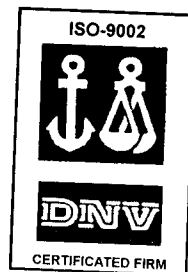


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Valaithanthal Karumuttu Thiagarajan Chettiar

1893 - 1974

His Life was an inspiration

His memory is a benediction

Board of Directors

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

Chairman

Thiru T. Kannan

Company Secretary

Thiru S. Paramashivan

Auditors

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

Bankers

*Canara Bank
ABN-AMRO Bank
State Bank of India
IDBI Bank Ltd.*

Registered Office

*Sulakarai,
Virudhunagar.*

NOTICE OF ANNUAL GENERAL MEETING:

NOTICE is hereby given that the Sixty Second Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Sulakarai, Virudhunagar on Friday, the 12th June, 2009 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, 2009 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri M. Ananthakrishnan, who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri L.N.V. Subramanian, who retires by rotation and who, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board,

Kappalur, Madurai.
30th April 2009.

T. KANNAN
Chairman

NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member of the Company.
2. The Register of Members of the Company will remain closed from 2nd June 2009 to 12th June 2009.
3. Pursuant to Sec.205A and 205C of the Companies Act 1956, the dividend for the financial year 2001-2002, which is remaining unclaimed for seven years will be transferred to the Investors Education and Protection Fund on or before 10.07.2009, being the due date for such transfer; the other dividends are lying in the Unpaid Dividend Account of the Company.

DIRECTORS' REPORT

To the Members of VTM Limited

Your Directors present their 62nd Annual Report along with the audited statements of accounts for the year ended 31st March, 2009.

PROFITS, DIVIDENDS & RETENTION :

(Rs. in Lakhs)

	2008 - 2009	2007 - 2008
<u>Turnover:</u>		
Exports	(52%) 4786	(59%) 5552
Domestic	(48%) 4428	(41%) 3854
Total	<u>9214</u>	<u>9406</u>
Profit before Depreciation (after interest)	1239	1064
Less : Depreciation	<u>830</u>	<u>604</u>
Profit after Depreciation	409	460
Less : Provision for Taxation	120	94
Deferred Tax Liability/Asset	(116)	43
Extraordinary Items	156	285
	<u>— 160</u>	<u>— 422</u>
Profit after tax	249	38
Add : Excess provision for Taxation	6	-
MAT Credit Entitlement	62	-
Amount brought forward	60	73
Available for appropriation	<u>377</u>	<u>111</u>
<u>Appropriation :</u>		
Transfer to General Reserve	227	4
Dividend @ Rs.2/- per Share (Re.1/-)	80	40
Income Tax on Dividend	14	7
Retained profit carried /forward to the following year	<u>56</u>	<u>60</u>

DIVIDEND:

Your Directors recommend a dividend at Rs.2/- per Share, i.e., 20% on Equity Share Capital for the year.

PERFORMANCE OF THE YEAR AND FUTURE PROSPECTS:

As adverted to in last year's report the overall textile trade remained under the shadow of the global recession. This year has witnessed a high volatility in prices of cotton, petroleum products and other commodities causing turmoil in the global economy and downward trend in world export trade. The international export trade which had an average annual growth of 5.7% over a period of last 10 years has dipped to 2% this year and it is likely to become negative in the coming year. The slackness in demand has put a pressure on fabric prices which to some extent has been offset by depreciation of the Indian Rupee during the year.

The power situation in the State continues to be precarious with a power cut of about 60% being in force. Captive power has been prohibitively costly and this has affected the production and pushed up the cost of power to the Company.

During the year under review the Company effected several measures to conserve cash and improve its profitability. This has yielded good results. The year's result must be considered as satisfactory when viewed against the overall context of a slowdown and recession.

The Governments all over the world are initiating various steps to boost the demand. Your Directors hope that the demand for fabrics will pick up in the near future.

FABRIC DYEING PLANT:

As already reported, this project is kept in abeyance.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) in the preparation of Annual Accounts for the year ended 31st March 2009 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2009 and of the profit of the Company for that year;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

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

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

GENERAL:

The additional particulars required to be given in the Directors' Report pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure-II which forms part of this report. With regard to particulars of Employees under Section 217(2A) there is no employee drawing salary of more than Rs.2,00,000/- per month or Rs.24,00,000/- per annum.

LISTING:

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

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

The Company has paid listing fee to all the three stock exchanges for the Financial Year 2009-2010.

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

For and on behalf of the Board of Directors,

Kappalur, Madurai.
April 30, 2009.

T. KANNAN
Chairman

ANNEXURE-I TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is a dynamic concept thriving under constantly changing environment. The Company's philosophy in relation to Corporate Governance is to ensure operational transparency, make disclosures, ensuring professionalism in operations, besides enhancing stakeholder's value, comply with laws and regulations.

1. BOARD OF DIRECTORS :

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

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

The Board meets at least once in a quarter to review the performance of the Company.

During the year under review Four Board Meetings were held on 30th April 2008, 25th July 2008, 23rd October 2008, and 22nd January 2009. Details of attendance at Board Meetings, Directorship and Membership in other Companies for each Director of the Company are as follows:

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

Name of the Directors	Category	No. of Board Meetings attended	Attendance at the last AGM held on 9.6.2008	No. of other Directorships in Companies other than VTM	No. of other memberships in Board Committees	Whether Chairman/Member
Thiru T. Kannan	ID	4	✓	8	4	Member
Thiru M. Ananthakrishnan		2		2	-	-
Thiru RM. Somasundaram		4	✓	2	-	-
Thiru L.N.V. Subramanian	ID	3		-	-	-
Thiru A. Mariappan		4	✓	6	-	-
Thiru K. Subramanian		3	✓	1	-	-

ID: Independent Director; VTM - VTM Limited.

Thiru T. Kannan, Chairman and Director, Thiru RM. Somasundaram, Thiru A. Mariappan and Thiru K. Subramanian, Directors have attended the Annual General Meeting held on 9th June, 2008.

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

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

Accordingly, Thiru M.Ananthakrishnan, Director and Thiru L.N.V.Subramanian, Director retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A brief resume of the Directors who are eligible for re-appointment is as follows:

Thiru M. Ananthakrishnan is one of the long serving Director in the Board of the Company. The Company is benefitted by his corporate experience.

Thiru L.N.V.Subramanian, Director, has been in the office for nearly two decades. He is a Practicing Advocate with specialisation in Labour and related Laws. The Company is benefitted by his professional experience in the legal field.

Both the Directors are neither related to each other nor to other Directors.

2. Audit Committee:

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

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

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

The following Directors are the members of the Audit Committee:

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

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

The Company's internal audit is carried out by an independent auditor covering all functional areas. The management reporting systems is comprehensive on all the aspects of the Company's operation and it is periodically reviewed by Senior management headed by the Chairman and a Director.

Audit Committee Meetings and the attendance during the year:

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

Dates: 30.04.2008, 25.07.2008, 23.10.2008 & 22.01.2009

Name of the Director	No. of Audit Committee Meetings attended
Thiru RM. Somasundaram	4
Thiru L.N.V. Subramanian	3
Thiru K. Subramanian	3

Remuneration to Directors:

Name of the Director	Sitting Fees (For Board & Committee Meetings)
Thiru T. Kannan (Chairman)	Rs. 4,000/-
Thiru M. Ananthakrishnan	Rs. 2,000/-
Thiru RM. Somasundaram	Rs. 8,000/-
Thiru L.N.V. Subramanian	Rs. 6,000/-
Thiru K. Subramanian	Rs. 6,000/-
Thiru A. Mariappan	Rs. 4,000/-

Besides the Sitting Fees, Thiru T. Kannan, Chairman and Thiru A. Mariappan, Director are to be paid Profit Commission of Rs.6.66 Lakhs and Rs.1.00 Lakh, respectively in terms of Section 309 of the Companies Act 1956 for the year ended 31st March, 2009.

Shares held by Non-Executive Directors:

Name of the Director	Number of Shares
Thiru T. Kannan	58560
Thiru M. Ananthakrishnan	2100
Thiru RM. Somasundaram	6000
Thiru L.N.V. Subramanian	600
Thiru K. Subramanian	50
Thiru A. Mariappan	50