

VEENA TEXTILES LIMITED

KOMARAPALAYAM - 638 183.



43rd ANNUAL REPORT

2009 - 2010

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 - 600 083.

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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NOTICE TO SHAREHOLDERS

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 43rd Annual General Meeting of the Members of VEENA TEXTILES LIMITED will be held on Thursday the 30th September, 2010 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 2010, 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 - 600 083 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 K.S. Elavarashen
31st May, 2010 Chairman cum Managing Director

Details pursuant to Clause 49 of the listing agreement with regard 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	23 years of experience in cotton & 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, 2010 to 30th September 2010 (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 28) 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 K.S. Elavarashen
31st May, 2010 Chairman cum Managing Director



VEENA TEXTILES LIMITED

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members,
Your Directors present the 43rd Annual Report and Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

	(Rupees in lacs)	
	2009-2010	2008-2009
Sales	175.91	87.89
Other Income	255.85	6.59
Total Expenditure	242.25	85.37
Financial Charges	0.06	1.13
Gross Profit / (Loss)		
after interest before		
Depreciation and	189.45	7.98
Taxation		
Depreciation	9.17	12.26
Net Profit / (Loss)	180.28	- 4.28

DIVIDEND

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

GENERAL REVIEW OF THE YEAR

The general trend of the Textile Industry during the latter part of the year was better, but the company concentrates on embroidery business which did not show much progress as expected.

DIRECTORS

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) 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 :

- (iii) 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 ;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2010 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 - 600 083, 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.

- (a) The composition of the Board of Directors as at 31st March, 2010 and the number of the directorship / committee memberships held by them are as under :



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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	—	—
4.	Shri. K. Varadharajan	Non-Executive & Independent	—	—

The Number of Independent Directors is above half the total number of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

None of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees across all companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

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

The Board of Directors met 6 times during the financial year 2009-2010 i.e. on 15.05.2009, 29.06.2009, 31.07.2009, 25.09.2009, 31.10.2009 and 30.01.2010. 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	6	Yes	72000	—	—
2.	Shri. R. Velmurugan	6	Yes	—	—	3000
4.	Shri K. Varadharajan	6	Yes	—	—	3000

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 had four meetings during the year under review on 29/6/09, 31/7/09, 31/10/09 and 30/1/2010.

FINANCE COMMITTEE

The Committee held four meetings on 29/6/09, 31/7/09, 31/10/09 and 30/1/2010. 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 29/6/09, 31/7/09, 31/10/09 and 30/1/2010.

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 29/6/09, 31/7/09, 31/10/09 and 30/1/2010.

4. GENERAL BODY MEETING

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

Financial year	Date	Time	Location
2006-2007	28.09.2007	10.00 A M	11-F, Gandhipuram Komarapalayam
2007-2008	29.09.2008	10.00 A M	11-F, Gandhipuram Komarapalayam
2008-2009	25.09.2009	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
21.09.2006	Nil
27.12.2006	For reappointment of MD subject to Central Government approval
28.09.2007	Nil
29.09.2008	Nil
25.09.2009	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.



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DIRECTORS' REPORT TO THE SHAREHOLDERS

7. General Shareholder Information :

- a) Annual General Meeting
Date & Time : 30th September 2010, at 10.00 A.M.
Venue : 11F, Gandhipuram Main Road,
Komarapalayam - 638 183.
- b) Financial Calender (Tentative)
Annual General Meeting : 30th September 2010
Results for Q.E. 30.06.2010 : Last Week of July 2010
Results for Q.E. 30.09.2010 : Last Week of October 2010
Results for Q.E. 31.12.2010 : Last Week of January 2011
Results for Q.E. 31.03.2011 : Last Week of April 2011
- c) Book Closure Date : 16.09.2010 to 30.09.2010
(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 Date : Shares were not traded in any of the Stock Exchanges
- h) Registrars & Transfer Agents : M/s. S K D C Consultants Limited,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road, Ganapathy,
Coimbatore - 641 006. Ph.: 0422 - 6549995
Fax : 0422 - 2539837 Email : info@skdc-consultants.com
- i) Share Transfer Systems : Presently share transfers which are recorded 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 31.03.2010
- | | No. of Shares | Percentage |
|---|---------------|------------|
| 01. Directors & relatives | 2701720 | 33.63 |
| 02. Indian Financial Institutions
Banks & Mutual Funds | 1117500 | 13.90 |
| 03. Foreign Institutional Investors / NRIs | 36000 | 0.45 |
| 04. Others | 4180080 | 52.02 |
- (b) Distribution of Share holding as on 31.03.2010

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Share holding
1-500	13716	92.96	2571000	32.00
501 - 1,000	674	4.57	514200	6.40
1,001 - 2,000	268	1.82	370900	4.62
2,001 - 3,000	38	0.26	96400	1.20
3,001 - 4,000	18	0.12	64600	0.80
4,001 - 5,000	7	0.05	33400	0.42
5,001 - 10,000	15	0.10	98800	1.23
Above 1,00,000	17	0.12	4286000	53.33



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DIRECTORS' REPORT TO THE SHAREHOLDERS

- k) Dematerialisation of Shares :
The shares of the company are available for demat and 103600 shares were demated as on 31.03.2010 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 - 260811
Fax : 04288 - 261982 E.mail : veena_vtl@yahoo.in
- n) i) No. of complaints received from share holders : 9
ii) No. of Complaints Not solved : Nil
iii) No. of Pending transfers : Nil
- o) Compliance Officer : Sri K.S. Elavarashen

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 Dhoty and Plain fabric market.

B. Opportunities, Threats & Risks and Concerns :

Indian Companies are facing intense competition from un 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 Dhoty 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. S K D C Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 have been appointed as our authorised agents. Our deemat identity no viz 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 the Stock Exchanges i.e., Coimbatore, Chennai Mumbai & Ahmedabad and we have explained the circumstances to the various Stock Exchanges.

PARTICULARS OF EMPLOYEES

a) No employee of the Company was in receipt of remuneration during the financial year 2009-2010 in excess of the sum prescribed under section 217(2A) (a) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975.



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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, 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.

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
31st May, 2010

K.S. Elavarashen
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
31st May, 2010

K.S. Elavarashen
Chairman cum Managing Director

CEO / CFO Certification

a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2010 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, 2010 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
31st May, 2010

K.S. Elavarashen
Chairman cum Managing Director

The above Corporate Governance Report has been placed before the Board of Directors at their meeting held on 29.06.2009 and the same was approved thereat.

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

2009-2010 2008-2009

a. Power and Fuel Consumption

1. Electricity

(a) Purchased

Units	21385	22715
Total Amount (Rs.)	143229	115490
Rate / Unit (Rs.)	6.70	5.08

(b) Own Generation

(1) Through diesel generator Units	Nil	2181
Units per lit. of diesel oil	Nil	3.00
Rate / Unit (Rs.)	Nil	13.33

(2) Through steam turbine generator	Nil	Nil
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2. Coal	Nil	Nil
3. Furnace 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)		
Embroidered Fabrics (Per Meter)	0.38	0.23
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	31-3-2010	31-3-2009
i. Export Sales	Nil	Nil
ii. Freight & Insurance	Nil	Nil
b. Expenditure		
Spares & Accessories purchased	Nil	Nil