

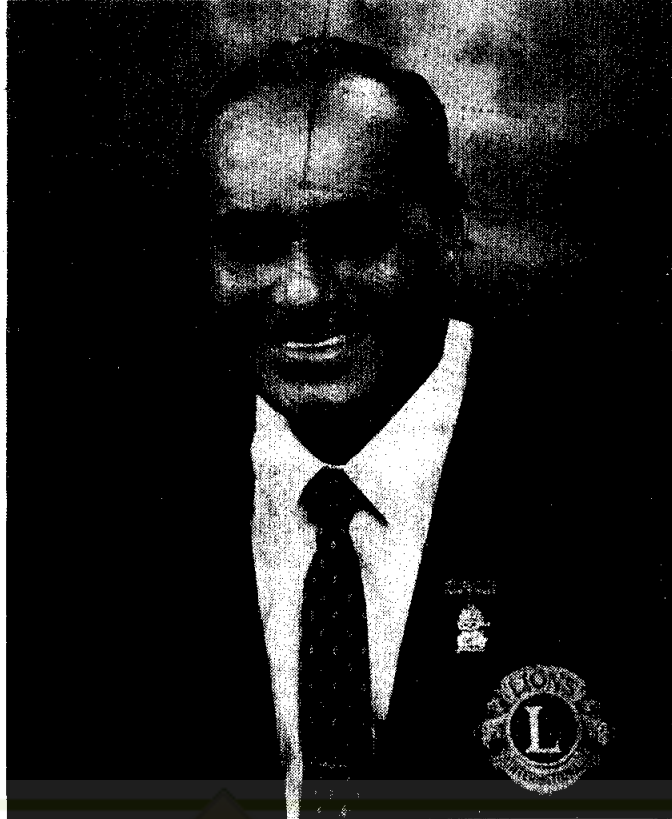
VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183.



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34th ANNUAL REPORT
2000 - 2001



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

VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183

BOARD OF DIRECTORS

Shri S.S.M.Soundappan
 Shri M.S.Elavarasan
 Shri A.Balasubramanian
 Shri V.Thangavel
 Shri V.Subramonian
 Shri R.Sankaranarayanan
 Shri K.P.Rajahraman

Company Secretary

Mr.D.Sundararajan

Chairman and Managing Director
 Managing Director
 Director
 Director
 Director
 Wholetime Director

Bankers

State Bank of India
 Bhavani and Erode

Audit Committee

Shri M.S.Elavarasan
 Shri R.Sankaranarayanan
 Shri V.Subramonian

Finance Committee

Shri M.S.Elavarasan
 Shri K.P.Rajahraman
 Shri V.Thangavel

Share Transfer Committee

Shri S.S.M.Soundappan
 Shri M.S.Elavarasan
 Shri V.Thangavel

Investors Grievances Committee

Shri S.S.M.Soundappan
 Shri M.S.Elavarasan
 Shri V.Thangavel

Marketing Committee

Shri M.S.Elavarasan
 Shri K.P.Rajahraman
 Shri V.Subramonian

Auditors

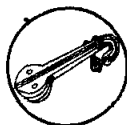
M/s. V.N.G.Nath Associates
 Chartered Accountants
 Chennai.

Registered Office

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

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**34th ANNUAL REPORT
 2000 - 2001**


Veena

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 34th Annual General Meeting of the Members of VEENA TEXTILES LIMITED will be held on Friday the 28th September 2001 at 11 a.m. at the Registered office of the Company at 11-F, GANDHIPURAM, KOMARAPALAYAM - 638 183 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March 2001, Profit and Loss Account for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Sri R.Sankaranarayanan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri K.P.Rajahraman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s.V.N.G.Nath Associates, Chartered Accountants, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Section 259 read with schedule XIII, Section 198, Section 309 and other applicable provisions of any of the Companies Act 1956, approval be and is hereby given to the appointment of Sri K.P.Rajahraman as whole-time Director of the Company for a period of five years from 1st April 2001 and for payment of remuneration and perquisites as under:

I. Salary and Perquisites

- a. Salary : Rs.9500-1000-11500-1250-14000
- b. Reimbursement of Expenses incurred for the appointee : Medical expenses subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- c. Personal Accident Insurance Premium not to exceed Rs.4000/- per annum. Provided however that the salary and perquisites as above shall not exceed the maximum permissible under Schedule XIII of the Companies Act, 1956.

Provided further that the salary and perquisites as above shall be paid without any cut in the

event of absence or inadequacy of profit.

II. Other Perquisites

Perquisites not to be included in the computation of the ceiling on remuneration specified above.

- 1) Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- 2) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- 3) Encashment of leave at the end of the tenure.

III. Others

Provisions of a car for use on company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual appointee concerned.

6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED that pursuant to Section 293(1)(a) of the Companies Act, 1956 and/or subject to the approvals, if applicable or required under any statutes/rules/regulations or any other law for the time being in force, and subject to approval of the financial institutions, Debenture Trustees and any other concerned authorities and subject to such terms and conditions as may be approved by them, consent of the Company be and hereby accorded to the Board of Directors to sell, transfer and dispose of the Spinning Division and all related assets situate at Aruvankadu, Komarapalayam - 638 183 together with the use of all licences, benefits attached thereto, to one or more persons, companies or entities at such price and on such terms and conditions, at such time and in such manner as may be decided by the Board of Directors or a Committee of Directors and/or officers of the Company as may be appointed by the Board for the purpose of including the receipt of the consideration therefor in cash and partly by shares and/or debentures or any other securities or in any other manner with power to the Board of Directors or to the said Committee in its absolute discretion, to finalise the terms and conditions, the means, the methods or modes in respect thereof, and to finalise and execute all required documents including schemes of arrangements, agreements, deeds and other documents and



NOTICE TO SHAREHOLDERS

to do such other acts, deeds, matters and things as may be deemed necessary and expedient in their discretion and in the best interests of the Company including the power to delegate to give effect to this resolution."

By order of the Board

Komarapalayam
14th August 2001

D.Sundararajan
Company Secretary

to enable the members to send back the ballot paper duly completed within 35 days from the date of issue of this notice.

By order of the Board

Komarapalayam
14th August 2001

D.Sundararajan
Company Secretary

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

The Explanatory Statement for Item No.5 & 6 of the accompanying Notice set out hereinabove is as under:

Item No.5

Sri K.P.Rajahraman's tenure as Director expires at the end of this Annual General Meeting. His appointment is included in the agenda as item no.5 of ordinary business:

Mr K.P.Rajahraman was also appointed as whole-time Director with effect from 1st April 1996 and his tenure expired on 31st March 2001. It is proposed to extend the services of Mr.K.P.Rajahraman on revised terms as noted in the agenda. His services and experience in the Board of Directors have been commendable and we request the members to ratify his appointment with effect from 1.4.2001 for a period of five years in the revised terms as set out in the notice.

Item No.6

The Company's Spinning Division situated at Aruvankadu, Komarapalayam does not yield a return commensurate with the time, effort and capital employed. Going by the nature of the business in a competitive environment, to improve the returns it is proposed to hive off this Division. ICICI, IIBI and I-SEC filed suits in their respective DRT to recover their dues. However the Company has approached them to settle the dues under OTS Scheme recently announced. The request has been favourably considered by them. In order to avail of this benefit, the Board deems fit to hive off this Division which will help the Company to retire the entire term loan and NCD, which will make the Company, debt free and reduce the interest burden to a greater extent. The profitability of the Company will improve in the coming years in view of the above facts. This item of business will be passed by means of postal ballot as required under Section 192 A of the Companies Act 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The required ballot paper and postage prepaid cover are enclosed herewith

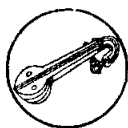
NOTES FOR MEMBERS' ATTENTION

1. A member entitled to attend and vote, is entitled to appoint a proxy, who need not be a member. The instrument appointing proxy, should, however, be deposited at the Registered office of the Company not less than forty eight hours before the commencement of the meeting.
2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2001 to 28th September 2001 (both days inclusive).
5. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of Annual Report to the meeting.
6. Members desiring any information regarding accounts are requested to write to the Company at least seven days before the Meeting so as to enable the Management to keep information ready.
7. Members are requested to sign at the space provided in the enclosed attendance slip and hand over the slip at the entrance of the meeting hall.
8. The Companies (Amendment) Ordinance, 1999 has provided for a nomination facility for the shares held in a Company. The Nomination Form (Form 2B) along with instructions will be provided to the members on request. Interested members are requested to write to the Shares Department at the Registered Office of the Company.

By order of the Board

Komarapalayam
14th August 2001

D.Sundararajan
Company Secretary



NOTICE TO SHAREHOLDERS

Dear Members,

Your Directors present the 34th Annual Report and Audited Statement of Accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

	(Rupees in lacs)	
	2000-2001	1999-2000
Sales	2476.26	2653.06
Other Income	32.49	37.78
Total Expenditure	2356.29	2430.90
Interest	77.68	125.84
Gross Profit/(Loss)		
after interest before		
Depreciation and Taxation	74.78	134.10
Depreciation	122.81	126.61
Net Profit/(Loss)	(48.03)	7.49

DIVIDEND

In the absence of any profits during the year, your Directors regret their inability to recommend any dividend.

GENERAL REVIEW OF THE YEAR

Sales for the year was Rs.2476.26 lacs as against Rs.2653.06 lacs for the previous year. Increase in power and fuel cost has affected our efforts towards higher profits with cost reduction and process improvement activities. The cotton textile industry is still in the recession with the prices of finished fabrics and dhoties remaining soft throughout the year, and prices of cotton and yarn not showing any signs of easing. Other overheads were kept under control. The exports have shown an upward trend and the export earnings during the year had shown an increase of over 33% of the previous year.

DIRECTORS

Shri K.P.Rajahraman, Whole-time Director and Shri R.Sankaranarayanan, Director retire by rotation and being eligible offer themselves for re-appointment. Shri K.P.Rajahraman is retained as a whole-time director on revised scale of remuneration, subject to approval at the Annual General Meeting.

Dr.G.Rangaswami, Director resigned on 9th May 2001 on personal grounds and his resignation was accepted by the Board of Directors with reluctance. His mature advice and experience had been of immense guidance to this Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts for the year ended 31st March, 2001 on a 'going concern' basis.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

AUDITORS

M/s. V.N.G.Nath Associates, Chartered Accountants, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. Accordingly, the said auditors will be appointed as auditors of the Company at the ensuing Annual General Meeting.

AUDITORS' REPORT

The notes on the accounts referred to in the Auditors' Report are self explanatory and


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DIRECTORS' REPORT TO THE SHAREHOLDERS

therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

CORPORATE GOVERNANCE:

The requirement of Compliance with the code of Corporate Governance as per Clause 49 of Listing Agreement is applicable to the Company from the Financial year 2002-2003.

AUDIT COMMITTEE

The Audit Committee was constituted under Section 292A of the Companies Act 1956 with effect from 31st July 1999 and reconstituted on 4.3.2001.

The Committee reviews the efficacy of the internal control mechanism and monitors the risk management policies adopted by the Company. The committee reviews reports furnished by the internal and statutory auditors and ensures that suitable follow up action is taken. The committee examines accountancy, taxation and disclosure aspects of all significant transactions.

COST AUDIT

Sri R.Krishnan, Cost Accountant is conducting Cost Audit for the year ended March 31,2001 and his report will be submitted to the Department of Company Affairs, Government of India.

Pursuant to section 233B 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 2001-2002.

LISTING

Your Company's shares are listed in the Stock Exchanges of Coimbatore, Madras, Bombay & Ahmedabad. Your Company has paid the Annual listing fee for the financial year 2000-2001 to all the Exchanges except a part amount to Coimbatore Stock Exchange.

INSURANCE

The Company has insured all its assets adequately covering various risks.

PARTICULARS OF EMPLOYEES

a) No employee of the company was in receipt of remuneration during the financial year ended 2000 - 2001 in excess of the sum prescribed under

Section 217(2A) of the Companies Act,1956 read with Companies (particulars of Employees) Rules,1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act,1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988, is given in the Annexure to the report.

ENVIRONMENT & SAFETY

The Company has taken various steps to attain high level of safety in all its manufacturing units and we are happy to inform that there was no untoward incidents during the year under consideration. Strict measures were taken to keep the environments clean and free from pollution.

PRIME MINISTERS' GUJARAT EARTHQUAKE RELIEF FUND

Our Company, not lagging behind on our part on the need to provide succour and relief to the quake affected citizens of Gujarat, the employees collected one days' earnings from all and a total sum of Rs. 63816/- was sent on 21st May 2001 to the Prime Ministers Gujarat Earthquake relief fund.

ACKNOWLEDGEMENT

Your Directors acknowledge the continued support and co-operation from Financial Institutions, Banks, Customers, Vendors and Dealers. Further your Directors thank the Shareholders for their continued confidence in the Company.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

For and on behalf of the Board of Directors

Komarapalayam
30th July 2001

S.S.M.Soundappan
Chairman &
Managing Director

A. CONSERVATION OF ENERGY AS PRESCRIBED IN FORM A

2000-2001		1999-2000
a. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units	3832845	4073385
Total Amount(Rs.)	17038916	16594276
Rate/Unit(Rs.)	4.45	4.07
(b) Own Generation		
(1) Through diesel generator		
Units	279376	407318
Units per ltr.of diesel oil	2.89	2.83
Rate/Unit (Rs.)	7.45	5.44
(2) Through steam turbine generator		
	Nil	Nil
2. Coal		
	Nil	Nil
3. Furnance Oil		
	Nil	Nil
4. Others		
	Nil	Nil
(b) Consumption per unit of Production		
Product: Electricity		
Automatic Looms/Terry Looms(Per Meter)	0.41	0.56
Embroidered Fabrics (Per Meter)	0.44	0.41
Yarn (Per Kilo Gram)	9.40	11.42

1. Research and Development (R & D)

- | | | |
|--|---|--|
| (a) Specific areas in which R & D carried out by the Company | : | Cotton & Yarn Test |
| (b) Benefits derived as a result of the above R & D | : | Improved & Consistent quality in Yarn & Fabrics. |
| (c) Future plan of action | : | Plan to install fabric testing. |
| (d) Expenditure on R & D | | |
| (i) Capital | | Nil |
| (ii) Recurring | | Nil |
| (iii) Total | | Nil |
| (iv) Total R&D expenditure percentage to total turnover | | Nil |

The Company always keeps itself updated with all latest technological innovations by way of constant communications and consulting experts. Efforts are being made to reduce cost and to improve performance.

(a) Earnings		
I. Export Sales	Rs.	1916231.15
II. Freight & Insurance	Rs.	52795.00
		<hr/>
	Total	Rs. 1969026.15

- | | | |
|--------------------------------|-----|-----------|
| (b) Expenditure | | |
| Spares & Accessories purchased | Rs. | 165135.00 |