

VTM LIMITED



**Annual
Report
2016 - 2017**

VTM LIMITED

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. Paramasivam

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 Seventieth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Sulakarai, Virudhunagar on Friday, 23rd day of June, 2017 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 2017 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 Smt. Uma Kannan who retires by rotation and being eligible offers herself for re-appointment.
4. To consider and if thought fit, with or without modification, to pass the following resolution as ordinary resolution:

“RESOLVED that pursuant to the provisions of Section 139, 141, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereon, and M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (ICAI Firm Regn. No.004915S/S200036), be and are hereby appointed as Auditors of the Company to hold Office from the conclusion of this Meeting until the conclusion of the Seventy fifth Annual General Meeting of the Company subject to ratification of appointment every year by the members of the Company and the remuneration for each year be fixed by the Board of Directors in consultation with the statutory auditors.

AS SPECIAL BUSINESS:

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

RESOLVED that pursuant to the provisions of section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions thereon, the payment of remuneration of Rs.30000/- plus applicable service tax and out of pocket expenses actually incurred during the course of audit to Mr. M. Kannan, Cost Accountant (Regn. No.9167) for auditing the cost records and furnishing of Report thereon for the Financial Year 2017-18 as approved by the Board of Directors of the Company be and is hereby ratified.

1. IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 12th June, 2017 to 23rd June, 2017 (both days inclusive) for annual closing.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy/Proxies to attend and vote instead of himself. Such a proxy/Proxies need not be a member of the Company.
- The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
5. Members are requested to note that the dividends not encashed or remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred u/s. 124 of the Companies Act, 2013 to the Investor Education and Protection Fund (IEPF) established under Section 125 of the Companies Act, 2013. Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the MCA.
6. The Members/Claimants whose shares, unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fee as decided by it from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

7. Members who have not encashed their dividend warrants for the financial year ended 31.03.2010 are requested to make their claim on or before 15.07.2017 and for financial year ended 31.3.2011 on or before 25.02.2018 being the due date for such transfers. The members can make a claim with the company in respect of the dividends of subsequent years that are lying in the Unpaid Dividend Account of the Company.
8. Members are requested to note that pursuant to the provisions of the Companies Act, 2013, SEBI Listing Regulations and the IEPF Rules, all such shares in respect of which dividends have not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF. The company is taking steps for sending individual notices to the concerned shareholders and for publishing of a public notice to shareholders under the IEPF Rules in this regard.
9. Statutory Auditors M/s. Peri Thiagaraj & Co., (Firm Regn. No. 002636S) holds office till the ensuing Annual General Meeting and are not eligible for reappointment. Accordingly, the Board of Directors has recommended the appointment of M/s. CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Regn. No. 004915S/S200036) as Statutory Auditors, in place of the retiring auditors for a period of five years from the conclusion of this Annual General meeting until the conclusion of seventy fifth Annual General Meeting, subject to ratification of their appointment by the members at every Annual General Meeting.
10. 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.
11. 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.
12. Electronic copy of the Annual Report for the year 2016-17 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.

13. Electronic copy of the Notice of the 70th 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 70th 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.
 14. Members may also note that the Notice of the 70th Annual General Meeting and the Annual Report for the year 2016-17 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, Vrudhannagar 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 70th 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./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 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@Karry.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)) 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 Karry's [website https://evoting.karry.com](https://evoting.karry.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. Hanikrishna, 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, 31st May, 2017.
 - 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 16, 2017 shall be entitled to avail the facility of remote E-voting/ballot
- The e voting period starts on 19th June, 2017 (9:00am) and ends on 22nd June, 2017 (6:00pm).

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) 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:

The Board, at its meeting held on 30th April, 2017, appointed Mr. M. Kannan, Practicing Cost Accountant, having Membership No. 9167, as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act) and fixed a sum of Rs.30,000/- as remuneration payable to him, for the financial year 2017-18.

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

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4.

Accordingly, the Board recommends the ordinary resolution, as set out in item No.4, for ratification by the shareholders of the Company.

Kappalur, Madurai
April, 30, 2017

By order of the Board
T. KANNAN
Chairman

DIRECTORS' REPORT
FOR THE YEAR ENDED ON 31ST MARCH, 2017.

To the Members of VTM Limited

Your Directors have pleasure in presenting their 70th Annual Report along with the Audited statement of accounts for the year ended 31st March, 2017.

Operating & Financial Performance
Profits, Dividends & Retention

	2016 - 2017	2015 - 2016
Turnover :-	14770	15409
Profit before Depreciation (after interest)	2606	1898
Less: Depreciation	729	516
Profit after Depreciation	1877	1382
Less: Exceptional item	680	--
Profit after exceptional item	1197	1382
Less: Provision for Taxation:		
Current Year	115	400
Deferred Tax	48	84
Taxation for earlier years	31	(34)
	194	450
Profit after Tax	1003	932
Add: Amount brought forward	332	264
Available for appropriation	1335	1196
Appropriation :-		
Transfer to General Reserve		500
Interim Dividend @ Re. 0. 75 per share		302
Income Tax on Dividend		62
Retained profit carried forward to the following year	1335	364
		332

During the year under review your Company improved its performance and clocked a Net Profit after tax of Rs. 10.03 Crores. Challenging market conditions prevailed during the first half of the year. Exports were at Rs.35.38 Crores against Rs.29.29 Crores thus showing a healthy uptick. Cotton yarn prices witnessed a strong upsurge during the last quarter and fabric prices are yet to adjust to those levels.

During the year under review, your Company has carried out a modernisation programme and has replaced 40 Nos. of wide width weaving machine with new generation state-of-the-art machines at a cost of about Rs.15.92 Crores. This will result in better quality and realisation in the current year.

Appropriation to General Reserve

During the year, the company has not appropriated any profits to General Reserve.

Dividend

Considering the profits for the year and as recommended by the Audit Committee, the Board of Directors are pleased to recommend a dividend of Re.0.75 per share i.e.75% on Equity Shares of Re.1/- each. The dividend together with dividend tax will entail a cash outflow of Rs.364 Lakhs in the current year (previous year Rs.364 Lakhs as interim dividend and dividend tax thereon). 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 12th June, 2017 to 23rd June 2017 (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, 2017 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.

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

The passage of GST legislation is viewed as a major enabler towards ease of doing business. We expect that this will iron out the inefficiencies in the tax chain and result in a more positive business environment. The supply chains are expected to become more efficient.

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

During the year under review, textiles and clothing exports from India showed dismal growth rates and remained at stagnation levels. We hope that the global economic recovery which is now being witnessed will boost the export prospects for Indian Textiles.

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

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

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

Board of Directors

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

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

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

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

Retirement of Directors by Rotation

Smt Uma Kannan, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for reappointment as a Director of the Company. Being eligible, she 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 27th January, 2017.

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, 2017 and state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and the Company has adopted proper policies and procedures for ensuring orderly and efficient conducting of the business:
 - a) The management designed and implemented policies with respect to adherence to accounting standards as a general requirement applied by a Company in preparing and presenting financial statements.
 - b) The management evolved a sound system for regular evaluation of the nature and extent of the risks to which the Company is exposed and to control risk appropriately.
 - c) The board ensured the effective financial controls, including the maintenance of proper accounting records and the Company is not unnecessarily exposed to avoidable financial risks. They also contribute to the safeguarding of assets, including the prevention and detection of fraud. The financial information used within the business and for publication is reliable.
- vi. the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key Managerial Personnel

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

- a) Sri T. Kannan, Chairman and Managing Director
- b) Sri V. Sundaramoorthy, Chief Financial Officer and
- c) Sri S. Paramasivam, Company Secretary

Corporate Governance

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

The Corporate Governance Report giving the details as required under Regulation 34(3) read with Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given separately as Annexure I and forms part of this Report of the Directors. The Corporate Governance Certificate for the year ended on March 31, 2017 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 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, 2017 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, 2017, 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, 2017, 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.vtmill.com

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

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

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

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

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

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

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

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

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

Related Party Transactions:

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

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

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

Corporate Social Responsibility Committee

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

The Committee met once during the year on 22nd March, 2017, to review the CSR policies, approve contributions for CSR Activities carried out during the year and approve for balance amounts to be spent for the Financial Year 2016-17.

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 the 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 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.1.32 lakhs towards conducting eye camp for the public nearby the mills as a preventive health care activity and contributed a sum of Rs.25.21 lakhs to a leading educational institution for development of infrastructure facilities in the Institution. The details of the project, amount of estimates and the contribution to the implementing agency has been shown in Annexure VII.

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