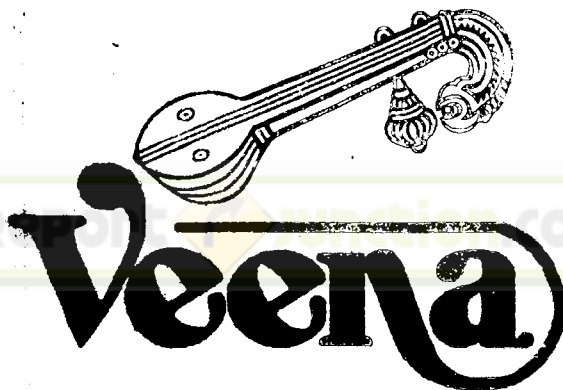


VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183.



41st ANNUAL REPORT
2007 - 2008

VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183

BOARD OF DIRECTORS

Shri K.S. Elavarashen

Shri R. Velmurugan

Shri K. Varadharajan

Chairman cum Managing Director

Director

Director

Bankers

State Bank of India

Erode

Auditors

M/s. V.N.G. Nath Associates

Chartered Accountants

Chennai - 600 034.

Audit Committee

Shri R. Velmurugan - Chairman

Shri K. Varadharajan

Finance Committee

Shri K.S. Elavarashen - Chairman

Shri K. Varadharajan

Share Transfer Committee

Shri R. Velmurugan - Chairman

Shri K. Varadharajan

Investors Grievances Committee

Shri K.S. Elavarashen - Chairman

Shri K. Varadharajan

Marketing Committee

Shri K.S. Elavarashen - Chairman

Shri R. Velmurugan

Remuneration Committee

Shri R. Velmurugan - Chairman

Shri K. Varadharajan

Registered Office

309, Salem Main Road

Komarapalayam - 638 183.

Namakkal District.

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41st ANNUAL REPORT

2007 - 2008



VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183



NOTICE TO SHAREHOLDERS

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 41st Annual General Meeting of the Members of VEENA TEXTILES LIMITED will be held on Monday the 29th September, 2008 at 10.00 A.M. 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 2008, Profit and Loss Account for the year ended on that date and the report of the Board of Directors and Auditors there-on.
2. To appoint a Director in place of Shri. R. Velmurugan, who retires by rotation in terms of Articles 79 of the Company's Articles of Association and being eligible offers himself for the re-appointment.
3. To appoint M/s. V.N.G. Nath Associates, Chartered Accountants, Chennai - 600 034 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.

By order of the Board

Komarapalayam
30th June, 2008

K.S. Elavarashen
Chairman cum Managing Director

Details pursuant to Clause 49 of the listing agreement with regards to Shri. R. Velmurugan:

Name of the Director	Shri. R. Velmurugan
Date of Birth	06.06.1960
Date of Appointment	30.09.2002
Qualification	PUC
Expertise in specific functional area	Having 21 years of experience in Cotton and Textile Trade

Details of other directorship Nil

Details of the Committee and Membership status Nil

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. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2008 to 29th September 2008 (both days inclusive)
4. 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.
5. Members desiring any information regarding accounts are requested to write to the Company atleast seven days before the Meeting so as to enable the Management to keep information ready.
6. 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.
7. 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.
8. No Gifts will be distributed at the meeting.

By order of the Board

Komarapalayam
30th June, 2008

K.S. Elavarashen
Chairman cum Managing Director



VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183



DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members,
Your Directors present the 41st Annual Report and Audited Statement of Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

	(Rupees in lacs)	
	2007-2008	2006-2007
Sales	112.58	116.29
Other Income	10.07	6.94
Total Expenditure	129.40	161.07
Financial Charges	1.42	0.31
Gross Profit / (Loss)		
after interest before		
Depreciation and	- 8.17	- 38.15
Taxation		
Depreciation	13.46	18.39
Net Profit / (Loss)	- 21.63	- 56.54

DIVIDEND

The Directors regretfully advise that no dividend is feasible this year also, due to accumulated losses.

GENERAL REVIEW OF THE YEAR

The general trend in the Textile Industry did not change drastically during this year also and the business continues to reel under severe recession. Business in general and export performance in particular had been very badly affected due to the international market situation. On the whole, the period under review had been very difficult indeed.

DIRECTORS

During the year under review, Shri R. Velmurugan who retires by rotation and being eligible offers himself for the re-appointment.

Shri. S.K. Natesan resigned from the Directorship of the Company with effect from 22.11.2007 on account of his personal reasons. The Board place on record the valuable services rendered by him.

The details as required under listing agreement is attached.

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 :

- that in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- that the directors had 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 ;

- that the directors had 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 ;

- that the directors had prepared the accounts for the financial year ended 31st March, 2008 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, Chennai - 600 034, 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 are eligible for reappointment at the ensuing Annual General Meeting.

COMPANY SECRETARY

The Company was unable to appoint Company Secretary due to financial constraints. However, the Company is taking steps to appoint a Company Secretary.

REPORT ON CORPORATE GOVERNANCE :

1. PHILOSOPHY OF CORPORATE GOVERNANCE

Veena Textiles Limited is well-known for its highest standards of Corporate Governance in all its activities and processes.

The Company always looks for achieving the highest standards in finance for all its shareholders and for instilling a pride of association to others like employees, Dealers etc. The entire process begins with the functioning of the Board of Directors, men with wide experience on production and sales and a compactness in harvesting the best available resources. Systematic and concerted efforts are nicely blended to achieve its goal in economy and avoiding incompetence.

The following is a report on the status and progress on major aspects of corporate governance.

2. BOARD OF DIRECTORS

The Board of Directors comprises a good mix of non-executive independent directors.

- The composition of the Board of Directors as at 31st March, 2008 and the number of the directorship / committee memberships held by them are as under :



VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183



DIRECTORS' REPORT TO THE SHAREHOLDERS

Sl No.	Name of Director	Executive / Non Executive Independent	Number of other directorship	Membership on other Board Committees
1.	Shri. K.S. Elavarashen	Executive	—	—
2.	Shri. R. Velmurugan	Non-Executive & Independent	—	—
3.	Shri. S.K. Natesan*	Non-Executive & Independent	—	—
4.	Shri. K. Varadharajan	Non-Executive & Independent	—	—

*Shri. S.K. Natesan resigned from the Board with effect from 22.11.2007.

(b) Board Meetings and Attendance at Board Meetings & Annual General Meeting

The Board of Directors met 5 times during the financial year 2007-2008 i.e. on 26.04.2007, 30.07.2007, 28.09.2007, 31.10.2007 and 31.01.2008. The attendance of each director at each Board Meeting and the Annual General Meeting was as under :

Sl. No.	Name of Director	No. of Board Meetings attended	Attendance at last AGM	Salary	Other Benefit	Sitting fees
1.	Shri. K.S. Elavarashen	4	Yes	216000	—	—
2.	Shri. R. Velmurugan	5	Yes	—	—	2500
3.	Shri S.K.Natesan*	4	Yes	—	—	2000
4.	Shri K. Varadharajan	5	Yes	—	—	2500

*Shri. S.K. Natesan resigned from the Board with effect from 22.11.2007.

3. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Overseeing the financial reporting process and direction of financial agenda, review of any change in accounting policies and practices, compliance with accounting standards and reviewing the adequacy of control system as per guidelines under clause 49 of the listing agreements as well as in Section 292A of the Companies Act, 1956.

The committee held four meetings during the year under review on 26/4/07, 30/7/07, 31/10/07 and 31/1/08.

FINANCE COMMITTEE

The Committee held four meetings on 26/4/07, 30/7/07, 31/10/07 and 31/1/08 during the year and they covered financial problems, general accounts, cost accounts and internal audit and controls.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The role is to redress the grievances of shareholders, transfer of shares and dematerialisation, complaints from shareholders are attended to without delay and are dealt with in a month's time.

The Committee meetings held during the year were smooth and no serious grievance was brought to the notice. The committee held four meetings during the year under review on 26/4/07, 30/7/07, 31/10/07 and 31/1/08.

MARKETING COMMITTEE

The role of the committee is to watch competitor's activities and be ever vigilant, so as to channelise our force effectively. Shri K.S. Elavarashen as chairman assisted by Shri. R. Velmurugan directed the marketing operation. The committee held four meeting during the year under review on 26/4/07, 30/7/07, 31/10/07 and 31/1/08.

4. GENERAL BODY MEETING

The location and time of last three annual general meetings are given below :

Financial year	Date	Time	Location
2004-2005	30.09.2005	10.00 A.M.	11-F, Gandhipuram Komarapalayam
2005-2006	21.09.2006	10.00 A.M.	11-F, Gandhipuram Komarapalayam
2006-2007	28.09.2007	10.00 A.M.	11-F, Gandhipuram Komarapalayam

Details of Special resolutions passed in the previous three Annual General Meeting and Extra ordinary General meeting are as follows:

Date of AGM/EGM	Particulars of Special Resolution passed
30.09.2005	Nil
21.09.2006	Nil
27.12.2006	For reappointment of MD subject to Central Government approval
28.09.2007	Nil

5. OTHER DISCLOSURES

Except for general slackness in trade due to overall general economic recession, there was nothing untoward or abnormal.

The year was a tough one for everyone and the industry which went through anxious spells as to how economy would swing had a real hard time.

The Company has not paid the listing fees for the Stock Exchanges of Ahmedabad, Madras, Mumbai and Coimbatore due to financial constraint.

6. MEANS OF COMMUNICATION

The quarterly/half-yearly unaudited financial results and the annual unaudited financial results together with the relative notices are published in Trinity Mirror, Makkal Kural. As enshrined by the stock exchange listing agreements, immediate transmission of data are also arranged to stock exchanges.



VEENA TEXTILES LIMITED

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DIRECTORS' REPORT TO THE SHAREHOLDERS

7. General Shareholder Information :

- a) Annual General Meeting
Date & Time : 29th September 2008, at 10.00 A.M.
Venue : 11F, Gandhipuram Main Road,
Komarapalayam - 638 183.
- b) Financial Calendar (Tentative)
Annual General Meeting : 29th September 2008
Results for Q.E. 30.06.2008 : Last Week of July 2008
Results for Q.E. 30.09.2008 : Last Week of October 2008
Results for Q.E. 31.12.2008 : Last Week of January 2009
Results for Q.E. 31.03.2009 : Last Week of April 2009
- c) Book Closure Date : 16.09.08 to 29.09.08
(Both days inclusive)
- d) Dividend Payment Date : Not Applicable
- e) Listing of Equity Shares on Stock Exchanges at : Mumbai, Ahmedabad, Chennai
- f) Demat ISIN No. : INE 728 E 01010
- g) Stock Market Code : Shares were not traded in any of the Stock Exchanges
- h) Register & Transfer Agents : Knack Corporate Services Private Limited,
New No.97 (Old No.43) 1st Floor, Veeraperumal Koil Street,
Mylapore, Chennai - 600 004. Ph.: 044 - 2498 6257,
Fax : 044 - 4353 6180 Email : corseinvest@yahoo.co.in
- i) Share Transfer Systems : Presently share transfers which are received in physical form are processed within 21 days from the date of receipt subject to the documents being valid and complete in all respects. In respect of demat, the same is done within 30 days from the date of demat request.

j) (a) Share holding pattern as on 31.03.2008		No. of Shares	Percentage
01. Directors & Relatives		2701920	33.63
02. Indian Financial Institutions Banks & Mutual Funds		1117200	13.90
03. Foreign Institutional Investors / NRIS		36000	0.45
04. Others		4180180	52.02
(b) Distribution of Share holding as on 31.03.2008			

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Share holding
1-500	13727	93.00	2573500	32.03
501 - 1,000	672	4.54	512700	6.38
1,001 - 10,000	346	2.35	663100	8.25
10,001 - 1,00,000	5	0.03	122500	1.52
Above 1,00,000	12	0.08	4163500	51.82



VEENA TEXTILES LIMITED

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DIRECTORS' REPORT TO THE SHAREHOLDERS

k) Dematerialisation of Shares :

The shares of the company are available for demat and 100700 shares were Demated on 31.03.2008 and the shares are not traded in any of the Stock Exchanges during the year under review.

l) Plant Location

All the Plants are located in Komarapalayam

m) Investor Correspondence

Secretarial Department

Veena Textiles Ltd., 309 Salem Main Road,

Komarapalayam - 638 183, Tel.: 04288 - 261564

Fax : 04288 - 261982 E.mail : veenatex@yahoo.com

n) i) No. of complaints received

from share holders

20

ii) No. of Complaints Not solved

Nil

iii) No. of Pending transfers

Nil

MANAGEMENT DISCUSSION AND ANALYSIS

A. Industry Structure & Development :

The Textile Industry in India plays a vital role in the economy. It contributes around 14% to the Industrial Production.

Provides direct and indirect employment to 30 million people.

The export of textile goods constitute around 27% of the country's exports. Veena Textiles Ltd continues to enjoy strong presence in Dhoby and Plain fabric market.

B. Opportunities, Threats & Risks and Concerns :

Indian Companies are facing intense competition from an organised sector with in the Country and from other Countries like Pakistan, China, Indonesia and Egypt.

C. Outlook :

The Company continues to be significant player in the Plain and Dhoby market and continuously innovating new value added products to maintain its trade name "Veena".

D. Internal Control System and their adequacy :

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

E. Financial and operational Performance :

Please refer, the Board of Directors report on Financial Results.

F. Material Developments in Human Resources / Industrial Relations front :

The Company recognises the importance and contribution of its Human Resources for its growth and development and committed to the development of its People.

G. Cautionary Statement :

Statements in the Managements Discussion and Analysis describing company's projections, estimates, expectations or predictions may be "forward looking prediction" within the meaning of Securities laws and regulations. Actual results may differ from such

estimates, Projections etc. whether expressed or implied.

8. COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with Stock Exchanges.

DEMATERIALISATION

As from 02.01.2002, the Company has joined the dematerialisation process and Knack Corporate Services Private Limited, New No.97 (Old No.43) 1st Floor, Veeraperumal Koll Street, Mylapore, Chennai - 600 004 have been appointed as our authorised agents of service in this connection and we have been allotted our identity no viz 'CDSL/INE 728 EO1010. Members are advised to contact their Depository Participants and get their shares dematerialised early.

LISTING

Owing to severe financial crunch, there had been some outstanding in the listing fees to three Stock Exchanges i.e., Coimbatore, Madras Mumbai & Ahmedabad and we have explained the circumstances to the various Stock Exchanges.

INSURANCE

Certain old godown stocks of the Company are not insured adequately.

SUSPENSION OF WEAVING & SIZING ACTIVITY

Since weaving and sizing units continued to contribute cash loss it was decided to suspend the operation for time being.

PARTICULARS OF EMPLOYEES

a) No employee of the Company was in receipt of remuneration during the financial year 2007-2008 in excess of the sum prescribed under section 217(2A) (a) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975.



VEENA TEXTILES LIMITED

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DIRECTORS' REPORT TO THE SHAREHOLDERS

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1966, 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.

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 and on behalf of the Board of Directors,

Komarapalayam

30th June 2008

K.S. Elavarasahen
Chairman cum Managing Director

DECLARATION

To

Members of Veena Textiles Ltd.,

This is to declare that the Code of Conduct envisaged by the Company for Members of the Board and Senior Management Personnel have been complied with by all the members of the Board and Senior Management Personnel of the Company respectively.

Komarapalayam

30th June 2008

K.S. Elavarasahen
Chairman cum Managing Director

CEO / CFO Certification

a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2008 and 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) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2008 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 internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit committee and steps have been taken to rectify these deficiencies.

d) There has not been any significant change in internal control over financial reporting during the year under reference;

ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management of any employee having a significant role in the Company's internal control system over financial reporting.

Komarapalayam

30th June 2008

K.S. Elavarasahen
Chairman cum Managing Director

ANNEXURE TO DIRECTORS' REPORT

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY AS PRESCRIBED IN FORM A

2007-2008 2006-2007

a. Power and Fuel Consumption

1. Electricity

(a) Purchased

Units	33431	78603
Total Amount (Rs.)	160910	427039
Rate / Unit (Rs.)	4.81	5.43

(b) Own Generation

(1) Through diesel generator Units	2796	3475
Units per lit. of diesel oil	2.99	2.99
Rate / Unit (Rs.)	11.52	11.71

(2) Through steam turbine generator	Nil	Nil
-------------------------------------	-----	-----

2. Coal	Nil	Nil
3. Furnance Oil	Nil	Nil
4. Others	Nil	Nil
	Rs. Ps.	Rs. Ps.

(b) Consumption per unit of Production		
Product : Electricity		
Automatic Looms / Terry Looms (Per Meter)	—	0.40
Embroidered Fabrics (Per Meter)	0.21	0.17
Yarn (Per Kilo Gram)	—	—

B. TECHNOLOGY ABSORPTION AS PRESCRIBED IN FORM B

1. Research and Development (R & D)

(a) Specific are as in which R & D carried out by the Company :	Nil
(b) Benefits derived as a result of the above R & D :	Nil
(c) Future plan of action :	Nil
(d) Expenditure on R & D	
(i) Capital	Nil
(ii) Recurring	Rs. Nil
(iii) Total	Rs. Nil
(iv) Total R&D expenditure percentage to total turnover	Nil

2. Technology Absorption, Adaptation and Innovation.

The Company always keeps itself updated with all latest technological and consulting experts. Efforts are being made to reduce cost and to improve performance.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (Rupees in '000)

a. Earnings	31-3-2008	31-3-2007
i. Export Sales	Nil	Nil
ii. Freight & Insurance	Nil	Nil
b. Expenditure		
Spares & Accessories purchased	Nil	Nil