

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

*State Bank of India
IDBI Bank Ltd.
Canara Bank*

Registered Office

*Sulakarai,
Virudhunagar.*



NOTICE OF ANNUAL GENERAL MEETING:

NOTICE is hereby given that the Sixty Fourth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Sulakarai, Virudhunagar on Wednesday, the 1st day of June, 2011 at 11.30 a.m. to transact the following business:

AGENDA

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011 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 final dividend.
3. To appoint a Director in the place of Sri.A. Mariappan, who retires by rotation.
4. To appoint a Director in the place of Sri. K. Subramanian, who retires by rotation.
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.
6. To consider and if thought fit, to pass the following resolution with or without modifications as an Ordinary Resolution:

RESOLVED that in modification of the resolution passed at the Annual General Meeting of the members of the Company held on 18th June 1992, consent be and is hereby accorded to the Board of Directors of the Company to pay donations upto an aggregate limit of Rs.1,00,00,000/- (Rupees One Crore only) in any financial year of the Company to charitable and other funds and purposes not directly relating to the business of the Company or the welfare of its employees.

Kappalur, Madurai.
18th April 2011.

By Order of the Board,
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 23-05-2011 to 01-06-2011.
3. Pursuant to Sec.205A and 205C of the Companies Act, 1956, the dividend for the financial year 2003-2004 which is remaining unclaimed for seven years will be transferred to the Investors Education and Protection Fund on or before 09.07.2011, being the due date for such transfer. The other dividends are lying in the Unpaid Dividend Account of the Company.

Explanatory Statement under Section 173(2) of the Companies Act, 1956:

Item No.6

As per the provisions of Section 293 (1) (e) of the Companies Act, 1956, the Directors of a Public Company can contribute to Charitable or other funds not directly relating to the business of the Company or the Welfare of its employees upto Rs.50,000/- or 5% of the Company's average net profit as determined u/s.349 and 350 of the Companies Act, 1956 of the three financial years of the Company immediately preceding, whichever is greater. With the consent of the Company in General Meeting the Company may contribute in excess of the aforesaid limits, but within the ceiling fixed by the General Meeting. At the Annual General Meeting held on 18th June 1992 consent has been accorded to the Board of Directors to contribute to Charitable or other funds upto a limit of Rs.50.00 Lakhs.

The Board of Directors consider it expedient to increase the limit in view of the increasing profitability of the Company so that the Board can give donation to Charitable Institutions upto the limit prescribed under the Income Tax Act and also for scientific research which will be allowed as weighted deduction for Income Tax purposes but which will also fall within the provisions of Section 293 (1) (e) and also to discharge the Corporate social responsibility obligations. Accordingly, the resolution is placed before you for approval.

None of the Directors is interested in the Resolution.

Kappalur, Madurai.
18th April 2011.

By Order of the Board,
T. KANNAN
Chairman

DIRECTORS' REPORT

To the Members of VTM Limited

Your Directors present their 64th Annual Report along with the audited statements of accounts for the year ended 31st March, 2011.

PROFITS, DIVIDENDS & RETENTION :

(Rs. in Lakhs)

	2010 - 2011	2009 - 2010
Turnover:		
Exports	(14%) 1902	(25%) 1965
Domestic	(86%) 11274	(75%) 5924
Total	13176	7889
Profit before Depreciation (after interest)	2820	1220
Less : Depreciation	912	766
Profit after Depreciation	1908	454
Less : Provision for Taxation:		
Current year	390	190
Deferred Tax	228	(127)
Taxation for earlier years	103	3
	721	66
Profit after tax	1187	388
Add : Amount brought forward	114	56
Available for appropriation	1301	444
Appropriation :		
Transfer to General Reserve	810	180
Interim Dividend @ Rs.2.70 per Share	109	
Income Tax on Interim Dividend	18	
	127	
Proposed Final Dividend @ Rs.2.70 per Share	109	129
Income Tax on Final Dividend	17	31
	126	150
Retained profit carried/forward to the following year	238	114

DIVIDEND:

The Company paid an Interim Dividend of Rs.2.70 per Share of Equity Share Capital on 20.01.2011. Your Directors recommend a Final Dividend at Rs.2.70 per Share (i.e., 27%) on Equity Share Capital making a total of Rs.5.40 per Share (i.e., 54%) for the year.

PERFORMANCE OF THE YEAR AND FUTURE PROSPECTS:

The Sales turnover for the current year has increased to Rs.131.76 Crores from Rs.78.89 Crores during the last year registering an increase of 67%. This is due to improved working efficiency and additional production because of implementation of expansion scheme by installation of 30 looms at a cost of Rs.7.83 Crores during the year.

The Gross Profit before depreciation for the current year 2010-11 has surged to Rs.28.20 Crores i.e., an increase of Rs.16.00 Crores compared to the last year Gross Profit of Rs.12.20 Crores. This constitutes an all time record.

During the year the textile industry faced challenges and opportunities. The cotton prices have reached an all time high resulting in pushing up yarn prices by over 32%. The power cost has also gone up due to revision in power tariff by 17.5% from 1.8.2010 onwards and the power supply deficit. The Indian Rupee has again appreciated by 4.2% compared to the last year affecting our competitiveness in the global market. The local market exhibited good demand growth and this is a reflection of the growing Indian economy. In spite of certain adverse factors, the Company has been able to increase its profitability because of higher productivity, product positioning and better offtake; which is to be considered as good.

In the Budget for 2011-12, the Government has levied Excise Duty on ready made garments and made-ups which was an unwelcome move to the fabric market. Your Directors feel the market will absorb this levy and the situation will improve before long.

In order to contain the ever increasing cost of power and as a green energy effort your Company during this year has added one Windmill of 2.1 MW at a cost of Rs.11.12 Crores. With this the Company has so far installed Windmills with a capacity of 4.55 MW.

Your Directors have a proposal to install additional looms to augment production capacity. The investment in Windmills is also being contemplated.

FABRIC DYEING PLANT:

The implementation of the project on Fabric Dyeing Plant is getting delayed due to various unavoidable factors that lie outside our control.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of Annual Accounts for the year ended 31st March 2011 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs

of the Company at the end of the financial year ended 31st March, 2011 and of the profit of the Company for that year;

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

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

CORPORATE GOVERNANCE:

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

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

GENERAL:

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

LISTING:

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

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

The Company has paid listing fee to all the three stock exchanges for the Financial Year 2011-2012.

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 18, 2011.

T. KANNAN
Chairman

ANNEXURE-I TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is the implementation of best management practices, compliance of law and voluntary adherence to ethical standards which are inevitable for achieving organisational efficiency, enhancing shareholders value and discharge of social responsibility. The Board endeavours to create a culture of transparency and trust, which helps to establish and sustain the credibility of the Company before its various stakeholders.

The Company promotes the values of customer orientation, teamwork, commitment, growth and trust. These values practiced by the Company embody the spirit of Corporate Governance and are continuously propagated among the stakeholders.

The Company seeks to comply with all applicable legal, regulatory and license requirements and strives to work constructively with regulatory bodies.

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 and also meets as and when to transact any special business that may arise.

During the year under review Four Board Meetings were held on 30th April 2010, 21st July 2010, 18th October 2010 and 11th January 2011. 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 21.6.2010	No. of other Directorships in Companies other than VTM	No. of other memberships in Board Committees	Whether Chairman/Member
Thiru T. Kannan		4	✓	10	4	Member
Thiru M. Ananthakrishnan	ID	2		2	-	-
Thiru RM. Somasundaram	ID	4	✓	2	-	-
Thiru L.N.V. Subramanian		4		-	-	-
Thiru A. Mariappan		4	✓	6	-	-
Thiru K. Subramanian	ID	3		1	-	-

ID: Independent Director; VTM - VTM Limited.

Thiru T. Kannan, Chairman and Director, Thiru RM. Somasundaram and Thiru A. Mariappan Directors have attended the Annual General Meeting held on 21st June, 2010.

Details of Directors retiring by rotation:

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

Accordingly, Thiru A. Mariappan, Director and Thiru K. Subramanian, Director retires by rotation at the ensuing Annual General Meeting.

A brief resume of the two Directors:

Name of the Director	Thiru A. Mariappan
Age	73 Years
Expertise in functional area	Equipped with long business experience
List of other Directorship held	Thiagarajar Mills (P) Ltd. Colour Yarns Ltd. Thiagarajar Telekom Solutions Ltd. Thiagarajar Leasing Pvt. Ltd. Thiagarajar Rubbers Pvt. Ltd. Karumuttu Farms Pvt. Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	NIL

Name of the Director	Thiru K. Subramanian
Age	67 Years
Expertise in functional area	Possess wide technical experience
List of other Directorship held	Anand Super Fabrics Pvt. Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	VTM Limited Member in Audit Committee

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

Audit Committee Meetings and the attendance during the year:

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

Dates: 30.04.2010, 21.07.2010, 18.10.2010 & 11.01.2011

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

Remuneration to Directors:

Name of the Director	Sitting Fees (For Board & Committee Meetings)
Thiru T. Kannan (Chairman)	Rs.10,000/-
Thiru M. Ananthakrishnan	Rs. 4,000/-
Thiru RM. Somasundaram	Rs.20,000/-
Thiru L.N.V. Subramanian	Rs.20,000/-
Thiru K. Subramanian	Rs.14,000/-
Thiru A. Mariappan	Rs.10,000/-

Besides the Sitting Fees, Thiru T. Kannan, Chairman and Thiru A. Mariappan, Director are to be paid Profit Commission of Rs.25.00 Lakhs and Rs.5.00 Lakhs, respectively in terms of Section 309 of the Companies Act, 1956 for the year ended 31st March, 2011.

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*

* Held in joint name.

3. General Body Meetings:

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

AGM for the Financial Year ended	Date & Time of AGM
31 st March, 2010	21 st June 2010 at 12.05 P.M.
31 st March, 2009	12 th June 2009 at 12.00 Noon
31 st March, 2008	9 th June 2008 at 12.00 Noon

All the resolutions set out in the respective Notices were passed by the Shareholders.

All the Annual General Meetings were held at the Registered Office of the Company.

4. Disclosure:

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

Transactions with the related parties are disclosed in Notes, on Schedule 19(8) to the Accounts in the Annual Report.

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

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

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

5. Listing Agreements:

CEO/CFO Certification:

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

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

Certificate on Code of Conduct:

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

6. Shares:

Shares Transfer Procedure:

The Share Transfer and Demat and Shareholder's Grievances Committee has been constituted as per listing agreement requirements, laid out by the stock exchanges. Through Circular Resolutions, the Committee approves the transfers, transmission and demat requests. The Share Transfer Demat and Shareholder Grievances Committee comprise of Thiru T. Kannan, Chairman and Director, besides Thiru L.N.V. Subramanian, Director, Thiru S. Paramashivan, Secretary of the Company is the Secretary and Compliance Officer for the Committee.

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

Information on Unclaimed Dividend:

Pursuant to provisions of the Companies Act 1956, Company is committed in making timely payment of dividend. Pursuant to provisions of Section 205A of the Companies Act 1956, dividend that remained unpaid or unclaimed for financial year ended 31st March 2004, due to be transferred to The Investor Education and Protection Fund (IEPF), constituted by Central Government under Section 205C of the Companies Act 1956 on 07.07.2011 will be transferred within the time prescribed.