



**VEEJAY LAKSHMI ENGINEERING WORKS LIMITED**

---

THIRTY FOURTH ANNUAL REPORT 2008-2009

## CONTENTS

Notice .....	2
Directors' Report .....	7
Auditors' Report .....	22
Balance Sheet .....	25
Profit & Loss Account .....	26
Schedules to Accounts .....	27
Balance Sheet Abstract .....	43
Cash Flow Statement .....	44
Veejay Lakshmi Textiles Limited .....	47
Consolidated Accounts .....	78



**BOARD OF DIRECTORS**

**Sri V.J.JAYARAMAN**  
Chairman cum Managing Director

**Sri N. M. ANANTHAPADMANABHAN**

**Sri B. SELVARAJAN**

**Sri N. ATHIMOOLAM NAIDU**

**Sri J. VIJAYAKUMAR**

**Sri J. ANAND**  
Managing Director

**Sri. B. SRIRAM**

**Sri. D. RANGANATHAN**  
Whole Time Director (Finance & Mktg)

**REGISTERED OFFICE**

Sengalipalayam  
N.G.G.O. Colony Post  
Coimbatore 641 022

**AUDITOR**

**M/s. N.R. Doraiswami & Co**  
Chartered Accountants  
No. 48, Race Course  
Coimbatore 641 018

**REGISTRAR & SECURITY TRANSFER AGENT**

**M/s. S.K.D.C. Consultants Limited**  
P.B. No. 2979 No. 11, S.N. Doss Lay out  
Street No. 1, (West Power House Road)  
Coimbatore 641 012

**WORKS**

**Engg. Unit - I**

Sengalipalayam  
Coimbatore 641 022

**Engg. Unit - II**

Kariyampalayam, Annur  
Coimbatore 641 653

**Engg. Unit - III**

Kariyampalayam, Annur  
Coimbatore 641 653

**Engg. Unit IV**

Athippalayam Road  
Vellamadai (P.O.)  
Coimbatore 641 110

**WIND MILLS**

- I. Kethanur, Palladam  
Coimbatore 638 671
- II. Sinjuwadi, Pollachi  
Coimbatore 642 007
- III. Irukkanthurai, Radhapuram  
Tirunelveli District. 627 011

**Wholly-owned Subsidiary Company :**

**VEEJAY LAKSHMI TEXTILES LIMITED**

**Registered Office**  
Sengalipalayam, N.G.G.O. Colony Post  
Coimbatore 641 022



## NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-fourth Annual General Meeting of the Company will be held on Thursday the 24th September, 2009 at 10.00 A.M at Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Pappanaickenpalayam, Coimbatore - 641 037 to transact the following business. We request you to attend the meeting.

### ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March 2009, the Report of the Board of Directors to the shareholders and the Report of the Auditors of the Company.
2. To appoint a Director in place of Sri. J. Vijayakumar, who retires by rotation, and being eligible offers himself for re-appointment
3. To appoint a Director in place of Sri. N.M. Ananthapadmanabhan, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri. B. Sriram, who retires by rotation, and being eligible offers himself for re-appointment
5. To appoint an Auditor or Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix the remuneration payable to them.

### SPECIAL BUSINESS :

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

Resolved that in accordance with the provisions of Sections 198, 269, 309, 349 and 350 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII as amended, consent of the Company be and is hereby accorded for re- appointment of Sri V.J. Jayaraman as Chairman cum Managing Director of the Company for a further period three years from 25.8.2009 on the following terms.

#### a) Salary

Rs. 4,00,000/- per month

#### b) Commission

Such remuneration by way of commission, in addition to the salary and perquisites and allowance payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The commission amount shall, however, in no case exceed the annual salary amount and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the shareholders.

#### c) Perquisites

Perquisites allowed in addition to salary and commission :

**CATEGORY A****Medical Reimbursement**

Medical expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

**Leave Travel Concession**

For self and family once in a year in accordance with the rules of the Company.

**Club Fees**

Fees of club, subject to a maximum of two clubs excluding admission and life membership fees.

**Personal Accident Insurance**

Premium not to exceed Rs. 4,000/- per annum.

**CATEGORY B**

The Chairman cum Managing Director shall be entitled to reimbursement of all actual expenses including expenses on entertainment and traveling incurred in the course of the Company's business.

The Company shall provide a car with driver and telephone facility at the residence of the Chairman cum Managing Director.

Provision of a car with driver for use on Company's business and telephone facility at his 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 Chairman cum Managing Director.

Resolved further that in the event of no profits or inadequacy of profits, the remuneration payable to Sri. V.J. Jayaraman, Chairman cum Managing Director by way of salary and perquisites shall not exceed the limits specified in Section II of Part II of Schedule XIII as amended from time to time.

7. To consider and if thought fit, to pass, with or without modification(s) the following as special resolution.

Resolved that pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered in the following manner. Article 4 be replaced by the following Article.

*"The Company shall have the power, subject to and in accordance with Sections 77A, 77B and other applicable provisions of the Act or the corresponding provisions, rules, regulations and guidelines prescribed by the Government of India, the Securities and Exchange Board of India or any other authority, to purchase any of its own fully paid shares or other specified securities whether or not they are redeemable and may make a payment out of its free reserves or shares/securities premium account of the Company or proceeds of any shares or other specified securities, provided that, no buy-back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind other specified securities or from such other sources as may be permitted by Law on such terms, conditions and in such manner as may be prescribed by the Law from time to time in respect of such purchase".*

Resolved further that for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to take such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may rise in this regard.

**Explanatory statements pursuant to section 173(2) of the Companies Act, 1956.****Item No. 6.:**

The present term of office of Sri V.J.Jayaraman Chairman cum Managing Director is expiring on 25.8.2009. The Board of Directors, in their meeting held on 25.6.2009, have approved the re-appointment on the terms mentioned above and the remuneration committee also has approved the remuneration payable on the terms mentioned above. The appointment and remuneration require approval of the members under section 269 and Schedule XIII of the Companies Act. The Board of Directors recommends this resolution and the members' approval is being sought for, by passing a Special Resolution.

The particulars, as required to be furnished under Section II of Part II of Schedule XIII, are given below:

**I. General Information**

1. Nature of Industry: Manufacture of Textile machinery-twisters and winders  
(capital goods for textile spinning mills)
2. Date of commencement of commercial production : Manufacturing since 1976
3. In case of new Companies expected date of commencement of activities as per project approved by the financial Institutions appearing in the prospectus : Not Applicable
4. Financial Performance based on given indicators :-

Rs. in lakhs

Financial Year	2004-05	2005-06	2006-07	2007-08	2008-09
Total Sales and other Income	7070	5926	8221	9194	3492
Profit After Taxes	712	628	731	1413	-779
Dividend Paid	101	101	101	51	Nil
Rate of Dividend %	20%	20%	20%	10%	Nil

5. Export Performance and net foreign exchange collaborations: (for the year 2008-09)
  - a. Physical Exports Rs.495 lakhs
  - b. Deemed Exports Rs.1167 lakhs
  - c. Forex outflow on imports and other matters Rs.704 lakhs
  - d. Net Foreign Exchange earnings/(outflow) (a-c)=(Rs. 209 lakhs)
6. Foreign Investments or Collaborations, if any: The Company earlier had collaborations/joint ventures with reputed companies in Europe and all of them have expired. At present there is no collaboration or foreign investment.

**II. Information about the appointee:****1. Background details**

Name : Sri V.J. Jayaraman  
Date of Birth/Age : 12/3/1942 -67 years  
Qualification : BSc., B.S.in Textile Engineering from Lowell Technolgical Institutue, Massachusetts, USA and a Postgraduate course in Engineering Administration from Syracuse University, USA.



**NOTES:**

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company.
2. The proxy form duly filled in and stamped has to be delivered to the Company not later than 48 hours before the time of holding the aforesaid meeting. Where a Body Corporate is a member of the Company, the resolution passed by the Board of Directors authorizing the representative to attend the meeting shall be forwarded to the Company duly certified in advance.
3. Re-appointment of Directors:  
At the ensuing Annual General Meeting Sri. J.Vijayakumar, Director Sri. N.M. Ananthapadmabhan, Director and Sri. B. Sriram, Director, retire by rotation and being eligible, offer themselves for re-appointment. The details pertaining to these Directors as required to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Report on Corporate Governance published in this Annual Report.
4. Members are requested to intimate their change of address, if any, to the Company's Registrars and Security Transfer Agents, M/s. S.K.D.C. Consultants Limited, P.B.No 2979, No.11, S. N. Doss Lay Out, Street No: 1. (West Power House Road), Coimbatore - 641 012, quoting their respective folio numbers.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16.9.2009 to 24.9.2009 (Both days inclusive)
6. Pursuant to Section 205-A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999 all unclaimed dividends shall be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of seven years from the date of declaration. Shareholders who have not encashed the dividend warrants for the years 2003-04 to 2007-08 are requested to write to M/s. S.K.D.C. Consultants Limited, P.B.No 2979, No.11, S. N. Doss Lay Out, Street No, 1. (West Power House Road), Coimbatore - 641 012, quoting their respective folio numbers.
7. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
8. Any member who needs any clarification on accounts or operations of the Company shall write to the Company, so as to reach at least 7 days before the meeting, so that the information required can be made available at the meeting.

By Order of the Board

Coimbatore  
25.6.2009

**(Sd/- V.J. Jayaraman**  
Chairman cum Managing Director



Experience : More than 40 years experience in management/administration of textile machinery manufacturing companies as Director/Managing Director and has been involved in number of successful collaborations.

2. Past Remuneration :

(Values in Rs.)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Salary	48,00,000	48,00,000	48,00,000	48,00,000	24,00,000*
Perquisites	11,522	85,906	28,922	40,807	37,329
Commission	8,00,000	NIL	NIL	NIL	NIL

\*For six months period

3. Recognition or Awards: Has been member/chairman of various associations/councils like Textile Machinery Manufacturers Association, Development council for Textile Machinery, Confederation of Indian Industry etc.
4. Job Profile and suitability: Overall control of the management/affairs of the Company. Actively involved in all corporate planning and business strategies. Mr.V.J.Jayaraman is one of the founder/promotor Directors and has been involved in the management since the inception of the Company. He has a rich experience of more than 40 years in the line of business of the Company.
5. Remuneration proposed: As given in the resolution.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person(in case of expatriates the relevant detail would be with respect to the country of his origin): The proposed remuneration to Mr. V.J.Jayaraman is as prevalent according to the industry standards.
7. Pecuniary relationship: He is not directly having any pecuniary relationship. Few companies in which he is a Director and the firm in which he is a partner are having business transactions with the Company.

### III. Other information

1. Reasons for loss or in-adequacy of profits: The loss is mainly due to fall in demand due to the recession in textile industry and the general recession worldwide.
2. Steps taken or proposed to be taken for improvement: The labour force has been streamlined by introducing a VRS scheme and this will reduce the outflow on employee cost significantly. Measures have been taken to reduce cost in all other areas and the benefit of the cost reduction is reflected in the selling price of the products to be competitive in the market. New products/models have been introduced and also existing models are being improved to increase productivity and quality
3. Expected increase in the Productivity/Profits in measurable terms : The loss is mainly due to fall in demand/sales due to recession. If the demand picks up and if the Company is able to get regular orders as in the past, the performance will be similar to the levels of financial year 2006-07 mentioned above.

#### Item 7.

The Companies (Amendment) Act, 1999, has allowed the Companies to buy back its own shares and securities. This buy back can be done only if the Company is authorized by its Articles of Association. Alteration in the Articles of Association is therefore proposed to enable the Company to buy its own shares as per the provisions of sections 77A and 77B of the Companies Act, 1956. The amendment of articles can be done only by a special resolution passed by the members in general meeting and hence the Board recommends the resolution for your approval.





## DIRECTORS' REPORT TO THE SHARE HOLDERS

Ladies and Gentlemen,

Your Directors present their report and accounts for the year ended 31st March 2009.

### FINANCIAL RESULTS

	2008-09	2007-08
	Rs.	Rs.
Sales Turnover	348,325,750	790,128,711
Profit before Depreciation and taxes	-88,287,330	189,057,180
Depreciation	39,279,800	44,849,566
Net Profit	-127,567,130	144,207,614
Balance brought forward from Profit and Loss Account	142,482,562	20,000,000
Amount available for appropriation	14,915,432	164,207,614
<b>APPROPRIATIONS / ADJUSTMENTS</b>		
Provision for Taxes - Current Year		1,421,000
- Deferred Tax	(48,703,800)	3,966,300
- Fringe Benefit Tax	562,000	665,000
Prior year Taxes	(1,508,816)	(3,080,575)
Excess Provision for gratuity for earlier years reversed		(996,073)
Provision for Dividends		5,071,900
Dividend Distribution Tax		861,970
Transfer to General Reserve		13,815,530
Balance carried forward to Profit and Loss Account	64,566,048	142,482,562
<b>Total</b>	<b>14,915,432</b>	<b>164,207,614</b>

### PROFITS / DIVIDENDS

Due to fall in sales turnover, the working during the financial year 2008-09 has resulted in a loss of Rs. 1276 lakhs and hence no dividend is proposed.

### OPERATIONS

The adverse market conditions in the Textile industry from middle of 2007 continued during the financial year 2008-09 and this has severely affected the performance of the Company. There is a significant drop in the quantity of both the Two for one Twisters( 97 nos as against 272 nos in previous year) and Automatic cone Winders (20 nos as against 44 nos in previous year). As a result the sales turnover has reduced to Rs.3483 lakhs as against Rs. 7901 lakhs in the previous year.

The Aluminium Die Casting Division is catering mainly to in house requirements. The income from the Wind Mills is Rs. 145 lakhs as against Rs. 146 lakhs in the previous year. The income during the year under review includes Rs. 32 lakhs on account of carbon credit due for earlier years.



The precision winders developed by the inhouse R&D was introduced to the market during the year. The product has been well received in the market but it is yet to gain momentum in sales.

Due to the fall in sales and low capacity utilization the Company has taken steps to reduce the work force and a VRS scheme was also implemented. The reduction in workforce will reduce the wage bill considerably.

The Company is taking steps to strengthen the product line to introduce new models and also new products to meet market requirement. The selling price has been reduced to meet the competition and this will result in reduction in margins.

There is some improvement in the inflow of orders but there is no improvement in taking deliveries. This is because the market situation in the textile industry is still not conducive for expansion/investment. This will have an impact on the performance of our Company during the current year also.

#### **SUBSIDIARY COMPANY**

The accounts of the wholly owned subsidiary, M/s Veejay Lakshmi Textiles Limited, form part of this report. The audited consolidated financial statements including the subsidiary Company are also attached to this Annual report.

#### **FINANCE**

The Technology Development Board has sanctioned a term loan of Rs.830 lakhs with interest at 5% for financing the project for development of a new generation of automatic cone winder. An amount of Rs.300 lakhs has been already disbursed by them. The Company also has got working capital facilities sanctioned by Bank of Baroda. However the total utilization from all the three banks-State Bank of India, Corporation Bank and Bank of Baroda will not exceed the previous sanctioned limits-fund based Rs.1500 lakhs and non fund based Rs.1500 lakhs

#### **R&D**

The focus is on developing new models and new products.

#### **INDUSTRIAL RELATIONS**

The relationship with the workmen has been cordial in all the units of the Company.

#### **FIXED DEPOSITS**

The Company has not accepted any fixed deposits from public. The Company has an amount of Rs. 518 lakhs as unsecured loans from Directors. There are no overdue/unclaimed deposits as at 31.3.2009.

#### **LISTING**

The Company's securities are presently listed with the Stock Exchange at Mumbai.

#### **DEPOSITORIES**

The Company has signed agreements with National Securities Depository Limited and Central Depository Services (India) Limited and the shares of the Company are now traded in demat form.

#### **DIRECTORATE**

Sri S.K. Mohandass, Director of the Company passed away on 28.10.2008. Your Directors place on record the valuable service and guidance provided by Sri S.K. Mohandass during his tenure as a Director and also as the Chairman of the Audit committee

Sri. J. Vijayakumar, Sri N.M. Ananthapadmanabhan and Sri B. Sriram will be the Directors retiring by rotation at the ensuing Annual General Meeting and being eligible they offer themselves for re appointment.



The profile of the Directors to be appointed/reappointed in the ensuing Annual General Meeting is given in the Annexure to this report.

The details of remuneration paid to the Directors have been given in Schedule forming part of the Accounts for the year-ended 31.3.2009. None of the Non-Executive Independent Directors have any pecuniary relationship with the Company.

#### **AUDITORS**

The Company's Auditors, M/s. N.R. Doraiswami & Co will retire at the ensuing Annual General Meeting. They are eligible for re appointment. Sri N. R. Doraiswami, partner of the Audit firm passed away on 08.10.2008. In addition to looking after statutory audit since inception of the Company, he was also actively associated with the Company looking after the income tax affairs. Your Directors wish to place on record the valuable assistance and guidance provided by him.

#### **INFORMATION IN ACCORDANCE WITH SECTION 217 OF THE COMPANIES ACTS, 1956**

There are no employees within the meaning of sub section (2A) of section 217 who are paid remuneration in excess of the amounts prescribed.

#### **OTHER INFORMATION**

As required under the listing agreement with the Stock Exchange, Management Discussion and Analysis Report, Corporate Governance Report, Segmental Reporting and Related Party Disclosures have been made part of this Annual Report.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Your Directors wish to state

1. that the appropriate accounting standards have been followed in the preparation of the annual accounts
2. that your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable 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 also of Profit and Loss Account of the Company for the year ended 31st March 2009
3. that your Directors have taken proper care for the maintenance of adequate accounting records for the purpose of safeguarding the assets of the Company and for preventing fraud and other irregularities.
4. that your Directors have prepared the annual accounts on a going concern basis.

#### **ACKNOWLEDGEMENT**

We would like to thank all the employees, customers, suppliers, bankers-State Bank of India, Corporation Bank, Bank of Baroda, the Technology Development Board and all those who have been associated with us for extending their support to the Company.

By Order of the Board

Coimbatore  
25.6.2009

(Sd/-) V.J. Jayaraman  
Chairman cum Managing Director

**ANNEXURE TO DIRECTORS' REPORT****DISCLOSURE OF PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988****FORM A****A) CONSERVATION OF ENERGY**

Not applicable-

**FORM B****B) TECHNOLOGY ABSORPTION****I. Research & Development****1. Specific areas in which R & D is carried out by the Company:**

The Company continues its efforts for development of existing products and new models.

**2. Benefit derived as a result of the above R & D:**

The performance of the machines has been improved and new products/models are developed to widen the application. Components are indigenised to reduce the import content.

**3. Future Plan of Action:**

The Company will continue its R & D efforts for up-gradation of product quality and manufacturing process, indigenisation of components for import substitution and development of new models.

**4. Expenditure on R & D:**

- a) Capital Rs.Nil (Previous Year : 5.06 Lakhs )
- b) Recurring - Salaries, power charges and other expenses - Rs.189.59 Lakhs (Previous Year : 188.75 Lakhs)
- c) Total R & D expenditure Rs.189.59 lakhs (Previous Year 193.81 Lakhs)
- d) Total R & D expenditure as a percentage of turnover : 5.44 % (Previous Year 2.45%)

**II. Technology Absorption, Adaptation and Innovation :****1. Efforts in brief, made towards technology absorption, adaptation and Innovation.**

The Company has been able to develop a major portion of the components indigenously and keep down the cost of production.

**2. Benefits derived as a result of the above efforts:**

The Company is able to offer sophisticated machines of latest technology at competitive prices in India.

**3. Details of Technology imported during the last 5 years : Nil**

- a) Technology Imported :
  - b) Year of Import :
  - c) Has technology been fully absorbed :
  - d) If not fully absorbed, area where this has not taken place, reasons therefor and future plans of action :
- } Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Rs. In Lakhs

<b>TOTAL FOREIGN EXCHANGE EARNED</b>	<b>2008-09</b>	<b>2007-08</b>
Sale of Machinery & Spares	<b>495</b>	624
<b>TOTAL FOREIGN EXCHANGE USED</b>		Rs. In Lakhs
Import of Capital Goods		859
Import of Raw Materials, Components, Spares and consumables	<b>680</b>	2081
Other matters- Travelling, books & periodicals, interest, etc	<b>24</b>	99
Total	<b>704</b>	3039
Deemed Exports (Supplies to EOUs & EPCG licence holders)	<b>1167</b>	4294

**PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT  
AT THE FORTHCOMING ANNUAL GENERAL MEETING**

<b>Name of the Director</b>	<b>Sri. J. Vijayakumar</b>
Date of birth	09.12.1952
Date of appointment	03.09.1990
Expertise in specific functional area	Management (Textiles)
Qualification	B.com., B.S., M.B.A
<b>List of Outside Directorship</b>	
	1. M/s. Veejay Tool & Die Pvt. Ltd 2. M/s. Veejay Terry Products Ltd 3. M/s. Magna Electro Castings Ltd 4. M/s. Ranba Castings Ltd
<b>Membership in Committees</b>	
a. Audit committee	M/s. Magna Electro Castings Ltd
b. Shareholders' committee	M/s. Magna Electro Castings Ltd
c. Remuneration committee	Nil
d. Share transfer committee	1. M/s. Veejay Lakshmi Engg Works Ltd 2. M/s. Veejay Terry Products Ltd



<b>Name of the director</b>	<b>Sri. N.M. Ananthapadmanabhan</b>
Date of birth	10.03.1935
Date of appointment	29.10.2001
Expertise in specific functional area	General Management (Textiles)
Qualification	B.Com (Hons)
List of outside directorship	M/s. Veejay Lakshmi Textiles Ltd
<b>Membership in committees</b>	
a. Audit committee	1. M/s. Veejay Lakshmi Engg. Works Ltd - Chairman 2. Veejay Lakshmi Textiles Ltd - Chairman
b. Shareholders' committee	M/s. Veejay Lakshmi Engg. Works Ltd - Chairman
c. Remuneration committee	M/s. Veejay Lakshmi Engg. Works Ltd - Chairman
d. Share transfer committee	Nil
<b>Name of the director</b>	<b>Sri. B. Sriram</b>
Date of birth	08.12.1970
Date of appointment	29.01.2001
Expertise in specific functional area	Management (Industrial Engineering)
Qualification	B.E. Mechanical
List of outside directorship	1. M/s. Veejay Lakshmi Textiles Ltd 2. M/s. Prathishta Weaving & Knitting Company Ltd
<b>Membership in committees</b>	
a. Audit committee	M/s. Veejay Lakshmi Engg. Works Ltd - Member M/s. Veejay Lakshmi Textiles Ltd - Member
b. Shareholders' committee	Nil
c. Remuneration committee	Nil
d. Share transfer committee	Nil



## ANNEXURE TO DIRECTORS' REPORT - CORPORATE GOVERNANCE

### (1) Company's Philosophy

The Company believes in good Corporate Governance with transparency, professionalism and accountability.

### (2) Board of Directors

The names of Directors, their attendance at the Board Meetings during the year and at the last Annual General Meeting and also details of other directorships/membership of committees are given below. During the period April 1, 2008 to March 31, 2009 six Board Meetings were held on the following dates 07.05.2008, 28.06.2008, 24.07.2008, 23.10.2008, 29.01.2009 and 20.3.2009.

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	Committee Membership	
					Member	Chairman
Sri. V.J.Jayaraman	CMD	6	Yes	5	1	1
Sri. J.Anand	MD	6	Yes	3	1	None
Sri. J.Vijayakumar	NED	4	Yes	4	4	None
Sri. B.Selvarajan	NEID	2	Yes	3	3	None
Sri. S.K.Mohandass	NEID	2	Yes			
Sri. N. Athimoolam Naidu	NEID	1	Yes	3	1	None
Sri. B.Sriram	NEID	4	Yes	2	2	None
Sri. N.M.Ananthapadmanabhan	NEID	4	Yes	1		4
Sri. D.Ranganathan	WTD	6	Yes	2	None	None

CMD - Chairman Cum Managing Director, MD-Managing Director, NED - Non-Executive Director, NEID - Non Executive Independent Director, WTD- Whole Time Director.

### (3) Audit Committee

#### A. Terms of reference

- To oversee the Company's financial reporting process and disclosure of financial information.
- To review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors.
- Adequacy of the internal audit function, review of major accounting policies, and of accounting standards
- To review the quarterly, half yearly and annual financial statements before submission to the Board of Directors

#### B. Composition

The Audit Committee of the Board was formed in January 2001 and comprises of three Non-Executive independent Directors. The Committee met four times during the year and the attendance details are furnished below.



Name of Member	Status	No of Meetings Attended
Sri. S.K. Mohandass (till 23.10.2008)	Chairman	2
Sri. B.Sriram	Member	4
Sri. B.Selvarajan	Member	2
Sri. N.M. Ananthapadmanabhan (Chairman from 23.10.2008)	Chairman	4

All the members are independent directors.

#### (4) Remuneration Committee

##### (A) Terms of reference

The Remuneration Committee of the Board was formed in October 2003 and comprises of the following Directors as at 31.3.2009.

Name of Member	Status
Sri. N.M. Ananthapadmanabhan	Chairman
Sri. B.Selvarajan	Member

##### (B) Details of remuneration for the year 2008-09

###### (a) Managing/Whole-time Directors

Name	Salary and perquisites in Rs.
Sri V.J. Jayaraman, Chairman cum Managing Director	2437329
Sri J. Anand, Managing Director	1765890
Sri. D. Ranganathan, Whole Time Director (Finance & Marketing)	1040256
Total	5243475

###### (b) Non-Executive Directors

Name of the Director	Sitting Fees paid in Rs.	Commission
Sri. J.Vijayakumar	10000	Nil
Sri. B.Selvarajan	8000	Nil
Sri. S.K.Mohandass	8000	Nil
Sri. N. Athimoolam Naidu	2500	Nil
Sri. B.Sriram	16000	Nil
Sri. N.M. Ananthapadmanabhan	16000	Nil
Total	60500	





#### (5) Shareholders' Committee

Sri. N.M.Ananthapadmanabhan, and Sri N. Athimoolam Naidu are the members of the Shareholders' Committee. The Committee is headed by Sri.N.M.Ananthapadmanabhan, a Non-Executive and Independent Director.

During the year 2008-09, 2 complaints were received from shareholders and Investors and the same have been solved.

All valid requests for share transfer received during 2009-10 have been acted upon by the Registrars and Security Transfer Agents of the Company i.e. M/s. SKDC Consultants Limited.

M/s SKDC Consultants Limited has been vested with the powers for all share transfers.

#### (6) General Body Meetings

The last three Annual General Meetings were held as under.

Financial Year	Date	Time	Location
2007-08	24.09.2008	10.00 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37.
2006-07	28.09.2007	10.00 AM	-Do-
2005-06	27.09.2006	10.30 AM	-Do-

During the last three Annual General Meetings,

2005-2006 : Special resolutions were passed to approve the remuneration payable to the Chairman cum Managing Director and Managing Director in the event of inadequacy of profit.

2006-2007 }  
2007-2008 } No special resolutions or matters requiring postal balloting were considered.

No special resolutions on matters requiring postal balloting are placed for shareholders' approval at this meeting.

#### (7) Disclosures

1. During the year, there were no transactions of material nature with the Directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

#### (8) Means of Communication

- a) Quarterly as well as annual audited results are published in prominent daily newspapers viz. The Hindu Business Line and Daily Thanthi
- b) The annual results are made available on the website of the Company [www.veejaylakshmi.com](http://www.veejaylakshmi.com)
- c) Official news releases are made whenever it is considered necessary.

**(9) MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A report is enclosed which forms part of this Annual Report.

**(10) General Information for Shareholders:**

1. Annual General Meeting is proposed to be held at 10.00AM on Thursday, the 24th September 2009 at Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Coimbatore - 641 037
2. Financial calendar  
Annual results of previous year 2009-10  
Annual General Meeting 25th June 2009  
First quarter results 24th September, 2009  
Second quarter/half yearly results Before end of July 2009  
Third quarter results Before end of October 2009  
Before end of January 2010
3. Date of Book Closure 16.9.2009 to 24.9.2009
4. Listing on Stock Exchanges Bombay Stock Exchange
5. Stock Code 522267 (BSE)
6. **Stock Market price data for the year 2008-09.**

The high & low prices during each month in last financial year in Bombay Stock Exchange are given below.

Date	High (Rs.)	Low (Rs.)
April 2008	83.90	65.00
May 2008	103.00	72.00
June 2008	86.00	55.00
July 2008	65.00	45.00
August 2008	56.50	47.50
September 2008	53.40	36.10
October 2008	47.00	24.15
November 2008	34.40	18.00
December 2008	32.70	18.05
January 2009	30.90	18.55
February 2009	20.30	16.25
March 2009	17.75	14.10



### 8. Registrars & Security Transfer/Demat Agents:

Company's share transfer work and dematerialization of shares is done by M/s. S.K.D.C. Consultants Limited, P.B. No 2979, No.11, S. N. Doss Lay Out, Street No: 1 (West Power House Road), Coimbatore - 641 012.

### 9. Share Transfer System.

The share transfers are registered and returned within a period of 30 days from the date of receipt if documents are in order. The Share transfers are approved by shares transfer committee, which meets as and when required.

### 10. Distribution of shareholding as on 31st March 2009

No. of Shares	No. of Shareholders	% of Shareholders	Shareholding in Rs.	% of Shareholding
Up to 500	7231	93.62	8818920	17.39
501 - 1000	255	3.30	2051620	4.05
1001 - 2000	122	1.58	1849250	3.65
2001 - 3000	38	0.49	939170	1.85
3001 - 4000	24	0.31	856020	1.69
4001 - 5000	8	0.10	373500	0.74
5001 - 10000	26	0.34	1871100	3.69
10001 and above	20	0.26	33959420	66.96
<b>Total</b>	<b>7724</b>	<b>100.00</b>	<b>50719000</b>	<b>100.00</b>

### 11. Categories of Shareholders as on 31st March, 2009

Category	No. of Shares Held	% of Shareholding
<b>Promoter Holding</b>		
1. Promoter Holding- Indian Promoter	3066792	60.47
<b>Public Share Holding</b>		
2. Mutual Funds and UTI	200	-
3. Banks, Fin. Institutions, Insurance Companies, Govt. Companies	600	0.02
4. FIIS		
<b>Others</b>		
4. Directors & Relatives *	73040	1.44
5. Private Corporate Bodies	267484	5.27
6. Indian Public	1641992	32.37
7. NRI's/OCB's	21792	0.43
<b>Total</b>	<b>5071900</b>	<b>100.00</b>

\* Inclusive of 67840 shares held by a NRI Director



**12. Dematerialisation of Shares:**

As on 31st March 2009, 37.09% of the Company's total shares representing 18,81,386 shares were held in dematerialized form and the balance 31,90,514 shares representing 62.91 % of the Company's total shares were in physical form.

**13. Secretarial Audit Report:**

The Secretarial Audit Report of the Company prepared in terms of SEBI Circular No. D&CC/FITTC/CIR 16/2002 dated: 31.12.2002 reconciling the total shares held in both the depositories viz., NSDL and CDSL and in physical form with the total issued/paid up capital of the Company is placed before the Board of Directors and duly submitted to the Stock Exchange for every quarter.

**14. CEO/CFO CERTIFICATION:**

The Company has laid down a code of conduct for all Board Members and Senior Management Personnel of the Company. The code of conduct is available on the website of the Company.

**DECLARATION**

As provided under clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Management Personnel have affirmed compliance with Veejay Lakshmi Engineering Works Limited Code of Conduct for the year ended 31st March 2009.

Coimbatore  
25.6.2009

Sd/- J. Anand  
Managing Director

The Managing Director (CEO) and the Whole Time Director (Finance & Marketing) (CFO) of the Company have certified to the Board with regard to the financial statements and other matters, as required under Clause 49 (VIII) of the Listing Agreement.

15. Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable.

16. Plant Location : The Company's plants are located as under.

1. Engg. Unit I : Sengalipalayam, Coimbatore - 641 022.
2. Engg. Unit II : Kariyampalayam, Coimbatore - 641 653.
3. Engg. Unit III : Kariyampalayam, Coimbatore - 641 653.
4. Engg. Unit IV : Vellamadai, Coimbatore - 641 110.
5. Wind Mills :
  - i) Kethanur, Palladam, Coimbatore - 638 671.
  - ii) Sinjuwadi, Pollachi, Coimbatore - 642 007.
  - iii) Irukkanthurai, Radhapuram, Tirunelveli - 627 011.

**17. Addresses for Correspondence.**

The Company's registered office is situated at Sengalipalayam, N.G.G.O Colony P.O, Coimbatore - 641 022. Shareholders' correspondence should be addressed to M/s. S.K.D.C. Consultants Limited, P.B.No 2979, No.11, S. N. Doss Lay Out, Street No: 1. (West Power House Road), Coimbatore - 641 012 quoting their respective folio numbers.



**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by M/s. Veejay Lakshmi Engineering Works Limited for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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.

*In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges for the year ended 31st March, 2009.*

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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

As per our report attached

For **N.R. DORAISWAMI & CO.**  
Chartered Accountants

(Sd/-) **SUGUNA RAVICHANDRAN**  
(Membership No. 207893)

Coimbatore  
25.06.2009



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INTRODUCTION

The Company started its operations in the year 1975 to produce Twisting machines. The Company has been specializing in the Twisting machines and Automatic Cone Winder was added to the product line in the year 1998. Both the products are used in textile mills for post spinning/weaving preparatory operations. The Company diversified into textile spinning in the year 1993 and the textile unit now functions under a wholly owned subsidiary from 2003. The Company has also invested in Wind Mills.

### INDUSTRIAL SCENARIO

Indian Textile engineering industry is more than 50 years old and one of the largest capital goods segments in India and has potential for growth. The prospects of the industry are directly related to the prospect of the user textile industry. The industry, which was working under protective environment for a long time has been dependant on foreign technical know-how. With the opening of economy and removal of all controls the local industry has been exposed to competition and is under compulsion to update its technology with improvement in quality and prompt after-sales service. The industry is suffering with low capacity utilisation mainly due to imports and fluctuation in demand.

### HIGHLIGHTS OF OPERATIONS:

#### SEGMENTWISE/PRODUCTWISE PERFORMANCE

There is a significant fall in the sales turnover of textile machinery (Rs. 3247 lakhs as against Rs.7606 lakhs in the previous year) due to recession in Textile industry. The sale of twisters has decreased to 97 Nos as against 272 Nos in the previous year and the quantity of Automatic winders also has reduced from 44nos. to 20 nos. The income from windmills is Rs. 145 lakhs as against Rs. 146 lakhs in the previous year. The income includes Rs. 32 lakhs towards carbon credit for earlier years. The fall in sales turnover and also the outflow on account of a VRS scheme has resulted in a loss of Rs.1276 lakhs.

### RISKS & CONCERNS:

Vagaries in the price of raw materials, fluctuation in exchange rates, unremunerative prices on end products are affecting the performance of the Textile Industry and this has a direct impact on the demand for the Textile Machinery

### OUTLOOK

Although there is some improvement in the inflow of orders, it may take some more time for textile industry to make investments for expansion/modernization.

### INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has a proper and adequate system of internal controls commensurate with its size and nature of business.

All the assets are safeguarded, properly utilized and protected against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported correctly.



A Chartered Accountant carries out the audit on monthly basis to monitor the effectiveness of the internal checks and controls in different areas and reports/suggests improvement measures for review by the management.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company has a dedicated team of professionally qualified/experienced personnel in all functional areas. Opportunities are provided for self development and career growth and wherever necessary employees are sent for training programme conducted in house and also outside by other professional bodies. The industrial relationship was cordial throughout the year. A voluntary retirement scheme was introduced in Engineering Unit-I at Sengalipalayam and all confirmed workers have opted for the scheme.

#### **CAUTIONARY STATEMENT**

Statements in this report on management discussion and analysis describing the Company's future objectives, projections, estimate and expectations may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events, as they are perceived by the management at this juncture.

The actual results, however, may differ materially from those which have been made explicit or which are implied. The major factors that could make a difference to the Company's operations include the supply demand condition of the Company's products, both domestic and global, the price realizations, which are market related, and all other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward-looking statements, which may undergo substantial revisions in future on the basis of unforeseen subsequent developments and/or events

By Order of the Board

Coimbatore  
25.6.2009

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director



**AUDITORS' REPORT TO THE MEMBERS OF  
M/s. VEEJAY LAKSHMI ENGINEERING WORKS LIMITED**

1. We have audited the attached Balance Sheet of M/s. Veejay Lakshmi Engineering Works Limited, as at 31st March, 2009 the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956;
  - v. On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India read with the significant accounting policies and other notes thereon,
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
    - b) in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **N.R. DORAISWAMI & CO.**  
Chartered Accountants

Coimbatore  
25.06.2009

(Sd/-) **SUGUNA RAVICHANDRAN**  
(Membership No. 207893)



**ANNEXURE TO AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date to the members of M/s. Veejay Lakshmi Engineering Works Limited)

- i)
  - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
  - b) The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
  - c) No substantial part of fixed assets of the company has been disposed off during the year.
- ii)
  - a) The inventories of the company at all its locations have been physically verified by the management during the year.
  - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) The company has maintained proper records of inventories and the discrepancies between the physical inventories and the book records which have been properly dealt with in the books of account were not material.
- iii) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - a) The Company had taken loans from 2 parties aggregating to Rs.223 lakhs. The maximum amount involved during the year was Rs.518 lakhs and the year end balance of loans taken from such parties was Rs.518 lakhs.
  - b) In our opinion the rate of interest and other terms and conditions on which loans have been taken from parties listed in the registers maintained under section 301 are not, prima facie, prejudicial to the interest of the Company.
  - c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
  - d) There is no overdue amount of loans taken from parties listed in the registers maintained under section 301 of the Companies Act, 1956. The repayment of the principal amount is as per the agreed terms.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- v) In respect of contracts and arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, contracts and arrangements that needed to be entered into the register have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5.00 lakhs or more in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business.
- viii) As explained to us, no order for the maintenance of cost records under section 209(1) (d) of the Act has been made by the Central Government for any of the products of the Company.



- ix) According to the information and explanations given to us in respect of statutory and other dues:
- a) the Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess.
  - b) according to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
  - c) at the end of the financial year there were no dues of Sales Tax, Income Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except as follows:-

Name of the Statute	Nature of the Dues	Amount Rs. in Lakhs	Forum where dispute is pending
Income Tax Act 1961 (A.Y.1992-93 to A.Y.1994-95)	Income Tax	10.00	Income Tax Appellate Tribunal
Central Excise Act 1944	Cenvat Credit	3.38	Customs, Central Excise and Service Tax Appellate Tribunal

- x) The Company has no accumulated losses at the end of the financial year. The Company has incurred a cash loss of Rs.882.88 lakhs during the financial year covered by our audit and has not incurred any cash loss in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society and as such reporting under clause 4 (xiii) of the Order is not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments and as such clause 4 (xiv) of the Order is not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interest of the Company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
- xvii) On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment during the year.
- xviii) The company has not made any preferential allotment of shares during the year.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have been informed by the management of any such instance being noticed or reported during the year.

For **N.R. DORAISWAMI & CO.**  
Chartered Accountants

**(Sd/-) SUGUNA RAVICHANDRAN**  
(Membership No. 207893)

Coimbatore  
25.06.2009



## BALANCE SHEET AS AT 31ST MARCH 2009

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
A. Capital	1	50,719,000	50,719,000
B. Reserves and Surplus	2	631,328,514	709,245,028
<b>2. Loan Funds</b>			
A. Secured Loans	3	165,499,646	101,315,498
B. Unsecured Loans	4	51,800,000	29,500,000
<b>3. Deferred Tax Liability</b>			
	5	18,968,500	67,672,300
Total Funds employed		<u>918,315,660</u>	<u>958,451,826</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
A. Gross Block	6	870,113,351	866,296,510
B. Less Depreciation		451,597,943	412,318,143
C. Net Block		418,515,408	453,978,367
<b>2. Investments</b>			
	7	241,985,482	242,010,922
<b>3. Current Assets, Loans and Advances</b>			
A. Inventories	8	264,380,991	297,281,427
B. Sundry Debtors		10,946,124	46,068,786
C. Cash and Bank Balances		3,985,148	3,538,304
D. Loans and Advances		85,710,794	149,124,946
		<u>365,023,057</u>	<u>496,013,463</u>
<b>Less : Current Liabilities and Provisions</b>			
A. Current Liabilities	9	84,946,457	181,274,475
B. Provisions		22,261,830	52,276,451
		<u>107,208,287</u>	<u>233,550,926</u>
<b>Net Current Assets</b>		<u>257,814,770</u>	<u>262,462,537</u>
Total Application of Funds		<u>918,315,660</u>	<u>958,451,826</u>

Schedules 1 to 9 and notes on Schedule 17 form part of this Balance Sheet

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
(Sd/-) **SUGUNA RAVICHANDRAN**

(Sd/-) **V.J. JAYARAMAN**  
Chairman Cum Managing Director

(Sd/-) **J. ANAND**  
Managing Director  
(Sd/-) **D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule No.	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>I INCOME</b>			
1. Gross Sales	10	<b>384,758,725</b>	904,501,975
Less : Excise Duty		<b>36,432,975</b>	114,373,264
Net Sales		<b>348,325,750</b>	790,128,711
2. Increase/(Decrease) in Finished Goods	11	<b>(71,800)</b>	(106,135)
3. Other Income	12	<b>926,744</b>	129,306,580
Total		<b>349,180,694</b>	919,329,156
<b>II. EXPENDITURE</b>			
1. Materials consumed	13	<b>186,713,741</b>	437,829,305
2. Payment to and Provision for employees	14	<b>139,285,357</b>	138,523,162
3. Other expenses	15	<b>89,718,672</b>	143,697,219
4. Finance Charges	16	<b>21,750,254</b>	10,222,290
5. Depreciation		<b>39,279,800</b>	44,849,566
Total		<b>476,747,824</b>	775,121,542
<b>III. PROFIT</b>			
1. Balance brought forward		<b>142,482,562</b>	20,000,000
2. Profit for the year		<b>(127,567,130)</b>	144,207,614
<b>Amount available for appropriation</b>		<b>14,915,432</b>	164,207,614
<b>Appropriations</b>			
1. Tax for current year - Current Tax			1,421,000
Deferred Tax		<b>(48,703,800)</b>	3,966,300
2. Prior year Taxes		<b>(1,508,816)</b>	(3,080,575)
3. Fringe Benefit Tax		<b>562,000</b>	665,000
4. Excess Provision for Gratuity for earlier years reversed		-	(996,073)
5. Transfer to General Reserve		-	13,815,530
6. Provision for Dividend		-	5,071,900
7. Dividend distribution tax		-	861,970
8. Balance Carried to the Balance Sheet		<b>64,566,048</b>	142,482,562
Total		<b>14,915,432</b>	164,207,614
Earning per share (Face Value of Rs.10 per share)	17	<b>15.36</b>	28.04

Schedules 10 to 16 and notes on Schedule 17 form part of this Profit and Loss Account

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
**(Sd/-) SUGUNA RAVICHANDRAN**

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director

**(Sd/-) J. ANAND**  
Managing Director  
**(Sd/-) D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)



## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised:</b>		
60,00,000 Equity shares of Rs.10/- each	<b>60,000,000</b>	60,000,000
<b>Issued, Subscribed and Paid up:</b>		
50,71,900 Equity shares of Rs.10/-each fully paid up (Of the above 8,70,000 Equity shares have been allotted as fully paid Bonus Shares by capitalisation of Reserves)	<b>50,719,000</b>	50,719,000
Total	<b>50,719,000</b>	50,719,000
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
Share Premium Account	<b>211,642,500</b>	211,642,500
<b>General Reserve</b>		
As per last year's Balance Sheet	<b>355,119,966</b>	341,304,436
Transfer from Profit and Loss Account during the year	-	13,815,530
Total	<b>355,119,966</b>	355,119,966
Balance in Profit and Loss Account	<b>64,566,048</b>	142,482,562
Total	<b>631,328,514</b>	709,245,028
<b>SCHEDULE - 3 SECURED LOANS</b>		
<b>A. Technology Information, Forecasting and Assessment Council (TIFAC)</b>		
(Secured by hypothecation of all moveable assets of the Company which forms part of the projects funded by TIFAC)	-	4,820,250
<b>B. Technology Development Board</b>		
(Secured by hypothecation of all moveable Fixed assets of the Company and guarantee of Two Directors and the Subsidiary.)	<b>30,000,000</b>	-
<b>C. Working Capital Facilities-Cash Credit, Export packing credit and Bills discounted</b> (Secured by hypothecation of stock in trade and receivables and by a second charge on the fixed assets of the Company)		
State Bank of India	<b>85,524,228</b>	88,598,732
Bank of Baroda	<b>174,949</b>	-
Corporation Bank	<b>49,800,469</b>	7,896,516
Total	<b>165,499,646</b>	101,315,498
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
Loans from Directors	<b>51,800,000</b>	29,500,000
Total	<b>51,800,000</b>	29,500,000
<b>SCHEDULE 5 - DEFERRED TAX LIABILITY (NET)</b>		
As per last Balance Sheet	<b>67,672,300</b>	63,706,000
Additions / (reduction) during the year	<b>(48,703,800)</b>	3,966,300
Total	<b>18,968,500</b>	67,672,300

## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009

### Schedule 6 - Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2008	Additions	Sales/ Transfers	Cost upto 31.03.2009	Upto 31.03.2008	For the year	Withdrawn during the Year	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	20,425,400	1,660,000	-	22,085,400	-	-	-	-	22,085,400	20,425,400
Buildings	115,502,488	408,887	-	115,911,375	38,147,429	3,378,880	-	41,526,309	74,385,066	77,355,059
Machinery & Equipments	695,475,708	1,555,748	-	697,031,456	357,468,263	33,077,760	-	390,546,023	306,485,433	338,007,445
Vehicle	5,709,013	45,320	-	5,754,333	2,999,537	490,060	-	3,489,597	2,264,736	2,709,476
Furniture and Office Equipment	29,183,901	146,886	-	29,330,787	13,702,914	2,333,100	-	16,036,014	13,294,773	15,480,987
<b>Total</b>	<b>866,296,510</b>	<b>3,816,841</b>	<b>-</b>	<b>870,113,351</b>	<b>412,318,143</b>	<b>39,279,800</b>	<b>-</b>	<b>451,597,943</b>	<b>418,515,408</b>	<b>453,978,367</b>
Previous Year	745,544,858	123,387,045	2,635,393	866,296,510	369,753,112	44,849,566	2,284,535	412,318,143	453,978,367	375,791,746



## SCHEDULES TO THE BALANCE SHEET AS AT 31 ST MARCH 2009

PARTICULARS	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>Schedule 7 : INVESTMENTS</b>		
<b>I. In Government or Trust Securities</b>		
A. 7 Years National Savings Certificate At Cost	10,500	10,500
B. 5.5% Non Convertible Redeemable Taxable Bonds Series VI 180 Nos. Face Value of Rs. 10000/- Each of Rural Electrification Corporation Limited	1,800,000	1,800,000
<b>II. In Shares and Bonds</b>		
<b>(i) Non-trade Quoted</b>		
1500 Equity Shares of Rs.10/- each in M/s. Lakshmi Machine Works Limited fully paid up at Cost.	14,262	14,262
10000 Equity Shares of Rs.10/-each in M/s. Precision Fasteners Ltd., fully paid up at Cost	500,000	500,000
200 Equity Shares of Rs.10/- each in M/s. Industrial Finance Corporation of India fully paid up at Cost	4,500	4,500
334 Equity Shares of Rs.10/- each in State Bank of India, fully paid up at Cost	158,560	25,000
<b>III. Investment in Wholly Owned Subsidiary</b>		
(Under Same Management)		
1,20,00,000 Equity Shares of Rs.10/-each in M/s. Veejay Lakshmi Textiles Ltd, fully paid up at Cost	120,000,000	120,000,000
1,20,00,000 6% Non Cumulative Redeemable Preference Shares of Rs. 10/- each in M/s. Veejay Lakshmi Textiles Ltd, fully paid up at Cost	120,000,000	120,000,000
<b>IV. Share Money Advance</b>		
100 Shares of Rs.10 Each in State Bank of India		159,000
Total	<u>242,487,822</u>	<u>242,513,262</u>
Less Investment Flucation Reserve	502,340	502,340
Total	<u>241,985,482</u>	<u>242,010,922</u>
Aggregate Value of Quoted Investment - Cost	677,322	
- Market Value	1,117,438	
Aggregate Value of Unquoted Investments - Cost	241,810,500	

**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 8 - CURRENT ASSETS LOANS AND ADVANCES</b>			
<b>a) Inventories :</b>			
Raw Materials		<b>31,314,000</b>	44,273,761
Scrap		<b>54,120</b>	125,920
Components		<b>23,944,333</b>	28,190,612
Work-in-Progress		<b>196,458,000</b>	210,679,713
Machinery spares		<b>845,538</b>	551,771
Stores		<b>11,765,000</b>	12,555,423
Goods in Transit			904,227
	Sub Total	<b>264,380,991</b>	297,281,427
<b>b) Sundry Debtors (Unsecured-considered good)</b>			
Debts outstanding for a period exceeding six months		<b>7,341,567</b>	2,479,036
Other Debts		<b>3,604,557</b>	43,589,750
	Sub Total	<b>10,946,124</b>	46,068,786
<b>c) Cash and Bank balances</b>			
Cash on hand		<b>2,184,628</b>	2,170,400
Cash with Nationalised/Scheduled Banks-In Current Account		<b>203,608</b>	600,760
- In Deposit Account		<b>900,000</b>	-
Investors' Protection Fund (Unpaid Dividend)		<b>696,912</b>	767,144
	Sub Total	<b>3,985,148</b>	3,538,304
<b>d) Loans and Advances (Unsecured-considered good)</b>			
Advances recoverable in Cash or in kind			
Due from others		<b>2,843,036</b>	12,007,430
Due from Subsidiary		-	8,563,624
Deposits		<b>9,010,264</b>	8,142,145
Duty drawback and other receivables		<b>36,349,923</b>	61,803,958
Prepaid expenses		<b>542,646</b>	3,289,625
Advance Tax		<b>36,964,925</b>	55,318,164
	Sub Total	<b>85,710,794</b>	149,124,946
	Total	<b>365,023,057</b>	496,013,463
<b>SCHEDULE 9 - CURRENT LIABILITIES AND PROVISIONS</b>			
<b>a) Current Liabilities :</b>			
Liability for Supplies and Services-Micro & Medium Enterprises			-
Liability for Supplies and Services-Others		<b>12,961,014</b>	110,185,838
Liability for Expenses		<b>10,823,482</b>	29,598,390
Liability for Other Finance		<b>1,050,972</b>	1,168,810
Investors' Education & Protection Fund - Unclaimed Dividends		<b>696,912</b>	767,144
Advance received against sales		<b>55,769,433</b>	39,193,724
Interest accrued but not due		<b>3,644,644</b>	360,569
		<b>84,946,457</b>	181,274,475
<b>b) Provisions</b>			
Provision for Incometax		<b>22,261,830</b>	44,394,952
Provision for Dividends			5,071,900
Provision for Dividend distribution tax			861,970
Provision for Gratuity			1,947,629
		<b>22,261,830</b>	52,276,451
	Total	<b>107,208,287</b>	233,550,926




**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>SCHEDULE 10 - SALES</b>		
Gross Turnover	362,989,383	876,938,081
Less:Excise Duty	36,432,975	114,373,264
Net Sale of Finished goods	326,556,408	762,564,817
Sale of Power generated	14,529,609	14,644,787
Sale of Scrap and waste	1,361,810	4,421,074
Labour charges	5,877,923	8,498,033
	<u>348,325,750</u>	<u>790,128,711</u>
<b>SCHEDULE 11 - INCREASE / DECREASE IN FINISHED GOODS</b>		
Closing Stock - Finished Goods	-	-
Scrap and Waste	54,120	125,920
	<u>54,120</u>	<u>125,920</u>
Less :		
Opening Stock - Finished Goods	125,920	232,055
Scrap and Waste	125,920	232,055
	<u>125,920</u>	<u>232,055</u>
Total	<u>(71,800)</u>	<u>(106,135)</u>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest receipts (TDS Rs. 184,343 /- )	882,063	1,506,932
Dividend Receipts	44,681	1,232,565
Profit on sale of Assets/ Investments	-	126,567,083
	<u>926,744</u>	<u>129,306,580</u>
<b>SCHEDULE 13 - MATERIALS CONSUMED</b>		
Opening Stock		
Raw materials	44,273,761	47,182,420
Components	28,190,612	13,119,166
Work in Progress	210,679,713	154,540,923
	<u>283,144,086</u>	<u>214,842,509</u>
Add Purchased during the year	134,563,643	454,336,674
	<u>417,707,729</u>	<u>669,179,183</u>
Less : Closing Stock		
Raw materials	31,314,000	44,273,761
Components	23,873,000	28,190,612
Work in Progress	196,458,000	210,679,713
	<u>251,645,000</u>	<u>283,144,086</u>
Raw materials and components consumed	166,062,729	386,035,097
Add: Stores consumed	20,651,012	51,794,208
Total Materials consumed	<u>186,713,741</u>	<u>437,829,305</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>SCHEDULE 14 - PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salary, Wages, Gratuity, etc	124,802,493	115,024,349
Contribution to Provident Fund	4,029,684	4,723,402
Staff and Labour Welfare expenses	5,209,705	9,471,735
Managerial Remuneration	5,243,475	9,303,676
Total	<u>139,285,357</u>	<u>138,523,162</u>
<b>SCHEDULE 15 - OTHER EXPENSES</b>		
Fabrication Charges	6,926,414	22,466,405
Power and Fuel	15,848,239	24,479,827
Freight	1,156,496	2,618,938
Printing and Stationery	1,112,318	1,955,886
Postage and Telephone	1,750,090	1,845,611
Travelling and Vehicle Maintenance	7,390,769	8,637,226
Insurance	282,956	873,340
Rent	1,525,240	1,581,927
Licences and Taxes	1,489,884	2,138,280
Sales commission	15,179,049	38,488,433
Sales promotion expenses	6,280,752	2,302,148
Subscription and periodicals	362,995	368,438
Directors' sitting fees	60,500	62,000
Auditor's remuneration	90,000	90,000
Legal and Professional charges	9,814,155	12,039,609
Repairs and Maintenance-Buildings	1,002,023	2,874,794
Repairs and Maintenance-Machinery	3,563,667	13,266,664
Repairs and Maintenance-Others	914,841	1,575,440
Bad Debts written off	-	66,556
Loss on sale of Investments	-	7,560
Foreign Exchange Loss	14,951,284	5,880,136
Donations	17,000	78,001
Total	<u>89,718,672</u>	<u>143,697,219</u>
<b>SCHEDULE 16 - FINANCE CHARGES</b>		
Interest on Fixed Loans	864,808	1,075,862
Interest on others and Bank charges	17,902,446	9,146,428
Interest to Directors	2,983,000	-
Total	<u>21,750,254</u>	<u>10,222,290</u>



## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009

### SCHEDULE 17

#### 1 SIGNIFICANT ACCOUNTING POLICIES

- (A) **System of Accounting** : The Financial Statements are prepared under historical cost convention and on accrual basis in accordance with the applicable accounting standards.
- (B) **Use of Estimates** : The preparation of the financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.
- (C) **Recognition of Income and Expenditure** : Revenue from sale transaction is recognized as and when the property in the goods is sold /transferred to the buyer for a definite consideration. Revenue from service transactions and other source is recognized on the completion of the contract. Dividends from investments, export incentive under Duty Drawback scheme are recognized when the right to receive payments/credit is established and there is no uncertainty regarding the amount of consideration or its collectability.
- (D) **Fixed Assets / Borrowing Costs** : Fixed Assets are capitalized at cost inclusive of erection expenses and other incidental expenses in connection with the acquisition of the assets and net of Cenvat Credit and VAT, if any. The borrowing cost on the additions to fixed assets is capitalized in accordance with AS 16.
- (E) **Depreciation** : Depreciation has been provided on straight- line Method in respect of all the assets in accordance with Schedule XIV of the Companies Act, 1956. Depreciation on additions during the year has been provided on pro-rata for the period for which the assets have been put to use. Wind Turbines have been classified as continuous process plants and depreciated accordingly as has been done in the past. For assets of value less than Rs. 5,000/- acquired during the year, 100% depreciation has been provided.
- (F) **Taxation** : Provision for taxation is made as per estimated total income after considering various reliefs under the provisions of the Income-Tax Act, 1961. The book profit tax paid in accordance with Section 115JB, which is in excess of the normal tax due and which can be adjusted against tax liability for future periods, is treated as advance tax. In accordance with AS 22, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted as of the balance sheet date.

#### (G) Inventory Valuation :

1) Raw Material :	At weighted average cost
2) Components and Stock of Stores	At weighted average cost
3) Finished Goods	At cost or net realisable value whichever is lower (inclusive of Excise Duty)
4) Work - in Progress	At estimated cost
5) Scrap/Waste	At estimated Cost or net realisable value whichever is lower (inclusive of Excise Duty, wherever Applicable).

- (H) **Employee Benefits** : The provision has been made as required under AS 15. Bonus has been provided as per practice followed in earlier years. For Gratuity, Leave encashment and accumulated compensated absences provision has been made based on the estimates provided by an actuary.

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009****Schedule 17 (Contd.)**

- (I) **Foreign Exchange Transactions** : The transactions in respect of import of materials and export sales have been accounted for at the rates of exchange prevailing on the date of the transactions. However, in respect of transactions remaining unpaid/unrealized, exchange rates prevailing at the end of the year have been adopted. Difference arising out of fluctuation in the exchange for the above transaction has been taken to a separate account, which is debited/credited to the Profit and Loss Account.

Wherever Forward Contracts have been entered, the premium or discount has been recognized over the period of the contract and the exchange differences on these contracts have been adjusted during the period in which the differences have taken place. All forward contracts have been entered only for import or export transactions of the Company and no contract has been entered for speculative purposes. No contract was pending as at 31.03.2009.

- (J) **Impairment of Assets**: The carrying amount of the fixed assets is reviewed for provision for impairment as required under AS 28. In the opinion of the Company, the recoverable amount of the fixed assets of the Company will not be lower than the book value of the fixed assets. Hence no provision has been made for impairment.
- (K) **Investments**: Investments are shown at cost. Investment fluctuation reserve has been created for the diminution in value of quoted investments.
- (L) **Provisions, contingent liabilities and contingent assets**: Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (M) **Earning Per Share**: Basic Earning per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the Year.
- (N) **Cash flow Statement**: Cash flows are reported using the indirect method. Closing balances of cash includes cash and cash equivalents in hand and balances in bank in current accounts.
- (O) **Segment Reporting**: Business segments are identified based on the nature of products and services. For reporting the business has been split into two segments - one representing Engineering activities manufacturing textile machinery and the other representing the generation of power by wind energy.

Power generated from windmills is wheeled through Electricity Board and adjusted against the consumption of power by the Company and the Subsidiary Company. The entire value of power generated is treated as sale to Electricity Board and included in the sales turnover. The adjustment to Subsidiary Company and self consumption is not considered for Inter Segment Revenue/Adjustments, as has been done in the past.

**2. LICENSED AND INSTALLED CAPACITIES**

Particulars	As at 31.3.2009	As at 31.3. 2008
(a) Engineering Division - textile machinery and engineering ancillaries	Not Applicable	Not Applicable

The products manufactured by the Company do not require any industrial license as per the current industrial policy and hence there is no restriction on the maximum capacity that the Company can produce. The installed capacity also varies depending on the level of subcontracting work and outsourcing of components. Hence the data on licensed and installed capacities has not been furnished.



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

3. FINISHED GOODS	2008-09		2007-08	
	Qty in Nos.	Value in Rs.	Qty in Nos.	Value in Rs.
(i) Two for One Twisters (no of machines)				
a. Opening Stock	-	-	-	-
b. Actual Production	97	-	272	-
c. Sales	97	149,103,291	272	420,849,841
d. Closing Stock	-	-	-	-
(ii) Weaving Preparatory Machines-Precision Assembly Winder (no of machines)				
a. Opening Stock	-	-	-	-
b. Actual Production	2	-	-	-
c. Sales	2	3,248,700	-	-
d. Closing Stock	-	-	-	-
(iii) Automatic Cone Winder (no of machines)				
a. Opening Stock	-	-	-	-
b. Actual Production	20	-	44	-
c. Sales	20	125,765,288	44	287,949,595
d. Closing Stock - WIP	-	-	-	-
(iv) Spares and Accessories	-	46,546,458	-	51,796,865
(v) Tools, Dies, Jigs and Fixtures	-	889,575	-	1,723,450

*Sales includes items capitalised*

4. CONSUMPTION OF MATERIALS	2008-2009		2007-2008	
	Qty in Kgs	Value in Rs.	Qty in Kgs	Value in Rs.
<b>A. Raw Materials</b>				
a. Non Ferrous and Non - Metallic	103,044	14,449,761	423,301	62,333,322
b. Rough Castings	121,541	7,978,275	304,816	17,826,824
c. Ferrous and Ferro Alloys	529,016	32,117,352	2,282,277	114,085,605
Total	753,601	54,545,388	3,010,394	194,245,751
<b>B. Components</b>				
a. Components-Indigenous		26,104,551		77,335,622
b. Components-Imported		50,350,470		123,638,598
c. Electronic Yarn Clearers- Quantity Nos.	1177	20,840,607	2885	46,953,916
Total		97,295,628		247,928,136

(Quantitative details could not be given in respect of components other than electronic clearers, since the list is too large and no item individually accounts for more than 10% of value of total consumption of materials)



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

**5. EXPENDITURE IN FOREIGN CURRENCY**

<b>A. Value of Imports CIF</b>		<b>2008-2009 Value in Rs.</b>		<b>2007-2008 Value in Rs.</b>
i. Raw Materials		<b>3416036</b>		30928876
ii. Components and Spares Parts & Consumables		<b>64554692</b>		177184978
iii. Capital Goods		-		85889255
<b>B. Other matters</b>		<b>2420145</b>		9933076
<b>C. Consumption</b>	<b>Value in Rs.</b>	<b>% of Total consumption</b>	<b>Value in Rs.</b>	<b>% of Total consumption</b>
i. Raw Materials-imported	<b>9216752</b>	<b>6</b>	30160505	7
ii. Raw Materials-Indigenous	<b>45328636</b>	<b>30</b>	164085170	37
iii. Components-Indigenous	<b>26104551</b>	<b>17</b>	77335502	17
iv. Components-Imported	<b>71191077</b>	<b>47</b>	170592413	39
	<b>151841016</b>	<b>100</b>	442173590	100
<b>D. Earnings in Foreign Exchange</b>		<b>Value in Rs.</b>		<b>Value in Rs.</b>
Exports and Services		<b>49448964</b>		62363988

**6. MANAGERIAL REMUNERATION TO**

		<b>2008-2009 Rs.</b>		<b>2007-2008 Rs.</b>
<b>1. Sri. V.J. Jayaraman</b> Chairman cum Managing Director				
Salaries	<b>2400000</b>		4800000	
Commission	-		-	
Provident Fund Contribution	-		-	
Others Perks	<b>37329</b>	<b>2437329</b>	<b>40807</b>	4840807
<b>2. Sri. J. Anand, Managing Director</b>				
Salaries	<b>1500000</b>		3000000	
Commission	-		-	
Provident Fund Contribution	<b>180000</b>		360000	
Others Perks	<b>85890</b>	<b>1765890</b>	<b>62613</b>	3422613
<b>3. Sri D. Ranganathan</b> Whole Time Director (Fin & Mktg.)				
Salaries	<b>928800</b>		928800	
Commission	-		-	
Provident Fund Contribution	<b>111456</b>		111456	
Others Perks	-	<b>1040256</b>	-	1040256
<b>Total (1+2+3)</b>		<b>5243475</b>		9303676

Contribution made by the Company to gratuity trust in respect of Sri J Anand and Sri. D. Ranganathan not included in the above.



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

<b>7. Auditors' Remuneration</b>	<b>2008-2009 Value in Rs.</b>	<b>2007-2008 Value in Rs.</b>
Audit Fees	<b>90,000</b>	90,000
Certification and other matters *	<b>52,000</b>	14,722
<b>Total</b>	<b>142,000</b>	104,722

\* Debited under Legal & Professional charges

8. The Company has imported capital goods under EPCG Licence and also Raw material and Components free of duty against Advance Licenses with an obligation for exports. The duty liability proportionate to export obligation pending as at 31.3.2009 (net of Cenvat credit) is Rs. 81.29 lakhs (Previous year Rs. 64.80 lakhs)
9. Contingent Liabilities and claims against the Company not acknowledged as debts.
- Income tax liability on disallowance of expenses/additions proposed to income for completed assessments and disputed in appeals-Rs. 10 lakhs (previous year Rs. 10 lakhs).
  - The amounts claimed by the Customs and Central Excise and Market Committee authorities, which has been disputed by the Company and pending in appeals at various levels is Rs.11.30 Lakhs. (Rs. 23.54 lakhs)
  - Other claims from debtors & workmen not acknowledged as debts 89.53 lakhs (excl. interest) (previous year Rs.92.83 lakhs)
  - Guarantees given on behalf of Directors or other officers of the Company - NIL Previous year Nil
  - Guarantees executed By Banks - Rs. 495.95 lakhs (Rs. 177.23 lakhs)
  - Letters of Credit opened by Banks - Rs. 0.64 lakhs (Rs. 237.86 lakhs)
  - Guarantee issued on behalf of an associate Company in which Directors are interested. Rs. 418.00 lakhs (Rs. 418.00 lakhs)
  - Estimated amount of capital contracts remaining to be executed for which orders have been already released is Rs. Nil (Previous year Rs. Nil )
  - Proportionate duty liability for pending export obligation of the subsidiary for which corporate guarantee has been given by the Company-Rs. 9.57 lakhs (Previous year 95 lakhs)
  - Outstanding in respect of credit facilities of wholly owned subsidiary from Banks guaranteed by the Company

Rs. in lakhs

	<b>2008-09</b>	<b>2007-08</b>
Cash Credit Limit from Banks	<b>768</b>	1468
Term Loan from Banks	<b>1514</b>	1244

10. Research and Development expenses incurred during the year is Rs. 189.59 lakhs. (Previous year Rs. 193.81 lakhs)
11. As at 31st March 2009, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

12. The gain/loss on account of exchange differences is given below.

The amount of exchange difference included in the net profit or loss for the period- Rs.149.51 lakhs (Loss) (Previous Year : 58.80 Lakhs (loss))

The Company does not have any foreign operations and no other exchange variation to be disclosed as in the accounting standard 11. The following are the foreign exchange assets/liabilities as at 31st March 2009.

The details of un-hedged foreign currency exposures are as follows:

Particulars	Foreign Currency	As at 31st March 2009
Creditors	USD	15274
Receivables	EURO	104

**13. Segment Report for the year ended 31 st March 2009**

(Rs. in Lakhs)

Revenue	31st March 2009			31st March 2008		
	Engineering Division	Windmill Division	Total	Engineering Division	Windmill Division	Total
External Sales	3338	145	3483	7755	122	7877
Inter Segment Transfers	-	-	-	-	-	-
Total Revenue	3338	145	3483	7755	122	7877
Result -	-	-	-	-	-	-
Segment Result	-613	87	-526	177	64	241
Un allocated including exceptional items	-	-	541	-	-	14
Operating Profit	-	-	-1067	-	-	227
Less: Interest Expense	-	-	-218	-	-	-102
Interest Income	-	-	9	-	-	15
Income Taxes	-	-	473	-	-	-30
Unallocable Income	-	-	-	-	-	1302
Profit from Ordinary Activities	-	-	-803	-	-	1412
Extra Ordinary Items	-	-	-	-	-	-
Net Profit	-	-	-803	-	-	1412
Other Information	-	-	-	-	-	-
Segment Assets	6443	565	7008	8016	604	8620
Un allocated Corporate Assets	-	-	3956	-	-	3300
Total Assets	-	-	10964	-	-	11920
Segment Liabilities	620	-	620	1872	1	1873
Un allocated Corporate Liabilities	-	-	10344	-	-	10047
Total Liabilities	-	-	10964	-	-	11920
Capital Expenditure	38	-	38	1208	-	1208
Depreciation	344	49	393	373	49	422
Non Cash Expenditure other than depreciation	-	-	-	-	-	-





**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

**14. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31.03.2009**

(Rs. in Lakhs)

Particulars	Associate Companies /Firms	Subsidiary Company	Key Managerial Personnel	Relative of Key Managerial Personnel
Purchase of goods and services- raw materials, components and engineering job works	36.51 (86.94)	8.66 (4.06)		
Sale of machinery, spares, raw materials, components and job works	36.39 (88.83)	6.39 (29.35)		
Sales Commission	55.18 (158.33)			
Rent Paid	13.29 (13.29)		1.23 (1.23)	
Finance including loans and equity/Preference Share capital contribution in cash or in kind as at 31.03.2009	-	2400.00 (600.00)		
Outstanding due from the Company as on 31.03.2009	Nil (-)	Nil (-)		
Outstanding due to the Company as on 31.03.2009	5.40 (-)	Nil (85.63)		
Guarantees and Collaterals	418.00 (418.00)	3713.00 (4050.00)		
Un Secured Loans			518.00 (295)	-
Managerial Remuneration			52.43 (93.04)	9.60 (9.60)
Interest paid on Fixed Deposit			29.83 (-)	- (-)

\* Previous year's figures given in bracket.

There are no doubtful debts from the above parties on the balance sheet date and no amount has been written off or written back from the above parties during the year.

Names of associate companies and firms (Companies and firms in which the directors are associated as directors/partners or proprietors)

**A. Companies / firms with which the Company had transactions during the year.**

- 1 M/s. Veejay Lakshmi Textiles Limited
- 2 M/s. Veejay Sales and Services Limited
- 3 M/s. Veejay Terry products Limited
- 4 M/s. Veejay marketing
- 5 M/s. Veejay Syntex Private Limited
- 6 M/s. Veejay Tool & Die Private Limited
- 7 M/s. Veejay Yarns & Fabrics Private Limited

Necessary approvals have been taken/applied from the Central Government for the transactions with the above parties and no contract is detrimental to the interest of the Company.

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009****Schedule 17 (Contd.)****B. Companies/firms with which the Company had no transactions during the year.**

1. M/s. Lakshmi Electrical Control Systems Limited
2. M/s. The Krishna Mills Private Limited
3. M/s. Lakshmi Precision Tools Limited
4. M/s. Deluxe Marketing
5. M/s. Deluxe Components
6. M/s. Ranba Castings Limited
7. M/s. Samrajyaa & Co
8. M/s. The Suguna Mills Private Limited
9. M/s. Magna Electro Castings Limited
10. M/s. Prathishta Weaving & Knitting Co. Ltd
11. M/s. Karthikeya Paper & Boards Limited
12. M/s. Augustan Knit Wear Pvt. Ltd
13. M/s. Augustan Textile Colors Limited
14. M/s. Augustan Coimbatore Knitting Company Limited
15. M/s. Kovai Medical Centre
16. M/s. Lakshmi Automatic Loom Works Limited

**Name of the Wholly Owned Subsidiary Company**

1. Veejay Lakshmi Textiles Limited

**Name of the Key Managerial Personnel**

1. Sri. V.J. Jayaraman, Chairman cum Managing Director
2. Sri. J. Anand, Managing Director
3. Sri. D. Ranganathan, Whole Time Director (Finance & Marketing)

**Relatives of the Key Managerial Personnel**

1. Smt. J. Vidya W/o Sri. V.J. Jayaraman
2. Smt. Aarthi Anand W/o Sri. J. Anand

15. The details of employee benefits for the period on account of gratuity which is funded defined employee benefit plans and leave encashment which is an unfunded defined benefit plan are as under:

	Gratuity (Funded) 31.03.2008	Gratuity (Funded) 31.03.2009
<b>A. Expense recognised during year ended 31.03.2009</b>		
1. Current Service cost	1,001,081	399,152
2. Interest Cost	1,084,972	914,173
3. Expected return on plan assets	(1,164,658)	(981,641)
4. Actuarial Losses / (Gains) during the year	2,022,307	(2,774,400)
5. Direct Payment	-	6,107,427
6. Total Expense	2,943,702	3,665,104
<b>B. Actual return on Plan assets</b>		
1. Expected return on plan assets	1,164,658	981,641
2. Actuarial (Loss) / Gain on Plan assets	111,573	218,967
3. Actual return on plan assets	1,276,231	1,200,608



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

<b>C. Net Asset / (Liability) recognised in the Balance Sheet</b>		
1. Present value of the obligation as on 31.03.2009	17,167,641	5,748,159
2. Fair value of plan assets as on 31.3.2009	15,220,012	6,279,955
3. Funded status surplus / (deficit)	(1,947,629)	531,796
4. Unrecognised past service cost	NIL	37,102
5. Net Asset / (Liability) recognised in the Balance sheet	(1,947,629)	494,694
<b>D. Change in Present value of the Obligation during the year ended March 31,2009</b>		
1. Present value of the obligation as at April 1, 2008	14,153,398	17,167,641
2. Current service cost	1,001,081	362,050
3. Interest cost	1,084,972	914,173
4. Benefits paid	(1,205,690)	(10,140,665)
5. Actuarial (gain) / loss on obligation	2,133,880	(2,555,040)
6. Present value of obligation as at March 31,2009	17,167,641	5,748,159
<b>E. Change in Assets during the year ended March 31, 2009</b>		
1. Fair value of plan assets as at April 1, 2008	15,149,471	15,220,012
2. Expected return on plan assets	1,164,658	981,641
3. Contributions made	NIL	NIL
4. Benefits paid	(1,205,690)	(10,140,665)
5. Actuarial gain / (loss) on plan assets	111,573	218,967
6. Fair value of plan assets as at March 31, 2009	15,220,012	6,279,955
<b>F. Major categories of plan assets as a percentage of total plan</b>		
Qualifying insurance policies	15,220,012	6,279,955
Own plan assets	-	-
Total	15,220,012	6,279,955
<b>G. Actuarial Assumptions</b>		
1. Discount rate	8%	7.5%
2. Salary escalation	4%	5%
3. Expected rate of return on plan assets	8%	8.75%
4. Attrition rate	No explicit assumption	No explicit assumption
5. Mortality rate	LIC 94-96 Rates	LIC 94-96 Rates

**16. Earnings per share (Face value Rs.10/- per share)**

(Amount in Rs.)

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
a) Profit for the year as per Profit & Loss Account	(127,567,130)	144,207,614
b) Less: Taxes	(1,508,816)	1,421,000
Deferred Tax	(48,703,800)	3,966,300
Fringe Benefit Tax	562,000	665,000
c) Prior year Taxes Reversed	(1,508,816)	(3,080,575)
d) Excess provision for gratuity for earlier years reversed		(996,073)
c) Profit after Taxes & Deferred Tax	(77,916,514)	142,231,962
e) Number of shares	5,071,900	5,071,900
EPS/DILUTED EPS	(15.36)	28.04

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009****Schedule 17 (Contd.)**

17. The Deferred Tax Liability and Deferred Tax Assets as at 31-03-2009 computed as per AS 22 is given as under.

	<b>31.03.2009</b>	31.03.2008
	<b>Rs.</b>	Rs.
Deferred Tax Liability	<b>62,910,000</b>	68,390,000
Deferred Tax Assets	<b>43,941,500</b>	717,700
Net Deferred Tax Liability	<b>18,968,500</b>	67,672,300

## Details for Deferred Tax Liabilities / Assets:

Nature of Item	2008-09		2007-08	
	Value	Tax Amount	Value	Tax Amount
On account of Depreciation - Liability	<b>193,894,300</b>	<b>62,910,000</b>	201,200,000	68,390,000
On account of Carry over loss - Asset	<b>135,433,700</b>	<b>43,941,500</b>	2,111,400	717,700

18. The Company has no sole selling agents. The entire sales commission has been paid to other agents.
19. Salary includes provision for gratuity Rs. 30.14 lakhs
20. Provision for Provident Fund included in current liabilities Rs. Nil (Previous Year Nil)
21. Loans and Advances in the nature of loans to the Subsidiary Company: (Rs. In lakhs)

	<b>2008-2009</b>	2007-2008
Opn. Balance	<b>Rs. 85.63</b>	Nil
Clg. Balance	<b>Nil</b>	Rs.85.63
Max. bal. during the year	<b>Rs. 116.77</b>	Rs.85.63

22. Debts due from Companies under the same management is Rs. Nil. (previous year Rs. Nil)
23. Debts due by Directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private Companies respectively in which any Director is a partner or a Director or a Member is Rs. 0.65 lakhs.(Previous year Nil)
24. There was no amount due by Directors or other officers of the Company at any time during the year. (Previous year Nil)
25. Sundry Debtors and Loans and Advances as at 31.03.2009 does not include any amount due from Companies and Firms in which Directors are interested other than the amounts mentioned in items 21 and 23. (Previous year Nil)
26. Figures have been rounded off to the nearest rupee and previous year figures have been regrouped/ rearranged wherever necessary.

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
(Sd/-) **SUGUNA RAVICHANDRAN**

(Sd/-) **V.J. JAYARAMAN**  
Chairman Cum Managing Director

(Sd/-) **J. ANAND**  
Managing Director  
(Sd/-) **D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS :

Registration Number	181-000705
State Code	18
Balance Sheet Date	31.03.2009
CIN No.	L29191TZ1974PLC000705

### II. CAPITAL RAISED DURING THE YEAR

Public Issue	Nil
Rights Issue	Nil

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Rs. in Thousands)

Total Liabilities	918316
Total Assets	918316
Sources of Funds	
Paid - up Capital	50719
Reserves & Surplus	631329
Deferred Tax Liability	18968
Secured Loans	165500
Unsecured Loans	51800
Application of Funds	
Net Fixed Assets	418515
Investments	241986
Net Current Assets	257815
Accumulated losses	---

### IV. PERFORMANCE OF THE COMPANY : (Rs. in Thousands)

Turnover	384759
Profit Before Tax	-127567
Profit After Tax	-77917
Earnings per share	-15.36
Dividend	Nil

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (As per monetary Terms)

Item code No.	84.45
Product Description	Textile Machinery

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
**(Sd/-) SUGUNA RAVICHANDRAN**

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director

**(Sd/-) J. ANAND**  
Managing Director  
**(Sd/-) D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	Year ended 31st March 2009	Year ended 31st March 2008
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and extra ordinary item	-1275.67	1452.04
Adjustments for :		
Depreciation	392.80	448.50
Interest paid	217.50	102.64
Loss on sales of Investments	-	0.07
Profit on sale of Investments/Assets	-	-1265.67
Interest/Dividend Income	-9.27	-27.39
<b>Operating Profit before working capital changes</b>	<b>-674.64</b>	<b>710.19</b>
Decrease in Trade and Other Receivables	801.84	-629.57
Increase/(Decrease) in Payables	-624.84	824.68
Decrease/(Increase) in Inventories	329.00	-565.54
<b>Cash generated from operations</b>	<b>-168.64</b>	<b>339.76</b>
Direct Taxes paid	-36.96	-179.96
<b>Cash flow before extra ordinary items</b>	<b>-205.60</b>	<b>159.80</b>
<b>Net Cash from Operating Activities</b>	<b>-205.60</b>	<b>159.80</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-38.17	-1233.59
Sale of Fixed Assets	-	5.53
Investment in subsidiary	-	-295.00
Sale of Investments	0.25	1265.84
Interest received	8.82	15.07
Dividend Received	0.45	12.32
<b>Net cash used for Investing Activities</b>	<b>-28.65</b>	<b>-229.83</b>
<b>C. Cash flow from Financing Activities</b>		
Repayment of Long Term borrowings	474.80	178.87
Dividends paid	-51.42	-99.56
Interest paid	-184.66	-102.64
<b>Net cash from financing activities</b>	<b>238.72</b>	<b>-23.33</b>
<b>Net Increase in cash and cash equivalents</b>	<b>4.47</b>	<b>-93.36</b>
<b>Cash and Cash equivalents as at 31.3.2008</b>	<b>35.38</b>	<b>128.74</b>
<b>Cash and Cash equivalents as at 31.3.2009</b>	<b>39.85</b>	<b>35.38</b>

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
**(Sd/-) SUGUNA RAVICHANDRAN**

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director

**(Sd/-) J. ANAND**  
Managing Director  
**(Sd/-) D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANY.**

1. Name of the Subsidiary	Veejay Lakshmi Textiles Limited
2. Financial year of the Subsidiary Company	31 <sup>st</sup> March, 2009
3. Extent of interest in Subsidiary Company	100% of paid up equity capital of 1,20,00,000 equity shares of Rs.10 each and 1,20,00,000 Preference shares of Rs. 10/- each
4. Net aggregate amount of the profits/(losses) of the Subsidiary Company for the period, so far as it concerns members of Veejay Lakshmi Engineering Works Limited	
a) Not dealt with in Accounts of the Company	
(i) For the financial year of the Subsidiary	(Rs. 4,59,70,915 -/-)
(ii) For the previous financial years since it became the Subsidiary of the Company	Rs. 77,59,495 -/-
b) Dealt with in the Accounts of the Company	
(i) For the financial year of the Subsidiary	Nil
(ii) For the previous financial years since it became the Subsidiary of the Company	Nil
5. Additional information U/s 212(5)	
(a) Change in the interest of the Company between the end of the Subsidiary Company's and the Company's financial year ended 31 <sup>st</sup> March 2009.	Nil
(b) Material changes between the end of the financial year of the Subsidiary and the Company's financial year ended 31 <sup>st</sup> March 2009	
(1) Fixed Assets	Nil
(2) Investment	Nil
(3) Money Lent	Nil
(4) Money borrowed for any purpose other than that of meeting current liabilities:	Nil
Fresh borrowings from Bank	Nil
Amount repaid to Bank	Nil

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
**(Sd/-) SUGUNA RAVICHANDRAN**

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director

**(Sd/-) J. ANAND**  
Managing Director  
**(Sd/-) D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)







## VEEJAY LAKSHMI TEXTILES LIMITED

### BOARD OF DIRECTORS

Sri. V.J. Jayaraman  
Sri. J. Anand  
Sri. N.M. Ananthapadmanabhan  
Sri. B. Selvarajan  
Sri. B. Sriram  
Sri. D. Ranganathan

### AUDITOR

Sri. R. Gurubatham, B.Com., F.C.A  
Chartered Accountant  
Coimbatore 641 005

### REGISTERED OFFICE

Sengalipalayam,  
N.G.G.O Colony Post,  
Coimbatore 641 022

### MANUFACTURING UNITS

Thekkampatti  
Mettupalayam  
Coimbatore 641 113

### WIND MILLS

Dhanakarkulam Village  
Radhapuram Taluk  
Tirunelveli



## NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of the Company will be held on 24th September, 2009 at 9.00 AM Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Pappanaickenpalayam, Coimbatore - 641 037 to transact the following business. We request you to attend the meeting.

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March 2009, the Report of the Board of Directors to the shareholders and the Report of the Auditors of the Company.
2. To appoint a Director in place of Sri. N.M. Ananthapadmanabhan, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri. B. Sriram, who retires by rotation, and being eligible offers himself for re-appointment
4. To appoint an Auditor or Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix the remuneration payable to them.

Coimbatore  
25.6.2009

By Order of the Board

(Sd/- V.J. Jayaraman  
Chairman



## DIRECTORS REPORT TO SHAREHOLDERS

Dear Shareholders,

Your Directors present the Eighth Annual Report along with audited accounts for the year ended 31st March, 2009.

### SALES & PROFITS

The sales turnover of the Company during the year Rs. 2793 lakhs is lower than the turnover of Rs.3697 lakhs in previous year. The loss during the year Rs. 513 lakhs is also higher than the loss in the previous year. The details of appropriations are given below. As there is no profit, no dividend is proposed both for Equity and Preference shares.

### FINANCIAL RESULTS

	2008-09	2007-08
	Rs.	Rs.
Sales Turnover	279,296,405	369,693,507
Gross Profit / (-) Loss	(-)25,505,334	(-)22,704,020
Depreciation	2,581,4581	23,244,800
Net Profit / (-) Loss	(-)51,319,915	(-)45,948,820
Balance brought forward from Profit and Loss Account	7,759,495	41,066,565
Deferred Tax asset during the year	5,659,000	13,070,000
Amount available for appropriation	(-)37,901,420	8,187,745
<b>APPROPRIATIONS/ADJUSTMENTS</b>		
Provision for Gratuity for prior year		277,184
Provision for Taxes - Current Year		-
- Deferred Tax		-
- Fringe Benefit Tax	310,000	133,000
Prior year Taxes		18,066
Transfer to General Reserve		
Balance carried forward to Profit and Loss Account	(-)38,211,420	7,759,495
Total	(-)37,091,420	8,187,745

### OPERATIONS

Un-favourable market conditions and also prolonged power cuts have affected the performance of the Company resulting in lower sales and higher losses compared to the previous year. All old model Ring Frames have been disposed but the replacement with new Frames under the modernization scheme has been kept pending due to adverse market conditions and inadequate power supply from Electricity Board. The Company is now working only with 12480 spindles.



The Garment division is getting stabilized but is still working only on single shift basis. The variations in exchange rate and the recession in general in global market and particularly in US has affected the performance of the garment division also.

The raw material situation for the spinning division has improved and the power situation is also expected to improve. The Company is giving more thrust for exports by strengthening the marketing setup and both the spinning and garment units are expected to make profits in the current year.

The income on account of power generation from the windmills also is comparatively lower than the last year. The income from the Wind Mills is Rs.140 lakhs including carbon credit income of Rs.42 lakhs as against Rs.187 lakhs in the previous year which includes Rs. 76 lakhs towards compensation for loss in generation in earlier years.

#### **FINANCE:**

The loss during the last two years has strained the liquidity of the Company. The promoters have brought in additional funds in the form of unsecured loans to improve the liquidity of the Company. The Company has also got the term loans from State Bank of India re-scheduled by deferring the installments due till April 2011. Out of a Term loan of RS.1250 lakhs, only Rs.813 lakhs has been availed. The balance amount has been surrendered as the Company has deferred all the capital expenditure till the improvement in the market situation.

The working capital limits are being renewed at the existing levels. However, the losses have affected the rating of the Company and the Banks have increased their interest rates. The Company is exploring alternative sources to reduce the cost of funds.

#### **DIRECTORS**

Sri. N.M. Ananthapadmanabhan and Sri B. Sriram will be the Directors retiring by rotation at the ensuing Annual General Meeting and being eligible, they offer themselves for re-appointment.

#### **AUDIT COMMITTEE**

Sri. B. Selvarajan, Sri. N.M. Ananthapadmanaban, and Sri B. Sriram are the members of the Audit Committee. Sri. N.M. Ananthapadmanabhan is the Chairman. The Audit Committee met three times during the financial year 2008-09.

#### **INDUSTRIAL RELATIONS**

The relationship with the workmen has been cordial throughout the year.

#### **INFORMATION IN ACCORDANCE WITH SECTION 217 OF THE COMPANIES ACTS, 1956**

There are no employees within the meaning of sub section (2A) of section 217 who are getting remuneration in excess of the amounts prescribed.

#### **Auditors:**

Sri. R. Gurubatham, Chartered Accountant, is the Auditor of the Company, who holds office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from him stating that the appointment, if made, will be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.



## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors wish to state

1. that the appropriate accounting standards have been followed in the preparation of the annual accounts
2. that your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable 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 also of Profit and Loss Account of the Company for the period ended 31st March 2009
3. that your Directors have taken proper care for the maintenance of adequate accounting records for the purpose of safeguarding the assets of the Company and for preventing fraud and other irregularities.
4. that your Directors have prepared the annual accounts on a going concern basis.

## **ACKNOWLEDGEMENT**

We would like to thank all the employees, customers, suppliers, bankers-State Bank of India, IndusInd Bank Limited and all those who have been associated with us for extending their support to the Company.

Coimbatore  
25.6.2009

By Order of the Board

**(Sd/-) V.J. Jayaraman**  
Chairman



**ANNEXURE TO DIRECTORS' REPORT**

**DISCLOSURE OF PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**

**FORM A**

**A) CONSERVATION OF ENERGY**

Form for Disclosure of Particulars with respect to Conservation of Energy

SI. No.	Particulars	2008-09	2007-08
<b>A.</b>	<b>Power and Fuel Consumption</b>		
1	Electricity		
	a) Purchased		
	Units*	5,489,279	7,794,016
	Total Amount (Rs.)	23,633,750	33,667,351
	Rate/Unit (Rs.)	4.31	4.32
	b) Own generation		
	(i) Through diesel generators (units)	482,600	678,224
	Units per ltr. Of diesel oil	3.12	3.28
	Cost/unit (Rs.)	10.35	8.45
	(ii) Through steam turbine/ generator (Units)	NIL	NIL
	(iii) Wind Mill Generation*		
	Units		Details given below
	Total Amount (Rs.)		
2	Coal		
	Quantity	NIL	NIL
	Total Cost	NIL	NIL
3	Furnace Oil		
	Quantity	NIL	NIL
	Total Amount	NIL	NIL
4	Others/internal generation		
	Quantity	NIL	NIL
	Total Cost	NIL	NIL
<b>B.</b>	<b>Consumption per unit of Production</b>		
	Cotton yarn in kgs	<b>1,368,048</b>	2,260,907
	Electricity - units per kg of yarn	<b>4.17</b>	3.52

The power consumption from Electricity Board includes the wind energy power adjusted as given below:

Details of the windmills	2008-09		2007-08	
	Capacity	generation net of wheeling	Capacity	Total generation net of wheeling
Owned by the Company	1.8 MW	31,03,692	1.8 MW	31,69,172
Owned by the Holding Company	0.6 MW	10,49,691	0.6 MW	10,61,127
Owned by an Associate Company	2.35 MW	33,85,410	2.35 MW	42,43,003
Total	4.75 MW	75,38,793	4.75 MW	84,73,302
Adj. Against consumption		56,88,288		69,05,113
Balance Carried over *		22,05,072		15,68,189



\*Balance carried over is after adjustment of units brought forward from previous year, units banked/lapsed during the year. The loss on units lapsed/banked have been shared equally with the Windmill owners. The wind power from the Holding Company and the associate company has been purchased at the rate of Rs. 3.50 per unit.

Details furnished above are in respect of production in the textile spinning units owned by the company. Power consumed in the unit where only twisting is done and also the power consumed for yarn produced outside on job work basis is not included above.

### **FORM B**

#### **B) TECHNOLOGY ABSORPTION**

Sl.No	Particulars	Remarks
	<b>(A) RESEARCH AND DEVELOPMENT</b>	
1	Specific areas in which R & D is carried out by the Company	Nil
2	Benefit derived as a result of the above R & D	Not Applicable
3	Further plan of action	Not Applicable
4	Expenditure on R & D (a) Capital (b) Recurring (c) Total (d) Total expenditure as a percentage of Turnover	Not Applicable Not Applicable Not Applicable Not Applicable
	<b>(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION</b>	
1	Efforts in brief, made towards Technology absorption, adaptation and innovation	Nil
2	Benefits derived as a result of the above efforts	Not Applicable
3.	Details of Technology imported during last 5 years Technology imported Year of Import Has technology been fully absorbed If not fully absorbed, areas where this has taken place, reasons therefore and future plan of action	Nil Not Applicable Not Applicable Not Applicable

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	2008-09	2007-08
<b>TOTAL FOREIGN EXCHANGE EARNED :</b>		
Export of Garments	818	806
<b>TOTAL FOREIGN EXCHANGE USED</b>		
Import of Accessories and spares	9	43
Import of Raw materials	225	224
Total Foreign Exchange used	234	267

**AUDITOR'S REPORT**

1. I have audited the attached Balance Sheet of M/s. VEEJAY LAKSHMI TEXTILES LIMITED, as at 31st March 2009, the Profit and Loss Account and also Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to my comments in the Annexure referred to in Paragraph 3 above, I report that :
  - i. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - ii. In my opinion, proper books of accounts as required by law have been kept by the Company so far as appears from my examination of such books.
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. In my opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the Basis of written representations from the Directors, as on 31 st March, 2009 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31 st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India read with significant accounting policies and other notes thereon.
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 ;
    - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the Cash flow for the year ended on that date.

Coimbatore  
25.06.2009

**R. Gurubatham**, B.Com., F.C.A.,  
Chartered Accountant, Auditor  
Membership No. 200/21556



**ANNEXURE TO AUDITOR'S REPORT**

Referred to in paragraph 3 of my report of even date,

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The Fixed Assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) No substantial part of the fixed assets of the Company have been disposed off during the year.
2. (a) The inventories of the Company at all its locations have been physically verified during the year by the management. In my opinion, the frequency of verification is reasonable.  
(b) In my opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventories and the discrepancies between the physical inventories and the book records, which have been properly dealt with in the books of account, were not material.
3. In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to me:
  - a. The company has taken unsecured loan of Rs. 100.00 lakhs from an Associate Company in which the Directors are interested and Rs.215.00 lakhs from Directors. The maximum amount involved during the year was Rs.315.00 lakhs and the year end balance of loans taken from such parties was Rs.715.00 lakhs.
  - b. In my opinion, the rate of interest and other terms and conditions on which the loan has been taken is not, prima facie, prejudicial to the interests of the company. The payment of interest and repayment of principal is as per the agreed terms.
4. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods. During the course of my audit, I have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
  - (a) To the best of my knowledge and belief and according to the information and explanations given to me transactions that needed to be entered into the register have been so entered.
  - (b) In my opinion, the aforesaid transactions have been made at prices which are reasonable, having regard to the prevailing market prices.
6. In my opinion and according to the information and explanations given to me, the Company has not accepted any deposits from the Public.
7. In my opinion, the Company's present internal audit system is commensurate with its size and nature of its business.



8. I 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 209 (1) (d) of the Companies Act, 1956 and is of the opinion that prima facie the prescribed accounts and records have been maintained. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The Company is regular in depositing undisputed statutory dues including Employees' State Insurance, Income-tax, Sales tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to me no undisputed arrears of statutory dues were outstanding as such 31-3-2009 for a period of more than six months from the date they become payable.  
(b) At the end of the financial year, there were no dues of Sales tax, Income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute:
10. The Company has an accumulated losse of Rs. 38211420 /- at the end of the financial year. The Company has incurred cash loss during the financial year.
11. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
12. According to the information and explanations given to me, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund or a Nidhi /Mutual Benefit Fund/Society and as such reporting under clause 4(xiii) of the order is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments and as such clause 4(xiv) of the order is not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. To the best of my knowledge and belief and according to the information and explanations given to me, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
17. On the basis of review of utilisation of funds on an overall basis, in my opinion, the funds raised on short term basis have not been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures.
20. The Company has not raised money by public issue during the year.
21. During the course of my examination of the books of account carried out in accordance with the generally accepted auditing practices in India, I have not come across any instance of fraud on or by the Company nor have informed by the management of any such instance being noticed or reported during the year.

Coimbatore  
25.06.2009

**R. Gurubatham**, B.Com., F.C.A.,  
Chartered Accountant, Auditor  
Membership No. 200/21556



## BALANCE SHEET AS AT 31ST MARCH 2009

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Share Holders' Funds</b>			
A. Share Capital	1	240,000,000	240,000,000
B. Reserves and Surplus	2	10,082,354	17,841,849
<b>2. Share Money Advance</b>			
-			
<b>3. Loan Funds</b>			
A. Secured Loans	3	228,135,656	271,155,538
B. Unsecured Loans	4	71,500,000	40,000,000
<b>4. Deferred Tax Liability</b>			
	5	10,531,000	16,190,000
<b>Total Funds employed</b>		<u>560,249,010</u>	<u>585,187,387</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
A. Gross Block	6	514,292,957	501,465,422
B. Less Depreciation		84,729,995	59,835,366
<b>C. Net Block</b>		<u>429,562,962</u>	<u>441,630,056</u>
<b>2. Current Assets, Loans and Advances</b>			
A. Inventories	7	67,708,663	68,790,472
B. Sundry Debtors		37,636,171	80,405,152
C. Cash and Bank Balances		828,231	1,223,027
D. Loans and Advances		50,009,269	56,809,279
<b>Total Current Assets</b>		<u>156,182,334</u>	<u>207,227,930</u>
<b>Less: Current Liabilities and Provisions</b>			
A. Current Liabilities	8	61,952,812	63,293,938
B. Provisions		1,994,894	736,661
<b>Total Current Liabilities</b>		<u>63,947,706</u>	<u>64,030,599</u>
<b>Net Current Assets</b>		<u>92,234,628</u>	<u>143,197,331</u>
<b>3. Miscellaneous Expenditure &amp; Losses</b>			
	9	38,451,420	360,000
<b>Total Application of Funds</b>		<u>560,249,010</u>	<u>585,187,387</u>

Schedules 1 to 9 and notes on Schedule 17 form part of this Balance Sheet

Coimbatore  
25.06.2009

As per my report attached  
**(Sd/-) R. GURUBATHAM**  
Chartered Accountant, Auditor

**(Sd/-) V.J. JAYARAMAN**  
Chairman

**(Sd/-) J. ANAND**  
Managing Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule No.	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>I. INCOME</b>			
1. Sales	10	<b>279,296,405</b>	369,693,507
2. Increase/Decrease in Finished Goods	11	<b>15,873,925</b>	1,292,862
3. Other Income	12	<b>9,176,071</b>	12,590,318
<b>Total</b>		<b><u>304,346,401</u></b>	<u>383,576,687</u>
<b>II. EXPENDITURE</b>			
1. Materials consumed	13	<b>145,189,972</b>	190,616,615
2. Payment to and Provision for employees	14	<b>56,886,068</b>	69,746,131
3. Stores Consumed		<b>7,858,402</b>	8,900,645
3. Other expenses	15	<b>95,176,029</b>	120,039,163
4. Finance Charges	16	<b>24,741,264</b>	16,978,153
5. Depreciation		<b>25,814,581</b>	23,244,800
<b>Total</b>		<b><u>355,666,316</u></b>	<u>429,525,507</u>
<b>III. PROFIT</b>			
1. Balance brought forward		<b>7,759,495</b>	41,066,565
2. Profit for the year		<b>-51,319,915</b>	-45,948,820
3. Deferred Tax Asset for current year		<b>5,659,000</b>	13,070,000
<b>Amount available for appropriation</b>		<b><u>(37,901,420)</u></b>	<u>8,187,745</u>
<b>Appropriations</b>			
1. Provision for Gratuity- prior year			277,184
2. Fringe Benefit Tax		<b>310,000</b>	133,000
3. Income Tax for Prior Year			18,066
4. Balance Carried to the Balance Sheet		<b>(38,211,420)</b>	7,759,495
<b>Total</b>		<b><u>(37,901,420)</u></b>	<u>8,187,745</u>
Earning per Share (Face value of Rs.10- per Share)		(3.83)	(2.78)

Schedules 10 to 16 and notes on Schedule 17 form part of this Profit and Loss Account

Coimbatore  
25.06.2009

As per my report attached  
(Sd/-) **R. GURUBATHAM**  
Chartered Accountant, Auditor

(Sd/-) **V.J. JAYARAMAN**  
Chairman

(Sd/-) **J. ANAND**  
Managing Director



## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 1- SHARE CAPITAL</b>		
<b>Authorised :</b>		
1,20,00,000 Equity shares of Rs.10/- each	<b>12,00,00,000</b>	12,00,00,000
1,20,00,000, 6 % Non-Cumulative Redeemable Preference shares of Rs.10/- each	<b>12,00,00,000</b>	12,00,00,000
	<b><u>24,00,00,000</u></b>	<u>24,00,00,000</u>
<b>Issued, Subscribed and Paid up :</b>		
1,20,00,000 Equity shares of Rs.10/-each fully paid up	<b>12,00,00,000</b>	12,00,00,000
1,20,00,000, 6 % Non-Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up	<b>120,000,000</b>	120,000,000
<p>(The 6% Non-Cumulative Redeemable Preference Shares are redeemable at any time before expiry of 20 years from the date of allotment)</p> <p>(The entire capital held by the holding Company)</p>		
Total	<b><u>240,000,000</u></b>	<u>240,000,000</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	<b>10,082,354</b>	10,082,354
Profit and Loss Account	-	7,759,495
Total	<b><u>10,082,354</u></b>	<u>17,841,849</u>

**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	<b>As at 31st March 2009 Rs.</b>	<b>As at 31st March 2008 Rs.</b>
<b>SCHEDULE 3 - SECURED LOANS</b>		
<b>Term Loans :</b>		
State Bank of India	110,523,893	96,780,844
IndusInd Bank	<u>40,845,000</u>	<u>50,008,000</u>
	<b>151,368,893</b>	
(Secured by a charge on the specific items of Fixed Assets acquired out of the Term Loans and a charge on other Fixed Assets)		
<b>Working Capital Facilities:</b>		
State Bank of India	56,304,425	89,906,656
IndusInd Bank	<u>20,462,338</u>	<u>34,460,038</u>
	<b>76,766,763</b>	
(Secured by the hypothecation of Stock-in-Trade, receivables and other current assets and by a second charge on the Fixed Assets)		
The Holding Company has guaranteed all the above credit facilities.		
Total	<u><b>228,135,656</b></u>	<u>271,155,538</u>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
From a Company	<b>22,500,000</b>	12,500,000
From Directors	<b>49,000,000</b>	27,500,000
Total	<u><b>71,500,000</b></u>	<u>40,000,000</u>
<b>SCHEDULE 5 - DEFERRED TAX LIABILITY</b>		
As per last Balance Sheet	<b>16,190,000</b>	29,260,000
Less: During the year asset	<b>(5,659,000)</b>	(13,070,000)
Total	<u><b>10,531,000</b></u>	<u>16,190,000</u>

## SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009

### Schedule 6 - Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2008  Rs.	Additions  Rs.	Sales/ Transfers  Rs.	Cost upto 31.03.2009  Rs.	Upto 31.03.2008  Rs.	For the year  Rs.	Withdrawn during the Year Rs.	Upto 31.03.2009  Rs.	As at 31.03.2009  Rs.	As at 31.03.2008  Rs.
Land	89,841,332	83,115	-	89,924,447	-	-	-	-	89,924,447	89,841,332
Buildings	129,019,461	11,687,841	-	140,707,302	4,633,993	2,078,901	-	6,712,894	133,994,408	124,385,468
Machinery	252,092,516	2,127,010	2,317,244	251,902,282	51,432,981	21,380,987	884,208	71,929,760	179,972,522	200,659,535
Electrical Equipments	8,825,859	1,155,279	-	9,981,138	1,542,660	523,716	-	2,066,376	7,914,762	7,283,199
Vehicle	4,403,482	-	281,994	4,121,488	650,166	394,124	35,744	1,008,546	3,112,942	3,753,316
Furniture and Office Equipment	17,282,772	373,528	-	17,656,300	1,575,566	1,436,853	-	3,012,419	14,643,881	15,707,206
<b>Total</b>	<b>501,465,422</b>	<b>15,426,773</b>	<b>2,599,238</b>	<b>514,292,957</b>	<b>59,835,366</b>	<b>25,814,581</b>	<b>919,952</b>	<b>84,729,995</b>	<b>429,562,962</b>	<b>441,630,056</b>
Previous Year	396,212,332	146,448,568	41,195,478	501,465,422	38,744,690	23,244,800	2,154,124	59,835,366	441,630,056	357,467,642



**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>a) Inventories</b>		
Raw Materials	20,034,974	32,381,788
Work-in-Progress	18,356,332	21,674,933
Finished Goods	23,851,969	7,984,985
Waste and Scrap	50,479	43,538
Stores and Spares	5,414,909	6,705,228
Sub Total	<u>67,708,663</u>	<u>68,790,472</u>
<b>b) Sundry Debtors</b> (Unsecured-considered good)		
Debts outstanding for a period exceeding six months	3,532,076	53,399
Other Debts	34,425,392	80,351,753
	<u>37,957,468</u>	
Less: Provision for Bad Debts	321,297	37,636,171
Sub Total	<u>37,636,171</u>	<u>80,405,152</u>
<b>c) Cash and Bank balances</b>		
Cash on hand	523,512	910,512
Cash with Scheduled Banks - In Current Account	304,719	312,515
Sub Total	<u>828,231</u>	<u>1,223,027</u>
<b>d) Loans and Advances (Unsecured-considered good)</b>		
Advances recoverable in Cash or in kind	18,843,885	16,827,515
Deposits	7,821,962	7,208,203
Prepaid expenses	169,669	605,399
Other Receivables	16,642,650	25,501,261
Advance Tax and TDS	6,531,103	6,666,901
Sub Total	<u>50,009,269</u>	<u>56,809,279</u>
Total	<u>156,182,334</u>	<u>207,227,930</u>






---

**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**


---

	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Current Liabilities :</b>		
Liability for supplies and services #	32,540,833	39,284,458
Due to Holding Company	-	8,563,624
Liability for expenses	11,193,695	10,666,051
Liability for other finance	15,319,545	4,616,477
Advance received against sales	2,898,739	163,328
Sub Total	<u>61,952,812</u>	<u>63,293,938</u>
<b>b) Provisions</b>		
Provision for Gratuity	1,684,894	546,894
Provision for Taxation	310,000	189,767
Sub Total	<u>1,994,894</u>	<u>736,661</u>
Total	<u>63,947,706</u>	<u>64,030,599</u>

**SCHEDULE 9 - PRELIMINARY EXPENSES**
**Preliminary Expenses**

As per last Balance Sheet	360,000	622,692
Less: Written Off	120,000	262,692
	<u>240,000</u>	<u>360,000</u>
Profit & Loss Account	38,211,420	-
Total	<u>38,451,420</u>	<u>360,000</u>

---

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>SCHEDULE 10 - SALES</b>		
Sale of Finished goods	254,737,623	343,582,238
Wind Energy Income	13,988,396	18,693,755
Sale of Scrap and waste	6,431,018	5,492,946
Processing charges	4,139,368	1,924,568
Total	<u>279,296,405</u>	<u>369,693,507</u>
<b>SCHEDULE 11 - INCREASE/DECREASE IN FINISHED GOODS</b>		
Closing Stock - Finished Goods	23,851,969	7,984,985
Scrap and Waste	50,479	43,538
Sub Total	<u>23,902,448</u>	<u>8,028,523</u>
Less		
Opening Stock - Finished Goods	7,984,985	6,674,939
Scrap and Waste	43,538	60,722
Sub Total	<u>8,028,523</u>	<u>6,735,661</u>
Total	<u>15,873,925</u>	<u>1,292,862</u>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest receipts (TDS Rs. 22,071 /-)	321,915	367,220
Miscellaneous Income	-	54,888
Profit on sale of Assets	1,054,738	3,027,187
ED Rebate Claim	7,799,418	8,907,698
Exchange Gain	-	233,325
Total	<u>9,176,071</u>	<u>12,590,318</u>
<b>SCHEDULE 13 - RAW MATERIALS CONSUMED</b>		
<b>Opening Stock</b>		
Raw materials	32,381,788	32,696,140
Work in Progress	21,674,933	16,343,582
	<u>54,056,721</u>	<u>49,039,722</u>
Purchases during the year	129,524,557	195,633,614
Sub Total	<u>183,581,278</u>	<u>244,673,336</u>
Less: Closing Stock		
Raw materials	20,034,974	32,381,788
Work-in-Progress	18,356,332	21,674,933
Sub Total	<u>38,391,306</u>	<u>54,056,721</u>
Total	<u>145,189,972</u>	<u>190,616,615</u>


**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>SCHEDULE 14 - PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salary, Wages, etc.,	<b>50,350,293</b>	62,921,130
Contribution to Provident Fund	<b>2,872,654</b>	3,455,356
Welfare expenses	<b>3,663,121</b>	3,369,645
Total	<b>56,886,068</b>	69,746,131
<b>SCHEDULE 15 - OTHER EXPENSES</b>		
Conversion Charges	<b>37,208,228</b>	50,447,431
Power and Fuel	<b>32,629,058</b>	39,516,657
Freight	<b>1,916,849</b>	2,237,104
Printing and Stationery	<b>458,552</b>	770,956
Postage and Telephone	<b>1,189,567</b>	1,304,204
Travelling and Vehicle Maintenance	<b>6,753,568</b>	6,855,081
Insurance	<b>459,445</b>	1,059,246
Rent	<b>2,177,384</b>	1,715,366
Licence and Taxes	<b>506,242</b>	1,031,439
Sales commission	<b>1,045,780</b>	1,161,167
Sales expenses	<b>64,620</b>	328,063
Subscription and periodicals	<b>79,947</b>	62,642
Directors' Sitting Fees	<b>24,000</b>	27,000
Auditor's remuneration	<b>20,000</b>	20,000
Legal and Professional charges	<b>1,769,090</b>	1,088,094
Repairs and Maintenance-Buildings	<b>1,203,434</b>	2,260,319
Repairs and Maintenance-Machinery	<b>5,811,461</b>	8,185,220
Repairs and Maintenance-Others	<b>940,119</b>	1,706,482
Preliminary Expenses written Off	<b>120,000</b>	262,692
Bad Debts written off	<b>593,576</b>	-
Foreign Exchange Lose	<b>205,109</b>	-
Total	<b>95,176,029</b>	120,039,163
<b>SCHEDULE 16 - FINANCE CHARGES</b>		
Interest on Fixed Loans	<b>7,978,716</b>	7,653,243
Interest on others and Bank charges	<b>16,762,548</b>	9,324,910
Total	<b>24,741,264</b>	16,978,153

Coimbatore  
25.06.2009

As per my report attached  
(Sd/-) **R. GURUBATHAM**  
Chartered Accountant, Auditor

(Sd/-) **V.J. JAYARAMAN**  
Chairman

(Sd/-) **J. ANAND**  
Managing Director

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009****SCHEDULE 17****1 SIGNIFICANT ACCOUNTING POLICIES**

- a. **System of Accounting** : The Financial Statements are prepared under historical cost convention and on accrual basis in accordance with the applicable accounting standards.
- b. **Use of Estimates** : The preparation of the financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.
- c. **Recognition of Income and Expenditure** : Revenue from sale transaction is recognized as and when the property in the goods is sold /transferred to the buyer for a definite consideration. Revenue from service transactions and other source is recognized on the completion of the contract. Export incentives are recognized when the right to receive payments/credit is established and there is no uncertainty regarding the amount of consideration or its collectability.
- d. **Fixed Assets / Borrowing Costs**: Fixed Assets are capitalized at cost inclusive of erection expenses and other incidental expenses in connection with the acquisition of the assets and net of Cenvat Credit/TED and VAT, if any, to the extent it could be adjusted against the Excise Duty/VAT liability of the Company. The borrowing cost on the additions to fixed assets is capitalized in accordance with AS 16.
- e. **Depreciation** : Depreciation has been provided on straight-line method in respect of all the assets in accordance with Schedule XIV of the Companies Act, 1956. Depreciation on additions during the year has been provided on pro-rata for the period for which the assets have been put to use. Wind Turbines have been classified as continuous process plants and depreciated accordingly as has been done in the past. For assets of value less than Rs. 5,000/- acquired during the year, 100% depreciation has been provided.
- f. **Taxation** : Provision for taxation is made as per estimated total income after considering various reliefs under the provisions of the Income-Tax Act, 1961. The book profit tax paid in accordance with Section 115JB, which is in excess of the normal tax due and which can be adjusted against tax liability for future periods, is treated as advance tax. In accordance with AS 22, the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted as of the balance sheet date.

**g. Inventory Valuation:**

<b>Sl.No</b>	<b>Particulars</b>	<b>Basis</b>
1	Raw Material	At identified lot costs or market value, whichever is lower
2	Finished Goods	At cost or net realizable value, whichever is lower
3	Work-in-progress	At estimated cost or net realizable value, whichever is lower
4	Waste	At realizable value
5	Stock of Stores	At cost



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

- h. Employee Benefits:** The provision has been made as required under AS 15. Bonus has been provided as per practice followed in earlier years. Provision for Gratuity, Leave encashment and accumulated compensated absences have been made based on the actuarial valuation.
- i. Foreign Exchange Transactions :** The transactions in respect of import of materials and export sales have been accounted for at the rates of exchange prevailing on the date of the transactions. However, in respect of transactions remaining unpaid/unrealized, exchange rates prevailing at the end of the year have been adopted. Difference arising out of fluctuation in the exchange for the above transaction has been taken to a separate account, which is debited/credited to the Profit and Loss Account.
- Wherever Forward Contracts have been entered, the premium or discount has been recognized over the period of the contract and the exchange differences on these contracts have been adjusted during the period in which the differences have taken place. All forward contracts have been entered only for import or export transactions of the Company and no contract has been entered for speculative purposes. The company has no foreign operations.
- j. Impairment of Assets :** The carrying amount of the fixed assets is reviewed for provision for impairment as required under AS 28. In the opinion of the Company, the recoverable amount of the fixed assets of the Company will not be lower than the book value of the fixed assets. Hence no provision has been made for impairment.
- k. Provisions, contingent liabilities and contingent assets :** Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- l. Earnings Per Share :** Basic Earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year
- m. Cash flow Statement :** Cash flows are reported using the indirect method. Closing balances of cash includes cash and cash equivalents in hand and balances in bank in current accounts.
- n. Segment Reporting :** Business segments are identified based on the nature of products and services. For reporting the business has been split into two segments - one representing Textile activities manufacturing textile products and the other representing the generation of power by wind energy.

Power generated from windmills is wheeled through Electricity Board and adjusted against the consumption of power by the company. The entire value of power generated is treated as sale to Electricity Board and included in the sales turnover. The adjustment of self consumption is not considered for Inter Segment Revenue/Adjustments, as has been done in the past.



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

**2. LICENCED & INSTALLED CAPACITY**

Particulars	2008-2009	2007-2008
No of Spindles Installed	12,480	14,528

**3. FINISHED GOODS**

	2008-09		2007-08	
	Qty in Kgs	Value in Rs.	Qty in Kgs	Value in Rs.
<b>COTTON YARN</b>				
Opening Stock	9,697	1,128,867	50,489	6,674,939
Production	687,269		634,907	
Sales	628,300	80,297,749	675,699	69,094,522
Closing Stock	68,666	7,954,219	9,697	1,128,867
<b>FABRIC &amp; GARMENTS</b>				
Sales		174,439,873		270,339,704
Closing Stock		15,897,750		5,760,369
<b>COTTON WASTE</b>				
Opening Stock	4,010	43,268	2,925	60,722
Production	219,576		268,133	
Sales	216,868	5,153,620	267,048	4,819,026
Closing Stock	6,718	49,614	4,010	43,268

\* Net of Yarn / Waste issued for production.

**4. CONSUMPTION OF MATERIALS**

	2008-09		2007-08	
	Qty. in Kgs	Value in Rs.	Qty. in Kgs	Value in Rs.
Cotton	1,786,626	126,623,426	3,060,561	175,475,425
Yarn, Fabrics and Accessories / Consumables for garments		15,247,946		15,141,190
<b>Total</b>		<b>141,871,372</b>		<b>190,616,615</b>

**5. EXPENDITURE IN FOREIGN CURRENCY**

	2008-09		2007-08	
	Value in Rs.	% of Total consumption.	Value in Rs.	% of Total consumption
<b>A. Value of Imports CIF</b>				
i. Raw Materials	22,548,822		22,451,611	
ii. Capital Goods			4,259,776	
<b>B. Consumption</b>				
i. Raw Materials-Imported	22,548,822	15	22,451,611	12
ii Raw Materials-Indigenous	119,322,550	85	168,165,004	88
<b>Total</b>	<b>141,871,372</b>	<b>100</b>	<b>190,616,615</b>	<b>100</b>



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

C. Earnings in Foreign Exchange	<b>2008-09</b>	2007-08
Exports of Garments	<b>81,841,229</b>	80,622,666

**6. AUDITOR'S REMUNERATION**

	<b>2008-09</b>	2007-08
	<b>Rs.</b>	<b>Rs.</b>
Audit Fees	<b>20,000</b>	20,000
Other fees-Taxation matters, etc., *	<b>33,250</b>	40,622
Total	<b>53,250</b>	60,622

\*Debited to Legal and Professional charges.

**7. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31.03.2009** (Rs. in Lakhs)

	Associate Companies/Firms	Holding Company	Directors
Purchase of Goods and Services- Raw materials & Spares	4.39 (2.95)	6.39 (29.35)	6.11 -
Sale of Goods and Services	- -	8.66 (4.06)	- -
Finance including Loans, Advances and Share Capital as on 31.03.2009	225.00 (125.00)	2400.00 (2400.00)	490.00 (275.00)
Out standings due from the Company as on 31.03.2009	62.39 (148.51)	- (85.63)	- -

*Previous year's figures given in bracket.*

There are no doubtful debts from the above parties on the balance sheet date and no amount has been written off or written back from the above parties during the year.

Names of Associate Companies and Firms (Companies and firms in which the Directors are associated as Directors/Partners or Proprietors)

**A. Companies/firms with which the company had transactions during the year.**

1. M/s. Veejay Lakshmi Engineering Works Ltd
2. M/s. Veejay Marketing
3. M/s. Veejay Sales and Services Limited

Approvals have been taken/applied from the Central Government for the transactions with the above parties wherever necessary and no contract is detrimental to the interest of the company.

**B. Companies/firms with which the company had no transactions during the year.**

1. M/s. Veejay Terry Products Limited
2. M/s. Veejay Syntex Private Limited
3. M/s. Veejay Tool & Die Private Limited
4. M/s. Veejay Yarns & Fabrics Private Limited

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009****Schedule 17 (Contd.)**

5. M/s. Lakshmi Electrical Control Systems Limited
6. M/s. The Krishna Mills Private Limited
7. M/s. The Suguna Mills Private Limited
8. M/s. Prathishta Weaving & Knitting Co. Ltd

**C. Name of the Holding Company**

M/s. Veejay Lakshmi Engineering Works Limited

**D. Name of the Key Managerial Personnel**

- 1) Sri. V.J. Jayaraman, Chairman
- 2) Sri. J. Anand, Managing Director

**E. Relatives of the Key Managerial Personnel**

- 1) Smt. J. Vidya W/o Sri. V.J. Jayaraman
- 2) Smt. Arthi Anand W/o Sri. J. Anand

**8. Earnings per share (Face value Rs.10/- per share)**

Particulars	31-03-2009 Rs.	31-03-2008 Rs.
a) Profit for the year as per Profit & Loss Account	(-)51,319,915	(-)4,59,48,820
b) Less: Taxes paid	310,000	1,33,000
c) Deferred Tax	(-) 5,659,000	(-)1,30,70,000
c) Other Expenses		18,066
d) Provision for Gratuity for earlier years		2,77,1884
e) Profit after Taxes & Deferred Tax	-45,970,915	(-)3,33,07,070
e) Number of equity shares	12,000,000	1,20,00,000
EPS / DILUTED EPS	(-) 3.83	(-) 2.78

9. The Deferred Tax Liability and Deferred Tax Assets as at 31-03-2009 computed as per AS 22 is given as under.

	31-03-2009 Rs.	31-03-2008 Rs.
Deferred Tax Liability	4,14,58,220	3,23,54,000
Deferred Tax Assets	3,09,27,220	1,61,64,000
Net Deferred Tax Liability	1,05,31,000	1,61,90,000

Details for Deferred Tax Liabilities / Assets :

Nature of Item	2008-09		2007-08	
	Tax Amount in Rs.	Value in Rs.	Value in Rs.	Tax Amount in Rs.
On account of Depreciation - Liability	12,77,80,000	4,14,58,220	9,51,86,820	3,23,54,000
On account of Carry over loss - Asset	9,53,22,000	3,09,27,220	4,75,55,163	1,61,64,000



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009****Schedule 17 (Contd.)**

10. Contingent Liabilities and claims against the company not acknowledged as debts.
- Claims from workmen not acknowledged as debts 26.88 lakhs (Previous year Rs.24.92 lakhs)
  - Guarantees given on behalf of Directors or other officers of the Company- Nil (Previous year Nil)
  - L/cs/Guarantees executed By Banks Rs. 0.35 lakhs (Previous year Rs. 0.35 lakhs)
  - Guarantee issued on behalf of an associate Company in which Directors are interested. Rs. Nil (Previous Year Rs. Nil)
  - The company has imported cotton against advance licenses with an obligation for exports. The interest liability proportionate on payment of duty for non fulfillment of export obligation pending as at 31-03-2009 is Rs 24.92 lakhs. (Previous Year Rs. 24.92 lakhs)
  - The Company has imported capital goods under EPCG License free of duty against Advance Licenses with an obligation for export. The duty liability proportionate to export obligation pending as at 31.03.2009 is Rs. 7.94 lakhs (Previous year Rs.95 lakhs.)
  - Estimated amount of capital contracts remaining to be executed: Nil (Previous year Rs. 1195.46 lakhs)
11. Gain or loss on account of exchange differences is given below:
- The amount of exchange difference included in the net profit or loss for the period- Rs. 2.05 lakhs (Loss)(Previous Year Rs. 2.33 lakhs (Profit)).
  - The Company does not have any foreign operations and no other exchange variation to be disclosed as in the accounting standard 11.

The Company has entered into the following forward contracts that are outstanding as at 31st March 2009 to hedge the foreign currency risks of firm commitments :

Particulars	As at 31st March 2008	As at 31st March 2009
Nature of contracts	Forward Cover	Forward Cover
Number of contracts	5	2
Foreign Currency Amount in USD	234051	464000
GBP	32134	

12. As at 31st March 2009, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006

**13. Segment Report for the year ended 31 st March 2009**

(Rs. in Lakhs)

Revenue	31st March 2009			31st March 2008		
	Textile Division	Windmill Division	Total	Textile Division	Windmill Division	Total
External Sales	2742	140	2882	3510	111	3621
Inter Segment Transfers	-	-	-	-	-	-
Total Revenue	2742	140	2882	3510	111	3621
Result	-	-	-	-	-	-
Segment Result	-360	91	-269	-553	62	-491
Un allocated Corporate Expenses	-	-	-	-	-	-
Operating Profit	-360	91	-269	-553	62	-491



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2009**  
**Schedule 17 (Contd.)**

**13. Segment Report for the year ended 31st March 2009 (Contd.)**

(Rs. in Lakhs)

Revenue	31st March 2009			31st March 2008		
	Textile Division	Windmill Division	Total	Textile Division	Windmill Division	Total
Less: Interest Expense	-	-	247	-	-	-170
Interest Income	-	-		-	-	4
Income Taxes	-	-	-53	-	-	129
Unallocable Income	-	-	-3	-	-	198
Profit from Ordinary Activities	-	-	-460	-	-	-330
Extra Ordinary Items	-	-	-	-	-	-
Net Profit	-	-	-460	-	-	-330
Other Information	-	-	-	-	-	-
Segment Assets	4854	795	5649	5655	837	6492
Un allocated Corporate Assets	-	-	208	-	-	
Total Assets	-	-	5857	-	-	6492
Segment Liabilities	458	-	458	602	-	602
Un allocated Corporate Liabilities	-	-	5399	-	-	5890
Total Liabilities	-	-	5649	-	-	6492
Capital Expenditure	4396	-	4396	1053	-	1053
Depreciation	209	49	258	162	49	211
Non Cash Expenditure other than depreciation	-	-	-	-	-	-

14. The Company has no sole selling agents. The entire sales commission has been paid to other agents.
15. Salary includes provision for gratuity Rs.11.38 lakhs (Previous year Rs. 2.70 lakhs.)
16. The details of employee benefits for the period on account of gratuity, which is funded defined employee benefit plans are as under:

	Gratuity (Funded) 31.03.2009	Gratuity (Funded) 31.03.2008
<b>A. Expense recognised during year ended 31.03.2009</b>		
1. Current Service cost	138904	123841
2. Interest Cost	78262	101471
3. Expected return on plan assets	-43568	-79296
4. Actuarial Losses/Gains during the year	964402	123694
5. Total Expense	1138000	269710



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2008**  
**Schedule 17 (Contd.)**

<b>B. Actual return on Plan assets</b>		
1. Expected return on plan assets	43568	79296
2. Actuarial (Loss)/Gain on Plan assets	25952	102
3. Actual return on plan assets	69520	79398
<b>C. Net Asset/(Liability) recognised in the Balance Sheet</b>		
1. Present value of the obligation as on 31.03.2009	1784135	1493776
2. Fair value of plan assets as on 31.3.2009	99241	946882
3. Funded status (surplus/deficit)	-1684894	-546894
4. Unrecognised past service cost	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	-1684894	-546894
<b>D. Change in Present value of the Obligation during the year ended March 31,2009</b>		
1. Present value of the obligation as at April 1,2008	1493776	1387439
2. Current service cost	138904	123841
3. Interest cost	78262	101471
4. Benefits paid	-917161	-242771
5. Actuarial (gain) loss on obligation	990354	123796
6. Present value of obligation as at March 31,2009	1784135	1493776
<b>E. Change in Assets during the year ended March 31,2009</b>		
1. Fair value of plan assets as at April 1,2008	946882	1110255
2. Expected return of plan assets	43568	79296
3. Contributions made	-	-
4. Benefits paid	-917161	-242771
5. Actuarial gain /(loss) on plan assets	25952	102
6. Fair value of plan assets as at March 31,2009	99241	946882
<b>F. Major categories of plan assets as a percentage of total plan</b>		
Qualifying insurance policies	99241	946882
Own plan assets	-	-
Total	99241	946882
<b>G. Actuarial assumptions</b>		
1. Discount rate	7.50%	8%
2. Salary escalation	5%	4%
3. Expected rate of return on plan assets	7.50%	8%
4. Attrition rate	No explicit assumption	No explicit assumption
5. Mortality rate	LIC 94-96 Rates	LIC 94-96 Rates



17. Provision for Provident Fund included in current liabilities Rs. Nil (Previous Year Nil)
18. Sundry Debtors and Loans & Advances as at 31st March 2009 / 31st March 2008 does not include any amount due from Companies, firms in which directors are interested. Nil
19. Debts due from Companies under the same management is Rs. Nil. (previous year Rs. Nil)
20. Debts due by Directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private Companies respectively in which any Director is a partner or a Director or a Member is Rs. Nil (Previous year Nil)
21. There was no amount due by Directors or other officers of the Company at any time during the year. (Previous year Nil)
22. Sundry Debtors and Loans and Advances as at 31.03.2009 does not include any amount due from Companies and Firms in which Directors are interested (Previous year Nil)
23. Figures have been rounded off to the nearest rupee and previous year figures have been regrouped/rearranged wherever necessary.

Coimbatore 25.06.2009	As per my report attached <b>(Sd/-) R. GURUBATHAM</b> Chartered Accountant, Auditor	<b>(Sd/-) V.J. JAYARAMAN</b> Chairman	<b>(Sd/-) J. ANAND</b> Managing Director
--------------------------	---	--	---


**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I. REGISTRATION DETAILS :**

Registration Number	181-009829
State Code	18
Balance Sheet Date	31.03.2009
CIN No.	U17111TZ2001PLC009829

**II. CAPITAL RAISED DURING THE YEAR (Rs. in lakhs)**

Public Issue	Nil
Bonus Issue	Nil
Rights Issue	Nil
Private Placement (Preference Shares)	600

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Rs. in Thousands)**

Total Liabilities	560249
Total Assets	560249
<b>Sources of Funds</b>	
Paid - up Capital	240000
Reserves & Surplus	10082
Deferred Tax Liability	10531
Secured Loans	228136
Unsecured Loans	71500
<b>Application of Funds</b>	
Net Fixed Assets	429563
Investments	-
Net Current Assets	92235
Miscellaneous Expenditure	38451

**IV. PERFORMANCE OF THE COMPANY : (Rs. in Thousands)**

Turnover	279296
Profit Before Tax	-51320
Profit After Tax	-45971
Earnings per share	(-3.83)
Dividend	NIL

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY  
(As per monetary Terms)**

Item code No.	52.05
Product Description	Cotton Yarn
Apparel & Clothing Accessories, Knitted or crocheted	

Coimbatore  
25.06.2009

As per my report attached  
(Sd/-) **R. GURUBATHAM**  
Chartered Accountant, Auditor

(Sd/-) **V.J. JAYARAMAN**  
Chairman

(Sd/-) **J. ANAND**  
Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	Year ended 31st March 2009	Year ended 31st March 2008
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and extra ordinary item	-512.00	-462.26
Adjustments for :		
Depreciation	258.15	232.45
Interest paid	247.41	169.78
Profit on sale of Investments/Assets	-10.55	-30.27
Interest/Dividend Income	-3.22	-3.67
<b>Operating Profit before working capital changes</b>	-20.21	-93.97
Decrease in Trade and Other Receivables	494.33	-263.58
Increase/(Decrease) in Payables	-513.49	1313.40
Decrease/(Increase) in Inventories	10.82	-67.50
<b>Cash generated from operations</b>	-28.55	888.35
Direct Taxes paid	-0.54	-2.33
<b>Cash flow before extra ordinary items</b>	-29.09	886.02
<b>Net Cash from Operating Activities</b>	-29.09	886.02
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-154.27	-1102.52
Sale of Fixed Assets	27.34	58.72
Interest received	3.22	3.67
<b>Net cash used for Investing Activities</b>	-123.71	-1040.13
<b>C. Cash flow from Financing Activities</b>		
Repayment of Long Term borrowings	360.8	313.45
Interest paid	-211.95	-169.78
Preliminary Exp	0.00	2.63
<b>Net cash from financing activities</b>	148.85	146.30
<b>Net Increase in cash and cash equivalents</b>	-3.95	-7.81
<b>Cash and Cash equivalents as at 31.3.2008</b>	12.23	20.04
<b>Cash and Cash equivalents as at 31.3.2009</b>	8.28	12.23

Coimbatore  
25.06.2009

As per my report attached  
(Sd/-) R. GURUBATHAM  
Chartered Accountant, Auditor

(Sd/-) V.J. JAYARAMAN  
Chairman

(Sd/-) J. ANAND  
Managing Director



## AUDITOR'S REPORT TO THE MEMBERS OF M/s. VEEJAY LAKSHMI ENGINEERING WORKS LIMITED ON CONSOLIDATED FINANCIAL STATEMENT

We have examined the attached Consolidated Balance Sheet of M/s. Veejay Lakshmi Engineering Works Limited and its subsidiary as at 31st March, 2009, the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended (these are referred to as the financial statements).

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of *material misstatements*. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of M/s. Veejay Lakshmi Textiles Limited, a subsidiary whose financial statements reflect total assets of Rs.62,41,96,716/- as at 31st March 2009 and total revenues of Rs.28,84,65,644/- for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Veejay Lakshmi Engineering Works Limited and its subsidiary which is included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Veejay Lakshmi Engineering Works Limited and its aforesaid subsidiary, we are of the opinion that :

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Veejay Lakshmi Engineering Works Limited and its subsidiary as at 31st March, 2009.
- (b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Veejay Lakshmi Engineering Works Limited and its subsidiary for the year then dated; and
- (c) The Consolidated Cash Flow Statement of Veejay Lakshmi Engineering Works Limited and its subsidiary for the year ended 31st March 2009 has been prepared in accordance with the generally accepted accounting principles in India.

For **N.R. DORAISWAMI & CO.**  
Chartered Accountants

Coimbatore  
25.06.2009

**(Sd/-) SUGUNA RAVICHANDRAN**  
(Membership No. 207893)

**CONSOLIDATED ACCOUNTS  
BALANCE SHEET AS AT 31ST MARCH 2009**

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
A. Capital	1	50,719,000	50,719,000
B. Reserves and Surplus	2	603,199,448	727,086,877
<b>2. Loan Funds</b>			
A. Secured Loans	3	393,635,302	372,471,036
B. Unsecured Loans	4	123,300,000	69,500,000
<b>3. Deferred Tax Liability</b>			
	5	29,499,500	83,862,300
Total Funds employed		<u>1,200,353,250</u>	<u>1,303,639,213</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
A. Gross Block	6	1,384,406,308	1,367,761,932
B. Less Depreciation		536,327,938	472,153,509
C. Net Block		848,078,370	895,608,423
<b>2. Investments</b>			
	7	1,985,482	2,010,922
<b>3. Current Assets, Loans and Advances</b>			
A. Inventories	8	332,089,654	366,071,899
B. Sundry Debtors		48,582,295	126,473,938
C. Cash and Bank Balances		4,813,379	4,761,331
D. Loans and Advances		135,720,063	197,370,601
		<u>521,205,391</u>	<u>694,677,769</u>
<b>Less : Current Liabilities and Provisions</b>			
A. Current Liabilities	9	146,899,269	236,004,789
B. Provisions		24,256,724	53,013,112
		<u>171,155,993</u>	<u>289,017,901</u>
Net Current Assets		<u>350,049,398</u>	<u>405,659,868</u>
Preliminary Expenses		240,000	360,000
Total Application of Funds		<u>1,200,353,250</u>	<u>1,303,639,213</u>

Schedules 1 to 9 and notes on Schedule 17 form part of this Balance Sheet

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
(Sd/-) **SUGUNA RAVICHANDRAN**

(Sd/-) **V.J. JAYARAMAN**  
Chairman Cum Managing Director

(Sd/-) **J. ANAND**  
Managing Director  
(Sd/-) **D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)





**CONSOLIDATED ACCOUNTS**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule No.	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>I. INCOME</b>			
1. Sales	10	626,323,711	1,158,353,019
2. Increase/Decrease in Finished Goods	11	15,802,125	1,186,727
3. Other Income	12	10,102,815	141,896,898
<b>Total</b>		<b>652,228,651</b>	<b>1,301,436,644</b>
<b>II. EXPENDITURE</b>			
1. Materials consumed	13	338,463,671	635,877,366
2. Payment to and Provision for employees	14	196,171,425	208,269,293
3. Other expenses	15	184,894,701	263,736,382
4. Finance Charges	16	46,491,518	27,200,443
5. Depreciation		65,094,381	68,094,366
<b>Total</b>		<b>831,115,696</b>	<b>1,203,177,850</b>
<b>III. PROFIT</b>			
1. Balance brought forward		150,242,057	61,066,565
2. Profit for the year		-178,887,045	98,258,794
<b>Amount available for appropriation</b>		<b>-28,644,988</b>	<b>159,325,359</b>
<b>Appropriations</b>			
1. Tax for current year-Current Tax		-	1,421,000
Deferred Tax		-54,362,800	-9,103,700
2. Prior year Taxes		-1,508,816	-3,062,509
3. Fringe Benefit Tax		872,000	798,000
4. Prior year expenses		-	-718,889
5. Transfer to General Reserve		-	13,815,530
6. Provision for Dividends		-	5,071,900
7. Dividend distribution tax		-	861,970
8. Balance Carried to the Balance Sheet		26,354,628	150,242,057
<b>Total</b>		<b>-28,644,988</b>	<b>159,325,359</b>
Earning Per Share (Face Value of Rs. 10 Per Share)		-24.43	21.19

Schedules 10 to 16 and notes on Schedule 17 form part of this Profit and Loss Account

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
**(Sd/-) SUGUNA RAVICHANDRAN**

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director

**(Sd/-) J. ANAND**  
Managing Director  
**(Sd/-) D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)



**CONSOLIDATED ACCOUNTS**  
**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised:</b>		
60,00,000 Equity shares of Rs.10/- each	-	60,000,000
<b>Issued, Subscribed and Paid up:</b>		
50,71,900 Equity shares of Rs.10/-each full paid up (of the above 8,70,000 Equity shares have been allotted as fully paid Bonus Shares by capitalisation of Reserves)	<b>50,719,000</b>	50,719,000
<b>Total</b>	<b><u>50,719,000</u></b>	<b><u>50,719,000</u></b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
Share Premium Account	<b>211,642,500</b>	211,642,500
Capital Reserve Account	<b>10,082,354</b>	10,082,354
General Reserve		
As per last year Balance Sheet	<b>355,119,966</b>	341,304,436
Transfer from Profit and Loss Account during the year	-	13,815,530
Total	<b><u>355,119,966</u></b>	<b><u>355,119,966</u></b>
Balance in Profit and Loss Account	<b>26,354,628</b>	150,242,057
Total	<b><u>603,199,448</u></b>	<b><u>727,086,877</u></b>



**CONSOLIDATED ACCOUNTS**  
**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 3 - SECURED LOANS</b>		
<b>A. Term Loans</b>		
1. IndusInd Bank Limited	40,845,000	50,008,000
2. State Bank of India	110,523,893	96,780,844
(Secured by a charge on the specific items of fixed assets acquired out of the Term Loans and a charge on other Fixed Assets of the subsidiary and the guarantee of the holding company)		
3. <b>Technology Information, Forecasting and Assessment Council (TIFAC)</b>	-	4,820,250
(Secured by hypothecation of all moveable assets of the Company which forms part of the projects funded by TIFAC)		
4. Technology Development Board	30,000,000	
(Secured by a first charge on the fixed assets of the holding company and guarantee of two Directors and the subsidiary)		
<b>B. Working Capital Facilities-Cash Credit, Demand Loan, Packing Credit and Bills Discounted</b>		
<b>(Secured by a first charge on current assets and a second charge on fixed assets)</b>		
1. State Bank of India	141,828,653	220,861,942
2. Corporation Bank	174,949	-
3. Bank of Baroda	49,800,469	-
4. Indusind Bank	20,462,338	-
	<u>393,635,302</u>	<u>372,471,036</u>
<b>SCHEDULE 4-UNSECURED LOANS</b>		
Loan from a Company	22,500,000	12,500,000
Loans from Directors	100,800,000	57,000,000
	<u>123,300,000</u>	<u>69,500,000</u>
<b>SCHEDULE 5-DEFERRED TAX LIABILITY (NET)</b>		
As per last year Balance Sheet	83,862,300	92,966,000
Add: Additions during the year	-54,362,800	-9,103,700
	<u>29,499,500</u>	<u>83,862,300</u>



**CONSOLIDATED ACCOUNTS**  
**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

**Schedule 6 - Fixed Assets**

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2008	Additions	Sales/ Transfers	Cost upto 31.03.2009	Upto 31.03.2008	For the year	Withdrawn during the Year	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	110,266,732	1,743,115	-	112,009,847	-	-	-	-	112,009,847	110,266,732
Buildings	244,521,949	12,096,728	-	256,618,677	42,781,422	5,457,781	-	48,239,203	208,379,474	201,740,527
Machinery & Equipments	956,394,083	4,838,037	2,317,244	958,914,876	410,443,904	54,982,463	884,208	464,542,159	494,372,717	545,950,179
Vehicles	10,112,495	45,320	281,994	9,875,821	3,649,703	884,184	35,744	4,498,143	5,377,678	6,462,792
Furniture and Office Equipments	46,466,673	520,414	-	46,987,087	15,278,480	3,769,953	-	19,048,433	27,938,654	31,188,193
<b>Total</b>	<b>1,367,761,932</b>	<b>19,243,614</b>	<b>2,599,238</b>	<b>1,384,406,308</b>	<b>472,153,509</b>	<b>65,094,381</b>	<b>919,952</b>	<b>536,327,938</b>	<b>848,078,370</b>	<b>895,608,423</b>
Previous Year	1141757190	269835613	43830871	1367761932	408497802	68094366	4438659	472153509	895608423	733259388



**CONSOLIDATED ACCOUNTS**  
**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 7 - INVESTMENTS</b>		
<b>I. In Government or Trust Securities</b>		
A. 7 Years National Savings Certificate At Cost	10,500	10,500
B. 5.5% Non Convertible Redeemable Taxable Bonds - Series - VI-180 Face Value of Rs. 10000/- each of Rural Electrification Corporation Limited	1,800,000	1,800,000
<b>II. In Shares and Bonds</b>		
Non-trade Quoted		
1500 Equity Shares of Rs.10/- each in M/s. Lakshmi Machines Works Limited fully paid up at cost.	14,262	14,262
10000 Equity Shares of Rs.10/-each in M/S. Precision Fasteners Ltd., fully paid up at cost.	500,000	500,000
200 Equity Shares of Rs.10/- each In M/s. Industrial Finance Corporation of India fully paid up at cost.	4,500	4,500
334 Equity Shares of Rs.10/- Each In State Bank of India, fully paid up at cost.	158,560	25,000
<b>III. Share Money Advance</b>		
100 Shares of Rs. 10 Each in State Bank of India	-	159,000
Total	<b>2,487,822</b>	<b>2,513,262</b>
Less Investment Flucation Reserve	502,340	502,340
Total	<b>1,985,482</b>	<b>2,010,922</b>
Aggregate Value of Quoted Investment - Cost	677,322	
- Market Value	<b>1,117,438</b>	
Aggregate Value of Unquoted Investments - Cost	<b>1,810,500</b>	



**CONSOLIDATED ACCOUNTS SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule No.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
<b>SCHEDULE 8 - CURRENT ASSETS, LOANS AND ADVANCES</b>			
a) <b>Inventories</b> :			
Raw Materials		51,348,974	76,655,549
Scrap		104,599	169,458
Components and accessories		23,944,333	29,094,839
Work-in-Progress		214,814,332	232,354,646
Finished Goods		24,697,507	7,984,985
Stores and spares		17,179,909	19,812,422
		<b>332,089,654</b>	<b>366,071,899</b>
b) <b>Sundry Debtors</b> (Unsecured-considered good)			
Debts outstanding for a period exceeding six months		10,873,643	2,532,435
Other Debts		37,708,652	123,941,503
		<b>48,582,295</b>	<b>126,473,938</b>
c) <b>Cash and Bank balances</b>			
Cash on hand		2,708,140	3,080,912
Cash with Nationalised Banks-In Current Account		508,327	913,275
- In Deposit Account		900,000	-
- In Unpaid Dividend Account		696,912	767,144
		<b>4,813,379</b>	<b>4,761,331</b>
d) <b>Loans and Advances</b> (Unsecured-considered good)			
Advances recoverable in Cash or in kind- Due from others		21,686,921	28,834,945
Deposits		16,832,226	15,350,348
Duty drawback and other receivables		52,992,573	87,305,219
Prepaid expenses		712,315	3,895,024
Advance Tax		43,496,028	61,985,065
	Sub Total	<b>135,720,063</b>	<b>197,370,601</b>
	Total	<b>521,205,391</b>	<b>694,677,769</b>
<b>SCHEDULE 9-CURRENT LIABILITIES AND PROVISIONS</b>			
a) <b>Current Liabilities:</b>			
Liability for supplies and services - SSI		-	-
Liability for supplies and services - Others		45,501,847	149,470,296
Liability for expenses		22,017,177	40,264,441
Liability for other finance		10,947,667	5,785,287
Unclaimed Dividends		696,912	767,144
Advance received against sales		58,668,172	39,357,052
Interest accrued but not due		9,067,494	360,569
	Sub Total	<b>146,899,269</b>	<b>236,004,789</b>
b) <b>Provisions</b>			
Provision for Incometax		22,571,830	44,584,719
Provision for Gratuity		1,684,894	2,494,523
Provision for Dividends		-	5,071,900
Provision for Dividend distribution tax		-	861,970
	Sub Total	<b>24,256,724</b>	<b>53,013,112</b>
	Total	<b>171,155,993</b>	<b>289,017,901</b>
<b>Preliminary Expenses</b>			
As per Last Balance Sheet		360,000	622,692
Add incurred/written off during the year		120,000	262,692
	Total	<b>240,000</b>	<b>360,000</b>



**CONSOLIDATED ACCOUNTS**  
**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>SCHEDULE - 10 SALES</b>		
Gross Turnover	616,428,562	1,219,051,120
Less Excise Duty	36,432,975	114,373,264
Sale of Finished goods	579,995,587	1,104,677,856
Sale of Power generated	28,518,005	33,338,542
Sale of Scrap and waste	7,792,828	9,914,020
Labour charges	10,017,291	10,422,601
Total	<u>626,323,711</u>	<u>1,158,353,019</u>
<b>SCHEDULE 11 - INCREASE/DECREASE IN FINISHED GOODS</b>		
Closing Stock - Finished Goods	23,851,969	7,984,985
Scrap and Waste	104,599	169,458
Sub Total	<u>23,956,568</u>	<u>8,154,443</u>
Less		
Opening Stock - Finished Goods	7,984,985	6,674,939
Scrap and Waste	169,458	292,777
Sub Total	<u>8,154,443</u>	<u>6,967,716</u>
Total	<u>15,802,125</u>	<u>1,186,727</u>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest receipts (TDS Rs. 206,414 /- )	1,203,978	1,874,152
Dividend Receipts	44,681	1,232,565
Miscellaneous income	-	54,888
Exchange gain	-	233,325
Profit on sale of Investments	-	126,337,340
Profit on Sale of Assets	1,054,738	3,256,930
Export Incentives	7,799,418	8,907,698
Total	<u>10,102,815</u>	<u>141,896,898</u>
<b>SCHEDULE 13 - MATERIALS CONSUMED</b>		
Opening Stock		
Raw materials	76,655,549	79,878,560
Components	28,190,612	13,119,166
Work in Progress	232,354,646	170,884,505
	<u>337,200,807</u>	<u>263,882,231</u>
Add Purchased during the year	262,789,756	648,501,089
	<u>599,990,563</u>	<u>912,383,320</u>
Less: Closing Stock		
Raw materials	51,348,974	76,655,549
Components	23,873,000	28,190,612
Work-in-Progress	214,814,332	232,354,646
	<u>290,036,306</u>	<u>337,200,807</u>
	<u>309,954,257</u>	<u>575,182,513</u>
Add: Stores consumed	28,509,414	60,694,853
Total Materials consumed	<u>338,463,671</u>	<u>635,877,366</u>



**CONSOLIDATED ACCOUNTS**  
**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended 31st March 2009 Rs.	Year ended 31st March 2008 Rs.
<b>SCHEDULE 14 - PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salary, Wages, Gratuity, etc	175,152,786	177,945,479
Contribution to Provident Fund	6,902,338	8,178,758
Staff and Welfare expenses	8,872,826	12,841,380
Managerial Remuneration	5,243,475	9,303,676
Total	<u>196,171,425</u>	<u>208,269,293</u>
<b>SCHEDULE 15 - OTHER EXPENSES</b>		
Fabrication Charges	44,134,642	72,913,836
Power and Fuel	48,477,297	63,996,484
Freight	3,073,345	4,856,042
Printing and Stationery	1,570,870	2,726,842
Postage and Telephone	2,939,657	3,149,815
Travelling and Vehicle Maintenance	14,144,337	15,492,307
Insurance	742,401	1,932,586
Rent	3,702,624	3,297,293
Licences and Taxes	1,996,126	3,169,719
Sales commission	16,224,829	39,649,600
Sales promotion expenses	6,345,372	2,630,211
Subscription and periodicals	442,942	431,080
Directors' sitting fees	84,500	89,000
Auditor's remuneration	110,000	110,000
Legal and Professional charges	11,583,245	13,127,703
Repairs and Maintenance-Buildings	2,205,457	5,135,113
Repairs and Maintenance-Machinery	9,375,128	21,451,884
Repairs and Maintenance-Others	1,854,960	3,281,922
Bad debts written off	593,576	66,556
Foreign exchange fluctuation-loss	15,156,393	5,880,136
Loss on sale of Investments	-	7,560
Donations	17,000	78,001
Preliminary Expenses written off	120,000	262,692
Total	<u>184,894,701</u>	<u>263,736,382</u>
<b>SCHEDULE 16 - FINANCE CHARGES</b>		
Interest on Fixed Loans	6,967,086	8,729,105
Interest on others and Bank charges	31,387,432	18,471,338
Interest to Directors	8,137,000	
Total	<u>46,491,518</u>	<u>27,200,443</u>

As per our report attached  
For **N.R. DORAISHWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
**(Sd/-) SUGUNA RAVICHANDRAN**

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director

**(Sd/-) J. ANAND**  
Managing Director  
**(Sd/-) D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)





## Schedule 17- Accounting Policies and Notes to Consolidated Profit & Loss Account and Balance sheet as at 31st March 2009

### I. Significant Accounting Policies :

#### A. Principles of Consolidation.

The consolidated financial statements relates to Veejay Lakshmi Engineering Works Limited, the holding Company and its subsidiary.

The Subsidiary Company considered in the consolidated financial statement is M/s. Veejay Lakshmi Textiles Limited, a Company incorporated in India and 100% of the shares of the subsidiary are held by the holding Company.

#### B. Accounting policies followed are as set out under "Significant Accounting Policies" of the financial statements of the holding and subsidiary companies.

### II. Notes to Profit and Loss Account and Balance Sheet as at 31st March 2009

- 1) The consolidated financial statements have been prepared in accordance with Accounting Standard 21.
- 2) Notes which are disclosed in separate financial statements holding or subsidiary Company have not been disclosed in the consolidated financial statements. However, items which have been considered as material have been duly disclosed.

3) Calculation of Earnings per Share (Face Value Rs. 10/- per share)	(Rs. In lakhs)	
Net Profit after tax available for equity shareholders	(A) :	1238.87
Number of shares	(B) :	50,71,900
Basic and diluted EPS	(A/B) :	-24.43

- 4) Figures have been rounded off to the nearest rupee.
- 5) The previous year's figures have been regrouped and reclassified wherever necessary to suit this year's presentation.

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
(Sd/-) **SUGUNA RAVICHANDRAN**

(Sd/-) **V.J. JAYARAMAN**  
Chairman Cum Managing Director

(Sd/-) **J. ANAND**  
Managing Director  
(Sd/-) **D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)

**CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS :**

Registration Number	181-000705
State Code	18
Balance Sheet Date	31.03.2009
CIN No.	L29191TZ1974PLC000705

**II. CAPITAL RAISED DURING THE YEAR (Rs. in Lakhs)**

Public Issue	Nil
Rights Issue	Nil

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Rs. in Thousands)**

Total Liabilities	1200353
Total Assets	1200353
Sources of Funds	
Paid - up Capital	50719
Reserves & Surplus	603199
Deferred Tax Liability	29500
Secured Loans	393635
Unsecured Loans	123300
Application of Funds	
Net Fixed Assets	848078
Investments	1986
Net Current Assets	350049
Preliminary Expenses	240

**IV. PERFORMANCE OF THE COMPANY : (Rs. in Thousands)**

Turnover	626324
Profit Before Tax	-178887
Profit After Tax	-123887
Earnings per share	-24.43
Dividend	NIL

**V. GENERIC NAMES OF THREE PRINCIPAL SERVICES OF THE COMPANY  
(As per monetary Terms)**

Item code No.	84.45
Product Description	Textile Machinery

As per our report attached  
For **N.R. DORAISWAMI & CO**  
Chartered Accountants & Auditors  
Coimbatore  
25.06.2009  
**(Sd/-) SUGUNA RAVICHANDRAN**

**(Sd/-) V.J. JAYARAMAN**  
Chairman Cum Managing Director

**(Sd/-) J. ANAND**  
Managing Director  
**(Sd/-) D. RANGANATHAN**  
Whole Time Director (Finance & Mktg.)


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

	Year ended 31st March 2009	Year ended 31st March 2008
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and extra ordinary item	-1787.67	981.16
Adjustments for :		
Depreciation	650.94	680.95
Interest paid	464.92	272
Profit on sale of Investments/Assets	-10.55	-1295.87
Interest/Dividend Income	-12.49	-31.07
<b>Operating Profit before working capital changes</b>	<b>-694.85</b>	<b>607.17</b>
Increase/Decrease in Trade and Other Receivables	1210.53	-807.51
Increase/(Decrease) in Payables	-1052.71	2052.45
Decrease/(Increase) in Inventories	339.82	-633.04
<b>Cash generated from operations</b>	<b>-197.21</b>	<b>1219.07</b>
Direct Taxes paid	-37.49	-173.67
<b>Cash flow before extra ordinary items</b>	<b>-234.70</b>	<b>1045.40</b>
<b>Net Cash from Operating Activities</b>	<b>-234.70</b>	<b>1045.40</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-192.43	-1966.35
Sale of Fixed Assets	27.34	-305.52
Sale of Investments	0.25	1265.84
Interest received	12.04	18.74
Dividend Received	0.45	12.33
<b>Net cash used for Investing Activities</b>	<b>-152.35</b>	<b>-974.96</b>
<b>C. Cash flow from Financing Activities</b>		
Increase in Share Capital		-295
Repayment of Long Term borrowings	835.60	492.32
Dividends paid	-51.42	-99.56
Interest paid	-396.61	-272
<b>Net cash from financing activities</b>	<b>387.57</b>	<b>-171.61</b>
<b>Net Increase in cash and cash equivalents</b>	<b>0.52</b>	<b>-101.17</b>
<b>Cash and Cash equivalents as at 31.3.2008</b>	<b>47.61</b>	<b>148.78</b>
<b>Cash and Cash equivalents as at 31.3.2009</b>	<b>48.13</b>	<b>47.61</b>

Coimbatore 25.06.2009	As per our report attached For <b>N.R. DORAISWAMI &amp; CO</b> Chartered Accountants & Auditors (Sd/-) <b>SUGUNA RAVICHANDRAN</b>	(Sd/-) <b>V.J. JAYARAMAN</b> Chairman Cum Managing Director	(Sd/-) <b>J. ANAND</b> Managing Director (Sd/-) <b>D. RANGANATHAN</b> Whole Time Director (Finance & Mktg.)
--------------------------	--	--	--

# VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

Regd. Office : Sengalipalayam, N.G.G.O. Colony Post, Coimbatore 641 022.

## ADMISSION SLIP

Name of the Member		Folio No.	
Name of Proxy		No. of Shares	

I hereby record my presence at the 34th Annual General Meeting of the Company held on Thursday, the 24th September, 2009, at 10.00 A.M. at Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Pappanaickenpalayam, Coimbatore 641 037.

.....  
Signature of Member / Proxy

- Notes :**
1. Shareholders / Proxies must bring the Admission Slip to the meeting and hand it over at the entrance, duly signed.
  2. Share holders are requested to advise their change of address as well as request for consolidation of folios, if any, to the above address, quoting folio numbers.

# VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

Regd. Office : Sengalipalayam, N.G.G.O. Colony Post, Coimbatore 641 022.

## PROXY FORM

I / We .....  
of ..... being a Member/Members of  
Veejay Lakshmi Engineering Works Limited, hereby appoint .....  
of ..... or failing him/her .....  
of ..... as my / our Proxy to attend and vote for me/us on my/our  
behalf at the 34th Annual General Meeting of the Company held on Thursday, the 24th September, 2009, at 10.00  
A.M. at Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Pappanaickenpalayam, Coimbatore  
641 037 and at any adjournment thereof.

As witness by my/our hand(s) this ..... day of ..... 2009.

Signed by the said .....

Folio No.	No. of Shares
DP. ID*	Client ID*

AFFIX  
15 PAISE  
REVENUE  
STAMP

\* Applicable to investors holding shares in Electronic Form

**Notes :** The proxy form must be returned so as to reach the Registered Office of the Company Sengalipalayam, N.G.G.O. Colony Post, Coimbatore 641 022 not less than forty-eight hours before the time for holding the aforesaid meeting.

**BOOK POST**

**To**

*If undelivered please return to :*

**S.K.D.C. CONSULTANTS LIMITED**

**P.B. No. 2979**

**No. 11, S.N. Doss Layout,**

**Street No. 1 (West Power House Road)**

**Coimbatore 641 012**