

VTM LIMITED



**Annual
Report
2015 - 2016**



BOARD OF DIRECTORS

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

CHAIRMAN & MANAGING DIRECTOR

Thiru T. Kannan

CHIEF FINANCIAL OFFICER

Thiru V. SUNDARAMOORTHY

COMPANY SECRETARY

Thiru S. Paramashivan

AUDITORS

M/s. Peri Thiagraj & Co
Madurai.

BANKERS

State Bank of India
IDBI Bank Ltd.
Standard Chartered Bank

REGISTERED OFFICE

Sulakarai
Virudhunagar.

CIN : L17111TN1946PLC003270

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty Ninth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Sulakarai, Virudhunagar on Monday, 27th day of June, 2016 at 10.00 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 2016 and the Profit & Loss Statement for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri K. Thiagarajan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Peri Thiagraj & Co., Chartered Accountants (ICAI Regn. No.002636S) as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting to the conclusion of next Annual General Meeting and to fix their remuneration.

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 Mr. K. Vethachalam, (DIN 000381667) who was appointed as Additional Director of the Company with effect from 15.10.2015 in terms of Section 161 of the Companies Act, 2013 whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as Director of the Company liable to determination by retirement of Directors by rotation.

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.30000/- payable to the Cost Auditor for auditing the cost records and furnishing of Report thereon for the Financial Year 2016-17 as approved by the Board of Directors of the Company be and is hereby ratified.

I. IMPORTANT NOTES :

1. The Register of Members and the Share Transfer books of the Company will remain closed from 17th June, 2016 to 27th June, 2016 (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. Pursuant to Sec. 205A and 205C of the Companies Act, 1956, the dividend for the financial year 31.3.2009 which is remaining unclaimed for seven years will be transferred to the Investors Education and Protection Fund on or before 07.07.2016, being the due date for such transfer; The other dividends are lying in the Unpaid Dividend Account of the Company.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

7. Details 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.

8. Electronic copy of the Annual Report for the year 2015-16 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

9. Electronic copy of the Notice of the 69th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 69th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

10. Members may also note that the Notice of the 69th Annual General Meeting and the Annual Report for the year 2015-16 will also be available on the Company's website www.vtmll.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@vtmll.com.

11. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 69th 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:

1. 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 over leaf). Your Folio No./DP ID - 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 mandatory change your password. The new password shall comprise minimum characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@#s etc). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve password and that you take utmost care to keep your password confidential.
 - v) You need to login again with the new credentials.
 - vi) On successful login, the system will prompt you to select the E-Voting Event Number for VTM Limited
 - vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off Date under each of the heading of the resolution and cast your vote by choosing the "FOR/ AGAINST " option or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned overleaf. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head. Option "FOR" implies assent to the resolution and "AGAINST" implies dissent to the resolution.
 - viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
 - ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - x) You may then cast your vote by selecting an appropriate option and click on "Submit".

- xi) A confirmation box will be displayed Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii) Corporate/ Institutional Members (i.e other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID-vtmlimited.scrutinizer@Karvy.com. They may also upload the same in the E-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name, EVENTNO".
- 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)).
- 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. 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, June 21, 2016.
8. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories at the close of business hours on June 21, 2016 shall be entitled to avail the facility of remote E-voting/ballot the e-voting period starts on 23rd June, 2016 (9:00am) and ends on 26th June, 2016 (6:00 pm).

9. Any person who becomes member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date may obtain the User Id and password by 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) witness 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.vtmll.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:

Sri K. Vethachalam, was appointed as an Additional Director of the Company on 15th October, 2015. He has been in service in textile industries for several decades and as such possesses knowledge and experience in the field of textile industry for the past several years.

Under Section 161(1) of the Companies Act, 2013 Sri K. Vethachalam holds office only up to the date of this Annual General Meeting of the Company. A notice has been received along with a fee of Rs.100000/- from a member proposing Sri K. Vethachalam as a candidate for the office of Director of the Company.

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

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

Except Sri K. Vethachalam, 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. This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No. 5:

The Board, at its meeting held on 09th May, 2016, appointed Mr. M. Kannan, Practicing Cost Accountant, having Membership No. 9167, as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act) and fixed a sum of Rs.30000 as remuneration payable to him, for the financial year 2016-17.

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.
May 09, 2016.

By order of the Board

T. KANNAN

Chairman

DIRECTORS' REPORT

FOR THE YEAR ENDED ON 31st MARCH, 2016.

To the Members of VTM Limited

Your Directors have pleasure in presenting their 69th Annual Report along with the Audited statement of accounts for the year ended 31st March, 2016.

Operating & Financial Performance Profits, Dividends & Retention

Rs. in Lakhs

Turnover :-	2015 - 2016	2014 - 2015
Profit before Depreciation (after interest)	15409	16782
Less: Depreciation	1898	1627
Profit after Depreciation	516	519
Less: Provision for Taxation: Current Year	1382	1108
Deferred Tax	400	280
Taxation for earlier years	84	32
	(34)	-
Profit after Tax	450	312
Add: Amount brought forward	932	796
Available for appropriation	264	274
	1196	1070
Appropriation :-		
Transfer to General Reserve	500	500
Interim Dividend @ Re 0.75 per share	302	253
Income Tax on Dividend	62	53
Retained profit carried forward to the following year	364	306
	332	264

During the year under review, your company performed better than last year. Though there was a fall in the export of the textiles for the country as a whole, your company was able to improve on its export performance. The domestic markets were seeing all through the year with a weak undertone. The continuing drought in several parts of the country had a negative impact in the demand for textile products. There was a drop in the unit value realisation as a result of lower cotton prices. This resulted in the overall turnover showing a marginal fall. Viewed in this context, your company's performance must be considered as being satisfactory.

During the year under review the company has charted out a scheme to modernise 36 machines with ultra modern shuttleless weaving looms and necessary accessories at a total cost of Rs. 19.51 Crores.

Appropriation to General Reserve

Considering the profitability and the available surplus, the Board of Directors desires to appropriate a sum of Rs. 500 lakhs to General Reserve.

Dividend

The Board of Directors considering the profits for the year, recommended an interim dividend of Re.0.75 per share i.e. 75% on Equity Shares of Re.1/- each in the month of March, 2016. The Interim Dividend together with dividend tax entailed a cash outflow of Rs. 363.12 lakhs. This has been recommended by the Audit Committee and approved by the Board of Directors at their meeting held on 7th March, 2016 and the Interim Dividend was deposited in a separate bank within five days and dividend amount was also paid within the time prescribed to those shareholders whose name were available on the record date fixed for payment of Interim Dividend.

Since the Company has paid Interim Dividend for the year in March, 2016, no Final Dividend for the year has been proposed and recommended.

Extract of Annual Return:

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

Associate Company:

M/s. Colour Yarns Limited ceased to be an Associate Company on and from 28th March, 2016.

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, 2016 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 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 certify 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

During the year, the Company appointed Sri T. Kannan as Chairman and Managing Director effective from 07th May, 2015. Accordingly, the Nomination and Remuneration Committee revised the Remuneration Policy in order to include the terms of appointment for the Managing Director before the appointment takes place.

Further in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Prohibition of Insider Trading) Regulations, 2015 the following policies/codes were approved by the Board and copies of the policies are available on the Company's website www.vtmill.com:

1. Insider Trading Code
2. Insider Trading Fair Disclosure Code
3. Policy on Materiality of and dealing with Related Party Transactions.

Company's Policies on Corporate Social Responsibility, Remuneration, Employee Concern (Whistle Blowing) and also the Code of Conduct applicable to Directors and Employees of the Company 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 during the year it received a 5S Certification from AOTS Alumni 5S Forum of India. The company has also obtained 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.

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

The Indian textile industry has come to occupy a predominant position on the world scene. India together with its Asian counterparts has become the clothier to the world. The Indian textile industry derives its strength from the availability of home grown raw material together with well developed indigenous technological knowhow and skilled man power.

The support the industry hitherto received in terms of interest subsidy under the TUFs Scheme has been withdrawn and in its place a new scheme called ATUFS is in place wherein the subsidy available for a company in a lifetime has been capped at Rs.20 Crores. This is not as lucrative as the earlier scheme.

The power situation prevailing in Tamil Nadu has considerably improved though the costs are high when compared with other states. The availability of competitively priced power is essential for the successful operations of your company. International trade barriers and the not so advantageously placed duty structure for Indian products in overseas market is another disincentive for exports.

The Company is taking steps for development and implementation of risk management policy. 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.

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

Board of Directors

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

Section 203 of the Companies Act, 2013 requires a listed company to have a Managing Director/CEO/Whole Time Director as one of the Key Managerial Personnel. In terms of the provisions, Sri T. Kannan, the Chairman of the Company was appointed as Chairman and Managing Director duly recommended by the Nomination and Remuneration Committee and approved by the Board of Directors on and from 07th May, 2015. 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.

During the year, Mr. PL. Subbiah, Director of the Company, resigned from the Board and Mr.K. Vethachalam joined the Board on and from 15th October, 2015. Accordingly, the number of Directors remained same.

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

Mr.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.

Non-Executive Independent Directors

The Non-Executive Independent Directors have confirmed and declared that they are not disqualified to act as an 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 20th January, 2016.

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, 2016 and state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and the Company has adopted proper policies and procedures for ensuring orderly and efficient conducting of the business;

- a) The management designed and implemented policies with respect to adherence to accounting standards as a general requirement applied by a Company in preparing and presenting financial statements.
- b) The management evolved a sound system for regular evaluation of the nature and extent of the risks to which the Company is exposed and to control risk appropriately.
- c) The board ensured the effective financial controls, including the maintenance of proper accounting records and the Company is not unnecessarily exposed to avoidable financial risks. They also contribute to the safeguarding of assets, including the prevention and detection of fraud. The financial information used within the business and for publication is reliable.

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

Key Managerial Personnel

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

- a) Sri T. Kannan, Chairman and Managing Director
- b) Sri S. Arunagiri, Chief Financial Officer (From 05.09.2015 to 05.03.2016)
- c) Sri V. Sundarancorthy, Chief Financial Officer (With effect from 01.04.2016) and
- d) Sri S. Paramashivan, Company Secretary

Corporate Governance

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

The Corporate Governance Report giving the details as required under Regulation 34(3) read with Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given separately as Annexure I and forms part of this Report of the Directors. The Corporate Governance Certificate for the year ended on March 31, 2016 issued by M/s. Peri Thiagaraj & Co., 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 off SEBI (Prohibition of Insider Trading) Regulations, 2015 respectively and provided in the company's website at www.vtmill.com. Mr S. Paramashivan, 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, 2016 to the Board of Directors. The Chairman has given his certificate under Regulation 34(3) read with Part D of Schedule V of the above said Regulations in compliance with the Code of Conduct of the Company for the year ended March 31, 2016, which is attached as Annexure VIII and forms a part of this Report of the Directors.

Audit Committee

The Audit Committee was reconstituted on 11.01.2011 and as on 31st March, 2016, the committee consists of three Independent Directors and satisfies the provisions of Section 177(2) of the Companies Act, 2013. The Committee now comprises Mr. RM. Somasundaram as Chairman and Mr. A. Mariappan and Mr. L.N.V. Subramanian who are all Independent Directors. The Company Secretary is the Secretary of the Committee. The details of all related party transactions are placed periodically before the Audit Committee. During the year there were no instances where the Board had not accepted the recommendations of the Audit Committee. The Company has in place a vigil mechanism details of which are available on the Company's website www.vtmll.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 and accordingly during the year the Committee recommended the appointment of CMD and CFO and resignation of CFO.

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

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

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

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

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

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

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

Related Party Transactions:

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

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

Further, during the year, the company entered into contracts or arrangements with such concerns where Mr. K. Vethachalam, Director of the company is interested with the same terms and conditions as entered with other related parties for a period upto 31.03.2019.

Likewise, the Company enhanced the contracting limits for obligations in respect of the donations for charitable purposes and fixed the limit for contribution to CSR activities with a Charitable Trust.

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, the first one on 09th December, 2015 to review and monitor CSR Policy and CSR Activities and to consider for contribution for CSR Activities and another one on 07th March, 2016 to finalise and approve contributions for CSR Activities for the amounts to be spent for the Financial Year 2015-16.