



# Veejay Lakshmi Engineering Works Limited

## Board of Directors

**Sri V.J. JAYARAMAN**  
Chairman cum Managing Director  
**Sri N.M. ANANTHAPADMANABHAN**  
**Sri B. SELVARAJAN**  
**Sri S.K. MOHANDASS**  
**Sri N. ATHIMOOLAM NAIDU**  
**Sri J. VIJAYAKUMAR**  
**Sri J. ANAND**  
Managing Director  
**Sri B. SRIRAM**  
**Sri D. RANGANATHAN**  
Whole-time Director

## Company Secretary

**Sri K.S. SRINIVASAN**

## Auditors

**M/s. N.R. DORAISWAMI & CO.**  
Chartered Accountants  
Coimbatore - 641 018.

## Registrar & Security Transfer Agent

**M/s. 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.

## Registered Office

Sengalipalayam, N.G.G.O. Colony P.O.  
Coimbatore - 641 022.

## 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:***

1. Kethanur  
Coimbatore - 638 671.
2. Pollachi  
Coimbatore - 642 007.
3. Radhapuram  
Tirunelveli District - 627 011.

## Subsidiary Company

Veejay Lakshmi Textiles Limited  
Sengalipalayam  
N.G.G.O. Colony Post  
Coimbatore - 641 022.



**NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirtieth Annual General Meeting of the Company will be held on 21-09-2005, Wednesday at 10.15 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, 2005, the Report of the Board of Directors to the shareholders and the Report of the Auditors of the Company.
2. To declare a dividend.
3. To appoint a Director in place of Sri S.K. Mohandass 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 an Ordinary Resolution.

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309 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 of five years from 25.08.2004 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 as detailed overleaf.

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**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**

***Gratuity***

Gratuity as per rules of the Company but not exceeding half-a-month's salary for each completed year of service.

**CATEGORY C**

The Chairman cum Managing Director shall be entitled to reimbursement of all actual expenses including expenses on entertainment and travelling 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 purposes 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 resolution as an Ordinary Resolution.

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 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 J. Anand as Managing Director of the Company for a further period of five years from 01.10.2005 on the following terms.

***a) Salary***

Rs.2,50,000/- per month.

***b) Commission***

Such remuneration by way of commission, in addition to the salary and perquisites and allowance



## Veejay Lakshmi Engineering Works Limited

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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 as detailed below.

#### **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**

##### ***Contribution to Provident Fund***

Company's contribution to Provident Fund as per rules of the Company but not exceeding the limits laid down in Income Tax Rules, 1962.

##### ***Gratuity***

Gratuity as per rules of the Company but not exceeding half-a-month's salary for each completed year of service.

#### **CATEGORY C**

The Managing Director shall be entitled to reimbursement of all actual expenses including expenses on entertainment and travelling 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 Managing Director.

Provision of a car with driver for the 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 purposes shall be billed by the Company to the Managing Director.

RESOLVED FURTHER that in the event of no profits or inadequacy of profits, the remuneration payable to Sri J. Anand, 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."



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

“RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Smt. Arthi Anand, relative of Managing Directors of the Company, to hold an office or place of profit for a period of five years from the date, the permission of the Central Government under Sub-section (1B) of Section 314 of the Companies Act is obtained, on the following terms:

Smt. Arthi Anand be paid a remuneration of Rs.80,000/- per month in the time scale of Rs.80,000-20,000-1,80,000, with the authority to the Board of Directors to revise the salary from time to time. Smt. Arthi Anand is also eligible for all other allowances and perquisites as applicable to other employees of the Company.

RESOLVED FURTHER that Smt. Arthi Anand be paid a remuneration of Rs.50,000/- per month including all perquisites, till such time the approval from Central Government is received for payment of salary and perquisites in excess of Rs.50,000/- per month.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED that Sri D. Ranganathan, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 24th June, 2005 and who holds office upto this Annual General Meeting and in respect of whom notice together with the requisite deposit, under Section 257 of the Companies Act, 1956 has been received, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retirement by rotation.”

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309 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 to appoint Sri D. Ranganathan as Whole-time Director (Finance and Marketing) of the Company for a period of 5 year from 24.06.2005 on a remuneration of Rs.90,000/- per month which includes all allowances.

***Other Perquisites***

Provision of car for use on Company's business.

RESOLVED FURTHER that in the event of no profits or inadequacy of profits, the remuneration payable to Sri D. Ranganathan, Whole-time Director (Finance and Marketing) 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.”



### 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.
3. Re-appointment/Appointment of Directors:  
  
At the ensuing Annual General Meeting, Sri V.J. Jayaraman, Chairman cum Managing Director, Sri J. Anand, Managing Director and Sri D. Ranganathan, Whole-time Director (Finance and Marketing) are seeking consent of the members for their re-appointment/appointment, and Sri S.K. Mohandass, 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 Registrar and Security Transfer Agent, M/s. 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, quoting their respective folio numbers.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 13.09.2005 to 21.09.2005 (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 1997-98 and 2003-04 are requested to write to M/s. 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, 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 should write to the Company Secretary, so as to reach him at least 7 days before the meeting, so that the information required can be made available at the meeting.
9. Pursuant to Section 173 of the Companies Act, 1956, the relative Explanatory Statement in respect of Item Nos.6-10 in the agenda is enclosed.

By Order of the Board

Coimbatore  
30.07.2005

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



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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO.6**

The Board of Directors at its meeting held on 25.08.2004 has reappointed Sri V. J. Jayaraman, as Chairman cum Managing Director for a further period of five years from 25.08.2004, and the Remuneration Committee has approved the remuneration payable to Sri V. J. Jayaraman. The Board of Directors at its meeting held on 29.10.2004 considered and approved the recommendation of the Remuneration Committee for the remuneration payable to the Chairman cum Managing Director, as set out in the draft resolution. The appointment and remuneration require approval of the members under Section 269 of the Companies Act. The Board of Directors recommends this resolution and the members' approval is being sought for, by passing an Ordinary Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except Sri V. J. Jayaraman, Sri J. Anand and Sri J. Vijayakumar.

**ITEM NO.7**

The Board of Directors at its meeting held on 30.07.2005 has re-appointed Sri J. Anand, as Managing Director for a further period of five years from 1.10.2005 and the remuneration payable to him recommended by the Remuneration Committee. The Board of Directors considered and approved the remuneration payable to the Managing Director, as set out in the draft resolution. The appointment and remuneration require approval of the members under Section 269 of the Companies Act. The Board of Directors recommends this resolution and the members' approval is being sought by passing an Ordinary Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except Sri V. J. Jayaraman and Sri J. Anand.

**ITEM NO.8**

Smt. Arthi Anand, related to the Managing Directors, is in the employment of the Company. The Board of Directors at its meeting held on 28.01.2005 has passed a resolution to revise the salary of Smt. Arthi Anand as detailed in the resolution. The proposed remuneration will require the approval of the members in the general meeting and also the approval of the Central Government as per Section 314 of the Companies Act, 1956. The Board of Directors recommends this resolution for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except Sri V. J. Jayaraman and Sri J. Anand.

**ITEM NOS.9 & 10**

Sri D. Ranganathan was appointed as an Additional Director of the Company on 24.06.2005 by the Board of Directors under Section 260 of the Companies Act, 1956 and Article 29 of the Articles of Association. In terms of Section 260 of the Companies Act, Sri D. Ranganathan holds office only upto the date of the forth-coming Annual General Meeting but he is eligible for appointment as a



## Veejay Lakshmi Engineering Works Limited

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Director. The Company has received a notice from a member proposing the candidature of Sri D. Ranganathan for the office of Director of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act. The Directors recommend the resolution for approval of the members.

The Board had also appointed Sri D. Ranganathan as a Whole-time Director of the Company for a period of five years with effect from 24.06.2005. The Board of Directors considered and approved the remuneration payable to Sri D. Ranganathan, recommended by the Remuneration Committee, as set out in the draft resolution. The appointment and remuneration require approval of the members under Section 269 of the Companies Act. The Board of Directors recommends this resolution for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except Sri D. Ranganathan.

For Item Nos.6, 7 & 10, the above statements itself may be considered as an abstract of Terms and Conditions of the Appointment and payment of remuneration to the Managing Directors and Whole-time Director and Memorandum of Concern or Interest of the Directors as required under Section 302 of the Companies Act, 1956.

By Order of the Board

Coimbatore  
30.07.2005

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



**DIRECTORS' REPORT TO SHAREHOLDERS**

Ladies and Gentlemen,

Your Directors have pleasure in presenting their report and audited accounts for the year ended 31st March, 2005.

**FINANCIAL RESULTS**

	<b>2004-2005</b>	2003-2004
	<b>Rs.</b>	Rs.
Sales Turnover	<b>69,69,87,571</b>	85,65,99,908
Gross Profit	<b>14,03,43,156</b>	16,21,90,087
Depreciation	<b>3,34,78,598</b>	2,89,62,298
Net Profit	<b>10,68,64,558</b>	13,32,27,789
Transfer from Debenture Redemption Reserve	—	2,84,38,000
Balance brought forward from Profit and Loss Account	<b>13,80,86,547</b>	4,69,52,663
Amount Available for Appropriation	<b>24,49,51,105</b>	20,86,18,452

**APPROPRIATIONS/ADJUSTMENTS**

Provision for Taxes – Current Year	<b>2,27,00,000</b>	1,80,00,000
– Deferred Tax	<b>1,29,15,000</b>	2,72,15,400
Prior Year Taxes	<b>30,232</b>	86,046
Prior Year Expenses	<b>8,322</b>	24,191
Transfer to Investment Fluctuation Reserve	—	2,62,794
Provision for Dividend	<b>1,01,43,800</b>	1,01,43,800
Dividend Distribution Tax	<b>14,22,668</b>	12,99,674
Transfer to General Reserve	<b>10,00,00,000</b>	1,35,00,000
Balance carried forward to Profit and Loss Account	<b>9,77,31,083</b>	13,80,86,547
	<b>24,49,51,105</b>	20,86,18,452

**PROFITS/DIVIDEND**

The Company has made a net profit of Rs.1069 lakhs for the year ended 31/3/2005 as against Rs.1332 lakhs in the previous year. The drop in profit is due to fall in sales. Even though the profits are lower than the previous year, your Directors have recommended a dividend of 20% on the paid-up capital of the Company as declared for the last year. The total outflow on account of dividend, subject to approval of members in the general meeting, will be Rs.115.66 lakhs, including dividend distribution tax.

**OPERATIONS**

There has been a fall in the sale of both twisting machines and winding machines and hence, the sales turnover has come down from Rs.8519 lakhs in the previous year to Rs.6897 lakhs, for the year under review. The twisting machines are used mainly for processing yarn for the export market. The decline in the yarn exports has affected the sale of twisting machines.



## **Veejay Lakshmi Engineering Works Limited**

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The winders, sales of which have been handled by the Joint Venture Company - Veejay Savio Lakshmi Machinery Limited - has been taken over by the Company from 1.1.2005. The Company is now free to sell the automatic cone winders both in India and outside India directly. The order bookings have been very low in this transition period and hence, there is a drop in the sale of winders also.

The Company has made additional investments in the wind mills by installing two WEGs of total capacity 1350 KVA. The total installed capacity of the wind mills, now is 2250 KVA. The new generators functioning from September 2004 have contributed to the increase in income from wind mills from Rs.47 lakhs in the previous year to Rs.73 lakhs in the current year.

To strengthen the manufacturing facilities and ensure timely availability of components, the Company has invested in machines for producing aluminium die casting components and also plastic injection moulding machines.

### **FUTURE PLANS**

The textile industry is expected to do well after removal of quotas and many mills have planned for increasing capacities, particularly in spinning. The Government is also encouraging investments in weaving and processing to modernize and increase their capacities.

The Company is developing new models for very fine count of yarns and also for jute to widen the scope of application of TFO to improve the sale of twisters in the local market. The Company is also taking steps to offer the winders with locally manufactured clearers to sell the machines at competitive prices. Steps are also being taken to improve the sale of spare parts for winders and to reconfigure the winders to offer them with all features required by the customers. All these factors will result in increase in the sale of both the two-for-one twisters and the automatic cone winders.

The Company has planned to make further investment for production of aluminium die casting components.

The Company is discussing with Savio for dilution of its holding in the Joint Venture Company and also certain issues on technology transfer and use of brand names. If no mutually accepted solution is reached, the Company may take up the issues for arbitration.

### **EXPORTS**

The export turnover during the year under review is Rs.853 lakhs as against Rs.1217 lakhs in the previous year. We are happy to inform you that we have made a break-through in the Chinese market and the first consignment of twisters has already been installed and working with a customer in China. The Company has also secured the first order from Egypt for the two-for-one twisters. The Company is taking steps to concentrate on these markets to increase the exports. The customers from Egypt, Turkey and other East Asian countries, who visited the textile machinery exhibition in Mumbai in December 2004, showed good interest in purchase of winders. The Company will take all steps to export winders.

### **FINANCE**

State Bank of India has renewed the working capital limits. As internal accruals have improved the liquidity position of the Company, the credit limits are utilized only to a limited extent. The surplus funds are invested in short term deposits/investments to get some returns on these funds.



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**RESEARCH AND DEVELOPMENT**

The Company's R&D efforts are concentrated in development of new models and incorporating new features in existing models.

**INDUSTRIAL RELATIONS**

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

**FIXED DEPOSITS**

The amount of Fixed Deposits available with the Company as at 31.3.2005 is Rs.223 lakhs. There are no overdue/unclaimed deposits as at 31.3.2005.

**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 D. Ranganathan, who was co-opted as Additional Director has also been appointed as Whole-time Director (Finance & Marketing) from 24.06.2005.

Sri S.K. Mohandass 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/re-appointed 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 the Schedule forming part of the Accounts for the year ended 31.3.2005. None of the Non-Executive Directors has any pecuniary relationship with the Company.

**AUDIT COMMITTEE**

Sri S.K. Mohandass, Sri B. Selvarajan, Sri N. M. Ananthapadmanabhan and Sri B. Sriram are the members of the Audit Committee. Sri S.K. Mohandass is the Chairman. All the above four Directors are Non-Executive Directors. The Audit Committee met four times during the financial year 2004-05.

**SHAREHOLDERS' COMMITTEE**

Sri N.M. Ananthapadmanabhan, Sri S.K. Mohandass and Sri N. Athimoolam Naidu are the members of the Shareholders' Committee. The Registrar and Security Transfer Agent, M/s. S.K.D.C. Consultants Ltd. have been vested with the powers for all share transfers.

**REMUNERATION COMMITTEE**

Sri N.M. Ananthapadmanabhan, Sri S.K. Mohandass and Sri B. Selvarajan are the members of the Remuneration Committee. All the above three Directors are Non-Executive Directors. The Remuneration Committee met once during the financial year 2004-05.



## Veejay Lakshmi Engineering Works Limited

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### 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.

### 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.

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

No employees within the meaning of Sub-section (2A) of Section 217 are getting remuneration in excess of the amounts prescribed.

### OTHER INFORMATION

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

### 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 the profit of the Company for the year ended 31<sup>st</sup> March, 2005;
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, and TIFAC and all those who have been associated and extended their support to the Company.

On behalf of the Board

Coimbatore  
24.06.2005

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

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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. *Benefits derived as a result of the above R & D:*  
The performance of the machines has been improved and new models are being 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 upgradation of product quality and manufacturing process, indigenisation of components for import substitution and development of new models.
4. *Expenditure on R & D:*
  - a) Recurring - Salaries, power charges and other expenses (including depreciation on capital equipment for R & D) - Rs.26.04 lakhs.
  - b) Total R & D expenditure - 0.37% to total turnover.

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 five years:*
  - a) *Technology imported* : Not Applicable
  - b) *Year of import* : Not Applicable
  - c) *Has technology been fully absorbed?* : Not Applicable
  - d) *If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action* : Not Applicable



## Veejay Lakshmi Engineering Works Limited

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange earned:	(Rs. in lakhs)
Sale of machinery & spares	<u>853</u>
Total foreign exchange used:	
Import of capital goods	159
Import of raw materials, components, spares and consumables	1701
Other matters - travelling, books & periodicals, interest, etc.	<u>36</u>
Total	<u>1896</u>
Deemed exports (supplies to EOUs & EPCG licence holders)	- Rs.2417 lakhs

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

- 1. Name of the Director** **Sri V. J. Jayaraman**  
**Date of birth** 12.03.1942  
**Date of appointment** 26.08.1974  
**Expertise in specific functional area** Eminent industrialist with wide experience in Textile Engineering Industry  
**Qualification** B.Sc., B.S. (Textile Engineering, USA)  
**List of outside directorships** M/s.Veejay Yarns & Fabrics Pvt. Ltd.  
M/s. Lakshmi Electrical Control Systems Ltd.  
M/s. Veejay Terry Products Ltd.  
M/s. Veejay Sales & Services Ltd.  
M/s. Veejay Savio Lakshmi Machinery Ltd.  
M/s. Veejay Lakshmi Textiles Ltd.

**Membership in committees**

a. Audit Committee	Nil
b. Shareholders' Committee	Nil
c. Remuneration Committee	Nil
d. Share Transfer Committee	Chairman
- 2. Name of the Director** **Sri J. Anand**  
**Date of birth** 23.09.1971  
**Date of appointment** 12.06.1995  
**Expertise in specific functional area** Eminent industrialist with wide experience in Textile Engineering Industry  
**Qualification** B.E., M.S. (Industrial Engineering, USA)  
**List of outside directorships** M/s. Veejay Sales & Services Ltd.  
M/s. Veejay Savio Lakshmi Machinery Ltd.  
M/s. Veejay Lakshmi Textiles Ltd.  
M/s. The Krishna Mills Pvt. Ltd.

**Membership in committees**

a. Audit Committee	Nil
b. Shareholders' Committee	Nil
c. Remuneration Committee	Nil
d. Share Transfer Committee	Member



3.	Name of the Director	<b>Sri D. Ranganathan</b>
	Date of birth	28.04.1952
	Date of appointment	24.06.2005
	Expertise in specific functional area	33 years of experience at senior management level in Finance, Accounts, Commercial and General Administration
	Qualification	B. Com., M.B.A.
	List of outside directorships	M/s. Veejay Lakshmi Textiles Ltd. M/s. Veejay Sales & Services Ltd.
	<b><i>Membership in committees</i></b>	
	a. Audit Committee	Nil
	b. Shareholders' Committee	Nil
	c. Remuneration Committee	Nil
	d. Share Transfer Committee	Nil
4.	Name of the Director	<b>Sri S.K. Mohandass</b>
	Date of birth	08.05.1940
	Date of appointment	29.04.1999
	Expertise in specific functional area	Management
	Qualification	L.M.E., P.D.Pr.E.
	List of outside directorships	M/s. Karthikeya Paper & Boards Ltd.
	<b><i>Membership in committees</i></b>	
	a. Audit Committee	Chairman
	b. Shareholders' Committee	Member
	c. Remuneration Committee	Member
	d. Share Transfer Committee	Nil
5.	Name of the Director	<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 directorships	1. Prathishta Weaving & Knitting Co. Ltd. 2. Lakshmi Automatic Loom Works Ltd. 3. Veejay Lakshmi Textiles Ltd.
	<b><i>Membership in committees</i></b>	
	a. Audit Committee	1. Veejay Lakshmi Engg. Works Ltd. – Member 2. Veejay Lakshmi Textiles Ltd. – Member 3. Lakshmi Automatic Loom Works 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 Board is headed by the Chairman and assisted by the Managing Director and six independent Non-Executive Directors.

During the period April 1, 2004 to March 31, 2005, five Board Meetings were held on the following dates: 09-06-2004, 29-07-2004, 25-08-2004, 29-10-2004 and 28-01-2005.

The composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships/membership of committees is as follows.

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	5	Yes	6	None	1
Sri J. Anand	MD	4	Yes	4	1	None
Sri J. Vijayakumar	NED	5	No	4	3	None
Sri B. Selvarajan	NED	5	No	4	3	None
Sri S.K. Mohandass	NED	5	Yes	1	2	1
Sri N. Athimoolam Naidu	NED	2	No	2	1	None
Sri B. Sriram	NED	5	No	3	3	None
Sri N.M. Anantha-padmanabhan	NED	5	No	2	2	3
Sri D. Ranganathan	NED*	3	No	2	None	None

\* Alternate Director to Sri N. Athimoolam Naidu and ceased to be a Director w.e.f.18.01.2005 since original Director returned to India. He has been co-opted as Whole-time Director from 24.06.2005.

CMD - Chairman cum Managing Director, MD - Managing Director, NED - Non-Executive Director

**(3) Audit Committee**

**A. Terms of Reference**

- a) To oversee the Company's financial reporting process and disclosure of financial information
- b) To review and discuss with the Auditors about internal control systems, the scope of audit, including the observations of the Auditors
- c) Adequacy of the internal audit function, review of major accounting policies and of accounting standards
- d) 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 four Non-Executive Directors. The Committee met four times during the year and the attendance of members at the meetings was as follows.

Name of Member	Status	No. of Meetings attended
Sri S.K. Mohandass	Chairman	4
Sri B. Sriram	Member	4
Sri B. Selvarajan	Member	3
Sri N.M. Ananthapadmanabhan	Member	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 three Non-Executive Directors. The Committee had met once during the year on 25.08.2004 and the following attended the meeting.

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

**B. Details of Remuneration for the year 2004-2005**

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

Name	Salary and perquisites in Rs.
Sri V.J. Jayaraman, Chairman cum Managing Director	66,11,522
Sri J. Anand, Managing Director	45,95,296

**(b) Non-Executive Directors**

Name of the Director	Sitting Fees (Rs.)	Commission
Sri J. Vijayakumar	10,000	—
Sri B. Selvarajan	10,000	—
Sri S.K. Mohandass	10,000	—
Sri N. Athimoolam Naidu	4,000	—
Sri B. Sriram	10,000	—
Sri N.M. Ananthapadmanabhan	10,000	—



## Veejay Lakshmi Engineering Works Limited

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### (5) Shareholders' Committee

Sri N.M. Ananthapadmanabhan, Sri S.K. Mohandass 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. Sri D. Ranganathan, Chief Executive, is the Compliance Officer.

During the year 2004-05, 26 complaints were received from shareholders and investors. All the complaints have generally been solved.

All valid requests for share transfer received during 2004-05 have been acted upon by the Registrar and Security Transfer Agent of the Company, i.e., M/s. S.K.D.C. Consultants Limited.

M/s. S.K.D.C. Consultants Limited have 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
2003-2004	11-08-2004	10.30 A.M.	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37.
2002-2003	15-09-2003	10.00 A.M.	-Do-
2001-2002	27-09-2002	09.30 A.M.	-Do-

During the last three Annual General Meetings, in the year 2002-2003, Special Resolutions were passed to delist the shares from Madras Stock Exchange and Coimbatore Stock Exchange.

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 at the website of the Company, <[www.veejaylakshmi.com](http://www.veejaylakshmi.com)>.
- c) Official news releases are made whenever it is considered necessary.



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**(9) General Information for Shareholders**

1. Annual General Meeting is proposed to be held at 10.15 A.M. on 21st September, 2005 at Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Coimbatore - 641 037.
2. **Financial Calendar: 2005-06**

Annual results of previous year	24.06.2005
Annual General Meeting	21.09.2005
First quarter results	Before end of July 2005
Second quarter results/ Half yearly results	Before end of October 2005
Third quarter results	Before end of January 2006
3. Date of Book Closure 13-09-2005 to 21-09-2005 (both days inclusive)
4. Dividend Payment Date On or before 20-10-2005
5. Listing on Stock Exchanges Mumbai Stock Exchange
6. Stock Code 522267 (BSE)

**7. Stock Market Price Data for the Year 2004-2005**

The high and low prices during each month in the last financial year on Mumbai Stock Exchange are given below.

Month	High (Rs.)	Low (Rs.)
April 2004	94.90	83.10
May	104.00	76.00
June	90.40	<b>63.10</b>
July	89.00	65.75
August	113.80	74.05
September	118.25	93.00
October	131.00	104.00
November	143.00	100.60
December	<b>149.60</b>	121.00
January 2005	134.00	106.00
February	126.40	101.65
March	119.75	84.00

**8. Registrar & Security Transfer/Demat Agent**

The Company's share transfer work and dematerialisation of shares is done by M/s. 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.

**9. Share Transfer System**

The share transfers are registered and returned within a period of 30 days from the date of



## Veejay Lakshmi Engineering Works Limited

receipt if documents are in order. The share transfers are approved by the Shares Transfer Committee which meets as and when required.

### 10. Distribution of Shareholding as on 31st March, 2005

No. of Shares	No. of Shareholders	% of Shareholders	Shareholding	% of Shareholding
Upto 500	7982	95.64	932118	18.38
501 – 1000	177	2.12	146065	2.88
1001 – 2000	87	1.04	132124	2.61
2001 – 3000	24	0.29	63045	1.24
3001 – 4000	28	0.34	98450	1.94
4001 – 5000	8	0.10	37440	0.74
5001 – 10000	21	0.25	151545	2.99
10001 and above	19	0.23	3511113	69.23
Total	8346	100.00	5071900	100.00

### 11. Categories of Shareholders as on 31st March, 2005

Category	No. of Shares Held	% of Shareholding
<i>Promoter Holding</i>		
1. Promoter Holding - Indian Promoter	3166680	62.436
<i>Non-Promoter Holding</i>		
2. Mutual Funds and UTI	200	0.004
3. Banks, Financial Institutions, Insurance Company	600	0.012
4. FII's	140474	2.770
<i>Others</i>		
5. Directors & Relatives*	72440	1.428
6. Private Corporate Bodies	250876	4.946
7. Indian Public	1423811	28.073
8. NRIs/OCBs	16819	0.331
Total	5071900	100.000

\* Inclusive of 67,840 shares held by a NRI Director

### 12. Dematerialisation of Shares

As on 31st March, 2005, 32.95% of the Company's total shares, representing 1671245 shares, were held in dematerialized form and the balance 3400655 shares, representing 67.05% 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 every quarter.



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

**15. Plant Locations**

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 a) Kethanur, Coimbatore - 638 671. b) Pollachi, Coimbatore - 642 007. c) Radhapuram, Tirunelveli - 627 011.			

**16. Address 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 Layout, 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, 2005, 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, 2005.

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, Auditors

Coimbatore  
24.06.2005

**N.R. DORAISWAMI**  
Partner



### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### **Industry Structure and Development**

The Company produces textile machinery - namely, twisters and winders - which are used in the textile spinning mills for post spinning operations. The Company has also invested in wind mills.

The Indian textile engineering industry has played a vital role in the development of the textile industry in India. It has the capacity to produce the entire range of machinery for all sectors of the textile industry, particularly for the spinning sector. Most of the local manufacturers offer machines of proven performance and technology. Many of these machines are produced with collaborations/joint ventures with foreign manufacturers.

With the removal of all barriers for imports and reduction in customs duties, the industry has been exposed to competition from foreign manufacturers, who have an edge over the local manufacturers in terms of technology. In this competitive situation, the local manufacturers have to continuously upgrade their products and manufacturing process to meet the demand of the customers.

The Company has also invested in wind mills, the power generated from which is used/adjusted for the power consumed from the State Grid by the Company and its subsidiary.

#### **Opportunities and Threats**

##### ***Opportunities***

The Textile industry in India is the largest export earner. With the removal of quotas for export of textile products, there will be continuous demand for machines of new technology required for modernization and also for capacity expansion.

As India is able to offer machines of proven technology at competitive prices, there will be good scope in the export market also.

The Industry is having adequate capacity to meet any surge in demand.

##### ***Threats***

Competition from imports, both new and second-hand machines. Superior product technology available with the foreign manufacturers. Government policies encouraging foreign manufacturers to set up facilities in India and concession in import duties for export related imports.

#### **Segmentwise/Productwise Performance**

There is a 19% decrease in the sales turnover of textile machinery due to decrease in demand. The sale of twisters has decreased to 294 Nos. as against 394 Nos. in the previous year. The sale of automatic cone winders decreased to 45 Nos. as against 49 Nos. in the previous year. The income from wind mills has increased from Rs.47 lakhs in the previous year to Rs.73 lakhs in the year under review due to additional investments.

#### **Outlook**

The removal of quotas has encouraged many textile units to modernize and expand their capacities.

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With the capability to produce products of proven technology at competitive prices, the Company will be able to maintain and improve the market share for its products.

**Risks and Concerns**

- \* Possible slow down in demand.
- \* Government policies for import of textile machinery.
- \* Entry of foreign manufacturers to set up facilities in India.

**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. The Company has 943 employees at the end of the financial year ended 31st March, 2005.

**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 available in the market place, 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.

On behalf of the Board

Coimbatore  
24.06.2005

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



## Veejay Lakshmi Engineering Works Limited

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### AUDITORS' REPORT

#### To the members of Veejay Lakshmi Engineering Works Ltd.

1. We have audited the attached Balance Sheet of **M/s. Veejay Lakshmi Engineering Works Limited**, as at 31<sup>st</sup> March, 2005 and also the Profit and Loss Account and 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) Order, 2003 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 Paragraph 4 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 purpose 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 and 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 and 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 31<sup>st</sup> March, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2005 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 31<sup>st</sup> March, 2005;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

As per our report attached  
For **N.R. DORAISWAMI & CO.**  
Chartered Accountants, Auditors

Coimbatore  
24.06.2005

**N.R. DORAISWAMI**  
Partner, Membership No. 2138



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**ANNEXURE TO THE 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 has taken loans from three parties aggregating to Rs.328.60 lakhs. The maximum amount involved during the year was Rs.804.40 lakhs and the year-end balance of loans taken from such parties was Rs.606.35 lakhs.
  - b) The terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interest of the Company.
  - c) The repayment of the principal amount is as per the agreed terms.
  - d) There is no overdue amount of such loans taken from aforesaid parties.
- 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.
- v) In respect of transactions 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, transactions that needed to be entered in the register have been so entered.
  - b) In our opinion, the aforesaid transactions have been made at prices which are reasonable, having regard to the prevailing market prices.
- 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 58-A 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:



## Veejay Lakshmi Engineering Works Limited

- a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, wealth tax, customs duty, excise duty and cess.
- 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 except as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.in lakhs)	Forum where Dispute is Pending
Income Tax Act, 1961	Income Tax	10.00	Income Tax Appellate Tribunal
Customs Act, 1962	Import Duty on Components	15.32	Customs, Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Dispute on Cenvat Credit	32.48	Customs, Central Excise and Service Tax Appellate Tribunal

- x) The Company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or 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 or vice versa 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.

As per our report attached  
For **N.R. DORAISWAMI & CO.**  
Chartered Accountants, Auditors

Coimbatore  
24.06.2005

**N.R. DORAISWAMI**  
Partner, Membership No. 2138

# Veejay Lakshmi Engineering Works Limited



## BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule No.	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
A. Capital	1	5,07,19,000	5,07,19,000
B. Reserves and Surplus	2	46,04,58,983	40,08,14,447
<b>2. Loan Funds</b>			
A. Secured Loans	3	13,53,92,738	13,06,92,853
B. Unsecured Loans	4	6,06,35,000	8,04,40,000
<b>3. Deferred Tax Liability</b>			
	5	5,87,25,000	4,58,10,000
Total Funds Employed		<b>76,59,30,721</b>	<b>70,84,76,300</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
A. Gross Block	6	63,30,75,631	54,60,91,065
B. Less: Depreciation		29,50,91,496	26,28,45,948
C. Net Block		33,79,84,135	28,32,45,117
<b>2. Investments</b>			
	7	18,40,58,887	12,88,19,906
<b>3. Current Assets, Loans and Advances</b>			
A. Inventories	8	21,14,49,692	17,60,29,392
B. Sundry Debtors		89,50,847	36,74,221
C. Cash and Bank Balances		4,41,87,106	9,94,83,274
D. Loans and Advances		16,96,67,155	18,21,47,464
Total Current Assets		<b>43,42,54,800</b>	<b>46,13,34,351</b>
<b>Less: Current Liabilities and Provisions</b>			
A. Current Liabilities	9	13,81,00,633	13,54,79,600
B. Provisions		5,22,66,468	2,94,43,474
Total Current Liabilities		<b>19,03,67,101</b>	<b>16,49,23,074</b>
<b>Net Current Assets</b>		<b>24,38,87,699</b>	<b>29,64,11,277</b>
Total Application of Funds		<b>76,59,30,721</b>	<b>70,84,76,300</b>

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.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



## Veejay Lakshmi Engineering Works Limited

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule No.	Year Ended 31st March, 2005 Rs.	Year Ended 31st March, 2004 Rs.
<b>I. INCOME</b>			
1. Sales	10	69,69,87,571	85,65,99,908
2. Increase/(Decrease) in Finished Goods	11	26,18,639	(1,56,536)
3. Other Income	12	1,00,45,626	36,17,840
Total		<u>70,96,51,836</u>	<u>86,00,61,212</u>
<b>II. EXPENDITURE</b>			
1. Materials Consumed	13	36,89,31,346	48,74,95,665
2. Payment to and Provision for Employees	14	8,77,82,189	7,53,64,329
3. Other Expenses	15	9,53,88,712	11,13,71,965
4. Finance Charges	16	1,72,06,433	2,36,39,166
5. Depreciation		3,34,78,598	2,89,62,298
Total		<u>60,27,87,278</u>	<u>72,68,33,423</u>
<b>III. PROFIT</b>			
1. Balance Brought Forward		13,80,86,547	4,69,52,663
2. Profit for the Year		10,68,64,558	13,32,27,789
3. Transfer from Debenture Redemption Reserve		—	2,84,38,000
<b>Amount Available for Appropriation</b>		<u>24,49,51,105</u>	<u>20,86,18,452</u>
<b>Appropriations</b>			
1. Tax for Current Year - Current Tax		2,27,00,000	1,80,00,000
- Deferred Tax		1,29,15,000	2,72,15,400
2. Prior Year Taxes		30,232	86,046
3. Prior Year Expenses		8,322	24,191
4. Transferred to Investment Fluctuation Reserve		—	2,62,794
5. Transferred to General Reserve		10,00,00,000	1,35,00,000
6. Provision for Dividend		1,01,43,800	1,01,43,800
7. Dividend Distribution Tax		14,22,668	12,99,674
8. Balance Carried to the Balance Sheet		9,77,31,083	13,80,86,547
		<u>24,49,51,105</u>	<u>20,86,18,452</u>

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.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary

## Veejay Lakshmi Engineering Works Limited



### SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised:</b>		
60,00,000 Equity Shares of Rs.10/- each	<u>6,00,00,000</u>	<u>6,00,00,000</u>
<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)	<u>5,07,19,000</u>	<u>5,07,19,000</u>
Total	<u>5,07,19,000</u>	<u>5,07,19,000</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
Share Premium Account	<u>21,16,42,500</u>	<u>21,16,42,500</u>
<b>Debenture Redemption Reserve:</b>		
As per last year's Balance Sheet	—	2,84,38,000
Transferred to Profit and Loss Account during the year	—	<u>2,84,38,000</u>
Total	—	—
<b>General Reserve:</b>		
As per last year's Balance Sheet	<u>5,10,85,400</u>	<u>3,75,85,400</u>
Transfer from Profit and Loss Account during the year	<u>10,00,00,000</u>	<u>1,35,00,000</u>
Total	<u>15,10,85,400</u>	<u>5,10,85,400</u>
Balance in Profit and Loss Account	<u>9,77,31,083</u>	<u>13,80,86,547</u>
Total	<u>46,04,58,983</u>	<u>40,08,14,447</u>



## Veejay Lakshmi Engineering Works Limited

### SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 3 - SECURED LOANS</b>		
<b>A. Technology Information, Forecasting and Assessment Council (TIFAC)</b>	<b>3,96,58,950</b>	5,12,71,850
(Secured by hypothecation of all movable assets of the Company which form part of the projects funded by TIFAC)		
<b>B. Working Capital Facilities - State Bank of India</b>		
Demand Loan, Cash Credit, Packing Credit and Export Bills Discounted	<b>9,57,33,788</b>	2,29,23,893
Foreign Currency Loan	—	5,64,97,110
(Secured by the hypothecation of stock-in-trade and receivables and by a second charge on the fixed assets of the Company. Two Directors of the Company have given their personal guarantee for the above facilities.)		
Total	<u><b>13,53,92,738</b></u>	<u>13,06,92,853</u>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
Fixed Deposits	<b>2,22,50,000</b>	2,56,05,000
Loan from Directors	<b>3,83,85,000</b>	5,48,35,000
Total	<u><b>6,06,35,000</b></u>	<u>8,04,40,000</u>
<b>SCHEDULE 5 - DEFERRED TAX LIABILITY</b>		
As per last Balance Sheet	<b>4,58,10,000</b>	1,85,94,600
Add: Deferred Tax Liability for the year	<b>1,29,15,000</b>	2,72,15,400
Total	<u><b>5,87,25,000</b></u>	<u>4,58,10,000</u>

## SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005

### SCHEDULE 6 - FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2004	Additions	Sales/ Transfers	Cost upto 31.03.2005	Upto 31.03.2004	For the year	Withdrawn during the year	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	2,55,12,650	—	46,12,304	<b>2,09,00,346</b>	—	—	—	—	<b>2,09,00,346</b>	2,55,12,650
Buildings	9,33,18,672	16,07,329	3,96,372	<b>9,45,29,629</b>	2,56,47,087	30,07,561	2,28,375	<b>2,84,26,273</b>	<b>6,61,03,356</b>	6,76,71,585
Machinery	33,57,16,713	8,60,51,371	8,89,040	<b>42,08,79,044</b>	20,11,00,864	2,20,13,455	8,44,603	<b>22,22,69,716</b>	<b>19,86,09,328</b>	13,46,15,849
Electrical Equipments	2,45,67,523	8,02,749	—	<b>2,53,70,272</b>	1,25,33,940	16,72,591	—	<b>1,42,06,531</b>	<b>1,11,63,741</b>	1,20,33,583
Dies, Patterns, Jigs and Fixtures	4,15,73,604	33,66,401	—	<b>4,49,40,005</b>	1,16,41,423	49,37,313	—	<b>1,65,78,736</b>	<b>2,83,61,269</b>	2,99,32,181
Inspection and Testing Machinery	52,25,151	1,56,940	—	<b>53,82,091</b>	29,78,156	2,21,013	—	<b>31,99,169</b>	<b>21,82,922</b>	22,46,995
Vehicles	66,44,888	6,85,973	2,39,655	<b>70,91,206</b>	23,46,432	6,25,384	1,60,072	<b>28,11,744</b>	<b>42,79,462</b>	42,98,456
Furniture and Office Equipments	1,27,60,256	11,20,797	—	<b>1,38,81,053</b>	65,98,046	10,01,281	—	<b>75,99,327</b>	<b>62,81,726</b>	61,62,210
Work-in-progress	7,71,608	1,01,985	7,71,608	<b>1,01,985</b>	—	—	—	—	<b>1,01,985</b>	7,71,608
<b>Total</b>	<b>54,60,91,065</b>	<b>9,38,93,545</b>	<b>69,08,979</b>	<b>63,30,75,631</b>	<b>26,28,45,948</b>	<b>3,34,78,598</b>	<b>12,33,050</b>	<b>29,50,91,496</b>	<b>33,79,84,135</b>	<b>28,32,45,117</b>
Previous Year	50,58,05,981	4,11,26,097	8,41,013	<b>54,60,91,065</b>	23,43,95,138	2,89,62,298	5,11,488	<b>26,28,45,948</b>	<b>28,32,45,117</b>	27,14,10,843



## Veejay Lakshmi Engineering Works Limited

### SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 7 - INVESTMENTS</b>		
<b>I. In Government or Trust Securities</b>		
7 Years National Savings Certificates at cost	10,500	10,500
<b>II. In Shares and Bonds</b>		
<b>i) Non-Trade Quoted:</b>		
6,000 Equity Shares of Rs.100/- each in M/s. Lakshmi Machine Works Ltd., fully paid up at cost	5,70,440	5,70,440
10,000 Equity Shares of Rs.10/- each in M/s. Precision Fasteners Ltd., fully paid up at cost	5,00,000	5,00,000
200 Equity Shares of Rs.10/- each in M/s. Industrial Finance Corporation of India, fully paid up at cost	4,500	4,500
250 Equity Shares of Rs.10/- each in State Bank of India, fully paid up at cost	25,000	25,000
24,600 Equity Shares of Rs.10/- each in M/s. Karthikeya Paper & Boards Ltd., fully paid up at cost	—	2,46,000
<b>ii) Non-Trade Unquoted:</b>		
24,000 Equity Shares of Rs.100/- each in M/s. Kongarar Cotton & Synthetics Ltd., fully paid up at cost	24,00,000	24,00,000
5,80,000 Equity Shares of Rs.10/- each in M/s. Veejay Savio Lakshmi Machinery Ltd., fully paid up at cost	58,00,000	58,00,000
<b>iii) Investment in Wholly Owned Subsidiary (under same Management)</b>		
1,20,00,000 Equity Shares of Rs.10/- each in M/s. Veejay Lakshmi Textiles Ltd., fully paid up at cost	12,00,00,000	12,00,00,000
<b>III) In Liquid Mutual Funds (Unquoted)</b>		
508403.706 Units of Templeton Floating Rate Fund	50,71,263	—
1704954.613 Units of Prudential ICICI Liquid Plan	2,00,34,090	—
1497092.166 Units of Grindlays Cash Fund	1,50,76,167	—
1452808.420 Units of Birla Floating Rate Fund	1,50,59,050	—
Total	<b>18,45,51,010</b>	12,95,56,440
Less: Investment Fluctuation Reserve	4,92,123	7,36,534
Total	<b>18,40,58,887</b>	12,88,19,906
Aggregate Value of Quoted Investments	– Cost Rs.10,99,940/- – Market Value Rs.4,91,95,526/-	
Aggregate Value of Unquoted Investments	– Cost Rs.18,34,51,070/-	



**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005**

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 8 - CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>a) Inventories:</b>		
Raw materials	2,57,20,979	2,53,88,405
Scrap	1,63,634	1,91,325
Components	1,14,77,466	99,33,003
Work-in-progress	16,16,75,456	13,23,73,080
Finished goods	48,35,621	21,89,291
Stores	75,76,536	59,54,288
Sub-total	<b>21,14,49,692</b>	17,60,29,392
<b>b) Sundry Debtors:</b> (Unsecured - considered good)		
Debts outstanding for a period exceeding six months	24,16,987	24,18,530
Other debts	65,33,860	12,55,691
Sub-total	<b>89,50,847</b>	36,74,221
<b>c) Cash and Bank Balances:</b>		
Cash on hand	1,79,072	3,65,352
Cash with Nationalised/ - In Current Account	32,62,520	77,19,173
Scheduled Banks - In Unpaid Dividend Account	1,57,514	3,15,579
- In Deposit Account	4,05,88,000	9,10,83,170
Sub-total	<b>4,41,87,106</b>	9,94,83,274
<b>d) Loans and Advances:</b> (Unsecured - considered good)		
Advances recoverable in cash or in kind		
- Due from subsidiary	6,40,50,402	12,10,21,178
- Due from others	1,81,25,576	91,17,883
Deposits	74,49,150	68,68,352
Duty drawback and other receivables	3,96,63,520	2,72,72,662
Prepaid expenses	24,25,237	24,82,183
Advance tax	3,79,53,270	1,53,85,206
Sub-total	<b>16,96,67,155</b>	18,21,47,464
Total	<b>43,42,54,800</b>	46,13,34,351
<b>SCHEDULE 9 - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Current Liabilities:</b>		
Liability for supplies and services - SSI	4,15,500	4,69,904
Liability for supplies and services - others	7,33,85,968	4,75,45,465
Liability for expenses	2,37,35,164	2,35,42,070
Liability for other finance	45,02,347	65,32,142
Investors' Education & Protection Fund		
Unclaimed dividends	1,57,514	3,15,579
Advance received against sales	2,70,83,573	4,84,30,429
Interest accrued but not due	88,20,567	86,44,011
Total	<b>13,81,00,633</b>	13,54,79,600
<b>b) Provisions:</b>		
Provision for Income Tax	4,07,00,000	1,80,00,000
Provision for Dividends	1,01,43,800	1,01,43,800
Provision for Dividend Distribution Tax	14,22,668	12,99,674
Total	<b>5,22,66,468</b>	2,94,43,474
Total Current Liabilities and Provisions	<b>19,03,67,101</b>	16,49,23,074



## Veejay Lakshmi Engineering Works Limited

### SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Year Ended 31st March, 2005 Rs.	Year Ended 31st March, 2004 Rs.
<b>SCHEDULE 10 - SALES</b>		
Sale of finished goods	<b>68,18,16,650</b>	84,75,38,453
Sale of power generated	<b>72,51,203</b>	47,06,618
Sale of scrap and waste	<b>46,12,190</b>	37,90,391
Labour charges	<b>33,07,528</b>	5,64,446
Total	<b>69,69,87,571</b>	85,65,99,908
<b>SCHEDULE 11 - INCREASE/(DECREASE) IN FINISHED GOODS</b>		
Closing Stock: - Finished goods	<b>48,35,621</b>	21,89,291
- Scrap and waste	<b>1,63,634</b>	1,91,325
	<b>49,99,255</b>	23,80,616
Less:		
Opening Stock - Finished goods	<b>21,89,291</b>	24,16,171
- Scrap and waste	<b>1,91,325</b>	1,20,981
	<b>23,80,616</b>	25,37,152
Total	<b>26,18,639</b>	(1,56,536)
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest receipts (TDS - Rs.8,59,039)	<b>32,79,913</b>	16,59,383
Dividend receipts	<b>8,56,785</b>	6,15,469
Miscellaneous income	<b>10,84,453</b>	13,41,920
Exchange gain	<b>5,13,325</b>	1,068
Profit on sale of assets	<b>43,11,150</b>	—
Total	<b>1,00,45,626</b>	36,17,840
<b>SCHEDULE 13 - MATERIALS CONSUMED</b>		
Opening Stock		
Raw materials	<b>2,53,88,405</b>	3,06,48,391
Components	<b>99,33,003</b>	1,53,83,285
Work-in-progress	<b>13,23,73,080</b>	13,65,40,924
	<b>16,76,94,488</b>	18,25,72,600
Add: Purchased during the year	<b>37,27,90,648</b>	43,66,96,141
	<b>54,04,85,136</b>	61,92,68,741
Less: Closing Stock		
Raw materials	<b>2,57,20,979</b>	2,53,88,405
Components	<b>1,14,77,466</b>	99,33,003
Work-in-progress	<b>16,16,75,456</b>	13,23,73,080
	<b>19,88,73,901</b>	16,76,94,488
Raw materials and components consumed	<b>34,16,11,235</b>	45,15,74,253
Add: Stores consumed	<b>2,73,20,111</b>	3,59,21,412
Total Materials Consumed	<b>36,89,31,346</b>	48,74,95,665

## Veejay Lakshmi Engineering Works Limited



### SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Year Ended 31st March, 2005 Rs.	Year Ended 31st March, 2004 Rs.
<b>SCHEDULE 14 - PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salary, wages, gratuity, etc.	6,83,15,604	6,10,04,149
Contribution to Provident Fund	32,09,109	31,76,607
Staff and welfare expenses	50,50,658	29,52,959
Managerial remuneration	1,12,06,818	82,30,614
Total	8,77,82,189	7,53,64,329
<b>SCHEDULE - 15 OTHER EXPENSES</b>		
Fabrication charges	1,83,78,664	2,70,19,620
Power and fuel	1,53,75,166	1,51,97,798
Freight	17,03,891	23,28,477
Printing and stationery	16,24,042	14,75,547
Postage and telephone	16,39,740	17,36,176
Travelling and vehicle maintenance	70,07,339	70,60,375
Insurance	15,27,577	13,13,077
Rent	14,63,790	14,60,339
Licence and taxes	34,24,633	25,55,692
Sales commission	2,35,70,949	3,42,07,644
Sales promotion expenses	37,51,506	12,38,064
Subscription and periodicals	2,87,968	1,67,515
Directors' sitting fees	54,000	34,000
Auditors' remuneration	99,180	97,200
Legal and professional charges	14,61,456	13,62,524
Repairs and maintenance - buildings	28,05,534	12,65,354
Repairs and maintenance - machinery	66,91,945	82,46,658
Repairs and maintenance - others	9,73,523	1,94,132
Additional sales tax	31,98,227	42,87,899
Loss on sale of investments	1,589	—
Loss on sale of assets	47,048	70,874
Donations	3,00,945	53,000
Total	9,53,88,712	11,13,71,965
<b>SCHEDULE - 16 FINANCE CHARGES</b>		
Interest on fixed loans	34,55,368	92,90,184
Interest on others and bank charges	90,77,057	74,24,625
Interest to Directors	46,74,008	69,24,357
Total	1,72,06,433	2,36,39,166

As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.03.2005**

**SCHEDULE 17**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(A) System of Accounting:**

The Company adopts accrual basis of accounting in accordance with the applicable accounting standards.

**(B) Recognition of Income and Expenditure:**

Revenue from sale transaction is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions and other sources is recognized on the completion of the contract and there is no uncertainty regarding the amount of consideration or its collectability.

**(C) Fixed Assets:**

Fixed assets are capitalised at cost inclusive of erection expenses and other incidental expenses in connection with the acquisition of the asset and net of Cenvat Credit, if any. The borrowing costs on the additions to fixed assets are capitalised in accordance with AS 16.

**(D) 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. Wind Turbines have been classified as continuous process plant and depreciated accordingly as has been done in the past. Depreciation on additions during the year has been provided pro rata for the period for which the assets have been put to use. For assets of value less than Rs.5,000/- acquired during the year, 100% depreciation has been provided.

**(E) Investments:**

Investments are shown at cost. The Investment Fluctuation Reserve has been created for the diminution in value of quoted investments.

**(F) 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) |

**(G) Gratuity:**

The payments made to Gratuity Fund on account of incremental gratuity liability is based on the demand from Life Insurance Corporation of India, which manages the Gratuity Fund.

**(H) Foreign Exchange Transactions:**

The transactions in respect of import of components/raw 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, 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.



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2005 (Continued)**  
**SCHEDULE 17 (Continued)**

All forward contracts have been entered only for import or export transactions of the Company and no contract has been entered for speculative purposes. A few contracts relate to imports to take place in the following year. However, the premium and exchange differences on these contracts due for the period upto 31.3.2005, based on the rates prevailing on 31.3.2005, have been recognized in the accounts for the year ending 31.3.2005.

**(I) Taxation:**

Provision for taxation is made as per estimated total income after considering various reliefs admissible under the provisions of the Income-tax Act, 1961. 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.

**(J) Impairment of Assets:**

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.

2. LICENCED AND INSTALLED CAPACITIES	2004-2005	2003-2004
Engineering Division - textile machinery and engineering ancillaries	<b>Not applicable</b>	Not applicable

The products manufactured by the Company do not require any industrial licence 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 sub-contracting work and outsourcing of components. Hence, the data on licenced and installed capacities has not been furnished.

3. FINISHED GOODS	2004-2005		2003-2004	
	Qty. in Nos.	Value in Rs.	Qty. in Nos.	Value in Rs.
<b>(i) Yarn Making Machinery</b>				
a. Opening stock	3	21,89,291	2	24,16,171
b. Actual production	299	—	395	—
c. Sales	294	43,66,61,853	394	52,50,55,584
d. Closing stock	8	48,35,621	3	21,89,291
<b>(ii) Weaving Preparatory Machines</b>				
a. Opening stock	—	—	—	—
b. Actual production	—	—	1	—
c. Sales	—	—	1	66,490
d. Closing stock	—	—	—	—
<b>(iii) Automatic Cone Winder</b>				
a. Opening stock	—	—	—	—
b. Actual production	32	—	45	—
c. Sales	32	22,30,38,017	45	29,89,17,059
d. Closing stock	—	—	—	—
<b>(iv) Spares and Accessories</b>	—	2,02,30,720	—	2,13,58,075
<b>(v) Tools, Dies, Jigs and Fixtures</b>	—	15,70,414	—	17,16,635

*Sales includes items capitalised.*



## Veejay Lakshmi Engineering Works Limited

### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2005 (Continued) SCHEDULE 17 (Continued)

	2004-2005		2003-2004	
	Qty. in Kgs.	Value in Rs.	Qty. in Kgs.	Value in Rs.
<b>4. CONSUMPTION OF MATERIALS</b>				
<b>A. Raw Materials</b>				
a. Non-ferrous and non-metallic	3,48,668	4,72,13,203	4,72,256	5,15,68,673
b. Rough castings	5,41,658	2,15,05,869	6,73,741	2,00,89,982
c. Ferrous and ferro alloys	20,72,555	8,43,11,152	26,78,281	9,12,22,251
	<u>29,62,881</u>	<u>15,30,30,224</u>	<u>38,24,278</u>	<u>16,28,80,906</u>
<b>B. Components</b>				
a. Components - indigenous		4,97,50,160		6,56,39,545
b. Components - imported		11,63,72,681		14,83,19,178
c. Electronic Yarn Clearers - qty. nos.	2,042	5,17,60,546	2,819	7,05,66,780
		<u>21,78,83,387</u>		<u>28,45,25,503</u>
(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.)				
<b>5. EXPENDITURE IN FOREIGN CURRENCY</b>		<b>2004-2005</b>		<b>2003-2004</b>
a) Value of Imports (CIF)		<b>Value in Rs.</b>		<b>Value in Rs.</b>
i) Raw materials		1,16,41,541		85,16,239
ii) Components, spare parts and consumables		15,84,41,930		20,25,86,623
iii) Capital goods		1,59,51,587		1,91,83,880
b) Other matters		35,88,142		27,32,848
c) Consumption	<b>Value in Rs.</b>	<b>% of Total Consumption</b>	<b>Value in Rs.</b>	<b>% of Total Consumption</b>
i) Raw materials - imported	1,46,34,124	4	1,22,73,410	3
ii) Raw materials - indigenous	13,83,96,100	37	15,06,07,496	33
iii) Components - imported	16,81,33,227	46	21,88,85,958	49
iv) Components - indigenous	4,97,50,160	13	6,56,39,545	15
	<u>37,09,13,611</u>	<u>100</u>	<u>44,74,06,409</u>	<u>100</u>
d) Earnings in foreign exchange Exports and services		<b>Value in Rs.</b>		<b>Value in Rs.</b>
		8,52,73,980		12,17,21,648
<b>6. MANAGERIAL REMUNERATION TO</b>		<b>2004-2005</b>		<b>2003-2004</b>
1) <b>Sri V.J. Jayaraman,</b>		<b>Value in Rs.</b>		<b>Value in Rs.</b>
<i>Chairman cum Managing Director</i>				
Salaries	48,00,000		48,00,000	
Commission	18,00,000		—	
Provident Fund contribution	—		—	
Other perks	11,522	66,11,522	16,706	48,16,706
	<u>11,522</u>	<u>66,11,522</u>	<u>16,706</u>	<u>48,16,706</u>

## Veejay Lakshmi Engineering Works Limited



### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2005 (Continued)

#### SCHEDULE 17 (Continued)

	2004-2005 Value in Rs.	2003-2004 Value in Rs.
<b>6. MANAGERIAL REMUNERATION TO</b>		
<b>2) Sri J. Anand</b>		
<i>Managing Director</i>		
Salaries	30,00,000	30,00,000
Commission	12,00,000	—
Provident Fund contribution	3,60,000	3,60,000
Other perks	35,296	53,908
	<b>45,95,296</b>	<b>34,13,908</b>
Contribution made by the Company to gratuity trust in respect of Sri V.J. Jayaraman and Sri J. Anand has not been included in the above.		
<b>3) Managerial Remuneration under Section 309 of the Companies Act, 1956</b>		
Net Profit as per Profit and Loss Account		10,68,64,558
Add: Commission included in above	30,00,000	
Managerial Remuneration	82,06,818	
Sitting Fees paid to Directors	54,000	
Loss on Sale of Assets	47,048	
Loss on Sale of Investments	1,589	
	Sub Total	11,81,74,013
Less: Profit on sale of assets		43,11,150
	Sub Total	11,38,62,863
Total Remuneration payable at 10%		1,13,86,286
Less: Remuneration already paid		82,06,818
Balance available of payment of commission		31,79,468
Commission paid		30,00,000
<b>7. AUDITORS' REMUNERATION</b>	<b>2004-2005</b>	2003-2004
	<b>Value in Rs.</b>	Value in Rs.
Audit Fees	99,180	97,200
Certification and other matters*	55,399	16,740
	<b>1,54,579</b>	<b>1,13,940</b>

\* Debited under Legal & Professional Charges

**8.** The Company has imported capital goods under EPCG Licence and also raw materials and components free of duty against advance licences with an obligation for exports. The duty liability proportionate to export obligation pending as at 31.3.2005 is Rs.Nil (previous year Rs.24.40 lakhs).

**9. Contingent Liabilities not provided for in the Accounts and claims not acknowledged as debts**

a. The Income Tax Department has filed a second appeal before the ITAT for assessment years 1992-93 to 1994-95. The tax liability on total reliefs allowed by the CIT (Appeals) now disputed by the Department amounts to Rs.10 lakhs approximately.

b. The amounts claimed by the Customs and Central Excise and Market Committee authorities, which have been disputed by the Company and pending in appeals at various levels is Rs.47.80 lakhs including the penalty claimed.

c. Guarantees given on behalf of Directors or other officers of the Company - Nil.



## Veejay Lakshmi Engineering Works Limited

### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2005 (Continued) SCHEDULE 17 (Continued)

10. Estimated amount of capital contracts remaining to be executed for which orders have been already released is Rs.179 lakhs net of advances paid (previous year Rs.90.65 lakhs).
11. Research and Development expenses incurred during the year is Rs.26.04 lakhs (previous year Rs.22.83 lakhs).
12. Names of Small Scale Industrial Undertakings to whom amounts are outstanding for more than 30 days are given below, which have been compiled with the available information about the status of the parties. However, no provision for interest has been made.  
1. Amar Metering Pumps, 2. Indus Electronics Industry, 3. Sri Lakshmi Vishnu Plastics, 4. N.S.V. Engineering Works, 5. Plastimers, 6. Rephisha Products Pvt. Ltd., 7. Santhi Casting Works, 8. Vaidhashini Plastics Pvt. Ltd., 9. Sri Gowridhurga Gas Service, 10. Sri Gowridhurga Engineering Division and 11. Moldwell Products.
13. 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.5.13 lakhs (Gain).
  - The amount of exchange differences adjusted in the carrying amount of fixed assets during the accounting period - Rs.4.63 lakhs (Gain).
  - The amount of exchange differences in respect of forward exchange contracts to be recognized in the profit or loss for one or more subsequent accounting periods - Rs.1.48 lakhs (Gain).

14. Segment Report for the year ended 31st March, 2005	31.3.2005	31.3.2004
	(Rs. in lakhs)	
1. Segment Revenue		
1. Engineering Division	6897	8519
2. Wind Mills	73	47
Total	6970	8566
Less: Inter Segment Revenue	—	—
Net Sales/Income from Operations	6970	8566
2. Segment Results		
Profit/(Loss) before Interest and Tax		
1. Engineering Division	1167	1524
2. Wind Mills	32	24
Total	1199	1548
Less:		
1. Interest	172	236
2. Other un-allocable expenditure net of un-allocable income	-42	-20
Total Profit before Tax	1069	1332
3. Capital Employed		
(A) Engineering Division	4006	3357
(B) Wind Mills	682	163
Total	4688	3520

## Veejay Lakshmi Engineering Works Limited



### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2005 (Continued) SCHEDULE 17 (Continued)

15. Related Party Disclosures	(Rs. in lakhs)			
	Associate Companies/ Firms	Subsidiary Company	Key Managerial Personnel	Relatives of Key Managerial Personnel
Purchase of goods and services - raw materials, components and engineering job works	45.54	2.18		
Sale of machinery, spares, raw materials, components and job works	118.22	20.73		
Sales commission	182.06			
Rent paid	13.29		1.23	
Rent received	8.69			
Finance including loans and equity contribution in cash or in kind as at 31.3.2005		600.00		
Outstandings due from the Company as on 31.3.2005	2.65	0.40		
Outstandings due to the Company as on 31.3.2005	2.09	40.90		
Guarantees and Collaterals		2900.00		
Fixed Deposit from Directors			383.85	222.50
Managerial Remuneration			112.07	5.38
Interest paid on Fixed Deposits			46.74	20.13
<b><i>Names of associate companies and firms</i></b>				
1. Veejay Sales and Services Limited				
2. Veejay Savio Lakshmi Machinery Limited				
3. Veejay Terry Products Limited				
4. Veejay Marketing				
5. Veejay Tool and Die Pvt. Limited				
<b><i>Name of the subsidiary company</i></b>				
1. Veejay Lakshmi Textiles Limited				
<b><i>Names of the Key Managerial Personnel</i></b>				
1. Sri V.J. Jayaraman, Chairman cum Managing Director				
2. Sri J. Anand, Managing Director				
<b><i>Relatives of the Key Managerial Personnel</i></b>				
1. Smt. J. Vidya, W/o. Sri V.J. Jayaraman				
2. Smt. Aarthi Anand, W/o. Sri J. Anand				
<b>16. Earnings per Share</b> (Face value Rs.10/- per share)			<b>31.3.2005</b>	31.3.2004
				Rupees
a) Profit for the year as per Profit & Loss Account			<b>10,68,64,558</b>	13,32,27,789
b) Less: Taxes paid			<b>2,27,30,232</b>	1,80,86,046
c) Deferred Tax			<b>1,29,15,000</b>	2,72,15,400
d) Other expenses			<b>8,322</b>	2,86,985
e) Profit after Taxes & Deferred Tax			<b>7,12,11,004</b>	8,76,39,358
f) Number of shares			<b>50,71,900</b>	50,71,900
EPS/Diluted EPS			<b>14.04</b>	17.28



## Veejay Lakshmi Engineering Works Limited

### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.3.2005 (Continued) SCHEDULE 17 (Continued)

- |   | 31.3.2005          | 31.3.2004   |
|---|--------------------|-------------|
| 17. The deferred tax liability and deferred tax asset as at 31.3.2005 computed as per AS 22, is given as under: |                    | Rupees      |
| Deferred Tax Liability  | <b>6,00,59,800</b> | 4,58,10,000 |
| Deferred Tax Asset  | <b>13,34,800</b>   | —           |
| Net Deferred Tax Liability  | <b>5,87,25,000</b> | 4,58,10,000 |
18. The Company has no sole selling agents. The entire sales commission has been paid to other agents.
19. Interest to Directors - All the amounts have been paid to Managing Directors.
20. Salary includes contribution to Gratuity Trust Rs.17.84 lakhs.
21. Provision for Provident Fund included in current liabilities is Rs.2.97 lakhs.
22. Sundry Debtors - Maximum amount outstanding during the year from companies, firms in which Directors are interested - Rs.22.28 lakhs.
23. Loans and Advances - Maximum amount outstanding during the year from companies under the same management, firms, companies in which the Directors are interested, including amount due from subsidiary - Rs.1395.20 lakhs.
24. Figures have been rounded off to the nearest Rupee and previous year's figures have been regrouped/rearranged wherever necessary.

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As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



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

**I. Registration Details**

Registration No.	181-000705
State Code	18
Balance Sheet Date	31.03.2005

**II. Capital Raised during the Year (amount in thousands of Rs.)**

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds (amount in thousands of Rs.)**

Total Liabilities	765931
Total Assets	765931

***Sources of Funds***

Paid-up Capital	50719
Reserves and Surplus	460459
Deferred Tax Liability	58725
Secured Loans	135393
Unsecured Loans	60635

***Application of Funds***

Net Fixed Assets	337984
Investments	184059
Net Current Assets	243888
Accumulated Losses	—

**IV. Performance of Company (amount in thousands of Rs.)**

Turnover	696988
Profit before Tax	106856
Profit after Tax	71211
Earnings per Share (Rs.)	14.04
Dividend Rate (%)	20

**V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)**

Item Code No. (ITC CODE)	:	84.45
Product Description	:	Textile Machinery

As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



## Veejay Lakshmi Engineering Works Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2005

	Year ended 31st March, 2005 (Rs. in lakhs)	Year ended 31st March, 2004 (Rs. in lakhs)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	1071.66	1332.81
Adjustments for:		
Depreciation	334.79	289.62
Interest	172.06	236.39
Loss on Sale of Investments	0.02	—
Profit on Sale of Assets	(42.64)	0.71
Interest/Dividend	(41.37)	(22.74)
<i>Operating Profit before Working Capital Changes</i>	<b>1494.52</b>	<b>1836.79</b>
Decrease in Trade and Other Receivables	297.72	479.56
Increase in Payables	189.14	(485.33)
Increase in Inventories	(354.21)	178.46
<i>Cash Generated from Operations</i>	<b>1627.17</b>	<b>2009.48</b>
Interest Paid	(170.29)	(226.34)
Direct Taxes Paid	(238.98)	(181.95)
<i>Cash Flow before Extra Ordinary Items</i>	<b>1217.90</b>	<b>1601.19</b>
Donations Paid	(3.01)	(0.53)
Prior Year Expenses	(0.08)	(0.24)
<i>Net Cash from Operating Activities</i>	<b>1214.81</b>	<b>1600.42</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(938.93)	(411.26)
Sale of Fixed Assets	99.38	2.59
Purchase of Investments	(552.39)	2.00
Interest Received	32.80	16.59
Dividend Received	8.57	6.15
<i>Net Cash from Investing Activities</i>	<b>(1350.57)</b>	<b>(383.93)</b>
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Long Term Borrowings	(314.18)	(418.43)
Dividends Paid	(103.02)	(1.07)
<i>Net Cash from Financing Activities</i>	<b>(417.20)</b>	<b>(419.50)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(552.96)</b>	<b>796.99</b>
<b>Cash and Cash Equivalents as at 31.03.2004</b>	<b>994.83</b>	<b>197.84</b>
<b>Cash and Cash Equivalents as at 31.03.2005</b>	<b>441.87</b>	<b>994.83</b>

As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary

## Veejay Lakshmi Engineering Works Limited



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

1. Name of the Subsidiary	<b>Veejay Lakshmi Textiles Limited</b>
2. Financial year of the Subsidiary Company	31st March, 2005
3. Extent of interest in Subsidiary Company	100% of paid-up equity capital of 1,20,00,000 equity 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.41,01,043/-
(ii) For the previous financial years since it became the Subsidiary of the Company	Rs.77,47,639/-
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 under Section 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 31st March, 2005	Nil
(b) Material changes between the end of the financial year of the Subsidiary and the Company's financial year ended 31st March, 2005	
(i) Fixed Assets	Nil
(ii) Investments	Nil
(iii) Money lent	Nil
(iv) Money borrowed for any purpose other than that of meeting current liabilities:	
Fresh borrowings from Bank	Nil
Amount repaid to Bank	Nil

As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary

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# Veejay Lakshmi Textiles Limited

## **BOARD OF DIRECTORS**

Sri V.J. JAYARAMAN

Smt. J. VIDYA

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 - 641 045.

## **REGISTERED OFFICE**

Sengalipalayam

N.G.G.O. Colony Post

Coimbatore - 641 022.

## **TEXTILE UNIT - I**

Thekkampatti

Mettupalayam

Coimbatore - 641 113.

## **TEXTILE UNIT - II**

Kariyampalayam, Annur

Coimbatore - 641 653.

## **WIND MILLS**

Dhanakarkulam Village

Radhapuram Taluk

Tirunelveli – 627 011.



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## DIRECTORS' REPORT TO SHAREHOLDERS

Dear Shareholders,

Your Directors have pleasure in presenting the fourth annual report along with audited accounts for the year ended 31<sup>st</sup> March, 2005. The Company has achieved a sales turnover of Rs.3842 lakhs during the year under review as against Rs.3102 lakhs in the previous year. The profit earned for the year, including the profit on the sale of assets, is Rs.150.84 lakhs as against Rs.136.67 lakhs in the previous year.

### OPERATIONS

All the units - both Spinning Units at Thekkampatty and Udumalpet and also the Twisting Unit at Annur - worked to full capacity during the year. However, with a view to consolidate all the textile operations in one location for better convenience in management, the unit at Udumalpet has been disposed of on 'slump sale' basis on 31.01.2005. The members may recall that they have given their approval for the same. The surplus realized by the sale of the assets is Rs.134.16 lakhs of which Rs.33.34 lakhs is included in the profit for the year and the balance Rs.100.82 lakhs, being the excess realized over and above the cost of the assets, has been credited to the capital reserve account.

The Company is in the process of implementing a modernisation cum expansion plan which includes a knitting division at Thekkampatty and shifting of twisting machines from Annur to Thekkampatty. Additional buildings for expansion of spinning capacity form part of the expansion programme. The total estimated cost of the modernization cum expansion scheme is Rs.950 lakhs, which includes the cost of replacement of ring frames.

The above capital expenditure will be financed by a term loan of Rs.400 lakhs and the balance from internal accruals and the funds available from the sale of assets at Udumalpet. On completion of the expansion scheme, the Company will have an installed capacity of 19392 spindles.

During the year under review, the Company has also invested an amount of Rs.930.75 lakhs to install three wind energy generators of capacity 1800 KW. The generated power will be adjusted against the power consumed by the Company from Electricity Board.

### FINANCE

The Company has got a term loan of Rs.700 lakhs sanctioned by M/s. Indusind Bank Limited under TUF scheme for financing the wind mills. An amount of Rs.400 lakhs has been availed of during the year.

### EXPORTS

As the export market prices are not favourable, the Company has concentrated on the domestic market and exports were made only through merchants for a value of Rs.929 lakhs.

### DIRECTORS

Sri B. Selvarajan, Sri N.M. Ananthapadmanabhan and Sri B. Sriram have been co-opted as Directors of the Company during the year. They hold office till the conclusion of the ensuing General Meeting and being eligible, they offer themselves for re-appointment.

Sri D. Ranganathan has been co-opted as a Director of the Company. He holds office till the conclusion of the ensuing General Meeting and being eligible, he offers himself for re-appointment.

#### **AUDIT COMMITTEE**

The Company has formed an Audit Committee comprising of the following Directors.

1. Sri B. Selvarajan, 2. Sri N.M. Ananthapadmanaban, 3. Sri B. Sriram.

Sri N.M. Ananthapadmanaban is the Chairman of the Audit Committee.

#### **FIXED DEPOSITS**

The Company has not accepted any deposit during the year.

#### **INDUSTRIAL RELATIONSHIP**

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 the profit of the Company for the period ended 31<sup>st</sup> March, 2005;
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.

By Order of the Board

Coimbatore  
24.06.2005

**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

Sl. No.	Particulars	2004-05	2003-04
<b>A. Power and fuel consumption</b>			
1.	Electricity		
	a) Purchased		
	Units	<b>1,28,59,806*</b>	94,92,272
	Total Amount (Rs.)	<b>5,60,69,545</b>	4,33,53,521
	Rate/Unit (Rs.)	<b>4.54</b>	4.57
	b) Own generation		
	(i) Through diesel generator (Units)	<b>4,75,758</b>	5,52,253
	Units per litre of diesel oil	<b>3.41</b>	3.28
	Cost/Unit (Rs.)	<b>6.15</b>	5.64
	(ii) Through steam turbine/generator (Units)	<b>Nil</b>	Nil
	c) Wind Mill Generation		
	Units	<b>Nil</b>	Nil
	Total Amount (Rs.)	<b>Nil</b>	Nil
	Rate/Unit (Rs.)	<b>Nil</b>	Nil
2.	Coal		
	Quantity	<b>Nil</b>	Nil
	Total cost	<b>Nil</b>	Nil
	Average rate	<b>Nil</b>	Nil
3.	Furnace Oil		
	Quantity	<b>Nil</b>	Nil
	Total Amount	<b>Nil</b>	Nil
	Average rate	<b>Nil</b>	Nil
4.	Others/internal generation		
	Quantity	<b>Nil</b>	Nil
	Total Cost	<b>Nil</b>	Nil
	Rate/Unit	<b>Nil</b>	Nil
<b>B. Consumption per unit of production</b>			
	Cotton yarn in kgs.	<b>24,66,974</b>	24,13,163
	Electricity - Units per kg. of yarn	<b>5.40</b>	4.16

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

\* Includes windmills installed by the Company generated 1,81,117 units during the year which has been fed to the grid and adjusted in the mills for power supplied from Electricity Board.



FORM B

**B) TECHNOLOGY ABSORPTION**

**I. Research & Development**

1. *Specific areas in which R & D is carried out by the Company:*  
Nil.
2. *Benefits derived as a result of the above R & D:*  
Not applicable.
3. *Future plan of action:*  
Not applicable.
4. *Expenditure on R & D:*
  - a) Capital - Not applicable.
  - b) Recurring - Not applicable.
  - c) Total - Not applicable.
  - d) Total expenditure as a percentage of turnover - Not applicable.

**II. Technology Absorption, Adaptation and Innovation**

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 the last five years:*
  - a) *Technology imported* - Nil.
  - b) *Year of import* - Not applicable.
  - c) *Has technology been fully absorbed?* - Not applicable.
  - d) *If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action* - Not applicable.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(Rs. in lakhs)
Total foreign exchange earned	Nil
Total foreign exchange used:	
Import of capital goods	Nil
Import of raw materials, components and spares	11.56
Other matters	Nil
Total	11.56

In addition to the above, the Company also has made the following exports:

Through merchant exporters	- Rs.922.22 lakhs
Deemed exports (supplies to EOUs)	- Rs. 19.40 lakhs



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**AUDITOR'S REPORT**

1. I have audited the attached Balance Sheet of Veejay Lakshmi Textiles Limited, as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account and the Cash Flow Statement 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 the 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) Order, 2003 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 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 account as required by law have been kept by the Company so far as appears from my examination of those books;
  - iii) The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In my opinion, the Balance Sheet and the Profit and Loss Account and the 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 the written representations received from the Directors, as on 31<sup>st</sup> March, 2005 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2005 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:
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2005;
    - b) In the case of the Profit and Loss Account, of the profit for the period ended 31<sup>st</sup> March, 2005; and
    - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Coimbatore  
24.06.2005

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

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**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) One of the Spinning Units of the Company has 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 inventory and the discrepancies between the physical inventories and the book records, which have been properly dealt with in the books of accounts, 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 loan from the holding company aggregating to Rs.1000.00 lakhs. The maximum amount involved during the year was Rs.1000.00 lakhs and the year-end balance was Rs.600.00 lakhs.
  - (b) The repayment of the principal amount is as per the agreed terms.
  - (c) The terms and conditions of such loans are, in my opinion, prima facie, not prejudicial to the interests of the Company.
  - (d) There is no overdue amount of such loan taken from the holding company.
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 the nature of its business for purchases 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 need to be entered in the register have been so entered.
  - (b) In my opinion, the aforesaid transactions have been made at prices which are reasonable, having regard to 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 I am 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 other material statutory dues with the appropriate authorities. According to the information and explanations given to me, no undisputed arrears of statutory dues were outstanding as such on 31.3.2005 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 except the following:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Forum where Dispute is Pending
Sales Tax	Entry Tax for 2003-04	7.49	Commercial Tax Officer, Thudiyalur Circle, Coimbatore

10. The Company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or in the immediately preceding 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 and 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 utilization 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 any 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 I been informed by the management of any such instance being noticed or reported during the year.

Coimbatore  
24.06.2005

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

**BALANCE SHEET AS AT 31ST MARCH, 2005**

	Schedule No.	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
A. Share Capital	1	<b>12,00,00,000</b>	12,00,00,000
B. Reserves and Surplus	2	<b>2,19,31,036</b>	77,47,639
<b>2. Loan Funds</b>			
A. Secured Loans	3	<b>5,46,84,712</b>	31,11,658
B. Unsecured Loans	4	<b>6,00,00,000</b>	10,00,00,000
<b>3. Deferred Tax Liability</b>			
	5	<b>1,48,27,000</b>	48,62,000
Total Funds Employed		<b><u>27,14,42,748</u></b>	<u>23,57,21,297</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
A. Gross Block	6	<b>26,02,66,488</b>	20,78,03,234
B. Less: Depreciation		<b>1,34,79,433</b>	71,06,430
C. Net Block		<b>24,67,87,055</b>	20,06,96,804
<b>2. Current Assets, Loans and Advances</b>			
A. Inventories	7	<b>6,26,48,373</b>	9,49,82,724
B. Sundry Debtors		<b>1,89,41,381</b>	1,16,44,320
C. Cash and Bank Balances		<b>9,10,615</b>	10,00,296
D. Loans and Advances		<b>3,40,26,873</b>	2,02,42,492
Total Current Assets		<b><u>11,65,27,242</u></b>	<u>12,78,69,832</u>
<b>Less: Current Liabilities and Provisions</b>			
A. Current Liabilities	8	<b>9,00,69,625</b>	9,23,86,107
B. Provisions		<b>22,30,000</b>	10,30,000
Total Current Liabilities		<b><u>9,22,99,625</u></b>	<u>9,34,16,107</u>
<b>Net Current Assets</b>		<b>2,42,27,617</b>	3,44,53,725
<b>3. Miscellaneous Expenditure &amp; Losses</b>			
	9	<b>4,28,076</b>	5,70,768
Total Application of Funds		<b><u>27,14,42,748</u></b>	<u>23,57,21,297</u>

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

Coimbatore 24.06.2005	As per my report attached <b>R. GURUBATHAM</b> Chartered Accountant, Auditor	<b>V.J. JAYARAMAN</b> Chairman	<b>J. ANAND</b> Managing Director
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## Veejay Lakshmi Textiles Limited



### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule No.	Year Ended 31st March, 2005 Rs.	Year Ended 31st March, 2004 Rs.
<b>I. INCOME</b>			
1. Sales	10	38,42,42,542	31,02,32,690
2. Increase/(Decrease) in Finished Goods	11	(2,66,41,169)	1,98,65,789
3. Other Income	12	61,32,352	55,14,269
Total		36,37,33,725	33,56,12,748
<b>II. EXPENDITURE</b>			
1. Materials Consumed	13	21,95,05,625	19,99,95,911
2. Payment to and Provision for Employees	14	2,57,21,943	2,76,29,550
3. Stores Consumed		50,86,575	65,45,989
4. Other Expenses	15	8,64,48,985	7,66,41,963
5. Finance Charges	16	21,94,435	39,59,241
6. Depreciation		96,92,644	71,73,241
Total		34,86,50,207	32,19,45,895
<b>III. PROFIT</b>			
1. Balance Brought Forward		77,47,639	(27,214)
2. Profit for the Year		1,50,83,518	1,36,66,853
3. Excess provision for previous year reversed		1,82,525	—
<b>Amount Available for Appropriation</b>		<b>2,30,13,682</b>	<b>1,36,39,639</b>
<b>Appropriations</b>			
1. Tax for Current Year - Current Tax		12,00,000	10,30,000
- Deferred Tax		99,65,000	48,62,000
2. Balance Carried to the Balance Sheet		1,18,48,682	77,47,639
		<b>2,30,13,682</b>	<b>1,36,39,639</b>

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

Coimbatore  
24.06.2005

As per my report attached  
**R. GURUBATHAM**  
Chartered Accountant, Auditor

**V.J. JAYARAMAN**  
Chairman

**J. ANAND**  
Managing Director



## Veejay Lakshmi Textiles Limited

### SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
1,20,00,000 Equity Shares of Rs.10/- each	12,00,00,000	12,00,00,000
<b>Issued, Subscribed and Paid Up</b>		
1,20,00,000 Equity Shares of Rs.10/- each fully paid up (The entire capital held by the Holding Company)	12,00,00,000	12,00,00,000
Total	<u>12,00,00,000</u>	<u>12,00,00,000</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Opening Balance	—	—
Add: Additions during the year Profit and Loss Account	1,00,82,354	—
	1,18,48,682	77,47,639
Total	<u>2,19,31,036</u>	<u>77,47,639</u>
<b>SCHEDULE 3 - SECURED LOANS</b>		
<b>Term Loan</b>		
IndusInd Bank - Term Loan (Secured by the hypothecation of wind energy generators purchased out of the term loan.)	4,00,00,000	—
<b>Working Capital Borrowings</b>		
State Bank of India (Secured by the hypothecation of stock-in-trade, receivables and other current assets and by a second charge on the fixed assets. Two Directors have given their personal guarantee.)	1,46,84,712	31,11,658
	<u>5,46,84,712</u>	<u>31,11,658</u>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
From Holding Company	6,00,00,000	10,00,00,000
Total	<u>6,00,00,000</u>	<u>10,00,00,000</u>
<b>SCHEDULE 5 - DEFERRED TAX LIABILITY</b>		
As per last Balance Sheet	48,62,000	—
Add: During the year liability	99,65,000	48,62,000
Total	<u>1,48,27,000</u>	<u>48,62,000</u>

## SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005

### SCHEDULE 6 - FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2004	Additions	Sales/ Transfers	Cost upto 31.03.2005	Upto 31.03.2004	For the year	Withdrawn during the year	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	10,52,20,927	—	2,10,70,731	<b>8,41,50,196</b>	—	—	—	—	<b>8,41,50,196</b>	10,52,20,927
Building	3,12,39,793	—	73,84,953	<b>2,38,54,840</b>	9,47,710	10,02,299	3,56,507	<b>15,93,502</b>	<b>2,22,61,338</b>	3,02,92,083
Machinery	6,41,10,549	10,18,24,942	1,88,88,272	<b>14,70,47,219</b>	56,20,359	81,68,399	26,68,437	<b>1,11,20,321</b>	<b>13,59,26,898</b>	5,84,90,190
Electrical Equipments	57,22,441	36,172	17,67,189	<b>39,91,424</b>	3,55,716	3,86,732	1,80,197	<b>5,62,251</b>	<b>34,29,173</b>	53,66,725
Vehicles	6,81,207	35,837	1,45,123	<b>5,71,921</b>	59,798	65,400	17,423	<b>1,07,775</b>	<b>4,64,146</b>	6,21,409
Furniture & Office Equipments	8,28,317	1,37,457	3,14,886	<b>6,50,888</b>	1,22,847	69,814	97,077	<b>95,584</b>	<b>5,55,304</b>	7,05,470
Total	20,78,03,234	10,20,34,408	4,95,71,154	<b>26,02,66,488</b>	71,06,430	96,92,644	33,19,641	<b>1,34,79,433</b>	<b>24,67,87,055</b>	20,06,96,804
Previous year	20,08,59,811	78,44,135	9,00,712	<b>20,78,03,234</b>	—	71,73,241	66,811	<b>71,06,430</b>	<b>20,06,96,804</b>	20,08,59,811

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005**

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>a) Inventories:</b>		
Raw materials	4,62,09,132	4,39,24,951
Work-in-progress	62,05,473	90,29,538
Finished goods	66,15,995	3,54,07,769
Waste & scrap	2,56,500	10,88,967
Stores and spares	33,61,273	55,31,499
Sub-total	<u>6,26,48,373</u>	<u>9,49,82,724</u>
<b>b) Sundry Debtors:</b> (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	—	40,377
Other debts	1,89,41,381	1,16,03,943
Sub-total	<u>1,89,41,381</u>	<u>1,16,44,320</u>
<b>c) Cash and Bank Balances:</b>		
Cash on hand	4,34,984	9,96,808
Cash with Nationalised/Scheduled Banks in Current Accounts	4,75,631	3,488
Sub-total	<u>9,10,615</u>	<u>10,00,296</u>
<b>B. LOANS AND ADVANCES</b> (Unsecured, considered good)		
Advances recoverable in cash or in kind	1,30,91,591	12,83,745
Deposits	47,24,699	62,39,143
Prepaid expenses	8,54,968	7,22,145
Other receivables	50,58,433	55,89,174
Advance tax and TDS	27,31,301	14,08,285
Short-term investments	75,65,881	50,00,000
Sub-total	<u>3,40,26,873</u>	<u>2,02,42,492</u>
Total	<u>11,65,27,242</u>	<u>12,78,69,832</u>
<b>SCHEDULE 8 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Due to holding company	40,50,402	2,10,21,178
Liabilities for supplies and services	7,70,45,074	4,99,91,184
Liabilities for expenses	38,61,242	81,42,967
Liabilities for other finance	44,97,257	29,61,527
Advance received against sales	6,15,650	1,02,69,251
Sub-total	<u>9,00,69,625</u>	<u>9,23,86,107</u>
<b>B. PROVISIONS</b> - Provision for Income Tax	22,30,000	10,30,000
Sub-total	<u>22,30,000</u>	<u>10,30,000</u>
Total	<u>9,22,99,625</u>	<u>9,34,16,107</u>



**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005**

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 9 - MISCELLANEOUS EXPENDITURE AND LOSSES</b>		
<b>PRELIMINARY EXPENSES:</b>		
As per last Balance Sheet	5,70,768	162,960
Add: Incurred during the year	—	5,50,500
	<u>5,70,768</u>	<u>7,13,460</u>
Less: Written off	1,42,692	1,42,692
Total	<u>4,28,076</u>	<u>5,70,768</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2005**

	Year Ended 31st March, 2005 Rs.	Year Ended 31st March, 2004 Rs.
<b>SCHEDULE 10 - SALES</b>		
Sale of finished goods	37,46,28,004	30,29,39,835
Wind energy income	6,33,910	—
Sale of scrap and waste	72,35,847	55,54,921
Processing charges	17,44,781	17,37,934
Total	<u>38,42,42,542</u>	<u>31,02,32,690</u>
<b>SCHEDULE 11 - INCREASE IN FINISHED GOODS</b>		
<b>Closing Stock</b> - Finished goods	66,15,995	3,54,07,769
- Scrap and waste	2,56,500	10,88,967
Sub-total	<u>68,72,495</u>	<u>3,64,96,736</u>
<b>Less:</b>		
<b>Opening Stock</b> - Finished goods	3,54,07,769	1,57,29,057
Less: Excise Duty	29,83,072	—
	<u>3,24,24,697</u>	<u>1,57,29,057</u>
- Scrap and waste	10,88,967	9,01,890
Sub-total	<u>3,35,13,664</u>	<u>1,66,30,947</u>
Total	<u>(2,66,41,169)</u>	<u>1,98,65,789</u>

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**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2005**


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	<b>Year Ended 31st March, 2005 Rs.</b>	<b>Year Ended 31st March, 2004 Rs.</b>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest receipts (TDS Rs.21,016/-)	<b>5,35,031</b>	3,50,471
Dividend receipts	<b>2,81,690</b>	81,167
Miscellaneous Income	<b>1,17,837</b>	—
Exchange gain	<b>18,63,343</b>	33,81,532
Profit on sale of assets	<b>33,34,451</b>	17,01,099
Total	<b><u>61,32,352</u></b>	<u>55,14,269</u>
<b>SCHEDULE 13 - RAW MATERIALS CONSUMED</b>		
<b>Opening Stock</b>		
Raw materials	<b>4,39,24,951</b>	3,49,48,409
Work-in-progress	<b>90,29,538</b>	77,41,970
	<b><u>5,29,54,489</u></b>	<u>4,26,90,379</u>
Purchased during the year	<b>21,95,55,816</b>	
Less: Sale of raw materials	<b><u>5,90,075</u></b>	<u>21,02,60,021</u>
Sub-total	<b><u>27,19,20,230</u></b>	<u>25,29,50,400</u>
<b>Less: Closing Stock</b>		
Raw materials	<b>4,62,09,132</b>	4,39,24,951
Work-in-progress	<b>62,05,473</b>	90,29,538
Sub-total	<b><u>5,24,14,605</u></b>	<u>5,29,54,489</u>
Total	<b><u>21,95,05,625</u></b>	<u>19,99,95,911</u>
<b>SCHEDULE 14 - PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salary, wages, etc.	<b>2,27,51,091</b>	2,49,74,786
Contribution to Provident Fund	<b>17,25,682</b>	14,90,826
Welfare expenses	<b>12,45,170</b>	11,63,938
Total	<b><u>2,57,21,943</u></b>	<u>2,76,29,550</u>



**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2005**

	Year Ended 31st March, 2005 Rs.	Year Ended 31st March, 2004 Rs.
<b>SCHEDULE 15 - OTHER EXPENSES</b>		
Conversion charges	65,96,623	59,07,256
Power and fuel	5,91,49,176	5,34,04,259
Freight	1,90,142	2,29,272
Printing and stationery	2,43,299	2,61,739
Postage and telephone	2,09,725	2,47,699
Travelling and vehicle maintenance	12,96,083	10,89,011
Insurance	12,81,165	12,15,983
Rent	1,50,000	1,80,000
Licences and taxes	10,30,938	22,95,135
Sales commission	23,27,169	17,21,218
Sales promotion expenses	1,22,291	1,21,763
Subscription and periodicals	91,117	1,78,026
Auditor's remuneration	22,000	29,700
Legal and professional charges	2,21,462	3,64,791
Repairs and maintenance - buildings	5,25,226	9,13,437
Repairs and maintenance - machinery	1,23,80,886	79,05,050
Additional sales tax	3,67,991	3,38,932
Preliminary expenses written off	1,42,692	1,42,692
Donations	1,01,000	96,000
Total	<u>8,64,48,985</u>	<u>7,66,41,963</u>
<b>SCHEDULE 16 - FINANCE CHARGES</b>		
Interest on fixed loans	76,438	—
Interest on others and bank charges	21,17,997	39,59,241
Total	<u>21,94,435</u>	<u>39,59,241</u>

Coimbatore  
24.06.2005

As per my report attached  
**R. GURUBATHAM**  
Chartered Accountant, Auditor

**V.J. JAYARAMAN**  
Chairman

**J. ANAND**  
Managing Director

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**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31.03.2005****SCHEDULE - 17****1. SIGNIFICANT ACCOUNTING POLICIES****(a) System of Accounting**

The Company adopts accrual basis of accounting in accordance with the applicable accounting standards.

**(b) Recognition of Income and Expenditure**

Revenue from sale transaction is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions and other sources is recognized on the completion of the contract and there is no uncertainty regarding the amount of consideration or its collectability.

**(c) Fixed Assets**

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 Modvat Credit, if any. The borrowing cost on the additions to fixed assets are capitalized in accordance with AS 16.

**(d) 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 pro-rata for the period for which the assets have been put to use. For assets of value less than Rs.5,000/- acquired during the year, 100% depreciation has been provided.

**(e) Taxation**

Provision for taxation is made as per estimated total income after considering various reliefs under the provisions of the Income-Tax Act, 1961. 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.

**(f) Inventory Valuation**

1. Raw materials : At identified lot cost or market value, whichever is lower
2. Finished goods : At cost or net realisable value, whichever is lower (inclusive of Excise Duty)
3. Work-in-progress : At estimated cost or net realisable value, whichever is lower
4. Waste : At realisable value
5. Stock of stores : At cost

**(g) Gratuity**

Gratuity provisions have been made as per the workings provided by the LIC, which manages the Gratuity fund of both the Company, and the holding company.

**(h) 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, exchange rates prevailing at the end of the year have been adopted. Difference arising out of fluctuation in the exchange for the above transactions has been taken to a separate account, which is debited/credited to the Profit and Loss Account.

- a. The amount of exchange difference included in the net profit or loss for the period - Rs.18.63 lakhs (Gain).
- b. The amount of exchange differences adjusted in the carrying amount of fixed assets during the accounting period - Nil.
- c. The amount of exchange differences in respect of forward exchange contracts to be recognized in the profit or loss for one or more subsequent accounting periods - Nil.

<b>2. LICENCED &amp; INSTALLED CAPACITY</b>		<b>2004-2005</b>		2003-2004
Licenced Capacity		<b>Not Applicable</b>		Not Applicable
No. of spindles installed		<b>16,704</b>		23,856
<b>3. FINISHED GOODS</b>	<b>Qty.in Kgs</b>	<b>Value in Rs.</b>	<b>Qty.in Kgs</b>	<b>Value in Rs.</b>
<b>COTTON YARN:</b>				
Opening stock	2,65,420	3,54,07,769	1,26,039	1,57,29,057
Production	29,03,993	Nil	27,89,711	Nil
Sales	31,05,758	37,46,28,004	26,50,330	30,29,38,385
Closing stock	63,655	66,15,995	2,65,420	3,54,07,769
<b>COTTON WASTE:</b>				
Opening Stock	42,438	10,88,967	29,727	9,01,890
Production*	3,22,970	Nil	2,92,141	Nil
Sales	3,56,858	67,12,505	2,79,430	51,51,528
Closing stock	8,550	2,56,500	42,438	10,88,967
* Net of waste issued for production				
<b>4. CONSUMPTION OF MATERIALS</b>				
Cotton	32,46,476	21,95,05,625	31,38,588	19,99,95,911
<b>5. EXPENDITURE IN FOREIGN CURRENCY</b>		<b>2004-2005</b>		2003-2004
a) Value of Imports (CIF)		<b>Value in Rs.</b>		Value in Rs.
i) Raw materials		11,52,57,109		10,71,63,488
b) Other matters - commission		Nil		44,395
c) Consumption	<b>Value in Rs</b>	<b>% of Total</b>	Value in Rs	% of Total
i) Raw materials - imported	146702559	66.83	128861925	64.43
ii) Raw materials - indigenous	72803066	33.17	71133986	35.57
	<u>219505625</u>	<u>100.00</u>	<u>199995911</u>	<u>100</u>
d) Earnings in foreign exchange		<b>2004-2005</b>		2003-2004
Exports of yarn		<b>Value in Rs.</b>		Value in Rs.
		Nil		14500343

**6. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31.03.2005**

	<----- (Rs. in lakhs) ----->	
	Associate Companies/Firms	Holding Company
Purchase of goods and services - raw materials, components and engineering job works	8.21	24.58
Sale of machinery, spares, raw materials, components and job works	0.05	2.05
Outstandings due from the Company as on 31.3.2005	—	40.90
Outstandings due to the Company as on 31.3.2005	—	600.40

***Names of associate companies and firms***

1. Veejay Sales and Services Limited
2. Veejay Savio Lakshmi Machinery Limited
3. Veejay Terry Products Limited
4. Veejay Marketing
5. Veejay Tool and Die Pvt. Limited

***Name of the holding company***

1. Veejay Lakshmi Engineering Works Limited

<b>7. AUDITOR'S REMUNERATION</b>	<b>2004-2005</b>	2003-2004
Audit Fees	<b>22,000</b>	21,600
Other fees - taxation matters *	<b>11,000</b>	8,100
Total	<b><u>33,000</u></b>	<u>29,700</u>

\* Fees for taxation matters debited under legal & professional charges

<b>8. EARNINGS PER SHARE</b>	<b>31.3.2005</b>	31.3.2004
(Face value Rs.10/- per share)		Rupees
a) Profit for the year as per Profit & Loss Account	<b>1,50,83,518</b>	1,36,66,853
b) Less: Taxes paid	<b>12,00,000</b>	10,30,000
c) Deferred tax	<b>99,65,000</b>	48,62,000
d) Other expenses	<b>Nil</b>	Nil
e) Profit after taxes and deferred tax	<b>39,18,518</b>	77,74,853
f) Number of shares	<b>1,20,00,000</b>	1,20,00,000
EPS/Diluted EPS	<b>0.33</b>	0.65

**9. The deferred tax liability and deferred tax assets as at 31.03.2005 computed as per AS 22 are given as under:**

	<b>31.3.2005</b>	31.3.2004
Deferred tax liability	<b>2,08,86,000</b>	79,56,000
Deferred tax assets	<b>60,59,000</b>	30,94,000
Net deferred tax liability	<b>1,48,27,000</b>	48,62,000



- 
10. Estimated amount of capital contracts remaining to be executed for which orders have been already released is Rs.342.26 lakhs net of advances paid (previous year Rs.73.28 lakhs).
11. **CONTINGENT LIABILITIES NOT PROVIDED FOR IN THE ACCOUNTS AND CLAIMS NOT ACKNOWLEDGED AS DEBTS**  
Sales tax - Entry tax: Rs.7.49 lakhs.
12. The Company has imported cotton free of duty against advance licences with an obligation for exports. The duty liability proportionate to export obligation pending as at 31-03-2005 is Rs.66.17 lakhs.
13. Dues to SSI Units as identified by the Company - Nil.
14. Figures have been rounded off to the nearest Rupee and previous year's figures have been regrouped/rearranged wherever necessary.

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Coimbatore  
24.06.2005

As per my report attached  
**R. GURUBATHAM**  
Chartered Accountant, Auditor

**V.J. JAYARAMAN**  
Chairman

**J. ANAND**  
Director

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**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**I. Registration Details**

Registration No.	181-009829
State Code	18
Balance Sheet Date	31.03.2005

**II. Capital Raised during the Year (amount in thousands of Rs.)**

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds (amount in thousands of Rs.)**

Total Liabilities	271443
Total Assets	271443

***Sources of Funds***

Paid-up Capital	120000
Reserves and Surplus	21931
Deferred Tax Liability	14827
Secured Loans	54685
Unsecured Loans	60000

***Application of Funds***

Net Fixed Assets	246787
Net Current Assets	24228
Miscellaneous Expenditure	428

**IV. Performance of Company (amount in thousands of Rs.)**

Turnover	384243
Profit before Tax	15266
Profit after Tax	3919
Earnings per Share (Rs.)	0.33
Dividend Rate (%)	—

**V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)**

Item Code No. (ITC CODE)	:	52.05
Product Description	:	Cotton Yarn

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Coimbatore	As per my report attached		
24.06.2005	<b>R. GURUBATHAM</b>	<b>V.J. JAYARAMAN</b>	<b>J. ANAND</b>
	Chartered Accountant, Auditor	Chairman	Director

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2005**

	Year ended 31st March, 2005 (Rs. in lakhs)	Year ended 31st March, 2004 (Rs. in lakhs)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	153.26	139.04
Adjustments for:		
Depreciation	96.92	71.73
Interest	21.94	39.59
Loss on Sale of Investments	—	—
Profit on Sale of Assets	(33.34)	(17.01)
Interest/Dividend	(8.17)	(4.31)
<i>Operating Profit before Working Capital Changes</i>	<b>230.61</b>	<i>229.04</i>
Decrease in Trade and Other Receivables	(197.58)	(215.02)
Increase in Payables	92.57	(395.28)
Increase in Inventories	323.34	(294.04)
<i>Cash Generated from Operations</i>	<b>448.94</b>	<i>115.26</i>
Interest Paid	(21.94)	(39.59)
Direct Taxes Paid	(13.23)	(14.08)
<i>Cash Flow before Extra Ordinary Items</i>	<b>413.77</b>	<i>61.59</i>
Donations Paid	(1.01)	(0.96)
Prior Year Income/Expenses	1.82	—
<i>Net Cash from Operating Activities</i>	<b>414.58</b>	<i>60.63</i>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1020.34)	(53.10)
Sale of Fixed Assets	596.69	—
Sale of Investments	—	—
Interest Received	5.35	3.50
Dividend Received	2.82	0.81
<i>Net Cash from Investing Activities</i>	<b>(415.48)</b>	<i>(48.79)</i>
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Long Term Borrowings	—	—
Dividends Paid	—	—
Preliminary expenses	—	(5.50)
<i>Net Cash from Financing Activities</i>	—	<i>(5.50)</i>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(0.90)</b>	6.34
<b>Cash and Cash Equivalents as at 31.03.2004</b>	<b>10.00</b>	3.66
<b>Cash and Cash Equivalents as at 31.03.2005</b>	<b>9.10</b>	10.00

Coimbatore  
24.06.2005

As per my report attached  
**R. GURUBATHAM**  
Chartered Accountant, Auditor

**V.J. JAYARAMAN**  
Chairman

**J. ANAND**  
Director



## Veejay Lakshmi Engineering Works Limited

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### AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To the Members of  
Veejay Lakshmi Engineering Works Limited

We have examined the attached Consolidated Balance Sheet of **M/s. Veejay Lakshmi Engineering Works Limited** and its subsidiary as at 31<sup>st</sup> March, 2005, 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.36,37,42,373/- as at 31<sup>st</sup> March, 2005 and total revenues of Rs.39,03,74,894/- for the year then ended. These financial statements have been audited by other auditor whose report has 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 auditor.

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 are included in the consolidated financial statements.

On the basis of the information and explanations 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 31<sup>st</sup> March, 2005;
- (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;
- (c) The Consolidated Cash Flow Statement of Veejay Lakshmi Engineering Works Limited and its subsidiary for the year ended 31<sup>st</sup> March, 2005 has been prepared in accordance with the generally accepted accounting principles in India.

As per our report attached  
For **N.R. DORAISWAMI & CO.**  
Chartered Accountants, Auditors

Place : Coimbatore  
Date : 24.06.2005

**N.R. DORAISWAMI**  
Partner, Membership No. 2138

## Veejay Lakshmi Engineering Works Limited



### CONSOLIDATED ACCOUNTS

<b>BALANCE SHEET AS AT 31ST MARCH, 2005</b>	Schedule No.	<b>As at 31st March, 2005 Rs.</b>	As at 31st March, 2004 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
A. Capital	1	5,07,19,000	5,07,19,000
B. Reserves and Surplus	2	48,23,90,019	40,85,62,086
<b>2. Loan Funds</b>			
A. Secured Loans	3	19,00,77,450	13,38,04,511
B. Unsecured Loans	4	6,06,35,000	8,04,40,000
<b>3. Deferred Tax Liability</b>			
	5	7,35,52,000	5,06,72,000
Total Funds Employed		<b>85,73,73,469</b>	<b>72,41,97,597</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
A. Gross Block	6	89,33,42,119	75,38,94,299
B. Less: Depreciation		30,85,70,929	26,99,52,378
C. Net Block		58,47,71,190	48,39,41,921
<b>2. Investments</b>			
	7	6,40,58,887	88,19,906
<b>3. Current Assets, Loans and Advances</b>			
A. Inventories	8	27,40,98,065	27,10,12,116
B. Sundry Debtors		2,78,92,228	1,53,18,541
C. Cash and Bank Balances		4,50,97,721	10,04,83,570
D. Loans and Advances		13,96,43,626	8,13,68,778
Total Current Assets		48,67,31,640	46,81,83,005
<b>Less: Current Liabilities and Provisions</b>			
A. Current Liabilities	9	22,41,19,856	20,68,44,529
B. Provisions		5,44,96,468	3,04,73,474
Total Current Liabilities		27,86,16,324	23,73,18,003
<b>Net Current Assets</b>		<b>20,81,15,316</b>	<b>23,08,65,002</b>
<b>4. Miscellaneous Expenditure</b>			
Preliminary Expenses		4,28,076	5,70,768
Total Application of Funds		<b>85,73,73,469</b>	<b>72,41,97,597</b>

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.**

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

**J. ANAND**  
Managing Director

Coimbatore 24.06.2005 Chartered Accountants, Auditors  
**N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



## Veejay Lakshmi Engineering Works Limited

### CONSOLIDATED ACCOUNTS

<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005</b>		Schedule No.	<b>Year Ended 31st March, 2005 Rs.</b>	Year Ended 31st March, 2004 Rs.
<b>I. INCOME</b>				
1. Sales	10	<b>1,07,97,08,265</b>	1,16,53,00,995	
2. Increase/(Decrease) in Finished Goods	11	<b>(2,40,22,530)</b>	1,97,09,253	
3. Other Income	12	<b>1,61,77,978</b>	91,32,109	
Total		<b>1,07,18,63,713</b>	1,19,41,42,357	
<b>II. EXPENDITURE</b>				
1. Materials Consumed	13	<b>59,33,18,633</b>	69,22,27,377	
2. Payment to and Provision for Employees	14	<b>11,35,04,132</b>	10,29,93,879	
3. Other Expenses	15	<b>18,05,20,762</b>	18,82,92,513	
4. Finance Charges	16	<b>1,94,00,868</b>	2,75,98,407	
5. Depreciation		<b>4,31,71,242</b>	3,61,35,539	
Total		<b>94,99,15,637</b>	1,04,72,47,715	
<b>III. PROFIT</b>				
1. Balance Brought Forward		<b>14,58,34,186</b>	4,69,25,449	
2. Profit for the Year		<b>12,19,48,076</b>	14,68,94,642	
3. Prior Year Income		<b>1,82,525</b>	—	
4. Transfer from Debenture Redemption Reserve		—	2,84,38,000	
<b>Amount Available for Appropriation</b>		<b>26,79,64,787</b>	22,22,58,091	
<b>Appropriations</b>				
1. Tax for Current Year - Current Tax		<b>2,39,00,000</b>	1,90,30,000	
- Deferred Tax		<b>2,28,80,000</b>	3,20,77,400	
2. Prior Year Taxes		<b>30,232</b>	86,046	
3. Prior year Expenses		<b>8,322</b>	24,191	
4. Transferred to Investment Fluctuation Reserve		—	2,62,794	
5. Transferred to General Reserve		<b>10,00,00,000</b>	1,35,00,000	
6. Provision for Dividend		<b>1,01,43,800</b>	1,01,43,800	
7. Dividend Distribution Tax		<b>14,22,668</b>	12,99,674	
8. Balance Carried Over to the Balance Sheet		<b>10,95,79,765</b>	14,58,34,186	
		<b>26,79,64,787</b>	22,22,58,091	

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.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



**CONSOLIDATED ACCOUNTS**

**SCHEDULES TO THE BALANCE SHEET  
AS AT 31st MARCH, 2005**

As at 31st  
March, 2005  
Rs.

As at 31st  
March, 2004  
Rs.

**SCHEDULE 1 - CAPITAL**

**Authorised:**

60,00,000 Equity Shares of Rs.10/- each 6,00,00,000 6,00,00,000

**Issued, Subscribed and Paid Up:**

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) 5,07,19,000 5,07,19,000

Total 5,07,19,000 5,07,19,000

**SCHEDULE 2 - RESERVES AND SURPLUS**

Share Premium Account 21,16,42,500 21,16,42,500

**Debenture Redemption Reserve:**

As per last year's Balance Sheet — 2,84,38,000

Transfer to Profit and Loss Account  
during the year — 2,84,38,000

Total — —

**Capital Reserve**

Additions during the year 1,00,82,354 —

Total 1,00,82,354 —

**General Reserve:**

As per last year Balance Sheet 5,10,85,400 3,75,85,400

Transfer from Profit and Loss Account  
during the year 10,00,00,000 1,35,00,000

Total 15,10,85,400 5,10,85,400

Balance in Profit and Loss Account 10,95,79,765 14,58,34,186

Total 48,23,90,019 40,85,62,086



## Veejay Lakshmi Engineering Works Limited

### CONSOLIDATED ACCOUNTS

#### SCHEDULES TO THE BALANCE SHEET AS AT 31st MARCH, 2005

As at 31st  
March, 2005  
Rs.

As at 31st  
March, 2004  
Rs.

#### SCHEDULE 3 - SECURED LOANS

##### A. Term Loan

IndusInd Bank Limited  
(Secured by the hypothecation of  
wind energy generators purchased  
out of the term loan.)

4,00,00,000

—

##### B. Technology Information, Forecasting and Assessment Council (TIFAC)

(Secured by hypothecation of all  
movable assets of the Company which  
form part of the projects funded by TIFAC)

3,96,58,950

5,12,71,850

##### C. Working Capital Facilities - State Bank of India

Demand Loan, Cash Credit, Packing  
Credit and Export Bills Discounted  
Foreign Currency Loan  
(Secured by the hypothecation of  
stock-in-trade and receivables and by  
a second charge on the fixed assets  
of the Company. Two Directors of the  
Company have given their personal  
guarantee for the above facilities.)

11,04,18,500

—

2,60,35,551

5,64,97,110

Total

19,00,77,450

13,38,04,511

#### SCHEDULE 4 - UNSECURED LOANS

Fixed Deposits

2,22,50,000

2,56,05,000

Loans from Directors

3,83,85,000

5,48,35,000

Total

6,06,35,000

8,04,40,000

#### SCHEDULE 5 - DEFERRED TAX LIABILITY

As per last year's Balance Sheet

5,06,72,000

1,85,94,600

Add: Deferred Tax Liability for the year

2,28,80,000

3,20,77,400

Total

7,35,52,000

5,06,72,000

**CONSOLIDATED ACCOUNTS**

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2005**

**SCHEDULE 6 - FIXED ASSETS**

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost upto 31.03.2004	Additions	Sales/ Transfers	Cost upto 31.03.2005	Upto 31.03.2004	For the year	Withdrawn during the year	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	13,07,33,577	—	2,56,83,035	<b>10,50,50,542</b>	—	—	—	—	<b>10,50,50,542</b>	13,07,33,577
Buildings	12,45,58,465	16,07,329	77,81,325	<b>11,83,84,469</b>	2,65,94,797	40,09,860	5,84,882	<b>3,00,19,775</b>	<b>8,83,64,694</b>	9,79,63,668
Machinery	39,98,27,263	18,78,76,313	1,97,77,313	<b>56,79,26,263</b>	20,67,21,223	3,01,81,854	35,13,040	<b>23,33,90,037</b>	<b>33,45,36,226</b>	19,31,06,040
Electrical Equipments	3,02,89,963	8,38,921	17,67,188	<b>2,93,61,696</b>	1,28,89,656	20,59,323	1,80,197	<b>1,47,68,782</b>	<b>1,45,92,914</b>	1,74,00,307
Dies, Patterns, Jigs and Fixtures	4,15,73,604	33,66,401	—	<b>4,49,40,005</b>	1,16,41,423	49,37,313	—	<b>1,65,78,736</b>	<b>2,83,61,269</b>	2,99,32,181
Inspection and Testing Machinery	52,25,151	1,56,940	—	<b>53,82,091</b>	29,78,156	2,21,013	—	<b>31,99,169</b>	<b>21,82,922</b>	22,46,995
Vehicles	73,26,095	7,21,810	3,84,778	<b>76,63,127</b>	24,06,230	6,90,784	1,77,495	<b>29,19,519</b>	<b>47,43,608</b>	49,19,865
Furniture and Office Equipments	1,35,88,573	12,58,254	3,14,886	<b>1,45,31,941</b>	67,20,893	10,71,095	97,077	<b>76,94,911</b>	<b>68,37,030</b>	68,67,680
Work-in-progress	7,71,608	1,01,985	7,71,608	<b>1,01,985</b>	—	—	—	—	<b>1,01,985</b>	7,71,608
<b>Total</b>	<b>75,38,94,299</b>	<b>19,59,27,953</b>	<b>5,64,80,133</b>	<b>89,33,42,119</b>	<b>26,99,52,378</b>	<b>4,31,71,242</b>	<b>45,52,691</b>	<b>30,85,70,929</b>	<b>58,47,71,190</b>	<b>48,39,41,921</b>
Previous Year	70,66,65,792	4,89,70,232	17,41,725	<b>75,38,94,299</b>	23,43,95,138	3,61,35,539	5,78,299	<b>26,99,52,378</b>	<b>48,39,41,921</b>	47,22,70,654



## Veejay Lakshmi Engineering Works Limited

### CONSOLIDATED ACCOUNTS

#### SCHEDULES TO THE BALANCE SHEET AS AT 31st MARCH, 2005

As at 31st  
March, 2005  
Rs.

As at 31st  
March, 2004  
Rs.

#### SCHEDULE 7 - INVESTMENTS

##### I. In Government or Trust Securities

7 Years National Savings Certificates at cost **10,500** 10,500

##### II. In Shares and Bonds

###### i) Non-Trade Quoted:

6,000 Equity Shares of Rs.100/- each in  
M/s. Lakshmi Machine Works Ltd., fully paid up at cost **5,70,440** 5,70,440

10,000 Equity Shares of Rs.10/- each in  
M/s. Precision Fasteners Ltd., fully paid up at cost **5,00,000** 5,00,000

200 Equity Shares of Rs.10/- each in  
M/s. Industrial Finance Corporation of India, fully paid up at cost **4,500** 4,500

250 Equity Shares of Rs.10/- each in  
State Bank of India, fully paid up at cost **25,000** 25,000

24,600 Equity Shares of Rs.10/- each in  
M/s. Karthikeya Paper & Boards Ltd., fully paid up at cost — 2,46,000

###### ii) Non-Trade Unquoted:

24,000 Equity Shares of Rs.100/- each in  
M/s. Kongarar Cotton & Synthetics Ltd., fully paid up at cost **24,00,000** 24,00,000

5,80,000 Equity Shares of Rs.10/- each in  
M/s. Veejay Savio Lakshmi Machinery Ltd., fully paid up at cost **58,00,000** 58,00,000

##### III. In Liquid Mutual Funds (Unquoted)

508403.706 Units of Templeton Floating Rate Fund **50,71,263** —

1704954.613 Units of Prudential ICICI Liquid Plan **2,00,34,090** —

1497092.166 Units of Grindlays Cash Fund **1,50,76,167** —

1452808.420 Units of Birla Floating Rate Fund **1,50,59,050** —

Total **6,45,51,010** 95,56,440

Less: Investment Fluctuation Reserve **4,92,123** 7,36,534

Total **6,40,58,887** 88,19,906

Aggregate value of Quoted Investments – Cost Rs.10,99,940/-  
– Market Value Rs.4,91,95,526/-

Aggregate value of Unquoted Investments – Cost Rs.6,34,51,070/-



**CONSOLIDATED ACCOUNTS**

**SCHEDULES TO THE BALANCE SHEET  
AS AT 31st MARCH, 2005**

	As at 31st March, 2005 Rs.	As at 31st March, 2004 Rs.
<b>SCHEDULE 8 - CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>a) Inventories:</b>		
Raw materials	7,19,30,111	6,93,13,356
Scrap	4,20,134	12,80,292
Components	1,14,77,466	99,33,003
Work-in-progress	16,78,80,929	14,14,02,618
Finished goods	1,14,51,616	3,75,97,060
Stores	1,09,37,809	1,14,85,787
	<u>27,40,98,065</u>	<u>27,10,12,116</u>
<b>b) Sundry Debtors:</b> (Unsecured - considered good)		
Debts outstanding for a period exceeding six months	24,16,987	24,58,907
Other debts	2,54,75,241	1,28,59,634
	<u>2,78,92,228</u>	<u>1,53,18,541</u>
<b>c) Cash and Bank Balances:</b>		
Cash on hand	6,14,056	13,62,160
Cash with Nationalised/ - In Current Account	37,38,151	77,22,661
Scheduled Banks - In Unpaid Dividend Account	1,57,514	3,15,579
- In Deposit Account	4,05,88,000	9,10,83,170
	<u>4,50,97,721</u>	<u>10,04,83,570</u>
<b>d) Loans and Advances:</b> (Unsecured - considered good)		
Advances recoverable in cash or in kind	3,12,17,167	1,04,01,628
Deposits	1,21,73,849	1,31,07,495
Duty drawback and other receivables	4,47,21,953	3,28,61,836
Prepaid expenses	32,80,205	32,04,328
Advance tax	4,06,84,571	1,67,93,491
Short-term investment	75,65,881	50,00,000
	<u>13,96,43,626</u>	<u>8,13,68,778</u>
Total	<u>48,67,31,640</u>	<u>46,81,83,005</u>
<b>SCHEDULE 9 - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Current Liabilities:</b>		
Liability for supplies and services - SSI	4,15,500	4,69,904
Liability for supplies and services - Others	15,04,31,042	9,75,36,649
Liability for expenses	2,75,96,406	3,16,85,037
Liability for other finance	89,99,604	94,93,669
Investors' Education & Protection Fund		
- Unclaimed dividends	1,57,514	3,15,579
Advance received against sales	2,76,99,223	5,86,99,680
Interest accrued but not due	88,20,567	86,44,011
Total Current Liabilities	<u>22,41,19,856</u>	<u>20,68,44,529</u>
<b>b) Provisions:</b>		
Provision for Income Tax	4,29,30,000	1,90,30,000
Provision for Dividends	1,01,43,800	1,01,43,800
Provision for Dividend Distribution Tax	14,22,668	12,99,674
Total Provisions	<u>5,44,96,468</u>	<u>3,04,73,474</u>
Total Current Liabilities and Provisions	<u>27,86,16,324</u>	<u>23,73,18,003</u>



## Veejay Lakshmi Engineering Works Limited

### CONSOLIDATED ACCOUNTS

<b>SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005</b>	<b>Year Ended 31st March, 2005 Rs.</b>	<b>Year Ended 31st March, 2004 Rs.</b>
<b>SCHEDULE 10 - SALES</b>		
Sale of finished goods	<b>1,05,49,22,806</b>	1,14,89,46,685
Sale of power generated	<b>78,85,113</b>	47,06,618
Sale of scrap and waste	<b>1,18,48,037</b>	93,45,312
Labour charges	<b>50,52,309</b>	23,02,380
Total	<b>1,07,97,08,265</b>	1,16,53,00,995
<b>SCHEDULE 11 - INCREASE/DECREASE IN FINISHED GOODS</b>		
Closing Stock: - Finished goods	<b>1,14,51,616</b>	3,75,97,060
- Scrap and waste	<b>4,20,134</b>	12,80,292
	<b>1,18,71,750</b>	3,88,77,352
Less:		
Opening Stock - Finished goods	<b>3,75,97,060</b>	1,81,45,228
Less: Excise Duty	<b>29,83,072</b>	—
- Scrap and waste	<b>12,80,292</b>	10,22,871
	<b>3,58,94,280</b>	1,91,68,099
Total	<b>(2,40,22,530)</b>	1,97,09,253
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest receipts (TDS - Rs.8,80,055)	<b>38,14,944</b>	20,09,854
Dividend receipts	<b>11,38,475</b>	6,96,636
Miscellaneous income	<b>12,02,290</b>	13,41,920
Exchange gain	<b>23,76,668</b>	33,82,600
Profit on sale of assets	<b>76,45,601</b>	17,01,099
Total	<b>1,61,77,978</b>	91,32,109
<b>SCHEDULE 13 - MATERIALS CONSUMED</b>		
Opening Stock		
Raw materials	<b>6,93,13,356</b>	6,55,96,800
Components	<b>99,33,003</b>	1,53,83,285
Work-in-progress	<b>14,14,02,618</b>	14,42,82,894
	<b>22,06,48,977</b>	22,52,62,979
Add: Purchased during the year	<b>59,15,51,476</b>	64,51,45,974
	<b>81,22,00,453</b>	87,04,08,953
Less: Closing Stock		
Raw materials	<b>7,19,30,111</b>	6,93,13,356
Components	<b>1,14,77,466</b>	99,33,003
Work-in-progress	<b>16,78,80,929</b>	14,14,02,618
	<b>25,12,88,506</b>	22,06,48,977
Direct materials consumed	<b>56,09,11,947</b>	64,97,59,976
Add: Stores consumed	<b>3,24,06,686</b>	4,24,67,401
Total Materials Consumed	<b>59,33,18,633</b>	69,22,27,377



**CONSOLIDATED ACCOUNTS**

**SCHEDULES TO THE  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2005**

	Year Ended 31st March, 2005 Rs.	Year Ended 31st March, 2004 Rs.
<b>SCHEDULE 14 - PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salary, wages, gratuity, etc.	9,10,66,695	8,59,78,935
Contribution to Provident Fund	49,34,791	46,67,433
Staff and welfare expenses	62,95,828	41,16,897
Managerial remuneration	1,12,06,818	82,30,614
Total	<u>11,35,04,132</u>	<u>10,29,93,879</u>
<b>SCHEDULE 15 - OTHER EXPENSES</b>		
Fabrication charges	2,49,75,287	3,29,26,876
Power and fuel	7,45,24,342	6,86,02,057
Freight	18,94,033	25,57,749
Printing and stationery	18,67,341	17,37,286
Postage and telephone	18,49,465	19,83,875
Travelling and vehicle maintenance	83,03,422	81,49,386
Insurance	28,08,742	25,29,060
Rent	16,13,790	16,40,339
Licence and taxes	44,55,571	51,29,412
Sales commission	2,58,98,118	3,59,28,862
Sales promotion expenses	38,73,797	13,59,827
Subscription and periodicals	3,79,085	3,45,541
Directors' sitting fees	54,000	34,000
Auditors' remuneration	1,21,180	1,26,900
Legal and professional charges	16,82,918	17,27,315
Repairs and maintenance - buildings	33,30,760	21,78,791
Repairs and maintenance - machinery	1,77,55,896	1,61,51,708
Repairs and maintenance - others	9,73,523	1,94,132
Additional sales tax	35,66,218	46,26,831
Loss on sale of investments	1,589	—
Loss on sale of assets	47,048	70,874
Donations	4,01,945	1,49,000
Preliminary expenses written off	1,42,692	1,42,692
Total	<u>18,05,20,762</u>	<u>18,82,92,513</u>
<b>SCHEDULE - 16 FINANCE CHARGES</b>		
Interest on fixed loans	35,31,806	92,90,184
Interest on others and bank charges	1,11,95,054	1,13,83,866
Interest to Directors	46,74,008	69,24,357
Total	<u>1,94,00,868</u>	<u>2,75,98,407</u>

As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



## Veejay Lakshmi Engineering Works Limited

### SCHEDULE 17 - ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31ST MARCH, 2005

#### I. SIGNIFICANT ACCOUNTING POLICIES

##### A. Principles of Consolidation

The consolidated financial statements relate 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, 2005

1. The consolidated financial statements have been prepared in accordance with Accounting Standard 21.
2. Notes which are disclosed in separate financial statements of 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) 753.12
No. of Shares :	(B) 50,71,900
Basic and diluted EPS (A) / (B) :	Rs.14.85

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.

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As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



**CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.	181-000705
State Code	18
Balance Sheet Date	31.03.2005

**II. Capital Raised during the Year (amount in thousands of Rs.)**

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds (amount in thousands of Rs.)**

Total Liabilities	857373
Total Assets	857373

***Sources of Funds***

Paid-up Capital	50719
Reserves and Surplus	482390
Secured Loans	190077
Unsecured Loans	60635
Deferred Tax Liability	73552

***Application of Funds***

Net Fixed Assets	584771
Investments	64059
Net Current Assets	208115
Miscellaneous Expenditure and Losses	428

**IV. Performance of Company (amount in thousands of Rs.)**

Turnover	1079708
Profit before Tax	122123
Profit after Tax	75312
Earnings per Share (Rs.)	14.85
Dividend Rate (%)	20

**V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)**

Item Code No. (ITC CODE) :	84.45	52.05
Product Description :	Textile Machinery	Cotton Yarn

As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore Chartered Accountants, Auditors  
24.06.2005 **N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary



## Veejay Lakshmi Engineering Works Limited

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2005

	Year ended 31st March, 2005 (Rs. in lakhs)	Year ended 31st March, 2004 (Rs. in lakhs)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	1223.50	1470.44
Adjustments for:		
Depreciation	431.71	361.36
Interest	194.01	275.98
Loss on Sale of Investments	0.02	—
Profit on Sale of Assets	(76.00)	(16.31)
Interest/Dividend	(49.53)	(27.07)
<i>Operating Profit before Working Capital Changes</i>	<i>1723.71</i>	<i>2064.40</i>
Increase in Trade and Other Receivables	(469.57)	8.90
Increase in Payables	451.43	165.59
Increase in Inventories	(30.86)	(115.59)
<i>Cash Generated from Operations</i>	<i>1674.71</i>	<i>2123.30</i>
Interest Paid	(192.24)	(265.93)
Direct Taxes Paid	(252.21)	(196.03)
<i>Cash Flow before Extra Ordinary Items</i>	<i>1230.26</i>	<i>1661.34</i>
Provisions Reversed	—	—
Donations Paid	(4.02)	(1.49)
Prior Year Income/Expenses	1.74	(0.24)
<i>Net Cash from Operating Activities</i>	<i>1227.98</i>	<i>1659.61</i>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1959.28)	(489.70)
Sale of Fixed Assets	696.08	27.94
Purchase of Investments	(552.41)	2.00
Interest Received	38.15	20.10
Dividend Received	11.38	6.97
<i>Net Cash from Investing Activities</i>	<i>(1766.08)</i>	<i>(432.69)</i>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	85.82	(418.43)
Dividends Paid	(103.02)	(1.07)
Preliminary Expenses	1.43	(4.08)
<i>Net Cash from Financing Activities</i>	<i>(15.77)</i>	<i>(423.58)</i>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(553.87)</b>	803.34
<b>Cash and Cash Equivalents as at 31.03.2004</b>	<b>1004.84</b>	201.50
<b>Cash and Cash Equivalents as at 31.03.2005</b>	<b>450.97</b>	1004.84

As per our report attached  
For **N.R. DORAISWAMI & CO.**

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

**J. ANAND**  
Managing Director

Coimbatore 24.06.2005 Chartered Accountants, Auditors  
**N.R. DORAISWAMI**, Partner

**K.S. SRINIVASAN**  
Company Secretary

## 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 30th Annual General Meeting of the Company held on 21.09.2005, Wednesday at 10.15 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. Shareholders 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.

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## 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 30th Annual General Meeting of the Company to be held on 21.09.2005, Wednesday  
at 10.15 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 .....2005

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 that **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.



**VEEJAY LAKSHMI ENGINEERING WORKS LIMITED**

THIRTIETH ANNUAL REPORT 2004-2005

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