

***BOARD OF DIRECTORS***

Thiru T. Kannan  
Dr. (Smt) Uma Kannan  
Thiru K. Thiagarajan  
Thiru R.M. Somasundaram  
Thiru A. Mariappan  
Thiru M. Murugesan  
Thiru T.N. Ramanathan  
Thiru K. Vethachalam  
Thiru Ganesh Ananthkrishnan  
Thiru L. Sevugan

***CHAIRMAN & MANAGING DIRECTOR***

Thiru T. Kannan

***CHIEF FINANCIAL OFFICER***

Thiru K. Deenadayalan

***COMPANY SECRETARY***

Thiru S. Paramasivam

***AUDITORS***

M/s. CNGSN & ASSOCIATES LLP  
Chartered Accountants - Chennai.

***BANKERS***

State Bank of India  
IDBI Bank Ltd.  
Standard Chartered Bank  
HDFC Bank

***REGISTERED OFFICE***

Sulakarai  
Virudhunagar.

**CIN : L17111TN1946PLC003270**

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Seventy 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 23rd day of June, 2021 at 11.00 A.M to transact the following business.

### **AGENDA**

#### **AS ORDINARY BUSINESS:**

##### **Item No.1 - Adoption of Financial Statements**

To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2021 and the Profit & Loss Statement for the year ended on that date and the reports of the Directors and the Auditors thereon.

##### **Item No.2 - To declare a dividend on equity shares.**

##### **Item No.3 - Re-appointment of Sri. K.Vethachalam, Director**

To appoint a Director in the place of who retires by rotation and being eligible offers himself for re-appointment.

#### **AS SPECIAL BUSINESS**

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

##### **Item No.4 - Appointment of Sri.Ganesh Ananthkrishnan, Director**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr.Ganesh Ananthkrishnan, (DIN 00003586), who was appointed as an Additional Director of the company on and from March 25, 2021, whose office expires at the ensuing Annual General Meeting be and is hereby appointed as Director of the Company”.

“FURTHER Resolved that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactment(s) thereof for the time being in force, Mr.Ganesh Ananthkrishnan, (DIN 00003586), be and is hereby appointed as an Independent Director of the

Company for an initial term of 5 years commencing from 25.03.2021 and he is not liable to retire by rotation”.

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

**Item No. 5- Appointment of Sri. L. Sevugan, Director**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr.L.Sevugan, (DIN 03580186) who was appointed as an Additional Director of the company on and from March 25, 2021, whose office expires at the ensuing Annual General Meeting be and is hereby appointed as Director of the Company”.

“FURTHER Resolved that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactment(s) thereof for the time being in force, Mr.L.Sevugan, (DIN 03580186)), be and is hereby appointed as an Independent Director of the Company for an initial term of 5 years commencing from 25.03.2021 and he is not liable to retire by rotation”.

**Item No. 6 – Ratification of Cost Auditor Remuneration:**

**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.45,000/- payable to the Cost Auditor Mr.M.Kannan for auditing the cost records and furnishing of Report thereon for the Financial Year 2021-22 as recommended by the Audit Committee and approved by the Board of Directors of the Company be and is hereby ratified.

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Resolutions at the meeting, is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy/Proxies to attend and vote instead of himself. Such a Proxy/Proxies need not be a member of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy Form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. Electronic copy of the Notice of Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
4. Members may also note that the Notice of the Annual General Meeting will also be available on the Company's website [www.vtmill.com](http://www.vtmill.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Sulakarai, Virudhunagar for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [complianceofficer@vtmill.com](mailto:complianceofficer@vtmill.com).

#### **I. IMPORTANT NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 12.06.2021 to 23.06.2021 (both days inclusive) for annual closing, dividend purpose.
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](http://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 earlier financial years are requested to make their claim on or before the due date/s for such transfer. The members can make a claim with the Company in respect of the dividends of 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. 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.

10. 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.
11. Electronic copy of the Annual Report for the year 2020-21 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.
12. Electronic copy of the Notice of the 74th 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 74th 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.
13. Members may also note that the Notice of the 74th Annual General Meeting and the Annual Report for the year 2020-21 will also be available on the Company's website [www.vtmill.com](http://www.vtmill.com) for their download.
14. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Sulakarai, Virudhunagar for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [complianceofficer@vtmill.com](mailto: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 74th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by KFin Technologies Pvt Ltd.

**Instructions and other information relating to e-voting are as under:**

- A) In case a Member receives an email from KFin Technologies Pvt Ltd [for Members whose email IDs are registered with the Company/Depository Participant(s)]:

- i) Launch internet browser by typing the URL: <https://evoting.kfintech.com> in the address bar and click on “Enter”. The Home screen will be displayed then click on shareholders icon in the homepage.
- ii) Enter the login credentials (i.e. User ID and password mentioned overleaf). Your Folio No./DPID – Client ID will be your User ID. However, if you are already registered with KFin Technologies Pvt Ltd 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:<https://evoting.kfintech.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 KFin Technologies Pvt Ltd's website <https://evoting.kfintech.com>
  4. The facility for voting through electronic means (Ballot) shall be made available at the Annual General Meeting (AGM) and the members attending AGM who have not cast their vote by remote E-voting shall be able to vote at the AGM through “Ballot”.
  5. The members who have cast their vote by remote E-voting may also attend AGM, but shall not be entitled to cast their vote again.
  6. The Board of Directors has appointed Mr.I.B. Harikrishna, Practising Company Secretary (Membership No.5302) as a Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.
  7. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date), being 17th June, 2021.

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 18th June 2021 shall be entitled to avail the facility of remote E-voting/ballot.

The e-voting period starts on 19th June, 2021 (9:00 am) and ends on 22nd June, 2021 (6:00 pm).

9. Any person who becomes member of the Company after despatch of the Notice of the meeting and holding shares as on the cut-off date may obtain the User Id and password in the manner as mentioned below :

- a. If the mobile number of the Member is registered against Folio No./ DPID - Client ID, the member may send SMS:

MYEPWD<space> E-Voting Event Number + Folio No. or DPID - Client ID to +91-9212993399 Example for NSDL: MYEPWD<SPACE>IN12345612345678

Example for CDSL: MYEPWD<SPACE>1402345612345678

Example for Physical: MYEPWD<SPACE>XXXX1234567890

- b. If e-mail address or mobile number of the Member is registered against Folio No./DPID-Client ID, then on the home page of <https://evoting.kfintech.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 KFintech Toll free number 1800 3094 001
  - d. Member may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com)
10. However, if you are already registered with KFintech 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](http://www.vtmill.com)) and on KFinTech website (<https://evoting.kfintech.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.

**Note On TDS:**

In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, with effect from 1st April 2020, dividend declared and paid by the Company is taxable in the hands of its members and the Company is required to deduct tax at source (TDS) from dividend paid to the members at the applicable rates.

**For Resident Members:**

1. No TDS shall be deducted in the case of resident individual members, if the amount of such dividend in aggregate paid or likely to be paid during the financial year does not exceed Rs. 5,000.
2. Where, the Permanent Account Number (PAN) resident individual member is available and valid,
  - i. TDS shall be deducted at the rate of 10% on the amount of dividend payable.
  - ii. In cases where the resident individual member provides the duly signed Form 15G or Form 15H (as applicable) and provided that the eligibility conditions are being met, no TDS shall be deducted. The format of Form 15G and Form 15H are enclosed as Enclosure 1 and 2 respectively.
3. Where the PAN is either not available or is invalid, TDS shall be deducted at a rate which is higher of the prescribed TDS rates or 20%.

**For Non-Resident Members:**

1. TDS shall be deducted/withheld at the rate of 20% (plus applicable surcharge and, health and education cess) on the amount of dividend payable.
2. Non-resident member may have an option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the member, if such

DTAA provisions are more beneficial to them. To avail the DTAA benefits, the non-resident member should furnish the following documents”

- i. Self-attested copy of Permanent Account Number (PAN) if allotted to you, by the Indian Income Tax Authorities. If PAN is not allotted to you, please provide your email address, contact number and address in the country of residence;
- ii. Self-attested Tax Residency Certificate (TRC) issued by the competent authority or tax authority of the country of your residency, evidencing and certifying your tax residency status in the country of residency during the Financial Year 2020-21;
- iii. Completed and duly signed Form 10F in the format enclosed as Enclosure 3;
- iv. Self-declaration in the format enclosed as Enclosure 4, certifying that:
  - a. You are and continue to remain a tax resident of the country of your residency during the Financial Year 2020-21;
  - b. You are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
  - c. You have no reason to believe that your claim for the benefits of the DTAA is impaired in any manner;
  - d. You are the ultimate beneficial owner of your shareholding in the Company and dividend receivable from the Company; and
  - e. You do not have a taxable presence or a permanent establishment in India during the Financial Year 2020-21.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident member.

## **II. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 4:**

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its Meeting dated 25.03.2021, appointed Mr.Ganesh Ananthkrishnan, (DIN 00003586), as an Additional Director (Non-Executive Independent) on the Board of the Company. In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr.Ganesh Ananthkrishnan, holds office up to the date of the ensuing Annual General Meeting of the Company.



Brief Resume and other details of Mr. Ganesh Ananthkrishnan, (DIN 00003586):

Mr. Ganesh Ananthkrishnan, son of Mr.M.Ananthkrishnan aged 50 years, an Engineer in Electronics & Communication from Thiagarajar College of Engineering has a strong working experience in IT/ITES Companies, Agency cum Trading and Distribution company in the capacity as Director. He has a total work experience of 30 years in the areas of Accounts/Finance, Sales, Operations spread over different companies. Besides, he has been involved in raising funds, handling finance and accounts functions, besides involved in Operations of those companies.

Mr. Ganesh Ananthkrishnan does not hold any equity shares in the Company.

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

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

The Board of Directors, therefore, recommend the Ordinary Resolution as set out in Item No. 4 of the Notice for the approval of the shareholders, as in the opinion of the Board, Mr. Ganesh Ananthkrishnan, (DIN 00003586), fulfils the conditions for appointment as an Independent Director for a term of five years commencing from 25.03.2021 and in terms of Section 149(13), he is not liable for retirement by rotation.

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

#### **Item No. 5:**

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its Meeting dated 25.03.2021, appointed Mr. L.Sevugan (DIN 03580186), as an Additional Director (Non-Executive Independent) on the Board of the Company. In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr.L.Sevugan, holds office up to the date of the ensuing Annual General Meeting of the Company.

Brief Resume and other details of Mr.L.Sevugan (DIN 03580186):

Mr.L.Sevugan (DIN 03580186) son of Mr. AN.Lakshmanan aged 41 years, is a BBA Graduate from Thiagarajar College of Arts, Madurai Kamaraj University, Madurai and a MMS (Master in Management and Systems) from the same University and has hands on experience as Property



Developer, Promoter and Builder, actively involved in developing & renovating of commercial & residential properties since 2011.

Mr. L. Sevugan does not hold any equity shares in the Company.

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

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

The Board of Directors, therefore, recommend the Ordinary Resolution as set out in Item No. 5 of the Notice for the approval of the shareholders, as in the opinion of the Board, Mr.L.Sevugan, (DIN:03580186), fulfils the conditions for appointment as an Independent Director for a term of five years commencing from 25.03.2021 and in terms of Section 149(13), he is not liable for retirement by rotation.

Except Mr. L.Sevugan, 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.5.

#### **Item No. 6:**

The Board, at its meeting held on 29th April 2021, appointed Mr.M. Kannan, Practising Cost Accountant, having Membership No 9167, as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act) and fixed a sum of Rs.45,000/- as remuneration payable to him, for the financial year 2021-2022.

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.6.

Accordingly, the Board recommends the ordinary resolution, as set out in item No.6, for ratification by the shareholders of the Company.

Kappalur, Madurai.  
April 29, 2021

By order of the Board

Chairman

## **General instructions for participating in the 74th AGM and voting through electronic means including remote e-Voting:**

- a. In line with the MCA Circulars and SEBI Circular, the Notice of the 74th AGM will be available on the website of the Company at [www.vtmill.com](http://www.vtmill.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also on the website of KFIN TECH at <https://evoting.kfintech.com/>.
- b. Pursuant to the Provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

## **Instructions for Members for participating in the 74th AGM are as under:**

- a. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice of the 74th AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-Voting system of KFinTech.
- b. The Scrutinizer shall after the conclusion of e-Voting at the 74th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the 74th AGM, who shall then countersign and declare the result of the voting forthwith.
- c. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.vtmill.com](http://www.vtmill.com) and on the website of KFIN TECH at <https://evoting.kfintech.com/> immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
- d. Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 74th AGM and the Annual Report for the year 2021 including therein the Audited Financial Statements for year 2021, are being sent only by email to the Members. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the

74th AGM and the Annual Report for the year 2021 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:-

- e. For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address [complianceofficer@vtmill.com](mailto:complianceofficer@vtmill.com).
- f. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
- g. The Notice of the 74th AGM and the Annual Report for the year ended 2020 including therein the Audited Financial Statements for the year 2021, will be available on the website of the Company at [www.vtmill.com](http://www.vtmill.com) and the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com). The Notice of 74th AGM will also be available on the website of KFIN TECH at <https://evoting.kfintech.com/>

## DIRECTORS' REPORT

FOR THE YEAR ENDED ON 31ST MARCH, 2021

To the Members of VTMLimited

Your Directors have pleasure in presenting their 74th Annual Report along with the Audited statement of accounts for the year ended 31st March, 2021.

### Adoption of Financial Statements under Ind AS:

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015 the Company has adopted “Ind AS” with effect from 1st April, 2017. Accordingly, the Financial Statements for the year 2020-2021 have been prepared in compliance with the Companies (Indian Accounting Standards) Rules, 2015.

### Operating & Financial Performance Profits, Dividends & Retention

Rs in Lakhs

	2020-2021	2019-20
<b>Turnover</b>	14263	16053
Profit before Depreciation (after interest)	2001	2399
Less: Depreciation	766	763
Profit after Depreciation	1235	1636
Less: Provision for Taxation:		
Current Year	266	309
Current tax adjusted to earlier years	-	-20
Deferred Tax	(-) 9	137
	257	426
Profit after Tax	978	1210
Add: Amount brought forward	838	852
Available for appropriation	1816	2062

<b><u>Appropriation:-</u></b>			
Transfer to General Reserve		500	351
Interim dividend @ Re.0.90 per share	-		362
Dividend @ Re.0.90 per share	-		362
Income Tax on Dividend	-		149
	-----	-	-----
Transfer from Other Comprehensive Income		14	873
Retained profit carried forward to the following year		-----	-----
		1330	838
		-----	-----

During the year under review, the Company made Profit before depreciation of Rs.2001 lakhs against Rs.2399 lakhs amidst decrease in Turnover. The Company was able to register export turnover of Rs.4579.26 lakhs representing 32.11% of the total turnover, and an increase of 9.14% over previous financial year.

The year under review has been extraordinary and one without precedent. The year began with a complete lockdown of the Indian economy and lasted for about 6 weeks. The markets in the first quarter of the year were very tepid and your Company lost production during this period.

The later part of the year however showed some recovery in demand. In the given circumstances, your Directors would consider the performance of the Company as being satisfactory.

Your Directors look forward to the current year with hope and optimism.

We are realigning the Company's strategies to meet this challenge and are confident that demand revival will be seen in the coming months.

### **Modernisation & Upgradation**

During the year under review your Company has spent a little over Rs.6.00 Crores in modernising its plant & equipments.

### **Appropriation to General Reserve**

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

## **Dividend**

Considering the profits for the year and as recommended by the Audit Committee, the Board of Directors is pleased to recommend a dividend of Re.0.60 per share i.e.60% on Equity Shares of Re.1/- each. 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 Book closure specified in this regard. The Book Closure period being 12th June, 2021 to 23rd June, 2021 (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**

As per the requirements of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management & Administration) Rules, 2014 the extract of annual return in the prescribed Form MGT 9 has been given as a Link in vtm website

## **Associate Company/Holding or Subsidiary Company**

The Company does not have any Associate Company as defined under the Companies Act, 2013 and has not entered into any joint venture agreement during the year under review.

## **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, 2021 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](http://www.vtmill.com)

### ISO and 5S Certification

The Company's factory at Sulakarai, Virudhunagar, Tamil Nadu has been certified ISO for Quality Management System Standard and also holds a 5S Certification from AOTS Alumni 5S Forum of India and GOTS Certification for the manufacture of organic cotton fabrics.

### Segmentwise performance

The Company is primarily a manufacturer of textile products and is managed organizationally as a single unit. Accordingly, the Company is a single business segment company. Geographical (secondary) segment has been identified as domestic sales and exports as detailed below:

Particulars	Amount (Rs. lacs)	% of Turnover
Export Sales	4579.26	32.11
Domestic Sales	9683.90	67.89

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

The Indian economy is just coming out of the effects of the lockdown that was experienced in the early part of the financial year. The come back has been quite strong and a revival of consumer demand was seen. However, the recurrence of the pandemic has dampened the consumer demand and the economic revival will now depend on the success of the vaccination programme and the Government's efforts to contain the pandemic.

The power situation continues to be comfortable.

The Company is taking steps to develop and implement risk management policies. It has substantially cut credit facilities to customers and insist on shorter credit cycles.

Further, in the domestic market there is a risk of competition from a large number of textile units.

A normal monsoon has been forecast for the year 2021-22 and we hope this will help the Indian economy.

Your Directors look forward to the current year with hope and optimism, they expect the reform process in the economy will be accelerated by the Government which in turn will prove positive for trade & industry.

#### **Board of Directors:**

The Board is headed by Sri.T.Kannan, Chairman & Managing Director of the Company. During the year under review, there were changes at the Board level as under:

The Board consists of 10 Directors with one Chairman and Managing Director, five Non-Executive Independent Directors, three Non-Executive Directors and One Woman Non-Executive Director.

As on 31st March, 2021, the Board comprises of 10 Directors out of which 1 Director is Executive, Chairman & Managing Director, 4 Directors are Non – Executive including one Woman Director, 5 Directors are Non-Executive Independent. The composition of the Board is in conformity with the requirements of Regulation 17 of the Listing Regulations, and SEBI (LODR)Regulations 2015. All Directors are competent and experienced personalities in their respective fields.

Subject to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 and subject to approval by the members of the company at the ensuing Annual General Meeting, the Board appointed two additional Directors Mr.Ganesh Ananthkrishnan (DIN: 00003586) & Mr.L.Sevugan (DIN: 03580186) as Additional Directors and also as Independent Directors of the Company as recommended by Nomination and Remuneration Committee and Audit committee on and from 25.03.2021 for a period of five years as Independent Directors. They will not be liable to retire by rotation under the provision 149(13) of the Companies Act.

#### **Number of Board Meetings:**

During the year under review, Six Board Meetings were held on 29.04.2020, 12.06.2020, 05.08.2020, 30.10.2020, 01.02.2021, & 25.03.2021. The maximum interval between any two consecutive Board Meetings did not exceed 120 days.



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.Vethachalam, 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. The details of the proposed re-appointment of Mr.K.Vethachalam are forming part of the Corporate Governance report.

### **Non-Executive Independent Directors**

The Non-Executive Independent Directors have confirmed and declared that they are not disqualified to act as a Non-Executive Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 and the Board is also of the opinion that the Non-Executive Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Non-Executive Independent Directors. The Non-Executive Independent Directors have convened a meeting on 31.01.2021.

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

- the performance of the Independent Directors.
- fulfillment of the independence criteria as specified under the Companies Act, 2013 and regulations under SEBI Regulations.
- The process of evaluation stating the objectives, criteria for evaluation.
- periodic review of the evaluation process.

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

### **Declaration by Independent Directors**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 so as to qualify themselves to act as Independent Directors under the provisions of the Companies Act, 2013 read with the relevant rules made thereunder. Further, they have also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics.

### **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](http://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, 2021 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.M.Ramanathan, Chief Financial Officer (till 30.10.2020)
- c) Sri.K.Deenadayalan, Chief Financial Officer (From 31.10.2020)
- d) 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 Ten members Board of Directors consisting of one Chairman and Managing Director, five Non-Executive Independent Directors, four 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, 2021 issued by M/s.CNGSN & Associates LLP, Auditors of the Company, is also attached as part of Annexure I and forms a part of this Report of the Directors.

The Company has formulated Insider Trading Code and Insider Trading Fair Disclosure Code in terms of Regulation 9 read with Schedule B and Regulation 8 read with Schedule A of SEBI (Prohibition of Insider Trading) Regulations, 2015 respectively and provided in the company's website at [www.vtmill.com](http://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, 2021 to the Board of Directors which is attached as Annexure IX. The Chairman has given his certificate under Regulation 34(3) read with Part D of Schedule V of the above said Regulations in compliance with the Code of Conduct of the Company for the year ended March 31, 2021, which is attached as Annexure VIII and forms a part of this Report of the Directors.

### **Audit Committee**

The Audit Committee consists of three Independent Directors and satisfies the provisions of Section 177(2) of the Companies Act, 2013. The Reconstituted Audit Committee(during the year) now comprises Mr. A. Mariappan as Chairman, Mr. Ganesh Ananthkrishnan and Mr. L. Sevugan as Members.

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](http://www.vtmill.com)

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

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

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

### **Whistle Blower Policy / Vigil Mechanism:**

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated Vigil Mechanism / Whistle Blower Policy to enable

Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct, that could adversely impact the Company's operations, business performance and / or reputation, in a secure and confidential manner. The said policy provides adequate safeguards against victimization of Directors/employees and direct access to Chairman of Audit Committee, in exceptional cases. The Vigil Mechanism / Whistle Blower Policy is available on the website of the Company under the web-link <https://www.vtmill.com/investor/Vigil-Mechanism-Whistle-Blower-Policy.pdf> Your Company affirms that no personnel of the Company has been denied access to the Chairman of the Audit Committee and no complaint has been received during the year under review.

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

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out the annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees.

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.

All the results of evaluation have been communicated to the Chairman of the Board of Directors.

### **Related Party Transactions:**

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

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

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

### **Corporate Social Responsibility Committee**

A Corporate Social Responsibility Committee was constituted on April 24, 2014 and presently Sri A. Mariappan as Chairman and M/s. T. Kannan, CMD and K. Thiagarajan, Director of the Company as Members.

The Committee met on 30.01.2021 during the year, to review the CSR policies, recommend for contributions for CSR Activities carried out during the year and recommend for accumulation of balance amount to be spent in subsequent years in view of the larger projects to be undertaken by the educational institution to which the company is contributing for CSR activities.

The Committee considered the social activities as referred in Schedule VII to the Companies Act and recognizes that its operations impact a wide community of the public for promoting health care including preventive health care and imparting education for uplifting the social status of the public. In structuring its approach to various aspects of Corporate Social Responsibility, the Company takes account of guidelines and statements issued by various regulatory bodies. Social, environment and ethical matters are reviewed by the Committee including the impact of such matters that may have on the Company's management of risk.

**The Company has revised the CSR policy on 25.03.2021.**

The Company has decided to spend CSR funds for ongoing projects that can be completed within two years. As per the latest CSR amendment Rules, the ongoing project has to be undertaken only by the Registered Trust or Society or a Section 8 company having Certificate Under Section 12A and 80G of Income Tax Act 1961. The KKTCMCT, a registered Trust had been registered with MCA having Regn No : CSR00003093.

The Company has spent Rs.10.39 Lakhs for the ongoing projects through the implementing agency, Kalaithanthal Karumuttu Thiagaraja Chettiar Memorial Charitable Trust (KKTCMCT). The balance unspent amount of Rs.13.98 Lakhs has been transferred to VTM Ltd. Unspent CSR Account before 30th April, 2021. The said amount has to be utilised only for the said ongoing projects (undertaken by KKTCMCT).

The said unspent amount has to be utilized only for the Ongoing project/s within a period of two years as decided by the Board.

The CSR policy is available on the Company's website [www.vtmill.com](http://www.vtmill.com)

**Prevention of Sexual Harassment:**

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee with three employees and a NGO representative and Smt. Uma Kannan, Director of the Company is the Adviser to the Committee. The Board also has approved the prevention of Sexual Harassment Policy and all employees especially women employees were made aware of the Policy and the manner in which complaints could be lodged. The Committee has submitted its Annual Report and the same has been approved by the Board.

The following is reported pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

1.	No. of Complaints of sexual harassment received	NIL
2.	No. of Complaints disposed off during the year	NIL
3.	No. of cases pending for more than ninety days	NIL
4.	No. of awareness programme conducted	1
5.	Nature of action taken by the employer	Not Applicable

### **Nomination and Remuneration Committee**

A Nomination and Remuneration Committee was constituted on April 24, 2014 and, as on 31st March, 2021, after the reconstitution of the Committee in this year, now Sri A.Mariappan is the Chairman, an Independent Director and M/s. T. Kannan, and Ganesh Ananthkrishnan are Members of the Committee. The constitution satisfies the provisions of Section 178 of the Companies Act, 2013 as well as the SEBI Regulations. The Company Secretary is the Secretary of this Committee.

During the year, the Committee met twice, for reviewing the Nomination and Remuneration Policy, and for other agendas related to appointments of KMP's.

The Company's Remuneration Policy is available on the Company's website [www.vtmill.com](http://www.vtmill.com) and annexed as forming part of this report as Annexure X.

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

### **Stakeholders Relationship Committee**

The Stakeholders Relationship Committee now consist of Sri T.N.Ramanathan as Chairman and Sri T. Kannan, and K.Vethachalam as Members. The Company Secretary is the Secretary of the Committee as per the Regulation 20 of the SEBI (LODR) Regulations, 2015, to have three Directors as Members of the Committee with one Independent Director Member. The Committee met once during the year on 31.10.2020.

The Committee has delegated the responsibility for share transfers and other routine share maintenance work to the Company Secretary and to M/s.KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) the Registrars and Share Transfer Agents of the Company. All requests for dematerialisation and rematerialisation of shares, transfer or transmission of shares and other share maintenance matters are completed within 30 days of receipt of valid and complete documents. The Committee approved all activities through Circular Resolutions and all those Circular Resolutions were placed and discussed at the Board meetings. The Committee also reports to the Board on matters relating to the shareholding pattern, shareholding of major shareholders, insider trading compliances, movement of share prices, redressal of complaints, Reports on SCORES of SEBI and all compliances under the Companies Act, 2013 and the listing agreement with Stock Exchanges. The shares of the Company are listed on the Bombay Stock Exchange. The Company's shares are compulsorily traded in the dematerialized form. The ISIN number allotted is INE222F01029. The details of shareholding pattern, distribution of shareholding and share prices are mentioned separately in the attached Corporate Governance Report.



**Transfer to Investor Education & protection fund:****Transfer of shares:**

The company's Stake holder relationship committee has already transmitted 654800 equity shares of the company into DEMAT account of the IEPF Authority held with NSDL (DP ID Client id IN300708 10656671) in terms of Provisions of Section 124(6) of the companies Act 2013, and the related Rules. The complete list of such shareholders, whose shares were due for transfer to IEPF in current year is also placed in the website of company.

**Auditors**

In terms of Section 139 of the Companies Act and the rules made thereon, M/s CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Regn. No. 004915S/S200036) have been appointed as Auditors of the Company by the members at their meeting held on 23rd June, 2017 and the Auditors have been appointed for a period of five years from the conclusion of 70th Annual General Meeting till the conclusion of the 75th Annual General Meeting. The Auditors have already submitted certification u/s. 141 of the Companies Act and Peer Review Certificate in respect of their appointment as Auditors of the Company.

**AUDITORS****Statutory Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with rules made thereunder, M/s CNGSN & Associates LLP, Chartered Accountants, Chennai (Firm Regn. No. 004915S/S200036) were appointed as Statutory Auditors of the Company to hold office till conclusion of the 75th Annual General Meeting (AGM) of the Company. M/s CNGSN & Associates LLP, Chartered Accountants, Chennai, with Sri. Chinnsamy Ganesan as signing partner have consented and confirmed their eligibility and desire to continue as Statutory Auditors of the Company for the Financial Year 2020-21. The Auditors have already submitted certification u/s. 141 of the Companies Act and Peer Review Certificate in respect of their appointment as Auditors of the Company.

**Auditors' Report:**

The Notes to the financial statements referred in the Auditors Report are self-explanatory. There are no qualifications or reservations or adverse remarks or disclaimers given by Statutory Auditors' of the Company and therefore do not call for any comments under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in this Annual Report.

### **Secretarial Audit**

A Secretarial Audit was conducted during the year by the Secretarial Auditor, Mr.M.K.Bashyam, Practicing Company Secretary, in accordance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report along with Secretarial Compliance Report (as required under the amended SEBI Regulations) is attached as Annexure II and forms a part of this Report of the Directors. There are no qualifications or observations or remarks made by the Secretarial Auditor in his Report.

### **Cost Auditor and Cost Records**

Pursuant to the provisions of Section 148 (1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company was required to maintain cost records. Accordingly, the Company has duly made and maintained the Cost Records as mandated by the Central Government.

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records for the year 2021-22, at a remuneration of Rs.40,000/- plus applicable taxes and out-of-pocket expenses.

The remuneration of the cost auditor is required to be ratified by the members in accordance with the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014. Accordingly, the matter is being placed before the Members for ratification at the ensuing Annual General Meeting.

### **Fixed Deposits**

The Company has not accepted any deposits from the public and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

The company does not have any deposit which is not in compliance with the Companies Act, 2013.

### **Loans, guarantees and investments**

The Company has not granted any inter-corporate loan, given guarantee or provided security for availing loan by any other company. However the company has invested its funds in such number of companies and in such number of shares and securities in other bodies corporate as referred to in Notes No. 06 and 10 of the Balance Sheet.

In compliance with Section 186 of the Companies Act, 2013, loans to employees bear interest at applicable rates.

## **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure IV and forms a part of this Report of the Directors.

## **Particulars of Employees**

The prescribed particulars of Employees required under Section 134(3)(q) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure VI and forms a part of this Report of the Directors. There are no employees drawing remuneration more than Rs.102 Lakhs per annum or Rs.8,50,000/- per month.

## **Statement On Compliance With Secretarial Standards**

The Directors have devised systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate, and operating effectively. The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

## **Annexures forming a part of this Report of the Directors**

The Annexures referred to in this Report and other information which are required to be disclosed are annexed herewith and forms a part of this Report of the Directors :

- I. Corporate Governance Report along with Certificate on Corporate Governance by the Auditor of the Company.
- II. Secretarial Audit Report
- III. Extract of the Annual Return in Form MGT-9 – Weblink.
- IV. Particulars on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.
- V. Form AOC-2 for material contracts with Related Parties.
- VI. Ratio of remuneration and Particulars of Employees.
- VII. Annual Report on CSR spending.

- VIII. Chairman & Managing Director's Certificate under Regulation 34(3) read with Part D of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on compliance of Code of Conduct.
- IX. Certificate by Chairman and Managing Director and Chief Financial Officer under Regulation 17(8), of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Financial Statements.
- X. Remuneration Policy.

### **Appreciation**

Your Directors record their sincere appreciation of the dedication and commitment of all employees in achieving and sustaining excellence in all areas of the business. Your Directors thank the Shareholders, customers, suppliers and Bankers and other stakeholders for their continuous support to the Company.

For and on behalf of the Board of Directors,

Kappalur, Madurai.

April 29, 2021.

CHAIRMAN AND MANAGING DIRECTOR

## Management Discussion & Analysis:

### Financial Performance:

The company's Sales Turnover has decreased by Rs.1,790 Lakhs from Rs.16,053 Lakhs to Rs.14,263 Lakhs registering a decrease of 11.15%. The Profit after depreciation has decreased by Rs.401 Lakhs from Rs.1,636 Lakhs to Rs.1,235 Lakhs. The total current tax provision (including deferred tax liability) has decreased from Rs.426 Lakhs to Rs.257 Lakhs. The tax provision has come down due to capex in the form of machinery additions. The Profit after tax has decreased from Rs.1,210 Lakhs to Rs.978 Lakhs as set out in the Directors' Report.

#### Key Financial Ratios:

Ratios	2019-20	2020-21	% Change
Debtors Turnover	47 days	44 days	-6.38 %
Inventory Turnover	98 days	102 days	4.08%
Interest Coverage Ratio	15.91	15.58	-2.07%
Current Ratio	7.25	10.16	40.14%
Debt Equity Ratio	0.17	0.14	-17.65%
Operating Margin	10.20	8.66	-15.10%
Net Profit Margin	7.54	6.86	-9.02%
Return on Net Worth	3.01	2.43	-19.27%

### Industry Structure and Developments:

Industry structure and developments has been elaborately stated in the Director's Report.

### Internal Control Systems and their Adequacy:

Internal Control Systems has been elaborately stated in the Director's Report.

### Human Resources:

The Company has a recruitment and training policy to meet its HR needs. The Company's performance on the Industrial Relations front continues to be quite satisfactory.

### Cautionary Statement:

Certain statements in the "Management Discussion and Analysis Report" may be forward looking and are as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook – the ever present risk factors.

## Annexure I: Corporate Governance Report 2020-21

### THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company's philosophy on Corporate Governance is based on holistic approach not only towards its own growth but also towards maximization of benefits to all stake holders and also the general public at large.

Transparency and accountability are the fundamental principles of our Corporate Governance practice, which ensures that the organisation is managed and monitored in a responsible manner for creating and sharing Stakeholder's value.

The Company in addition to compliance with regulatory requirements, also endeavours to ensure high standards of ethical conduct in the organization.

1. A Report on Corporate Governance is given below and Auditors certificate in compliance with the provisions of Corporate Governance is enclosed separately.

## 2. BOARD OF DIRECTORS

### 2.1. Composition and Category of Directors

The Board of Directors as on 29th April 2021 consists of ten Directors of which there are One Executive Director, Four Non-Executive Directors and Five Independent Directors, and thus it is in compliance with SEBI Regulations. The details of the composition of the Board of Directors are as follows:

Name of the Director	Category	Particulars
Sri T.Kannan	Chairman and Managing Director	Executive Director
Dr.(Smt.) Uma Kannan	Director	Non-Executive Woman Director
Sri K.Thiagarajan	Director	Non-Executive Director
Sri RM.Somasundaram	Director	Non-Executive Director
Sri A. Mariappan	Director	Independent Director
Sri M.Murugesan	Director	Independent Director
Sri T.N.Ramanathan	Director	Independent Director
Sri Ganesh Ananthkrishnan	Director	Independent Director
Sri L.Sevugan	Director	Independent Director
Sri K. Vethachalam	Director	Non-Executive Director

### 2.2. Details of the Directors

The current composition of the Board of Directors complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the provisions of Companies Act, 2013.

In the present Board, Sri T. Kannan, Chairman & Managing Director, Dr.(Smt.) Uma Kannan and Sri. K. Thiagarajan are related to each other.

None of the Directors on the Board is a member on more than 10 Committees as per the requirements of Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Necessary disclosures have been made by the Directors in this regard.

The Board meets at least once in a quarter to review the performance of the Company, and also meets as and when to transact any special business that may arise.

Sri K. Vethachalam, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment as a Director of the Company. He is proposed to be re-appointed as a Director of the Company. The personal information about Sri K.Vethachalam is given as below:

Sri.K. Vethachalam was appointed as Director of the Company on 15th October, 2015. He is well experienced in Textiles & allied fields. He is the Director in ten other Companies, and possesses varied experience in textiles.

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

All Directors have certified that the disqualifications mentioned under sections 164, 167 and 169 of the Companies Act, 2013 do not apply to them. Independent Directors have confirmed that they have complied with the Code for Independent Directors mentioned in Schedule IV of the Companies Act, 2013 and that they are not disqualified to act as an Independent Directors in compliance with the provisions of section 149 of the Companies Act, 2013.

### **Independent Directors' Criteria:**

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

Familiarization Programme: At the time of induction, the Company familiarizes the Independent Directors with regard to their role & responsibilities, industry outlook, business strategy, Company's operations etc. Thereafter, the Independent Directors are provided with necessary documents, reports, internal policies and updates to familiarise them with the Company's business, policies, procedures and practices at various Meetings held during the year.

### **2.3. Code of Conduct**

The Code of Conduct laid down by the company, which has been adopted by the Board of Directors, is applicable to the Directors and all employees of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The

Code of Conduct is available on the website of the Company [www.vtmill.com](http://www.vtmill.com) under heading 'Investor Information'. All Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations of compliance to the Code of Conduct. The declaration signed by Chairman and Managing Director, is given separately in the Annual Report.

#### 2.4. List of skills/expertise or competence of Board of Directors:

The Board comprises of Members who have varied skills, experience and knowledge to effectively govern and direct the organisation. The skills and attributes of the Board can be broadly categorised as follows:

- Governance skills (skills directly relevant to performing the Board's key functions);
- Industry skills (skills relevant to the textile industry);
- Financial skills (Skills relevant to Treasury and Banking Management)
- Accounting skills (Skills relevant to Accounting Functions)
- Administrative skills (Skills relevant to Administrative functions)

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

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

#### 2.5. Shareholding of Directors and Key Managerial Personnel

As on March 31, 2021 following shares of the Company were held by Directors:

Name	Designation	No. of shares
Sri.T. Kannan	CMD	585600
Sri.K. Thiagarajan	Director	153600
Sri RM. Somasundaram	Director	60000

No other Director or Key Managerial Personnel holds any shares in the Company.



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

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

Director Name	29.04.20 (Rs.)	12.06.20 (Rs.)	05.08.20 (Rs.)	30.10.20 (Rs.)	01.02.21 (Rs)	25.03. 21 (Rs)	Total (Rs.)
Uma Kannan	-	5000	5000	5000	5000	5000	25000
K. Thiagarajan	5000	5000	5000	5000	5000	5000	30000
RM Somasundaram	5000	5000	5000	--	5000	5000	25000
A Mariappan	5000	5000	5000	5000	5000	--	25000
M. Murugesan	---	5000	---	--	5000	--	10000
T.N.Ramanathan	--	--	--	--	--	--	--
K Vethachalam	5000	5000	5000	5000		5000	25000
TOTAL	20000	30000	25000	20000	25000	20000	140000

No sitting fees paid to Sri T. Kannan as he is the Chairman and Managing Director. Also For Mr.TN.Ramanathan, Director no sitting fees has been paid.

The Company Secretary, S. Paramasivam, is the Secretary to the Board of Directors and has attended all meetings of the Board of Directors.

## 2.7. Board Committees

In line with the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations (LODR) 2015, the Company has constituted Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

The composition, terms of reference, attendance and other details of these Committees are mentioned later in this Report.

## 2.8. Directorships and Committee membership in other companies

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees [as specified in Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015] across all listed companies in India of which he is a Director.

Independent Directors do not serve in more than 7 listed companies. None of the Independent Directors are whole-time directors in any listed Company.

Directorships and Membership of Committees in other companies held by Directors as on March, 31, 2021 and the Attendance of the Directors at the Board meetings and the Annual General Meeting is given below:

Names of the Directors	Category	No. of Board Meetings attended	Attendance at the last AGM held on 05.08.2020	No. of Other Directorships in companies other than VTM	No. of memberships in Board Committees	Whether Chairman/Member
Thiru T. Kannan	ED	6	√	8*	3	Chairman
					6	Member
Thiru K.Thiagarajan	NED	6	√	4*	3	Member
Dr.(Smt.) Uma Kannan	NED	6		4	-	
Thiru RM. Somasundaram	NED	5	√	3	-	
Thiru A. Mariappan	NEID	5		1	1	Chairman
					1	Member
Thiru M. Murugesan	NEID	2		1	-	
Thiru T.N.Ramanathan	NEID	3		-	-	-
Thiru K. Vethachalam	NED	5		9	-	-
Thiru Ganesh Ananthkrishnan	NEID	-**		4	2	Member
Thiru L.Sevugan	NEID	-**		1	1	Member

ID: Independent Director VTM – VTMLIMITED

NED-Non Executive Director. NEID-Non Executive Independent Director.

Note: \* includes Directorship in 1 Company coming under Section 8 of the Companies Act, 2013.

Thiru.T.Kannan,CMD,Thiru.K.Thiagarajan,Director,and,Thiru.RM.Somasundaram, Director have attended the Annual General Meeting held on 05.08.2020. \*\* Thiru Ganesh Ananthkrishnan,and Thiru L.Sevugan Directors were appointed to the Board, in the Board meeting dated 25.3.2021.

### 3. AUDIT COMMITTEE

3.1. Constitution and Composition: The Audit Committee was constituted during the financial year 2001-2002, and reconstituted in view of the changes in Independent directors in 2020-21. Accordingly, the Audit Committee consists of following Directors as the members :

Director	Category
Thiru A. Mariappan	Chairman
Thiru Ganesh Ananthkrishnan	Member
Thiru L.Sevugan	Member

The Chairman and Managing Director is permanent invitee in all meetings. The Company Secretary is the Secretary to the Audit Committee. All Directors are financially literate and Mr. A. Mariappan has accounting and Industry related financial management expertise. Besides, Mr. Ganesh Ananthkrishnan also has sound finance experience and industrial expertise. The Statutory Auditors are invited to the meetings to discuss with the Directors the scope of audit, their comments and recommendation on the accounts, records, risks, internal procedures and internal controls of the Company.

- 3.2. Terms of Reference: The terms of reference of the Audit Committee cover all the areas mentioned under Part C of the Schedule II to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and section 177 of the Companies Act, 2013. The Board has also included in the terms of reference of the Audit Committee, the monitoring, implementing and review of risk management plan as required under Regulation 18 and as per Part C (Role of Audit committee) of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The broad terms of reference of the Audit Committee therefore include review of financial reporting process and all financial results, statements and disclosures and recommending the same to the Board, reviewing the internal audit reports and discussing the same with the internal auditors, reviewing internal control systems and procedures, to meet the statutory auditors and discuss their findings, their scope of audit, post audit discussion, adequacy of internal audit functions, audit qualifications, if any, appointment / removal and remuneration of auditors, changes in accounting policies and practices, reviewing approval and disclosure of all related party transactions, reviewing with the management, the performance of the statutory and internal auditors and their remuneration, compliance with listing agreements/ SEBI(LODR)Regulations, and other legal requirements and the Company's financial and risk management plan and policies and its implementation, disaster recovery policies and compliance with statutory requirements.
- 3.3. Internal Audit: The Internal Audit Department of the Company is carrying the internal audit periodically.
- 3.4. Attendance: During the financial year ended March 31, 2021, four meetings of the Audit Committee were held :

Director Name	12.6.20 (Rs.)	05.08.20 (Rs.)	29.10.20 (Rs.)	31.01.21 (Rs)	Total (Rs.)
RM.Somasundaram	5000	5000	5000		15000
A. Mariappan	5000	5000	5000	5000	20000
M.Murugesan				5000	5000
TOTAL	10000	10000	10000	10000	40000

#### 4. Remuneration to Directors:

Total Remuneration paid to Non-Executive Directors for attending meetings of the Board and Committees during the year ended March 31, 2021 is given below :

Name of the Director	Sitting Fees (For Board & Committee Meetings)
Thiru T. Kannan (Chairman and Managing Director)	--
Thiru K.Thiagarajan	Rs.45000/-
Thiru RM.Somasundaram	Rs.45000/-
Thiru T.N.Ramanathan	--
Thiru A. Mariappan	Rs.60000/-
Thiru M. Murugesan	Rs.25000/-
Dr. (Smt.) Uma Kannan	Rs.25000/-
Thiru K.Vethachalam	Rs.25000/-

#### 5a. NOMINATION AND REMUNERATION COMMITTEE

Constitution and Composition: The Nomination and Remuneration Committee was constituted on April 25, 2014 in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Sri.A.Mariappan an Independent Director, is the Chairman of the Committee. The other members are Sri.T.Kannan, and Sri.Ganesh Ananthkrishnan.

Terms of Reference: The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Schedule II Part D of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating to remuneration and employment, terms of Whole Time Directors and senior management personnel, adherence to the remuneration/employment policy as finally approved by the Board of Directors, preparing the criteria and identify persons who may be appointed as Directors or Senior Management of the Company, preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances to the Board of Directors, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which will form part of the Directors Report to Shareholders, monitor loans to employees and any other matters which the Board of Directors may direct from time to time.

Attendance: During the financial year ended March 31, 2021, two meetings of the Nomination and Remuneration Committee was held on 29.04.2020, and 29.10.2020 which were attended by two members. The sitting fee has been paid to the members of the Committee as under:

The Attendance of the Directors at the Committee meetings and remuneration paid to them are as under:

Name of the Director	Sitting Fees (Committee Meeting)
Thiru A.Mariappan-Member	Rs.10,000
Thiru K.Thiagarajan – Member	Rs.10,000

Remuneration Policy: During the year, the Committee reviewed the Nomination and Remuneration Policy and as recommended by the Nomination and Remuneration Committee, the policy has been approved by the Board of Directors.

The terms of reference of the Committee inter alia, include the following:

Succession planning of the Board of Directors, and Senior Management Employees;

Identifying and selection of candidates for appointment as Directors/ Independent Directors based on certain laid down criteria; identifying potential individuals for appointment as Key Managerial Personnel, and to other Senior Management positions;

Formulate and review from time to time, the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration;

Review the performance of the Board of Directors and Senior Management Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

Remuneration to Directors:

Sri T. Kannan, the Chairman and Managing Director of the company is entitled to a remuneration not exceeding 5% of the Net Profits as computed u/s. 198 of the Companies Act, 2013 and accordingly a sum of Rs.45.00 lakhs has been provided as remuneration for the year 2020-21.

The Non-Executive Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the net profits of the Company.

### **5b. Corporate Social Responsibility Committee:**

As required under section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee was constituted on April 25, 2014 with Sri T.Kannan as Chairman. The terms of reference of this Committee is to comply with the requirements of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and all other relevant compliances.

The Committee met once during the year on 25th March 2021, which was attended by Sri.T.Kannan, CMD, Sri.K.Thiagarajan Directors of the Company, for approval of the CSR spending and excepting Sri.T.Kannan, other Director received a sitting fee of Rs.5,000/- for the meeting.

The CSR Policy, which was approved by the Board, is available on the Company's website.

The Board has accepted all the recommendations of all Committees.

The CSR Committee has been dismantled on 29.04.2021. As per subsection 5 of Section 135 Companies Amendment Act 2020, if the amount of CSR expenditure to be spent does not exceed Rs.50 lakhs, there is no necessity for a Corporate social Responsibility Committee and the decision related to spending the CSR funds, can be taken by the Board of Directors.

### **Separate Meeting of Independent Directors:**

The Independent Directors of the company M/s. A.Mariappan and M.Murugesan met on 31st January 2021 without the attendance of Non-Independent Directors and members of management. They deliberated and reviewed the performance of the Non-Independent Directors and the Board as a whole. Besides they assessed the quality, quantity and timeliness of flow of information between the Company management and the Board members that is necessary and essential for the Board to effectively and reasonably perform their duties.

### **SHARES:**

### **6. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

Constitution and Composition: The Stakeholders Relationship Committee has been reconstituted in terms of Regulation 20 of the SEBI (LODR) Regulations duly amended consisting of Sri T.N. Ramanathan an Independent Director as Chairman and Sri T. Kannan and Sri K. Vethachalam as Members of the Committee. The committee met once during the year.

The Stakeholders' Relationship Committee has through Circular resolutions, approved during the year, the transfers, transmissions and demat requests. Mr.S. Paramasivam, Secretary of the Company, who is also the Secretary and Compliance Officer for the Committee.

During the year Nine grievances (including one outstanding at the beginning of year) regarding non-receipt of shares applied for transfer/transmission, non-receipt of dividend, Balance Sheet and related matters were received from the shareholders and all were redressed. There was no shares pending for transfer at the close of the year.

#### Information on Unclaimed Dividend:

The company during the year 2020, has transmitted 654800 equity shares of the company into DEMAT account of the IEPF Authority held with NSDL (DPID Client id IN300708 10656671) in terms of Provisions of Section 124(6) of the companies Act 2013, and the related IEPF Rules.

The Company will be intimating through individual reminders to concerned share holders advising them to encash their dividend and the complete list of such shareholders, whose shares will be due for transfer to IEPF during 2021-22 has been placed in the website of company.

Pursuant to provisions of the Companies Act 2013, Company is committed in making timely payment of dividend.

#### Distribution of Shareholding as on 31.03.2021:

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to 5000	2983	91.20	2570374	6.39
5001 - 10000	114	3.57	822458	2.04
10001 - 20000	79	2.41	1174259	2.92
20001 - 30000	31	0.95	833492	2.07
30001 - 40000	14	0.45	531832	1.32
40001 - 50000	6	0.18	267380	0.67
50001 - 100000	20	0.62	1614553	4.01
100001 - above	21	0.62	32413252	80.58
<b>Total</b>	<b>3268</b>	<b>100.00</b>	<b>40227600</b>	<b>100.00</b>

### Shareholding pattern as on 31st March 2021:

Shareholders	No. of Shares held	% of total shares held
Promoters	30169700	75.00
Corporate Bodies	173045	0.43
Public	9685628	24.08
NRI's	199227	0.49
Total	40227600	100.00

The Company has not issued any ESOP to its Employees / Directors.

### Dematerialisation of shares:

The shares of the Company have been dematerialized and the unique ISIN number allotted for the Company as under:

**ISIN : INE222F01029**

Currently 95.14% of the total shares have been dematerialised.

The Shares held by Promoters have all been dematerialised.

### Listing at Stock Exchanges:

Sl.No	Name of the Exchange	Code	Address
1	Bombay Stock Exchange Ltd	532893	Regd. Office: Floor 25, PJ Towers Dalal Street, MUMBAI - 400 001

**TRADING SYMBOL AT BSE : VTM**

**Demat ISIN No. : INE222F01029**

**Share Price movements:**

**Market price data : Exchange : BSE**



Month	HIGH Rs.	LOW Rs.
APRIL '20	21.35	17.20
MAY 20	20.45	17.15
JUNE '20	21.35	17.60
JULY '20	20.20	18.00
AUGUST '20	23.60	18.05
SEPTEMBER '20	23.10	19.30
OCTOBER '20	23.50	17.40
NOVEMBER '20	21.00	17.25
DECEMBER '20	25.00	19.50
JANUARY '2021	26.95	23.40
FEBRUARY 21	25.60	22.75
MARCH '21	24.90	22.00

The share quotations are stated for the Re 1/- Face value of the company's equity share.

**Stock Options: NIL.**

Plant Location: Sulakarai, Virudhunagar, Pin: 626 003

6.1 Compliance Officer : Mr. S. Paramasivam Company Secretary, is the Secretary of this Committee and the Compliance Officer and his contact details are given below :

Mr. S. Paramasivam,  
Company Secretary  
VTM Limited  
Sulakarai, Virudhunagar, INDIA

Phone : 0452 -2482595-Ext 549  
Email : complianceofficer@vtmill.com

6.2 Details of Complaints from Shareholders:

No. of complaints remaining unresolved as on 31.03.2021	:	0
No. of complaints/Requests received during the year	:	9
No. of complaints/Requests resolved during the year	:	9
No. of complaints unresolved as on 31.03.2021	:	0

## 7. GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings are given below

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

AGM for the Financial Year ended	Date & Time of AGM
31st March, 2020	5th August 2020 at 11.30 AM
31st March, 2019	17th June 2019 at 12.00 Noon
31st March, 2018	22nd June 2018 at 3.00 PM

EGM/Postal Ballot meetings:

There was no EGM conducted during the financial year ended 31.3.2021

All the resolutions set out in the AGM Notice was passed by the Shareholders (e-voting).

The Annual General Meeting, was held at the Registered Office of the Company.

7.1 Pledge of shares held by Promoters: No pledge has been created by the Promoters on the equity shares held as on March 31, 2021.

7.2 Special resolutions:

The company has neither passed special resolution nor resolution requiring postal ballot in the Annual General Meeting held on August 5, 2020.

At the ensuing 74th Annual General Meeting to be held on 23rd June 2021, no resolution is proposed to be passed by postal ballot.

7.2.1 Pursuant to section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 74th Annual General Meeting will be made through electronic voting. The electronic voting period commences on, The e-voting period starts on 17th June, 2021 (9:00 am) and ends on 23rd June, 2021 (6:00 pm) both days inclusive.

7.2.2 Scrutinizer for electronic voting : Mr. I.B. Harikrishna, of Akshaya Corporate Solutions Private Limited, Practising Company Secretaries (C.P No 5302) has been appointed as the Scrutinizer to scrutinize the electronic voting process in a fair and transparent manner and to give his report to the Chairman.

## **8. DISCLOSURES:**

8.1 Details of transactions with related parties have been reported in the Notes to Accounts. All the transactions with related parties are at arm's length basis. All transactions entered into with Related Parties as defined under the Companies Act, 2013 and as per Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis.

There were no materially significant transactions with the related parties during the year, which were in conflict with the interests of the company and that require approval of the company in terms of SEBI (LODR) Regulations.

The Transactions with the related parties of routine nature have been reported as per Ind AS 24 notified under Companies (Indian Accounting Standards) Rules, 2015.

8.2 Disclosure of Accounting Treatment: Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015 the Company has adopted "Ind AS" with effect from 1st April, 2017. Accordingly, the Financial Statements for the year 2020-21 have been prepared in compliance with the Companies (Indian Accounting Standards) Rules, 2015.

8.3 Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Ind AS Financial Statements.

8.4 There were no instances of non-compliance by the Company or any penalties or strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

8.5 The Company has in place an Employee Concern (Whistle Blower) which is also available on the Company's website. No personnel has been denied access to the Audit Committee to lodge their grievances.

8.6 All mandatory requirements have been appropriately complied with.

8.7 The Management Discussion and Analysis Report forms a part of the Directors' Report.

8.8 No presentations were made to institutional investors and analysts during the year.

8.9 The Company does not have any Subsidiary or Associate.

8.10 There have been no public issues, rights issues or other public offerings during the past five years. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

## 8.11 Disclosures

a) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013, and the Listing Regulations during the financial year 2020-21 were in the ordinary course of business and arms length basis and approval of the Audit Committee was also obtained. Necessary disclosures regarding Related Party Transactions are given in the notes to the Financial Statements.

The Board has approved a policy for Related Party Transactions and the same has been uploaded on the website of the Company. The web-link thereto is as under [https://www.vtmltd.com/images/investor/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](https://www.vtmltd.com/images/investor/Policy_on_Related_Party_Transactions.pdf)

b) Compliance with Indian Accounting Standards (Ind-AS)

In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Indian Accounting Standards (IndAS). The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements. There is no deviation in following the treatments prescribed in IndAS in preparation of financial statements for the year 2020-21.

c) Statutory Compliance, Strictures and Penalties

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). There were no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company has obtained Annual Compliance Certificate for the year ended 31st March, 2021 as per SEBI Circular from Mr.MK.Bashyam, Practicing Company Secretary confirming compliance with SEBI regulations.

d) CEO & CFO Certification

The CMD Sri.T.Kannan and CFO Sri.K.Deenadayalan have certified to the board with regard to the financial statements and other matters as required by the SEBI Listing Regulations. The certificate is appended as an Annexure to this report. They have also provided quarterly certificates on financial results while placing the same before the Board pursuant to Regulation 33 of the SEBI Listing Regulations.

e) Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated Vigil Mechanism / Whistle Blower Policy to enable Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct, that could adversely impact the Company's operations, business performance, in a secure and confidential manner. The said policy provides adequate safeguards against victimization of Directors/employees. The Vigil Mechanism / Whistle Blower Policy is available on the website of the Company under the web-link <https://www.vtmill.com/images/investor/Whistle-Blower-Policy-Vigil-Mechanism.pdf>. The Company affirms that no personnel of the Company has been denied access to the Audit Committee to lodge their grievances.

f) Certificate on Non-disqualification of Directors

The Company has obtained certificate from Mr. M.K.Bashyam, Practising Company Secretary confirming that none of the Directors of the Company have been debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such authority from being appointed or continuing as Director of the Company and the same is also attached to this Report.

g) Subsidiaries

The Company does not have subsidiary or Associate.

## 9. MEANS OF COMMUNICATION

9.1 Quarterly results are published in the Business Standard and the Tamil version thereof in Malai Malar, the day after the Board Meeting where the results are approved. These financial results and quarterly shareholding pattern are electronically transmitted to the stock exchanges and are also uploaded on the Company's website [www.vtmill.com](http://www.vtmill.com).

9.2 Shareholder communication including Notices and Annual Reports are being sent to the email addresses of Members available with the Company and the Depositories. Annual Accounts are sent to Members at least 25 days before the date of Annual General Meeting.

The Management Discussion and Analysis Report forming part of the Annual Report is enclosed. [Regulation 34 and Schedule V of the Listing SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.]

9.3 The Company's website:

[www.vtmill.com](http://www.vtmill.com) makes online announcements of Board Meeting results of the quarterly financial results, announcement of the date of Annual General Meeting and proposed dividend, and other announcements. Copies of Notices sent to Shareholders are also available on the website.

9.4 Address for communication :

All communication regarding share transactions, change of address, bank mandates, nominations etc. should be addressed to the Registrars and Share Transfer Agents of the Company at the following address :

Registrar & Transfer Agent:  
KFin Technologies Pvt. Ltd.  
(Unit: VTM LIMITED)  
Karvy Selenium Tower B, Plot No 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal, Hyderabad – 500 032.  
Ph : +91 040 67161518  
Contact Person: Mr.D.SURESH BABU- Manager – RIS.

The shareholders may also address their correspondence to:-

VTM LIMITED  
Sulakarai  
Virudhunagar-626 003.  
Phone: 04562-234801

VTM LIMITED  
Chairman's Office:  
Thiagarajar Mills Premises  
Kappalur  
Madurai-625 008.  
Phone: 0452-2482595

Grievances, if any, may also be addressed to the Company Secretary at email at [complianceofficer@vtmill.com](mailto:complianceofficer@vtmill.com)

Shareholders are requested to mention their Folio Nos., DP-ID and Client ID in case of demat shares, phone and mobile nos. and their Email ID so that the Company/Compliance Officer can contact them and redress their complaints immediately. However, for instructions like change of bank mandate,

change of address, transfers & transmission of shares etc. letters duly signed by the Shareholders concerned should be sent, otherwise such requests cannot be processed by the Registrars. Email ID of Shareholders will have to be registered with the Company to enable the Company or the Registrars to communicate electronically.

#### Communication to shareholders on Email

As mandated by the Ministry of Corporate Affairs (MCA) documents like Notices, Annual Report, ECS advices for dividends, etc. are sent to the shareholders at their email address, as registered with their Depository Participants/ Company/ Registrar and Transfer Agents (RTA), which help in prompt delivery of document, reduce paper consumption, save trees and avoid loss of documents in transit.

### GENERAL SHAREHOLDER INFORMATION

1. Date, Time and Venue of the Annual General Meeting.	:	23 <sup>rd</sup> June, 2021 at 11.00 A.M at the Registered Office at Sulakarai, Virudhunagar.
2. Dates of Book Closure/Record date for Financial Year 2020-21	:	Register of Members will be closed from 12.06.2021 to 23.06.2021
3. Results for Quarter ending June 30, 2021 (Provisional)	:	4 <sup>th</sup> Week of July, 2021.
Results for Quarter ending September 30, 2021 (Provisional)	:	3 <sup>rd</sup> Week of October, 2021.
Results for Quarter ending December 31, 2021 (Provisional)	:	3 <sup>rd</sup> Week of January, 2022.
Financial Calendar – 1 <sup>st</sup> April 2021 To 31 <sup>st</sup> March 2022 (Audited)	:	4 <sup>th</sup> Week of April, 2022.

## Auditors' Certificate on Corporate Governance

To  
The Members of VTM Limited

We have examined the compliance of conditions of Corporate Governance by VTM Limited ('the Company') for the year ended March 31, 2021 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

### **Restrictions on use**

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

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

(CHINNSAMY GANESAN)  
Partner  
Membership No. 027501  
UDIN: 21027501AAAACK8042

Place: Chennai  
Date: April 29, 2021



## Annexure II

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

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

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2021.

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

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

To,

The Members,  
VTM LIMITED,  
Virudhunagar.

I have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VTM LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of VTM LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by VTM LIMITED (“the Company”) for

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

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

the financial year ended on 31st March, 2021 according to the provisions of:

- (I) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) SEBI (LODR) Regulations, 2015 & 2018.
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Taxation Laws, Labour Laws and Environmental Laws.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Listing Agreements entered into by the Company with Bombay Stock Exchange.

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

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

(iii) SEBI (Prohibition of Insider Trading) Regulations, 2015 and all other regulations of SEBI as applicable to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Managing Director, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions of the Board have been unanimously passed.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has convened the Annual General Meeting along with e-voting facility after giving required notices to the members of the Company duly complied with the provisions of the Companies Act, 2013.

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

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

15.04.2021  
Madurai - 625 001.

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

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

**'Annexure A'**

(To the Secretarial Audit Report of M/s. VTM Limited for the financial year ended 31/03/2021

To  
The Members,  
VTM Limited,  
Sulakarai,  
Virudhunagar.

My Secretarial Audit Report for the financial year ended 31/03/2021 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

15.04.2021  
Madurai - 625 001.

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
VTM Limited,  
Sulakarai.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of VTM LIMITED having CIN : L17111TN1946PLC003270 and having registered office at Sulakarai, Virudhunagar-626003 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in Company
1.	Sri.T.Kannan (CMD)	00040674	23.03.1973
2.	Smt.Uma Kannan	00467462	25.03.2015
3.	Sri.K.Thiagarajan	03638370	20.04.2016
4.	Sri.RM.Somasundaram	00071510	01.12.1984
5.	Sri.M.Murugesan	06711683	11.10.2013
6.	Sri.TN.Ramanathan	02561794	01.04.2019
7.	Sri.A.Mariappan	00051370	01.11.1999
8.	Sri.K.Vethachalam	00381667	15.10.2015
9.	Sri.Ganesh Ananthakrishnan	00003586	25.03.2021
10	Sri.L.Sevugan	03580186	25.03.2021

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature: M.K.Bashyam  
Name of Company Secretary in practice:  
FCS No.600 C P No.:3837

15.04.2021.  
Madurai - 625 001.

## ANNEXURE-IV TO THE DIRECTORS' REPORT

Particulars furnished pursuant to the Companies (Accounts) Rules, 2014.

### 1. STEPS TAKEN FOR CONSERVATION OF ENERGY:

Energy Conservation:

- a) In humidification plants, we have saved around 370 units/day by optimizing the supply and return air CFM to nominal level without affecting the Relative Humidity.
- b) Wider width 280 CM looms were connected with Low Pressure compressor line and units saved by around 100 units.

Over all savings will be around 1% of our total consumption.

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

A.) Alternate Source of energy:

The installation of solar power Generating system with a capacity of 500 KW has created more Green energy environment and consequently resulted in Power cost reduction due to generation of 563853 units during the Financial Year

#### A. POWER AND FUEL CONSUMPTION

	<u>31.3.2021</u>	<u>31.3.2020</u>
1. Electricity		
a) Purchased:		
Units	4,81,003	2,05,163
Total Amount	Rs.1,74,35,948	Rs.1,62,91,037
Rate Per Unit (Including Maximum demand charges)	Rs.36.25	Rs.79.41
b) Own Generation:		
Through Diesel Generator		
Units	1,48,272	2,06,850
Units per litre of oil	2.69	3.03
Cost Per Unit	Rs.21.86	Rs.19.76
c) Through Windmill:		
Produced Units	59,74,561	59,59,999
Availed Units	59,74,561	59,59,999

d) Through Solar Power:			
	Produced Units	563853	1,82,226
	Availed Units	563853	1,82,226
e) Through Independent Power Producers and through Power exchange:			
	Units	57,96,188	99,09,478
	Rate per Unit	Rs.5.33	Rs.5.16

**B. CONSUMPTION PER UNIT OF PRODUCTION OF CLOTH:**

Electricity per Metre of production of cloth	Rs.3.56	Rs.3.55
--	---------	---------

Note: 1. No standard rate of consumption is available.

2. As the company is producing numerous varieties or sorts of cloth, separate details for each variety or sort are not given.

**II. TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT:**

We have replaced 9 numbers of existing Jacquard looms with 6 numbers of new Picanol AirJet / Staubli Machines which is of latest Technology, due to which the production and the quality will be improved. New Building was constructed and Jacquard Looms were installed in concrete slab instead of metal gantry, which improves the life and working performance of the Jacquard machine.

The Humidification plant was changed with newer one with Energy efficient Motors.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The company has earned during the year under report, foreign exchange equivalent to Rs.4544.80 Lakhs (FOB value of exports) through direct exports.

The foreign exchange outgo during the period is Rs.858.06 Lakhs vs Rs.1150.32 Lakhs in Previous Financial year (The Forex outgo has been reduced to the extent of 25.40% during the financial year ended 31.3.2021).

Amidst challenges, the company is striving to expand the export market segment by broadening its geographical sweep.

For and on behalf of the Board of Directors,

Kappalur, Madurai  
29th April , 2021.

CHAIRMAN

ANNEXURE V

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of material contracts or arrangements or transactions at arm's length basis:

Name of the party with which contract is entered into	Name of the Director interested	Relation with Director/ Company/ Nature of concern or interest	Duration	Salient Terms including value if any	Date of Board approval	Advance paid if any
1		2	3	4	5	6
Thiagarajar Mills P. Ltd	T. Kannan Uma Kannan K. Thiagarajan A. Mariappan	Director Director Director Director	Five Years from 01.04.2019	At arm's length price and in tune with market rates	27.04.2018	NIL

The Company has obtained consent from members at the AGM held on 22.06.2018 for entering into contracts exceeding the limits specified in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014



## ANNEXURE VI

### Particulars, Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

S.No	Particulars	Details			
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year;	Name of the Director	Designation	Remuneration	Ratio to Median Remuneration
		Sri T. Kannan	Chairman & Managing Director	45.00	46.32
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Name of the Director	Designation	Remuneration	Percentage increase/Dec in Remuneration
		Sri T. Kannan	Chairman & Managing Director	2019-20 56.00 2020-21 45.00	-19.64%
		Mr.M.Ramanathan till 30.10.2020	Chief Financial Officer	8.65	4.01
		Mr.K.Deenadayalan From 30.10.2020	Chief Financial Officer	--	6.14
		Sri S. Paramasivam	Company Secretary	4.39	4.70
					7.06%

3.	The percentage increase in the median remuneration of employees in the financial year;	<table border="1"> <thead> <tr> <th data-bbox="426 513 459 577">Year</th> <th data-bbox="426 842 459 950">2019-20</th> <th data-bbox="426 685 459 793">2020-21</th> <th data-bbox="426 513 459 685">Increase /Dec</th> </tr> </thead> <tbody> <tr> <td data-bbox="459 513 531 577">Median Remuneration</td> <td data-bbox="459 842 531 950">1.04</td> <td data-bbox="459 685 531 793">0.96</td> <td data-bbox="459 513 531 685">-7.69%</td> </tr> </tbody> </table>	Year	2019-20	2020-21	Increase /Dec	Median Remuneration	1.04	0.96	-7.69%				
Year	2019-20	2020-21	Increase /Dec											
Median Remuneration	1.04	0.96	-7.69%											
4.	The number of permanent employees on the rolls of Company;	583												
5.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<table border="1"> <thead> <tr> <th data-bbox="716 513 750 577">Details</th> <th data-bbox="716 842 750 950">2019-20</th> <th data-bbox="716 685 750 793">2020-21</th> <th data-bbox="716 513 750 685">Increase</th> </tr> </thead> <tbody> <tr> <td data-bbox="750 513 915 577">Employee cost (Excluding remuneration to Directors)</td> <td data-bbox="750 842 915 950">1184.77</td> <td data-bbox="750 685 915 793">972.67</td> <td data-bbox="750 513 915 685">-17.90%</td> </tr> <tr> <td data-bbox="915 513 1014 577">Remuneration to Directors</td> <td data-bbox="915 842 1014 950">56.00</td> <td data-bbox="915 685 1014 793">45.00</td> <td data-bbox="915 513 1014 685">-19.64%</td> </tr> </tbody> </table>	Details	2019-20	2020-21	Increase	Employee cost (Excluding remuneration to Directors)	1184.77	972.67	-17.90%	Remuneration to Directors	56.00	45.00	-19.64%
Details	2019-20	2020-21	Increase											
Employee cost (Excluding remuneration to Directors)	1184.77	972.67	-17.90%											
Remuneration to Directors	56.00	45.00	-19.64%											
6.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes .												

**Particulars of employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

NIL

## ANNEXURE -VII

### ANNUAL REPORT ON CSR ACTIVITIES

#### CSR Policy of the Company

1. Brief outline of CSR Policy of company:

The policy encompasses the company's philosophy on giving back to society as a Corporate citizen, and lays down the guidelines /mechanism for undertaking socially useful programme for sustainable development of rural communities/education purposes.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	A.Mariappan	Chairman	1	0
2	T.Kannan	Member	1	1
3	K.Thiagarajan	Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

[www.vtmill.com](http://www.vtmill.com)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1			
2		NIL	
3			
	<b>TOTAL</b>		

6. Average net profit of the company as per section 135(5) **Rs. 1218.27 Lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5) **Rs.24.37 Lakhs**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

Nil

(c) Amount required to be set off for the financial year, if any

Nil

(d) Total CSR obligation for the financial year (7a+7b-7c).

**Rs. 24.37 Lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs. 10.39 Lakhs	Rs.13.98 Lakhs	29 <sup>th</sup> April 2021			

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Name	CSR Registration number.
				State.	District.							
1.	Infrastructure Enhancement Projects	ii.Promoting Education	Yes	TN	Madurai	Two years	50.00 Lakhs	Rs. 10.39 lakhs	Rs 13.98 lakhs	NO; Indirect	KKTCMCT	CSR00003093
2.												
3.												
	TOTAL											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	NIL								
2.									
3.									
	TOTAL								

(d) Amount spent in Administrative Overheads No

(e) Amount spent on Impact Assessment, if applicable No

(f) Total amount spent for the Financial Year Rs. 10.39 lakhs(8b+8c+8d+8e)

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Not applicable
(ii)	Total amount spent for the Financial Year	Not applicable
(iii)	Excess amount spent for the financial year [(ii)-(i)]	--
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	--
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	--

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	Not applicable						
2.	--						
3.	--						
	TOTAL						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.	Not applicable							
2.								
3.								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Not applicable  
(asset-wise details).-Nil

- i. Date of creation or acquisition of the capital asset(s):
- ii. Amount of CSR spent for creation or acquisition of capital asset.
- iii. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- iv. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Amount transferred to Unspent CSR Account – VTM Limited for undertaking Ongoing Projects through KKTCMCT:

The Company through its implementing agency Kalaitanthai Karumuttu Thiagaraja Chettiar Memorial Charitable Trust (Trust) bearing CSR Regn No:CSR00003093 had undertaken Ongoing CSR Projects for a period of two years. The Company had transferred a sum of Rs.10.39 Lakhs for the ongoing projects during the year 2020-21 to the Implementing Agency and transferred the unspent amount of Rs.13.98 Lakhs on 29th April, 2021 to an Unspent CSR Account and the same would be utilised for CSR funds within a period of two years for the Ongoing Project undertaken by it.

Sd/-  
(Chief Executive Officer or Managing Director or Director)

Sd/-  
(Chairman CSR Committee).

## **Annexure VIII**

### **Chairman & Managing Director's Certificate**

Annual Certificate under Regulation 34(3) read with Part D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

### **DECLARATION**

As required under Regulation 34(3) read with Part D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board members and Senior Management Personnel of the Company have complied with the Code of Conduct of the Company for the year ended March 31, 2021.

**T. Kannan**

Chairman & Managing Director

### Annexure IX

Compliance Certificate under Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

We, T. Kannan, Chairman and Managing Director and K. Deenadayalan, Chief Financial Officer of the Company certify that -

- A. We have reviewed Financial Statements and Cash Flow Statement for the year ended 31.3.2021, and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify those deficiencies.
- D. We have indicated to the Auditors and the Audit Committee that:
- (i) there are no significant changes in internal control over financial reporting during the year.
  - (ii) the company has adopted Indian Accounting Standards (Ind AS) in terms of Companies (Indian Accounting Standards) Rules, 2015 for the current financial year and the same have been disclosed in the notes to the financial statements; and
  - (iii) there are no instances of fraud of which we became aware and the involvement therein if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**T. Kannan**

Chairman & Managing Director

**K. Deenadayalan**

Chief Financial Officer

Date : 29.04.2021

Place : Madurai



## **Annexure X : Remuneration Policy**

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of four Directors of which two are Independent Directors and one Non-Executive Director and Chairperson (Executive) as the Members of the Committee and as such complies with the obligations of the Companies Act, 2013 and the corporate governance requirements of the Listing Agreement with stock exchanges. The Chairperson of this Committee is an Independent Director. The Chairperson of the Board of Directors is a member of this Committee but will not Chair this Committee.

The Committee operates under formal terms of reference which were approved by the Board on April 29, 2014. These terms of reference have been prepared in a manner to generally maintain overall continuity with the nomination and remuneration policies of the company while complying with the Companies Act, 2013 and the Listing Agreements with stock exchanges.

### **Role and Responsibilities**

The Committee's foremost priorities are to ensure that the Company has the best possible leadership and maintains a clear plan for both Executive and Non-Executive Director succession. The Committee also reviews Senior Management succession. Its prime focus is therefore on the strength of the Board and the Senior Management team and ensuring that appointments are made on merit, against objective criteria, selecting the best candidate for the post. The Committee advises the Board on the appointments, retirements and resignations from the Board and its Committees. It also advises the Board on similar changes to the Senior Management of the Company.

The Committee and its members are empowered to obtain outside legal or other independent professional advice, at the cost of the Company, in relation to its deliberations and to secure the attendance at its meetings of any employee or other parties it considers necessary.

### **Criteria for appointments and independence of Directors**

When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee will draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements. The Company believes that diversity underpins the successful operation of an effective Board and embraces diversity as a means of enhancing the business.

The recruitment process then focuses on appointing candidates who meet the criteria, who have the relevant professional knowledge, professional qualifications and experience. Successful candidates are likely to have demonstrable leadership qualities and interpersonal communication skills, act with integrity and have international business exposure.

Care is taken to ensure that all proposed appointees have sufficient time available to devote to the role, are compliant with the rules, policies and values of our Company and do not have any conflicts of interest.

On appointments or promotions, the Committee will typically use the Remuneration Policy of the Company to determine ongoing remuneration. However, the Committee retains the discretion to make appropriate remuneration decisions outside the Standard Policy to meet specific circumstances.-2-

### **Remuneration Policy**

The overarching philosophy for remuneration within the company is to attract, retain and motivate individuals of the caliber necessary to successfully implement the Company's business strategy. In particular, this means ensuring that incentive plans are appropriate to encourage enhanced performance and to avoid rewarding underperformance. In viewing and setting Company's remuneration policy, the Committee seeks to balance the interests of its employees and those of its stakeholders, to support Company strategy and foster a high performance culture, where a meaningful portion of remuneration is performance linked.

### **Remuneration Policy for Managing Director:**

An appropriate level of remuneration may be set to ensure that the Company can appoint Managing Director of the necessary skill and experience by offering him market competitive remuneration reflecting his individual experience, role and contribution. The appointment may be for a tenure of such years from the date of his appointment not exceeding the period in terms of Section 196 and as prescribed under Schedule V to the Companies Act, 2013. The individual's performance will be reviewed annually by the Nomination and Remuneration Committee and recommended to the Board enabling it to decide the remuneration payable to the Managing Director.

The total remuneration package may be designed to provide an annual remuneration payable by way of commission and other perquisites as decided by the Board of Directors however, not exceeding 5% of the net profits of the company computed in accordance with the provisions of Section 198 of the Companies Act, 2013 and as determined by the Board of Directors of the Company for each financial year within the maximum permissible limit. Further, in the event of his being Managing Director in any other company, such remuneration shall not exceed the higher maximum limit admissible from any one of these companies, in terms of Schedule V to the Companies Act, 2013.

The Managing Director is not entitled to sitting fees for attending meetings of the Board or the Committees where he will be the Chairman/Member. He is entitled to have Chairman's Office at his convenience at Company's expenses.

### **Remuneration Policy for Non-Executive Directors**

Non-Executive Directors are entitled to sitting fees for attending meetings of the Board or its Committees at rates which are within the limits prescribed under the Companies Act, 2013. They are also entitled to commission on net profits, as determined by the Board from time to time, not exceeding 1% of the net profits of the Company for that year. The level of remuneration is set to attract and retain Non-Executive Directors of the necessary skill and experience by offering them market competitive remuneration.

Non-Executive Directors do not participate in Board discussions which relate to their own remuneration. They receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other ad hoc meetings.

None of the Non-Executive Directors is entitled to receive compensation for loss of office at any time or participate in any retirement plans. -3-

Non-Executive Independent Directors are appointed in compliance with the provisions of the Companies Act, 2013 and must adhere to the Code for Independent Directors laid down under Schedule IV to the Companies Act, 2013 and retain their independence during the entire tenure of appointment as an Independent Director. The terms of service of Non-Executive Independent Directors are contained in letters of appointment issued to them after their appointment at a general meeting of the Company. The current policy for Non-Executive Independent Directors of the Company is to serve for a maximum period of two terms of five years each, with review at the end of the first five year term, subject always to mutual agreement and annual performance evaluation.

Remuneration is paid subject to deduction of Income Tax at source and payment of applicable GST.

### **Remuneration to Senior Management Personnel**

Senior Management Personnel include one level below the Managing Director. Accordingly, the Personnel such as Chief Financial Officer, Company Secretary, Vice President / General Manager / Deputy General Manager but not including Administrative Staff. An appropriate level of remuneration is set to ensure that the Company is able to recruit and retain Senior Management with the necessary skills, professional qualifications, experience, international exposure and compliance with the rules and policies of the Company. Market competitive remuneration is offered to individuals reflecting their experience, role and contribution within the Company. The individual's performance is reviewed from time to time with changes in remuneration normally. In considering any increase in base salary, the Committee will mainly consider the role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. Total remuneration package is designed to provide an appropriate balance between fixed and variable components with a focus on long term variable pay so that strong performance is incentivised but without encouraging excessive risk taking.

Remuneration arrangements of Senior Management Personnel consist of the same elements as those of other employees i.e. Basic Salary, HRA and other allowances, retirement benefits (i.e. Provident Fund and Gratuity as per the Company's Schemes applicable to all employees) and perquisites as per Rules of the Company applicable to all employees according to their seniority including insurance, car and fuel perquisites.

As applicable to all employees, Senior Management Personnel are entitled to avail themselves of 30 days leave in a year and unavailed leave can be accumulated as per the rules of the Company up to a maximum of 30 days.

## **INDEPENDENT AUDITORS' REPORT**

To the Members of VTM Limited

### **Report on the audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of VTM Limited (“the Company”), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended as on that date.

#### **Basis for opinion**

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

#### **Key audit matters**

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

In our opinion and based on the information and explanations given to us, there are no other key audit matters to be communicated in our report, other than those more fully described in the Emphasis of

Matters paragraph of our report which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management.

### **Principal Audit Procedures**

We assessed the Company's process to identify, assess, and respond to risks of material misstatement considering the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results for the year under consideration

- As part of the evaluation of whether sufficient appropriate audit evidence has been obtained, we have evaluated the appropriateness of our initial risk assessments and revises previous risk assessments in light of the COVID-19 crisis for certain financial statement areas, including disclosures
- We have considered the impact on the processes and controls that may be affected by necessary changes to business processes in light of circumstances such as travel restrictions, or as a result of remote working arrangements.
- We have designed, performed new procedures and modified previously planned audit procedures as a result of the necessity for carrying out the audit procedures remotely, including verification of the source and completeness of data provided for audit. This includes performing alternative audit procedures to obtain audit comfort in respect of significant account balances for recognition, measurement and disclosures.
- We have audited the management's estimates required in the financial statements, including, but not limited to, estimates related to expected credit loss, inventory obsolescence, impairment analyses by checking the reasonableness of underlying assumptions in making those key estimates. We specifically discussed the impact of COVID-19 with the management and critically challenged the key assumptions and their reasonableness in making such key accounting estimates.
- We have considered the basis of management judgment in determining impact on the financial statements of any subsequent events related to the COVID-19 pandemic, taking into consideration the date of the financial statements, the facts and circumstances pertaining to the entity, and the conditions that existed at, or arose after, that date. As the impacts of the COVID-19 outbreak continue to evolve, including regulatory restrictions/ conditions, capturing events that relate specifically to conditions that existed at the date of the financial statements, or after the date of the financial statements, we have considered all subsequent events and transactions to substantiate our conclusions on the appropriateness of management's assessment of the Covid'19 impact.

- We have carried out a detailed analysis of data and performed additional analytical procedures for validating the management's assessment of impact due to covid'19 related uncertainties.
- We have considered management's adjustments or disclosures which includes the impact of the changes in the environment on the recognition and measurement of account balances and transactions in the financial statements or other specific disclosures.

### **Emphasis of Matter**

We draw attention to the Note 2 of the financial statement which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

### **Other Matters**

Further to the continuous spreading of COVID -19 across India. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the major portion of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

### **Information other than the financial statements and auditors' report thereon**

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

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

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

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

### **Management's responsibility for the financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditors' responsibilities for the audit of the financial statements**

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 44 to the financial statements;
  - b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

(CHINNSAMY GANESAN)  
Partner  
Membership No. 027501  
UDIN: 21 027501 AAAACLI 050

Place: Chennai  
Date: April 29, 2021

## **Annexure “A” to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the members of VTMLimited of even date)

1. In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

- © According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company.

- 2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.
- 4. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security to which the provision of section 185 of the companies Act are applicable.

In respect of investments made by the Company and loans given to parties other than those covered in Section 185 of the Act, the Company had complied with the provisions of section 186 of the Companies Act, 2013.

5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and accordingly, paragraph 3 (v) of the order is not applicable.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.
7. According to the information and explanations given to us, in respect of statutory dues:
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

- (b) Details of dues of income tax, sales tax, service tax, excise duty, value added tax and goods and service tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
TN VAT Act	Penalty	1,60,568	2001-02	STAT, Tamil Nadu
Income tax	Income Tax*	2,60,13,380	2017-18	CIT (Appeal), Madurai

\* net of taxes paid under protest

8. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to its bankers during the year. According to the information and explanations given to us, the company has no outstanding dues to any financial institutions or any government or any debenture holders during the year.

9. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and accordingly, Paragraph 3 (xii) of the order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the order is not applicable.
16. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

(CHINNSAMY GANESAN)  
Partner  
Membership No. 027501  
UDIN: 21 027501 AAAACLI 050

Place: Chennai  
Date: April 29, 2021

## **Annexure “B” to the Independent Auditor's Report**

(Referred to in paragraph 2 (f) under 'Report on other legal and regulatory requirements' section of our report to the Members of VTM Limited of even date)

Report on the internal financial controls over financial reporting under clause (i) of sub- section 3 of section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of VTM Limited (“the Company”) as at March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's responsibility for internal financial controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

### **Meaning of internal financial controls over financial reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management of override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion and according to the information and explanations given to us, the Company has, in all



material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other matters**

We bring to the attention of the users that the audit of the internal financial control system over financial reporting and the operating effectiveness of such internal financial controls over financial reporting has been performed remotely in the conditions morefully explained in the Other Matters Paragraph of our Independent Audit Report on the audit of the Financial Statements.

Our opinion on the internal financial control system over financial reporting is not modified in respect of the above.

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

(CHINNSAMY GANESAN)  
Partner  
Membership No. 027501  
UDIN: 21 027501 AAAACLI 050

Place: Chennai  
Date: April 29, 2021

## Balance Sheet as at March 31, 2021

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

	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	4	9,775.35	9,484.89
Capital work in progress	5	291.64	8.86
Right of use asset	4	145.08	109.70
Financial assets			
Investments	6	2,726.64	2,063.48
Loans	7	403.33	403.39
Other financial assets	8	80.98	147.73
Total non-current assets		<b>13,423.02</b>	<b>12,218.05</b>
Current assets			
Inventories	9	2,422.25	3,033.38
Financial assets			
Investments	10	5,793.31	5,830.74
Trade receivables	11	1,718.16	1,657.75
Cash and cash equivalents	12	165.74	71.90
Bank balances other than above	13	87.02	101.81
Loans and advances	14	812.32	558.22
Other current assets	15	212.77	56.13
Current tax assets (net)	16	252.18	218.62
Total current assets		<b>11,463.75</b>	<b>11,528.55</b>
Total Assets		<b>24,886.77</b>	<b>23,746.60</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	17	402.28	402.28
Other equity	18	21,507.03	19,936.15
Total equity		<b>21,909.31</b>	<b>20,338.43</b>
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	593.61	642.65
Lease Liability	20	31.59	-
Other financial liabilities	21	3.25	2.95
Deferred Tax Liabilities (net)	22	1,003.42	935.51
Long Term Provisions	23	110.61	113.80
Other non current liabilities	24	106.62	123.04
Total non-current liabilities		<b>1,849.10</b>	<b>1,817.95</b>
Current liabilities			
Financial liabilities			
Trade payables	25		
(a) total outstanding dues of micro enterprises and small enterprises		0.03	6.82
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		171.33	871.02
Lease Liability	26	7.42	-
Other financial liabilities	27	2.18	2.18
Short Term Provisions	28	15.77	20.36
Other current liabilities	29	931.63	689.84
Total current liabilities		<b>1,128.36</b>	<b>1,590.22</b>
Total liabilities		<b>2,977.46</b>	<b>3,408.17</b>
Total Equity and Liabilities		<b>24,886.77</b>	<b>23,746.60</b>

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors

T. Kannan  
Chairman & Managing Director  
DIN: 00040674

RM. Somasundaram  
Director  
DIN : 00071510

K Deenadayalan  
Chief Financial Officer

S. Paramasivam  
Company Secretary

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

Chinnamy Ganesan  
Partner  
Membership No.027501  
UDIN: 21027501AAAACK8042

## Statement of profit and loss for the year ended March 31, 2021

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

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Continuing Operations</b>			
<b>A Income</b>			
Revenue from operations	30	14,263.16	16,053.46
Other income	31	451.69	868.55
<b>Total income</b>		<b>14,714.85</b>	<b>16,922.01</b>
<b>B Expenses</b>			
Cost of materials consumed	32	9,429.92	10,982.20
Changes in inventories of work-in-progress, stock in trade and finished goods	33	315.96	(104.93)
Employee Benefits Expense	34	977.05	1,184.77
Finance costs	35	84.70	109.74
Depreciation and amortisation expense	36	765.90	763.13
Other expenses	37	1,906.48	2,350.35
<b>Total expenses</b>		<b>13,480.01</b>	<b>15,285.26</b>
<b>C Profit before exceptional items and tax</b>		<b>1,234.84</b>	<b>1,636.75</b>
Exceptional items		-	-
<b>D Profit/ (Loss) before tax from continuing operations</b>		<b>1,234.84</b>	<b>1,636.75</b>
Income tax expense			
Current tax		265.27	308.90
Current Tax adjustment to earlier years		-	(19.67)
Deferred tax charge/ (credit)		(9.20)	137.13
<b>Profit for the year</b>		<b>978.77</b>	<b>1,210.39</b>
<b>E Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		13.43	(8.29)
Fair value gain on equity instruments		655.79	241.07
Income tax adjustment relating to these items		(77.11)	18.15
<b>Other comprehensive income for the year, net of tax</b>		<b>592.11</b>	<b>250.93</b>
<b>Total comprehensive Income for the year</b>		<b>1,570.88</b>	<b>1,461.32</b>
<b>Earnings per share</b>			
Basic earnings per share		2.43	3.01
Diluted earnings per share		2.43	3.01

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors

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

T. Kannan  
Chairman & Managing Director  
DIN: 00040674

RM. Somasundaram  
Director  
DIN : 00071510

Chinnsamy Ganesan  
Partner  
Membership No.027501  
UDIN : 21027501AAAACK8042

K Deenadayalan  
Chief Financial Officer

S. Paramasivam  
Company Secretary

Place : Kappalur, Madurai  
Date : April 29, 2021

## Statement of cash flows for the year ended March 31, 2021

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flow From Operating Activities		
Profit before income tax	1,234.84	1,636.75
Adjustments for		
Depreciation and amortisation expense	765.90	763.13
(Profit)/ Loss on sale of fixed asset	(24.94)	(226.30)
(Profit)/ Loss on sale of investment	(184.51)	(55.69)
Deferred Income recognised for government grant	(13.96)	(55.82)
Finance costs	84.70	109.74
Fair value changes of investments considered to profit and loss	(156.06)	(311.31)
Interest income	(44.60)	(84.99)
Dividend income	(0.02)	(93.30)
Allowance on expected credit loss	(2.41)	-
	<u>1,658.94</u>	<u>1,682.21</u>
Change in operating assets and liabilities		
(Increase)/ decrease in loans and advances	(254.04)	(87.64)
(Increase)/ decrease in other financial assets	66.75	(21.86)
(Increase)/ decrease in other assets	(154.23)	102.48
(Increase)/ decrease in inventories	611.13	(228.90)
(Increase)/ decrease in trade receivables	(60.41)	746.39
Increase/ (decrease) in provisions and other liabilities	260.58	93.78
Increase/ (decrease) in trade payables	(706.48)	695.71
Cash generated from operations	<u>1,422.24</u>	<u>2,982.17</u>
Less : Income taxes paid (net of refunds)	<u>(289.02)</u>	<u>(473.48)</u>
Net cash from operating activities (A)	<u>1,133.22</u>	<u>2,508.69</u>
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(1,398.25)	(1,640.27)
Sale proceeds of PPE (including changes in CWIP)	49.17	284.39
(Purchase)/ disposal proceeds of Investments (non-current)	(7.37)	-
(Purchase)/ disposal proceeds of Investments (current)	378.00	(772.43)
(Investments in)/ Maturity of fixed deposits with banks	14.79	(22.55)
Dividend income	0.02	93.30
Interest income	44.60	84.99
Net cash used in investing activities (B)	<u>(919.04)</u>	<u>(1,972.57)</u>
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	(18.24)	138.89
Proceeds from government grants	(38.35)	104.68
Finance costs	(63.75)	(109.74)
Dividend paid	-	(872.94)
Net cash from/ (used in) financing activities (C)	<u>(120.34)</u>	<u>(739.11)</u>
Net decrease in cash and cash equivalents (A+B+C)	93.84	(202.99)
Cash and cash equivalents at the beginning of the financial year	71.90	274.89
Cash and cash equivalents at end of the year	<u>165.74</u>	<u>71.90</u>

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".

2. Components of cash and cash equivalents

Balances with banks		
- in current accounts	161.21	71.28
Cash on hand	<u>4.53</u>	<u>0.62</u>
	<u>165.74</u>	<u>71.90</u>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For CNGSN & ASSOCIATES LLP

Chartered Accountants

(Firm Registration No.004915S/ S200036)

For and on behalf of the Board of Directors

T. Kannan  
Chairman & Managing Director  
DIN: 00040674

RM. Somasundaram  
Director  
DIN : 00071510

Chinnamy Ganesan  
Partner

K Deenadayalan  
Chief Financial Officer

S. Paramasivam  
Company Secretary

Membership No.027501  
UDIN : 21027501AAACK8042

Place : Kappalur, Madurai

Date : April 29, 2021

## Statement of Changes in Equity for the year ended March 31, 2021

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

### (A) Equity Share Capital

Balance at the end of March 31, 2019	402.28
Changes in equity share capital during the year	-
Balance at the end of March 31, 2020	402.28
Changes in equity share capital during the year	-
Balance at the end of March 31, 2021	402.28

### (B) Other Equity

Particulars	General Reserve	Other Comprehensive Income	Retained Earnings	Total
Balance as at April 01, 2019	16,725.66	1,769.79	852.32	19,347.77
Dividend paid	-	-	(872.94)	(872.94)
Additions/ (Deductions) during the year	351.00	-	(351.00)	-
Total Comprehensive Income for the year	-	250.93	1,210.39	1,461.32
Balance as at March 31, 2020	17,076.66	2,020.72	838.77	19,936.15
Dividend paid	-	-	-	-
Additions/ Deductions during the period	500.00	(13.43)	(486.57)	-
Total Comprehensive Income for the period	-	592.11	978.77	1,570.88
<b>Balance as at March 31, 2021</b>	<b>17,576.66</b>	<b>2,599.40</b>	<b>1,330.97</b>	<b>21,507.03</b>

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors

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

T. Kannan  
Chairman & Managing Director  
DIN: 00040674

RM. Somasundaram  
Director  
DIN : 00071510

Chinnsamy Ganesan  
Partner  
Membership No.027501  
UDIN : 21027501AAAACK8042

K Deenadayalan  
Chief Financial Officer

S. Paramasivam  
Company Secretary

Place : Kappalur, Madurai  
Date : April 29, 2021

## Notes to Financial Statements for the year ended March 31, 2021

### 1 Corporate Information

VTM Limited was established in 1946 with the founding principles of setting standards in weaving by ensuring that the best of weaving technology was always available. Today, the Company is well-established with unique capabilities that allows to cater to exotic constructions in weaving. It has also expanded the capabilities to include special weaves and combinations. 255 state-of-the-art looms take pride of place in the manufacturing unit. 80 Sulzer machines, 06 Rapier leno looms, 163 Air jets and 06 Jacquard machines work in tandem to produce 1.7 million meters of fabric every month. It is also equipped with adequate equipment to cater to special fabric manufacturing in fine counts and complex specifications.

### 2 Basis of preparation of financial statements

#### Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company

continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

### **Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on April 29, 2021

## **2A Critical accounting estimates and management judgments**

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### **Property, Plant and Equipment (PPE)**

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

### **Current tax**

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

**Deferred Tax Assets**

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Impairment of Trade Receivables**

The impairment assessment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

**Impairment of Non-financial assets (PPE)**

The impairment assessment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

**Defined Benefit Plans and Other long term employee benefits**

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

### **Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## **2B Recent accounting pronouncements**

### **Amendments to Schedule III to the Companies Act, 2013**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### **Balance Sheet**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used

- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

### **Statement of Profit and Loss**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the standalone financial statements

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law

## **3 Significant Accounting Policies**

- a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 3 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

#### c) Revenue Recognition

##### Sale of goods

Revenue from sale of goods is recognised as and when the Company satisfies performance obligations by transferring control of the promised goods to its customers. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company does not have any non-cash consideration

Revenue is measured at the transaction price received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.

#### Sale of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract

#### Power Generation

Power generated from windmills that are covered under wheeling and banking arrangement with the State Electricity Board/ Electricity Distribution Companies are consumed at factories. The monetary values of such power generated that are captively consumed are not recognised as revenue.

#### Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### Sale of scrap

Scrap sale is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods including excise duty excluding applicable taxes on sale.

#### Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### Rental Income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease as per Ind AS 116.

#### Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

d) Property, plant and equipment and capital work in progress

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material/ significant components have been identified for our plant and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a written down value method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### f) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

- (i) Raw materials, packing materials and consumables: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- (ii) Work-in-process and intermediates: At material cost, conversion costs and appropriate share of production overheads
- (iii) Finished goods: At material cost, conversion costs and an appropriate share of production overheads. Excise Duty is exempted on finished grey goods.

#### g) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

### **Financial assets**

#### Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).



However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### **Debt instrument at FVTPL**

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given to employees and others, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

## Derecognition

A financial asset is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables or contract revenue receivables; and

All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation of ECL for various financial instruments is described below:

Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

### **Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

### **Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

### **Derivatives fair valued through profit or loss**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to

initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the profit or loss
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **h) Foreign currency transactions and translations**

### **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

### **i) Borrowing Costs**

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

#### j) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income

#### k) Taxes

##### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



## **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **1) Retirement and other employee benefits**

#### **Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### **Defined contribution plans**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### **Defined benefit plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

### **Compensated absences**

As per the policy of the Company, compensated absences are not entitled to be carried forward to the subsequent financial year and lapse at the end of the reporting period. Accordingly, no liability towards compensated absences are recognised in these financial statements.

### **Other long term employee benefits**

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

## **m) Leases**

### **Accounting policy applied till March 31, 2019**

#### **As a lessee**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Operating lease payments are recognised on a straight line basis over the lease term in the consolidated statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### **As a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Lease income from operating leases are recognised in income on a straight-line basis over the period of the lease term

### **Accounting policy applied from April 01, 2019**

The Company has adopted Ind AS 116 "Leases" as notified by MCA as on March 30, 2019. The MCA via this notification requires all entities to apply Ind AS 116 from Accounting period April 01, 2019. The entity has elected the "modified retrospective" approach for adopting Ind AS 116 and hence the comparative information relating to prior years will not be restated.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

#### **As a lessee**

##### **a)Initial measurement**

Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid. Right-of-use asset is recognized and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of restoration costs and any initial direct costs incurred by the lessee.

##### **b)Subsequent measurement**

The lease liability is measured in subsequent periods using the effective interest rate method. Right-of-use asset is depreciated in accordance with requirements in Ind AS 16, Property, Plant and equipment. The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs. 128.14 lakhs has been reclassified from property, plant and equipment to right-of-use assets.

#### **As a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

**n) Impairment of non financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**o) Provisions, contingent liabilities and contingent asset**

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

### **Contingent assets**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

#### **p) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

#### **q) Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

#### **r) Earnings per share**

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

### Notes to Financial Statements for the year ended March 31, 2021

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

#### 4 Property, plant and equipment

Particulars	Tangible Assets						ROU Asset		Total
	Land - Freehold	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Total	Land - Leasehold	
Cost as at April 1, 2019	3,487.37	1,239.54	4,122.48	52.04	65.86	20.57	8,987.86	128.14	9,116.00
Additions	-	95.62	1,544.44	6.54	7.37	1.87	1,655.84	-	1,655.84
Disposals	-	(3.81)	(101.85)	-	(3.37)	-	(109.03)	-	(109.03)
Cost as at March 31, 2020	3,487.37	1,331.35	5,565.07	58.58	69.86	22.44	10,534.67	128.14	10,662.81
Additions	-	245.52	815.73	-	12.59	-	1,073.84	41.63	1,115.47
Disposals	-	-	(23.34)	-	(0.23)	(0.16)	(23.73)	-	(23.73)
<b>Cost as at March 31, 2021</b>	<b>3,487.37</b>	<b>1,576.87</b>	<b>6,357.46</b>	<b>58.58</b>	<b>82.22</b>	<b>22.28</b>	<b>11,584.78</b>	<b>169.77</b>	<b>11,754.55</b>
Depreciation as at April 1, 2019	-	158.64	185.62	9.85	(4.81)	6.74	356.04	-	356.04
Charge for the year	-	52.76	667.47	4.88	14.14	5.43	744.68	18.44	763.12
Disposals	-	(0.73)	(47.33)	-	-	(2.88)	(50.94)	-	(50.94)
Depreciation as at March 31, 2020	-	210.67	805.76	14.73	9.33	9.29	1,049.78	18.44	1,068.22
Charge for the year	-	54.06	679.71	8.40	14.46	3.02	759.65	6.25	765.90
Disposals	-	-	-	-	-	-	-	-	-
<b>Depreciation as at March 31, 2021</b>	<b>-</b>	<b>264.73</b>	<b>1,485.47</b>	<b>23.13</b>	<b>23.79</b>	<b>12.31</b>	<b>1,809.43</b>	<b>24.69</b>	<b>1,834.12</b>
Net Block									
As at March 31, 2020	3,487.37	1,120.68	4,759.31	43.85	60.53	13.15	9,484.89	109.70	9,594.59
As at March 31, 2021	3,487.37	1,312.14	4,871.99	35.45	58.43	9.97	9,775.35	145.08	9,920.43

## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
5 Capital Work-in-progress		
Capital work in progress	291.64	8.86
	<u>291.64</u>	<u>8.86</u>
6 Non-current investments		
Investment in other companies at FVTOCI		
Quoted		
Multi Commodity Exchange of India Ltd [69 (previous year 69) equity shares of Rs.10 each fully paid]	1.04	0.78
Unquoted *		
Thiagarajar Mills Private Limited	2,704.89	2,042.74
[70,140 (previous year : 70,140) equity shares of Rs.10 each fully paid]		
Colour Yarns Limited	14.23	14.66
[106,000 (previous year 106,000) equity shares of Rs.10 each fully paid]		
Integrated Hi-Tech Limited	0.19	0.20
[1,800 (previous year 1,800) equity shares of Rs.10 each fully paid]		
Telesys Software Limited	3.14	3.12
[19,000 (previous year 19,000) equity shares of Rs.10 each fully paid]		
SIMA Textile Processing Centre Ltd	1.98	1.98
[19,840 (19,840) equity shares of Rs.10 each fully paid]		
OPG Power Generation Pvt.Ltd	1.17	-
10,200 (previous year Nil) equity shares of Rs.10.00 each fully paid]		
	<u>2,726.64</u>	<u>2,063.48</u>
7 Non-current Loans (at amortised cost)		
Secured - considered good	-	-
Unsecured - considered good		
Other Loans	403.33	403.39
Loans which have significant increase in credit risk	-	-
Loans - Credit impaired	-	-
	<u>403.33</u>	<u>403.39</u>
8 Other non-current financial assets		
In fixed deposits (Maturing after 12 months from end of the reporting period)	2.05	1.93
Secured - considered good	-	-
Unsecured - considered good		
Capital Advances	-	7.59
Security deposits	78.93	138.21
Loans and receivables which have significant increase in credit risk	-	-
Loans and receivables - Credit impaired	-	-
	<u>80.98</u>	<u>147.73</u>



## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
9 Inventories		
Raw Materials - Yarn	611.53	923.75
Work-in-progress		
Yarn	444.30	500.90
Cloth	71.23	32.36
Finished Products		
Cloth	1,135.65	1,424.81
Waste	1.23	10.30
Stores and spares	158.30	141.25
Loose tools	0.01	0.01
	<u>2,422.25</u>	<u>3,033.38</u>
10 Current Investments		
Investments carried at fair value through profit or loss		
Investment in Mutual Funds - Quoted		
SBI Magnum Ultra Fund	-	2,880.71
Aditya Birla Sun Life Low Duration Fund	-	2,282.18
ICICI Prudential Equity Mutual Fund	3,528.86	-
Nippon India Ultra Low Duration Fund	340.40	667.85
Nippon India Dynamic Bond Fund	703.03	-
Nippon India Floating Rate Fund	508.81	-
ICICI Prudential Floating Interest Fund	712.21	-
	<u>5,793.31</u>	<u>5,830.74</u>
11 Trade receivables		
Secured - considered good	-	-
Unsecured, considered good	1,718.16	1,657.75
Trade receivable which have significant increase in credit risk	-	-
Trade Receivables - Credit impaired	-	-
	<u>1,718.16</u>	<u>1,657.75</u>
Less: Allowance for expected credit loss	<u>-</u>	<u>-</u>
	<u>1,718.16</u>	<u>1,657.75</u>
12 Cash and cash equivalents		
Cash on Hand	4.53	0.62
Balances with Banks		
- In current accounts	161.21	71.28
	<u>165.74</u>	<u>71.90</u>

## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
13 Other bank balances		
In ear-marked accounts		
- Unpaid dividend accounts	<u>87.02</u>	<u>101.81</u>
	<u>87.02</u>	<u>101.81</u>
14 Current financial assets - Loans and Advances		
Secured - considered good	-	-
Unsecured - considered good		
Balances with government authorities:	796.64	551.58
Loans and advances - other than related parties	15.68	6.64
Loans and advances which have significant increase in credit risk	-	-
Loans and advances Credit impaired	<u>12.30</u>	<u>10.52</u>
	<b>824.62</b>	<b>568.74</b>
Less: Allowance for expected credit loss	<u>(12.30)</u>	<u>(10.52)</u>
	<u>812.32</u>	<u>558.22</u>
15 <b>Other current assets</b>		
(Unsecured, considered good)		
Advance to suppliers	177.84	25.14
Prepaid expenses	31.06	30.99
Interest receivable	1.46	-
Forward contract receivable	2.41	-
	<u>212.77</u>	<u>56.13</u>
16 Current tax assets		
Advance income tax (net of provision for tax)	<u>252.18</u>	<u>218.62</u>
	<u>252.18</u>	<u>218.62</u>
17 Capital		
Authorised Share Capital		
10,00,00,000 (Previous year 10,00, 00,000) Equity shares of Re. 1 each	<u>1,000.00</u>	<u>1,000.00</u>
	<u>1,000.00</u>	<u>1,000.00</u>
Issued Share Capital		
4,02,27,600 (Previous year 4,02,27,600) Equity shares of Re. 1 each	<u>402.28</u>	<u>402.28</u>
	<u>402.28</u>	<u>402.28</u>
Subscribed and fully paid up share capital		
4,02,27,600 (Previous year 4,02,27,600) Equity shares of Re. 1 each	<u>402.28</u>	<u>402.28</u>
	<u>402.28</u>	<u>402.28</u>

## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
<b>Notes:</b>		
1) Reconciliation of number of equity shares subscribed		
Balance as at the beginning of the year	4,02,27,600	4,02,27,600
Add: Issued during the year	-	-
Balance at the end of the year	<u>4,02,27,600</u>	<u>4,02,27,600</u>

2) The Company has no Holding or Subsidiary Companies.

3) During the last five years immediately preceding the date of Balance Sheet, the Company has neither issued any shares as bonus shares nor for consideration other than cash and has not bought back any shares.

4) The Company had split its Rs. 10/- paid up shares into Re. 1/- paid up shares in October 2012.

5) Rights, preferences and restrictions in respect of equity shares issued by the Company

a. The company has issued only one class of equity shares having a par value of Re.1 each. The equity shares of the company having par value of Re.1/-rank pari-passu in all respects including voting rights and entitlement to dividend.

b. The Company declares dividend on equity shares. In the event of declaration of interim dividend, the same is as per the decision of the Board of Directors. Final dividend is proposed by Board of Directors and approved by the shareholders of the Company at the Annual General Meeting.

c. In the event of liquidation, shareholders will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholder.

6) Shareholders holding more than 5% of the total share capital

Name of the share holder	March 31, 2021		March 31, 2020	
	No. of shares held	% of holding	No. of shares held	% of holding
T.Kannan, Partner, Guruvayoorappan Investments	75,20,000	18.69	75,20,000	18.69
T.Kannan, Partner, Avittam Investments	75,00,000	18.64	75,00,000	18.64
T.Kannan, Partner, Karumuttu Investments	61,90,000	15.39	61,90,000	15.39
M/s. Thiagarajar Mills Private Limited	26,78,000	6.66	26,78,000	6.66

18 Other Equity

General Reserve	17,576.66	17,076.66
Other Comprehensive Income	2,599.40	2,020.72
Profit and Loss Account	1,330.97	838.77
	<u>21,507.03</u>	<u>19,936.15</u>

a) General reserve

Balance at the beginning of the year	17,076.66	16,725.66
Additions during the year	500.00	351.00
Balance at the end of the year	<u>17,576.66</u>	<u>17,076.66</u>

## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
b) Other comprehensive income		
Balance at the beginning of the year	2,020.72	1,769.79
Additions during the year	592.11	250.93
Deductions/ Adjustments during the year	<u>(13.43)</u>	<u>-</u>
Balance at the end of the year	<u>2,599.40</u>	<u>2,020.72</u>
c) Profit and loss account		
Balance at the beginning of the year	838.77	852.32
Net profit for the year	978.77	1,210.39
Dividend paid and the taxes thereon	-	(872.94)
Transfer from Other Comprehensive Income	13.43	-
Transfer to General Reserve	<u>(500.00)</u>	<u>(351.00)</u>
Balance at the end of the year	<u>1,330.97</u>	<u>838.77</u>
19 Non-Current Liabilities - Financial Liabilities: Borrowings		
Secured		
From Banks **	<u>593.61</u>	<u>642.65</u>
	<u>593.61</u>	<u>642.65</u>
** Terms of loan and security details		
1) Term loan - I availed from Exim Bank of India by securing first charge on the specific assets procured under ATUF Scheme - repayable in 5 years on half yearly basis, commencing from December 2016.		
2) Term loan - II availed from Exim Bank of India by securing first charge on the specific assets procured under ATUF Scheme - repayable in 5 years on half yearly basis, commencing from September 2018.		
3) Term loan availed from HDFC Bank by securing first charge on the specific assets procured under ATUF Scheme - repayable in 5 years on quarterly basis, commencing from December 2019.		
20 Lease Liability		
Lease Liability	<u>31.59</u>	<u>-</u>
	<u>31.59</u>	<u>-</u>
21 Other non-current financial liabilities		
Lease rent advance	<u>3.25</u>	<u>2.95</u>
	<u>3.25</u>	<u>2.95</u>
22 Deferred Tax Liability		
On fixed assets	736.23	705.52
Remeasurement of financial assets	<u>306.74</u>	<u>294.73</u>
	<u>1,042.97</u>	<u>1,000.25</u>

## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Asset</b>		
Gratuity	42.81	54.57
On others	(3.26)	10.17
	<u>39.55</u>	<u>64.74</u>
Net deferred tax liability	1,003.42	935.51
	<u>1,003.42</u>	<u>935.51</u>
23 Long term Provisions		
Provision for gratuity	110.61	113.80
	<u>110.61</u>	<u>113.80</u>
24 Other non current liabilities		
Deferred Income from government grant	20.95	34.91
Lease prepayment liability	85.67	88.13
	<u>106.62</u>	<u>123.04</u>
25 Trade payables		
Total outstanding dues of micro enterprises and small enterprises	0.03	6.82
Total outstanding dues of creditors other than micro enterprises and small enterprises	171.33	871.02
	<u>171.36</u>	<u>877.84</u>
26 Lease Liability		
Lease Liability	7.42	-
	<u>7.42</u>	<u>-</u>
27 Other current financial liabilities		
Security Deposits	2.18	2.18
	<u>2.18</u>	<u>2.18</u>
28 Provisions		
Provision for gratuity	15.77	20.36
	<u>15.77</u>	<u>20.36</u>
29 Other current liabilities		
Current maturities of long-term debts	391.44	360.64
Creditor for capital goods	53.48	26.16
Unpaid dividends	87.02	101.81
Statutory dues payable	102.50	14.25
Employee payables	64.97	55.82
Advance from Customers	68.46	61.20
Advance for sale of capital assets	104.80	-
Remuneration payable to Chairman and MD	45.00	56.00
Deferred Income from Government Grant	13.96	13.96
	<u>931.63</u>	<u>689.84</u>

## Notes to Financial Statements for the year ended March 31, 2021

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
30 Revenue from operations		
<b>Sale of Products</b>		
Cloth	13,696.31	15,468.63
Yarn and cloth waste	295.03	229.58
	<u>13,991.34</u>	<u>15,698.21</u>
<b>Sale of Services</b>		
Conversion Charges	61.48	38.98
<b>Other Operating Revenue</b>		
Foreign exchange gain (net)	73.82	102.93
Duty drawback	136.52	213.34
	<u>14,263.16</u>	<u>16,053.46</u>
31 Other income		
Interest Income	44.60	84.99
Dividend Income	0.02	93.30
Income on fair valuation of investment in mutual funds	156.06	311.31
Profit on sale of fixed assets	24.94	226.30
Profit on sale of Investments	184.51	55.69
Income from government grant	13.96	55.82
Other non operating income	27.60	41.14
	<u>451.69</u>	<u>868.55</u>
32 Cost of materials consumed - Yarn		
Opening stock	923.75	817.28
Add : Purchases	9,117.70	11,088.67
Less : Closing Stock	611.53	923.75
	<u>9,429.92</u>	<u>10,982.20</u>
33 Changes in inventories of work-in-progress, stock in trade and finished goods		
Opening stock of		
Work-in-progress		
Yarn	500.90	432.49
Cloth in Process	32.36	97.63
Finished goods		
Cloth	1,424.81	1,332.11
Waste	10.30	1.21
	<u>1,968.37</u>	<u>1,863.44</u>

## Notes to Financial Statements for the year ended March 31, 2021

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
Closing stock of		
Work-in-progress		
Yarn	444.30	500.90
Cloth in Process	71.23	32.36
Finished goods		
Cloth	1,135.65	1,424.81
Waste	1.23	10.30
	<u>1,652.41</u>	<u>1,968.37</u>
(Increase)/ Decrease in inventories	<u>315.96</u>	<u>(104.93)</u>
34 Employee benefits expense		
Salaries and wages	807.66	953.90
Contribution to provident and other funds	67.85	75.35
Staff and workmen welfare expenses	101.54	155.52
	<u>977.05</u>	<u>1,184.77</u>
35 Finance Cost		
Interest on Term Loans	63.99	86.31
Other borrowing cost	20.71	23.43
	<u>84.70</u>	<u>109.74</u>
36 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	764.09	744.69
Depreciation of ROU Asset	1.81	18.44
	<u>765.90</u>	<u>763.13</u>
37 Other expenses		
Power and fuel	516.35	715.01
Consumption of stores and spare parts	440.06	594.19
Bleaching and Processing charges - Cloth	82.21	84.32
Rent	8.40	9.81
Repairs to buildings	57.44	77.45
Repairs to machinery	160.91	136.63
Insurance	37.41	49.77
Rates and taxes	15.04	12.73
Payment to Auditors		
- for Statutory Audit and Limited review	7.25	5.00
- for Reimbursement of expenses		2.25
Selling expenses	203.88	181.85
Brokerage expenses	192.72	223.95
Forward contracts cancellation charges	-	31.74
Donations	15.25	0.26
Corporate social responsibility expenditure refer Note 37 (a)	10.00	0.50
Legal and Professional charges	22.63	18.82
Directors sittings fees and travelling expenses	2.28	2.73
Commission to Chairman and Managing Director	45.00	56.00
Miscellaneous expenses	89.65	147.34
	<u>1,906.48</u>	<u>2,350.35</u>

## Notes to Financial Statements for the year ended March 31, 2021

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

	For the year ended March 31, 2021	For the year ended March 31, 2020
37 (a) Expenditure on Corporate Social Responsibility		
i) Gross Amount required to be spent on Corporate Social Responsibility during the year	24.37	24.75
ii) Amount spent during the year on		
a) Construction and/ or acquisition of any asset	-	-
b) Other Purposes other than (i) above	10.00	0.50
	<u>10.00</u>	<u>0.50</u>
iii) Amount unspent during the year*	<u>14.37</u>	<u>24.25</u>
* The company has identified eligible projects and the balance amount will be spent on those projects		
38 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	265.27	308.90
Adjustments for current tax of prior periods	-	(19.67)
<b>Total current tax expense</b>	<u>265.27</u>	<u>289.23</u>
Deferred tax		
Deferred tax adjustments	(9.20)	137.13
<b>Total deferred tax expense/ (benefit)</b>	<u>(9.20)</u>	<u>137.13</u>
<b>Income tax expense</b>	<u>256.07</u>	<u>426.36</u>
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	<u>1,234.84</u>	<u>1,636.75</u>
Income tax expense calculated at 29.120% (2019-20: 29.120%)	359.59	476.62
Effect of expenses/ (income) that are not treated differently for tax purposes	(94.32)	(167.72)
<b>Income tax expense</b>	<u>265.27</u>	<u>308.90</u>
c) <i>Income tax recognised in other comprehensive income</i>		
Deferred tax		
Remeasurement of defined benefit obligation and equity instruments	(77.11)	18.15
<b>Total income tax recognised in other comprehensive income</b>	<u>(77.11)</u>	<u>18.15</u>



## Notes to Financial Statements for the year ended March 31, 2021

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

For the year ended  
March 31, 2021

For the year ended  
March 31, 2020

### d) Movement of deferred tax expense during the year ended March 31, 2021

Deferred tax (liabilities)/ assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income/ Equity	Closing balance
Property, plant, and equipment	(705.52)	(30.71)	-	(736.23)
Expenses allowable on payment basis under the Income Tax Act 1961	54.57	(11.76)	-	42.81
Remeasurement of financial instruments	(294.73)	65.10	(77.11)	(306.74)
Others	10.17	(13.43)	-	(3.26)
	<b>(935.51)</b>	<b>9.20</b>	<b>(77.11)</b>	<b>(1,003.42)</b>
MAT Credit entitlement	-	-	-	-
<b>Total</b>	<b>(935.51)</b>	<b>9.20</b>	<b>(77.11)</b>	<b>(1,003.42)</b>

### Movement of deferred tax expense during the year ended March 31, 2020

Deferred tax (liabilities)/ assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in Other Comprehensive Income/ Equity	Closing balance
Property, plant, and equipment	(608.57)	(96.95)	-	(705.52)
Expenses allowable on payment basis under the Income Tax Act	47.14	7.43	-	54.57
Remeasurement of financial instruments	(255.10)	(57.78)	18.15	(294.73)
Others	-	10.17	-	10.17
	<b>(816.53)</b>	<b>(137.13)</b>	<b>18.15</b>	<b>(935.51)</b>
MAT Credit entitlement	-	-	-	-
<b>Total</b>	<b>(816.53)</b>	<b>(137.13)</b>	<b>18.15</b>	<b>(935.51)</b>

### 39 Earnings per share

Profit for the year attributable to owners of the Company	978.77	1,210.39
Weighted average number of ordinary shares outstanding	4,02,27,600	4,02,27,600
Basic earnings per share (Rs.)	2.43	3.01
Diluted earnings per share (Rs.)	2.43	3.01

### 40 Earnings in foreign currency

FOB value of exports	4,544.80	4,164.34
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### 41 Expenditure in foreign currency (net of withholding tax)

Commission	42.93	63.30
Travelling expenses	-	-
Selling expenses	22.98	30.06
Other expenses	1.70	1.58

**67.61**

**94.94**

## Notes to Financial Statements for the year ended March 31, 2021

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

For the year ended  
March 31, 2021

For the year ended  
March 31, 2020

42 Value of Imports calculated on C.I.F basis		
Components and spare parts	45.06	143.75
Capital goods	745.32	1,006.57
	790.38	1,150.32

43 Value of imported and indigenous Raw Materials and Stores and Spares consumed during the financial year and the percentage of each to the total consumption

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Rs.in Lakhs	Percentage (%)	Rs.in Lakhs	Percentage (%)
Value of raw materials consumed				
Imported	-	-	-	-
Indigenous	9,429.92	100.00	10,982.20	100.00
	9,429.92	100.00	10,982.20	100.00
Value of Stores and Spares Consumed				
Imported	45.06	10.24	143.75	24.19
Indigenous	395.00	89.76	450.44	75.81
	440.06	100.00	594.19	100.00

44 Commitments and contingent liability

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Contingent Liabilities **</b>		
Tax Demands and PF Arrears under dispute	62.37	62.37
Electricity peak hour penalty dispute	3.80	3.80
Tamilnadu VAT dispute	1.60	1.60
Income tax demands	325.17	325.17
Bills discounted	420.35	511.42
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	285.94	285.94

\*\* The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the company is not probable and accordingly, no provision for the same is considered necessary.

45 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under

	As at March 31, 2021	As at March 31, 2020
(a) The principal amount remaining unpaid at the end of the year	0.03	6.82
(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
(c) Interest actually paid under Section 16 of MSMED Act	-	-
(d) Normal Interest due and payable during the year, for delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and remaining unpaid	-	-

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

## Notes to Financial Statements for the year ended March 31, 2021

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

For the year ended  
March 31, 2021

For the year ended  
March 31, 2020

### 46 Operating Segments

The company is engaged in the business of "Textiles" and therefore, has only one reportable segment in accordance with Ind AS 108 'Operating Segments'.

#### Information relating to geographical areas

##### (a) Revenue from external customers

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
India	9,412.08	11,500.63
Rest of the world	4,579.26	4,197.58
<b>Total</b>	<b>13,991.34</b>	<b>15,703.21</b>

##### (b) Non current assets

The manufacturing facilities of the Company are situated in India and no non-current assets are held outside India.

##### (c) Information about major customers

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Number of external customers each contributing more than 10% of total revenue	4	-
Total revenue from the above customers	2,604.81	-

### 47 Leases

#### As Lessor

The Company has entered into operating lease arrangements for certain surplus facilities. The leases are non cancellable and may be renewed based on mutual agreement of the parties.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total lease income recognised in the Statement of Profit and Loss	1.00	1.00
Undiscounted lease payments to be received for the		
First 5 years	5.00	5.00
Later than 5 years	29.68	30.68

#### As Lessee

The Company has entered into both operating lease arrangements and finance lease arrangements for certain facilities. Some leases are non cancellable at the option of either party to lease and others are cancellable at the option of the lease. The Lease may be renewed based on mutual agreement of the parties.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Expense relating to leases of low-value assets accounted for applying para 6 of Ind AS 116	8.40	9.81
Right of use asset as on the opening date	109.70	128.14
Additions during the year	41.63	-
Depreciation charge for the year	6.25	18.44
Right of use asset as on March 31, 2021	145.08	109.70
Total Cash outflow for finance lease arrangements	8.40	9.81

### 48 Government Grants

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Duty Drawback on exports	136.52	213.34
Interest subvention of export finance	10.99	13.35
ATUF - Subsidy	38.35	104.68

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

The company has opted for deferred income. Accordingly, government grant is credited to profit or loss on a straight-line basis over the expected life of the related asset and presented within other income

## Notes to Financial Statements for the year ended March 31, 2021

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

### 49 Financial Instruments

#### Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital and other equity reserves attributable to the equity holders.

Categories of Financial Instruments	March 31, 2021	March 31, 2020
<b>Financial assets</b>		
<b>a. Measured at amortised cost</b>		
Loans (non-current)	403.33	403.39
Other non-current financial assets	80.98	147.73
Trade receivables	1,718.16	1,657.75
Cash and cash equivalents	165.74	71.90
Bank balances other than above	87.02	101.81
Loans (current)	812.32	558.22
<b>b. Measured at fair value through other comprehensive income (FVTOCI)</b>		
Investments (non-current)	2,726.64	2,063.48
<b>c. Mandatorily measured at fair value through profit or loss (FVTPL)</b>		
Investments (current)	5,793.31	5,830.74
<b>Financial liabilities</b>		
<b>a. Measured at amortised cost</b>		
Borrowings (non-current)	593.61	642.65
Other non-current financial liabilities	3.25	2.95
Trade payables	171.33	871.02
Other financial liabilities	2.18	2.18
<b>b. Mandatorily measured at fair value through profit or loss (FVTPL)</b>		
Derivative instruments	-	-

#### Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

#### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

## Notes to Financial Statements for the year ended March 31, 2021

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2021 (all amounts are in equivalent Rs. in lakhs)

Particulars	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
Trade receivables	-	-	-	234.13	-	234.13	234.13

As on March 31, 2020 (all amounts are in equivalent Rs. in lakhs)

Particulars	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
Trade receivables	-	-	-	297.45	-	297.45	297.45

### Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. The estimated sensitivity impact will be around +/- Rs. 4.68 lakhs (Previous year Rs. 5.95 lakhs), which is considered to be immaterial to the size of operations of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by Rs. 0.21 Lakhs for the year (Previous year Rs. 0.27 Lakhs)

### Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

## Notes to Financial Statements for the year ended March 31, 2021

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

### (a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

### (b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved Financial Institutions/Counterparty. Investments primarily include investment in units of quoted Mutual Funds, quoted Bonds, Non-Convertible Debentures issued by Government/Semi-Government Agencies/PSU Bonds/High Investment grade Corporates etc. These Mutual Funds and Counterparties have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

### Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the loan agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

### Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2021	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Borrowings	391.44	593.61	-	985.05
Trade payables	171.36	-	-	171.36
	<b>562.80</b>	<b>593.61</b>	-	<b>1,156.41</b>

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Borrowings	360.64	642.65	-	1,003.29
Trade payables	877.84	-	-	877.84
	<b>1,238.48</b>	<b>642.65</b>	-	<b>1,881.13</b>

March 31, 2021    March 31, 2020

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):

Nil

Nil

## Notes to Financial Statements for the year ended March 31, 2021

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

### 50 Related party disclosure

#### a) List of parties having significant influence

<b>Holding company</b>	The Company does not have any holding company
<b>Subsidiaries, associates and joint ventures</b>	The Company does not have any subsidiaries, associates and joint ventures

#### Key Management Personnel and their Relatives

Sri T.Kannan	Chairman and Managing Director
Dr.(Smt) Uma Kannan	Director
Sri. K.Thiagarajan	Director
Sri M Ramanathan	Chief Financial Officer (Till October 30, 2020)
Sri K.Deenadayalan	Chief Financial Officer (from October 31,2020)
Sri S Paramasivam	Company Secretary

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

Thiagarajar Mills (P) Ltd.
Tamaraiselvi Finance (P) Ltd.
Kalaithanthal Karumuttu Thiagaraja Chettiar Memorial Charitable Trust
Colour Yarns Limited
Thiagarajar Rubbers Private Limited
Pacific Cotton LLC

#### Transactions with related parties are as follows

S.No	Transactions/ Balances	Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
1	Sale of goods	200.90	126.50		-
2	Purchase of goods	4,740.93	3,462.00		-
3	Availing of services	43.61	45.23		-
4	Rendering of services	65.73	42.11		-
5	Contribution	10.00	-		-
6	Dividend Paid	-	48.20		427.98
6	Remuneration & Short term benefits				
	Chairman and Managing Director			45.00	56.00
	Chief Financial Officer and Company Secretary			14.85	13.04
7	Sitting fees			0.75	0.75

\*Post employment benefit comprising compensated absences is not disclosed as these are determined for the Company as a whole.

#### Balances with related parties are as follows

S.No	Transactions/ Balances	Enterprises in which Key Management Personnel and their Relatives have significant influence		Key Management Personnel and their Relatives	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
1	Trade Payables	-	274.63	-	-
2	Remuneration payable	45.00	56.00	45.00	56.00

## Notes to Financial Statements for the year ended March 31, 2021

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

### Material related party transactions are follows

S.No	Nature of transactions	Year ended March 31, 2021	Year ended March 31, 2020
1	<b>Sale of goods</b> Thiagarajar Mills (P) Ltd.	200.90	126.50
2	<b>Purchase of goods</b> Thiagarajar Mills (P) Ltd.	4,740.93	3,462.00
3	<b>Availing of services</b> Thiagarajar Mills (P) Ltd.	7.20	7.20
4	<b>Rendering of services</b> Thiagarajar Mills (P) Ltd.	65.73	42.11
5	<b>Remuneration to Key Management Personnel</b> Sri T. Kannan	45.00	56.00

### Material related party balances are follows

S.No	Name of the related party	As at March 31, 2021	As at March 31, 2020
1	<b>Trade payables</b> Thiagarajar Mills (P) Ltd.	-	274.23
2	<b>Remuneration Payable</b> Sri T. Kannan	45.00	56.00

## 51 Retirement benefit plans

### Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident fund as well as Employee State Insurance Fund.

The total expense recognised in profit or loss of Rs. 47.9 lakhs (for the year ended March 31, 2020 is Rs. 55.94 lakhs) represents contribution payable to these plans by the Company at rates specified in the rules of the plan.)

### Defined benefit plans

#### (a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard, the same has been adopted.



## Notes to Financial Statements for the year ended March 31, 2021

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

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Company has an independent Gratuity Trust. The liability of each year is valued as per Accounting Standard 15-"Employee Benefits- (Revised-2005)" by an independent Actuary and the amount as per the actuarial valuation report is provided in the accounts each year and paid to the Trust.

During the year 2013-14 the following activities of Gratuity Trust is entrusted to Life Insurance Corporation of India (LIC):

1. Managing investment part of Gratuity Trust Fund through Life Insurance Corporation of India\*
2. To enable the Gratuity Trust Fund to subscribe the master policy with LIC in order to provide death cum retirement gratuity benefits to the regular employees of the company.

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

Particulars	March 31, 2021	March 31, 2020
Discount Rate	6.97% p.a.	6.67% p.a.
Rate of increase in compensation level	5.00% p.a.	5.00% p.a.
Attrition Rate	1.00% p.a.	1.00% p.a.
Expected Rate of Return on Plan Assets	6.97% p.a.	6.67% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
<b>Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:</b>		
<b>Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:</b>		
Current service cost	12.20	10.64
Net interest expense	8.79	9.04
Return on plan assets (excluding amounts included in net interest expense)	(0.34)	(0.27)
	<b>20.65</b>	<b>19.41</b>
<b>Amount recognised in Other Comprehensive Income (OCI) for the Year</b>		
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	(13.43)	8.28
	<b>(13.43)</b>	<b>8.28</b>
<b>Total</b>	<b>7.22</b>	<b>27.69</b>

- i. Current service cost and the net interest expense for the year are included in the 'Employee Benefits Expense' in profit or loss.  
ii. The remeasurement of the net defined benefit liability is included in other comprehensive income.

**The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:**

Present value of defined benefit obligation	131.57	139.21
Fair value of plan assets	(5.19)	(5.05)
	<b>126.38</b>	<b>134.16</b>
Net liability arising from defined benefit obligation		
Funded	126.38	134.16
Unfunded	-	-
	<b>126.38</b>	<b>134.16</b>

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

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

Opening defined benefit obligation	139.21	123.54
Current service cost	12.20	10.64
Interest cost	8.79	9.04
Actuarial (gains)/losses	(13.77)	8.01
Benefits paid	(14.86)	(12.02)
	<b>131.57</b>	<b>139.21</b>

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

Opening fair value of plan assets	5.05	2.07
Interest Income		
Expected return on plan assets (excluding amounts included in net interest expense)	0.34	0.27
Contributions	15.00	15.00
Benefits paid	(14.86)	(12.02)
Actuarial gains/(loss)	(0.34)	(0.27)
Others	-	-
	<b>5.19</b>	<b>5.05</b>

## Notes to Financial Statements for the year ended March 31, 2021

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

	As at March 31, 2021	As at March 31, 2020
<b>Sensitivity analysis</b>		
A. Discount Rate + 50 BP	7.47%	7.17%
Defined Benefit Obligation [PVO]	125.66	132.74
Current Service Cost	10.40	11.37
B. Discount Rate - 50 BP	6.47%	6.17%
Defined Benefit Obligation [PVO]	137.97	146.21
Current Service Cost	11.93	13.12
C. Salary Escalation Rate + 50 BP	5.50%	5.50%
Defined Benefit Obligation [PVO]	138.12	146.35
Current Service Cost	11.95	13.14
D. Salary Escalation Rate - 50 BP	4.50%	4.50%
Defined Benefit Obligation [PVO]	125.47	132.56
Current Service Cost	10.38	11.35

### (b) Compensated absences

As per the policy of the Company, compensated absences are not entitled to be carried forward to the subsequent financial year and lapse at the end of the reporting period. Accordingly, no liability towards compensated absences are recognised in these financial statements.

For and on behalf of the Board of Directors

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

**T. Kannan**  
Chairman & Managing Director  
DIN: 00040674

**RM. Somasundaram**  
Director  
DIN : 00071510

**Chinnsamy Ganesan**  
Partner  
Membership No.027501  
UDIN : 21027501AAAACK8042

**K Deenadayalan**  
Chief Financial Officer

**S. Paramasivam**  
Company Secretary

Place : Kappalur, Madurai  
Date : April 29, 2021



# VTM LIMITED

(CIN: L17111TN1946PLC003270)  
 Regd. Office : Sulakarai, Virudhunagar – 626 003  
 Email : [office@vtmill.com](mailto:office@vtmill.com); Website : [www.vtmill.com](http://www.vtmill.com)  
 Phone : (04562) 234800/234801

**PROXY FORM**  
**Form No.MGT-II**

Name of the member(s) :	
Registered Address :	
E-mail Id :	
Folio / DP ID-Client ID No :	

I/We being the member(s) of ..... shares of the abovemad Company hereby appoint:

- (1) Name ..... Address.....  
 Email Id ..... Signature ..... or failing him;
- (2) Name ..... Address.....  
 Email Id ..... Signature .....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 74<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, 23<sup>rd</sup> June, 2021 at 11.00 A.M at Sulakarai, Virudhunagar and at any adjournment thereof in respect of such resolutions as are indicated below:-

RESOLUTIONS	Optional*	
	For	Against
<b>Ordinary Business</b>		
1. Adoption of Financial Statements for the year ended 31 <sup>st</sup> March 2021		
2. To declare dividend on the Equity shares.		
3. Re-appointment of Mr.K.Vethachalam as Director, who retires by rotation		
<b>Special Business</b>		
4. To appoint Mr.Ganesh Ananthkrishnan (DIN 00003586) as an Independent Director of the Company for an initial term of five years from 25.03.2021		
5. To appoint Mr.L.Sevugan (DIN 03580186) as an Independent Director of the Company for an initial term of five years from 25.03.2021		
6. Resolution u/s. 148 of the Companies Act, 2013 for ratification of fees payable to Cost Auditor.		

Signed this ..... Day of ..... 2021  
 Signature of shareholder.....  
 Signature of Proxy holder(s).....

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 74<sup>th</sup> Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



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