHFL Pramerica Mutual Fund	-	603.26
	SBI Magnum Insta Cash Fund	1,627.37	-
	Aditya Birla Sun Life Mutual Fund	475.85	-
	Investments carried at amortised cost		
	Investments in Debentures - Unquoted		
	Piramal Enterprises Ltd 110 (Previous year Nil) Unsecured Redeemable Non-convertible Debentures of Rs. 10 lakh each fully paid up	1,017.95	-
	Mahindra & Mahindra Financial Services Ltd 150 (Previous year Nil) Unsecured Redeemable Non-convertible Debentures of Rs. 10 lakh each fully paid up	1,575.14	-
		4,695.31	603.26
12	**Trade receivables**		
	Secured - considered good	-	-
	Unsecured, considered good	2,404.14	2,560.61
	Trade receivable which have significant increase in credit risk	-	-
	Trade Receivables - Credit impaired	-	-
		2,404.14	2,560.61
	Less: Allowance for expected credit loss	-	-
		2,404.14	2,560.61
13	**Cash and cash equivalents**		
	Cash on Hand	[illegible]	1.75
	Balances with Banks		
	- In current accounts	[illegible]	353.55
	- In fixed deposit (with original maturity of less than 3 months)	200.00	-
		273.09	355.30
14	**Other bank balances**		
	In fixed deposits (due to mature within 12 months from end of the reporting period)	1.31	3,501.61
	In ear-marked accounts		
	- Unpaid dividend accounts	77.95	71.12
		79.26	3,572.73
15	**Current financial assets - Loans and Advances**		
	Secured - considered good		-
	Unsecured - considered good		
	Balances with government authorities:	324.48	527.93
	Loans and advances - other than related parties	11.84	69.33
	Loans and advances which have significant increase in credit risk	-	-
	Loans and advances Credit Impaired	-	-
		336.32	597.26
16	**Other Current Financial Assets**		
	Forward contract receivable	7.25	-
		7.25	-
17	**Other current assets**		
	(Unsecured, considered good)		
	Interest receivable	109.70	7.36
	Advance to suppliers	4.27	45.98
	Capital Advances	[illegible]	-
	Prepaid expenses	47.64	17.33
		[illegible]	70.67
18	**Capital**		
	Authorised Share Capital		
	10,00,00,000 (Previous year 10,00,000) Equity shares of Re. 1 each	1,000.00	1,000.00
		1,000.00	1,000.00
	Issued Share Capital		
	4,02,27,600 (Previous year 4,02,27,600) Equity shares of Re. 1 each	402.28	402.28
		402.28	402.28
	Subscribed and fully paid up share capital		
	4,02,27,600 (Previous year 4,02,27 600) Equity shares of Re. 1 each	402.28	402.28
		402.28	402.28

Notes to Financial Statements for the year ended March 31, 2019

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

	As at March 31, 2019	As at March 31, 2018

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
Add: Issued during the year	-	-
Balance at the end of the year	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.

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.

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 shareholder	31 March 2019		**31 March 2018**	
	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
T.Kannan, Partner, Avittam Investments	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
M/s. Thiagarajar Mills Private Limited	26,78,000	6.66	26,78,000	6.66

Notes to Financial Statements for the year ended March 31, 2019

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

		As at March 31, 2019	As at March 31, 2018
19	**Other Equity**		
	General Reserve	16,725.66	16,125.66
	Other Comprehensive Income	1,769.79	1,281.22
	Profit and Loss Account	852.32	787.61
		19,347.77	18,194.49
	a) General Reserve		
	Balance at the beginning of the year	16,125.66	11,625.66
	Additions during the year	600.00	4,500.00
	Deductions/Adjustments during the year	-	-
	Balance at the end of the year	16,725.66	16,125.66
	b) Other comprehensive income		
	Balance at the beginning of the year	1,281.22	1,286.07
	Additions during the year	240.96	(15.84)
	Changes in deferred tax recognised directly in equity	254.51	-
	Deductions/ Adjustments during the year	(6.90)	10.99
	Balance at the end of the year	1,769.79	1,281.22
	c) Profit and loss account		
	Balance at the beginning of the year	787.61	4,567.03
	Net profit for the period	1,021.53	778.70
	Dividend paid and the taxes thereon	(463.72)	(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	6.90	(10.99)
	Transfer to General Reserve	(600.00)	(4,500.00)
	Balance at the end of the year	852.32	787.61
20	**Non-Current Liabilities - Financial Liabilities: Borrowings**		
	Secured		
	From Banks **	593.76	775.91
		593.76	775.91

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

1) Term loan 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.

2) Term loan 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.

Notes to Financial Statements for the year ended March 31, 2019

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

		As at March 31, 2019	As at March 31, 2018
21	**Other non-current financial liabilities**		
	Lease rent advance	2.68	2.42
	Lease prepayment liability	90.62	93.08
		93.30	95.50
22	**Deferred Tax Liability**		
	On fixed assets	608.57	359.95
	Remeasurement of financial assets	255.10	668.25
		863.67	1,028.20
	Deferred Tax Asset		
	Gratuity and leave encashment	47.14	40.27
		47.14	40.27
	Net deferred tax liability	816.53	987.93
		816.53	987.93
23	**Trade payables**		
	Total outstanding dues of creditors other than micro enterprises and small enterprises	212.13	333.67
		212.13	333.67

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, 2019	As at March 31, 2018
24	**Other current financial liabilities**		
	Security Deposits	2.13	1.93
		2.13	1.93
25	**Other current liabilities**		
	Current maturities of long-term debts	266.07	341.74
	Unpaid dividends	77.45	67.44
	Employee payables	56.17	29.65
	Forward Contract payable	-	-
	Remuneration payable to Chairman and MD	56.00	55.00
		455.69	493.83
26	**Provisions**		
	Provision for gratuity	121.47	115.23
		121.47	115.23
27	**Revenue from operations**		
	Sale of Products		
	Cloth	15,412.98	15,985.16
	Yarn and cloth waste	390.23	349.13
		15,803.21	16,334.29
	Other Operating Revenue		
	Foreign exchange gain (net)	101.25	46.12
	Duty drawback	75.38	82.41
		15,979.84	16,462.82

Notes to Financial Statements for the year ended March 31, 2019

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

		As at March 31, 2019	As at March 31, 2018
28	**Other income**		
	Interest Income	266.90	42.87
	Dividend Income		
	From Non-Current Investments	44.20	37.90
	From Current Investments	-	0.01
	Income on fair valuation of investment in mutual funds	52.23	1.59
	Profit on sale of fixed assets	133.37	48.57
	Profit on sale of Investments	134.44	344.96
	Mark to market gain on forward contracts	7.35	-
	Other non operating income	44.44	43.62
		682.79	**519.52**
29	**Cost of materials consumed - Yarn**		
	Opening stock	721.60	774.24
	Add : Purchases	11,343.44	11,733.99
	Less : Closing Stock	817.28	721.60
		11,247.76	**11,786.63**
30	**Changes in inventories of work-in-progress, stock in trade and finished goods**		
	Opening stock of		
	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**
	Closing stock of		
	Work-in-progress		
	Yarn	432.49	310.81
	Cloth in Process	97.63	85.62
	Finished goods		
	Cloth	1,332.11	1,070.02
	Waste	1.21	1.25
		1,863.44	**1,467.70**
	(Increase)/ Decrease in inventories	(395.74)	**(247.58)**
31	**Employee benefits expense**		
	Salaries and wages	912.63	896.67
	Contribution to provident and other funds	76.41	82.86
	Staff workmen welfare expenses	141.32	177.67
		1,130.36	**1,157.20**
32	**Finance Cost**		
	Interest on Term Loans	83.93	75.65
	Other borrowing cost	29.66	2.25
		113.59	**77.90**
33	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment	681.65	682.93
		681.65	**682.93**

Notes to Financial Statements for the year ended March 31, 2019

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

		As at March 31, 2019	As at March 31, 2018
34	**Other expenses**		
	Power and fuel	843.50	726.28
	Consumption of stores and spare parts	625.14	644.93
	Bleaching and Processing charges - Cloth	133.66	129.82
	Rent	8.15	7.89
	Repairs to buildings	83.54	67.66
	Repairs to machinery	145.71	124.22
	Insurance	10.96	16.03
	Rates and taxes	11.60	6.32
	Payment to Auditors		
	- as Auditors	5.00	5.00
	- for Certification & Other Services	3.75	3.56
	- for Reimbursement of expenses	0.42	0.34
	Selling expenses	167.53	171.41
	Brokerage expenses	221.42	203.02
	Loss on sale of fixed assets	-	0.13
	Donations	60.00	25.00
	Corporate social responsibility expenditure [refer note: 33(a)]	1.19	28.52
	Legal and Professional charges	13.39	13.19
	Directors sittings fees and travelling expenses	1.56	1.41
	Commission to Chairman and Managing Director	56.00	55.00
	Miscellaneous expenses	91.97	90.18
		2,484.49	**2,319.91**

		As at March 31, 2019	As at March 31, 2018
34	**(a) Expenditure on Corporate Social Responsibility**		
	i) Gross Amount required to be spent on Corporate Social Responsibility during the year	29.45	28.52
	ii) Amount spent during the year on		
	a) Construction and/ or acquisition of any asset	-	-
	b) Other Purposes other than (i) above	1.19	28.52
		1.19	28.52
	iii) Amount unspent during the year*	28.26	-

* The company is in the process of identifying eligible projects and the balance amount will be spent on those projects

35. Income tax expense

(a) Income tax expense

	As at March 31, 2019	As at March 31, 2018
Current tax		
Current tax on profits for the year	347.10	432.00
Adjustments for current tax of prior periods	-	-
Total current tax expense	347.10	**432.00**
Deferred tax		
Deferred tax adjustments	31.89	(5.35)
Total deferred tax expense/ (benefit)	31.89	**(5.35)**
Income tax expense	378.99	**426.65**

Notes to Financial Statements for the year ended March 31, 2019

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operatio	1,400.52	1,205.
Income tax expense calculated at 29.120% (2017-1	407.83	417.
Effect of expenses/ (income) that are not treated diff	(60.73)	14.
Income tax expense	347.10	**432.00**
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation and e	(51.22)	2.49
Total income tax recognised in other comprehensive incor	(51.22)	2.49

d) Movement of deferred tax expense during the year ended March 31, 2019

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 equipm	(359.95)	(248.62)	-	(608.57)
Expenses allowable on payr basis under the Income Tax Act	40.27	6.87	-	47.14
Remeasurement of financial	(670.40)	0.58	412.57	(257.25)
Other temporary differences	2.15			2.15
	(987.93)	(241.17)	412.57	(816.53
MAT Credit entitlement	-	-	-	-
Total	(987.93)	(241.17)	412.57	(816.53

36	**Earnings per share**		
	Profit for the year attributable to owners of the Company	1,021.53	778.70
	Weighted average number of ordinary shares outstanding	4,02,27,600	4,02,27,600
	Basic earnings per share (Rs)	2.54	1.94
	Diluted earnings per share (Rs)	2.54	1.94
37	**Earnings in foreign currency**		
	FOB value of exports	5962.47	3,789.16
38	**Expenditure in foreign currency (net of withholding tax)**		
	Commission	145.49	64.86
	Travelling expenses	1.43	1.63
		146.92	**66.49**
39	**Value of Imports calculated on C.I.F basis**		
	Components and spare parts	134.14	77.22
	Capital goods	111.40	694.82
		245.54	**772.04**

Notes to Financial Statements for the year ended March 31, 2019

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

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, 2019		Year ended March 31, 2018	
	Rs.in Lakhs	Percentage (%)	Rs.in Lakhs	Percentage (%)
Value of raw materials consumed				
Imported	-	-	-	-
Indigenous	11,247.76	100.00	11,786.63	100.00
	11,247.76	100.00	**11,786.63**	**100.00**
Value of Stores and Spares Consumed				
Imported	117.58	18.81	102.33	15.87
Indigenous	507.56	81.19	542.60	84.13
	625.14	100.00	**644.93**	**100.00**

41. Commitments and contingent liability

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent Liabilities **		
Tax demands & PF Arrears under dispute	58.66	58.66
Bills discounted	678.35	403.90
Commitments		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	117.52	-

** 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

	As at March 31, 2019	As at March 31, 2018
(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.

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'.

Notes to Financial Statements for the year ended March 31, 2019

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

Information relating to geographical areas

(a) Revenue from external customers

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
India	10,334.54	12,509.78
Rest of the world	5,368.67	3,824.51
Total	15,703.21	**16,334.29**

(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, 2019	Year ended March 31, 2018
Number of external customers each contributing more than 10% of total revenue	4	4
Total revenue from the above customers	3,614.39	2,543.62

44. Operating lease arrangements

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
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	1.15	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	8.15	7.89

45. Government Grants

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Duty Drawack on exports	175.38	82.41
Interest subvention on export finance	15.67	9.50

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

Notes to Financial Statements for the year ended March 31, 2019
(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 and other equity reserves attributable to the equity holders.

Categories of Financial Instruments	March 31, 2019	March 31, 2018
Financial assets		
a. Measured at amortised cost		
Loans (non-current)	7.30	10.01
Other non-current financial assets	111.03	78.50
Trade receivables	2,409.14	2,560.61
Cash and cash equivalents	274.89	355.30
Bank balances other than above	79.20	3,572.73
Loans (current)	330.33	597.26
Investments (current)	2,685.09	-
b. Measured at fair value through other comprehensive income (FVTOCI)		
Investments (non-current)	2,239.27	1,937.71
c. Mandatorily measured at fair value through profit or loss (FVTPL)		
Investments (current)	2,003.22	603.26
Financial liabilities		
a. Measured at amortised cost		
Borrowings (non-current)	405.76	775.91
Other non-current financial liabilities	93.30	95.50
Trade payables	212.13	333.67
Other financial liabilities	2.13	1.93
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.

Notes to Financial Statements for the year ended March 31, 2019
(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, 2019 (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	-	-	-	403.26	393.64	9.62	9.62

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

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. The estimated sensitivity impact will be around +/- Rs. 2 lakhs (Previous year Rs. 0.92 lakhs), which is considered to be immaterial to the size of operations of the Company.

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.

Notes to Financial Statements for the year ended March 31, 2019
(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, 2019	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Borrowings	266.07	775.91	-	769.83
Trade payables	212.13	-	-	212.13
	478.20	**775.91**	-	**981.96**

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, 2019	March 31, 2018
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil

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 R Krishnan	Chief Financial Officer (till January 31, 2019)
Sri M Ramanathan	Chief Financial Officer (from February 1, 2019)
Sri S Paramasivam	Company Secretary

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

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
Sivakami Textile Traders (P) Ltd.
Thiagarajar Rubbers Private Limited
Sundaram Textiles
Karumuttu Investments

Notes to Financial Statements for the year ended March 31, 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

b). Transactions during the year

S.No.	Nature of transactions	Year ended March 31, 2019	Year ended March 31, 2018
1	Thiagarajar Mills (P) Ltd.		
	Purchase of Materials	3,752.24	2,505.26
	Sale of Materials	95.00	362.70
	Availing of Services	28.53	20.63
	Rendering of Services	1.18	1.18
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
5	Thiagarajar College		
	Contributions	-	27.86
6	Colour Yarns Limited		
	Availing of Services	1.58	1.55
7	Sivakami Textile Traders (P) Ltd.		
	Availing of Services	2.63	1.11
8	Thiagarajar Rubbers Private Limited		
	Availing of Services	1.23	-
9	Sri T. Kannan		
	Remuneration	56.00	55.00
	Availing of Services		-
10	Dr.(Smt) Uma Kannan		
	Sitting Fees	0.12	0.09
11	Sri. K.Thiagarajan		
	Sitting Fees	0.24	0.24
12	Sri.R.Krishnan (CFO)-From April 2018 to January 2019.		
	Remuneration	11.90	-
	Contribution to PF and Other Funds	0.37	-
13	Sri M Ramanathan (CFO) From February 2019.		
	Remuneration	1.28	-
	Contribution to PF and Other Funds	0.05	-
14	Sri S Paramasivam (CS)		
	Remuneration	3.96	3.96
	Contribution to PF and Other Funds	0.16	0.16

c) Balances at the end of the year

S.No.	Name of the related party	As at March 31, 2019	As at March 31, 2018
1	Sri T. Kannan		
	Remuneration payable	56.00	55.00

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. 59.36 lakhs (for the year ended March 31, 2018: Rs. 66.66 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 rate risk and salary risk.

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.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2019	March 31, 2018
Discount Rate	7.69% p.a.	7.71% p.a.
Rate of increase in compensation level	5.00% p.a.	5.00% p.a.
Attrition Rate	1.00% p.a.	1.00% p.a.
Expected Rate of Return on Plan Assets	7.69% p.a.	7.71% 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.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	March 31, 2019 Rs in Lakhs	**March 31, 2018** Rs. In Lakhs
Amount recognised under Employee Benefits Expense in the Statement of Profit and Loss:		
Current service cost	10.16	8.56
Net interest expense	8.98	7.98
Return on plan assets (excluding amounts included in net interest expense)	(0.33)	(0.35)
Components of defined benefit costs recognised in profit or loss	18.81	**16.19**
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	(6.57)	10.99
Components of defined benefit costs recognised in other comprehensive income	(6.57)	**10.99**
Total	12.24	**27.18**

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:	March 31, 2019 Rs. In Lakhs	March 31, 2018 Rs. In Lakhs
Present value of defined benefit obligation	123.54	121.61
Fair value of plan assets	(2.07)	(6.38)
Net liability arising from defined benefit obligation	121.47	115.23
Funded	121.47	115.23
	121.47	115.23

The above provisions are reflected under 'Provision for employee benefits' (short-term provisions) [Refer note 26]

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

Opening defined benefit obligation	121.61	118.47
Current service cost	10.16	8.56
Interest cost	8.99	7.98
Actuarial (gains)/losses	(6.90)	10.64
Benefits paid	(10.31)	(24.04)
Closing defined benefit obligation	123.54	121.61

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

Opening fair value of plan assets	6.38	2.93
Interest Income	-	-
Expected return on plan assets (excluding amounts included in net interest expense)	0.33	0.35
Contributions	6.00	27.50
Benefits paid	(10.31)	(24.05)
Actuarial gains/(loss)	(0.33)	(0.35)
Closing fair value of plan assets	2.07	6.38

Sensitivity analysis

A. Discount Rate + 50 BP	8.21%	8.19%
Defined Benefit Obligation [PVO]	116.01	118.03
Current Service Cost	9.51	9.95
B. Discount Rate - 50 BP	7.21%	7.19%
Defined Benefit Obligation [PVO]	127.66	129.49
Current Service Cost	10.89	11.41
C. Salary Escalation Rate + 50 BP	5.50%	5.50%
Defined Benefit Obligation [PVO]	127.85	129.68
Current Service Cost	10.92	11.43
D. Salary Escalation Rate - 50 BP	4.50%	4.50%
Defined Benefit Obligation [PVO]	115.79	117.82
Current Service Cost	9.48	9.92

(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.

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors of VTM Limited

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

T. Kannan
Chairman & Managing Director

RM. Somasundaram
Director

M Ramanathan
Chief Financial Officer

S. Paramasivam
Company Secretary

Chinnsamy Ganesan
Partner
Membership No.027501

Place : Kappalur, Madurai
Date : April 22, 2019

VTM LIMITED
FINANCIAL HIGHLIGHTS