



VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

THIRTY EIGHTH ANNUAL REPORT 2012-2013

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**BOARD OF DIRECTORS****Sri V.J. JAYARAMAN**

Chairman cum Managing Director

Sri N. M. ANANTHAPADMANABHAN**Sri B. SELVARAJAN****Sri N. ATHIMOOLAM NAIDU****Sri J. VIJAYAKUMAR****Sri J. ANAND**

Managing Director

Sri B. SRIRAM**Sri D. RANGANATHAN**

Whole Time Director

COMPANY SECRETARY**Sri S. VINOD KUMAR****REGISTERED OFFICE**Sengalipalayam
N.G.G.O. Colony Post
Coimbatore 641 022**AUDITOR****M/s. N.R. Doraiswami & Co**Chartered Accountants
No. 48, Race Course
Coimbatore 641 018**REGISTRAR & SHARE TRANSFER AGENT****M/s. S.K.D.C. Consultants Limited**Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road, Ganapathy
Coimbatore - 641 006**WORKS****Engg. Unit - I**Sengalipalayam
Coimbatore 641 022**Engg. Units - II & III**Kariyampalayam, Annur
Coimbatore 641 653**Engg. Unit IV**Athippalayam Road
Vellamadai (P.O.)
Coimbatore 641 110**WIND MILLS**

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

Wholly-owned Subsidiary Company :**VEEJAY LAKSHMI TEXTILES LIMITED****Registered Office**Sengalipalayam, N.G.G.O. Colony Post
Coimbatore 641 022



NOTICE OF THE THIRTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty-Eighth Annual General Meeting of the Company will be held on Wednesday 25th September, 2013 at 10.45 A.M at Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Pappanaickenpalayam, Coimbatore - 641 037 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Accounts of the company for the year ended 31st March, 2013 and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri. N.M. Ananthapadmanabhan, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri. J. Vijayakumar, 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(s) to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix the remuneration payable to them.

SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to Section 198,269,309 of the Companies Act,1956 and other applicable provisions, if any, read with Schedule XIII of the Companies Act,1956 approval of the Members be and is hereby accorded for re-appointment of Sri J Anand as Managing Director of the Company on the following terms.

I. Salary

Rs. 2,50,000/- per month

- II. In addition to the above salary the company may pay perquisites and allowances as detailed below:

CATEGORY A

a) Medical Reimbursement

Reimbursement of Medical expenses incurred for himself and his family

b) Leave Travel Concession

Once in a year for himself and his family

c) Personal Accident Insurance

Premium not to exceed Rs.4,000/- P.a.

d) Club Fees

Reimbursement of Club fees, Subject to a maximum of three clubs

CATEGORY B

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

Provision of a car with driver and telephone facility at his residence for use on company's business will not be considered as perquisites.

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

III. Commission

Such remuneration by way of commission, in addition to the salary and perquisites and allowances 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 the overall ceiling as stipulated in section 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.

Where in any financial year, during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, allowances, commission and perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

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

RESOLVED THAT pursuant to Section 198, 269, 309 of the Companies Act, 1956 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 approval of the Members be and is hereby accorded for re-appointment of Sri. D. Ranganathan as Whole-time Director of the Company for a Period of three years with effect from 24.06.2013 on a remuneration of Rs.90,000/- per month.

Perquisites

Provision of a car for use on company's business.

Where in any financial year, during the currency of tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, allowances, commission and perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

For and on behalf of the Board
(Sd/-) **V.J. Jayaraman**
Chairman cum Managing Director

Regd. Office: Sengalipalayam,
NGGO Colony PO, Coimbatore - 22
30th May, 2013

NOTES:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company.
2. The proxy form duly filled in and stamped has to be delivered to the Company not later than 48 hours before the time of holding the aforesaid meeting. Where a Body Corporate is a member of the Company, the resolution passed by the Board of Directors authorizing the representative to attend the meeting shall be forwarded to the company duly certified in advance.
3. Members are requested to intimate their change of address, if any, to the Company's Registrars and Security Transfer Agents, M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, quoting their respective folio numbers.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2013 to 25.09.2013 (Both days inclusive)
5. 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 2006-07 to 2010-11 are requested to write to M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, quoting their respective folio numbers.



6. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
7. *The Ministry of Corporate affairs (vide Circular nos.17/2011 and 18/2011 dated April 21,2011 and April 29,2011 respectively), has under taken a “Green Initiative in Corporate Governance” and allowed the companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses for receiving electronic communications.*
8. Any member who needs any clarification on accounts or operations of the Company shall write to the Company, so as to reach at least 7 days before the meeting, so that the information required can be made available at the meeting.
9. Pursuant to clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of the directors, who are proposed to be re-appointed / appointed in this meeting, nature of their expertise in specific functional areas, their other directorships and committee memberships and their shareholdings and relationships with other directors in the Company are given below:

Name of the Director	Sri. J. Vijayakumar	Sri. N.M. Anantha-padmanabhan	Sri. B. Sriram
Date of Birth	09.12.1952	10.03.1935	08.12.1970
Date of appointment	03.09.1990	29.10.2001	29.01.2001
Expertise in specific Functional areas	Management (Textiles)	General Management (Textiles)	Management (Industrial Engineering)
Qualifications	B.Com., B.S., & MBA	B.Com (Hons)	B E Mechanical
List of other companies where directorship is held as on 31.03.2013	<i>Managing Director:</i> -Veejay Terry Products Ltd <i>Director:</i> -Veejay Tool & Die Private Limited -Magna Electro Castings Ltd. -Ranba Castings Ltd	<i>Director:</i> Veejay Lakshmi Textiles Ltd.	<i>Whole-time Director:</i> Lakshmi Card Clothing Mfg. Co. P. Ltd <i>Director:</i> Prathishta Weaving & Knitting Co. Ltd Veejay Lakshmi Textiles Ltd.
Chairman/Member of other committees of the Board of other companies in which he is a Director as on 31.03.2013	<i>Audit Committee</i> Magna electro Castings Ltd -Member <i>Shareholders and Investors Grievances Committee:</i> Magna Electro Castings Ltd -member <i>Share Transfer Committee:</i> Veejay Terry products Ltd -Member	<i>Audit Committee</i> Veejay Lakshmi Textiles Ltd - Chairman	<i>Audit Committee</i> Veejay Lakshmi Textiles Ltd – Member
Shareholding as on 31.03.2013	—	—	—
Relationship with other directors	Related to Sri. V. J. Jayaraman and Sri. J. Anand	—	—

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

The following explanatory statement sets out all material facts relating to special business mentioned in the accompanying notice and shall be taken as forming part of the notice.

Item No: 6

Sri. J. Anand was appointed as a Managing Director at the Annual General Meeting held on 29.09.2010 for a period of three years effective from 01.10.2010. His current term of office expires on 30.09.2013. The Board of Directors at their Meeting held on 30.05.2013 have re-appointed Sri. J. Anand for a further term of three years effective from 01.10.2013 on the following terms and conditions including remuneration as set out in the notice of the Annual General Meeting.

Pursuant to the provisions of Schedule XIII, the Remuneration Committee of the Board also met and approved the minimum remuneration payable to him.

The Remuneration Committee also took into consideration the following:

- The nature of industry and business
- The appointee's qualification, experience and responsibility shouldered by him
- Business potential and financials of the Company

The particulars, as required to be furnished under Schedule XIII, are given below:

I – General Information

- Nature of the Industry : Manufacture of Textile Machinery – twistors and winders (Capital goods for textile spinning mills)
- Date of commencement of commercial production: Manufacturing since 1976
- In case of new companies expected date of commencement of commercial activities as per the project approved by the financial institutions appearing in the prospectus : Not applicable
- Financial Performance based on indicators:

Rs. in lakhs

Financial Performance	2008-09	2009-10	2010-11	2011-12	2012-13
Total Sales and other income	3,492	7,290	10,054	5,882	6,580
Profit/Loss after taxes	-779	174	469	4	-288
Dividend paid	Nil	Nil	76	Nil	Nil
Rate of dividend %	Nil	Nil	15%	Nil	Nil

- Export performance and net foreign exchange earnings : (for the year 2012-13)
 - Physical Exports : Rs.661 Lakhs
 - Deemed Exports : Rs.1,289 Lakhs
 - Forex outflow on imports and other matters : Rs.1,391 Lakhs
 - Net foreign exchange earnings/(outflow)(a-c): Rs.730 Lakhs
- Foreign Investments or collaborations, if any: at present there is no foreign investments and collaborations.

II. Information about the appointee:

- Background details

Name of the appointee	Sri. J. Anand
Date of Birth/Age	23.09.1971 - 41 years
Qualification:	B.E., M.S in industrial Engineering from Illinois Institute of Technology, USA.
Experience:	More than 15 years of experience in Management/Administration.



2. Past Remuneration: (Values in Rs.)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Salary	15,00,000*	NIL	30,00,000	30,00,000	30,00,000
Perquisites	2,65,890	57,725	4,11,911	3,73,126	4,65,214
Commission	NIL	NIL	NIL	NIL	NIL

* For Six months period as the MD opted not to take any salary in view of the inadequacy of profits of the company.

- Recognition or Awards: Has been a member of associations/councils like Textile Machinery Manufacturers Association of India, ITME Society.
- Job Profile and suitability: Over all control of the management/affairs of the company involved in corporate planning and business strategies for more than a decade.
- Remuneration proposed: As stated in the resolution.
- Comparative remuneration profile with respect to industry, size of the company, profile of position and person.
The proposed remuneration to Sri. J. Anand, Managing Director, is as prevalent according to the industry standards.
- Pecuniary relationship: Sri. J. Anand is not directly having any pecuniary relationship. Few companies in which he is a director and firm in which he is a partner are having business transactions with the company.

III. Other Information

- Reasons for loss or in-adequacy of profits: The in-adequacy of profits is mainly due to fall in demand due to the recession in textile industry and general recession worldwide .
- Steps taken or proposed to be taken for improvement : Measures have been taken to reduce cost in all other areas and the benefit of cost reduction is reflected in the selling price of the products to be competitive in the market. New products/models are being developed to improve the market share.
- Expected increase in the productivity/profits in measurable terms: The demand for the products has increased. There will be an increase in sales in the year 2013-14. This will improve the profits.

This appointment is subject to the approval of the shareholders by a Special Resolution and hence this resolution is recommended for shareholders' approval.

None of the Directors other than Sri. V. J. Jayaraman, Sri. J. Vijayakumar and Sri. J. Anand are deemed to be interested in the resolution.

Item No: 7

Sri. D. Ranganathan was appointed as a Whole-time Director at the Annual General Meeting held on 29.09.2010. His current term of office expires on 23.06.2013. The Board of Directors at their meeting held on 30.05.2013 have re-appointed Sri. D. Ranganathan for a further period of three years effective from 24.06.2013 with a monthly remuneration of Rs.90,000 p.a.

The remuneration payable to Sri. D. Ranganathan is subject to the approval of the shareholders by an ordinary resolution. Hence the resolution is recommended for shareholders' approval.

None of the directors is interested in the above resolution other than Sri. D. Ranganathan.

Regd. Office:

Sengalipalayam, NGGO Colony PO, Coimbatore - 22
30th May, 2013

For and on behalf of the Board
(Sd/-) V.J. Jayaraman
Chairman cum Managing Director



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their report and accounts of the Company for the financial year ended 31st March 2013.

FINANCIAL RESULTS

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
	Rs. in Lakhs	Rs. in Lakhs
Sales Turnover	6,519.30	5,863.61
Profit before Depreciation, taxes and exceptional items	556.45	575.39
Depreciation	498.57	515.61
Exceptional Items	475.37	–
Net Profit	(417.49)	59.78
Balance brought forward from Statement of Profit and Loss	1,181.20	1,176.76
Amount available for appropriation	763.71	1,236.54
APPROPRIATIONS / ADJUSTMENTS		
Provision for Taxes - Current Year	–	59.00
- Deferred Tax	(129.68)	-11.59
Prior year Taxes	0.16	7.93
Provision for Dividends	–	–
Dividend Distribution Tax	–	–
Transfer to Generation Reserves	–	–
Balance carried forward to Statement of Profit and Loss	893.23	1,181.20
Total	763.71	1,236.54

PROFITS/DIVIDENDS

The workings during the year 2012-13 has resulted in a loss (before tax) of Rs.417 Lakhs as against a profit (before tax) of Rs.60 Lakhs in the previous year. The loss is due to outflow of funds on account of a voluntary retirement scheme offered to workers. As there are no profits for the year, the Directors are not recommending any dividend for the year.

OPERATIONS

The recessionary trend prevailed in the previous year continued in the current year also and hence the capacity could not be fully utilized. The sales turnover from sale of textile machinery and spares during the year under review is Rs.6,262 Lakhs as against Rs.5,634 Lakhs in the previous year. The income from the wind mill is higher due to higher generation and increase in the rates.



SUBSIDIARY COMPANY

Veejay Lakshmi Textiles Limited is the wholly owned subsidiary of the company. The Audited accounts of the subsidiary company have been consolidated with the company as on March 31, 2013.

FINANCE

There has not been any additional borrowings/limits availed during the year and the working capital limits have been renewed at the existing levels. The balance of loans from Technology Development Board outstanding as on 31.3.13 is Rs.501 Lakhs. All interest payments due have been paid in time without any delay.

R&D

The focus is on developing new models and new products.

INDUSTRIAL RELATIONS

The relationship with the workmen has been cordial in all the units of the Company and a VRS scheme was offered for part of the work force who opted for retirement. The work force has been strengthened by inducting additional work force in place of retired workers.

FIXED DEPOSITS

The Company has not accepted any deposits from public within the meaning of section 58A of the Act for the year ended March 31, 2013. The Company has an amount of Rs.133 lakhs as unsecured loans from Directors. There are no overdue/unclaimed deposits as at 31.3.2013.

DIRECTORATE

Sri. J. Vijayakumar, Sri. N. Ananthapadamanabhan and Sri. B. Sriram are 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 reappointed in the ensuing Annual General Meeting have been given in the notice convening in the Annual General Meeting.

AUDITORS

M/s. N.R. Doraiswami & Co, Chartered Accountants, Coimbatore, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from said audit firm, stating that the appointment, if made, will be within the limit prescribed under section 224(1B) of the Act.

COST AUDITOR

The Board of Directors have appointed M/s. S. Mahadevan & Co., Practising Cost Accountants, Coimbatore as a Cost Auditor for carrying out cost audit of the company.

The Company has received a letter from said cost audit firm, stating that the appointment, if made, will be within the limit prescribed under section 224(1B) of the Act.

Information on the performance of the company is given in the Management Discussion and analysis report which forms a part of the annual report and has been prepared in accordance with clause 49 of the listing agreement.



CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the report on Corporate Governance together with the Certificate issued by statutory auditors of the company regarding the compliance of the conditions of corporate governance forms a part of this report.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

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

PARTICULARS OF EMPLOYEES

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

DIRECTOR'S RESPONSIBILITY STATEMENT

As stipulated under section 217(2AA) of the Companies Act, 1956. The Directors hereby state that:

- i. That in preparation of annual accounts for the financial year ended March 31, 2013, the applicable Accounting standards have been followed along with proper explanation relating to material departures.
- ii. That the Directors have selected such accounting policies and applied them consistently and made 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 Statement of Profit and Loss of the Company for the year ended March 31, 2013.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That your Directors have prepared the annual accounts for the Financial year ending March 31,2013 on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record their sincere appreciation to the customers, suppliers, business partners and group companies and shareholders for their support. The Directors would like to thank the Bankers and financial Institutions as Well. The Directors would take this opportunity to express their appreciation for their dedicated efforts of the employees and their contribution which is deeply acknowledged.

For and on behalf of the Board

Coimbatore
30th May, 2013

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

**ANNEXURE TO THE DIRECTORS' REPORT****INFORMATION PURSUANT TO SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956
DISCLOSURE OF PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF
PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988****FORM A****A) CONSERVATION OF ENERGY:** Not applicable**FORM B****B) TECHNOLOGY ABSORPTION:****I Research & Development**

1. Specific areas in which R & D is carried out by the Company:
The Company continues its efforts for development of existing products and new models.
2. Benefit derived as a result of the above R & D:
The performance of the machines has been improved and new products/models are developed to widen the application. Components are indigenised to reduce the import content.
3. Future Plan of Action:
The Company will continue its R & D efforts for up-gradation of product quality and manufacturing process, indigenization of components for import substitution and development of new models.
4. Expenditure on R & D:
 - a) Capital Rs. Nil (Previous Year : Nil Lakhs)
 - b) Recurring - Salaries, power charges and other expenses –Rs.94.55 Lakhs (Previous Year : Rs.63.38 Lakhs)
 - c) Total R & D expenditure Rs.94.55 lakhs (Previous Year Rs.63.38 Lakhs)
 - d) Total R & D expenditure as a percentage of turnover : 1.44% (Previous Year 1.08%)

II. Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation.
The Company has been able to develop a major portion of the components indigenously and keep down the cost of production.
2. Benefits derived as a result of the above efforts:
The Company is able to offer sophisticated machines of latest technology at competitive prices in India.
3. Details of Technology imported during the last 5 years : Nil

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs. in lakhs	
	31.3.2013	31.3.2012
TOTAL FOREIGN EXCHANGE EARNED	661	138
TOTAL FOREIGN EXCHANGE USED	1,387	1,731
Deemed Exports (Supplies to EOUs, EPCG Licence Holders, etc)	1,289	765

For and on behalf of the Board

Coimbatore
30th May, 2013**(Sd/-) V.J. Jayaraman**
Chairman cum Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under clause 49 of the listing agreement, a detailed report on the management discussion and analysis is given below:

INTRODUCTION

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

INDUSTRIAL SCENARIO

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

The non-availability of adequate power, increase in cost of self-generated power, non-availability of labour, vagaries in the prices of cotton and yarn and increase in the cost of inputs are affecting both the user industry and also the machinery manufacturers.

HIGHLIGHTS OF OPERATIONS:

SEGMENTWISE/PRODUCTWISE PERFORMANCE

The sale of Twisters is 104 nos of value Rs.1,501 Lakhs as against 48 nos of value Rs.722 Lakhs in the previous year. The sale of winders is 51 nos of value Rs.3,869 lakhs as against 59 nos. of value Rs.4,078 Lakhs in the previous year.

Assembly/Random winder sales have increased from Rs.100 Lakhs to Rs.141 lakhs. The facilities available to produce Aluminium die cast and Plastic injection moulded components have been used only for in-house requirement of components.

The income from windmills is Rs.173 lakhs as against Rs.138 lakhs in the previous year.

RISKS & CONCERNS:

The user industry is looking for maximum automation of their plants due to increase in cost of labour and also non availability of labour. The future of the company will depend upon its ability to keep pace with the technology levels of the competitors.

OUTLOOK

There is some improvement in the order inflow for twisters as the new models introduced have been well received in the market. The sale of assembly winders is also picking up. Even though new projects will look for machines with higher automation there will be still good demand for the Automatic cone Winders produced by the company for replacement/modernization of manual winders. The Company can increase its sales volume and market share if it can offer new models with latest technology.



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. Part of the workmen who opted to retire have been offered a Voluntary retirement scheme.

CAUTIONARY STATEMENT

Statements in this report on management discussion and analysis describing the Company's future objectives, projections, estimate and expectations may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events, as they are perceived by the management at this juncture. The actual results, however, may differ materially from those which have been made explicit or which are implied. The major factors that could make a difference to the Company's operations include the supply demand condition of the Company's products, both domestic and global, the price realizations, which are market related and all other factors such as litigation and industrial relations.

For and on behalf of the Board

Coimbatore
30th May, 2013

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



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests.

Board of Directors

The Board of Directors of the Company has an optimum combination of executive and non-executive directors and is in conformity with Clause 49 of the Listing Agreement. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2012-13 and at the last Annual General Meeting (AGM), as also the number of directorships and committee positions held by them in other public limited companies as on March 31, 2013 are as under:

Name of the Director	Category	No. of Board Meetings		Attendance at the last AGM held on 27.09.2012	No. of Directorships in other companies	Committee Position#	
		Held	Attended			Member	Chairman
Sri. V.J. Jayaraman, Chairman-Cum-Managing Director	Executive (promoter)	4	4	YES	4	-	-
Sri. J. Anand Managing Director	Executive (Promoter)	4	4	YES	6	-	-
Sri. J. Vijayakumar	Non-executive Non-Independent	4	4	YES	4	3	-
Sri. B. Selvarajan	Non-Executive Independent	4	2	YES	3	1	-
Sri. N. Athimoolam Naidu	Non-Executive Independent	4	2	NO	3	-	-
Sri. B. Sriram	Non-Executive Independent	4	4	YES	3	1	-
Sri. N.M. Ananthapadmanabhan	Non-Executive Independent	4	4	YES	1	-	1
Sri. D. Ranganathan Whole-Time Director	Executive Non-Independent	4	4	YES	2	-	-

Committee positions includes positions in other companies only

In terms of Clause 49(IV)(G)(ia) of the Listing Agreement, it is hereby disclosed that Chairman-cum-Managing Director and Managing Director are related inter-se. Sri. J. Vijayakumar is the Brother of Chairman-cum-Managing Director.

The Board met four times during the financial year 2012-13 Viz., 28.05.2012, 13.08.2012, 08.11.2012 and 13.02.2013.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees (as per Clause 49(I)(C)(ii)) of the Listing Agreement across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding committee positions held by them in other public limited companies.

**Code of Conduct for Directors and Senior Management:**

The Company has a Code of Conduct for the Directors and senior management personnel, which is in compliance with the requirements of Clause 49 of the Listing Agreement. The Code of conduct has also been displayed on the Company's website.

Further, all the Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the CEO forms part of this report.

COMMITTEES OF THE BOARD:**Audit Committee**

The Audit Committee has been formed pursuant to Section 292A of the Companies Act, 1956 and Pursuant to Clause 49 of the Listing agreement.

Composition

The Audit Committee of the Board was formed in January 2001. The Members of the Committee comprises of the following Independent Directors:

1. Sri. N.M. Ananthapadmanabhan, Chairman
2. Sri. B. Selvarajan, Member
3. Sri. B. Sriram, Member

Terms of Reference

- I. To oversee the company's financial reporting process and disclosures of financial information.
- II. To review and discuss with the Auditors about the internal control systems, the scope of audit including the observations from the auditors.
- III. Adequacy of the internal audit functions, review of major accounting policy and of accounting standards.
- IV. To review the quarterly, half yearly and annual financial statements before submission to the Board of Directors.

Meetings of the Audit Committee

The Audit Committee met four times during the financial year 2012-13 on 28.05.2012, 13.08.2012, 08.11.2012 and 13.02.2013.

Name of Member	Status	No. of Meetings Held	No of Meetings Attended
Sri. N.M. Ananthapadmanabhan	Chairman	4	4
Sri. B. Selvarajan	Member	4	2
Sri. B. Sriram	Member	4	4

The Statutory Auditors, the Internal Auditors and the Whole-time Director are invited to attend the Meeting of the Committee. The Company Secretary of the company acts as the Secretary of the Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting (AGM) held on 27.09.2012.



Remuneration Committee

Composition:

The Remuneration Committee of the Board was formed in October 2003 and comprises of the following Independent directors:

1. Sri. N.M. Ananthapadmanabhan, Chairman
2. Sri. B. Selvarajan, Member
3. Sri. B. Sriram, Member

The terms of reference of the Remuneration Committee include formulating the policies for payment of remuneration to the Executive Directors and such other functions as may be delegated to it by the Board of Directors.

Details of remuneration for the year 2012-13

(I) Non-Executive Directors:

Name of the Director	Sitting Fees paid in Rs.	Commission
Sri. N.M. Ananthapadmanabhan	16,000	Nil
Sri. J. Vijayakumar	10,000	Nil
Sri. B. Sriram	16,000	Nil
Sri. N. Athimoolam Naidu	5,000	Nil
Sri. B. Selvarajan	8,000	Nil

(II) Executive Directors:

Name	Designation	Salary & perquisites in Rs.
Sri. V.J. Jayaraman	Chairman-cum-Managing Director	32,094
Sri. J. Anand	Managing Director	34,65,214
Sri. D. Ranganathan	Whole-Time Director	10,55,575

Shareholder and Investor Grievances Committee

The Shareholder and Investor grievances committee consists of the following three members:

1. Sri. N.M. Ananthapadmanabhan, Chairman
2. Sri. N. Athimoolam Naidu, Member
3. Sri. D. Ranganathan, Member

The Company Secretary acts as the Secretary to the Committee and has been appointed as the Compliance officer of the Company.

The Committee meets as when required, to inter alia deal with matter relating to its term of reference.

Terms of Reference

1. Redressal of shareholder and investors complaints including, but not limiting to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.



2. Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.
3. And such other acts, deeds, matters and things as may be stipulated in terms of the Listing Agreement with the Stock Exchanges and/or such other regulatory provisions and as also as the Board of Directors may consider think fit for effective and efficient redressal of shareholders and/or investors' grievances.

Based on the report received from SKDC Consultants Limited, the Registrar & Share Transfer Agent, the Company received NIL requests/complaints during the year ended March 31, 2013. As on March 31, 2013 there were no pending requests/complaints from any shareholder.

General Body Meetings:

The Date, time & venue of the Last three Annual General Meetings are given Below :

Financial Year	Date	Time	Location	Special Resolutions Passed
2011-12	27.09.2012	10.45 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37.	Special Resolution was passed for re-appointment of Sri. V.J. Jayaraman, as a Managing Director
2010-11	15.09.2011	10.45 AM	-Do-	Special Resolution was passed for appointment of Mrs. Arthi Anand, a relative of Managing Directors to Hold office of place of profits
2009-10	29.09.2010	11.00 AM	-Do-	Special Resolution were passed for appointment of Sri. J. Anand as a Managing Director and Sri. D. Ranganathan as Whole-time Director

Postal Ballot

No special resolution was passed through Postal Ballot during the Financial Year 2012-13. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

Disclosures:

- a) The company did not have any materially significant related party transactions having potential conflict with the interest of the company at large. The Details of the related party transaction as per Accounting Standards 18 forms a part of Notes on accounts of the Financial Statements.
- b) The Company has complied with the requirements of the Listing Agreement as well as SEBI regulations and guidelines. There were no penalties imposed or strictures passed on the Company by the stock exchanges, SEBI or any other statutory authority on any matter related to capital markets, during last three years.



- c) The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Agreement. In respect of compliance with the non-mandatory requirements, the Company has constituted a Remuneration Committee, the details whereof are given under the heading "Remuneration Committee."

Means of Communication:

- a) The quarterly results as well as annual results as required under clause 41 of the listing agreement are published in one daily English Newspaper "The Financial Express" and one regional Tamil newspaper "Malai Malar."
- b) The Annual Reports and quarterly reports are made available in the "investor" section of the company's website www.veejaylakshmi.com which is user friendly and are easily downloadable.

General Shareholder Information:

1. AGM

AGM Date	Wednesday, September 25, 2013
Time	10.45 AM
Venue	Nani Palkhivala Auditorium Mani Higher Secondary School premises Coimbatore - 641 037

2. Financial calendar for 2013-14

Financial Year : 1st April, 2013 to 31st March, 2014

Board meeting dates for approval of quarterly results:

1st Quarter ended on June 30, 2013 : within 45 days from the close of quarter
 2nd Quarter ended on September 30, 2013 : within 45 days from the close of quarter
 3rd Quarter ended on December 31, 2013 : within 45 days from the close of quarter
 4th Quarter ended on March 31, 2014 : within 60 days from the close of quarter

3. Book Closure dates : 16th September, 2013 to 25th September, 2013
(both days inclusive)

4. Dividend Payment Date : NA

5. Listing on Stock Exchanges:

The Equity shares of the company are listed in Bombay Stock Exchange. The Company has paid the listing fees to the stock exchanges for the Financial Year 2013-14.

6. Stock Code:

Bombay Stock Exchange Limited: 522267

ISIN with NSDL and CDSL: Equity Shares: INE466D01019

**7. Stock Market price data**

Market price data (High/Low) during each month in the financial year 2012-2013 on the BSE Limited are as under:

Month	High (Rs.)	Low (Rs.)
April - 2012	31.30	27.15
May - 2012	30.90	25.25
June - 2012	31.50	25.10
July - 2012	29.55	26.90
August - 2012	31.50	27.55
September - 2012	32.85	28.45
October - 2012	34.95	30.35
November - 2012	33.25	29.00
December - 2012	31.00	28.10
January - 2013	33.70	29.10
February - 2013	32.00	25.40
March - 2013	29.95	22.95

8. Registrar and Share Transfer Agents :

S K D C Consultants Limited,
Kanapathy Towers,
3rd Floor, 1391/A-1, Sathy Road,
Ganapathy,
Coimbatore - 641 006.
Telephone: + 91 0422 - 6549995, 2539835,
Email: info@skdc-consultants.com
Web: www.skdc-consultants.com

9. Share Transfer System

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

10. Distribution of shareholding as on 31st March 2013

No. of Shares	No. of Shareholders	% of Shareholders	Shareholding in Rs.	% of Shareholding
UPTO 5,000	6,518	93.15	79,50,880	15.68
5,001 to 10,000	239	3.42	19,09,130	3.76
10,001 to 20,000	116	1.66	17,73,720	3.50
20,001 to 30,000	41	0.59	10,22,430	2.02
30,001 to 40,000	28	0.40	9,84,620	1.94
40,001 to 50,000	11	0.16	5,10,520	1.01
50,001 to 1,00,000	20	0.29	15,38,060	3.03
1,00,001 and above	24	0.34	3,50,29,640	69.07



11. Categories of Shareholders as on 31st March, 2013

Category	No. of Shares Held	% of Shareholding
Promoter Holding		
1. Promoter Holding	30,68,492	60.50
Public Share Holding		
2. Mutual Funds and UTI	200	0.01
3. Banks, Fin. Institutions, Insurance Companies, Govt. Companies	600	0.01
4. FIIS	–	–
Others		
5. Directors & Relatives*	73,040	1.44
6. Private Corporate Bodies	2,49,318	4.92
7. Indian Public	16,55,537	32.64
8. NRI's/OCB's	24,713	0.48

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

12. Dematerialization of Shares

Mode	No. of Shares	%
Demat	19,12,686	37.712
Physical	31,59,214	62.288
TOTAL	50,71,900	100.000

13. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.

14. Plant Locations:

The Company's plants are located as under:

- Unit I : Sengalipalayam, NGGO Colony Post, Coimbatore – 641 022
- Unit II & III : Kariyampalayam, Annur, Coimbatore – 641 022
- Unit IV : Athipalayam Road, Vellamadai (P.O.), Coimbatore - 641 110

- Wind Mills :
1. Kethanur, Palladam, Tirupur – 638 671
 2. Sinjuwadi, Pollachi, Coimbatore – 642 007
 3. Irukkanthurai, Radhapuram, Tirunelveli – 627 011

15. Addresses for Correspondence:

For any assistance, request or instruction regarding transfer or transmission of shares, dematerialisation of shares, change of address, non-receipt of annual report, dividend warrant and any other query relating to the Company, the investors may please write to the following address:

S K D C Consultants Limited Kanapathy Towers 3rd Floor, 1391/A-1, Sathy Road Ganapathy, Coimbatore – 641 006 phone: + 91-422-6549995, 2539835, Email: info@skdc-consultants.com Web: www.skdc-consultants.com	The Company Secretary, Veejay Lakshmi Engineering Works Ltd Sengalipalayam, NGGO Colony post, Coimbatore- 641 022 Phone:+91-422- 2460662 Email: accounts@veejaylakshmi.com compsec@veejaylakshmi.com
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**DECLARATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING
ADHERENCE TO THE CODE OF CONDUCT AND ETHICS**

Pursuant to Clause 49 (l) (D) of the Listing Agreement, I hereby declare that for the financial year ended March 31, 2013 the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the company. It is also confirmed that the Code of Conduct has already been posted on the website of the Company.

Coimbatore
30.05.2013

Sd/- J. Anand
Managing Director

**CERTIFICATION BY CEO/CFO UNDER CLAUSE 49 V
OF THE LISTING AGREEMENT**

To

The Board of Directors,
Veejay Lakshmi Engineering Works Limited
Coimbatore - 641 018

We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2013 and that to the best of their knowledge and belief:

- (a) (i) These statements do not contain any materially untrue statement or omit any Material fact or contain statements that might be misleading.
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee:
 - (i) Significant changes in internal control over financial reporting during the year.
 - (ii) Significant changes in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
30.05.2013

Sd/- J. Anand
Managing Director

Sd/- D. Ranganathan
Whole time Finance Director



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, 2013, 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, 2013.

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.

For **N.R. DORAISWAMI & CO.**
Chartered Accountants
(Firm Regn. No.:000771S)

Coimbatore
30.05.2013

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



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

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Veejay Lakshmi Engineering Works Limited which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:
- a) 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;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **N.R. DORAISWAMI & CO.**
Chartered Accountants
(Firm Regn. No.:000771S)

Coimbatore
30.05.2013

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



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date)

- i) In respect of its Fixed Assets:
 - 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) In respect of its Inventories:
 - a) The inventories of the company at all its locations have been physically verified by the management during the year.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company has maintained proper records of inventories and the discrepancies between the physical inventories and the book records which have been properly dealt with in the books of account were not material.
- iii) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - a) The Company had taken loans from 5 parties. The maximum amount involved during the year was ₹ 284.93 lakhs and the year end balance of loans taken from such parties was ₹ 132.99 lakhs.
 - b) In our opinion the rate of interest and other terms and conditions on which loans have been taken from parties listed in the registers maintained under section 301 are not, prima facie, prejudicial to the interest of the Company.
 - c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
 - d) There is no overdue amount of loans taken from parties listed in the registers maintained under section 301 of the Companies Act, 1956. The repayment of the principal amount is as per the agreed terms.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- v) In respect of contracts and arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, contracts and arrangements that needed to be entered into the register have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to ₹ 5.00 lakhs or more in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) Based on our scrutiny of the Company's records and according to the information and explanation provided by the management, the company has not accepted any deposits from the public and hence the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- vii) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the records.



- ix) According to the information and explanations given to us in respect of statutory and other dues:
- the Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess.
 - according to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.
 - at the end of the financial year there were no dues of Sales Tax, Income Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.

Name of the Statute	Nature of the Dues	Amount ₹ in Lakhs	Forum where dispute is pending
Central Excise Act 1944	Excise/Service Tax	12.32*	Customs, Central Excise and Service Tax Appellate Tribunal

* Includes 0.24 lakhs pre-deposit amount paid

- The Company has no accumulated losses at the end of the financial year. The Company had not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment during the year.
- The company has not made any preferential allotment of shares during the year.
- The Company has not issued any debentures during the year.
- The Company has not raised any money by public issue during the year.
- During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have been informed by the management of any such instance being noticed or reported during the year.

For **N.R. DORAISWAMI & CO.**
Chartered Accountants
Firm Regn. No.000771S
(Sd/-) SUGUNA RAVICHANDRAN
Partner
(Membership No. 207893)

Coimbatore
30.05.2013

**BALANCE SHEET AS AT 31ST MARCH 2013**

Particulars	Note No.	Figures at	Figures at
		the end of the current reporting period 31.03.2013	the end of the previous reporting period 31.03.2012
		Rs. in lakhs	
I. EQUITY AND LIABILITIES			
(1) Share Holder's Funds			
(a) Share Capital	1	507.19	507.19
(b) Reserves and Surplus	2	6,584.29	6,872.26
Sub total (1)		7,091.48	7,379.45
(2) Non Current Liabilities			
(a) Long Term Borrowings	3	466.99	635.93
(b) Deferred Tax Liabilities (Net)	4	201.45	331.13
(c) Other Long term Liabilities	5	82.12	74.72
(d) Long-term Provisions	6	51.99	46.92
Sub total (2)		802.55	1,088.70
(3) Current Liabilities			
(a) Short term Borrowings	7	24.31	93.27
(b) Trade Payables	8	285.97	202.66
(c) Other Current Liabilities	9	772.41	954.40
(d) Short-term provisions	10	133.42	204.90
Sub total (3)		1,216.11	1,455.23
TOTAL LIABILITIES		9,110.14	9,923.38
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		2,769.76	3,167.98
(ii) Intangible Assets		19.56	26.05
Sub total (1)		2,789.32	3,194.03
(b) Non current Investments	12	2,401.85	2,401.85
(c) Long Term Loans and Advances	13	465.99	460.97
Sub total (2)		5,657.16	6,056.85
(2) Current Assets			
(a) Inventories	14	2,831.28	3,316.44
(b) Trade Receivables	15	55.78	83.42
(c) Cash and Cash equivalents	16	98.62	50.77
(d) Short Term Loans and Advances	17	146.58	132.34
(e) Other current assets	18	320.72	283.56
Sub total (3)		3,452.98	3,866.53
TOTAL ASSETS		9,110.14	9,923.38

See accompanying notes to the financial statements.

As per our report attached For N.R. DORAISWAMI & CO Chartered Accountants (Firm Registration No. 000771S)	(Sd/-) V.J. JAYARAMAN Chairman Cum Managing Director	(Sd/-) J. ANAND Managing Director
Coimbatore 30.5.2013	(Sd/-) SUGUNA RAVICHANDRAN Partner, (Membership No.207893)	(Sd/-) S. VINOD KUMAR Company Secretary


STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Figures for the current reporting period As at 31.3.2013	Figures for the previous reporting period As at 31.3.2012
		Rs. in lakhs	
I. Revenue from operations	19	6,570.85	5,871.88
II. Other Income	20	8.66	9.68
III. Total Revenue (I+II)		6,579.51	5,881.56
IV. Expenses			
Cost of Materials consumed	21	2,811.24	3,007.79
Changes in Inventories of Finished goods, Work-in process and Stock in trade	22	787.96	26.48
Employees Benefit Expense	23	1,136.54	1,094.29
Finance Costs	24	72.09	159.27
Depreciation and amortization expenses		498.57	515.61
Other expenses	25	1,215.23	1,018.34
Total Expenses		6,521.63	5,821.78
V. Profit before exceptional and extraordinary items and tax (III-IV)		57.88	59.78
VI. Exceptional items	26	475.37	—
VII. Profit before extraordinary items and tax (V-VI)		-417.49	59.78
VIII. Extraordinary items		—	—
IX. Profit before Tax (VI - VIII)		-417.49	59.78
X. Tax Expense :			
Current Tax		—	59.00
Prior year taxes		0.16	7.93
Deferred Tax		-129.68	-11.59
XI. Profit and Loss for the period from continuing operations (IX-X)		-287.97	4.44
XII. Profit/loss from discontinuing operations		—	—
XIII. Tax expense of discontinuing operations		—	—
XIV. Profit/loss from discontinuing operations (after tax)		—	—
XV. Profit/(loss) for the period Basic & Diluted		-287.97 -5.68	4.44 0.09

See accompanying notes to the financial statements.

	As per our report attached For N.R. DORAISWAMI & CO Chartered Accountants (Firm Registration No. 000771S)	(Sd/-) V.J. JAYARAMAN Chairman Cum Managing Director	(Sd/-) J. ANAND Managing Director
Coimbatore 30.5.2013	(Sd/-) SUGUNA RAVICHANDRAN Partner, (Membership No.207893)		(Sd/-) S. VINOD KUMAR Company Secretary

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
		Rs. in lakhs	
1.	SHARE CAPITAL		
	Equity Share Capital		
	Face/par value per share-Rs.	10	10
	Authorised Capital-Number of shares	60,00,000	60,00,000
	Authorised Capital-Amount Rs. in lakhs	600.00	600.00
	Issued, Subscribed and fully paid up Capital – No of shares	50,71,900	50,71,900
	Total paid up Capital Value Rs. in lakhs	507.19	507.19
	Subscribed but not fully paid	Nil	Nil
	No of shares paid up outstanding at the beginning of reporting period	50,71,900	50,71,900
	Changes during the reporting period	Nil	Nil
	No of shares paid up outstanding at the end of reporting period	50,71,900	50,71,900
	No of shares held by persons holding more than 5% of total shares		
	Sri. V.J. Jayaraman	12,25,385	12,25,385
	Smt. J. Vidya	7,25,700	7,25,700
	Sri. J. Anand	11,09,807	11,09,807
	Shares reserved for issue of options etc.	–	–
	Shares issued for consideration other than cash or as Bonus shares or shares bought back in the last 5 years	–	–
	Securities that can be convertible into shares	–	–
	Calls unpaid	–	–
	Forfeited shares	–	–
2.	RESERVES AND SURPLUS		
(a)	Securities Premium Reserve		
	Share Premium Account	2,116.43	2,116.43
(b)	Other Reserves		
	General Reserve	–	–
	Balance at the beginning of the reporting period	3,574.63	3,574.63
	Additions during the year	–	–
	Balance at the end of the reporting period	3,574.63	3,574.63
(c)	Surplus-Balance in Profit and Loss statement		
	Balance at the beginning of the reporting period	1,181.20	1,176.76
	Add : Current year surplus	-287.97	4.44
	Less : Transfer to general reserve	–	–
	Less : Proposed Dividend	–	–
	Less : Dividend Distribution Tax	–	–
	Balance at the end of the reporting period	893.23	1,181.20
	Total Reserves and Surplus	6,584.29	6,872.26


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
		Rs. in lakhs	
3.	TERM LOANS BORROWINGS		
	Technology Development Board		
	Secured by hypothecation of moveable Fixed Assets of the Company and guarantees by two Directors of the Company and also the guarantee of the subsidiary. Repayment 2013-14 Rs.167 lakhs, 2014-15 Rs.167 lakhs, 2015-16 Rs.167 lakhs . Excludes installments of Rs.167 lakhs due before 31.03.2014 included under current liabilities	334.00	501.00
	Total Secured	334.00	501.00
	Unsecured-Loans and Advances from Related parties		
	Loans from Directors	132.99	134.93
	Unsecured loans are from promoters and have no fixed maturity. It is repayable at the option of the company or the promoters. Interest is payable only at the time of repayment of the loan. The amount to be withdrawn in the next 12 months from the balance sheet date has been classified as current liability based on the information provided by the promoters.		
	Total Unsecured Loans	132.99	134.93
	Total Long Term Borrowings	466.99	635.93
	Secured/Unsecured borrowings-There is no default/delay in repayment of principal or interest and no amount is over due as at the end of the reporting period		
	There is no redeemed bonds/debentures for which the Company has power to issue		
4.	DEFERRED TAX LIABILITIES		
	Items considered for Deferred Tax Liability/Asset :		
	Depreciation	1,137.00	1,362.00
	Deferred Tax Liability-A	368.94	441.92
	Carry forward Loss and other timing difference items	516.23	341.48
	Deferred Tax Asset-B	167.49	110.79
	Deferred Tax Liability-Net (A-B)	201.45	331.13
5.	OTHER LONG TERM LIABILITIES		
	Interest accrued not due payable after 12 months	82.12	74.72
	Total Other Long term Liabilities	82.12	74.72
6.	LONG TERM PROVISIONS		
	Provision for Employee benefits-Gratuity	51.99	46.92
	Gratuity due for employees due for retirement during 2013-14 Rs. 4.96 lakhs, as per the terms of employment, is classified as current liability and included under short term employee benefits		

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
Rs. in lakhs			
7. SHORT TERM BORROWINGS			
i) Loans repayable on demand - Secured			
a) From Banks			
State Bank of India		–	77.69
Bank of Baroda		2.89	12.47
Indian Overseas Bank		0.07	1.65
Corporation Bank		0.54	1.46
Secured by a first charge on current assets, mortgage of factory land and buildings and second charge on movable fixed assets on pari passu basis.			
b) Liability for imports for finance availed from foreign banks under Buyers' Credit Scheme secured by the Letters of Credit opened by the Banks		20.81	–
Total Short term Borrowings		24.31	93.27
There is no default in payment of principal or interest for the above			
8. TRADE PAYABLES			
Liabilities for Supplies and Services		285.97	202.66
Total Payables		285.97	202.66
9. OTHER CURRENT LIABILITIES			
Current Maturities of Long Term Debt (Secured)		167.00	167.00
Current Maturities of Long Term Debt (UnSecured)		–	150.00
Interest Accrued but not due on borrowings		21.31	50.86
Advance Received against sales		565.60	554.92
Unpaid Dividends		6.95	8.89
Liabilities for other Finance-Statutory Liabilities, Tax collections payable, Deduction from Salaries and Wages, etc.		11.55	22.73
Total Other Current Liabilities		772.41	954.40
10. SHORT TERM PROVISIONS			
Provision for Employee benefits (Leave salary, Bonus and Gratuity due within an year)		74.42	145.90
Provision for Income tax		59.00	59.00
Total Short Term Provisions		133.42	204.90



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

11. FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost upto 31.3.2012	Additions	Sales/ Transfers	Cost upto 31.03.2013	Upto 31.03.2012	For the year	Withdrawn during the year	Upto 31.03.2013	31.03.2012	31.03.2013
(Rs. in lakhs)										
TANGIBLE ASSETS										
Land	220.85	—	—	220.85	—	—	—	—	220.85	220.85
Buildings	1,166.99	—	0.67	1,166.32	525.20	38.23	0.67	562.76	603.56	641.79
Plant & Machinery	7,121.20	80.42	470.52	6,731.10	4,939.48	421.67	466.10	4,895.05	1,836.05	2,181.72
Vehicles	60.24	—	16.97	43.27	49.97	2.16	15.47	36.66	6.61	10.27
Furniture and fittings	100.36	8.81	13.57	95.60	58.53	4.83	13.57	49.79	45.81	41.83
Office Equipments	229.75	4.23	70.58	163.40	158.23	18.87	70.58	106.52	56.88	71.52
Sub Total A	8,899.39	93.46	572.31	8,420.54	5,731.41	485.76	566.39	5,650.78	2,769.76	3,167.98
INTANGIBLE ASSETS										
Computer Software	52.41	6.32	—	58.73	26.36	12.81	—	39.17	19.56	26.05
Sub Total B	52.41	6.32	—	58.73	26.36	12.81	—	39.17	19.56	26.05
Total (A+B)	8,951.80	99.78	572.31	8,479.27	5,757.77	498.57	566.39	5,689.95	2,789.32	3,194.03
Previous Year	8,870.79	109.07	28.06	8,951.80	5,268.82	515.61	26.66	5,757.77	3,194.03	3,601.97

Additional Disclosure:

Profit / (loss) on disposal of fixed assets during the year ended 31st March 2013 is Rs. 0.11 Lakhs (Rs. 5.35 Lakhs for the year ended 31st March 2012).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
Rs. in lakhs			
12.	NON-CURRENT INVESTMENTS		
	(I) In Government or Trust Securities		
	7 Years National Savings Certificate at cost	0.10	0.10
	(II) In Shares and Bonds		
	Non-Trade Quoted		
	1,500 Equity Shares of Rs.10/- each in M/s Lakshmi Machine Works Limited, fully paid up, at cost	0.14	0.14
	10,000 Equity Shares of Rs.10/- each in M/s Precision Fasteners Limited, fully paid up, at cost	5.00	5.00
	200 Equity Shares of Rs.10/- each in M/s IFCI Limited fully paid up, at cost	0.04	0.04
	334 Equity Shares of Rs.10/- each in State Bank of India, fully paid up, at cost	1.59	1.59
	(III) Investment in Wholly Owned Subsidiary		
	1,20,00,000 Equity Shares of Rs.10/- each in M/s Veejay Lakshmi Textiles Limited, fully paid up at cost	1,200.00	1,200.00
	1,20,00,000 6% Non Cumulative Redeemable Preference Shares of Rs. 10/- each in M/s.Veejay Lakshmi Textiles Ltd, fully paid up at Cost	1,200.00	1,200.00
	Total	2,406.87	2,406.87
	Less Investment Fluctuation Reserve	5.02	5.02
	Total	2,401.85	2,401.85
	Aggregate Value Of Quoted Investments – Cost	6.77	
	– Market Value	34.78	
	Aggregate Value of Unquoted Investments – Cost	2,400.10	


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
		Rs. in lakhs	
13.	LONG TERM LOANS AND ADVANCES		
	(Unsecured considered good)		
	a) Capital Advances	30.67	30.67
	b) Security Deposits	35.32	30.30
	c) Loans and Advances to Subsidiary	400.00	400.00
	d) Loans and Advances to firms or Private Companies in which the Directors are partner or a Director or a member	-	-
	e) Loans and Advances to other related parties	-	-
	Long Term Loans and Advances - Total	465.99	460.97
	All the above are unsecured but considered good and no allowance made for bad or doubtful debt		
14.	INVENTORIES		
	Raw Materials (At weighted average cost)	671.05	303.65
	Scrap (At estimated cost or net realisable value whichever is lower)	0.86	0.78
	Components (At weighted average cost)	270.34	313.65
	Work-in-Progress (At estimated cost)	1,801.49	2,588.37
	Stores and spares (At weighted average cost)	83.12	108.82
	Finished goods (At cost or net realisable value whichever is lower)	-	1.17
	Retired Assets held for disposal (At estimated cost or net realisable value whichever is lower)	4.42	-
	Total Inventories	2,831.28	3,316.44
15.	TRADE RECEIVABLES		
	a) Outstanding for a period above six months		
	i. Secured considered good	-	-
	ii. Unsecured considered good	31.83	32.18
	iii. Doubtful	-	-
	(Allowance for Bad and doubtful debts in iii above)		
	b) Others		
	i. Secured considered good	-	-
	ii. Unsecured considered good	23.95	51.24
	iii. Doubtful	-	-
	(Allowance for Bad and doubtful debts in iii above)		
	Total Trade receivables	55.78	83.42
	Debts due by Directors or other officers or debts due by firms or private companies of which any Director is a partner, member or Director included in above	Nil	Nil

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
Rs. in lakhs			
16.	CASH AND CASH EQUIVALENTS		
	Balance with Banks		
	– in Current Accounts	19.75	2.23
	– in Deposit Accounts-maturity above 12 months	–	–
	– in Deposit Account with maturity less than 12 months	50.00	–
	– Deposits for Margin money or for other commitments/security	1.50	10.67
	Cheques, drafts on hand	–	–
	Ear marked balances with Banks-Unpaid Dividends	6.95	8.89
	Cash on hand	20.42	28.98
	Total Cash and Cash equivalents	98.62	50.77
17.	SHORT TERM LOANS AND ADVANCES		
	Unsecured-considered good		
	i) Advance to Suppliers-Related parties		
	Advance to Subsidiary	–	13.20
	Advances to Directors or other officers of the Company or due by firms or private companies in which any director is a partner or director	–	–
	ii) Advance to Suppliers – Others	136.71	108.82
	iii) Advance to Staff and Workers	5.69	5.20
	Unsecured-Doubtful		
	Advance to Suppliers – Others	4.18	5.12
	Allowance for Doubtful Loans	–	–
	Total Short Term Loans and Advances	146.58	132.34
18.	OTHER CURRENT ASSETS		
	Advance payment of Taxes,TDS & MAT credit entitlements	157.49	159.72
	Cenvat/Vat credit, Duty draw back and other receivables	155.87	110.88
	Prepaid Expenses	7.36	12.96
	Total Other Current Assets	320.72	283.56
19.	REVENUE FROM OPERATIONS		
	a) Sale of Products	7,088.98	6,352.56
	b) Sale of Services	76.60	76.53
	c) Other operating revenues	51.55	8.27
	Sub total	7,217.13	6,437.36
	Less : Excise Duty	646.28	565.48
	Total Revenue	6,570.85	5,871.88


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
		Rs. in lakhs	
20.	OTHER INCOME		
	Interest Income	7.68	3.86
	Dividend Income	0.87	0.47
	Net gain/Loss on sale of assets	0.11	5.35
	Total Other Income	8.66	9.68
21.	COST OF MATERIALS CONSUMED		
	Raw materials-Ferrous	349.49	338.38
	Raw materials-Non-Ferrous	138.52	164.20
	Raw materials-Castings	83.60	93.10
	Raw materials-Non metals	93.73	85.09
	Components	2,145.90	2,327.02
	Materials consumed	2,811.24	3,007.79
22.	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROCESS AND STOCK IN TRADE		
	Opening stock	2,590.31	2,616.79
	Closing stock	1,802.35	2,590.31
	Change in inventory	787.96	26.48
23.	EMPLOYEE BENEFITS		
	Salary, Wages, Gratuity, etc	979.16	968.26
	Contribution to Provident Fund	39.83	50.27
	Staff and Labour Welfare expenses	117.55	75.76
	Total Employee Cost	1,136.54	1,094.29
24.	FINANCE COSTS		
	Interest expense	56.80	126.76
	Other borrowing cost	15.11	33.79
	Net gain/loss on Foreign currency transactions	0.18	-1.28
	Total Finance Cost	72.09	159.27

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

Notes No.	Particulars	Figures at the end of the current reporting period 31.03.2013	Figures at the end of the previous reporting period 31.03.2012
		Rs. in lakhs	
25.	OTHER EXPENSES		
	Stores consumed	297.32	279.92
	Fabrication Charges	167.73	158.82
	Power and Fuel	271.82	212.33
	Freight	12.24	11.97
	Printing and Stationery	17.21	5.83
	Postage and Telephone	17.10	15.94
	Travelling and Vehicle Maintenance	49.09	54.27
	Insurance	4.28	6.14
	Rent	14.68	14.53
	Bank Charges	10.76	13.05
	Licence and Taxes	28.57	20.84
	Sales commission	116.94	106.31
	Sales promotion expenses	93.13	20.47
	Subscription and periodicals	3.18	2.54
	Directors' sitting fees	0.55	0.58
	Audit fees		
	a) Auditors' Remuneration	1.20	1.20
	b) For Taxation matter	0.05	1.00
	c) Other Services	0.46	0.30
	d) Reimbursement of Expenses	–	0.03
	Legal and Professional charges	15.92	20.92
	Repairs and Maintenance-Buildings	9.44	23.61
	Repairs and Maintenance-Machinery	54.27	43.00
	Repairs and Maintenance-Others	28.99	4.70
	Donations	0.30	0.04
	Total Other Expenses	1,215.23	1,018.34
26.	Exceptional Items		
	Voluntary Retirement Scheme	475.37	–
	Total	475.37	–

See accompanying notes to the financial statements.

	As per our report attached For N.R. DORAISWAMI & CO Chartered Accountants (Firm Registration No. 000771S)	(Sd/-) V.J. JAYARAMAN Chairman Cum Managing Director	(Sd/-) J. ANAND Managing Director
Coimbatore 30.5.2013	(Sd/-) SUGUNA RAVICHANDRAN Partner, (Membership No.207893)		(Sd/-) S. VINOD KUMAR Company Secretary



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

G. Inventory Valuation

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

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013**
(Contd.)

- I. Foreign Exchange Transactions:** The transactions in respect of import of materials and export sales have been accounted for at the rates of exchange prevailing on the date of the transactions. However, in respect of transactions remaining unpaid/unrealized, exchange rates prevailing at the end of the year have been adopted. Difference arising out of fluctuation in the exchange for the above transaction has been taken to a separate account, which is debited/credited to the Profit and Loss Account. Wherever Forward Contracts have been entered, the premium or discount has been recognized over the period of the contract and the exchange differences on these contracts have been adjusted during the period in which the differences have taken place. All forward contracts have been entered only for import or export transactions of the Company and no contract has been entered for speculative purposes.
- J. Impairment of Assets:** The carrying amount of the fixed assets is reviewed for provision for impairment as required under AS 28. In the opinion of the Company, the recoverable amount of the fixed assets of the Company will not be lower than the book value of the fixed assets. Hence no provision has been made for impairment.
- K. Investments:** Investments are shown at cost. Investment fluctuation reserve has been created for the diminution in value of quoted investments.
- L. Provisions, contingent liabilities and contingent assets:** Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- M. Earning Per Share:** Basic Earning per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- N. Cash flow Statement:** Cash flows are prepared under "indirect method." Closing balances of cash includes cash and cash equivalents in hand and balances in bank in current accounts.
- O. Segment Reporting:** Business segments are identified based on the nature of products and services. For reporting the business has been split into two segments – one representing Engineering activities manufacturing textile machinery and the other representing the generation of power by wind energy. Power generated from windmills is wheeled through Electricity Board and adjusted against the consumption of power by the Company and the Subsidiary Company. The entire value of power generated is treated as sale to Electricity Board and included in the sales turnover. The adjustment to Subsidiary Company and self consumption is not considered for Inter Segment Revenue/Adjustments, as has been done in the past.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013
(Contd.)

Particulars	As at 31.3.2013	As at 31.3.2012
	Rs. in lakhs	

2. EXPENDITURE IN FOREIGN CURRENCY

A. Value of Imports made on CIF Basis

Raw materials	29.76	138.15
Components and spares parts	1,304.24	1,565.09
Capital goods	46.26	5.71
Total	1,380.26	1,708.95

B. Other expenses in Foreign currency

Expenditure on Foreign Currency on account of Travelling, Sales Commission/Promotion and interest etc.	7.41	21.50
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C. Consumption

Total value of all imported raw materials, components and spare parts consumed	1,334.00	883.97
% to total	47%	29%
Total value of all indigenous raw materials, components and spare parts consumed	1,477.24	2,123.82
% to total	53%	71%
Total consumption	2,811.24	3,007.79

D. Earnings In Foreign Currency

Export of goods - F.O.B. value	660.92	138.16
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**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013
(Contd.)**

Particulars	As at 31.3.2013	As at 31.3.2012
	Rs. in lakhs	

3. Contingent Liabilities and Commitments

1. Contingent Liabilities		
a. Claims against the Company not acknowledged as Debts		
i. Income tax Liability on expenses disallowed/additions proposed disputed in appeals	1.30	66.16
ii. Amounts claimed by Excise and Service Tax authorities	28.16	28.89
b. Guarantees		
Guarantees issued by Banks on behalf of the Company	589.70	901.74
Guarantee issued on behalf of an associate Company in which Directors are interested	–	345.00
Guarantees given on behalf of the Directors or other officers of the Company	–	–
Credit facilities of Subsidiary guaranteed by the Company-outstanding-both fund based and non fund based	1,528.89	2,046.28
Letter of Credit opened by Banks on behalf of the Company	87.53	76.26
c. Other money for which Company is contingently liable		
i. Duty Liability and interest on account of pending export obligation against EPCG Licences	–	–
ii. Duty Liability against Advances Licences for Deemed Exports	–	72.21
2. Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	158.99	137.99
b. Uncalled liability on shares and investments partly paid	Nil	Nil

4. Research and Development expenses incurred **94.55** 63.38

5. Gain (Loss) on account of foreign exchange difference included in the profit and loss account

on account of foreign currency borrowings included under finance cost	(0.18)	1.28
on trade payable/receivables included under other expenses	9.86	3.66


**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013
(Contd.)**
6. Unhedged foreign exchange exposure as at 31.3.2013

Payables-Creditors, Liability on account of L/cs opened and orders placed for imports and dues under buyer's credit scheme	Amount in respective currencies	
USD	3,57,802	2,32,776
EURO	1,43,789	3,315
JPY	14,60,000	–
CHF	–	4,06,500
Receivables-Export receivables		
USD	1,26,500	–
EURO	–	324.00

7. Segment Report for the year ended 31.3.2013

Rs. in Lakhs

Revenue	31st March 2013			31st March 2012		
	Engg. Dvn.	Wind Mill Dvn.	Total	Engg. Dvn.	Wind Mill Dvn.	Total
External Sales	6398	173	6571	5,740	138	5,878
Inter Segment Transfers	–	–	–	–	–	–
Total Revenue	6398	173	6571	5,740	138	5,878
Result						
Segment Result	25	97	122	173	53	226
Un allocated including exceptional items	–	–	-477	–	–	-11
Operating Profit	–	–	-355	–	–	215
Interest Expense	–	–	-72	–	–	-159
Interest Income	–	–	8	–	–	4
Income Taxes	–	–	130	–	–	-55
Unallocable Income	–	–	1	–	–	–
Profit from Ordinary Activities	–	–	-288	–	–	5
Extra Ordinary Items	–	–	–	–	–	–
Net Profit	–	–	-288	–	–	5
Other Information						
Segment Assets	5510	321	5831	6,256	388	6,644
Un allocated Corporate Assets	–	–	3279	–	–	3,277
Total Assets	5510	321	9110	6,256	388	9,921
Segment Liabilities	975	–	975	967	5	972
Un allocated Corporate Liabilities	–	–	8135	–	–	8,949
Total Liabilities	–	–	9110	–	–	9,921
Capital Expenditure	100	–	100	109	–	109
Depreciation	499	–	499	516	–	516
Non Cash Expenditure other than depreciation	–	–	–	–	–	–

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013**
(Contd.)**8. Related Party Disclosures for the year ended 31.03.2013**

(Rs. in Lakhs)

Particulars		Associated Companies/ Firms	Subsidiary Company	Key Managerial personnel	Relative of Key Managerial Personnel
Purchase of goods and services-raw materials, components and engineering job works	2012-13	20.46	3.43	-	-
	2011-12	26.08	15.85	-	-
Sale of machinery, spares, raw materials, components and job works	2012-13	253.34	4.29	-	-
	2011-12	126.14	55.95	-	-
Sales commission paid	2012-13	124.23	-	-	-
	2011-12	110.89	-	-	-
Rent paid	2012-13	13.29	-	1.23	-
	2011-12	13.29	-	1.23	-
Managerial remuneration	2012-13	-	-	45.53	9.60
	2011-12	-	-	44.48	9.60
Unsecured loans	2012-13	-	-	132.99	-
	2011-12	-	-	284.93	-
Interest paid on loans	2012-13	-	-	14.96	-
	2011-12	-	-	26.50	-
Finance including loans and equity/Preference share capital contribution in cash or in kind	2012-13	-	2,400.00	-	-
	2011-12	-	2,400.00	-	-
Guarantees and collaterals	2012-13	-	2,259.00	-	-
	2011-12	345.00	2,046.28	-	-
Outstanding due from the Company	2012-13	10.82	-	-	-
	2011-12	20.59	-	-	-
Outstanding due to the Company	2012-13	-	400.00	-	-
	2011-12	-	413.20	-	-

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

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



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013
(Contd.)

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

	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
A. Expense recognised during year ended 31.03.2013		
1. Current Service cost	5,98,133	7,26,968
2. Interest Cost	6,22,272	5,87,827
3. Expected return on plan assets	-4,13,836	-5,54,138
4. Actuarial Losses / (Gains) during the year	48,70,363	31,38,993
5. Direct payment/Past service cost vested benefits	-	-
6. Total Expense	56,76,932	38,99,650
B. Actual return on Plan assets		
1. Expected return on plan assets	4,13,836	5,54,138
2. Actuarial (Loss) / Gain on Plan assets	1,33,147	-4,16,893
3. Actual return on plan assets	5,46,983	1,37,245
C. Net Asset / (Liability) recognised in the Balance Sheet		
1. Present value of the obligation as on 31.03.2013	92,66,527	1,12,62,499
2. Fair value of plan assets as on 31.3.2013	35,71,987	65,43,464
3. Funded status (surplus/{deficit})	-56,94,540	-47,19,035
4. Unrecognised past service cost	-	-
5. Net Asset/(Liability) recognised in the Balance Sheet	-56,94,540	-47,19,035
D. Change in Present value of the Obligation during the year ended March 31,2013		
1. Present value of the obligation as at April 1, 2012	1,12,62,499	74,70,084
2. Current service cost	5,98,133	7,26,968
3. Interest cost	6,22,272	5,87,827
4. Benefits paid	-82,19,887	-2,44,481
5. Actuarial (gain) / loss on obligation	50,03,510	27,22,101
6. Present value of obligation as at March 31,2013	92,66,527	1,12,62,499
E. Change in Assets during the year ended March 31, 2013		
1. Fair value of plan assets as at April 1, 2012	65,43,464	64,06,219
2. Expected return on plan assets	4,13,836	5,54,138
3. Contributions made	47,01,427	2,44,481
4. Benefits paid	-35,18,460	-2,44,481
5. Direct Benefit Payments	-47,01,427	-
5. Actuarial gain / (loss) on plan assets	1,33,147	-4,16,893
6. Fair value of plan assets as at March 31, 2013	35,71,987	65,43,464
F. Major categories of plan assets as a percentage of total plan		
Qualifying insurance policies	33,54,559	13,64,926
Own plan assets	2,17,428	51,78,538
Total	35,71,987	65,43,464
G. Actuarial Assumptions		
1. Discount rate	8.20%	8.70%
2. Salary escalation	5.00%	5.00%
3. Expected rate of return on plan assets	9.00%	8.65%
4. Attrition rate	2%	2%

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013
(Contd.)**

10. As defined under Micro, small and Medium Enterprises Development Act 2006, the disclosure in respect of the amount payable to such enterprises as at 31.03.2013 is given below based on information received and available with the company.

	(Rs. in Lakhs)	
	31/03/13	31/03/12
a) The Principal amount due there on remaining unpaid to any supplier as at the end of each accounting year	12.17	35.84
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

11. Earnings per share

Profit before taxes	-417.49	59.78
Tax	-129.52	55.34
Profit after tax	-287.97	4.44
No of equity shares	50,71,900	50,71,900
Earnings per share - Rs.	-5.68	0.09

12. Financial Details of Wholly Owned Subsidiary

Share Capital	2400.00	2,400.00
Reserves	-1119.23	-1,073.95
Total Assets	6349.54	6,272.66
Total Liabilities	6349.54	6,272.66
Investments	1.31	1.31
Turnover	5057.58	4,981.81
Profit before Taxation	-472.31	-801.00
Provision for Taxation	-427.04	-45.11
Profit after Taxation	-45.27	-755.89
Proposed Dividend	Nil	Nil

13. Figures have been rounded off to Rs. in lakhs and previous year figures have been regrouped/rearranged wherever necessary.

As per our report attached For N.R. DORAISWAMI & CO Chartered Accountants (Firm Registration No. 000771S)	(Sd/-) V.J. JAYARAMAN Chairman Cum Managing Director	(Sd/-) J. ANAND Managing Director
Coimbatore 30.5.2013	(Sd/-) SUGUNA RAVICHANDRAN Partner, (Membership No.207893)	(Sd/-) S. VINOD KUMAR Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

	Year ended March, 2013	Year ended March, 2012
	Rs. in lakhs	
A. Cash Flow from Operating Activities		
Net Profit Before Tax and extra ordinary item	-417.49	59.78
Adjustments for :		
Depreciation	498.57	515.61
Interest paid	72.09	172.32
Profit on sale of Investments/Assets	-0.11	-5.35
Interest/Dividend Income	-8.55	-4.33
Operating Profit before working capital changes	144.51	738.03
(Increase)/Decrease in Trade and Other Receivables	-44.97	764.95
Increase/(Decrease) in Payables	-52.56	-1,000.59
Decrease/(Increase) in Inventories	485.16	-7.57
Cash generated from operations	532.14	494.82
Direct Taxes paid	2.07	-92.52
Cash flow before extra ordinary items	534.21	402.30
Net Cash from Operating Activities	534.21	402.30
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-99.77	-109.07
Sale of Fixed Assets	6.02	6.75
Investment in subsidiary	13.20	16.34
Redemption of Investments	-	18.00
Interest received	8.44	4.62
Dividend received	0.87	0.47
Net cash used for Investing Activities	-71.24	-62.89
C. Cash flow from Financing Activities		
Increase/(Repayment) of Long Term borrowings	-318.94	-137.30
Dividends paid	-1.94	-77.91
Interest paid	-94.24	-114.19
Net cash from financing activities	-415.12	-329.40
Net Increase in cash and cash equivalents	47.85	10.01
Cash and Cash equivalents as at 31.3.2012	50.77	40.76
Cash and Cash equivalents as at 31.3.2013	98.62	50.77

As per our report attached
For **N.R. DORAISWAMI & CO**
Chartered Accountants
(Firm Registration No. 000771S)
(Sd/-) SUGUNA RAVICHANDRAN
Partner, (Membership No.207893)

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

(Sd/-) J. ANAND
Managing Director

(Sd/-) S. VINOD KUMAR
Company Secretary

Coimbatore
30.5.2013

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013
(Contd.)****A. Companies / firms with which the Company had transactions during the year.**

S.No.	Name of the Company/Firm
1	M/s. Veejay Lakshmi Textiles Limited
2	M/s. Veejay Sales and Services Limited
3	M/s. Veejay Terry Products Limited
4	M/s. Veejay Marketing
5	M/s. Veejay Syntex Private Limited
6	M/s. Veejay Tool & Die Private Limited

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

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

1. M/s. The Krishna Mills Private Limited
2. M/s. Lakshmi Precision Tools Limited
3. M/s. Deluxe Marketing
4. M/s. Deluxe Components
5. M/s. Ranba Castings Limited
6. M/s. Samrajyaa & Co
7. M/s. The Suguna Mills Private Limited
8. M/s. Magna Electro Castings Limited
9. M/s. Prathishta Weaving & Knitting Co. Limited
10. M/s. Augustan Knit Wear Pvt. Limited
11. M/s. Augustan Textile Colors Pvt. Limited
12. M/s. Augustan Coimbatore Knitting Company Pvt. Limited

C. Name of the Wholly Owned Subsidiary Company

1. M/s. Veejay Lakshmi Textiles Limited

D. Name of the Key Managerial Personnel

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

E. Relatives of the Key Managerial Personnel

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



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

1. Name of the Subsidiary	Veejay Lakshmi Textiles Limited
2. Financial year of the Subsidiary Company	1st April 2012 to 31st March 2013
3. Extent of interest in Subsidiary Company	100% of paid up equity capital of 1,20,00,000 equity shares of Rs.10/- each and 1,20,00,000 Preference shares of Rs. 10/- each
4. Net aggregate amount of the profits/(losses) of the Subsidiary Company for the period, so far as it concerns members of Veejay Lakshmi Engineering Works Limited	
a) Not dealt with in Accounts of the Company	
(i) For the financial year of the Subsidiary	(Rs. 45,27,486/-)
(ii) For the previous financial years since it became the Subsidiary of the Company	(Rs.11,74,77,563/-)
b) Dealt with in the Accounts of the Company	
(i) For the financial year of the Subsidiary	Nil
(ii) For the previous financial years since it became the Subsidiary of the Company	Nil
5. Additional information U/s 212(5)	
(a) Change in the interest of the Company between the end of the Subsidiary Company's and the Company's financial year ended 31st March 2013.	Nil
(b) Material changes between the end of the financial year of the Subsidiary and the Company's financial year ended 31st March 2013.	
(1) Fixed Assets	Nil
(2) Investment	Nil
(3) Money Lent	Nil
(4) Money borrowed for any purpose other than that of meeting current liabilities:	Nil
Fresh borrowings from Bank	Nil
Amount repaid to Bank	Nil

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

(Firm Registration No. 000771S)

(Sd/-) SUGUNA RAVICHANDRAN
Partner, (Membership No.207893)

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

(Sd/-) J. ANAND
Managing Director

(Sd/-) S. VINOD KUMAR
Company Secretary

Coimbatore
30.5.2013



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

We have audited the accompanying consolidated financial statements of M/s. Veejay Lakshmi Engineering Works Limited and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We did not audit the financial statements of M/s. Veejay Lakshmi Textiles Limited, a subsidiary whose financial statements reflect total assets of ₹63,49,53,507/- as at 31st March, 2013 and total revenues of ₹50,69,75,810/- for the year then ended. These financial statements have been audited by other auditors whose report have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:



- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the consolidated statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **N.R. DORAISWAMI & CO.**
Chartered Accountants
(Firm Regn. No.: 000771S)

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

Coimbatore
30.05.2013

**BALANCE SHEET AS AT 31ST MARCH, 2013 (CONSOLIDATED)**

Particulars	Note No.	Figures at the end of the current reporting period As at 31.3.2013	Figures at the end of the previous reporting period As at 31.3.2012
		Rs. in lakhs	
I. EQUITY AND LIABILITIES			
(1) Share Holder's Funds			
(a) Share Capital	1	507.19	507.19
(b) Reserves and Surplus	2	5,465.06	5,798.31
Sub total (1)		5,972.25	6,305.50
(2) Non Current Liabilities			
(a) Long Term Borrowings	3	3,428.16	3,594.11
(b) Deferred Tax Liabilities (Net)	4	—	430.81
(c) Other Long term Liabilities	5	82.12	74.72
(d) Long-term Provisions-Provision for Gratuity	6	76.97	69.76
Sub total (2)		3,587.25	4,169.40
(3) Current Liabilities			
(a) Short term Borrowings	7	1,166.42	1,044.79
(b) Trade Payables	8	536.02	445.20
(c) Other Current Liabilities	9	994.30	1,192.98
(d) Short-term provisions	10	201.98	224.98
Sub total (3)		2,898.72	2,907.95
TOTAL LIABILITIES		12,458.22	13,382.85
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		6,805.13	7,608.29
(ii) Intangible Assets		19.56	26.05
(iii) Capital Work in process		—	—
(iv) Intangible assets under development		—	—
Sub total (a)		6,824.69	7,634.34
(b) Non current Investments	12	3.16	3.16
(c) Deferred Tax Asset (Net)	13	150.43	—
(d) Long Term Loans and Advances	14	172.80	162.08
(e) Other Non current assets		—	—
Sub total (1)		7,151.08	7,799.58
(2) Current Assets			
(a) Current Investments			
(b) Inventories	15	3,813.82	3,860.30
(c) Trade Receivables	16	509.43	710.96
(d) Cash and Cash equivalents	17	155.27	283.20
(e) Short term Loans and Advances	18	202.10	211.90
(f) Other current assets	19	626.52	516.91
Sub total (2)		5,307.14	5,583.27
TOTAL ASSETS		12,458.22	13,382.85

See accompanying notes to the financial statements.

As per our report attached For N.R. DORAISWAMI & CO Chartered Accountants (Firm Registration No. 000771S) (Sd/-) SUGUNA RAVICHANDRAN Partner, (Membership No.207893)	(Sd/-) V.J. JAYARAMAN Chairman Cum Managing Director	(Sd/-) J. ANAND Managing Director (Sd/-) S. VINOD KUMAR Company Secretary
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Coimbatore
30.5.2013


PROFIT AND LOSS STATEMENT FOR YEAR ENDED 31.3.2013 (CONSOLIDATED)

Particulars	Note No.	Figures at the end of the current reporting period As at 31.3.2013 Rs. in lakhs	Figures at the end of the previous reporting period As at 31.3.2012
I. Revenue from operations	20	11,621.17	10,819.85
II. Other Income	21	20.83	64.26
III. Total Revenue (I+II)		<u>11,642.00</u>	<u>10,884.11</u>
iv. Expenses			
Cost of Materials consumed	22	6,151.91	6,323.70
Changes in Inventories of Finished goods, Work-in process and Stock in trade	23	694.49	393.78
Employees Benefit Expense	24	1,572.75	1,582.62
Finance Costs	25	443.26	484.10
Depreciation and amortization expenses	11	985.49	832.81
Other expenses	26	2,208.52	2,008.32
Total Expenses		<u>12,056.42</u>	<u>11,625.33</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<u>-414.42</u>	<u>-741.22</u>
VI. Exceptional items	27	475.37	-
VII. Profit before extraordinary items and tax (V-VI)		-889.79	-741.22
VIII. Extraordinary items			
IX. Profit before Tax		-889.79	-741.22
X. Tax Expense			
Current Tax		-	59.00
Prior year taxes		24.68	7.93
Deferred Tax		-581.24	-56.70
XI. Profit and Loss for the period from continuing operations(VIII-X)		-333.23	-751.45
XII. Earnings per share			
Basic & Diluted		-6.57	-14.82

There is no profit or loss or tax from discontinuing operations

See accompanying notes to the financial statements.

As per our report attached For N.R. DORAISWAMI & CO Chartered Accountants (Firm Registration No. 000771S) (Sd/-) SUGUNA RAVICHANDRAN Partner, (Membership No.207893)	(Sd/-) V.J. JAYARAMAN Chairman Cum Managing Director	(Sd/-) J. ANAND Managing Director (Sd/-) S. VINOD KUMAR Company Secretary
Coimbatore 30.5.2013		



NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)

Notes No.	DETAILS FOR BALANCE SHEET	Figures for the current reporting period 31.3.2013	Figures for the previous reporting period 31.3.2012
		Rs. in lakhs	
1.	SHARE CAPITAL		
	Equity Share Capital		
	Face/par value per share - Rs.	10	10
	Authorised Capital-Number of shares	60,00,000	60,00,000
	Authorised Capital-Amount Rs. in lakhs	600.00	600.00
	Issued, Subscribed and fully paid up Capital – No of shares	50,71,900	50,71,900
	Total paid up Capital Value Rs. in lakhs	507.19	507.19
	Subscribed but not fully paid		
	No of shares paid up outstanding at the beginning of reporting period	50,71,900	50,71,900
	Changes during the reporting period		Nil
	No of shares paid up outstanding at the end of reporting period	50,71,900	50,71,900
	No of shares held by persons holding more than 5% shares by each person		
	Sri V.J. Jayaraman	12,25,385.00	12,25,385
	Smt J. Vidya	7,25,700.00	7,25,700
	Sri J.Anand	11,09,807.00	11,09,807
	Shares reserved for issue of options etc.	Nil	Nil
	Shares issued for consideration other than cash or as Bonus shares or Shares bought back in the last 5 years	Nil	Nil
	Securities that can be convertible into shares	Nil	Nil
	Calls unpaid	Nil	Nil
	Forfeited shares	Nil	Nil
2.	RESERVES AND SURPLUS		
	(a) Securities Premium Reserve		
	Share Premium Account	2,116.43	2,116.43
	(b) Other Reserves		
	General Reserve		
	Balance at the beginning of the reporting period	3,574.63	3,574.63
	Additions during the year	-	-
	Balance at the end of the reporting period	3,574.63	3,574.63
	(c) Capital Reserve		
	Balance at the beginning of the reporting period	100.82	100.82
	Additions during the year	-	-
	Balance at the end of the reporting period	100.82	100.82
	(d) Surplus-Balance in Profit and Loss Account		
	Balance at the beginning of the reporting period	6.42	757.88
	Profit after taxes during the year	-333.24	-751.45
	Transfer to General Reserve	-	-
	Provision for Dividends	-	-
	Dividend Distribution Tax	-	-
	Balance at the end of the reporting period	-326.82	6.43
	Total Reserves and Surplus	5,465.06	5,798.31


NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)

Notes No.	DETAILS FOR BALANCE SHEET	Figures for the current reporting period 31.3.2013 Rs. in lakhs	Figures for the previous reporting period 31.3.2012
3.	LONG TERM BORROWINGS		
	A. Term Loans-Secured		
	1. Technology Development Board	334.00	501.00
	Secured by hypothecation of moveable Fixed Assets of the Company and guarantees two Directors of the Company and also the guarantee of the subsidiary. Repayment 2013-14 Rs. 167 lakhs, 2014-15 Rs. 167 lakhs, 2015-16 Rs. 167 lakhs. Excludes installments of Rs.167 lakhs due before 31.3.2014 included under Current Liabilities		
	2. Indusind Bank	-	8.61
	3. State Bank of India	693.90	869.51
	Repayment 2014-15 Rs. 203.00 Lakhs, 2015-16 Rs. 240.00 lakhs, 2016-17 Rs.250.90 lakhs (Secured by a charge on the specific items of fixed assets acquired out of the Term Loans and a charge on other fixed assets on pari pasu basis the holding company and two Directors have guaranteed the above loans.)		
	Total Secured	1,027.90	1,379.12
	B. Unsecured-Loans and Advances from Related parties		
	1. Loans from Directors	1,942.07	1,794.63
	No repayment date is fixed. Repayable at the option of the Company/Directors.		
	2. Loan from a Company in which the Directors are interested	458.19	420.36
	The Directors and associate Company have agreed to take the repayment along with interest after repayment of other secured loans. However, the Company has option to repay the loan/interest earlier.		
	Total Unsecured Loans	2,400.26	2,214.99
	Total Long Term Borrowings	3,428.16	3,594.11

Secured/Unsecured borrowings-There is no default/delay in repayment of principal or interest and no amount is over due as at the end of the reporting period

There is no redeemed bonds/debentures for which the Company has power to issue

**NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)**

Notes No.	DETAILS FOR BALANCE SHEET	Figures for the current reporting period	Figures for the previous reporting period
		31.3.2013	31.3.2012
		Rs. In lakhs	
4. DEFERRED TAX LIABILITIES/(ASSET)			
	Items considered for Deferred Tax Liability/Asset		
	Depreciation	–	2,738.66
	Deferred Tax Liability-B	–	899.25
	Carry Over Loss and other timing difference items	–	1,418.09
	Deferred Tax Asset-A	–	468.44
	Deferred Tax Liability/(Asset)-Net (A-B)	–	430.81
5. OTHER LONG TERM LIABILITIES			
	Interest accrued not due payable after 12 months	82.12	74.72
	Total other Long Term Liabilities	82.12	74.72
6. LONG TERM PROVISIONS			
	Provision for Employee benefits – Gratuity	76.97	69.76
	Total Long Term Provisions	76.97	69.76
7. SHORT TERM BORROWINGS			
	Loans repayable on demand from - Secured		
a)	From Banks (Working capital facilities-Cash Credit, Export packing credit and Bills discounted)		
	State Bank of India	1,142.11	1,029.21
	Bank of Baroda	2.89	12.47
	Indian Overseas Bank	0.07	1.65
	Corporation Bank	0.54	1.46
	Secured by a first charge on current assets, mortgage of factory land and buildings and second charge on movable fixed assets on pari passu basis		
b)	Liability for imports for finance availed from foreign banks under Buyers' Credit Scheme secured by the Letters of Credit opened by the Banks	20.81	–
	Total Short term Borrowings	1,166.42	1,044.79
	There is no default in payment of principal or interest for the above		


NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)

Notes No.	DETAILS FOR BALANCE SHEET	Figures for the current reporting period 31.3.2013	Figures for the previous reporting period 31.3.2012
		Rs. in lakhs	
8.	TRADE PAYABLES		
	Liabilities for Supplies and Services		
	Micro, Medium and Small Enterprises	103.99	89.39
	Others	432.03	355.81
	Total Trade payables	536.02	445.20
9.	OTHER CURRENT LIABILITIES		
	Current Maturities of Long Term Debt (Secured)		
	Technology Development Board	167.00	167.00
	Indusind Bank	6.69	99.96
	State Bank of India	164.00	128.00
	Current Maturities of Long Term Debt (UnSecured)	-	150.00
	Interest accrued but not due on borrowings	21.31	50.86
	Interest accrued but due on borrowings	-	-
	Advance Received against sales	608.71	557.75
	Investor's Education and Protection Fund-Unpaid Dividends	6.95	8.89
	Liabilities for other Finance-Tax collections payable, Deductions from Salaries and Wages, etc.	19.64	30.52
	Total Other Current Liabilities	994.30	1,192.98
10.	SHORT TERM PROVISIONS		
	Provision for Employee benefits	142.98	165.98
	Provision for Income tax	59.00	59.00
	Total Short Term Provisions	201.98	224.98

NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)
11. FIXED ASSETS

(Rs. in lakhs)

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as on 31.3.2012	Additions	Sales/ Transfers	Cost as on 31.03.2013	Upto 31.03.2012	For the year	Withdrawn during the year	Cost Upto 31.03.2013	As at 31.03.2012
	(Rs. in lakhs)								
TANGIBLE ASSETS									
Land	1,120.10	-	-	1,120.10	-	-	-	-	1,120.10
Buildings	2,592.10	-	0.67	2,591.43	708.07	85.83	0.67	793.23	1,798.20
Plant & Machinery	10,662.31	170.21	472.13	10,360.39	6,317.07	846.45	467.70	6,695.82	4,345.24
Vehicles	101.45	-	31.48	69.97	71.37	4.79	23.78	52.38	30.08
Furniture and fittings	290.86	9.21	16.51	283.56	133.54	16.74	14.51	135.77	157.32
Office Equipments	229.75	4.23	70.58	163.40	158.23	18.87	70.58	106.52	71.52
Sub Total A	14,996.57	183.65	591.37	14,588.85	7,388.28	972.68	577.24	7,783.72	6,805.13
INTANGIBLE ASSETS									
Computer Software	52.41	6.32	-	58.73	26.36	12.81	-	39.17	26.05
Capital W-I- Progress	-	-	-	-	-	-	-	-	-
Sub Total B	52.41	6.32	-	58.73	26.36	12.81	-	39.17	26.05
Total (A+B)	15,048.98	189.97	591.37	14,647.58	7,414.64	985.49	577.24	7,822.89	7,634.34
Previous Year	14,641.96	459.26	52.24	15,048.98	6,629.37	832.81	47.55	7,414.64	8,012.58

Additional Disclosure :

Profit / (loss) on disposal of fixed assets during the year ended 31st March 2013 is Rs.47.55 Lakhs (Rs. 44.52 For the year ended 31st March 2012).


NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)

Notes No.	DETAILS FOR BALANCE SHEET	Figures for the current reporting period 31.3.2013 Rs. in lakhs	Figures for the previous reporting period 31.3.2012
12.	INVESTMENTS		
	(I) In Government or Trust Securities		
	7 Years National Savings Certificate at cost	0.10	0.10
	(II) In Shares and Bonds		
	Non-Trade Quoted		
	1,500 Equity Shares of Rs.10/- each in M/s Lakshmi Machine Works Limited, fully paid up, at cost	0.14	0.14
	10,000 Equity Shares of Rs.10/- each in M/s Precision Fasteners Limited, fully paid up, at cost	5.00	5.00
	200 Equity Shares of Rs.10/- each in M/s IFCI Limited fully paid up, at cost	0.04	0.04
	334 Equity Shares of Rs.10/- each in State Bank of India, fully paid up, at cost	1.59	1.59
	13100 Equity Shares of Rs.10/- each in Veejay Sales & Services Ltd., fully paid up, at cost	1.31	1.31
	Total	8.18	8.18
	Less Investment Fluctuation Reserve	5.02	5.02
	Total	3.16	3.16
	Aggregate Value Of Quoted Investment – Cost	6.77	
	– Market Value	34.78	
	Aggregate Value of Unquoted Investments – Cost	1.41	
13.	Deferred Tax Asset-(Net)		
	Carry Over Loss and other timing difference items	2,724.76	–
	Deferred Tax Asset-A	901.16	–
	Depreciation	2,286.29	–
	Deferred Tax Liability-B	750.73	–
	Deferred Tax Asset-(Net) A-B	150.43	–

**NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)**

Notes No.	DETAILS FOR BALANCE SHEET / PROFIT AND LOSS ACCOUNT	Figures for the current reporting period 31.3.2013	Figures for the previous reporting period 31.3.2012
		Rs. in lakhs	
14.	LONG TERM LOANS AND ADVANCES		
	Secured considered good		
	Capital Advances	77.62	77.93
	Security Deposits	95.18	84.15
	Loans and Advances to Subsidiary		
	Loans and Advances to firms or Private Companies in which the Directors are partner or a Director or a member	-	-
	Loans and Advances to other related parties	-	-
	Long Term Loans and Advances - Total	172.80	162.08
	All the above are unsecured but considered good and no allowance made for bad or doubtful debt		
15.	INVENTORIES		
	Raw Materials	1,410.81	702.35
	Scrap	3.03	2.99
	Components	270.34	313.65
	Work-in-Progress	1,895.85	2,634.00
	Stores and Spares	152.21	173.75
	Finished goods	75.99	33.56
	Goods in transit	1.17	-
	Retired Assets held for disposal	4.42	-
	Total Inventory	3,813.82	3,860.30
16.	TRADE RECEIVABLES		
	a) Outstanding for a period above six months		
	i. Secured considered good	-	-
	ii. Unsecured considered good	94.13	153.32
	iii. Doubtful	25.59	21.67
	(Allowance for Bad and doubtful debts in iii above)	-25.59	-21.67
	b) Others		
	i. Secured considered good	-	-
	ii. Unsecured considered good	415.30	557.64
	iii. Doubtful	-	-
	(Allowance for Bad and doubtful debts in iii above)	-	-
	Total Trade receivables	509.43	710.96
	Debts due by Directors or other officers or debts due by firms or private companies of which any Director is a partner, member or Director included in above	Nil	Nil


NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)

Notes No.	DETAILS FOR BALANCE SHEET	Figures for the current reporting period 31.3.2013	Figures for the previous reporting period 31.3.2012
		Rs. in lakhs	
17.	CASH AND CASH EQUIVALENTS		
	Balance with Banks		
	- in Current Accounts	36.06	11.53
	- in Deposit Account with maturity more than 12 months	11.44	10.09
	- in Deposit Account with maturity less than 12 months	75.51	208.16
	- Deposits for Margin money or for other commitments/security	1.50	10.67
	Cheques, drafts on hand	-	-
	Ear marked balances with Banks - Unpaid Dividends (Investor's Protection and Education Fund)	6.95	8.89
	Cash on hand	23.81	33.86
	Total Cash and Cash equivalents	155.27	283.20
18.	SHORT TERM LOANS AND ADVANCES		
	Unsecured-considered good		
	i) Advance to Suppliers – Others	188.69	201.58
	ii) Advance to Staff and Workers	9.23	5.20
	Unsecured-Doubtful		
	Advance to suppliers – others	4.18	5.12
	Total Short Term Loans and Advances	202.10	211.90
19.	OTHER CURRENT ASSETS		
	Advance payment of Taxes and TDS	160.90	209.44
	Cenvat/Vat credit, Duty draw back and other receivables, MAT credit entitlements	438.22	290.52
	Prepaid Expenses	27.40	16.95
	Total Other Current Assets	626.52	516.91
20.	REVENUE FROM OPERATIONS		
	a) Sale of Products	11,861.67	10,963.44
	b) Sale of Services	221.36	223.61
	c) Other operating revenues	184.42	198.28
	Sub total	12,267.45	11,385.33
	Less: Excise Duty	646.28	565.48
	Revenue net of Excise duty	11,621.17	10,819.85

**NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)**

Notes No.	DETAILS FOR PROFIT AND LOSS ACCOUNT	Figures for the current reporting period	Figures for the previous reporting period
		31.3.2013	31.3.2012
		Rs. in lakhs	
21. OTHER INCOME			
	Interest receipts	12.77	19.27
	Dividend Receipts	0.87	0.47
	Net gain/Loss on Asset	3.43	44.52
	Miscellaneous income	3.76	—
	Total Other Income	20.83	64.26
22. COST OF MATERIALS CONSUMED			
	Raw materials-Ferrous	349.49	338.38
	Raw materials-Non-Ferrous	138.52	164.20
	Raw materials-Castings	83.60	93.10
	Raw materials-Non metals	93.73	85.09
	Raw materials Components	2,145.90	2,318.16
	Raw materials cotton	3,340.67	3,324.77
	Materials consumed	6,151.91	6,323.70
23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROCESS AND STOCK IN TRADE			
	Opening stock	2,670.54	3,064.32
	Closing stock	1,976.05	2,670.54
	(Increase)/Decrease	694.49	393.78
24. EMPLOYEE BENEFIT EXPENSES			
	Salary, Wages, Gratuity, etc	1,357.86	1,404.01
	Contribution to Provident Fund	63.02	64.23
	Staff and Labour Welfare expenses	151.87	114.38
	Total Employee Cost	1,572.75	1,582.62
25. FINANCE COSTS			
	Interest and other borrowing costs	446.72	494.50
	Net (gain)/loss on Foreign currency transactions	-3.46	-10.40
	Total Finance Cost	443.26	484.10


NOTES TO THE FINANCIAL STATEMENTS AND OTHER DISCLOSURES AS REQUIRED UNDER ACCOUNTING STANDARDS (CONSOLIDATED)

Notes No.	DETAILS FOR BALANCE SHEET	Figures for the current reporting period	Figures for the previous reporting period
		31.3.2013	31.3.2012
		Rs. in lakhs	
26.	OTHER EXPENSES		
	Stores consumed	420.63	393.36
	Fabrication Charges	192.92	263.70
	Power and Fuel	820.91	676.77
	Freight	97.76	112.70
	Printing and Stationery	19.08	8.65
	Postage and Telephone	20.84	22.28
	Travelling and Vehicle Maintenance	82.97	108.28
	Insurance	11.63	13.67
	Rent	14.68	14.97
	Bank Charges	10.76	13.05
	Licences and Taxes	48.02	45.11
	Sales commission	158.37	171.47
	Sales promotion expenses	93.88	22.38
	Subscription and periodicals	3.87	3.88
	Directors' sitting fees	0.85	0.88
	Audit fees		
	a) Auditors Remuneration	1.50	2.22
	b) For Taxation matters	0.44	1.00
	c) Other Services	0.46	0.30
	d) Reimbursement expenses	–	0.03
	Legal and Professional charges	18.99	24.26
	Repairs and Maintenance-Buildings	15.76	27.57
	Repairs and Maintenance-Machinery	94.36	74.35
	Repairs and Maintenance-Others	31.71	7.40
	Bad Debts written off & Provision for Doubtful debts	47.64	–
	Miscellaneous expenses	0.09	–
	Donations	0.40	0.04
	Total Other Expenses	2,208.52	2,008.32
27.	EXCEPTIONAL ITEMS		
	Voluntary Retirement Schemes	475.37	–
	Total	475.37	–

See accompanying notes to the financial statements.

	As per our report attached For N.R. DORAISWAMI & CO Chartered Accountants (Firm Registration No. 000771S)	(Sd/-) V.J. JAYARAMAN Chairman Cum Managing Director	(Sd/-) J. ANAND Managing Director
Coimbatore 30.5.2013	(Sd/-) SUGUNA RAVICHANDRAN Partner, (Membership No.207893)		(Sd/-) S. VINOD KUMAR Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013**

	Year ended March, 2013	Year ended March, 2012
	Rs. in Lakhs	
A. Cash Flow from Operating Activities		
Net Profit Before Tax and extra ordinary item	-889.79	-741.22
Adjustments for :		
Depreciation	985.49	832.81
Interest paid	443.26	497.15
Profit on sale of Investments/Assets	-3.43	-44.52
Interest/Dividend Income	-13.64	-19.74
Operating Profit before working capital changes	521.89	524.48
(Increase)/Decrease in Trade and Other Receivables	41.70	1,024.42
Increase/(Decrease) in Payables	29.47	-1,013.44
Decrease/(Increase) in Inventories	46.48	448.19
Cash generated from operations	639.54	983.65
Direct Taxes paid	23.86	-94.01
Cash flow before extra ordinary items	663.40	889.64
Net Cash from Operating Activities	663.40	889.64
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-189.97	-459.27
Sale of Fixed Assets	17.54	49.21
Sale of Investments	-	16.69
Interest received	13.53	21.04
Dividend Received	0.87	0.47
Net cash used for Investing Activities	-158.03	-371.86
C. Cash flow from Financing Activities		
Increase/(Repayment) of Long Term borrowings	-165.95	-115.63
Dividends paid	-1.94	-77.91
Interest paid	-465.41	-439.02
Net cash from financing activities	-633.30	-632.56
Net Increase in cash and cash equivalents	-127.93	-114.78
Cash and Cash equivalents as at 31.3.2012	283.20	397.98
Cash and Cash equivalents as at 31.3.2013	155.27	283.20

Coimbatore
30.5.2013

As per our report attached
For **N.R. DORAISWAMI & CO**
Chartered Accountants
(Firm Registration No. 000771S)
(Sd/-) SUGUNA RAVICHANDRAN
Partner, (Membership No.207893)

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

(Sd/-) J. ANAND
Managing Director
(Sd/-) S. VINOD KUMAR
Company Secretary



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013

I. SIGNIFICANT ACCOUNTING POLICIES

1. **Principles of Consolidation:** Principles of Consolidation: The consolidated financial statements relates to Veejay Lakshmi Engineering Works Limited, the holding company and its subsidiary.

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

2. **Depreciation of Subsidiary:** Depreciation has been provided on straight-line Method in respect of all the assets in accordance with Schedule XIV of the Companies Act, 1956. Depreciation on additions during the year has been provided on pro-rata for the period for which the assets have been put to use. Wind Turbines have been classified as continuous process plants and depreciated accordingly as has been done in the past.

3. **Other Significant Accounting Policies:** These are as set out under "Significant Accounting Policies" of the standalone financial statements of Veejay Lakshmi Engineering Works Limited.

II. Notes to Profit and Loss Account and Balance Sheet as at 31st March 2013

1. The consolidated financial statements have been prepared in accordance with AS 21.

2. EXPENDITURE IN FOREIGN CURRENCY

A. Value of Imports CIF	2012-2013		2011-2012	
		Rs. in lakhs		Rs. in lakhs
i. Raw materials		458.03		138.43
ii. Components, spares parts and consumables		1,304.24		1,565.09
iii. Capital goods		46.26		5.71
B. Other Matters		7.41		21.50
C. Consumption	Rs. in lakhs	% of Total Consumption	Rs. in lakhs	% of Total Consumption
i. Total value of all imported raw materials, components and spares parts consumed	1,378.76	22%	884.25	14%
ii. Total value of all indigenous raw materials, components and spares parts consumed	4,773.15	78%	5,439.45	86%
	6,151.91	100%	6,323.70	100%

3. CONTINGENT LIABILITIES AND CLAIMS NOT ACKNOWLEDGED AS DEBTS (Rs. in lakhs)

	31.03.2013	31.03.2012
a. Duty liability and interest on account of pending export obligation	11.53	121.79
b. Income tax liability on expenses disallowed / additions proposed disputed in appeals	1.30	66.16
c. Amounts claimed by Excise and Service Tax authorities disputed in appeals	28.16	28.89
d. Claims from Debtors, Creditors and workmen not acknowledged as debts including interest	28.18	26.88
e. Guarantees issued by Banks on behalf of the Company	589.70	901.74



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013 (Contd.)

(Rs. in lakhs)

	31.03.2013	31.03.2012
f Letter of Credit opened by Banks on behalf of the Company	88.53	76.26
g Guarantee issued on behalf of Associate Company in which Directors are interested	50.00	345.00
h Estimated amount of contracts remaining to be executed on capital account and not provided for	183.29	658.23
i Arbitration awards made in favour of two foreign cotton suppliers, challenged by the Company in the Court of Law.	49.17	49.17
4. Research and Development Expenses incurred (Rs.Lakhs)	94.55	63.38
5. Gain/(Loss) on account of foreign exchange difference included in the profit and loss statement	27.04	14.06
6. The Company does not have any foreign operations and no other exchange variations to be disclosed as in the accounting standard 11.		

7. Segment Report for the year ended 31.3.2013

Revenue	31st March 2013				31st March 2012			
	Engg Dvn.	Wind Mill	Textile Dvn	Total	Engg Dvn.	Wind Mill	Textile Dvn.	Total
External Sales	6,398	318	4,912	11,628	5,740	265	4,884	10,889
Inter Segment Transfers	-4	-	-3	-7	-9	-	-16	-25
Total Revenue	6,394	318	4,909	11,621	5,731	265	4,868	10,864
Result	-	-	-	-	-	-	-	-
Segment Result	25	185	-200	10	186	125	-572	-261
Unallocated including exceptional items	-	-	-	-478	-	-	-	-
Operating Profit	-	-	-	-468	-	-	-	-261
Less: Interest Expense	-	-	-	-443	-	-	-	-497
Interest Income	-	-	-	21	-	-	-	20
Income Taxes	-	-	-	557	-	-	-	-55
Unallocable Income	-	-	-	-	-	-	-	-
Profit from Ordinary Activities	-	-	-	-333	-	-	-	-793
Extra Ordinary Items	-	-	-	-	-	-	-	-12
Net Profit	-	-	-	-333	-	-	-	-805
Other Information	-	-	-	-	-	-	-	-
Segment Assets	5,510	846	5,738	12,094	6,256	984	5,587	12,827
Un allocated Corporate Assets	-	-	-	3,364	-	-	-	3,365
Total Assets	5,510	846	5,738	15,458	6,256	984	5,587	16,192
Segment Liabilities	975	-	1,596	2,571	967	5	144	1,116
Un allocated Corporate Liabilities	-	-	-	12,887	-	-	-	15,076
Total Liabilities	975	-	1,596	15,458	967	5	144	16,192
Capital Expenditure	100	-	90	190	109	-	350	459
Depreciation	499	49	438	986	516	49	268	833
Non Cash Expenditure other than depreciation	-	-	-	-	-	-	-	-


NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013 (Contd.)
8. Related Party Disclosure for the year ended 31.03.2013

(Rs. in Lakhs)

Particulars		Associated Companies/ Firms/Key Managerial Persons
Purchase of goods and services-raw materials, components and engineering job works	2012-13	662.31
	2011-12	71.42
Sale of machinery, spares, rawmaterials, components and jobworks	2012-13	263.49
	2011-12	126.14
Sales commission paid	2012-13	124.23
	2011-12	110.89
Rent paid	2012-13	13.29
	2011-12	14.52
Managerial remuneration	2012-13	55.13
	2011-12	54.08
Unsecured Loans	2012-13	2,400.26
	2011-12	2,364.99
Interest paid on loans	2012-13	202.16
	2011-12	195.86
Guarantees and collaterals	2012-13	0.00
	2011-12	345.00
Outstanding due from the Company	2012-13	97.60
	2011-12	20.59
Outstanding due to the Company	2012-13	8.65
	2011-12	1.99

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

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013 (Contd.)****A. Companies / firms with which the Company had transactions during the year.**

S.No.	Name of the Company/Firm
1.	M/s. Veejay Sales and Services Limited
2.	M/s. Veejay Terry Products Limited
3.	M/s. Veejay Marketing
4.	M/s. Veejay Syntex Private Limited
5.	M/s. Veejay Tool & Die Private Limited
6.	M/s. Veejay Yarns & Fabrics Private Limited

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

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

1. M/s. The Krishna Mills Private Limited
2. M/s. Lakshmi Precision Tools Limited
3. M/s. Deluxe Marketing
4. M/s. Deluxe Components
5. M/s. Ranba Castings Limited
6. M/s. Samrajyaa & Co.
7. M/s. The Suguna Mills Private Limited
8. M/s. Magna Electro Castings Limited
9. M/s. Prathishta Weaving & Knitting Co. Ltd.
10. M/s. Augustan Knit Wear Pvt. Ltd.
11. M/s. Augustan Textile Colors Pvt. Ltd.
12. M/s. Augustan Coimbatore Knitting Company Pvt. Ltd.

C. Name of the Wholly Owned Subsidiary Company

1. M/s. Veejay Lakshmi Textiles Limited

D. Name of the Key Managerial Personnel

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

E. Relatives of the Key Managerial Personnel

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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013 (Contd.) (Value in Rs.)

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

	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
A. Expense recognised during year ended 31.03.2013		
1. Current Service cost	7,69,694	8,74,108
2. Interest Cost	7,83,680	7,52,048
3. Expected return on plan assets	-4,13,836	-5,54,138
4. Actuarial Losses / (Gains) during the year	58,26,680	31,41,916
5. Direct payment/Past service cost vested benefits	-	-
6. Total Expense	69,66,218	42,13,934
B. Actual return on Plan assets		
1. Expected return on plan assets	4,13,836	5,54,138
2. Actuarial (Loss) / Gain on Plan assets	1,33,147	-4,16,893
3. Actual return on plan assets	5,46,983	1,37,245
C. Net Asset / (Liability) recognised in the Balance Sheet		
1. Present value of the obligation as on 31.03.2013	1,17,65,018	1,35,46,157
2. Fair value of plan assets as on 31.03.2013	35,71,987	65,43,464
3. Funded status (surplus / deficit)	-81,93,031	-70,02,693
4. Unrecognised past service cost	-	-
5. Net Asset/(Liability) recognised in the Balance sheet	-81,93,031	-70,02,693
D. Change in Present value of the Obligation during the year ended March 31, 2013		
1. Present value of the obligation as at April 1, 2012	1,35,46,157	96,06,241
2. Current service cost	7,69,694	8,74,108
3. Interest cost	7,83,680	7,52,048
4. Benefits paid	-90,33,538	-4,11,264
5. Actuarial (gain) / loss on obligation	56,99,025	27,25,024
6. Present value of obligation as at March 31,2013	1,17,65,018	1,35,46,157
E. Change in Assets during the year ended March 31, 2013		
1. Fair value of plan assets as at April 1, 2012	65,43,464	64,06,219
2. Expected return on plan assets	4,13,836	5,54,138
3. Contributions made	55,15,078	4,11,264
4. Benefits paid	-43,32,111	-4,11,264
5. Direct Benefit Payments	-47,01,427	-
6. Actuarial gain / (loss) on plan assets	1,33,147	-4,16,893
6. Fair value of plan assets as at March 31, 2013	35,71,987	65,43,464
F. Major categories of plan assets as a percentage of total plan		
Qualifying insurance policies	33,54,559	13,64,926
Own plan assets	2,17,428	51,78,538
Total	35,71,987	65,43,464

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2013 (Contd.)**

10. As defined under Micro, small and Medium Enterprises Development Act 2006, the disclosure in respect of the amount payable to such enterprises as at 31.03.2013 has been made in the financial statements based on information received and available with the company.

	(Rs. in lakhs)	
	31/03/13	31/03/12
a) The Principal amount due there on remaining unpaid to any supplier as at the end of each accounting year	103.99	89.39
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Deveopment Act, 2006 along with the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

11. Earnings per share

Profit for the year as per Profit and Loss account	(889.79)	(741.22)
Less : Taxes	556.56	10.23
Profit After Tax	(333.23)	(751.45)
Number of Shares	50,71,900	50,71,900
EPS / Diluted EPS	-6.57	-14.82

12. Figures have been rounded off to Rs. in lakhs and previous year figures have been regrouped/ rearranged wherever necessary.

As per our report attached
For **N.R. DORAISWAMI & CO**
Chartered Accountants
(Firm Registration No. 000771S)
(Sd/-) SUGUNA RAVICHANDRAN
Partner, (Membership No.207893)

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

(Sd/-) J. ANAND
Managing Director

(Sd/-) S. VINOD KUMAR
Company Secretary

Coimbatore
30.05.2013

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 38th Annual General Meeting of the Company held on Wednesday, the 25th September, 2013, at 10.45 A.M. at Nani Palkhivala Auditorium, Mani Higher Secondary School Premises, Pappanaickenpalayam, Coimbatore 641 037.

.....
Signature of Member / Proxy

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

VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

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

PROXY FORM

I / We of
..... being a Member/Members of Veejay
Lakshmi Engineering Works Limited, hereby appoint of
..... or failing him/her of
..... as my / our Proxy to attend and vote for me/us on my/our behalf at
the 38th Annual General Meeting of the Company held on Wednesday, the 25th September, 2013, at 10.45 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 2013.

Signed by the said

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

AFFIX
Re. 1
REVENUE
STAMP

* Applicable to investors holding shares in Electronic Form

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

BOOK POST

To

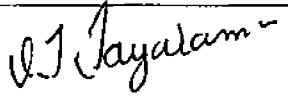
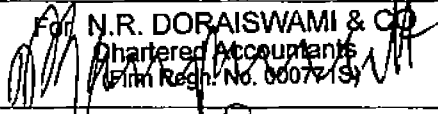
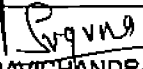

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S.K.D.C. CONSULTANTS LIMITED
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road, Ganapathy
Coimbatore - 641 006



Veejay Lakshmi Engineering Works Limited

FORM A

1	Name of the Company	VEEJAY LAKSHMI ENGINEERING WORKS LTD
2	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED	31 ST OF MARCH, 2013
3	TYPE OF AUDIT OBSERVATION	Unqualified / matter of emphasis
4	FREQUENCY OF OBSERVATION	NOT APPLICABLE
5	TO BE SIGNED BY	
	CEO/MANAGING DIRECTOR	
	CFO	 For N.R. DORAISWAMI & Co Chartered Accountants Firm Regn. No. 00077194
	AUDITOR OF THE COMPANY	 (SUGUNA RAVICHANDRAN) Partner (Membership No. 207893)
	AUDIT COMMITTEE CHAIRMAN	 31/3/2013