

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
TE	✓	✓		

# VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183.



30th ANNUAL REPORT

1996-97



**Shri.S.S.M.SOUNDAPPAN**  
Chairman & Managing Director



# VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183.

## BOARD OF DIRECTORS

SRI.S.S.M. SOUNDAPPAN	Chairman and Managing Director
SRI.M.S. ELAVARASAN	Managing Director.
DR.G.RANGASWAMI	Director
SRI.A.BALASUBRAMANIAN	Director
SRI.V.THANGAVEL	Director
SMT.E.PUSHPA	Director
SRI.V.SUBRAMONIAN	Director
SRI.R.SANKARANARAYANAN	Director
SRI.K.P.RAJAH RAMAN	Whole-time Director

## COMPANY SECRETARY

MR.INAITULA BAIG

## BANKERS

STATE BANK OF INDIA, BHAVANI.

## AUDITORS

M/S.V.N.G. NATH ASSOCIATES  
CHARTERED ACCOUNTANTS  
Chennai.

## REGISTERED OFFICE

11-F, Gandhipuram  
Komrapalayam - 638 183  
Namakkal District.

Contents	Page No.
NOTICE TO THE SHAREHOLDERS	2
DIRECTORS' REPORT	6
AUDITORS' REPORT	9
BALANCE SHEET	11
PROFIT AND LOSS ACCOUNT	12
SCHEDULES TO THE ACCOUNTS	13
NOTES FORMING PART OF THE ACCOUNTS	24
BALANCE SHEET ABSTRACT	25
CASH FLOW STATEMENT	26

## 30th ANNUAL REPORT

1996 - 97



## NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE is hereby given that the 30th Annual General Meeting of VEENA TEXTILES LIMITED will be held on Thursday, the 25th September 1997 at 4.00 P.M. at Arulmehu Ayyappa Swami Prarthana Mandappam (Ayyappa Seva Mandappam), 158-A, Kalaimagal Street, Komarapalayam-638 183 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March 1997 and the Profit and Loss Account for the Year ended 31st March, 1997 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri.A.Balasubramanian who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri.V.Subramonian who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an ordinary resolution with or without modification :  
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269 (read with Schedule XIII), 309 and other applicable provisions of the Companies Act, 1956 and in terms of Article 100 of the Articles of Association of the Company, consent be and is hereby accorded to the re-appointment and terms of remuneration payable to Sri.M.S. Elavarasan as set out below, as Managing Director of the Company for a period of five years with effect from 1st February, 1997."

### ABSTRACT OF THE TERMS

1. Salary : Rs.72,000/- per month with suitable increases as may be determined by the Board.
2. Commission : 1% of the net profits of the Company computed in the manner laid down in Section 309 (5) of the Act.
3. Perquisites : Perquisites shall be allowed in addition to salary/commission as mentioned below.

### PART - A.

- |  |  |
|--|--|
| i) Housing   | : Payment of House Rent Allowance at 60% of the Salary.  |
| ii) Payment of gas, electricity, water expenses and furnishing.  | : To be valued as per Income-Tax Rules, 1962.  |
| iii) Medical Allowance Reimbursement   | : Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.  |
| v) Clubs fees  | : Fees for clubs subject to maximum of two clubs, provided that no life membership or admission fee is paid.   |
| vi) Personal Medical/ Accident Insurance   | : Coverage for Personal Medical/ Accident Insurance or any other coverage as per rules of the Company and annual premium for the same to be paid by the Company. |
| vii) Any other benefits, facilities, allowances and expenses as may be allowed under Company rules / schemes and available to other employees. |  |



## NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

### PART - B

- I) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company which will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

Gratuity payable shall be in accordance with the rules of the Company.

- II) Earned Leave.  
On full pay and allowance as per the rules of the Company.
- III) Encashment of leave at the end of the tenure, if any will not be included in the computation of the ceiling on perquisites.

### PART - C

- i) Children's Education Allowance : In case of a child is studying in/or outside India, an allowance limited to a maximum of Rs.5,000/-per month or Actual expenses incurred for a child, whichever is less.
- ii) Holiday passage for Children studying outside India : Return Holiday passage once in a year by economy class or once in two years by first class to a child from place of his studying to India, if he is not residing in India with the Managerial Person.
- iii) Leave Travel : concession. : Leave travel Concession for self and family once in a year in accordance with the rules of the company.

### PART - D

Provision of car for use in connection with Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

4. In the event of absence or inadequacy of profits in any financial year, the managerial personnel will be paid the salary and perquisites not exceeding the limits specified under section II of Part II of Schedule XIII of the Companies Act, 1956 (i.e. the managerial person will be paid Salary and above Perquisites of Part B,C& D).

5. The terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as **not to exceed the limits specified in Schedule XIII of the Companies Act, 1956** (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto from time to time.

6. To consider and if thought fit, to pass the following resolution as a special resolution with or without modification :

"RESOLVED that pursuant to the provisions of Section 17 and any other applicable provisions if any, of the Companies Act, 1956 the object clause of the Memorandum of Association be and is hereby altered by inclusion of following clauses 6 to 9 after the existing clause 5 of the Main object Clause III A."

### Main Objects

6. To manufacture, purchase, buy, sell or deal in any other manner, whether dyed or not in all types of yarns, threads including filament, crimped, staple fibre, texturised, blended made of cotton, nylon, polyester, polypropylene, viscose, wool, jute, silk, crtsilk, rubber or any other manmade or natural fibres whether in finished or semi-finished stage and to manufacture or otherwise weave the same, to manufacture purchase and sell and to deal in all types of Narrow Woven Fabrics with or without Elastic including name tapes, zip tapes, scrips, bands, crochets, frills and laces whether dyed



## NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

or not in finished or semi-finished condition and also to manufacture, trade, deal and design in embroidery and embroidery fabrics.

7. To purchase, sell, maintain, ply for hire or not, lorries, mini lorries, vans, tempos and other heavy vehicles, light motor vehicles, three wheelers and other automobiles for own use or for hire within and/or outside the state and whole of India.
8. To purchase and to carry on the business of manufacture of, to deal in and to export all or any of the following items viz., Hides, Skins, leather, leather products, shoes, shoe uppers, leather garments of Calf, Cow, Buffalo, Lamb, Sheep, Horse and all other animals.
9. To purchase or otherwise acquire dominion over all forms of immovable and movable properties including Plant and Machinery, Equipment, Motor Vehicles, Land, Buildings and all consumer and Industrial items and to lease or otherwise deal with them in any manner whatsoever, including resale thereof, regardless of whether the property purchased and leased be new, old and/or used.

"RESOLVED FURTHER that the Board of Directors and/or Managing Directors of the Company be and is hereby authorised to take such steps as may be necessary or desirable to give effect to the resolution and agree to such variations or modifications of the objects proposed to be added as aforesaid as the Registrar of Companies may suggest or make as conditions of, while granting such confirmation and which the directors think fit to accept".

By order of the Board

Komarapalayam  
25th July 1997

Inaitula Baig  
Company Secretary

### NOTES FOR MEMBERS' ATTENTION

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Agenda 5 & 6 as set out above is annexed hereto.
2. EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **16th September 1997 to 25th September 1997** (both days inclusive)
4. Members/proxies are advised to bring the attendance slip duly filled in and signed and they are required to handover the same at the entrance of the Meeting Hall.  
Members/proxies are requested to bring their copy of the Annual Report to the meeting. Members desiring of getting clarifications on the accounts may write to the Company at least 48 hours before the meeting.
5. Members are requested to notify any changes in their addresses immediately to the Company.
6. The Company has already transferred, unclaimed Dividend declared upto the financial year ended 31st March, 1993 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies.

N

1  
(  
J  
S  
E  
C  
f  
J  
r  
E  
fi  
S  
T  
C  
E  
C  
fi  
X  
a  
re  
a  
N  
N  
oi  
Sc  
ai





## NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

Coimbatore, Tamil Nadu Bank of Baroda Buildings, 5th Floor, 82, Bank Road, Coimbatore - 641 018.

The Unpaid Dividends that are due for transfer to the Central Government are as follows:

Financial year ended	Due for transfer on
31.03.1994	20.11.1997
31.03.1995	20.11.1998

Members who have not encashed their dividend warrants for the aforesaid financial years are requested to approach the Company for obtaining duplicate dividend warrants.

- Members are requested to approach the Company for consolidation of multiple registered folios into one.

### EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

#### AGENDA 5

Sri.M.S. Elavarasan was appointed as Managing Director in the Extra ordinary General Meeting held on 24.01.1992 with effect from 1st February, 1992 for a period of five years. His term expired on 31st January, 1997. The Board of Directors in their meeting held on 19.11.1996, re-appointed Sri.M.S. Elavarasan as Managing Director of the Company from 1st February, 1997 for a period of five years subject to the approval of Shareholders.

The Board of Directors recommends the re-appointment and fixing the remuneration of Sri.M.S. Elavarasan as Managing Director of the Company as set out in the Resolution. The re-appointment and fixing the remuneration are governed by Schedule XIII of the Companies Act, 1956 and require the approval of shareholders. Accordingly the resolutions set out in Agenda 5 is proposed for your approval.

#### MEMORANDUM OF INTEREST :

None of the Directors of the Company is interested or concerned in the Resolution except Sri.S.S.M. Soundappan, Smt.E.Pushpa and the proposed appointee.

The explanatory statement together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Sri.M.S. Elavarasan, Managing Director and Memorandum of interest required to be sent to the shareholders under section 302 of the Companies Act, 1956.

#### AGENDA 6

The Board of Directors of the Company have been considering to augment its operation by commencing business activities in the new areas of prospects. Your Directors fully share the philosophy of diversification and growth for enhancing the activities of the Company in related and profitable areas of operation with this objective, and to have specific mention in the Memorandum of Association and in terms of Section 17 of the Companies Act, 1956, the object clause of the Memorandum of Association needs to be altered by inclusion of Clauses 6 to 9 after the existing clause 5 in the Main Objects Clause III A. The amendment can be carried out only by a Special Resolution passed by the Shareholders. Accordingly resolution in the Agenda 6 is proposed for the approval of members.

The amendment will become effect only after it is confirmed by the Registrar of Companies. As per Companies (Amendment) Act, 1996 (Notification dated 11.3.97 issued by the Department of Company Affairs), companies are allowed to alter their memorandum of association in respect of their object without confirmation of Company Law Board.

None of the Directors of the Company is interested in this resolution.

A copy of the Memorandum of Association together with all the proposed amendments are available for inspection at the Registered Office of the Company between 11 A.M. to 1 P.M on all working days upto the date of meeting.

By order of the Board

Komarapalayam  
25th July 1997

Inaitula Baig  
Company Secretary


**Veena**

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present the 30th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 1997.

### 1. FINANCIAL RESULTS

	1996-97	1995-96
	(Rupees in Lakhs)	
Sales	2345.68	2342.18
Other Income	42.15	36.77
Total Expenditure	2066.77	2193.31
Interest	333.20	272.31
Gross Profit / (Loss) after interest but before		
Depreciation and Taxation	(12.14)	(86.67)
Depreciation	145.16	97.89
Net Profit / (Loss)	(157.30)	(184.56)

(Performance of the Company vis-a-vis projections made in the Letter of Offer dated 2/11/94)

	For the year 96 - 97	
	Projection	Actual
	(Rupees in Lakhs)	
Sales and Other Income	2258.00	2387.83
Profit / (Loss) after Tax	275.00	(157.30)
Earnings Per Share (Rs.)	3.42	

### 2. REVIEW AND FUTURE OUTLOOK.

The Company has developed operating facilities to strengthen production activities. The Spinning, Auto Looms, Weaving and Sizing Divisions were fully operational during the financial year under review and produced wider range of products than in the previous year.

In spite of the efficient operation, the general sluggishness in the industry, has affected your Company too and hence there was no substantial increase in the turnover. However, these inhouse facilities have helped your Company in reducing the losses.

The textile industry is reeling under pressure due to multifold problems. Your Directors are putting in efforts to overcome these problems and are hopeful of turning the corner during the current year. The products of your Company is well accepted in the international market and the

Company is hopeful of achieving increased export turnover in the current year.

### 3. DIVIDEND

Your directors regret their inability to declare any dividend since the company has not made any profit during the year.

### 4. FIXED DEPOSITS

The Company has not accepted any deposit from the public, during the year.

### 5. DIRECTORS

Sri.A.Balasubramanian and Sri.V.Subramonian Directors would retire at the Annual General Meeting by rotation as provided in Article 79 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

Sri.M.S. Elavarasan, whose term as Managing Director of the Company expired on 31st January, 1997 has been re-appointed as Managing Director with effect from 1st February, 1997 by the Board of Directors in their meeting held on 19.11.1996, for a period of five years subject to approval of shareholders.

### 6. COST AUDIT.

The audit of the Cost Accounts of the Company for the year ended 31st March, 1997 is being conducted by Sri.R.Krishnan, Cost Auditor and the report will be submitted to the Department of Company Affairs, Government of India.

Pursuant to section 233(B) of the Companies Act, 1956, Sri.R.Krishnan, Cost Auditor has been appointed subject to approval of Central Government to conduct the audit of the cost accounts for the financial year 1997-98.

### 7. AUDITORS

Messrs.V.N.G. Nath Associates, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. Accordingly, the members are requested to appoint auditors for the financial year 1997-98 at the ensuing Annual General Meeting.

A

No

Sh

Sh

1.1

2.5

3.5





## DIRECTORS' REPORT TO THE SHAREHOLDERS

### 8. AUDITOR'S REPORT

Regarding item No.9 of the Annexure of Auditors' Report, the advances are trade advances given to parties partly for goods supplied and services rendered and partly for goods to be supplied and services to be rendered. Accordingly they have been classified as advances for supply of goods in the Balance Sheet.

### 9. PARTICULARS OF EMPLOYEES.

Information in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended is annexed to and forms part of this report.

### 10. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology absorption and foreign exchange earnings and outgo, is annexed to and forms part of this report.

### 11. RESEARCH & DEVELOPMENT.

With the implementation of Spinning project, the

Company has started R & D Wing. R & D activity is now in full operation with sophisticated machineries and manpower. This will ensure improvement in quality of yarn & fabrics.

### 12. ACKNOWLEDGEMENT.

The Board expresses its gratitude to the Company's Customers and Suppliers who have stood by the Company over a long period of time and promise continued support in the years to come.

Your Company values the continued support from State Bank of India, Bhavani, M/s.ICICI Limited, M/s.Industrial Investment Bank of India Limited, M/s.ICICI Securities and Finance Company Limited and other Financial Institutions.

VEENA is also grateful to Shareholders, Debenture holder and other lenders for the confidence reposed in the Company and acknowledges their contribution.

Your Directors complement the employees for the harmonious relationship and their hard work in the challenging environment.

For and on behalf of the Board

**S.S.M. SOUNDAPPAN**

CHAIRMAN &  
MANAGING DIRECTOR

Komarapalayam  
25th July, 1997.

## ANNEXURE TO DIRECTORS' REPORT

### The Companies (Particulars of Employees) Rules, 1975

#### Statement of Particulars of employees required under Section 217 (2A) of the Companies Act, 1956

Name	Designation	Nature of Duties	Remuneration (Rs.)	Qualification (experience)	Age (Yrs)	Date of Commencement	Previous Employment
Shri. S.S.M. Soundappan	Chairman and Managing Director	Attending to the duties attached to the office of Chairman and General Management	792469.87	- (50 Yrs.)	72	01.07.93	Managing Director in Tan India Limited, Komarapalayam
Shri. M.S. Elavarasan	Managing Director	Managing the Affairs of the Company	809519.11	B.Com., (25 Yrs)	47	01.02.92	Managing Director in S.S.M Bros., Ltd. Komarapalayam

1. The nature of employment is contractual.

2. Sri. M.S. Elavarasan and Smt. E. Pushpa, Directors are related to Sri.S.S.M. Soundappan.

3. Sri.S.S.M. Soundappan and Smt.E. Pushpa, Directors are related to Sri.M.S. Elavarasan.